



LBS BINA GROUP BERHAD

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

Interim Financial Report

31 March 2021

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	Page No.
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 15
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)	16 - 22

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial period ended 31 March 2021**

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 31.03.2021 RM'000	Preceding Year Quarter 31.03.2020 RM'000	Current Year To date 31.03.2021 RM'000	Preceding Year To date 31.03.2020 RM'000
Revenue		402,552	299,273	402,552	299,273
Cost of sales		(284,701)	(224,278)	(284,701)	(224,278)
Gross profit		117,851	74,995	117,851	74,995
Interest income		2,129	1,005	2,129	1,005
Other income		1,871	2,739	1,871	2,739
Administrative and operating expenses		(54,442)	(40,440)	(54,442)	(40,440)
Finance costs		(14,418)	(13,826)	(14,418)	(13,826)
Share of profit of associates, net of tax		109	2	109	2
Profit before tax		53,100	24,475	53,100	24,475
Taxation	B5	(20,184)	(12,922)	(20,184)	(12,922)
Net profit for the financial period		32,916	11,553	32,916	11,553
Net profit for the financial period attributable to:					
Owners of the parent		25,152	9,338	25,152	9,338
Non-controlling interests		7,764	2,215	7,764	2,215
		32,916	11,553	32,916	11,553
Earnings per share attributable to owners of the parent:					
Basic (sen)	B10	1.33	0.61	1.33	0.61
Diluted (sen)	B10	1.33	0.61	1.33	0.61

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
- For the financial period ended 31 March 2021 (*cont'd*)

	Unaudited		Unaudited	
	Individual Quarter		Cumulative Period	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Quarter	To date	To date
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	32,916	11,553	32,916	11,553
Other comprehensive income, net of tax:				
Exchange translation differences for foreign operations	5,795	2,036	5,795	2,036
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	-	229	-	229
Total comprehensive income for the financial period	<u>38,711</u>	<u>13,818</u>	<u>38,711</u>	<u>13,818</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	32,030	13,677	32,030	13,677
Non-controlling interests	6,681	141	6,681	141
	<u>38,711</u>	<u>13,818</u>	<u>38,711</u>	<u>13,818</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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 31 March 2021

	Notes	Unaudited 31.03.2021 RM'000	Audited 31.12.2020 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	50,005	44,141
Right-of-use assets		381,809	307,974
Capital work-in-progress		52,601	123,133
Inventories - land held for property development		1,289,704	1,296,756
Investment properties		147,342	147,880
Investment in associates		2,708	2,600
Trade receivables		3,596	3,985
Other investments		576	576
Intangible assets		104	347
Goodwill on consolidation		91,634	97,955
Deferred tax assets		9,418	-
		2,029,497	2,025,347
Current assets			
Inventories - property development costs		642,920	692,246
Inventories - completed properties and others		240,006	270,641
Contract assets		619,718	545,541
Trade and other receivables		454,771	374,218
Tax recoverable		5,888	5,290
Fixed deposits with licensed banks		20,831	20,620
Cash held under Housing Development Accounts		178,021	153,676
Cash and bank balances		137,622	127,904
		2,299,777	2,190,136
Assets held for sale		339	339
		2,300,116	2,190,475
TOTAL ASSETS		4,329,613	4,215,822
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		819,378	819,378
Redeemable Convertible Preference Shares ("RCPS")		103,509	103,509
Reserves		420,632	456,893
Treasury shares, at cost		(2,685)	(2,685)
Equity attributable to owners of the parent		1,340,834	1,377,095
Perpetual Sukuk Musharakah ("Perpetual Sukuk")		130,000	130,000
Non-controlling interests		141,717	119,462
TOTAL EQUITY		1,612,551	1,626,557

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	Unaudited 31.03.2021 RM'000	Audited 31.12.2020 RM'000
<u>LIABILITIES</u>			
Non-current liabilities			
Trade and other payables		538,224	511,450
Lease liabilities	B7	23,613	24,469
Bank borrowings	B7	408,610	355,809
Sukuk Murabahah ("Sukuk")	B7	69,759	75,622
Deferred tax liabilities		-	656
		1,040,206	968,006
Current liabilities			
Contract liabilities		79,536	31,098
Trade and other payables		895,650	904,390
Bank overdrafts	B7	72,341	79,913
Lease liabilities	B7	13,441	13,473
Bank borrowings	B7	562,457	555,293
Sukuk	B7	14,044	9,202
Tax payable		39,387	27,890
		1,676,856	1,621,259
TOTAL LIABILITIES		2,717,062	2,589,265
TOTAL EQUITY AND LIABILITIES		4,329,613	4,215,822
Net assets per share attributable to owners of the parent (RM)		0.86	0.88

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 31 March 2021 (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	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 1.1.2021											
- as previously reported	819,378	103,509	(2,685)	4,422	112,963	(278,261)	617,769	1,377,095	130,000	119,462	1,626,557
- effect of adopting IFRIC Agenda Decision on MFRS 123 Borrowing Costs	-	-	-	-	-	-	(66,014)	(66,014)	-	(1,844)	(67,858)
At 1.1.2021, as restated	819,378	103,509	(2,685)	4,422	112,963	(278,261)	551,755	1,311,081	130,000	117,618	1,558,699
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	25,152	25,152	-	7,764	32,916
Foreign exchange translation reserve	-	-	-	-	6,878	-	-	6,878	-	(1,083)	5,795
Total comprehensive income for the financial period	-	-	-	-	6,878	-	25,152	32,030	-	6,681	38,711
Transactions with owners:											
Changes of stakes in a subsidiary company	-	-	-	-	-	2,107	-	2,107	-	17,418	19,525
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	(4,384)	(4,384)	-	-	(4,384)
Total transactions with owners	-	-	-	-	-	2,107	(4,384)	(2,277)	-	17,418	15,141
At 31.03.2021	819,378	103,509	(2,685)	4,422	119,841	(276,154)	572,523	1,340,834	130,000	141,717	1,612,551

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

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	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
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	-	398	9,154	13,677	-	141	13,818
Transactions with owners:												
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(60)	-	(60)	-	(149)	(209)
Changes of stakes in a subsidiary company	-	-	-	-	-	-	792	-	792	-	(1,936)	(1,144)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	130,000	-	130,000
Shares repurchased	-	-	(13,575)	-	-	-	-	-	(13,575)	-	-	(13,575)
Total transactions with owners	-	-	(13,575)	-	-	-	732	-	(12,843)	130,000	(2,085)	115,072
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

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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2021

	Unaudited Current Period Ended 31.03.2021 RM'000	Unaudited Preceding Period Ended 31.03.2020 RM'000
Cash Flows From Operating Activities		
Profit before tax	53,100	24,475
Adjustments for:		
Non-cash items	22,047	10,006
Other operating items	12,181	12,817
Operating profit before changes in working capital	<u>87,328</u>	<u>47,298</u>
Changes in working capital:		
Inventories - land and property development costs	(16,978)	541
Inventories - completed properties and others	30,637	(7,320)
Contract assets	(74,177)	66,848
Contract liabilities	48,439	5,387
Receivables	(54,031)	29,905
Payables	13,134	6,906
Foreign exchange reserve	(3,938)	333
	<u>(56,914)</u>	<u>102,600</u>
Cash generated from operations	30,414	149,898
Interest received	2,129	1,005
Interest paid	(10,213)	(16,905)
Tax paid	(13,628)	(26,587)
Tax refund	72	-
	<u>(21,640)</u>	<u>(42,487)</u>
Net cash from operating activities	<u>8,774</u>	<u>107,411</u>
Cash Flows From Investing Activities		
Additional investment in Financial assets measured at fair value through profit or loss ("FVTPL")	-	(14,600)
Repayment of prior years' investment in subsidiary companies	(6,638)	(7,250)
Purchase of:		
- Property, plant and equipment	(2,241)	(1,850)
- Right-of-use assets	(2,010)	(163)
Proceeds from disposal of:		
- Assets held for sale	-	59
- Financial assets measured at FVTPL	-	22,119
- Financial assets measured at FVTOCI	-	49,748
- Property, plant and equipment	215	75
- Right-of-use assets	175	-
- Quoted shares	19,530	-
Deposits and consideration paid for acquisition and joint venture of future development lands	(14,500)	(7,084)
Capital work-in-progress incurred	(9,294)	(15,097)
Net cash (used in)/ from investing activities	<u>(14,763)</u>	<u>25,957</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2021 (cont'd)

	Unaudited Current Period Ended 31.03.2021 RM'000	Unaudited Preceding Period Ended 31.03.2020 RM'000
Cash Flows From Financing Activities		
(Increase)/Decrease in fixed deposits pledged	(210)	14,004
Increase in cash and bank balances pledged	(20,450)	(1,410)
Drawdown of bank borrowings	205,972	91,018
Repayment of bank borrowings	(146,840)	(256,352)
Repayment of Sukuk	(1,113)	(1,113)
Repayment of RCPS (liability component)	-	(20,000)
Proceeds from issuance of Perpetual Sukuk	-	130,000
Distribution to holders of Perpetual Sukuk	(4,384)	-
Purchase of treasury shares	-	(13,575)
Repayment of lease liabilities	(1,012)	(22)
Net cash from/(used in) financing activities	<u>31,963</u>	<u>(57,450)</u>
Net increase in cash and cash equivalents	25,974	75,918
Effect of exchange rate changes	1,110	2,294
Cash and cash equivalents at the beginning of the financial period	196,393	116,272
Cash and cash equivalents at the end of the financial period	<u>223,477</u>	<u>194,484</u>
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	20,831	44,194
Cash held under Housing Development Accounts	178,021	144,236
Cash and bank balances	137,622	120,295
Bank overdrafts	<u>(72,341)</u>	<u>(60,498)</u>
	264,133	248,227
Less : Fixed deposits pledged with licensed banks	(20,807)	(43,612)
Cash and bank balances pledged	<u>(19,849)</u>	<u>(10,131)</u>
	<u>223,477</u>	<u>194,484</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 2020 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 2020. 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 2020.

A2. Changes in accounting policies

Basis of accounting

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), 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 Beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the 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 improvements to MFRS 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 	
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
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:

IFRIC Agenda Decision on MFRS 123 Borrowing Costs

In March 2019, the IFRS Interpretations Committee ('IFRIC') published an Agenda Decision on borrowing costs confirming, receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

MFRS 123 is effective for annual periods beginning on or after 1 July 2020. By using a retrospective approach, whereby the cumulative effect of initial application of MFRS 123 is adjusted to the opening balance of retained earnings at the date of initial application, as shown below: -

	RM'000
Retained earnings as at 1 January 2020	
- as previously reported	617,769
- effect of adopting IFRIC Agenda Decision on MFRS 123 Borrowings Costs	<u>(66,014)</u>
Retained earnings as at 1 January 2020, as restated	<u>551,755</u>

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 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.

A8. Dividend paid

There was no dividend paid during the quarter under review.

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

A9. Segment information

Period ended 31 March 2021

	Property Development RM'000	Construction and Trading RM'000	Management, Investment and Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
Revenue					
Total revenue	390,362	160,437	16,366	3,142	570,307
Less: Inter-segment revenue	-	(152,919)	(14,836)	-	(167,755)
Revenue from external customers	390,362	7,518	1,530	3,142	402,552
Financial Results					
Segment results	60,164	14,168	(6,084)	(2,968)	65,280
Interest income	1,914	44	63	108	2,129
Finance costs	(7,473)	(1,294)	(5,350)	(301)	(14,418)
Share of profit/(loss) of associates, net of tax	-	115	(6)	-	109
Profit/(Loss) before tax	54,605	13,033	(11,377)	(3,161)	53,100
Taxation	(16,917)	(3,732)	52	413	(20,184)
Net profit/(loss) for the financial period	37,688	9,301	(11,325)	(2,748)	32,916
Assets					
Additions to non-current assets	53,677	3,161	1,407	252	58,497
Segment assets	3,330,467	212,223	578,201	208,722	4,329,613
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	6,321	-	-	-	6,321
- Receivables	67	-	1	-	68
Allowance for expected credit losses on receivables	1,587	1	33	-	1,621
Amortisation of intangible assets	-	-	243	-	243
Bad debts written off	35	-	1	-	36
Depreciation of:					
- Investment properties	13	195	330	-	538
- Property, plant and equipment	284	1,550	879	120	2,833
- Right-of-use assets	1,103	1,889	986	2,002	5,980
Loss on disposal of:					
- Property, plant and equipment	6	21	-	-	27
Property, plant and equipment written off	65	-	63	-	128
Unrealised loss on foreign exchange	-	-	4,576	-	4,576
Waiver of interest income	360	-	-	-	360
Other non-cash income					
Fair value adjustment on trade receivables	-	-	(28)	-	(28)
Gain on disposal of:					
- Property, plant and equipment	-	(26)	(69)	-	(95)
- Right-of-use assets	-	-	(175)	-	(175)
Reversal of allowance for expected credit losses on receivables	(106)	-	(5)	-	(111)
Reversal of allowance for impairment losses on receivables	(18)	-	(8)	-	(26)
Contingency sum accrued in prior years no longer required	(205)	-	-	-	(205)
Reversal of accruals for claims and staff economic compensation	-	-	-	(22)	(22)
Unrealised gain on foreign exchange	-	-	-	(22)	(22)

LBS BINA GROUP BERHAD (Registration No: 200001015875 (518482-H))
A9. Segment information (cont'd)
Period ended 31 March 2020

	Property Development RM'000	Construction and Trading RM'000	Management, Investment and Others RM'000	Motor Racing Circuit RM'000	Consolidated 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	284,957	11,252	1,854	1,210	299,273
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	29,263	1,416	(2,217)	(3,987)	24,475
Taxation	(9,956)	(2,243)	(1,119)	396	(12,922)
Net profit/(loss) for the financial period	19,307	(827)	(3,336)	(3,591)	11,553
Assets					
Additions to non-current assets	45,558	1,638	460	232	47,888
Segment assets	3,205,916	258,217	539,166	207,898	4,211,197
Other non-cash expenses					
Accrual for claims and staff economic compensation written off	-	-	-	5	5
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-to-use assets	1,384	1,761	865	1,773	5,783
Loss on disposal of financial assets measured at FVTOCI	-	-	3	-	3
Fair value loss on revaluation of financial assets measured at FVTPL	10	-	-	-	10
Loss on disposal of property, plant and equipment	-	16	-	-	16
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 allowance for impairment losses on receivables	(22)	(51)	(84)	-	(157)
Reversal of allowance for expected credit losses on receivables	(95)	(1)	-	-	(96)
Unrealised gain on foreign exchange	-	-	(467)	(112)	(579)
Waiver of debts	(4)	-	-	-	(4)

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

There were no changes in the composition of the Group during the current quarter except for the following:

- (i) On 25 March 2021, the Company has undertaken internal restructuring whereby LBS Bina Holdings Sdn. Bhd. ("LBS Bina"), a wholly-owned subsidiary company of the Company, disposed of 1,000 ordinary shares, representing the entire equity interest in Nuevoprima Development Sdn. Bhd., an indirect wholly-owned subsidiary company of the Company to Leaptec Engineering Sdn. Bhd., an indirect subsidiary company of LBS Bina, for a total cash consideration of RM1,000.
- (ii) During March 2021 quarter, the Company disposed of 21,000,000 ordinary shares representing 4.19% equity interest in MGB Berhad ("MGB"), a listed subsidiary company of the Company for a total cash consideration of RM19,530,000 only. Consequently, MGB became 55.66% owned subsidiary company of the Company.

A12. Material events subsequent to the end of financial period

There were no material subsequent events as at 13 May 2021, 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 2021 were as follows:

	Amount RM'000
Approved and contracted for:	
a) Property development land	
- Development Rights Agreements	86,940
- Joint Venture Agreements	520,482
b) Property, plant and equipment and right-of-use assets	754
c) Constuction of investment properties	5,617
	<u>613,793</u>

A14. Changes in contingent assets or contingent liabilities

	31.03.2021	31.03.2020
	RM'000	RM'000
Bank guarantees for:		
- Property Development	66,401	49,072
- Construction Contracts	3,633	3,561
- Others	42	30
	<u>70,076</u>	<u>52,663</u>

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

A15. Significant related party transactions

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

	Amount
	RM'000
Income	
Rental income	3
Cost sharing with landowner	24
Expenses	
Legal fee	37
Lease expenses	13
Rendering of services	267

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

The performance of the respective operating business segments is analysed as follows:

	Individual Quarter		
	Current Year Quarter 31.03.2021 RM'000	Preceding Year Quarter 31.03.2020 RM'000	Changes %
Revenue			
Property Development	390,362	284,957	37%
Construction and Trading	160,437	124,830	29%
Management, Investment and Others	16,366	103,756	-84%
Motor Racing Circuit	3,142	1,210	160%
	<u>570,307</u>	<u>514,753</u>	11%
Less: Inter-segment revenue	<u>(167,755)</u>	<u>(215,480)</u>	22%
	<u>402,552</u>	<u>299,273</u>	35%
Profit/(Loss) before tax			
Property Development	54,605	29,263	87%
Construction and Trading	13,033	1,416	820%
Management, Investment and Others	(11,377)	(2,217)	-413%
Motor Racing Circuit	(3,161)	(3,987)	21%
	<u>53,100</u>	<u>24,475</u>	117%

For the current quarter ("Q1"), the Group recorded revenue of RM403 million and profit before tax ("PBT") of RM53 million as compared to revenue of RM299 million and PBT of RM24 million in the previous year corresponding quarter.

Property Development

Property Development segment recorded higher revenue and PBT. The increase in both revenue and PBT were largely driven by the good take up rates and steady construction progress from our on-going projects within the Klang Valley, Pahang and Johor.

Revenue and PBT were mainly contributed by the development projects at KITA@Cybersouth, Skylake Residence, Residensi Bintang Bukit Jalil and Bandar Putera Indah.

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

B1. Review of Group performance (cont'd)

Construction and Trading

Construction and Trading segment recorded revenue and PBT of RM160 million and RM13 million respectively as compared to revenue of RM125 million and PBT of RM1 million in the previous year corresponding quarter.

The increase in revenue and PBT were primarily contributed from in-house projects.

Management, Investment and Others

Management, Investment and Others segment recorded revenue of RM16 million and loss before tax ("LBT") of RM11 million as compared to revenue of RM104 million and LBT of RM2 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 RM3 million and LBT of RM3 million as compared to revenue of RM1 million and LBT of RM4 million in the previous year corresponding quarter.

The improvement in revenue and LBT were primarily due to higher income derived from corporate day events.

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

	Current Quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	Changes (%)
Revenue	402,552	294,518	37%
Profit before tax ("PBT")	53,100	51,036	4%

For the current quarter, the Group recorded revenue of RM403 million and PBT of RM53 million as compared to revenue of RM295 million and PBT of RM51 million in the immediate preceding quarter.

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

B3. Group's prospects for the current financial year

The Group recorded a strong Q1 performance with good take up rates and construction progress despite the prolonged Covid-19 pandemic.

The Group has optimised construction resources for greater efficiency in meeting market needs and mitigate the risk posed by the pandemic. We have implemented greater precautionary measures on cost management, careful rationalisation of new project launches and a disciplined approach to cash management. The Group continues to increase efforts in digitization to streamline and increase efficiency within its business operations.

The Group is cautiously optimistic on the prospects for the current financial year in view of the Q1 achievement to date, and the latest sales of RM421 million, bookings in the pipeline of RM453 million and unbilled sales of RM2.05 billion. It will continue to leverage on its strategic land bank to develop properties that align to the market demand. We have 19 on-going projects with Gross Development Value of RM5.14 billion.

With the various vaccination programs worldwide and the National Covid-19 Immunisation Programme to the general public in Malaysia, we believe that economic recovery will gain greater traction and the demand for properties in strategic areas with good accessibility and connectivity will continue to improve.

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 31.03.2021 RM'000	Preceding year Quarter 31.03.2020 RM'000	Current year To date 31.03.2021 RM'000	Preceding year To date 31.03.2020 RM'000
Current tax provision	24,429	17,334	24,429	17,334
Deferred tax	(4,245)	(4,412)	(4,245)	(4,412)
Total tax expense	<u>20,184</u>	<u>12,922</u>	<u>20,184</u>	<u>12,922</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 13 May 2021, 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 Joint Venture Agreement 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 4 September 2020, the Company had signed a Memorandum of Understanding ("MOU") with Zhuhai Jiuzhou Holdings Group Co., Ltd. ("JZ") expressing JZ's intention to acquire the Company's entire 60% rights and interests in Zhuhai International Circuit Limited ("ZIC"), a subsidiary company of Lamdeal Investments Limited ("LIL"), an indirect wholly-owned subsidiary company of the Company.

The MOU is not legally binding except for the clauses on Confidentiality and the Expiry Date. The structure, arrangement, terms and conditions of the proposed acquisition by JZ shall be subjected to the definitive agreement legally executed upon negotiation.

The MOU has lapsed upon its expiry on 3 March 2021. The expiration of the MOU would not have any financial impact on the Company.

B6. Status of corporate proposals (Cont'd)

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 13 May 2021, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report: (cont'd)

- (vi) On 31 March 2021, the Company's indirect subsidiary company, Casa Inspirasi Sdn. Bhd. has entered into a Joint Venture Agreement with Majlis Daerah Cameron Highlands to develop a piece of land held under leasehold title of 99 years expiring on 29 May 2116, known as H.S.(D) 4908 PT 3288 in Mukim Tanah Rata, Daerah Cameron Highlands, Negeri Pahang, measuring approximately 51.52 acres.

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

- (vii) On 8 April 2021, Leaptec Engineering Sdn. Bhd. has entered into Reclamation and Development Agreement with State Government of Melaka for reclamation and development of the reclaimed land into an industry hub with port facilities measuring approximately 1,200 acres located at Tanjung Bruas, Bandar XLV, Daerah Melaka Tengah, Melaka.

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 31.03.2021

	<u>Long-term</u> RM'000	<u>Short-term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	72,341	72,341
Lease liabilities	23,613	13,441	37,054
Bank borrowings	408,610	562,457	971,067
Sukuk	69,759	14,044	83,803
Total borrowings	<u>501,982</u>	<u>662,283</u>	<u>1,164,265</u>

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
Lease liabilities	27,598	14,450	42,048
Bank borrowings	415,554	428,652	844,206
Sukuk	83,711	4,554	88,265
Total borrowings	<u>526,863</u>	<u>508,154</u>	<u>1,035,017</u>

B8. Material litigation

There was no material litigation as at 13 May 2021, 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 31.03.2021	Preceding Period to Date 31.03.2020
Adjusted net profit attributable to owners of the parent (RM'000)	20,768	9,338
Weighted average number of ordinary shares in issue ('000)	1,561,660	1,531,465
Basic EPS (sen)	1.33	0.61

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:

	Current Period to Date 31.03.2021	Preceding Period to Date 31.03.2020
Adjusted net profit attributable to owners of the parent (RM'000)	20,768	9,338
Adjusted weighted average number of ordinary shares in issue ('000)	1,561,660 #	1,531,465 #
Diluted EPS (sen)	1.33	0.61

The Group has no dilution in earnings per share as the exercise price of the Employees' Share Option Scheme (“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 31.03.2021 RM'000	Current Year To Date 31.03.2021 RM'000
Allowance for impairment losses on:		
- Goodwill arising on consolidation	6,321	6,321
- Receivables	68	68
Allowance for expected credit losses on receivables	1,621	1,621
Amortisation of intangible assets	243	243
Bad debts written off	36	36
Depreciation of:		
- Investment properties	538	538
- Property, plant and equipment	2,833	2,833
- Right-of-use assets	5,980	5,980
Property, plant and equipment written off	128	128
Waiver of interest income	360	360
Net foreign exchange loss	4,547	4,547
Contingency sum accrued in prior years no longer required	(205)	(205)
Fair value adjustment on trade receivables	(28)	(28)
Net gain on disposal of:		
- Property, plant and equipment	(68)	(68)
- Right-of-use assets	(175)	(175)
Reversal of allowance for expected credit losses on receivables	(111)	(111)
Reversal of allowance for impairment loss on receivables	(26)	(26)
Reversal of provision for claims and staff economic compensation	(22)	(22)

By Order of the Board,

**Dato' Lim Mooi Pang
Executive Director**

Petaling Jaya, Selangor Darul Ehsan
20 May 2021