



LBS BINA GROUP BERHAD

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

Interim Financial Report

31 March 2020

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
- For the financial period ended 31 March 2020

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 31.03.2020 RM'000	Preceding Year Quarter 31.03.2019 RM'000	Current Year To date 31.03.2020 RM'000	Preceding Year To date 31.03.2019 RM'000
Revenue		299,273	326,563	299,273	326,563
Cost of sales		(224,278)	(237,927)	(224,278)	(237,927)
Gross profit		74,995	88,636	74,995	88,636
Interest income		1,005	2,933	1,005	2,933
Other income		2,739	2,602	2,739	2,602
Operating expenses		(40,440)	(44,577)	(40,440)	(44,577)
Finance costs		(13,826)	(12,999)	(13,826)	(12,999)
Share of profit/(loss) of associates, net of tax		2	(3)	2	(3)
Profit before tax		24,475	36,592	24,475	36,592
Taxation	B5	(12,922)	(17,544)	(12,922)	(17,544)
Net profit for the financial period		11,553	19,048	11,553	19,048
Net profit for the financial period attributable to:					
Owners of the parent		9,338	17,684	9,338	17,684
Non-controlling interests		2,215	1,364	2,215	1,364
		11,553	19,048	11,553	19,048
Earnings per share attributable to owners of the parent:					
Basic (sen)	B10	0.61	1.13	0.61	1.13
Diluted (sen)	B10	0.61	1.11	0.61	1.11

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
- For the financial period ended 31 March 2020 (*cont'd*)

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Quarter 31.03.2019 RM'000	Current Year To date 31.03.2020 RM'000	Preceding Year To date 31.03.2019 RM'000
Net profit for the financial period	11,553	19,048	11,553	19,048
Other comprehensive income, net of tax:				
Change of stakes in a subsidiary company	(1,144)	(623)	(1,144)	(623)
Exchange translation differences for foreign operations	2,036	(582)	2,036	(582)
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	229	(724)	229	(724)
Total comprehensive income for the financial period	<u>12,674</u>	<u>17,119</u>	<u>12,674</u>	<u>17,119</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	14,469	16,618	14,469	16,618
Non-controlling interests	(1,795)	501	(1,795)	501
	<u>12,674</u>	<u>17,119</u>	<u>12,674</u>	<u>17,119</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 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 31 March 2020

	Notes	Unaudited 31.03.2020 RM'000	Audited 31.12.2019 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	41,374	42,054
Right-of-use assets		311,561	310,928
Capital work-in-progress		100,664	84,801
Inventories - land held for property development		1,494,623	1,478,792
Investment properties		163,562	164,247
Investment in associates		2,564	2,562
Trade receivables		3,528	3,368
Other investments		610	50,393
Intangible assets		1,220	1,527
Goodwill on consolidation		112,166	113,166
		2,231,872	2,251,838
Current assets			
Inventories - property development costs		552,861	565,750
Inventories - completed properties and others		267,036	259,714
Contract assets		321,386	388,234
Trade and other receivables		516,351	529,598
Other investments		2,181	9,621
Tax recoverable		6,796	4,745
Fixed deposits with licensed banks		44,194	58,166
Cash held under Housing Development Accounts		144,236	105,407
Cash and bank balances		120,295	112,830
		1,975,336	2,034,065
Assets held for sale		3,989	4,088
		1,979,325	2,038,153
TOTAL ASSETS		4,211,197	4,289,991
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		817,569	817,569
Redeemable Convertible Preference Shares ("RCPS")		104,904	104,904
Reserves		451,523	437,114
Treasury shares, at cost		(24,508)	(10,933)
Equity attributable to owners of the parent		1,349,488	1,348,654
Perpetual Sukuk Musharakah ("Perpetual Sukuk")		130,000	-
Non-controlling interests		107,866	109,810
TOTAL EQUITY		1,587,354	1,458,464

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 31 March 2020 (*cont'd*)

	Notes	Unaudited 31.03.2020 RM'000	Audited 31.12.2019 RM'000
LIABILITIES			
Non-current liabilities			
Trade and other payables		501,764	498,896
Lease liabilities		27,598	27,553
Bank borrowings	B7	415,554	498,755
Sukuk Murabahah ("Sukuk")	B7	83,711	84,824
Deferred tax liabilities		561	3,723
		1,029,188	1,113,751
Current liabilities			
Contract liabilities		59,317	53,929
Trade and other payables		974,537	961,400
Bank overdrafts	B7	60,498	93,795
Lease liabilities		14,450	14,350
Bank borrowings	B7	428,652	510,001
Sukuk	B7	4,554	4,452
Redeemable Convertible Preference Shares ("RCPS")	B7	-	20,000
Tax payable		52,647	59,849
		1,594,655	1,717,776
TOTAL LIABILITIES		2,623,843	2,831,527
TOTAL EQUITY AND LIABILITIES		4,211,197	4,289,991
Net assets per share attributable to owners of the parent (RM)		0.89	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 2019 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 31 March 2020 (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	Perpetual Sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1.1.2020	817,569	104,904	(10,933)	4,482	110,029	21,353	(297,820)	599,070	1,348,654	-	109,810	1,458,464
Amount recognised directly in equity:												
Net profit for the financial period	-	-	-	-	-	-	-	9,338	9,338	-	2,215	11,553
Change of stakes in a subsidiary company	-	-	-	-	-	-	792	-	792	-	(1,936)	(1,144)
Foreign exchange translation reserve	-	-	-	-	4,125	-	(15)	-	4,110	-	(2,074)	2,036
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	229	-	229	-	-	229
Transfer upon the disposal of equity investment designated at FVTOCI	-	-	-	-	-	-	184	(184)	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	4,125	-	1,190	9,154	14,469	-	(1,795)	12,674
Transactions with owners:												
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(60)	-	(60)	-	(149)	(209)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	130,000	-	130,000
Shares repurchased	-	-	(13,575)	-	-	-	-	-	(13,575)	-	-	(13,575)
Total transactions with owners	-	-	(13,575)	-	-	-	(60)	-	(13,635)	130,000	(149)	116,216
At 31.03.2020	817,569	104,904	(24,508)	4,482	114,154	21,353	(296,690)	608,224	1,349,488	130,000	107,866	1,587,354

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial period ended 31 March 2020 (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	
At 1.1.2019												
- as previously reported	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,472	1,349,455	67,600	1,417,055	
- effect of adopting MFRS 16	-	-	-	-	-	-	-	18	18	-	18	
At 1.1.2019, as restated	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,490	1,349,473	67,600	1,417,073	
Amount recognised directly in equity:												
Net profit for the financial period	-	-	-	-	-	-	-	17,684	17,684	1,364	19,048	
Change of stake in a subsidiary company	-	-	-	-	-	-	670	-	670	(1,293)	(623)	
Foreign exchange translation reserve	-	-	-	-	(1,241)	-	229	-	(1,012)	430	(582)	
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(724)	-	(724)	-	(724)	
Total comprehensive income for the financial period	-	-	-	-	(1,241)	-	175	17,684	16,618	501	17,119	
Transactions with owners:												
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(15,956)	-	(15,956)	(46)	(16,002)	
Issuance of ordinary shares:												
- Exercise of ESOS	241	-	-	(57)	-	-	-	-	184	-	184	
Total transactions with owners	241	-	-	(57)	-	-	(15,956)	-	(15,772)	(46)	(15,818)	
At 31.03.2019	809,845	112,629	(88)	4,951	110,071	21,353	(293,616)	585,174	1,350,319	68,055	1,418,374	

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 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2020

	Unaudited Current Period Ended 31.03.2020 RM'000	Unaudited Preceding Period Ended 31.03.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	24,475	36,592
Adjustments for:		
Non-cash items	10,006	8,377
Other operating items	12,817	10,069
Operating profit before changes in working capital	47,298	55,038
Changes in working capital:		
Inventories - land and property development costs	541	38,405
Inventories - completed properties and others	(7,320)	(81,965)
Contract assets	66,848	(17,229)
Contract liabilities	5,387	678
Receivables	29,905	44,753
Payables	6,906	18,530
Foreign exchange reserve	333	563
	102,600	3,735
Cash generated from operations	149,898	58,773
Interest received	1,005	2,933
Interest paid	(16,905)	(24,040)
Tax paid	(26,587)	(19,849)
Tax refund	-	266
	(42,487)	(40,690)
Net cash from operating activities	107,411	18,083
Cash Flows From Investing Activities		
Additional investment in:		
- Subsidiary companies and associates	-	(637)
- Financial assets measured at fair value through profit or loss ("FVTPL")	(14,600)	(2,047)
Repayment of prior years' investment in subsidiary companies and associates	(7,250)	(3,850)
Purchase of:		
- Property, plant and equipment	(1,850)	(4,365)
- Right-of-use assets	(163)	-
Proceeds from disposal of:		
- Assets held for sale	59	-
- Financial assets measured at FVTPL	22,119	1,047
- Financial assets measured at FVTOCI	49,748	-
- Property, plant and equipment	75	2
Deposits and consideration paid for acquisition and joint venture of future development lands	(7,084)	(26,995)
Capital work-in-progress incurred	(15,097)	(7,235)
Net cash from/(used in) investing activities	25,957	(44,080)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2020 (cont'd)

	Unaudited Current Period Ended 31.03.2020 RM'000	Unaudited Preceding Period Ended 31.03.2019 RM'000
Cash Flows From Financing Activities		
Decrease in fixed deposits pledged	14,004	1,327
Increase in cash and bank balances pledged	(1,410)	(1,388)
Drawdown of bank borrowings	91,018	191,389
Repayment of bank borrowings	(256,352)	(149,132)
Repayment of Sukuk	(1,113)	(6,213)
Issuance of Perpetual Sukuk	130,000	-
Proceeds from:		
- Exercise of ESOS	-	184
- Exercise of warrants in a subsidiary company by non-controlling interests	-	14
Purchase of treasury shares	(13,575)	-
Repayment of lease liabilities	(22)	(1,786)
Repayment of RCPS	(20,000)	(10,000)
Net cash (used in)/from financing activities	<u>(57,450)</u>	<u>24,395</u>
Net increase/(decrease) in cash and cash equivalents	75,918	(1,602)
Effect of exchange rate changes	2,294	(554)
Cash and cash equivalents at the beginning of the financial period	116,272	92,217
Cash and cash equivalents at the end of the financial period	<u>194,484</u>	<u>90,061</u>
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	44,194	37,589
Cash held under Housing Development Accounts	144,236	121,586
Cash and bank balances	120,295	86,899
Bank overdrafts	(60,498)	(113,482)
	<u>248,227</u>	<u>132,592</u>
Less : Fixed deposits pledged with licensed banks	(43,612)	(37,305)
Cash and bank balances pledged	(10,131)	(5,226)
	<u>194,484</u>	<u>90,061</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 2019 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 2019. 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 2019.

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 period beginning on or after</u>
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2022
Amendments to MFRS 3	Definition of a Business	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual improvement to MFRSs	Standards 2018-2020	1 January 2022
	<ul style="list-style-type: none"> • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141 	
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.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

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

Shares repurchased

The Company repurchased 31,751,400 of its ordinary shares in the open market for a total consideration of RM13,575,450 and retained as treasury shares of the Company.

A8. Dividend paid

There was no dividend paid during the quarter under review.

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A9. Segment information

Period ended 31 March 2020

	Property Development	Construction & Trading	Management, Investment & Others	Motor Racing Circuit	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	284,957	124,830	103,756	1,210	514,753
Less: Inter-segment revenue	-	(113,578)	(101,902)	-	(215,480)
Revenue from external customers	<u>284,957</u>	<u>11,252</u>	<u>1,854</u>	<u>1,210</u>	<u>299,273</u>
Financial Results					
Segment results	31,419	2,906	6,691	(3,722)	37,294
Interest income	718	73	189	25	1,005
Finance costs	(2,874)	(1,571)	(9,091)	(290)	(13,826)
Share of profit/(loss) of associates, net of tax	-	8	(6)	-	2
Profit/(Loss) before tax	<u>29,263</u>	<u>1,416</u>	<u>(2,217)</u>	<u>(3,987)</u>	<u>24,475</u>
Taxation	(9,956)	(2,243)	(1,119)	396	(12,922)
Net profit/(loss) for the financial period	<u>19,307</u>	<u>(827)</u>	<u>(3,336)</u>	<u>(3,591)</u>	<u>11,553</u>
Assets					
Additions to non-current assets	45,558	1,638	460	232	47,888
Segment assets	<u>3,205,916</u>	<u>258,217</u>	<u>539,166</u>	<u>207,898</u>	<u>4,211,197</u>
Other non-cash expenses					
Allowance for impairment losses on:					
- Assets held for sale	40	-	-	-	40
- Goodwill arising on consolidation	1,000	-	-	-	1,000
- Trade and other receivables	23	-	-	-	23
Allowance for expected credit losses					
on receivables	15	2	27	-	44
Amortisation of intangible assets	-	-	307	-	307
Bad debts written off	-	-	26	-	26
Property development costs written off	440	-	-	-	440
Depreciation of:					
- Investment properties	85	165	435	-	685
- Property, plant and equipment	227	1,358	809	130	2,524
- Right-of-use assets	1,384	1,761	865	1,773	5,783
Net loss on disposal of:					
- Financial assets measured at FVTPL	-	-	3	-	3
- Property, plant and equipment	-	16	-	-	16
Fair value loss on revaluation of					
financial assets measured at FVTPL	10	-	-	-	10
Provision for claims and staff					
economic compensation	-	-	-	5	5
Unrealised loss on foreign exchange	-	-	349	-	349
Waiver of interest income	973	-	-	-	973
Other non-cash income					
Contingency sum provided in prior years					
no longer required	(1,263)	-	-	-	(1,263)
Dividend income from financial assets					
measured at FVTPL	(56)	-	(27)	-	(83)
Fair value adjustment on trade receivables	-	-	(32)	-	(32)
Fair value gain on revaluation of					
financial assets measured at FVTPL	-	-	(1)	-	(1)
Gain on disposal of financial assets					
measured at FVTPL	(7)	-	-	-	(7)
Reversal of impairment losses on receivables	(22)	(51)	(84)	-	(157)
Reversal of expected credit losses on receivables	(95)	(1)	-	-	(96)
Unrealised gain on foreign exchange	-	-	(467)	(112)	(579)
Waiver of debts	(4)	-	-	-	(4)

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A9. Segment information (cont'd)

Period ended 31 March 2019

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
Revenue					
Total revenue	265,246	183,706	17,891	4,955	471,798
Less: Inter-segment revenue	-	(128,988)	(16,247)	-	(145,235)
Revenue from external customers	265,246	54,718	1,644	4,955	326,563
Financial Results					
Segment results	31,081	6,137	11,366	(1,923)	46,661
Interest income	2,714	5	190	24	2,933
Finance costs	(2,452)	(1,589)	(8,666)	(292)	(12,999)
Share of profit/(loss) of associates, net of tax	-	4	(7)	-	(3)
Profit/(Loss) before tax	31,343	4,557	2,883	(2,191)	36,592
Taxation	(9,918)	(2,997)	(5,031)	402	(17,544)
Net profit/(loss) for the financial period	21,425	1,560	(2,148)	(1,789)	19,048
Assets					
Additions to non-current assets	27,660	6,271	1,342	220	35,493
Segment assets	3,249,504	351,519	593,510	213,478	4,408,011
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	950	-	-	-	950
- Receivables	85	-	-	-	85
Allowance for expected credit losses on receivables	408	4	-	-	412
Amortisation of intangible assets	-	-	59	-	59
Bad debts written off	9	-	-	-	9
Capital work-in-progress written off	-	-	12	-	12
Depreciation of:					
- Investment properties	31	165	695	-	891
- Property, plant and equipment	790	2,362	2,062	1,784	6,998
- Right-to-use assets	-	-	31	-	31
Property development cost written off	-	-	11	-	11
Unrealised loss on foreign exchange	-	-	116	61	177
Other non-cash income					
Contingency sum provided in prior years no longer required	(694)	-	-	-	(694)
Reversal of allowance for expected credit losses on receivables	(401)	-	(11)	-	(412)
Dividend income from financial assets measured at FVTPL	-	-	(27)	-	(27)
Fair value adjustment on trade receivables	-	-	(4)	-	(4)
Fair value gain on revaluation of financial assets measured at FVTPL	-	-	(4)	-	(4)
Gain on disposal of property, plant and equipment	-	-	(2)	-	(2)
Reversal of impairment losses on receivables	(108)	-	-	-	(108)
Unrealised gain on foreign exchange	-	-	(7)	-	(7)

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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 8 January 2020, Koleksi Sigma Sdn. Bhd. ("KSSB"), a 75% owned subsidiary company of LBS Bina Holdings Sdn. Bhd. ("LBS Bina"), a wholly-owned subsidiary company of the Company had increased its paid-up share capital from 100,000 to 250,000 ordinary shares. LBS Bina has subscribed for an additional 112,500 ordinary shares in KSSB by way of capitalisation of amount due from KSSB. KSSB remained as a 75% owned subsidiary company of LBS Bina.
- (ii) On 2 February 2020, LBS Bina acquired 200,000 ordinary shares representing 2% equity interest in Kemudi Ehsan Sdn. Bhd. ("KESB") for a total cash consideration of RM3,000,000 only. Consequently, KESB became a 82% owned subsidiary company of LBS Bina.
- (iii) On 17 February 2020, LBS Bina acquired 245,000 ordinary shares representing 49% equity interest in Taman Sempurna Sdn. Bhd. ("TSSB") for a total cash consideration of RM245,000 only. Consequently, TSSB became a wholly-owned subsidiary company of LBS Bina.

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

On 22 June 2020, LBS Bina disposed of 51,000 ordinary shares representing 51% equity interest in Retro Court Sdn. Bhd. ("RCSB") for a total cash consideration of RM1.00 only. Consequently, RCSB ceased to be a subsidiary company of LBS Bina.

There were no other material subsequent events as at 23 June 2020, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A13. Capital commitments

Capital commitments not provided for in the interim financial report as at 31 March 2020 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	425,769
b) Property, plant and equipment and right-of-use assets	4,181
	<u>520,310</u>

A14. Changes in contingent assets or contingent liabilities

	31.03.2020	31.03.2019
	RM'000	RM'000
Bank guarantees for :		
- Property Development	49,072	55,354
- Construction Contracts	3,561	9,363
- Others	30	70
	<u>52,663</u>	<u>64,787</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	9
Expenses	
Equity instrument	245
Legal fee	65
Rental expenses	24
Rendering of services	237

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; and
- (v) An associate of the Company.

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

B1. Review of Group performance

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

	Individual Quarter		Changes %
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Quarter 31.03.2019 RM'000	
Revenue			
Property Development	284,957	265,246	7%
Construction and Trading	124,830	183,706	-32%
Management, Investment and Others	103,756	17,891	480%
Motor Racing Circuit	1,210	4,955	-76%
	<u>514,753</u>	<u>471,798</u>	9%
Less: Inter-segment sales	<u>(215,480)</u>	<u>(145,235)</u>	48%
	<u>299,273</u>	<u>326,563</u>	-8%
Profit / (Loss) before tax			
Property Development	29,263	31,343	-7%
Construction and Trading	1,416	4,557	-69%
Management, Investment and Others	(2,217)	2,883	-177%
Motor Racing Circuit	<u>(3,987)</u>	<u>(2,191)</u>	-82%
	<u>24,475</u>	<u>36,592</u>	-33%

For the current quarter under review, the Group achieved revenue of RM299 million and profit before tax ("PBT") of RM24 million as compared to revenue of RM327 million and PBT of RM37 million in the previous year corresponding quarter.

The contribution from each operating business segment for the current quarter is set out as follows:

Property Development

Property Development segment recorded higher revenue and lower PBT. The decrease in PBT was mainly due to lower sales and lower profit margin.

Revenue and PBT were mainly derived from projects at LBS Alam Perdana, Kita@Cybersouth, Residensi Bintang Bukit Jalil, Zenopy Residences and Skylake Residence.

Projects within the Klang Valley remain as the largest revenue contributor, accounting for more than 85% of the Group's revenue for the current quarter.

B1. Review of Group performance (cont'd)

Construction and Trading

Construction and Trading segment recorded revenue and PBT of RM125 million and RM1 million respectively as compared to revenue of RM184 million and PBT of RM5 million in the previous year corresponding quarter.

The revenue was primarily contributed from in-house projects. The decrease in PBT was mainly due to the implementation of Movement Control Order ("MCO") from 18 March 2020 to curb the outbreak of Covid-19 which have caused significant disruptions to the construction activities and progress.

Management, Investment and Others

Management, Investment and Others segment recorded revenue of RM104 million and loss before tax ("LBT") of RM2 million as compared to revenue of RM18 million and PBT of RM3 million in the previous year corresponding quarter.

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

Motor Racing Circuit

Motor Racing Circuit segment recorded revenue of RM1 million and LBT of RM4 million as compared to revenue of RM5 million and LBT of RM2 million in the previous year corresponding quarter.

Due to the outbreak of Covid-19, scheduled racing events have been postponed to later date which has negative impact on the revenue and LBT.

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

	Current Quarter 31.03.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	Changes (%)
Revenue	299,273	291,155	3%
Profit before tax ("PBT")	24,475	34,048	-28%

For the current quarter under review, the Group achieved revenue of RM299 million and PBT of RM24 million as compared to revenue of RM291 million and PBT of RM34 million in the immediate preceding quarter.

The decrease in PBT was mainly due to cost savings from certain completed projects in the immediate preceding quarter.

B3. Group's prospects for the current financial year

With the implementation of the MCO in mid-March 2020, property developers have seen a decline in property sales due to the travelling and movement restrictions and other precautionary measures imposed by the relevant authorities. These have posed significant impact on the business operations with new challenges in securing and conducting property viewings, delay in the signing of the Sale and Purchase agreements and deferment in new project launches etc. We have quickly adapted through our digital platforms, social media assets and adjusted our standard operating procedure to enable viewing and purchase of property online.

Although buyer sentiments remain weak with job security concerns, our continued focus on affordable housing has placed us in a strategic position amid the pandemic. We have secured RM 317 million worth of sales and RM305 million bookings to date with an unbilled sales registering at RM 1.805 billion.

The outlook and full impact of the pandemic on the current financial year remains to be seen as the Covid-19 situation is unprecedented and still on-going. While we have adapted to the new situation and minimised the impact of the outbreak, we continue to prepare as the Covid-19 situation has not yet ended. The Directors of the Group will monitor the situation closely and respond proactively to mitigate and minimise impact on the Group's financial performance and financial position.

As property development remains the key driver of our business operations, a continued focus on available resources places us in a strategic location to capitalise on the current market. With a strong foundation in both conventional and digital marketing platforms and an oversight in place, we aim to adopt leaner and more efficient business strategies, further proofing us against the current climate.

The Group remains resilient with a future landbank of RM 33 billion gross development value strong.

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 31.03.2020 RM'000	Preceding year Quarter 31.03.2019 RM'000	Current year To date 31.03.2020 RM'000	Preceding year To date 31.03.2019 RM'000
Current year tax provision	17,334	21,630	17,334	21,630
Deferred taxation	(4,412)	(4,086)	(4,412)	(4,086)
Total tax expense	<u>12,922</u>	<u>17,544</u>	<u>12,922</u>	<u>17,544</u>

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

B6. Status of corporate proposals

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 23 June 2020, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- (i) On 8 March 2017, the Company's indirect subsidiary company, Biz Bena Development Sdn. Bhd. has 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.

- (ii) On 27 May 2019, MGB Berhad ("MGB") together with PNSB Construction Sdn. Bhd. ("PCSB") (collectively referred to as the "Consortium"), has entered into a Development Rights Agreement ("DRA") with Must Ehsan Development Sdn. Bhd. for the development on 3 parcels of leasehold lands all situated in Seksyen 7, Bandar Shah Alam, Daerah Petaling, Negeri Selangor.

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

- (iii) On 5 August 2019, MGB's indirect wholly-owned subsidiary company, Sinaran Kencana Sdn. Bhd. has entered into a Joint Venture Agreement ("JVA") with Aset AZG Sdn. Bhd. to jointly develop all that piece and parcel of 99 years leasehold land expiring on 10 April 2104 held under PN 21282, Lot 15303, Mukim Tanah Rata, Daerah Cameron Highlands, Negeri Pahang measuring approximately 1.884 acres into a block of serviced apartment.

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

- (iv) On 24 January 2020, the consortium of PCSB and MGB together with MGB's indirect wholly-owned subsidiary company, Idaman Living Sdn. Bhd. has entered into a DRA with Solid Benefit Sdn. Bhd. and Eco Green City Sdn. Bhd. for the proposed development on a piece of leasehold land with the total land area measuring approximately 4.882 hectares held under PN116331 Lot 120760 (previously held under HSD 43589 PT 54535) in Mukim Dengkil, Daerah Sepang, in the state of Selangor into affordable homes under Rumah Selangorku Idaman Scheme.

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

- (v) On 24 January 2020, the consortium of PCSB and MGB together with MGB's indirect wholly-owned subsidiary company, Idaman Aktif Sdn. Bhd. has entered into a JVA with Abadi Man Nien Sdn. Bhd. for the proposed development on two pieces of leasehold lands held under H.S.(M) 22704 PT 49907 measuring approximately 8,743 square meters and H.S.(M) 22705 PT49908 measuring approximately 15,769 square meters in Mukim Dengkil, Daerah Sepang, Negeri Selangor into affordable homes under Rumah Selangorku Idaman Scheme.

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

- (vi) On 5 June 2020, an indirect wholly-owned subsidiary of MGB, Prisma Kasturi Sdn. Bhd., entered into sixty-three (63) separate Sale and Purchase Agreements with AZ Avenue Sdn Bhd for the disposal of sixty-three (63) units of properties ("the Properties") for a total consideration of RM28,700,400 only ("Disposal Price") ("Proposed Disposal"). For the avoidance of doubt, the Disposal Price includes all renovation done on the said Properties including the fixtures and fittings and equipment suitable and relevant for hotel operation.

This Proposed Disposal 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 31.03.2020

	<u>Long term</u> RM'000	<u>Short term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	60,498	60,498
Bank borrowings	415,554	428,652	844,206
Sukuk	83,711	4,554	88,265
Total borrowings	499,265	493,704	992,969

Period ended 31.03.2019

	<u>Long term</u> RM'000	<u>Short term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	113,482	113,482
Finance lease payables	32,836	11,588	44,424
Bank borrowings	562,464	486,354	1,048,818
Sukuk	88,163	4,559	92,722
RCPS	-	40,000	40,000
Total borrowings	683,463	655,983	1,339,446

B8. Material litigation

There was no material litigation as at 23 June 2020, 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

No dividend has been declared for the quarter under review.

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 31.03.2020	Preceding Period to Date 31.03.2019
Net profit attributable to ordinary equity holders of the parent (RM'000)	9,338	17,684
Weighted average number of ordinary shares in issue ('000)	1,531,465	1,558,930
Basic EPS (sen)	0.61	1.13

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 31.03.2020	Preceding Period to Date 31.03.2019
Net profit attributable to ordinary equity holders of the parent (RM'000)	9,338	17,684
Adjusted weighted average number of ordinary shares in issue ('000)	1,531,465 #	1,592,972
Diluted EPS (sen)	0.61	1.11

The Group has no dilution in earnings per share as the exercise price of the ESOS has exceeded the average market price of ordinary shares during the financial period, the ESOS do not have any dilutive effect on the weighted average number of ordinary shares.

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

	Current Year Quarter 31.03.2020 RM'000	Current Year To Date 31.03.2020 RM'000
Allowance for impairment losses on:		
- Assets held for sale	40	40
- Goodwill arising on consolidation	1,000	1,000
- Trade and other receivables	23	23
Allowance for expected credit losses on receivables	44	44
Amortisation of intangible asset	307	307
Bad debts written off	26	26
Property development costs written off	440	440
Depreciation of:		
- Investment properties	685	685
- Property, plant and equipment	2,524	2,524
- Right-of-use assets	5,783	5,783
Fair value loss on revaluation of financial assets measured at FVTPL	9	9
Loss on disposal of property, plant and equipment	16	16
Provision for claims and staff economic compensation	5	5
Waiver of interest income	973	973
Contingency sum provided in prior years no longer required	(1,263)	(1,263)
Dividend income from financial assets measured at FVTPL	(83)	(83)
Fair value adjustment on trade receivables	(32)	(32)
Gain on disposal of financial assets measured at FVTPL	(4)	(4)
Net foreign exchange gain	(178)	(178)
Reversal of allowance for impairment loss on receivables	(157)	(157)
Reversal of allowance for expected credit losses on receivables	(96)	(96)
Waiver of debts	(4)	(4)

By Order of the Board,

**Dato' Lim Mooi Pang
Executive Director**

Petaling Jaya, Selangor Darul Ehsan
30 June 2020