



LBS BINA GROUP BERHAD

Registration No: 200001015875 (518482-H)
(Incorporated in Malaysia)

Interim Financial Report

30 September 2019

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
- For the financial period ended 30 September 2019

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 30.09.2019 RM'000	Preceding Year Quarter 30.09.2018 RM'000	Current Year To date 30.09.2019 RM'000	Preceding Year To date 30.09.2018 RM'000
Revenue		388,164	410,262	1,034,105	955,130
Cost of sales		(281,683)	(313,118)	(750,082)	(690,591)
Gross profit		106,481	97,144	284,023	264,539
Interest income		154	2,468	3,749	4,493
Other income		3,297	1,390	12,154	11,264
Operating expenses		(48,415)	(46,424)	(135,893)	(126,881)
Finance costs		(16,163)	(10,963)	(43,973)	(29,569)
Share of (loss)/profit of associates, net of tax		(31)	1	(43)	(24)
Profit before tax		45,323	43,616	120,017	123,822
Taxation	B5	(16,884)	(15,919)	(51,511)	(45,988)
Net profit for the financial period		28,439	27,697	68,506	77,834
Net profit for the financial period attributable to:					
Owners of the parent		21,061	24,137	52,768	68,001
Non-controlling interests		7,378	3,560	15,738	9,833
		28,439	27,697	68,506	77,834
Earnings per share attributable to owners of the parent:					
Basic (sen)	B10	1.35	1.75	3.39	4.93
Diluted (sen)	B10	1.33	1.70	3.34	4.80

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

	Unaudited		Unaudited	
	Individual Quarter		Cumulative Period	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Quarter	To date	To date
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	28,439	27,697	68,506	77,834
Other comprehensive income, net of tax:				
Change of stakes in a subsidiary companies	403	(1,155)	(96)	(7,829)
Exchange translation differences for foreign operations	156	894	531	(370)
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	5,076	(7,884)	(6,596)	(16,958)
Total comprehensive income for the financial period	<u>34,074</u>	<u>19,552</u>	<u>62,345</u>	<u>52,677</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	28,578	18,520	49,630	52,932
Non-controlling interests	5,496	1,032	12,715	(255)
	<u>34,074</u>	<u>19,552</u>	<u>62,345</u>	<u>52,677</u>

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 30 September 2019

	Notes	Unaudited 30.09.2019 RM'000	Audited 31.12.2018 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	340,558	347,040
Right-of-use assets		517	-
Capital work-in-progress		77,700	52,059
Inventories - land held for property development		1,528,894	1,520,286
Investment properties		165,696	169,150
Investment in associates		2,729	2,772
Other investments		68,322	74,143
Intangible assets		1,811	2,333
Goodwill on consolidation		110,988	113,508
Trade receivables		1,591	1,039
		2,298,806	2,282,330
Current assets			
Inventories - property development costs		420,349	543,193
Inventories - completed properties and others		310,282	292,763
Contract assets		325,961	204,090
Trade and other receivables		595,982	804,513
Other investments		4,528	3,125
Tax recoverable		5,592	3,311
Fixed deposits with licensed banks		41,812	38,919
Cash held under Housing Development Accounts		112,645	123,036
Cash and bank balances		113,660	78,202
		1,930,811	2,091,152
TOTAL ASSETS		4,229,617	4,373,482
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		817,570	809,604
Redeemable Convertible Preference Shares ("RCPS")		104,904	112,629
Reserves		431,955	427,310
Treasury shares, at cost		(8,082)	(88)
Equity attributable to owners of the parent		1,346,347	1,349,455
Non-controlling interests		81,224	67,600
TOTAL EQUITY		1,427,571	1,417,055

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 30 September 2019 (cont'd)

	Notes	Unaudited 30.09.2019 RM'000	Audited 31.12.2018 RM'000
<u>LIABILITIES</u>			
Non-current liabilities			
Trade and other payables		465,745	487,572
Finance lease payables	B7	28,425	34,810
Lease liabilities		298	-
Bank borrowings	B7	591,500	547,633
Sukuk Murabahah ("Sukuk")	B7	85,937	89,276
Deferred tax liabilities		1,731	6,206
		1,173,636	1,165,497
Current liabilities			
Contract liabilities		29,809	53,026
Trade and other payables		979,186	1,049,238
Bank overdrafts	B7	126,693	105,468
Finance lease payables	B7	13,100	11,365
Lease liabilities		195	-
Bank borrowings	B7	380,945	457,987
Sukuk	B7	4,551	9,659
Redeemable Convertible Preference Shares ("RCPS")	B7	20,000	50,000
Tax payable		73,931	54,187
		1,628,410	1,790,930
TOTAL LIABILITIES		2,802,046	2,956,427
TOTAL EQUITY AND LIABILITIES		4,229,617	4,373,482
Net Assets per share attributable to owners of the parent (RM)		0.87	0.87

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial period ended 30 September 2019 (The figures have not been audited)

	Attributable to owners of the parent										
	Non-distributable								<-Distributable->		
	Share capital RM'000	RCPS RM'000	Treasury shares RM'000	ESOS reserve RM'000	Foreign exchange reserve RM'000	Warrant reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1.1.2019	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,472	1,349,455	67,600	1,417,055
- as previously reported	-	-	-	-	-	-	-	33	33	-	33
- effect of adopting MFRS 16	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1.1.2019 (restated)	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,505	1,349,488	67,600	1,417,088
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	52,768	52,768	15,738	68,506
Change of stakes in subsidiary companies	-	-	-	-	-	-	2,625	-	2,625	(2,721)	(96)
Foreign currency translation reserve	-	-	-	-	1,100	-	(267)	-	833	(302)	531
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(6,596)	-	(6,596)	-	(6,596)
Total comprehensive income for the financial period	-	-	-	-	1,100	-	(4,238)	52,768	49,630	12,715	62,345
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	(16,909)	-	(16,909)	909	(16,000)
Dividend paid	-	-	-	-	-	-	-	(28,052)	(28,052)	-	(28,052)
Issuance of ordinary shares:											
- Exercise of Employees' Share Option Scheme ("ESOS")	241	-	-	(57)	-	-	-	-	184	-	184
- Conversion of RCPS	7,725	(7,725)	-	-	-	-	-	-	-	-	-
Shares repurchased	-	-	(7,994)	-	-	-	-	-	(7,994)	-	(7,994)
Total transactions with owners	7,966	(7,725)	(7,994)	(57)	-	-	(16,909)	(28,052)	(52,771)	909	(51,862)
Balance as at 30.09.2019	817,570	104,904	(8,082)	4,951	112,412	21,353	(298,982)	592,221	1,346,347	81,224	1,427,571

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial period ended 30 September 2019 (cont'd) (The figures have not been audited)

	← Attributable to owners of the parent →										
	← Non-distributable →								←-Distributable->		
	Share capital RM'000	RCPS RM'000	Treasury shares RM'000	ESOS reserve RM'000	Foreign exchange reserve RM'000	Warrants reserves RM'000	Other reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1.1.2018											
- as previously reported	775,285	125,908	(88)	6,982	109,733	24,976	(283,127)	524,651	1,284,320	89,582	1,373,902
- effect of adopting MFRS 9 and MFRS 15	-	-	-	-	-	-	-	(2,519)	(2,519)	(68)	(2,587)
Balance as at 1.1.2018 (restated)	775,285	125,908	(88)	6,982	109,733	24,976	(283,127)	522,132	1,281,801	89,514	1,371,315
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	68,001	68,001	9,833	77,834
Change of stakes in a subsidiary company	-	-	-	-	-	-	1,696	-	1,696	(9,525)	(7,829)
Foreign currency translation reserve	-	-	-	-	968	-	(775)	-	193	(563)	(370)
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(16,958)	-	(16,958)	-	(16,958)
Total comprehensive income for the financial period	-	-	-	-	968	-	(16,037)	68,001	52,932	(255)	52,677
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	835	835
Dividend paid	-	-	-	-	-	-	-	(34,255)	(34,255)	-	(34,255)
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
- Conversion of RCPS	13,280	(13,280)	-	-	-	-	-	-	-	-	-
Realisation of warrants B reserve	-	-	-	-	-	(3,428)	3,428	-	-	-	-
Realisation of ESOS reserve	-	-	-	(31)	-	-	-	31	-	-	-
Total transactions with owners	34,319	(13,280)	-	(1,926)	-	(3,576)	3,428	(34,224)	(15,259)	835	(14,424)
Balance as at 30.09.2018	809,604	112,628	(88)	5,056	110,701	21,400	(295,736)	555,909	1,319,474	90,094	1,409,568

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 30 September 2019

	Unaudited Current Period Ended 30.09.2019 RM'000	Unaudited Preceding Period Ended 30.09.2018 RM'000
Cash Flows From Operating Activities		
Profit before tax	120,017	123,822
Adjustments for:		
Non-cash items	21,954	2,012
Other operating items	38,758	23,686
Operating profit before changes in working capital	<u>180,729</u>	<u>149,520</u>
Changes in working capital:		
Inventories - land and property development costs	139,970	(165,182)
Inventories - completed properties and others	(17,706)	24,367
Contract assets	(121,871)	59,418
Contract liabilities	(23,218)	14,597
Receivables	214,482	(126,920)
Payables	(6,921)	68,321
Foreign exchange reserve	1,374	1,462
	<u>186,110</u>	<u>(123,937)</u>
Cash generated from operations	<u>366,839</u>	<u>25,583</u>
Dividends received	1,459	1,413
Interest received	3,749	4,493
Interest paid	(68,741)	(57,686)
Tax paid	(40,596)	(30,366)
Tax refund	2,690	104
	<u>(101,439)</u>	<u>(82,042)</u>
Net cash from/(used in) operating activities	<u>265,400</u>	<u>(56,459)</u>
Cash Flows From Investing Activities		
Additional investment in:		
- Subsidiary companies and associates	(3,839)	(22,685)
Repayment of prior years' investment in subsidiary companies and associates	(13,935)	(21,101)
Purchase of:		
- Investment properties	-	(752)
- Financial assets measured at fair value through profit or loss ("FVTPL")	(32,047)	(1,000)
- Property, plant and equipment	(11,099)	(38,461)
Proceeds from disposal of:		
- Financial assets measured at FVTPL	31,047	-
- Investment properties	1,009	-
- Property, plant and equipment	269	1,167
Deposits and consideration paid for acquisition and joint venture of future development lands	(85,402)	(137,343)
Acquisition of subsidiary companies, net of cash acquired	-	(12,177)
Capital work-in-progress incurred	(25,040)	(24,369)
Net cash used in investing activities	<u>(139,037)</u>	<u>(256,721)</u>

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

	Unaudited Current Period Ended 30.09.2019 RM'000	Unaudited Preceding Period Ended 30.09.2018 RM'000
Cash Flows From Financing Activities		
Increase in fixed deposits pledged	(2,620)	(14,842)
Increase in cash and bank balances pledged	(1,803)	(1,097)
Drawdown of bank borrowings	562,776	445,420
Repayment of bank borrowings	(598,867)	(263,714)
Drawdown of Sukuk	-	100,500
Repayment of Sukuk	(8,546)	(541)
Drawdown of RCPS (liability component)	-	50,000
Repayment of RCPS (liability component)	(30,000)	-
Dividend paid	(28,052)	(62,436)
Proceeds from:		
- Exercise of ESOS	184	5,132
- Exercise of warrants	-	13,864
- Exercise of warrants in a subsidiary company by non-controlling interests	14	2,479
Purchase of treasury shares	(7,994)	-
Repayment of finance lease payables	(9,126)	(3,572)
Repayment of lease liabilities	(456)	-
Net cash (used in)/from financing activities	<u>(124,490)</u>	<u>271,193</u>
Net increase/(decrease) in cash and cash equivalents	1,873	(41,987)
Effect of exchange rate changes	440	829
Cash and cash equivalents at the beginning of the financial period	92,217	178,558
Cash and cash equivalents at the end of the financial period	<u>94,530</u>	<u>137,400</u>
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	41,812	39,962
Cash held under Housing Development Accounts	112,645	141,729
Cash and bank balances	113,660	101,393
Bank overdrafts	(126,693)	(97,856)
	<u>141,424</u>	<u>185,228</u>
Less : Fixed deposits pledged with licensed banks	(41,253)	(39,675)
Cash and bank balances pledged	(5,641)	(8,153)
	<u>94,530</u>	<u>137,400</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 : *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Securities.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

A2. Changes in accounting policies

Basis of accounting

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

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

Standards issued but not yet effective

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

	<u>Effective date for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 Definition of Material And MFRS 108	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	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 Venture	Deferred until further notice

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

A2. Changes in accounting policies (cont'd)

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

MFRS 16 Leases

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

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

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

	RM'000
Retained earnings as at 1 January 2019	
- as previously reported	567,472
- effect of adopting MFRS 16	33
Retained earnings as at 1 January 2019, as restated	<u>567,505</u>

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

There were no material changes in estimates that have a material effect on the results for the current financial period.

A7. Debt and equity securities

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

(I) Under the Company

(a) Issuance of ordinary shares pursuant to the exercise of options under the ESOS

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

(b) Shares repurchased

The Company repurchased 15,428,300 of its ordinary shares in the open market for a total consideration of RM7,993,466 and retained as treasury shares of the Company.

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

Issuance of 636,014 new ordinary shares pursuant to the conversion of 636,014 Warrants 2014/2019 at the exercise price of RM0.50 per warrant.

A8. Dividend paid

During the financial quarter under review, a single-tier first and final dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 December 2018 was paid on 27 September 2019.

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A9. Segment information

Period ended 30 September 2019

	Property Development	Construction & Trading	Management, Investment & Others	Motor Racing Circuit	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	901,023	500,335	98,647	18,404	1,518,409
Less: Inter-segment revenue	-	(390,920)	(93,384)	-	(484,304)
Revenue from external customers	901,023	109,415	5,263	18,404	1,034,105
Financial Results					
Segment results	140,938	18,813	5,304	(4,771)	160,284
Interest income	3,224	62	385	78	3,749
Finance costs	(8,039)	(5,483)	(29,571)	(880)	(43,973)
Share of loss of associates, net of tax	-	(21)	(22)	-	(43)
Profit / (Loss) before tax	136,123	13,371	(23,904)	(5,573)	120,017
Taxation	(39,705)	(6,167)	(6,839)	1,200	(51,511)
Net profit / (loss) for the financial period	96,418	7,204	(30,743)	(4,373)	68,506
Assets					
Additions to non-current assets	116,009	15,554	4,191	1,580	137,334
Segment assets	3,177,514	243,308	600,683	208,112	4,229,617
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	2,520	-	-	-	2,520
- Receivables	225	-	-	-	225
Allowance for expected credit losses on receivables	1,457	68	-	-	1,525
Amortisation of intangible assets	-	-	522	-	522
Bad debts written off	137	-	-	78	215
Deposit written off	-	2	126	-	128
Depreciation of :					
- Investment properties	47	496	1,272	-	1,815
- Property, plant and equipment	3,265	8,143	5,104	5,327	21,839
- Right-of-use assets	300	-	111	-	411
Fair value loss on financial assets measured at FVTPL	-	-	27	-	27
Fair value loss on revaluation of financial assets measured at FVTPL	26	-	-	-	26
Interest expenses - lease liability	42	-	12	-	54
Property, plant and equipment written off	-	-	19	16	35
Provision for claims and staff economic compensation	-	-	-	452	452
Other non-cash income					
Contingency sum provided in prior years no longer required	(4,912)	-	-	-	(4,912)
Dividend income from financial assets measured at FVTPL	(327)	-	(97)	-	(424)
Fair value gain on revaluation of financial assets measured at FVTPL	-	-	(6)	-	(6)
Gain on disposal of:					
- Investment properties	(285)	-	(64)	-	(349)
- Property, plant and equipment	(22)	(42)	(68)	-	(132)
Reversal of allowance					
- of impairment losses on receivables	(417)	-	-	(105)	(522)
- for expected credit losses on receivables	(1,067)	(46)	(45)	-	(1,158)
Unrealised gain on foreign exchange	-	-	(121)	(181)	(302)
Waiver of debts	-	-	(35)	-	(35)

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A9. Segment information (cont'd)
Period ended 30 September 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	817,314	538,513	40,105	16,589	1,412,521
Less: Inter-segment revenue	-	(421,791)	(35,600)	-	(457,391)
Revenue from external customers	817,314	116,722	4,505	16,589	955,130
Financial Results					
Segment results	79,889	43,156	31,568	(5,691)	148,922
Interest income	3,817	87	514	75	4,493
Finance costs	(2,651)	(2,956)	(23,071)	(891)	(29,569)
Share of loss of associates, net of tax	-	-	(24)	-	(24)
Profit / (Loss) before tax	81,055	40,287	8,987	(6,507)	123,822
Taxation	(25,442)	(12,413)	(9,348)	1,215	(45,988)
Net profit / (loss) for the financial period	55,613	27,874	(361)	(5,292)	77,834
Assets					
Additional investment in associates	-	15	539	-	554
Additions to non-current assets	156,296	34,405	96,198	3,750	290,649
Segment assets	3,289,054	277,533	604,889	211,877	4,383,353
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	1,041	-	-	-	1,041
Allowance for expected credit losses on receivables	1,987	-	-	-	1,987
Bad debts written off	15	-	806	-	821
Depreciation of:					
- Investment properties	32	496	1,694	-	2,222
- Property, plant and equipment	3,015	4,828	4,337	5,366	17,546
Development costs written off	301	-	-	-	301
Fair value loss on revaluation of financial assets at FVTPL	-	-	3	-	3
Property, plant and equipment written off	-	-	9	23	32
Unrealised loss on foreign exchange	-	-	2	-	2
Other non-cash income					
Contingency sum provided in prior years no longer required	(18,051)	-	-	-	(18,051)
Reversal of allowance for expected credit losses on receivables	-	(208)	-	-	(208)
Dividend income from financial assets measured at FVTPL	-	-	(82)	-	(82)
Gain on disposal of property, plant and equipment	(101)	(2)	(264)	-	(367)
Reversal of allowance for impairment losses on receivables	(2,260)	(796)	-	-	(3,056)
Unrealised gain on foreign exchange	-	-	-	(179)	(179)

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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 20 August 2019, Iringan Kejora Sdn. Bhd. ("IKSB"), a wholly-owned subsidiary company of LBS Bina Holdings Sdn. Bhd. ("LBS Bina"), a wholly-owned subsidiary company of the Company, has increased its paid-up share capital from 500,000 to 750,000 ordinary shares. LBS Bina has subscribed for an additional 25,000 ordinary shares in IKSB for a total cash consideration of RM25,000 only. Consequently, IKSB became 70% owned subsidiary company of LBS Bina.
- (ii) On 28 August 2019, MGB Land Sdn. Bhd. ("MGB Land"), a wholly-owned subsidiary company of MGB, subscribed 1 ordinary share in Idaman Living Sdn. Bhd. ("ILSB"), representing entire equity interest in ILSB, for a total cash consideration of RM1. Consequently, ILSB became indirect wholly-owned subsidiary company of MGB.
- (iii) On 17 September 2019, LBS Bina acquired 300,000 ordinary shares, representing 30% equity interest in Alunan Prestasi Sdn. Bhd. ("APSB") for a total cash consideration of RM1 only. Consequently, APSB became a wholly-owned subsidiary company of LBS Bina.
- (vi) During the current quarter, the Company's equity interest in MGB has decreased from 59.84% to 59.80% as the result of conversion of 355,300 Warrants 2014/2019 by non-controlling interests at the exercise price of RM0.50 per warrant into 355,300 new ordinary shares.

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

A12. Material events subsequent to the end of financial period

- (i) On 24 October 2019, Seloka Sinaran Sdn. Bhd. ("SSSB"), a 81% owned subsidiary company of LBS Bina had increased its paid-up share capital from 5,000,000 to 6,000,000 ordinary shares. LBS Bina has subscribed for additional 810,000 ordinary shares in SSSB by way of capitalisation of amount due. SSSB remained as a 81% owned subsidiary company of LBS Bina.
- (ii) Changes of equity interest in MGB

The Company's equity interest in MGB has decreased from 59.80% to 59.36% as the results of the followings:

- a) Conversion of 4,130,039 Warrants 2014/2019 by non-controlling interests at the exercise price of RM0.50 per warrant into 4,130,039 new ordinary shares: and
- b) Acquisition of 275,000 ordinary shares of MGB by the Company for a total cash consideration of RM168,701.

There were no other material subsequent events as at 18 November 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 30 September 2019 were as follows:

	Amount RM'000
Approved and contracted for:	
a) Property development land	
- Sale and purchase agreements	3,420
- Development rights agreements	86,940
- Joint venture agreements	453,288
b) Plant, property and equipment	4,602
	<u>548,250</u>

A14. Changes in contingent assets or contingent liabilities

	30.09.2019 RM'000	30.09.2018 RM'000
Bank guarantees for :		
- Property development	51,294	54,341
- Construction contracts	3,561	12,770
- Others	48	48
	<u>54,903</u>	<u>67,159</u>

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

A15. Significant related party transactions

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

	Amount RM'000
Income	
Rental income	26
Sale of development properties	1,093
Expenses	
Equity instrument	16,000
Finance costs	262
Legal fee	31
Rental expenses	56
Rendering of services	976
Dividend paid	16,288

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

- (i) A firm or companies in which a close family member of certain Directors of the Company or subsidiary companies have financial interest;
- (ii) A firm or companies in which certain Directors of the Company or its subsidiary companies have financial interest;
- (iii) Persons who have financial interest in subsidiary companies;
- (iv) Directors and key management personnel of the Company or its subsidiary companies and their close family members;
- (v) A holding company of the Company;
- (vi) An associate 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	Preceding Year Quarter	Changes %	Current Year To date	Preceding Year To date	Changes %
	30.09.2019 RM'000	30.09.2018 RM'000		30.09.2019 RM'000	30.09.2018 RM'000	
Revenue						
Property Development	357,710	365,302	-2%	901,023	817,314	10%
Construction and Trading	139,994	176,897	-21%	500,335	538,513	-7%
Management, Investment and Others	54,224	25,875	110%	98,647	40,105	146%
Motor Racing Circuit	7,320	4,260	72%	18,404	16,589	11%
	<u>559,248</u>	<u>572,334</u>	-2%	<u>1,518,409</u>	<u>1,412,521</u>	7%
Less: Inter-segment sales	<u>(171,084)</u>	<u>(162,072)</u>	-6%	<u>(484,304)</u>	<u>(457,391)</u>	-6%
	<u>388,164</u>	<u>410,262</u>	-5%	<u>1,034,105</u>	<u>955,130</u>	8%
Profit / (Loss) before tax						
Property Development	53,403	39,425	35%	136,123	81,055	68%
Construction and Trading	2,751	12,557	-78%	13,371	40,287	-67%
Management, Investment and Others	(10,844)	(5,881)	-84%	(23,904)	8,987	-366%
Motor Racing Circuit	13	(2,485)	101%	(5,573)	(6,507)	14%
	<u>45,323</u>	<u>43,616</u>	4%	<u>120,017</u>	<u>123,822</u>	-3%

For the current quarter under review, the Group achieved revenue and profit before tax ("PBT") of approximately RM388 million and RM45 million respectively. These represent 5% decrease in revenue and 4% increase in PBT over the results achieved in the corresponding quarter last year.

For the nine months ended 30 September 2019, the Group achieved revenue and PBT of approximately RM1.03 billion and RM120 million respectively. These represent 8% increase in revenue and 3% decrease in PBT over the results recorded in the corresponding period last year.

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

Property Development

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

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

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

B1. Review of Group performance (cont'd)

Property Development (cont'd)

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

Construction and Trading

For the nine months ended 30 September 2019, Construction and Trading segment recorded revenue and PBT of approximately RM500 million and RM13 million respectively as compared to revenue of RM539 million and PBT of RM40 million in the corresponding period last year.

The revenue was primarily contributed from in-house projects. The PBT has decreased mainly due to soft profit margin from on-going construction projects, increase in operating cost, finance costs and depreciation.

Management, Investment and Others

For the nine months ended 30 September 2019, Management, Investment and Others segment recorded revenue of RM99 million and loss before tax ("LBT") of RM24 million as compared to revenue of RM40 million and PBT of RM9 million in the corresponding period last year.

Motor Racing Circuit

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

The higher revenue and lower LBT were primarily due to increase in income from sponsorship and consultancy services.

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

	Current Quarter 30.09.2019 RM'000	Immediate Preceding Quarter 30.06.2019 RM'000	Changes (%)
Revenue	388,164	319,378	22%
Profit before tax ("PBT")	45,323	38,102	19%

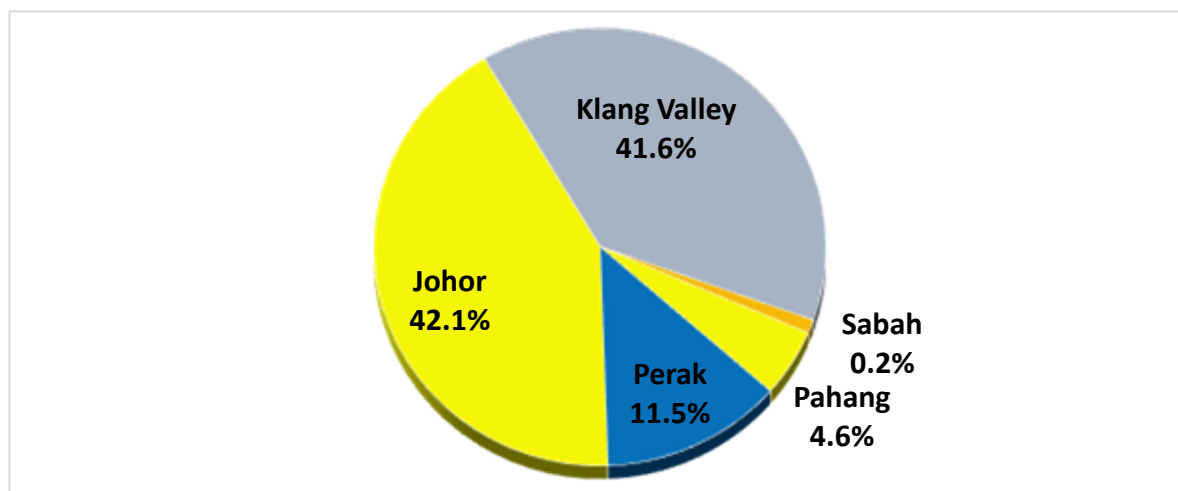
For the quarter under review, the Group achieved revenue of RM388 million and PBT of RM45 million as compared to revenue of RM319 million and PBT of RM38 million in the immediate preceding quarter.

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

B3. Group's prospects for the current financial year

Property development remains as the key driver of our business operations and it accounts for more than 85% of the Group's total revenue for the current financial period.

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



Whilst the prospects for the property industry remains challenging due to global and regional headwinds, the Group's prospects moving forward remain positive with total property sales of approximately RM1.50 billion and total unbilled sales of RM1.84 billion, which are well supported by 18 ongoing projects and a total land bank of approximately 4,000 acres.

B4. Profit forecast or profit guarantee

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

B5. Taxation

The breakdown of tax expense was as follows:

	Individual Quarter		Cumulative Period	
	Current year Quarter 30.09.2019 RM'000	Preceding year Quarter 30.09.2018 RM'000	Current year To date 30.09.2019 RM'000	Preceding year To date 30.09.2018 RM'000
Current year tax provision	17,151	18,544	54,679	51,918
(Over)/Under provision in prior years	(1,062)	(4,876)	689	(4,876)
Deferred taxation	795	2,251	(3,857)	(1,054)
Total tax expense	16,884	15,919	51,511	45,988

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

B6. Status of corporate proposals

The following is the status of corporate proposal that has been announced by the Company but has not been completed as at 18 November 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

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

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

B7. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

Period ended 30.09.2019

	<u>Long term</u>		<u>Short term</u>		<u>Total borrowings</u>	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<u>Secured</u>						
Bank overdrafts	N/A	-	N/A	126,693	N/A	126,693
Finance lease payables	N/A	28,425	N/A	13,100	N/A	41,525
Bank borrowings	N/A	591,500	N/A	380,945	N/A	972,445
Sukuk	N/A	85,937	N/A	4,551	N/A	90,488
RCPS	N/A	-	N/A	20,000	N/A	20,000
Total borrowings		<u>705,862</u>		<u>545,289</u>		<u>1,251,151</u>

Period ended 30.09.2018

	<u>Long term</u>		<u>Short term</u>		<u>Total borrowings</u>	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<u>Secured</u>						
Bank overdrafts	N/A	-	N/A	97,856	N/A	97,856
Finance lease payables	N/A	16,032	N/A	6,155	N/A	22,187
Bank borrowings	N/A	544,951	N/A	463,851	N/A	1,008,802
Sukuk	N/A	90,389	N/A	9,570	N/A	99,959
RCPS	N/A	-	N/A	50,000	N/A	50,000
Total borrowings		<u>651,372</u>		<u>627,432</u>		<u>1,278,804</u>

B8. Material litigation

There was no material litigation as at 18 November 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report.

B9. Dividend declared

In respect of the financial year ended 31 December 2019:

On 6 November 2019, the Company has declared dividend of 6.6 sen per RCPS. The entitlement date and payment date have been fixed on 21 November 2019 and 10 December 2019 respectively.

B10. Earnings per share (“EPS”)

Basic EPS

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

	Current Period to Date 30.09.2019	Preceding Period to Date 30.09.2018
Net profit attributable to owners of the parent (RM'000)	<u>52,768</u>	<u>68,001</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,558,669</u>	<u>1,378,435</u>
Basic EPS (sen)	<u>3.39</u>	<u>4.93</u>

Diluted EPS

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

	Current Period to Date 30.09.2019	Preceding Period to Date 30.09.2018
Net profit attributable to owners of the parent (RM'000)	<u>52,768</u>	<u>68,001</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,578,653</u>	<u>1,418,162</u>
Diluted EPS (sen)	<u>3.34</u>	<u>4.80</u>

B11. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current Year Quarter 30.09.2019 RM'000	Current Year To Date 30.09.2019 RM'000
Allowance for impairment losses on:		
- Goodwill arising on consolidation	1,570	2,520
- Receivables	-	225
Allowance for expected credit losses on receivables	-	1,525
Amortisation of intangible asset	299	522
Bad debts written off	-	215
Deposit written off	126	128
Depreciation of:		
- Investment properties	600	1,815
- Property, plant and equipment	7,441	21,839
- Right-of-use assets	141	411
Fair value loss on financial assets measured at FVTPL	10	27
Fair value loss on revaluation of financial assets measured at FVTPL	-	20
Property, plant and equipment written off	16	35
Provision for claims and staff economic compensation	452	452
Contingency sum provided in prior years no longer required	(1,078)	(4,912)
Dividend income from financial assets at FVTPL	(209)	(424)
Gain on disposal of:		
- Investment properties	(329)	(349)
- Property, plant and equipment	(68)	(132)
Net foreign exchange gain	(274)	(459)
Reversal of allowance for impairment loss on receivables	(345)	(522)
Reversal of allowance for expected credit losses on receivables	(579)	(1,158)
Waiver of debts	-	(35)
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By Order of the Board,

**Dato' Lim Mooi Pang
Executive Director**

Petaling Jaya, Selangor Darul Ehsan
25 November 2019