



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

Interim Financial Report

31 December 2018

LBS BINA GROUP BERHAD

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(Incorporated in Malaysia)**

Interim Financial Report

31 December 2018

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial year ended 31 December 2018**

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000 Restated	Current Year To date 31.12.2018 RM'000	Preceding Year To date 31.12.2017 RM'000 Restated
Revenue		166,828	415,685	1,121,958	1,347,429
Cost of sales		(71,711)	(294,673)	(762,302)	(981,760)
Gross profit		95,117	121,012	359,656	365,669
Interest Income		245	507	4,738	4,889
Other income		4,808	166	16,072	14,319
Operating expenses		(49,886)	(53,936)	(176,767)	(168,062)
Finance costs		(13,371)	(7,291)	(42,940)	(28,495)
Share of profit / (loss) in associated companies		73	6	49	(59)
Profit before tax		36,986	60,464	160,808	188,261
Taxation	B5	(20,084)	(26,395)	(66,072)	(77,516)
Net profit for the financial year		16,902	34,069	94,736	110,745
Net profit for the financial year attributable to:					
Owners of the Parent		17,109	32,266	85,110	100,731
Non-controlling interests		(207)	1,803	9,626	10,014
		16,902	34,069	94,736	110,745
Earnings per share attributable to Owners of the Parent:					
Basic (sen)	B11	0.73	2.20	5.50	6.86
Diluted (sen)	B11	0.71	2.12	5.36	6.63

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial year ended 31 December 2018 (cont'd)**

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000 Restated	Current Year To date 31.12.2018 RM'000	Preceding Year To date 31.12.2017 RM'000 Restated
Net profit for the financial year	16,902	34,069	94,736	110,745
Other comprehensive income, net of tax:				
Exchange translation differences				
for foreign operations	999	(4,545)	629	(6,170)
Change of stakes in a subsidiary company	(11,869)	6,560	(19,698)	6,560
Fair value changes of financial assets				
measured at fair value through				
other comprehensive income	6,949	(3,058)	(10,009)	(5,396)
Reclassification adjustment for disposal of				
financial assets measured at fair value				
through other comprehensive income	-	32	-	32
Total comprehensive income	<u>12,981</u>	<u>33,058</u>	<u>65,658</u>	<u>105,771</u>
for the financial year				
Total comprehensive income attributable to:				
Owners of the Parent	35,581	25,014	88,513	87,304
Non-controlling interests	(22,600)	8,044	(22,855)	18,467
	<u>12,981</u>	<u>33,058</u>	<u>65,658</u>	<u>105,771</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 31 December 2018

	Notes	Unaudited 31.12.2018 RM'000	Unaudited 31.12.2017 RM'000 Restated	Unaudited 01.01.2017 RM'000 Restated
<u>ASSETS</u>				
Non-Current Assets				
Property, plant and equipment	A10	346,895	256,611	261,064
Capital work-in-progress		52,059	17,003	5,368
Inventories - land and property development costs		1,529,816	1,334,055	730,526
Investment properties		164,956	60,881	61,469
Investment in associated companies		2,977	2,374	2,636
Other investments		74,158	83,004	99,950
Intangible asset		2,333	-	-
Goodwill on consolidation		114,634	114,612	126,980
		2,287,828	1,868,540	1,287,993
Current Assets				
Inventories - land and property development costs		539,125	472,518	369,048
Inventories - completed properties and others		296,383	267,445	187,867
Contract assets		204,555	358,141	343,131
Trade and other receivables		798,693	709,563	425,954
Other investments		3,125	2,021	-
Tax recoverable		3,383	2,943	6,844
Fixed deposits with licensed banks		42,080	29,700	49,079
Cash held under Housing Development Accounts		122,967	147,645	74,387
Cash and bank balances		77,286	103,841	107,332
		2,087,597	2,093,817	1,563,642
TOTAL ASSETS		4,375,425	3,962,357	2,851,635
<u>EQUITY AND LIABILITIES</u>				
Equity attributable to Owners of the Parent				
Share capital		809,604	775,285	641,424
Redeemable Convertible Preference Shares ("RCPS")		112,628	125,908	-
Reserves		427,856	382,405	526,304
Treasury shares, at cost		(88)	(88)	(88)
		1,350,000	1,283,510	1,167,640
Non-controlling interests		68,782	89,943	41,205
TOTAL EQUITY		1,418,782	1,373,453	1,208,845

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 31 December 2018 (cont'd)

	Notes	Unaudited 31.12.2018 RM'000	Unaudited 31.12.2017 RM'000 Restated	Unaudited 01.01.2017 RM'000 Restated
LIABILITIES				
Non-Current Liabilities				
Trade and other payables		490,353	523,725	302,969
Finance lease payables	B8	34,771	8,743	4,127
Bank borrowings	B8	541,152	511,291	314,144
Sukuk Murabahah Programme ("SUKUK")	B8	89,276	-	-
Deferred tax liabilities		6,179	8,068	18,493
		<u>1,161,731</u>	<u>1,051,827</u>	<u>639,733</u>
Current Liabilities				
Contract liabilities		53,674	33,725	25,166
Trade and other payables		1,044,157	1,123,515	656,849
Bank overdrafts	B8	105,469	70,738	100,902
Finance lease payables	B8	11,404	3,834	2,108
Bank borrowings	B8	464,789	268,793	195,545
SUKUK	B8	9,659	-	-
Redeemable Convertible Preference Shares ("RCPS")	B8	50,000	-	-
Tax payable		55,760	36,472	22,487
		<u>1,794,912</u>	<u>1,537,077</u>	<u>1,003,057</u>
TOTAL LIABILITIES		<u>2,956,643</u>	<u>2,588,904</u>	<u>1,642,790</u>
TOTAL EQUITY AND LIABILITIES		<u>4,375,425</u>	<u>3,962,357</u>	<u>2,851,635</u>
Net Assets per share attributable to Owners of the Parent (RM)		<u>0.87</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 year ended 31 December 2018 (The figures have not been audited)

	← Attributable to Owners of the Parent →										
	← Non-distributable →							←-Distributable->			
	Share Capital RM'000	Share Capital RCPS RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance as at 1.1.2018											
- as previously stated	775,285	125,908	(88)	6,982	109,732	24,976	(283,127)	524,651	1,284,319	89,582	1,373,901
- effects of adoption of the MFRS Framework	-	-	-	-	-	-	-	(809)	(809)	361	(448)
Balance as at 1.1.2018 (restated)	775,285	125,908	(88)	6,982	109,732	24,976	(283,127)	523,842	1,283,510	89,943	1,373,453
Amount recognised directly in equity:											
Net profit for the financial year	-	-	-	-	-	-	-	85,110	85,110	9,626	94,736
Change of stakes in a subsidiary company	-	-	-	-	-	-	12,194	-	12,194	(31,892)	(19,698)
Foreign currency translation	-	-	-	-	1,581	-	(363)	-	1,218	(589)	629
Fair value changes of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	(10,009)	-	(10,009)	-	(10,009)
Total comprehensive income for the financial year	-	-	-	-	1,581	-	1,822	85,110	88,513	(22,855)	65,658
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	835	835
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(5)	-	(5)	859	854
Dividend paid	-	-	-	-	-	-	-	(41,014)	(41,014)	-	(41,014)
Issuance of ordinary shares:											
- Exercise of warrants	14,012	-	-	-	-	(148)	-	-	13,864	-	13,864
- Exercise of ESOS	7,027	-	-	(1,895)	-	-	-	-	5,132	-	5,132
- Exercise of RCPS	13,280	(13,280)	-	-	-	-	-	-	-	-	-
Realisation of warrants B reserve	-	-	-	-	-	(3,428)	3,428	-	-	-	-
Realisation of ESOS reserve	-	-	-	(80)	-	-	-	80	-	-	-
Total transactions with owners	34,319	(13,280)	-	(1,975)	-	(3,576)	3,423	(40,934)	(22,023)	1,694	(20,329)
Balance as at 31.12.2018	809,604	112,628	(88)	5,007	111,313	21,400	(277,882)	568,018	1,350,000	68,782	1,418,782

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial year ended 31 December 2017 (cont'd) (The figures have not been audited)

	<----- Attributable to Owners of the Parent ----->											
	<----- Non-distributable ----->								<-Distributable->			
	Share Capital RM'000	Share Capital RCPS RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance as at 1.1.2017												
- as previously stated	641,424	-	(88)	74,235	8,415	119,866	36,567	(218,062)	503,462	1,165,819	41,205	1,207,024
- effects of adoption of the MFRS Framework	-	-	-	-	-	-	-	-	1,821	1,821	-	1,821
Balance as at 1.1.2017 (restated)	641,424	-	(88)	74,235	8,415	119,866	36,567	(218,062)	505,283	1,167,640	41,205	1,208,845
Amount recognised directly in equity:												
Net profit for the financial year	-	-	-	-	-	-	-	-	100,731	100,731	10,014	110,745
Change of stakes in a subsidiary company	-	-	-	-	-	-	-	1,747	-	1,747	4,813	6,560
Foreign currency translation	-	-	-	-	-	(10,134)	-	324	-	(9,810)	3,640	(6,170)
Fair value changes of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(5,396)	-	(5,396)	-	(5,396)
Reclassification adjustment for disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	32	-	32	-	32
Total comprehensive income for the financial year	-	-	-	-	-	(10,134)	-	(3,293)	100,731	87,304	18,467	105,771

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial year ended 31 December 2017 (cont'd) (The figures have not been audited)

	← Attributable to Owners of the Parent →											
	← Non-distributable →									←-Distributable->		
	Share Capital RM'000	Share Capital RCPS RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Transactions with owners:												
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,300	2,300
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	-	(71,773)	-	(71,773)	28,281	(43,492)
Dividend paid/ payable	-	-	-	-	-	-	-	-	(82,397)	(82,397)	-	(82,397)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(310)	(310)
Issuance of ordinary shares:												
- Exercise of warrants	42,808	-	-	1,281	-	-	(1,591)	-	-	42,498	-	42,498
- Conversion of RCPS	1,085	(1,085)	-	-	-	-	-	-	-	-	-	-
- Exercise of ESOS	14,331	-	-	121	(3,901)	-	-	-	-	10,551	-	10,551
Issuance of RCPS	-	126,993	-	-	-	-	-	-	-	126,993	-	126,993
Realisation of warrants B reserve	-	-	-	-	-	-	(10,000)	10,000	-	-	-	-
Realisation of ESOS reserve	-	-	-	-	(226)	-	-	-	226	-	-	-
Share-based payment	-	-	-	-	2,694	-	-	-	-	2,694	-	2,694
Total transactions with owners	58,224	125,908	-	1,402	(1,433)	-	(11,591)	(61,773)	(82,171)	28,566	30,271	58,837
Transition to no-par value regime	75,637	-	-	(75,637)	-	-	-	-	-	-	-	-
Balance as at 31.12.2017	775,285	125,908	(88)	-	6,982	109,732	24,976	(283,128)	523,843	1,283,510	89,943	1,373,453

Note:

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial year ended 31 December 2018

	Unaudited Current Year Ended 31.12.2018 RM'000	Unaudited Preceding Year Ended 31.12.2017 RM'000 Restated
Profit before tax	160,808	188,261
Adjustments for :		
Non-cash items	(5,975)	25,493
Other operating items	36,632	19,736
Operating profit before changes in working capital	191,465	233,490
Changes in working capital :		
Inventories - land and property development costs	(234,970)	(690,689)
Inventories - completed properties and others	(28,937)	(79,738)
Contract assets	153,586	(15,012)
Contract liabilities	19,949	8,558
Receivables	(82,943)	(285,675)
Payables	54,275	854,724
Foreign exchange reserve	2,797	10,913
	(116,243)	(196,919)
Cash generated from operations	75,222	36,571
Dividends received	1,413	3,870
Grants income received	-	3,572
Interest received	4,739	4,889
Interest paid	(80,507)	(51,749)
Tax paid	(51,734)	(74,012)
Tax refund	104	5,561
	(125,985)	(107,869)
Net cash used in operating activities	(50,763)	(71,298)
Cash Flows From Investing Activities		
Additional investment in subsidiary and associated companies	(35,959)	(30,095)
Repayment of prior year investment in subsidiary and associated companies	(25,606)	(28,395)
Purchase of :		
- Investment properties	(562)	(301)
- Other investments	(1,000)	(14,500)
- Property, plant and equipment	(49,825)	(14,290)
Proceeds from disposal of :		
- Financial assets at fair value through profit or loss	-	12,527
- Investment properties	-	100
- Property, plant and equipment	4,464	1,337
- Quoted shares to non-controlling interests	-	1,489
- Subsidiary companies	-	6,560
Deposits and consideration paid for acquisition and joint venture of future development lands	(143,741)	(183,130)
Acquisition of subsidiary companies, net of cash acquired	(12,177)	(2,332)
Capital work-in-progress incurred	(32,922)	(6,219)
Net cash used in investing activities	(297,328)	(257,249)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial year ended 31 December 2018 (cont'd)

	Unaudited Current Year Ended 31.12.2018 RM'000	Unaudited Preceding Year Ended 31.12.2017 RM'000 Restated
Cash Flows From Financing Activities		
(Increase) / Decrease in fixed deposits pledged	(16,960)	15,388
Decrease in cash and bank balances pledged	3,220	2,822
Drawdown of bank borrowings	573,294	563,750
Repayment of bank borrowings	(395,122)	(293,250)
Drawdown of SUKUK	100,500	-
Repayment of SUKUK	(1,565)	-
Drawdown of RCPS (liability component)	50,000	-
Dividend paid	(69,194)	(67,245)
Dividend paid to non-controlling interests	-	(310)
Proceeds from :		
- Exercise of ESOS	5,132	10,551
- Exercise of warrants	13,864	42,498
- Exercise of warrants in a subsidiary company by non-controlling interests	2,479	3,630
- Issuance of RCPS	-	126,993
- Issuance of ordinary shares to non-controlling interests arising from Private Placement	-	30,240
Repayment of finance lease payables	(5,673)	(3,139)
Net cash generated from financing activities	<u>259,975</u>	<u>431,928</u>
Net (decrease) / increase in cash and cash equivalents	(88,116)	103,381
Effect of exchange rate changes	791	(4,618)
Cash and cash equivalents at the beginning of the financial year	178,559	79,796
Cash and cash equivalents at the end of the financial year	<u>91,234</u>	<u>178,559</u>
Cash and cash equivalents at the end of the financial year comprise:		
Fixed deposits with licensed banks	42,080	29,700
Cash held under Housing Development Accounts	122,967	147,645
Cash and bank balances	77,286	103,841
Bank overdrafts	<u>(105,469)</u>	<u>(70,738)</u>
	136,864	210,448
Less : Fixed deposits pledged with licensed banks	(41,793)	(24,833)
Cash and bank balances pledged	<u>(3,837)</u>	<u>(7,056)</u>
	<u>91,234</u>	<u>178,559</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)

A1. Basis of preparation

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

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

A2. Changes in accounting policies

Basis of accounting

The financial statements of the Group have been prepared under 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 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

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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 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 132 Intangible Assets – Website Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	Deferred until further notice

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

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

A2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ended 31 December 2018. In presenting its first MFRS financial statements, the Group has used the full retrospective approach 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*.

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

A2. Changes in accounting policies (cont'd)

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

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

**Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
- For the financial year ended 31 December 2017**

	Audited As previously stated 31.12.2017 RM'000	Effect of transition to MFRSs RM'000	Unaudited As restated 31.12.2017 RM'000
Revenue	1,362,287	(14,858)	1,347,429
Cost of sales	(931,502)	(50,258)	(981,760)
Gross profit	430,785	(65,116)	365,669
Interest Income	4,889	-	4,889
Other income	14,378	(59)	14,319
Operating expenses	(231,188)	63,126	(168,062)
Finance costs	(28,495)	-	(28,495)
Share of loss in associated companies	(58)	(1)	(59)
Profit before tax	190,311	(2,050)	188,261
Taxation	(77,297)	(219)	(77,516)
Net profit for the financial year	<u>113,014</u>	<u>(2,269)</u>	<u>110,745</u>
Other comprehensive income, net of tax:			
Exchange translation differences for foreign operations	(6,170)	-	(6,170)
Change of stakes in a subsidiary company	6,560	-	6,560
Fair value changes of financial assets measured at fair value through other comprehensive income	(5,396)	-	(5,396)
Reclassification adjustment of financial assets measured at fair value through other comprehensive income	32	-	32
Total comprehensive income for the financial year	<u>108,040</u>	<u>(2,269)</u>	<u>105,771</u>
Total comprehensive income attributable to:			
Owners of the Parent	89,934	(2,630)	87,304
Non-controlling interests	18,106	361	18,467
	<u>108,040</u>	<u>(2,269)</u>	<u>105,771</u>

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A2. Changes in accounting policies (cont'd)

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

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

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

	Audited As previously stated RM'000	Effect of transition to MFRSs RM'000	Unaudited As restated RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	256,611	-	256,611
Capital work-in-progress	17,003	-	17,003
Inventories - land and property development costs	1,334,055	-	1,334,055
Investment properties	60,881	-	60,881
Investment in associated companies	2,374	-	2,374
Other investments	83,004	-	83,004
Goodwill on consolidation	114,612	-	114,612
	1,868,540	-	1,868,540
Current Assets			
Inventories - land and property development costs	468,965	3,553	472,518
Inventories - completed properties and others	263,646	3,799	267,445
Contract assets	353,465	4,676	358,141
Trade and other receivables	710,712	(1,149)	709,563
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	10,879	2,093,817
TOTAL ASSETS	3,951,478	10,879	3,962,357
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Parent			
Share capital	775,285	-	775,285
RCPS	125,908	-	125,908
Reserves	383,214	(809)	382,405
Treasury shares, at cost	(88)	-	(88)
	1,284,319	(809)	1,283,510
Non-controlling interests	89,582	361	89,943
TOTAL EQUITY	1,373,901	(448)	1,373,453

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A2. Changes in accounting policies (cont'd)

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

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

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

	Audited As previously stated RM'000	Effect of transition to MFRSs RM'000	Unaudited As restated RM'000
<u>LIABILITIES</u>			
Non-Current Liabilities			
Trade and other payables	523,734	(9)	523,725
Finance lease payables	8,743	-	8,743
Bank borrowings	511,291	-	511,291
Deferred tax liabilities	7,587	481	8,068
	1,051,355	472	1,051,827
Current Liabilities			
Contract liabilities	34,588	(863)	33,725
Trade and other payables	1,111,796	11,719	1,123,515
Bank overdrafts	70,739	(1)	70,738
Finance lease payables	3,834	-	3,834
Bank borrowings	268,793	-	268,793
Tax payable	36,472	-	36,472
	1,526,222	10,855	1,537,077
TOTAL LIABILITIES	2,577,577	11,327	2,588,904
TOTAL EQUITY AND LIABILITIES	3,951,478	10,879	3,962,357

Condensed Consolidated Statement of Cash Flows
- For the financial year ended 31 December 2017

	Audited As previously stated RM'000	Effect of transition to MFRSs RM'000	Unaudited As restated RM'000
Net cash used in operating activities	(81,565)	10,267	(71,298)
Net cash used in investing activities	(257,252)	3	(257,249)
Net cash generated from financing activities	442,196	(10,268)	431,928
Net increase in cash and cash equivalents	103,379	2	103,381
Effect of exchange rate changes	(4,618)	-	(4,618)
Cash and cash equivalents at 1 January 2017	79,796	-	79,796
Cash and cash equivalents at 31 December 2017	178,557	2	178,559

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 year 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 year 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 year, save and except as follows:

(i) Under the Company

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

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

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

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

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

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

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

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

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial year, 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 ("MGB"), a listed subsidiary company of the Company

- (a) Issuance of 5,040,779 new ordinary shares pursuant to the conversion of 5,040,779 Warrants 2014/2019 at the exercise price of RM0.50 per warrant.

A8. Dividend paid

(I) Ordinary shares

There was no dividend paid during the quarter under review.

(II) RCPS

During the financial quarter under review, dividend of 6.6 sen per RCPS in respect of the financial year ended 31 December 2018 was paid on 26 October 2018.

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A9. Segment information

Year ended 31 December 2018

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
REVENUE					
Total revenue	934,819	709,624	47,069	24,235	1,715,747
Less: Inter-segment revenue	-	(553,132)	(40,657)	-	(593,789)
Revenue from external customers	934,819	156,492	6,412	24,235	1,121,958
FINANCIAL RESULTS					
Segment results	113,567	47,048	42,741	(4,395)	198,961
Interest income	3,769	108	759	102	4,738
Finance costs	(4,388)	(3,527)	(33,839)	(1,186)	(42,940)
Share of profit / (loss) in associated companies	-	80	(31)	-	49
Profit / (Loss) before tax	112,948	43,709	9,630	(5,479)	160,808
Taxation	(39,687)	(15,039)	(12,959)	1,613	(66,072)
Net profit / (loss) for the financial year	73,261	28,670	(3,329)	(3,866)	94,736
Assets					
Additional investment in associated companies	-	15	539	-	554
Additions to non-current assets	194,177	67,829	100,817	5,387	368,210
Segment assets	3,234,393	321,094	606,060	213,878	4,375,425
Other non-cash expenses					
Allowance for impairment loss on:					
- Goodwill arising on consolidation	3,270	-	-	-	3,270
- Receivables	-	-	-	17	17
- Other investments	-	-	188	-	188
Allowance for expected credit losses on receivables	1,306	90	-	-	1,396
Bad debts written off	16	-	806	-	822
Deposit written off	2,000	-	-	-	2,000
Depreciation of:					
- Investment properties	43	661	2,344	-	3,048
- Property, plant and equipment	4,396	6,481	6,089	7,129	24,095
Development costs written off	2,016	-	-	-	2,016
Fair value loss on revaluation of financial assets measured at fair value through profit or loss	-	-	2	-	2
Property, plant and equipment written off	-	17	79	29	125
Other non-cash income					
Dividend income from financial assets measured at fair value through profit or loss	-	-	(107)	-	(107)
Gain on disposal of:					
- A subsidiary company	-	-	(1,521)	-	(1,521)
- Property, plant and equipment	(102)	(23)	(264)	-	(389)
Reversal of allowance for impairment loss on receivables	(2,259)	(796)	-	(101)	(3,156)
Reversal of contingency sum provided in prior years no longer required	(37,609)	-	-	-	(37,609)
Unrealised gain on foreign exchange	-	-	(495)	(108)	(603)
Waiver of debts	-	(18)	(295)	-	(313)

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A9. Segment information (cont'd)

Year ended 31 December 2017

	Property Development RM'000 Restated	Construction & Trading RM'000 Restated	Management, Investment & Others RM'000 Restated	Motor Racing Circuit RM'000 Restated	Consolidated RM'000 Restated
REVENUE					
Total revenue	1,193,192	680,750	398,156	22,064	2,294,162
Less: Inter-segment revenue	-	(549,351)	(397,382)	-	(946,733)
Revenue from external customers	1,193,192	131,399	774	22,064	1,347,429
FINANCIAL RESULTS					
Segment results	175,052	42,590	6,250	(11,966)	211,926
Interest income	3,858	123	807	101	4,889
Finance costs	(2,461)	(2,090)	(22,706)	(1,238)	(28,495)
Share of loss in associated companies	-	-	(59)	-	(59)
Profit / (Loss) before tax	176,449	40,623	(15,708)	(13,103)	188,261
Taxation	(59,226)	(12,785)	(7,187)	1,682	(77,516)
Net profit / (loss) for the financial year	117,223	27,838	(22,895)	(11,421)	110,745
Assets					
Additions to non-current assets	564,155	11,554	15,002	3,048	593,759
Segment assets	3,048,355	208,027	488,079	217,896	3,962,357
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	12,035	-	3	-	12,038
- Investment in associated company	-	-	34	-	34
- Investment properties	-	-	24	-	24
- Other investments	-	-	185	-	185
- Receivables	2,549	92	5	28	2,674
Amortisation of intangible assets	-	-	590	-	590
Bad debts written off	629	-	686	-	1,315
Depreciation of :					
- Investment properties	13	649	695	-	1,357
- Property, plant and equipment	928	3,825	4,405	9,250	18,408
Inventories written down	105	-	-	-	105
Inventories written off	-	48	-	-	48
Net loss on disposal of :					
- Property, plant and equipment	304	-	285	-	589
- Financial assets measured at fair value through profit or loss	-	-	10	-	10
- Investment properties	-	-	72	-	72
Property development costs written off	191	-	-	-	191
Property, plant and equipment written off	11	19	127	120	277
Share-based payment	-	-	2,694	-	2,694
Unrealised loss on foreign exchange	-	-	189	37	226
Other non-cash income					
Dividend income from financial assets measured at fair value through profit or loss	-	-	(59)	-	(59)
Gain on disposal of :					
- Available-for-sale financial assets	-	-	(41)	-	(41)
- A subsidiary company	-	-	(1)	-	(1)
- Investment properties	-	-	(83)	-	(83)
- Property, plant and equipment	-	(196)	-	-	(196)
Reversal of allowance for impairment losses on:					
- Receivables	(359)	-	(313)	-	(672)
- Property, plant and equipment	(6)	-	-	-	(6)
Reversal of contingency sum provided in prior years no longer required	(10,494)	-	-	-	(10,494)
Waiver of debts	-	-	(279)	-	(279)

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A10. Valuation of property, plant and equipment

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

A11. Changes in the composition of the Group

- (i) On 14 December 2018, LBS Bina Holdings Sdn. Bhd. ("LBS") acquired 450 ordinary shares representing 45% equity interest in Megah Solaris Sdn. Bhd. ("MSSB") for a total cash consideration of RM450 only. Consequently, MSSB became a wholly-owned subsidiary company of LBS.
- (ii) On 17 December 2018, Seloka Sinaran Sdn. Bhd. ("SSSB"), a 51% owned subsidiary company of LBS, had increased its paid-up share capital from 500,000 to 5,000,000 ordinary shares. LBS has subscribed for an additional 3,645,000 ordinary shares in SSSB by way of capitalisation. Consequently, SSSB became a 78% owned subsidiary company of LBS.
- (iii) On 26 December 2018, Vintage Roofing & Construction Sdn. Bhd. ("VRCSB"), a wholly-owned subsidiary company of MGB, had disposed of 2 ordinary shares, representing the entire equity interest of its wholly-owned subsidiary company, Tirai Impresif Sdn. Bhd. ("TISB") for a total cash consideration of RM2 only.
- (iv) During the current financial quarter, the Company's equity interest in MGB has increased from 56.42% to 59.68% as the result of acquisition of 16,295,800 ordinary shares of MGB by the Company for a total cash consideration of RM11,910,126 only.

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

A12. Material events subsequent to the end of financial year

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

There were no other material subsequent events as at 21 February 2019, 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 2018 were as follows:

	Amount RM'000
Approved and contracted for:	
a) Property development land	
- Sale and Purchase Agreement	3,420
- Development Rights Agreement	86,940
- Joint Venture Agreement	386,315
b) Interior design and renovation works	4,418
	<u>481,093</u>

A14. Changes in contingent assets or contingent liabilities

	31.12.2018 RM'000	31.12.2017 RM'000
Bank guarantees issued for :		
- Property Development	55,837	52,866
- Construction Contracts	9,403	12,825
- Others	30	30
	<u>65,270</u>	<u>65,721</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	3,860
Rental income	199
Expenses	
Dividends paid	23,664
Equity instrument	717
Finance costs	183
Legal fee	94
Purchase of property	1,500
Rental expenses	76
Rendering of services	797

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

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

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

B1. Review of Group performance

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

	Individual Period			Cumulative Period		
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000 Restated	Changes %	Current Year To date 31.12.2018 RM'000	Preceding Year To date 31.12.2017 RM'000 Restated	Changes %
Revenue						
Property Development	117,505	362,135	-68%	934,819	1,193,192	-22%
Construction and Trading	171,111	174,484	-2%	709,624	680,750	4%
Management, Investment & Others	6,965	22,924	-70%	47,069	398,156	-88%
Motor Racing Circuit	7,646	5,531	38%	24,235	22,064	10%
	<u>303,227</u>	<u>565,074</u>	-46%	<u>1,715,747</u>	<u>2,294,162</u>	-25%
Less: Inter-segment sales	<u>(136,399)</u>	<u>(149,389)</u>	9%	<u>(593,789)</u>	<u>(946,733)</u>	37%
	<u>166,828</u>	<u>415,685</u>	-60%	<u>1,121,958</u>	<u>1,347,429</u>	-17%
Profit / (Loss) before tax						
Property Development	31,893	59,201	-46%	112,948	176,449	-36%
Construction and Trading	3,422	9,626	-64%	43,709	40,623	8%
Management, Investment & Others	643	(5,693)	111%	9,630	(15,708)	161%
Motor Racing Circuit	1,028	(2,670)	139%	(5,479)	(13,103)	58%
	<u>36,986</u>	<u>60,464</u>	-39%	<u>160,808</u>	<u>188,261</u>	-15%

For the current quarter under review, the Group achieved revenue and profit before tax ("PBT") of approximately RM167 million and RM37 million respectively. These represent 60% decrease in revenue and 39% decrease in PBT over the results achieved in the corresponding quarter in the financial year 2017.

For the financial year ended 31 December 2018, the Group achieved revenue and PBT of approximately RM1 billion and RM161 million respectively. These represent 17% decrease in revenue and 15% decrease in PBT over the results recorded in the financial year 2017.

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

Property Development

For the financial year ended 31 December 2018, Property Development segment recorded lower revenue and PBT by 22% and 36% respectively.

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

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

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

Property Development (*cont'd*)

Projects within the Klang Valley remain as the largest revenue contributor, accounting for more than 60% of the Group's revenue for the current financial year.

Construction and Trading

For the financial year ended 31 December 2018, Construction and Trading segment posted higher revenue and PBT by 4% and 8% respectively. The increase in revenue and PBT were primarily contributed from in-house projects.

Management, Investment and Others

For the financial year ended 31 December 2018, Management, Investment and Others segment posted lower revenue and higher PBT.

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

Motor Racing Circuit

For the financial year ended 31 December 2018, Motor Racing Circuit segment recorded higher revenue and lower loss before tax ("LBT") by 10% and 58% respectively.

The higher revenue and lower LBT were primarily due to higher income from racing activities including consultancy services and lower expenses.

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

	Current Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.09.2018 RM'000	Changes (%)
Revenue	166,828	410,262	-59%
Profit before tax ("PBT")	36,986	43,616	-15%

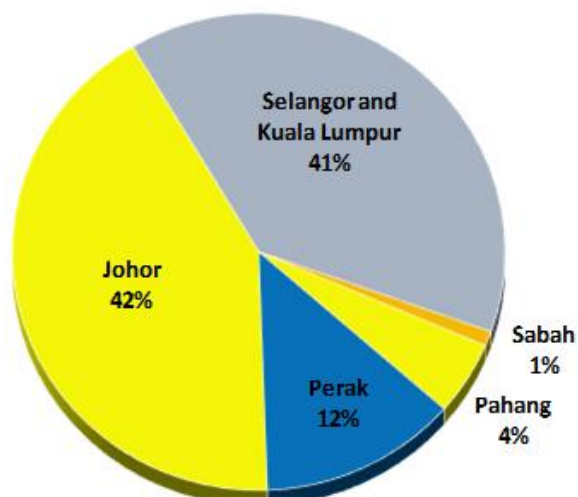
For the current quarter under review, the Group's revenue and PBT were approximately RM167 million and RM37 million respectively as compared to the revenue and PBT of approximately RM410 million and RM44 million respectively in the immediate preceding quarter.

The decrease in PBT was mainly attributable to lower progressive recognition of revenue from its on-going projects.

B3. Group's prospects for the next financial year

The Group has achieved sales of RM1.53 billion in the year 2018. Property development remains as the key driver of our business operations and the Group will continue to focus on the project launches mainly in Klang Valley.

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



Whilst the prospects for the property industry remains challenging, the Group's prospects moving forward remain positive with total property sales of RM1.53 billion and total unbilled sales of RM1.75 billion as at 31 December 2018, which are well supported by 17 ongoing projects and a total land bank of more than 4,000 acres.

B4. Profit forecast or profit guarantee

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

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B5. Taxation

The breakdown of tax expense was as follows:

	Individual Quarter		Cumulative Period	
	Current year Quarter 31.12.2018 RM'000	Preceding year Quarter 31.12.2017 RM'000 Restated	Current year To date 31.12.2018 RM'000	Preceding year To date 31.12.2017 RM'000 Restated
Current year tax provision	22,175	25,252	74,093	83,565
(Under) / Over provision in prior years	(38)	2,724	(4,914)	2,668
Deferred taxation	(2,053)	(1,581)	(3,107)	(8,717)
Total tax expense	<u>20,084</u>	<u>26,395</u>	<u>66,072</u>	<u>77,516</u>

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

B6. Status of corporate proposals

The following is the status of corporate proposal that has been announced by the Company but has not been completed as at 21 February 2019, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report:

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

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

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B7. Utilisation of proceeds raised from corporate proposals

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
	850,000		

The utilisation status of the final tranche of Promissory Note as at 21 February 2019, 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
		200,000	106,680	(106,680)	-	-	-		

Note:

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

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B8. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

Year ended 31.12.2018

	<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	105,469	N/A	105,469
Finance lease payables	N/A	34,771	N/A	11,404	N/A	46,175
Bank borrowings	N/A	541,152	N/A	464,789	N/A	1,005,941
SUKUK	N/A	89,276	N/A	9,659	N/A	98,935
RCPS	N/A	-	N/A	50,000	N/A	50,000
Total borrowings		<u>665,199</u>		<u>641,321</u>		<u>1,306,520</u>

Year ended 31.12.2017

	<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	70,738	N/A	70,738
Finance lease payables	N/A	8,743	N/A	3,834	N/A	12,577
Bank borrowings	N/A	511,291	N/A	268,793	N/A	780,084
Total borrowings		<u>520,034</u>		<u>343,365</u>		<u>863,399</u>

B9. Material litigation

There was no material litigation as at 21 February 2019, 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

No dividend has been declared in the current quarter.

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B11. Earnings per share (“EPS”)

Basic EPS

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

	Current Year to Date 31.12.2018	Preceding Year to Date 31.12.2017 Restated
Net profit attributable to Owners of the Parent (RM'000)	85,110	100,731
Less : Dividends on RCPS (RM'000)	(6,758)	-
Net profit attributable to ordinary equity holders of the Parent (RM'000)	<u>78,352</u>	<u>100,731</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,423,924</u>	<u>1,469,128 #</u>
Basic EPS (sen)	<u>5.50</u>	<u>6.86 #</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 year attributable to ordinary equity holders of the Parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	Current Year to Date 31.12.2018	Preceding Year to Date 31.12.2017 Restated
Net profit attributable to Owners of the Parent (RM'000)	85,110	100,731
Less : Dividends on RCPS (RM'000)	(6,758)	-
Net profit attributable to ordinary equity holders of the Parent (RM'000)	<u>78,352</u>	<u>100,731</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,462,938</u>	<u>1,519,803</u>
Diluted EPS (sen)	<u>5.36</u>	<u>6.63</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**

	Current Year Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2018 RM'000
Allowance for impairment loss on :		
- Goodwill arising on consolidation	2,229	3,270
- Receivables	17	17
- Other Investment	188	188
Allowance for expected credit losses on receivables	(383)	1,396
Bad debts written off	-	822
Depreciation of :		
- Investment properties	827	3,048
- Property, plant and equipment	7,041	24,095
Deposit written off	2,000	2,000
Development cost written off	1,715	2,016
Property, plant and equipment written off	93	125
Dividend income from financial assets at fair value through profit or loss	(25)	(107)
Fair value loss on revaluation of financial assets at fair value through profit or loss	5	2
Gain on disposal of :		
- A subsidiary company	(1,521)	(1,521)
- Property, plant and equipment	(22)	(389)
Reversal of allowance for impairment loss on receivables	(100)	(3,156)
Reversal of contingency sum provided in prior years no longer required	(19,558)	(37,609)
Net foreign exchange gain	(426)	(611)
Waiver of debts	(313)	(313)

By Order of the Board,

Dato' Lim Mooi Pang
Executive Director

Petaling Jaya, Selangor Darul Ehsan
28 February 2019