



**LBS BINA GROUP BERHAD**

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

**Interim Financial Report**

**30 June 2020**

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## **Interim Financial Report**

**30 June 2020**

	<b>Page No.</b>
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>1 - 2</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>3 - 4</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>5 - 6</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>7 - 8</b>
<b>Notes to the Interim Financial Report</b>	<b>9 - 14</b>
<b>Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)</b>	<b>15 - 21</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
- For the financial period ended 30 June 2020

	Note	Unaudited		Unaudited	
		Individual Quarter		Cumulative Period	
		Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Current Year To date 30.06.2020 RM'000	Preceding Year To date 30.06.2019 RM'000
Revenue		166,890	319,378	466,163	645,941
Cost of sales		(114,551)	(230,472)	(338,829)	(468,399)
Gross profit		52,339	88,906	127,334	177,542
Interest income		1,190	662	2,195	3,595
Other income		5,025	6,255	7,764	8,857
Administrative and operating expenses		(35,274)	(42,901)	(75,714)	(87,478)
Finance costs		(11,282)	(14,811)	(25,108)	(27,810)
Share of (loss)/profit of associates, net of tax		(1)	(9)	1	(12)
Profit before tax		11,997	38,102	36,472	74,694
Taxation	B5	(7,885)	(17,083)	(20,807)	(34,627)
Net profit for the financial period		4,112	21,019	15,665	40,067
<b>Net profit for the financial period attributable to:</b>					
Owners of the parent		2,750	14,023	12,089	31,707
Non-controlling interests		1,362	6,996	3,576	8,360
		4,112	21,019	15,665	40,067
<b>Earnings per share attributable to owners of the parent:</b>					
Basic (sen)	B10	0.18	0.90	0.79	2.03
Diluted (sen)	B10	0.18	0.87	0.79	1.98

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
- For the financial period ended 30 June 2020 (*cont'd*)

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Current Year To date 30.06.2020 RM'000	Preceding Year To date 30.06.2019 RM'000
Net profit for the financial period	4,112	21,019	15,665	40,067
Other comprehensive income, net of tax:				
Change of stakes in a subsidiary company	-	124	(1,145)	(499)
Exchange translation differences for foreign operations	(218)	957	1,818	374
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	-	(10,948)	229	(11,671)
Total comprehensive income for the financial period	<u>3,894</u>	<u>11,152</u>	<u>16,567</u>	<u>28,271</u>
<b>Total comprehensive income for the financial period attributable to:</b>				
Owners of the parent	2,238	4,435	16,709	21,053
Non-controlling interests	1,656	6,717	(142)	7,218
	<u>3,894</u>	<u>11,152</u>	<u>16,567</u>	<u>28,271</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 30 June 2020

	Notes	Unaudited 30.06.2020 RM'000	Audited 31.12.2019 RM'000
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	37,850	42,054
Right-of-use assets		306,494	310,928
Capital work-in-progress		107,676	84,801
Inventories - land held for property development		1,504,094	1,478,792
Investment properties		143,102	164,247
Investment in associates		2,563	2,562
Trade receivables		4,039	3,368
Other investments		610	50,393
Intangible assets		1,108	1,527
Goodwill on consolidation		112,166	113,166
		2,219,702	2,251,838
<b>Current assets</b>			
Inventories - property development costs		555,248	565,750
Inventories - completed properties and others		257,246	259,714
Contract assets		372,254	388,234
Trade and other receivables		478,221	529,598
Other investments		-	9,621
Tax recoverable		5,592	4,745
Fixed deposits with licensed banks		15,911	58,166
Cash held under Housing Development Accounts		139,853	105,407
Cash and bank balances		80,354	112,830
		1,904,679	2,034,065
Assets held for sale		3,989	4,088
		1,908,668	2,038,153
<b>TOTAL ASSETS</b>		4,128,370	4,289,991
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		817,569	817,569
Redeemable Convertible Preference Shares ("RCPS")		104,904	104,904
Reserves		452,780	437,114
Treasury shares, at cost		(24,518)	(10,933)
Equity attributable to owners of the parent		1,350,735	1,348,654
Perpetual Sukuk Musharakah ("Perpetual Sukuk")		130,000	-
Non-controlling interests		107,463	109,810
<b>TOTAL EQUITY</b>		1,588,198	1,458,464

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**- As at 30 June 2020 (cont'd)**

	Notes	Unaudited 30.06.2020 RM'000	Audited 31.12.2019 RM'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables		501,580	498,896
Lease liabilities	B7	28,878	27,553
Bank borrowings	B7	400,981	498,755
Sukuk Murabahah ("Sukuk")	B7	82,598	84,824
Deferred tax liabilities		478	3,723
		<u>1,014,515</u>	<u>1,113,751</u>
<b>Current liabilities</b>			
Contract liabilities		60,679	53,929
Trade and other payables		894,872	961,400
Bank overdrafts	B7	56,660	93,795
Lease liabilities	B7	11,261	14,350
Bank borrowings	B7	440,093	510,001
Sukuk	B7	4,543	4,452
Redeemable Convertible Preference Shares ("RCPS")	B7	-	20,000
Tax payable		57,549	59,849
		<u>1,525,657</u>	<u>1,717,776</u>
<b>TOTAL LIABILITIES</b>		<u>2,540,172</u>	<u>2,831,527</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,128,370</u>	<u>4,289,991</u>
<b>Net assets per share attributable to owners of the parent (RM)</b>		<u>0.89</u>	<u>0.87</u>

*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.*

**LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**- For the financial period ended 30 June 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	-	-	-	-	-	-	-	12,089	12,089	-	3,576	15,665
Change of stakes in a subsidiary company	-	-	-	-	-	-	792	-	792	-	(1,937)	(1,145)
Foreign exchange translation reserve	-	-	-	-	3,614	-	(15)	-	3,599	-	(1,781)	1,818
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	-	-	-	-	3,614	-	1,190	11,905	16,709	-	(142)	16,567
Transactions with owners:												
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(1,043)	-	(1,043)	-	(2,166)	(3,209)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(39)	(39)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	130,000	-	130,000
Shares repurchased	-	-	(13,585)	-	-	-	-	-	(13,585)	-	-	(13,585)
Total transactions with owners	-	-	(13,585)	-	-	-	(1,043)	-	(14,628)	130,000	(2,205)	113,167
At 30.06.2020	817,569	104,904	(24,518)	4,482	113,643	21,353	(297,673)	610,975	1,350,735	130,000	107,463	1,588,198

**LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**- For the financial period ended 30 June 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	-	-	-	-	-	-	-	33	33	-	33
At 1.1.2019, as 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	-	-	-	-	-	-	-	31,707	31,707	8,360	40,067
Change of stake in a subsidiary company	-	-	-	-	-	-	621	-	621	(1,120)	(499)
Foreign exchange translation reserve	-	-	-	-	532	-	(136)	-	396	(22)	374
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(11,671)	-	(11,671)	-	(11,671)
Total comprehensive income for the financial period	-	-	-	-	532	-	(11,186)	31,707	21,053	7,218	28,271
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
Shares repurchased	-	-	(2,324)	-	-	-	-	-	(2,324)	-	(2,324)
Total transactions with owners	241	-	(2,324)	(57)	-	-	(15,956)	-	(18,096)	(46)	(18,142)
At 30.06.2019	809,845	112,629	(2,412)	4,951	111,844	21,353	(304,977)	599,212	1,352,445	74,772	1,427,217

*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 30 June 2020**

	<b>Unaudited Current Period Ended 30.06.2020 RM'000</b>	<b>Unaudited Preceding Period Ended 30.06.2019 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	36,472	74,694
Adjustments for:		
Non-cash items	17,746	14,428
Other operating items	22,910	22,768
Operating profit before changes in working capital	77,128	111,890
Changes in working capital:		
Inventories - land and property development costs	(3,924)	106,281
Inventories - completed properties and others	2,470	(49,528)
Contract assets	15,980	(41,574)
Contract liabilities	6,750	(15,835)
Receivables	88,224	173,813
Payables	(66,280)	(7,395)
Foreign exchange reserve	(187)	285
	43,033	166,047
Cash generated from operations	120,161	277,937
Dividends received	-	1,459
Interest received	2,196	3,595
Interest paid	(34,220)	(45,785)
Tax paid	(29,233)	(28,494)
Tax refund	1,000	704
	(60,257)	(68,521)
Net cash from operating activities	59,904	209,416
<b>Cash Flows From Investing Activities</b>		
Additional investment in:		
- Subsidiary companies and associates	(4,145)	(1,139)
Repayment of prior years' investment in subsidiary companies and associates	(10,300)	(8,020)
Purchase of:		
- Financial assets measured at fair value through profit or loss ("FVTPL")	(14,600)	(32,047)
- Property, plant and equipment	(1,904)	(6,566)
- Right-of-use assets	(2,918)	-
Proceeds from disposal of:		
- Assets held for sale	59	-
- Financial assets measured at FVTPL	24,299	1,047
- Financial assets measured at FVTOCI	49,748	-
- Investment properties	-	60
- Property, plant and equipment	2,892	179
Deposits and consideration paid for acquisition and joint venture of future development lands	(8,468)	(75,807)
Net cash outflows from disposal of a subsidiary company	(82)	-
Capital work-in-progress incurred	(21,971)	(16,017)
Net cash from/(used in) investing activities	12,610	(138,310)

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

	<b>Current Period Ended 30.06.2020 RM'000</b>	<b>Preceding Period Ended 30.06.2019 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Decrease/(Increase) in fixed deposits pledged	42,284	(6,571)
Decrease/(Increase) in cash and bank balances pledged	1,518	(1,012)
Drawdown of bank borrowings	172,191	368,594
Repayment of bank borrowings	(342,198)	(382,194)
Repayment of Sukuk	(2,226)	(7,433)
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	(13,585)	(2,324)
Repayment of lease liabilities	(1,865)	(7,583)
Repayment of RCPS	(20,000)	-
Net cash used in financing activities	<u>(33,881)</u>	<u>(38,325)</u>
<b>Net increase in cash and cash equivalents</b>	38,633	32,781
<b>Effect of exchange rate changes</b>	2,017	92
<b>Cash and cash equivalents at the beginning of the financial period</b>	116,272	92,217
<b>Cash and cash equivalents at the end of the financial period</b>	<u>156,922</u>	<u>125,090</u>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Fixed deposits with licensed banks	15,911	45,225
Cash held under Housing Development Accounts	139,853	117,756
Cash and bank balances	80,354	129,675
Bank overdrafts	<u>(56,660)</u>	<u>(117,514)</u>
	179,458	175,142
Less : Fixed deposits pledged with licensed banks	(15,332)	(45,203)
Cash and bank balances pledged	<u>(7,204)</u>	<u>(4,849)</u>
	<u>156,922</u>	<u>125,090</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)**

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**A1. Basis of preparation**

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

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	Reference to Conceptual Framework	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"> <li>• Amendments to MFRS 1</li> <li>• Amendments to MFRS 9</li> <li>• Amendments to MFRS 16</li> <li>• Amendments to MFRS 141</li> </ul>	
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 RM13,584,876 and retained as treasury shares of the Company.

**A8. Dividend paid**

There was no dividend paid during the quarter under review.

**A9. Segment information**

**Period ended 30 June 2020**

	Property Development	Construction and Trading	Management, Investment and Others	Motor Racing Circuit	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
Total revenue	446,849	180,495	113,378	3,539	744,261
Less: Inter-segment revenue	-	(167,616)	(110,482)	-	(278,098)
Revenue from external customers	446,849	12,879	2,896	3,539	466,163
<b>Financial Results</b>					
Segment results	53,720	3,057	8,921	(6,314)	59,384
Interest income	1,405	194	547	49	2,195
Finance costs	(5,470)	(3,125)	(15,927)	(586)	(25,108)
Share of profit/(loss) of associates, net of tax	-	14	(13)	-	1
Profit/(Loss) before tax	49,655	140	(6,472)	(6,851)	36,472
Taxation	(16,161)	(2,754)	(2,690)	798	(20,807)
Net profit/(loss) for the financial period	33,494	(2,614)	(9,162)	(6,053)	15,665
<b>Assets</b>					
Additions to non-current assets	55,602	5,904	1,672	260	63,438
Segment assets	3,225,179	228,957	470,411	203,823	4,128,370
<b>Other non-cash expenses</b>					
Allowance for impairment losses on:					
- Assets held for sale	40	-	-	-	40
- Goodwill arising on consolidation	1,000	-	-	-	1,000
- Receivables	148	-	-	-	148
Allowance for expected credit losses on receivables	63	7	42	-	112
Amortisation of intangible assets	-	-	419	-	419
Bad debts written off	3	-	26	-	29
Depreciation of:					
- Investment properties	170	331	828	-	1,329
- Property, plant and equipment	588	2,729	1,463	264	5,044
- Right-of-use assets	2,772	3,650	1,654	3,602	11,678
Fair value loss on revaluation of financial assets measured at FVTPL	10	-	-	-	10
Net loss on disposal of:					
- Financial assets measured at FVTPL	-	-	4	-	4
- Property, plant and equipment	-	16	-	-	16
- A subsidiary company	-	-	41	-	41
Property development costs written off	440	-	-	-	440
Property, plant and equipment written off	-	-	1	-	1
Provision for claims and staff economic compensation	-	-	-	8	8
Unrealised loss on foreign exchange	-	-	717	-	717
Waiver of interest income	1,376	-	-	-	1,376
<b>Other non-cash income</b>					
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 gain on revaluation of financial assets measured at FVTPL	-	-	(2)	-	(2)
Gain on disposal of:					
- Financial assets measured at FVTPL	(7)	-	-	-	(7)
- Investment properties	-	-	(2,399)	-	(2,399)
- Property, plant and equipment	(2)	-	(333)	-	(335)
Reversal of expected credit losses on receivables	(222)	(1)	-	-	(223)
Reversal of fair value adjustment on trade receivables	-	-	(39)	-	(39)
Reversal of impairment losses on receivables	(63)	(51)	(85)	-	(199)
Unrealised gain on foreign exchange	-	-	-	(112)	(112)
Waiver of debts	(4)	-	-	-	(4)

**LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))**
**A9. Segment information (cont'd)**
**Period ended 30 June 2019**

	Property Development RM'000	Construction and Trading RM'000	Management, Investment and Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
<b>Revenue</b>					
Total revenue	543,312	360,341	44,420	11,084	959,157
Less: Inter-segment revenue	-	(272,032)	(41,184)	-	(313,216)
Revenue from external customers	543,312	88,309	3,236	11,084	645,941
<b>Financial Results</b>					
Segment results	84,926	13,918	5,128	(5,051)	98,921
Interest income	3,207	36	300	52	3,595
Finance costs	(5,410)	(3,336)	(18,477)	(587)	(27,810)
Share of profit/(loss) of associates, net of tax	-	2	(14)	-	(12)
Profit/(Loss) before tax	82,723	10,620	(13,063)	(5,586)	74,694
Taxation	(25,897)	(5,543)	(3,992)	805	(34,627)
Net profit/(loss) for the financial period	56,826	5,077	(17,055)	(4,781)	40,067
<b>Assets</b>					
Additions to non-current assets	60,867	18,894	2,975	1,149	83,885
Segment assets	3,206,393	262,399	605,648	211,549	4,285,989
<b>Other non-cash expenses</b>					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	950	-	-	-	950
- Receivables	225	-	-	-	225
Allowance for expected credit losses on receivables	1,523	2	-	-	1,525
Amortisation of intangible assets	-	-	223	-	223
Bad debts written off	137	-	-	78	215
Capital work-in-progress written off	-	-	12	-	12
Deposit written off	-	2	-	-	2
Depreciation of:					
- Investment properties	37	331	849	-	1,217
- Property, plant and equipment	2,024	5,214	3,587	3,573	14,398
- Right-to-use assets	200	-	70	-	270
Fair value loss on revaluation of financial assets measured at FVTPL	26	-	-	-	26
Fair value loss on finance assets measured at FVTPL	-	-	17	-	17
Property, plant and equipment written off	-	-	14	5	19
Provision for claims and staff economic compensation	-	-	-	305	305
<b>Other non-cash income</b>					
Contingency sum provided in prior years no longer required	(3,834)	-	-	-	(3,834)
Dividend income from financial assets measured at FVTPL	(158)	-	(56)	-	(214)
Fair value gain on revaluation of financial assets measured at FVTPL	-	-	(6)	-	(6)
Gain on disposal of property, plant and equipment	(22)	(40)	(2)	-	(64)
Gain on disposal of investment property	-	-	(20)	-	(20)
Reversal of allowance of impairment losses on receivables	(99)	-	-	(78)	(177)
Reversal of allowance for expected credit losses on receivables	(455)	(91)	(32)	-	(578)
Unrealised gain on foreign exchange	-	-	-	(48)	(48)
Waiver of debts	-	-	(35)	-	(35)

## **LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))**

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

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

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

- (i) On 22 June 2020, LBS Bina Holdings Sdn. Bhd. ("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.
- (ii) On 26 June 2020, LBS Bina acquired 5,000 ordinary shares representing 5% equity interest in Sambungan Aktif Sdn. Bhd. ("SASB") for a total cash consideration of RM1.00 only. Consequently, SASB became a 35% owned associate 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**

There were no material subsequent events as at 20 August 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 30 June 2020 were as follows:

	<b>Amount RM'000</b>
Approved and contracted for:	
a) Property development land	
- Sale and Purchase Agreements	3,420
- Development Rights Agreements	86,940
- Joint Venture Agreements	430,069
b) Property, plant and equipment and right-of-use assets	3,530
	<u>523,959</u>

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

	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank guarantees for :		
- Property Development	49,543	47,461
- Construction Contracts	3,561	3,561
- Others	53	48
	<u>53,157</u>	<u>51,070</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:

	<b>Amount</b>
	<b>RM'000</b>
<b>Income</b>	
Rental income	17
<b>Expenses</b>	
Equity instrument	3,245
Legal fee	342
Lease expenses	47
Rendering of services	634

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			Cumulative Period		
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Changes %	Current Year To date 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Changes %
<b>Revenue</b>						
Property Development	161,892	278,067	-42%	446,849	543,312	-18%
Construction and Trading	55,664	176,635	-68%	180,495	360,341	-50%
Management, Investment and Others	9,622	26,529	-64%	113,378	44,420	155%
Motor Racing Circuit	2,329	6,130	-62%	3,539	11,084	-68%
	<u>229,507</u>	<u>487,361</u>	-53%	<u>744,261</u>	<u>959,157</u>	-22%
Less: Inter-segment sales	<u>(62,617)</u>	<u>(167,983)</u>	63%	<u>(278,098)</u>	<u>(313,216)</u>	11%
	<u>166,890</u>	<u>319,378</u>	-48%	<u>466,163</u>	<u>645,941</u>	-28%
<b>Profit/(Loss) before tax</b>						
Property Development	20,390	51,378	-60%	49,655	82,723	-40%
Construction and Trading	(1,276)	6,063	-121%	140	10,620	-99%
Management, Investment and Others	(4,254)	(15,944)	73%	(6,472)	(13,063)	50%
Motor Racing Circuit	<u>(2,863)</u>	<u>(3,395)</u>	16%	<u>(6,851)</u>	<u>(5,586)</u>	-23%
	<u>11,997</u>	<u>38,102</u>	-69%	<u>36,472</u>	<u>74,694</u>	-51%

For the current quarter under review, the Group achieved revenue of RM167 million and profit before tax ("PBT") of RM12 million as compared to revenue of RM319 million and PBT of RM38 million in the previous year corresponding quarter.

For the six months ended 30 June 2020, the Group achieved revenue of RM466 million and PBT of RM36 million as compared to revenue of RM646 million and PBT of RM75 million in the corresponding period last year.

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

**Property Development**

For the six months ended 30 June 2020, Property Development segment recorded lower revenue and lower PBT. The decrease in both revenue and PBT were mainly due to the closure of construction sites and sales offices during the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") period.

Revenue and PBT were mainly contributed by the development 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 77% of the Group's revenue for the current financial period.

## **LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))**

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

#### **Construction and Trading**

For the six months ended 30 June 2020, Construction and Trading segment recorded revenue and PBT of RM180 million and RM140,000 respectively as compared to revenue of RM360 million and PBT of RM11 million in the corresponding period last year.

The revenue was primarily contributed from in-house projects. The decrease in both revenue and PBT were mainly due to the closure of construction sites during the MCO and CMCO period.

#### **Management, Investment and Others**

For the six months ended 30 June 2020, Management, Investment and Others segment recorded revenue of RM113 million and loss before tax ("LBT") of RM6 million as compared to revenue of RM44 million and LBT of RM13 million in the corresponding period last year.

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

#### **Motor Racing Circuit**

For the six months ended 30 June 2020, Motor Racing Circuit segment recorded revenue of RM4 million and LBT of RM7 million as compared to revenue of RM11 million and LBT of RM6 million in the corresponding period last year.

The increase in LBT was mainly due to the outbreak of Covid-19, scheduled racing events have been postponed to later date.

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

	<b>Current Quarter 30.06.2020 RM'000</b>	<b>Immediate Preceding Quarter 31.03.2020 RM'000</b>	<b>Changes (%)</b>
Revenue	166,890	299,273	-44%
Profit before tax ("PBT")	11,997	24,475	-51%

For the current quarter under review, the Group achieved revenue of RM167 million and PBT of RM12 million as compared to revenue of RM299 million and PBT of RM24 million in the immediate preceding quarter.

The decrease in PBT was mainly due to significantly less recognition of revenue as a result of closure of construction sites and sales offices during the MCO and CMCO period.

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

The Group is optimistic about its sales momentum and growth prospects amidst the Recovery Movement Control Order backdrop. With a strong foundation in both conventional and digital marketing platforms, the Group managed to achieve property sales of RM965 million – where Kita@Cybersouth and LBS Alam Perdana townships are the biggest contributors, plus a total unbilled sales standing at over RM2 billion.

This confidence is further strengthened by the Government initiatives in the National Economy Recovery Plan (PENJANA) 2020 such as stamp duty exemption under the Home Ownership Campaign (“HOC”) 2020, uplifting 70% financing limit for third and subsequent housing loans worth more than RM600,000 during the HOC 2020 and the reduction of Overnight Policy Rate (“OPR”) by Bank Negara Malaysia.

Currently, the Group has 17 on-going development projects with a total gross development value (“GDV”) of RM4.4 billion. The Group remains resilient as it owns land bank of 3,587 acres with an estimated GDV RM31 billion. This land bank is projected to continue to house Malaysians, in line with Group Managing Director, Tan Sri Lim's vision.

**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 30.06.2020 RM'000	Preceding year Quarter 30.06.2019 RM'000	Current year To date 30.06.2020 RM'000	Preceding year To date 30.06.2019 RM'000
Current year tax provision	7,751	15,897	25,085	37,527
Under provision in prior years	-	1,751	-	1,751
Deferred taxation	134	(565)	(4,278)	(4,651)
Total tax expense	<u>7,885</u>	<u>17,083</u>	<u>20,807</u>	<u>34,627</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 20 August 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 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 PN116631 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.

- (iv) 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.

- (v) 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 Conditions Precedent in the Proposed Disposal have been fulfilled and the Proposed Disposal has become unconditional.

**B7. Borrowings and debt securities**

The Group borrowings and debt securities were as follows:

**Period ended 30.06.2020**

	<u>Long-term</u> RM'000	<u>Short-term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	56,660	56,660
Lease liabilities	28,878	11,261	40,139
Bank borrowings	400,981	440,093	841,074
Sukuk	82,598	4,543	87,141
Total borrowings	512,457	512,557	1,025,014

**Period ended 30.06.2019**

	<u>Long-term</u> RM'000	<u>Short-term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	117,514	117,514
Lease liabilities	30,119	12,497	42,616
Bank borrowings	584,090	410,111	994,201
Sukuk	87,050	4,551	91,601
RCPS	-	50,000	50,000
Total borrowings	701,259	594,673	1,295,932

**B8. Material litigation**

There was no material litigation as at 20 August 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**

In respect of the previous financial year ended 31 December 2019:

At the Annual General Meeting held on 27 July 2020, the shareholders of the Company approved the first and final single tier dividend comprising treasury shares distribution in the ratio of 3 treasury shares for every 100 existing ordinary shares held, fractions of the treasury shares will be disregarded. The said dividend was credited on 14 August 2020 to depositors registered in the Record of Depositors on 30 July 2020.

**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:

	<b>Current Period to Date 30.06.2020</b>	<b>Preceding Period to Date 30.06.2019</b>
Net profit attributable to ordinary equity holders of the parent (RM'000)	12,089	31,707
Weighted average number of ordinary shares in issue ('000)	1,522,754	1,558,888
Basic EPS (sen)	0.79	2.03

**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 weighted average number of ordinary shares issued and issuable during the financial period adjusted for the dilutive effects of all potential ordinary shares as follows:

	<b>Current Period to Date 30.06.2020</b>	<b>Preceding Period to Date 30.06.2019</b>
Net profit attributable to ordinary equity holders of the parent (RM'000)	12,089	31,707
Adjusted weighted average number of ordinary shares in issue ('000)	1,522,754 #	1,604,365
Diluted EPS (sen)	0.79	1.98

# 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**

	<b>Current Year Quarter 30.06.2020 RM'000</b>	<b>Current Year To Date 30.06.2020 RM'000</b>
Allowance for impairment losses on:		
- Assets held for sale	-	40
- Goodwill arising on consolidation	-	1,000
- Receivables	125	148
Allowance for expected credit losses on receivables	68	112
Amortisation of intangible assets	112	419
Bad debts written off	3	29
Depreciation of:		
- Investment properties	644	1,329
- Property, plant and equipment	2,520	5,044
- Right-of-use assets	5,895	11,678
Loss on disposal of a subsidiary company	41	41
Loss/(Gain) on disposal of financial assets measured at FVTPL	1	(3)
Property development costs written off	-	440
Property, plant and equipment written off	1	1
Provision for claims and staff economic compensation	3	8
Waiver of interest income	403	1,376
Contingency sum provided in prior years no longer required	-	(1,263)
Dividend income from financial assets measured at FVTPL	-	(83)
Fair value (gain)/loss on revaluation of financial assets measured at FVTPL	(1)	8
Fair value adjustment on trade receivables	(7)	(39)
Gain on disposal of investment properties	(2,399)	(2,399)
Gain on disposal of property, plant and equipment	(335)	(319)
Net foreign exchange gain	(95)	(273)
Reversal of allowance for expected credit losses on receivables	(127)	(223)
Reversal of allowance for impairment loss on receivables	(42)	(199)
Waiver of debts	-	(4)

**By Order of the Board,**

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

Petaling Jaya, Selangor Darul Ehsan  
27 August 2020