

**Interim report for the first quarter ended 31<sup>st</sup> March 2018**

(These figures have not been audited)

**PART A – Compliance with Malaysia Financial Reporting Standard (MFRS) 134, Interim Financial Reporting and Bursa Listing Requirements**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of new International Financial Reporting Standards Compliant framework, Malaysia Financial Reporting Standards (MFRS), MFRS 134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

**A2. Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted for the interim financial statement are consistent with those of the audited financial statements for the year ended 31 December 2017. The Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:

|                        |  |
|------------------------|--|
| Amendments to MFRS 107 | Disclosure Initiative                                    |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |

Annual Improvements to MFRSs 2014-2016 Cycle

|                       |   |
|-----------------------|---|
| Amendments to MFRS 12 | Disclosure of Interests in Other Entities |
|-----------------------|---|

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

**A3. Auditor’s Report on Preceding Annual Financial Statements**

The Financial Statements of the Group for the preceding financial year ended 31 December 2017 were not subject to any qualification.

**A4. Comments about the Seasonality or Cyclicity of Interim Operation.**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

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**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows & Sensitivity Analysis of Market Risk**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows and sensitivity analysis of market risk that were unusual because of their nature, size or incidence for the current quarter.

**A6. Changes in Estimates**

There were no changes in estimates that had any material effect to the financial statements in the period under review.

**A7. Issuance, Cancellation, Repurchase, Resale and Repayment of Debts and Equity Securities**

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities in the current quarter and financial year to date under review.

**A8. Dividends Paid**

No dividends have been paid by the Company in the current quarter and financial year to date.

**A9. Operating Segment Information**

The Group has two business segments of which the revenue and result of business segments for the current quarter and financial year to date were as follows. Previously there were three business segments, as overseas machinery segment no longer meet the quantitative thresholds in accordance to FRS 8, Operating Segments, we have now combined the local machinery and overseas machinery under Machinery Segment.

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-----3 months ended 31-03-2018-----

| Business segments          | Property<br>Development | Machinery  | Adjustments<br>&<br>Eliminations | Total                |
|----------------------------|-------------------------|------------|----------------------------------|----------------------|
|                            | RM'000                  | RM'000     | RM'000                           | RM'000               |
| <b>Revenue:</b>            |                         |            |                                  |                      |
| External customers         | 205,597                 | -          | -                                | 205,597              |
| Inter-segment              | -                       | -          | -                                | -                    |
|                            | <u>205,597</u>          | <u>-</u>   | <u>-</u>                         | <u>205,597</u>       |
| <b>Results:</b>            |                         |            |                                  |                      |
| Segment results (external) | <b>39,572</b>           | <b>(3)</b> | -                                | <b>39,569</b>        |
| Unallocated expenses       |                         |            |                                  | -                    |
| Profit before tax          |                         |            |                                  | <u><b>39,569</b></u> |

-----Cumulative 3 months ended 31-03-2018-----

| Business segments          | Property<br>Development | Machinery  | Adjustments<br>and<br>Eliminations | Total                |
|----------------------------|-------------------------|------------|------------------------------------|----------------------|
|                            | RM'000                  | RM'000     | RM'000                             | RM'000               |
| <b>Revenue:</b>            |                         |            |                                    |                      |
| External customers         | 205,597                 | -          | -                                  | 205,597              |
| Inter-segment              | -                       | -          | -                                  | -                    |
|                            | <u>205,597</u>          | <u>-</u>   | <u>-</u>                           | <u>205,597</u>       |
| <b>Results:</b>            |                         |            |                                    |                      |
| Segment results (external) | <b>39,572</b>           | <b>(3)</b> | -                                  | <b>39,569</b>        |
| Unallocated expenses       |                         |            |                                    | -                    |
| Profit before tax          |                         |            |                                    | <u><b>39,569</b></u> |

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#### **A10. Valuation of Property, Plant and Equipment**

There were no changes to the valuation of property, plant, and equipment since the previous audited financial statements.

#### **A11. Material Subsequent Events**

There were no material events subsequent to the end of interim period that have not been reflected in the financial statements for the interim period.

#### **A12. Effects of Changes in Composition of Group**

On 23 January 2018, IDEAL had subscribed for 5,100,000 new ordinary shares in I-Global Property Network Sdn Bhd (“I-Global”), representing approximately 50.5% of the enlarged share capital of I-Global. I-Global shall henceforth be a subsidiary of IDEAL.

#### **A13. Contingent Liabilities and Contingent Assets**

There have been no changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2017.

#### **A14. Capital Commitments**

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2017.

#### **A15. Related Party Transactions**

There were no significant related party transactions in the interim financial statements.

#### **A16. Trade Receivables**

Trade receivables are non-interest bearing and are generally on 30 to 180 days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. Trade receivables that are past due but not impaired relate to a number of independent customers from whom there are no recent history of default.

### **PART B – Explanatory Notes Pursuant to Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

#### **B1 Review of Performance**

With the continuous steady take up rate from I-Santorini and additionally One Foresta and Forrestville revenue recognised upon the acquisition of I-Global Property Network Sdn Bhd, the Group recorded total revenue of RM205.597 million for the current quarter

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under review compared to RM46.074 million in the corresponding preceding quarter. There were no sales from the machinery segment for the current quarter.

The group achieved a profit before tax of RM39.569 million as compared to profit before tax of RM6.782 million in the corresponding preceding quarter due to the good take up rate and the progress of I-Santorini, One Foresta and Forrestville contributing to the profit of the Group.

#### **B2 Material changes in Profit before Tax for Current Quarter as Compared to the Preceding Quarter.**

|                           | <b>Current<br/>Quarter<br/>Ended<br/>31.03.18<br/>RM '000</b> | <b>Preceding<br/>Quarter<br/>Ended<br/>31.12.17<br/>RM '000</b> |
|---------------------------|---|---|
| Revenue                   | 205,597   | 93,028  |
| Profit/ (Loss) before Tax | 39,560  | 18,675  |

For the current quarter under review, the revenue had increased more than double from RM93.028 million in the immediate preceding quarter to RM205.597 million. Profit before tax also increased more than 100% from RM18.675 million to RM39.569 million due to the progress of construction of I-Santorini and inclusion of One Foresta and Forrestville. For I-Santorini, gross property sold amounted to RM815.744 million with unbilled sales of RM512.193 million. Percentage of completion for I-Santorini commercial and residential is 57%. For Foresta, gross property sold amounted to RM440.109 million with unbilled sales of RM174.428 million. For Forestville, gross property sold is RM450.567 million with unbilled sales of RM327.992 million. Percentage of completion is 77% and 45% respectively.

#### **B3. Prospects**

Barring unforeseen circumstances, the Board is expecting the property development sector to contribute further to the revenue and profit of the Group for the financial year ending 31 December 2018.

#### **B4. Variance of Profit Forecast and Profit Guarantee**

Not applicable as the Group had not disclosed any profit forecasts or made any profit guarantees.

#### **B5. Statement of the Board of Directors' Opinion as to whether Revenue or Profit Estimate, Forecast, Projection or Internal Targets are likely to be achieved.**

Not applicable as the Group has not announced or disclosed in a public document any revenue or profit estimate, forecast, projection or internal targets.

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**B6. Income tax expense**

|              | <b>Current quarter<br/>3 months ended</b> |                   | <b>Cumulative quarter<br/>12 months ended</b> |                   |
|--------------|---|-------------------|---|-------------------|
|              | <b>31.03.2018</b>                         | <b>31.03.2017</b> | <b>31.03.2018</b>                             | <b>31.03.2017</b> |
|              | <b>RM'000</b>                             | <b>RM'000</b>     | <b>RM'000</b>                                 | <b>RM'000</b>     |
| Current year | 9,869                                     | 1,732             | 9,869   | 1,732             |

For the quarter under review, the tax is approximate the statutory tax rate for the profitable subsidiary as the business losses carrying in the parent company cannot be utilised to set off the tax arisen from the profit in property sector.

**B7. Status of Corporate Proposals**

On 23 January 2018, the Board announced the following:

1. A total of 136,350,000 RCPS has been issued and allotted to ICT Innotech Sdn Bhd pursuant to its Undertaking. As such, the Proposed Issuance of RCPS is deemed complete.
2. IDEAL had subscribed for 5,100,000 new I-Global Shares in accordance with the terms and conditions of the Subscription Agreement. As such, the Proposed Subscription is deemed complete, I-Global shall henceforth be a subsidiary of the Company.

**B8. Group Borrowings and Debt Securities**

|  | <b>As at 1st quarter ended 31.03.2018</b> |                             |                         |
|--|---|-----------------------------|-------------------------|
|  | <b>Secured<br/>RM'000</b>                 | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| Short Term Bank Borrowings               | 108                                       | -                           | 108                     |
| Long Term Bank Borrowings                | 378                                       | -                           | 378                     |
| Redeemable Convertible Preference Shares | -   | 7,719                       | 7,719                   |
|  | <u>486</u>                                | <u>7,719</u>                | <u>8,205</u>            |

  

|  | <b>As at 1st quarter ended 31.03.2017</b> |                             |                         |
|--|---|-----------------------------|-------------------------|
|  | <b>Secured<br/>RM'000</b>                 | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| Short Term Bank Borrowings               | -   | -                           | -                       |
| Long Term Bank Borrowings                | -   | -                           | -                       |
| Redeemable Convertible Preference Shares | -   | -                           | -                       |
|  | <u>-</u>                                  | <u>-</u>                    | <u>-</u>                |

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**B9. Other Income**

Other income consists mainly of administrative charges and late payment interest.

**B10. Notes to the Statement of Comprehensive Income**

|   | <b>Current<br/>Quarter<br/>31/03/2018<br/>RM'000</b> | <b>Cumulative<br/>3 months ended<br/>31/03/2018<br/>RM'000</b> |
|---|--|--|
| a) Interest Income  | <b>31</b>  | <b>31</b>  |
| b) Other income including investment income                                 | <b>124</b>   | <b>124</b>   |
| c) Interest expense   | <b>4</b>   | <b>4</b>   |
| d) Depreciation and amortization  | <b>n/a</b>   | <b>n/a</b>   |
| e) Provision for and write off of receivables                               | <b>n/a</b>   | <b>n/a</b>   |
| f) Provision for and write off of inventories                               | <b>n/a</b>   | <b>n/a</b>   |
| g) Properties, plant & equipment written off                                | <b>n/a</b>   | <b>n/a</b>   |
| h) Gain/(loss) on disposal of properties, plant & equipment                 | <b>n/a</b>   | <b>n/a</b>   |
| i) Gain /(loss) on disposal of quoted and unquoted Investment or Properties | <b>n/a</b>   | <b>n/a</b>   |
| j) Gains on fair value changes of Investment Properties                     | <b>n/a</b>   | <b>n/a</b>   |
| k) Foreign exchange loss  | <b>n/a</b>   | <b>n/a</b>   |
| l) Gain /(loss) on derivatives  | <b>n/a</b>   | <b>n/a</b>   |
| m) Exceptional items (with details)   | <b>n/a</b>   | <b>n/a</b>   |

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**B11. Changes in Material Litigations**

There was no pending material litigation within the 7 days before the date of issue of this report.

**B12. Dividend**

The board of directors have not proposed any dividend for the current financial period ended 31 March 2018.

**B13. Earnings Per Share**

|   | 3 months ended |            | Cumulative 3 months ended |            |
|---|----------------|------------|---------------------------|------------|
|   | 31-03-2018     | 31-03-2017 | 31-03-2018                | 31-03-2017 |
| <b>(a) Basic earnings per share</b>   |                |            |                           |            |
| Profit/(Loss) for the period attributable to owners of the Company (RM'000) | 14,694         | 2,308      | 14,694                    | 2,308      |
| Number of ordinary shares in issued ('000)                                  | 110,468        | 110,468    | 110,468                   | 110,468    |
| Basic Earnings/(Loss) per share (sen)                                       | 13.30          | 2.09       | 13.30                     | 2.09       |

**(b) Diluted earnings per share**

Diluted earnings per share are not applicable as the exercise price for warrant is higher than the average market price of the Company's ordinary shares for the period under review.

**B14. Realised and Unrealised Losses**

|  | As at<br>31-03-2018<br>RM'000 | As at<br>31-03-2017<br>RM'000 |
|--|-------------------------------|-------------------------------|
| Total accumulated profit/(losses) of the Company and its subsidiary  |                               |                               |
| - Realised   | (3,890)                       | (24,216)                      |
| - Unrealised   | 2,294                         | 2,294                         |
| Total group accumulated profit/(losses) as per consolidated accounts | (1,596)                       | (21,922)                      |



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**By Order of the Board**

**LIM CHOO TAN  
(LS 0008888)**

**CHEW SIEW CHENG  
(MAICSA 7019191)  
Company Secretaries**

**Penang  
Date: 24<sup>th</sup> May 2018**

c.c     Securities Commission