



LBS BINA GROUP BERHAD

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

Interim Financial Report

30 June 2023

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the financial period ended 30 June 2023

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Current Year To date 30.06.2023 RM'000	Preceding Year To date 30.06.2022 RM'000
Revenue		375,393	410,371	760,251	819,393
Cost of sales		(257,539)	(287,648)	(526,819)	(584,010)
Gross profit		117,854	122,723	233,432	235,383
Interest income		1,276	1,893	2,635	2,570
Other income		8,533	3,549	12,216	10,008
Administrative and operating expenses		(53,778)	(62,200)	(103,059)	(113,661)
Finance costs		(16,795)	(13,094)	(33,403)	(27,179)
Share of profit of associates, net of tax		90	78	82	91
Profit before tax		57,180	52,949	111,903	107,212
Taxation	B5	(20,443)	(19,763)	(38,794)	(40,228)
Net profit for the financial period		36,737	33,186	73,109	66,984
Net profit for the financial period attributable to:					
Owners of the parent		33,011	35,127	63,506	65,288
Non-controlling interests		3,726	(1,941)	9,603	1,696
		36,737	33,186	73,109	66,984
Earnings per share attributable to owners of the parent (sen) :					
Basic	B10	2.14	2.25	3.62	3.70
Diluted	B10	2.14	2.25	3.62	3.70

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the financial period ended 30 June 2023 (*cont'd*)

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Current Year To date 30.06.2023 RM'000	Preceding Year To date 30.06.2022 RM'000
Net profit for the financial period	36,737	33,186	73,109	66,984
Other comprehensive income, net of tax:				
Exchange translation differences for foreign operations	198	6,907	963	8,866
Total comprehensive income for the financial period	<u>36,935</u>	<u>40,093</u>	<u>74,072</u>	<u>75,850</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	35,256	43,544	66,794	75,993
Non-controlling interests	1,679	(3,451)	7,278	(143)
	<u>36,935</u>	<u>40,093</u>	<u>74,072</u>	<u>75,850</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 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Unaudited 30.06.2023 RM'000	Audited 31.12.2022 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	47,938	44,228
Right-of-use assets		344,308	349,550
Capital work-in-progress		25,986	24,900
Inventories - land held for property development		1,340,692	1,297,812
Investment properties		191,392	191,822
Investment in associates		2,171	2,498
Trade receivables		3,957	3,068
Other investments		505	505
Goodwill on consolidation		66,712	66,184
Deferred tax assets		69,494	75,611
		2,093,155	2,056,178
Current assets			
Inventories - property development costs		349,163	418,425
Inventories - completed properties and others		101,625	122,703
Contract assets		779,152	638,371
Trade and other receivables		446,968	549,604
Tax recoverable		26,186	14,716
Deposits, cash and bank balances		379,269	365,111
		2,082,363	2,108,930
Assets held for sale		-	222
		2,082,363	2,109,152
TOTAL ASSETS		4,175,518	4,165,330
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		819,378	819,378
Redeemable Convertible Preference Shares ("RCPS")		103,509	103,509
Reserves		519,292	462,512
Treasury shares, at cost		(11,616)	(6,659)
Equity attributable to owners of the parent		1,430,563	1,378,740
Perpetual Sukuk Musharakah ("Perpetual Sukuk")		223,000	223,000
Non-controlling interests		158,055	153,085
TOTAL EQUITY		1,811,618	1,754,825

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023 (*cont'd*)

	Note	Unaudited 30.06.2023 RM'000	Audited 31.12.2022 RM'000
<u>LIABILITIES</u>			
Non-current liabilities			
Trade and other payables		485,998	504,090
Borrowings	B7	263,678	271,964
Provision for retirement benefits		8,703	5,687
Deferred tax liabilities		35,237	35,957
		793,616	817,698
Current liabilities			
Contract liabilities		46,364	31,192
Trade and other payables		879,064	894,743
Borrowings	B7	619,517	645,275
Tax payable		25,339	21,597
		1,570,284	1,592,807
TOTAL LIABILITIES		2,363,900	2,410,505
TOTAL EQUITY AND LIABILITIES		4,175,518	4,165,330
Net assets per share attributable to owners of the parent (RM)		0.93	0.89

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023 (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	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 1.1.2023	819,378	103,509	(6,659)	124,598	(335,016)	672,930	1,378,740	223,000	153,085	1,754,825
Amount recognised directly in equity:										
Net profit for the financial period	-	-	-	-	-	63,506	63,506	-	9,603	73,109
Foreign currency translation reserve	-	-	-	3,288	-	-	3,288	-	(2,325)	963
Total comprehensive income for the financial period	-	-	-	3,288	-	63,506	66,794	-	7,278	74,072
Transactions with owners:										
Changes in ownership interest in a subsidiary	-	-	-	-	(2,401)	-	(2,401)	-	(1,699)	(4,100)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(609)	(609)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	(7,613)	(7,613)	-	-	(7,613)
Shares repurchased	-	-	(4,957)	-	-	-	(4,957)	-	-	(4,957)
Total transactions with owners	-	-	(4,957)	-	(2,401)	(7,613)	(14,971)	-	(2,308)	(17,279)
At 30.06.2023	819,378	103,509	(11,616)	127,886	(337,417)	728,823	1,430,563	223,000	158,055	1,811,618

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2023 (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	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 1.1.2022	819,378	103,509	(3,191)	4,170	123,039	(329,513)	590,474	1,307,866	223,000	176,550	1,707,416
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	65,288	65,288	-	1,696	66,984
Foreign currency translation reserve	-	-	-	-	10,705	-	-	10,705	-	(1,839)	8,866
Total comprehensive income for the financial period	-	-	-	-	10,705	-	65,288	75,993	-	(143)	75,850
Transactions with owners:											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	150	150
Changes in equity interests in a subsidiary	-	-	-	-	-	(2,303)	-	(2,303)	-	(6,697)	(9,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,085)	(4,085)
Distribution to Perpetual Sukuk holders	-	-	-	-	-	-	(7,613)	(7,613)	-	-	(7,613)
Realisation of ESOS reserve	-	-	-	(53)	-	-	53	-	-	-	-
Shares repurchased	-	-	(600)	-	-	-	-	(600)	-	-	(600)
Total transactions with owners	-	-	(600)	(53)	-	(2,303)	(7,560)	(10,516)	-	(10,632)	(21,148)
At 30.06.2022	819,378	103,509	(3,791)	4,117	133,744	(331,816)	648,202	1,373,343	223,000	165,775	1,762,118

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 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2023

	Unaudited Current Period Ended 30.06.2023 RM'000	Unaudited Preceding Period Ended 30.06.2022 RM'000
Operating Activities		
Profit before tax	111,903	107,212
Adjustments for:		
Non-cash items	23,783	4,150
Other operating items	26,659	21,607
Operating profit before working capital changes	<u>162,345</u>	<u>132,969</u>
Changes in working capital:		
Inventories - land and property development costs	40,357	(1,550)
Inventories - completed properties and others	21,081	80,770
Contract assets	(140,782)	42,660
Contract liabilities	15,171	58,292
Receivables	123,360	(17,481)
Payables	(53,592)	(10,764)
	<u>5,595</u>	<u>151,927</u>
Cash generated from operations	<u>167,940</u>	<u>284,896</u>
Dividends received	180	180
Interest received	2,635	2,570
Interest paid	(30,429)	(20,614)
Tax paid	(42,150)	(36,187)
Tax refunded	271	755
	<u>(69,493)</u>	<u>(53,296)</u>
Net cash from operating activities	<u>98,447</u>	<u>231,600</u>
Investing Activities		
Additional investment in subsidiaries	(2,209)	(9,000)
Capital work-in-progress incurred	(369)	(2,898)
Deposits and consideration paid for the acquisition and joint venture of development lands	(18,735)	(28,127)
Net cash inflows from disposal of a subsidiary	-	748
Net cash inflows from acquisition of a subsidiary	337	-
Proceeds from disposal of:		
- An associate	-	45
- Assets held for sale	50	-
- Financial assets measured at fair value through profit or loss ("FVTPL")	-	2,004
- Property, plant and equipment	515	108
- Right-of-use assets	165	368
Proceeds from acquisition of equity interest by non-controlling interests	-	150
Proceeds from share capital reduction	522	-
Purchase of:		
- Property, plant and equipment	(4,267)	(1,990)
- Right-of-use assets	-	(2,312)
Repayment of prior years' investment in subsidiaries	-	(1,000)
Net cash used in investing activities	<u>(23,991)</u>	<u>(41,904)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2023 (cont'd)

	Unaudited Current Period Ended 30.06.2023 RM'000	Unaudited Preceding Period Ended 30.06.2022 RM'000
Financing Activities		
Increase in fixed deposits pledged	(24,189)	(1,350)
(Increase) / Decrease in cash and bank balances pledged	(4,751)	155
Drawdown of:		
- Borrowings	232,815	319,317
- Sukuk Murabahah ("Sukuk")	-	5,000
Distribution to Perpetual Sukuk holders	(7,613)	(7,613)
Dividends paid to non-controlling interests	(609)	(4,085)
Shares repurchased	(4,957)	(600)
Repayment of:		
- Borrowings	(251,392)	(402,194)
- Sukuk	(10,076)	(6,976)
- Lease liabilities	(8,108)	(5,002)
Net cash used in financing activities	<u>(78,880)</u>	<u>(103,348)</u>
Net (decrease)/increase in cash and cash equivalents	(4,424)	86,348
Effects of exchange translation differences on cash and cash equivalents	1,274	524
Cash and cash equivalents at the beginning of the financial period	261,531	178,788
Cash and cash equivalents at the end of the financial period	<u>258,381</u>	<u>265,660</u>
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	48,946	23,823
Cash held under Housing Development Accounts	187,952	222,405
Cash and bank balances	142,371	107,640
Bank overdrafts	(66,116)	(58,888)
	<u>313,153</u>	<u>294,980</u>
Less : Fixed deposits pledged with licensed banks	(48,771)	(23,652)
Cash and bank balances pledged	(6,001)	(5,668)
	<u>258,381</u>	<u>265,660</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 2022 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

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 2022. 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 2022.

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.

Adoption of new and amended standards

Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Policies
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group.

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:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
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, if applicable, 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 2022 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

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

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

A6. Material changes in estimates

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

A7. Debt and equity securities

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

Shares repurchased

The Company repurchased 11,816,800 of its ordinary shares in the open market for a total consideration of RM4,956,924 and retained as treasury shares of the Company.

A8. Dividend paid

During the financial quarter under review, first interim single-tier dividend of 1.20 sen per ordinary share in respect of the financial year ended 31 December 2022 was paid on 17 July 2023.

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A9. Segmental Reporting

Period ended 30 June 2023 (unaudited)

The segmental results for the current financial period are as follows:

	Property Development RM'000	Construction and Trading RM'000	Management and Investment RM'000	Motor Racing Circuit RM'000	Hotel RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	728,575	388,320	82,726	8,600	3,231	31,286	1,242,738
Less: Inter-segment revenue	-	(373,049)	(82,381)	-	(100)	(26,957)	(482,487)
Revenue from external customers	728,575	15,271	345	8,600	3,131	4,329	760,251
Financial Results							
Segment results	108,134	39,519	17,028	1,213	(1,313)	(1,928)	162,653
Interest income	1,921	240	127	309	-	38	2,635
Finance costs	(14,197)	(2,040)	(15,646)	(622)	(895)	(3)	(33,403)
Depreciation	(2,970)	(7,960)	(2,750)	(4,286)	(1,162)	(936)	(20,064)
Share of profit/(loss) of associates, net of tax	-	83	-	-	-	(1)	82
Profit/(Loss) before tax	92,888	29,842	(1,241)	(3,386)	(3,370)	(2,830)	111,903
Taxation	(26,015)	(8,208)	(5,421)	850	-	-	(38,794)
Net profit/(loss) for the financial period	66,873	21,634	(6,662)	(2,536)	(3,370)	(2,830)	73,109
Assets							
Additions to non-current assets	48,399	12,218	860	449	423	92	62,441
Segment assets	3,172,501	210,572	362,147	209,117	77,638	143,543	4,175,518

Period ended 30 June 2022 (unaudited)

The segmental results for the preceding financial period are as follows:

	Property Development RM'000	Construction and Trading RM'000	Management and Investment RM'000	Motor Racing Circuit RM'000	Hotel RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	785,472	304,171	32,869	6,651	4,382	15,828	1,149,373
Less: Inter-segment revenue	-	(285,219)	(32,636)	-	-	(12,125)	(329,980)
Revenue from external customers	785,472	18,952	233	6,651	4,382	3,703	819,393
Financial Results							
Segment results	135,530	23,453	(5,871)	(2,084)	67	967	152,062
Interest income	2,087	87	89	295	-	12	2,570
Finance costs	(14,131)	(2,244)	(9,272)	(637)	(893)	(2)	(27,179)
Depreciation	(3,257)	(7,547)	(2,851)	(4,542)	(1,127)	(1,008)	(20,332)
Share of profit/(loss) of associates, net of tax	-	97	-	-	-	(6)	91
Profit/(Loss) before tax	120,229	13,846	(17,905)	(6,968)	(1,953)	(37)	107,212
Taxation	(33,587)	(6,630)	(895)	871	-	13	(40,228)
Net profit/(loss) for the financial period	86,642	7,216	(18,800)	(6,097)	(1,953)	(24)	66,984
Assets							
Additions to non-current assets	99,225	801	2,533	760	140	286	103,745
Segment assets	3,375,865	208,729	350,810	211,913	77,887	143,910	4,369,114

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 followings:

- (i) On 4 April 2023, LBS Bina Holdings Sdn. Bhd. (“LBS Bina”) acquired 17,850 ordinary shares, representing 51% equity interest in Bendera Berlian Sdn. Bhd. (“BBSB”) for a total cash consideration of RM2 only. Consequently, BBSB became a wholly-owned subsidiary of LBS Bina.
- (ii) On 7 April 2023, LBS Bina acquired 25,000 ordinary shares, representing 10% equity interest in Koleksi Sigma Sdn. Bhd. (“KSSB”) for a total cash consideration of RM4,100,000 only. Consequently, KSSB became a 85% owned subsidiary of LBS Bina.
- (iii) On 13 April 2023, MGB Development Sdn. Bhd. (“MDSB”) (formerly known as MGB Kampar Development Sdn. Bhd.), an indirect wholly-owned subsidiary of MGB Berhad (“MGB”), an indirect 58.65% subsidiary of the Company, had increased its paid-up share capital from 750,000 to 1,000,000 ordinary shares. MGB Land Sdn. Bhd., a direct wholly-owned subsidiary of MGB has subscribed for additional 250,000 ordinary shares in MDSB by way of capitalisation.
- (iv) On 10 May 2023, LBS Bina acquired 500,000 ordinary shares, representing 100% equity interest in Pelangi Kolonel Sdn. Bhd. (“PKSB”) for a total cash consideration of RM9,000 only. Consequently, PKSB became a wholly-owned subsidiary of LBS Bina.
- (v) On 18 May 2023, LBS Bina had subscribed for 100 ordinary shares in LBS Healthcare Sdn. Bhd. (“LHSB”) for a total cash consideration of RM100 only. Consequently, LHSB became a wholly-owned subsidiary of LBS Bina.
- (vi) On 30 May 2023, Green Technology Solar Sdn. Bhd. (“GTSSB”), a wholly-owned subsidiary of LBS Bina, had increased its paid-up share capital from 100 to 1,000,000 ordinary shares. LBS Bina has subscribed for additional 999,900 ordinary shares in GTSSB for a total cash consideration of RM999,900 only.
- (vii) On 8 June 2023, the Company had subscribed for 100 ordinary shares in LBS Wellness Holdings Sdn. Bhd. (“LWHSB”) for a total cash consideration of RM100 only. Consequently, LWHSB became a wholly-owned subsidiary of the Company.

A12. Material events subsequent to the end of financial period

- (i) On 6 July 2023, the Company’s direct 60%-owned dormant subsidiary, SPJ Construction Sdn. Bhd. has been placed under Members’ Voluntary Winding-up pursuant to Section 439 (1)(b) of the Companies Act 2016.

The Members' Voluntary Winding-up of SPJ will not have any material impact on the net assets and earnings per share of the Group for the financial year ending 31 December 2023.
- (ii) On 7 July 2023, LBS Bina had subscribed for 100 ordinary shares in Central Valley Ventures Sdn. Bhd. (“CVVSB”) for a total cash consideration of RM100 only. Consequently, CVVSB became a wholly-owned subsidiary of LBS Bina.
- (iii) On 31 July 2023, LBS Bina disposed of 60 ordinary shares in LHSB to LWHSB. Consequently, LHSB became a 60% subsidiary of LWHSB.
- (iv) On 1 August 2023, LHSB had increased its paid-up share capital from 100 to 500,000 ordinary shares and LHSB has subscribed for 299,940 ordinary shares for a total cash consideration of RM299,940 and LHSB remained as a 60% subsidiary of LWHSB.

There were no other material subsequent events as at 14 Aug 2023, 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 2023 were as follows:

	Amount RM'000
Approved and contracted for:	
a) Property development lands	415,548
b) Construction of right-of-use assets	51,699
c) Acquisition of property, plant and equipment	8,161
Authorised but not contracted for:	117,900
a) Property development lands	117,900
	<u>593,308</u>

A14. Contingent assets or contingent liabilities

	30.06.2023 RM'000	30.06.2022 RM'000
Bank guarantees for:		
- Property development	97,310	42,552
- Construction contracts	-	72
- Others	65	55
	<u>97,375</u>	<u>42,679</u>

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

A15. Significant related party transactions

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

	Amount RM'000
Income	
Rental income	3
Sale of development properties	851
Expenses	
Rental income	3
Contractors' fees	7,812
Equity instrument	4,100
Lease expenses	23
Profit sharing to landowner	162
Rendering of services	828

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

- (i) A company in which certain Directors of the Company and its subsidiaries has financial interest;
- (ii) A person or companies that have financial interest in subsidiaries;
- (iii) Directors or key management personnel of subsidiaries of the Company and their close family members;
- (iv) An associate of the Company; and
- (v) A substantial shareholder 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			Cumulative Period		
	Current Year	Preceding	Changes	Current Year	Preceding Year	Changes
	Quarter	Year Quarter		To date	To date	
	30.06.2023	30.06.2022	%	30.06.2023	30.06.2022	%
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Property Development	358,140	391,993	-9%	728,575	785,472	-7%
Construction and Trading	219,530	130,161	69%	388,320	304,171	28%
Management and Investment	67,980	13,624	399%	82,726	32,869	152%
Motor Racing Circuit	4,647	2,962	57%	8,600	6,651	29%
Hotel	1,750	2,664	-34%	3,231	4,382	-26%
Others	16,299	8,994	81%	31,286	15,828	98%
	<u>668,346</u>	<u>550,398</u>	21%	<u>1,242,738</u>	<u>1,149,373</u>	8%
Less: Inter-segment revenue	<u>(292,953)</u>	<u>(140,027)</u>	-109%	<u>(482,487)</u>	<u>(329,980)</u>	-46%
	<u>375,393</u>	<u>410,371</u>	-9%	<u>760,251</u>	<u>819,393</u>	-7%
Profit/(Loss) before tax						
Property Development	43,356	68,240	-36%	92,888	120,229	-23%
Construction and Trading	16,387	2,883	468%	29,843	13,846	116%
Management and Investment	2,488	(12,675)	120%	(1,241)	(17,905)	93%
Motor Racing Circuit	(1,629)	(4,719)	65%	(3,387)	(6,968)	51%
Hotel	(1,877)	(448)	-319%	(3,370)	(1,953)	-73%
Others	(1,545)	(332)	-365%	(2,830)	(37)	-7549%
	<u>57,180</u>	<u>52,949</u>	8%	<u>111,903</u>	<u>107,212</u>	4%

For the current quarter ("2Q2023"), the Group recorded revenue of RM375 million and profit before tax ("PBT") of RM57 million as compared to revenue of RM410 million and PBT of RM53 million in the previous year corresponding quarter.

For the six months ended 30 June 2023 ("PTD2023"), the Group achieved revenue of RM760 million and PBT of RM112 million as compared to revenue of RM819 million and PBT of RM107 million in the corresponding period last year.

The analysis of the performance of the respective operating business segment for the PTD2023 is as follows:

Property Development

For the PTD2023, Property Development segment recorded revenue of RM729 million and PBT of RM93 million respectively as compared to revenue of RM785 million and PBT of RM120 million in the corresponding period last year.

The decrease in revenue and PBT were mainly due to certain development projects were near their completion before vacant possession.

Development projects within the Klang Valley remained as the largest revenue and PBT contributor, where their revenue accounted for more than 88% of the Group's revenue for the current financial period.

B1. Review of Group performance (cont'd)

Construction and Trading

For the PTD2023, Construction and Trading segment achieved revenue and PBT of RM388 million and RM30 million respectively as compared to revenue of RM304 million and PBT of RM14 million in the corresponding period last year.

The revenue was primarily contributed from in-house projects. The increase in PBT was mainly due to cost savings from completed construction contracts and cost optimisation.

Management and Investment

For the PTD2023, Management and Investment segment achieved revenue and loss before taxation ("LBT") of RM83 million and RM1 million respectively as compared to revenue of RM33 million and LBT of RM18 million in the corresponding period last year.

The improvement in revenue and LBT were mainly due to higher intra-group income from dividend, project management fees and interest.

Motor Racing Circuit

For the PTD2023, Motor Racing Circuit segment recorded revenue of RM8.6 million and LBT of RM3 million as compared to revenue of RM6.7 million and LBT of RM7 million in the corresponding period last year.

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

Hotel

For the PTD2023, Hotel operation recorded revenue of RM3.2 million and LBT of RM3.4 million as compared to revenue of RM4.4 million and LBT of RM2.0 million in the corresponding period last year.

The decrease in revenue and increase in LBT were mainly due to lower room occupancy rates.

Others

Others segment mainly comprises of retail mall and car park management, provision of treasury management and money lending services.

For the PTD2023, other segment recorded revenue of RM31 million and LBT of RM3 million as compared to revenue of RM16 million and LBT of RM37,000 in the corresponding period last year.

The increase in revenue was mainly due to higher intra-group interest income from treasury management services and increase in mall revenue.

The increase in LBT was mainly due to higher intra-group expenses of project management fees, interest and other administrative expenses.

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

	Current Quarter 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Changes (%)
Revenue	375,393	384,858	-2%
Profit before tax ("PBT")	57,180	54,723	4%

For the 2Q2023, the Group recorded revenue of RM375 million and PBT of RM57 million as compared to revenue of RM385 million and PBT of RM55 million in the immediate preceding quarter.

Although revenue declined, PBT improved due to higher profit margins on development projects.

B3. Group's prospects for the current financial year

As of 21st August 2023, the Group has secured RM1.1 billion in new property sales with bookings in the pipeline, amounting to RM364.1 million that are poised for conversion.

To-date, we have successfully launched projects valued at RM1.5 billion, and we are on course to further launch an estimated RM1.6 billion worth of development projects spanning across Klang Valley, Johor, Pahang and Perak. The Group remains vigilant and nimble to push toward our 2023 sales target of RM2.0 billion.

Meanwhile, the Group maintains a robust unbilled sales of RM2.5 billion as at 31st July 2023, which substantiates our sustained earnings visibility. In the second half of the year, we will complete and handover 8 projects to new homeowners which is expected to boost the Group's cash position and profitability.

The Group believes that the Industrialised Building System ("IBS"), is instrumental to greater productivity at a lower cost and it is an effective strategy to reduce construction time, minimize material wastage, resolve labour issues, reduce environmental impact and enhance overall quality. Our incorporation of IBS precast system into our project supports our government's mission and equips us with the capability to meet the escalating demand for affordable housing in Malaysia.

This IBS strategy also supports the Group's on-going dedication to sustainability. The Group will increase its commitment to upholding ESG (Environmental, Social, and Governance) best practices through further digitalisation, biodiversity, waste and energy management, decarbonisation initiatives and sustainable procurement/supply chain.

Navigating forward, the Group will continue to manage and optimise its operations and talents, an ongoing endeavour which garnered us the recognition as one of the Malaysia's Best Managed Companies from leading global consulting firm Deloitte for the second consecutive year. The Group will continue to adopt precise strategies while staying attuned to emerging trends. This commitment is aimed at enhancing stakeholder value and drive sustainable business growth, propelling the Group towards even greater achievements.

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 30.06.2023 RM'000	Preceding year Quarter 30.06.2022 RM'000	Current year To date 30.06.2023 RM'000	Preceding year To date 30.06.2022 RM'000
Current tax provision	19,654	22,305	34,151	37,623
Deferred tax	789	(2,542)	4,643	2,605
Total tax expense	<u>20,443</u>	<u>19,763</u>	<u>38,794</u>	<u>40,228</u>

The effective tax rate of the Group for the current quarter and financial year were higher than the statutory tax rate of 24% mainly due to losses of certain subsidiaries which cannot set off against taxable profits made by other subsidiaries, 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 14 August 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- (i) On 31 March 2021, the Company's indirect subsidiary, 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.

- (ii) On 8 April 2021, the Company's indirect subsidiary, Leapte Engineering Sdn. Bhd. has entered into a 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.

On 6 October 2022, the Board of Directors of the Company announced that both parties have agreed to extend the Compliance Period (which is expiring on 7 October 2022) for another 12 months to 7 October 2023 for the fulfillment of the Conditions Precedent as stipulated in the Reclamation and Development Agreement dated 8 April 2021.

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

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 14 August 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report: (cont'd)

- (iii) On 21 March 2022, the Company entered into a Heads of Agreement (“HOA”) with Ancom Berhad, Nylex (Malaysia) Berhad, Sinar Bina Infra Sdn. Bhd. (“SBI”) and BTS Group Holdings Public Company Limited (“BTS”) for the collaboration to build and operate a light rail transport (“LRT”) system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the “Transit-Oriented Development” concept in Johor Bahru metropolitan region.

The HOA is subject to the completion of a feasibility study to be conducted by BTS and professional consultants, the grant of the LRT Project concessions by the state government of Johor to SBI and signing of definitive agreements.

On 21 March 2023, the Company announced to extend the agreement, which was expiring on 21 March 2023 for another 3 months to 21 June 2023.

Further to the announcement made on 21 March 2023, on 21 June 2023, the Company announced to extend the agreement, which was expiring on 21 June 2023 to 31 January 2024.

- (iv) On 22 July 2022, the Company’s indirect 69%-owned subsidiary, Casa Inspirasi Sdn. Bhd. has entered into a Sale and Purchase Agreement with Perbadanan Setiausaha Kerajaan Pahang to purchase two (2) pieces of leasehold lands held under H.S.(D) 19366 PT 24508 measuring approximately 61.65 acres and H.S.(D) 19365 PT24507 measuring approximately 248.30 acres in Mukim Bentong, District of Bentong, Negeri Pahang.

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

- (v) On 14 December 2022, Retro Court Sdn. Bhd. (“RCSB”), a wholly-owned indirect subsidiary of MGB Berhad (“MGB”), a listed subsidiary of the Company, entered into a Framework Agreement (“FA”) with Invest Energy Sdn. Bhd. (“IESB”) for collaboration to explore the potential design, finance, operation, use, and/or maintenance of clean energy solutions such as green energy (including but not limited to all types of renewable energy and energy efficiency solutions such as solar, biogas, biomass and/or combined heat and power) located at Kerteh Terengganu Industrial Park.

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

- (vi) On 13 January 2023, MGB, a listed subsidiary of the Company, entered into a Memorandum of Understanding (“MOU”) with SANY Alameriah For Construction Co., Ltd. (“SA”), a limited liability company incorporated at Kingdom of Saudi Arabia, in relation to collaborate and co-operate with each other for the installation of Industrialised Building System (“IBS”) precast concrete products up to 10,000 units of properties under the Government Sakani Program in Kingdom of Saudi Arabia and to be completed within Five (5) years [as hereinafter defined “Construction of Units”] and operate the precast concrete factory located in Jeddah (“Factory”) and supply of IBS precast concrete products for the Construction of Units [“Operation of Precast Concrete Manufacturing”]. The value of the supply and installation for the Construction of Units is approximately 2.5 billion SAR.

The Construction of Units and Operation of Precast Concrete Manufacturing are collectively known as “Projects” and is subject to terms to be mutually agreed and/or determined in a Definitive Agreement upon the successful award of the Construction of Units or any part thereof by the Awarder for the implementation of the Construction of Units between the Parties as the case may be.

The MOU has been superseded and replaced upon entering Joint Venture Agreement with SANY Alameriah Industrial, a branch of SA on 27 July 2023, and the said MOU shall be deemed completed and terminated.

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 14 August 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report: (cont'd)

- (vii) On 1 April 2023, the Company entered into a Memorandum of Understanding (“MOU”) with Sany Group Co., Ltd (“Sany”) to form the basis of understanding and to combine the respective efforts to collaborate and co-operate with each other for the following proposed projects: -
- (i) To jointly explore the proposal of using Sany Construction Engineering’s latest structural system (“SPCS”) for the development of 10,000 units of property across Asia (“Property Project”). The total project value of the Property Project is approximately RM3 billion; and
 - (ii) To jointly explore, research and plan for an Intelligent Deep-Water Port in Malacca by using Sany’s expertise in Artificial Intelligence (“AI”) manufacturing and port management technology to build a One-Stop Industrial 4.0 Hub Port in Malacca Waterfront Economic Zone (M-WEZ) comprising of free trade zones and oil and liquified natural gas industrial park, logistic and warehousing intelligent manufacturing, ship maintenance and other port-related business (“Port Project”). The total investment value of the Port Project is approximately RM8 billion.

The Company and Sany shall be collectively referred as the “Parties”.

The MOU shall be effective from the date of MOU and valid for a period of one year with an automatic extension for a further period of one year (“Validity Period”). The MOU is only valid as per the Validity Period, unless extended or renewed by mutual agreement of the Parties in writing.

- (viii) On 5 July 2023, the Company’s indirect wholly-owned subsidiary, Sejuta Bina Sdn. Bhd. has entered into a Joint Venture Agreement with Saga Tunas Sdn. Bhd. to jointly develop six (6) pieces of freehold vacant Malay Reserve Lands held under Geran Mukim 2503 (Lot 2735), Geran Mukim 2243 (Lot 2739), Geran Mukim 863 (Lot 2734), Geran Mukim 2516 (Lot 4101), Geran Mukim 2242 (Lot 2738) and Geran Mukim 509 (Lot 2742), with total land area measuring approximately 6.97 acres in Mukim Kuala Lumpur, Tempat Sungai Penchala, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur.

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

- (ix) On 6 July 2023, the Company’s direct 60%-owned dormant subsidiary, SPJ Construction Sdn. Bhd. (“SPJ”) has been placed under Members’ Voluntary Winding-up pursuant to Section 439 (1)(b) of the Companies Act 2016.

The Members’ Voluntary Winding-up of SPJ will not have any material impact on the net assets and earnings per share of the Group for the financial year ending 31 December 2023.

B7. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

Period ended 30.06.2023

	<u>Long-term</u> RM'000	<u>Short-term</u> RM'000	<u>Total borrowings</u> RM'000
<u>Secured</u>			
Bank overdrafts	-	66,116	66,116
Lease liabilities	9,361	14,932	24,293
Borrowings	213,575	534,017	747,592
Sukuk	40,742	4,452	45,194
Total borrowings	<u>263,678</u>	<u>619,517</u>	<u>883,195</u>

B8. Material litigation

There was no material litigation as at 14 August 2023, 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 2022:

On 18 April 2023, the Company has declared first interim single-tier dividend of 1.20 sen per ordinary share, which has been paid on 17 July 2023 to depositors registered in the Record of Depositors on 30 June 2023.

At the Annual General Meeting held on 20 June 2023, the shareholders of the Company approved final single-tier dividend of 1.25 sen per ordinary share, which will be paid on 14 September 2023 to depositors registered in the Record of Depositors on 30 August 2023.

B10. Earnings per share (“EPS”)**Basic EPS**

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

	Current Period to Date 30.06.2023	Preceding Period to Date 30.06.2022
Adjusted net profit attributable to ordinary equity holders (RM'000)	<u>55,893</u>	<u>57,675</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,545,289</u>	<u>1,559,988</u>
Basic EPS (sen)	<u>3.62</u>	<u>3.70</u>

Diluted EPS

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

	Current Period to Date 30.06.2023	Preceding Period to Date 30.06.2022
Adjusted net profit attributable to ordinary equity holders (RM'000)	<u>55,893</u>	<u>57,675</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,545,289</u> #	<u>1,560,086</u>
Diluted EPS (sen)	<u>3.62</u>	<u>3.70</u>

The number of shares under ESOS and/or RCPS were not taken into account in the computation of diluted earnings per share as the ESOS and/or RCPS 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 30.06.2023 RM'000	Current Year To Date 30.06.2023 RM'000
Allowance for impairment losses on:		
- Assets held for sale	-	172
- Goodwill arising on consolidation	-	15
- Receivables	809	1,057
Depreciation of:		
- Investment properties	686	1,369
- Property, plant and equipment	3,149	6,181
- Right-of-use assets	6,566	12,514
Fair value adjustment on trade receivables	9	100
Grant income	5,225	5,225
Property development costs written off	676	676
Property, plant and equipment written off	17	118
Provision for retirement benefits	1,509	3,017
Provision for staff economic compensation	12	4
Waiver of interest income	61	62
Net foreign exchange loss	(173)	(73)
Contingency sum accrued in prior years no longer required	(3,651)	(3,651)
Gain on remeasurement of previously held equity interest	(8)	(8)
Net loss / (gain) on disposal of:		
- Property, plant and equipment	(494)	(483)
- Right-of-use assets	-	(165)
Reversal of allowance for impairment losses on:		
- Investment in an associates	(14)	(304)
- Receivables	(624)	(810)

By Order of the Board,

Dato' Lim Mooi Pang
Executive Director

Petaling Jaya, Selangor Darul Ehsan
21 August 2023