

# IDEAL UNITED BINTANG INTERNATIONAL BERHAD (1215261-H)

## Interim report for the third quarter ended 30<sup>th</sup> September 2019

(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 2018.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018.

#### 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 2018. 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 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers to Investment Property
Annual Improvements to MFRSs 2014-2016 Cycle:	
- Amendments to MFRS 1	
- Amendments to MFRS 128	

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 2018 were not subject to any qualification.

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#### **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.

#### **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**

On 23 March 2016, the Company undertook a bonus issue of 55,234,200 free warrants on the basis of one warrant for every two existing ordinary shares in the Company. The expiry date of warrants is 30 March 2021.

The warrants exercised by the registered warrant holders to new ordinary shares during the financial period are as follows:

Date Of Exercise	Exercise Price	No. Of Warrants Exercised	Balance No. Of Warrants Outstanding
September 2019	RM1.00	164,500	55,069,700
October 2019	RM1.00	2,500	55,067,200

#### **A8. Dividends Paid**

On 4 November 2019, the Company paid interim dividend of 1 sen (2018: NIL) per share in respect of the financial year ending 31 December 2019 amounting to RM4.6 million (2018: RM NIL).

#### **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 General Trading.

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**-----3 months ended 30-09-2019-----**

<b>Business segments</b>	<b>Property Development</b>	<b>General Trading</b>	<b>Adjustments &amp; Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>				
External customers	146,656	5,746	-	152,402
Inter-segment	-	-	-	-
	<u>146,656</u>	<u>5,746</u>	<u>-</u>	<u>152,402</u>
<b>Results:</b>				
Segment results (external)	<b>21,937</b>	<b>467</b>	-	<b>22,404</b>
Unallocated expenses				-
Profit before tax				<u><b>22,404</b></u>

**-----Cumulative 9 months ended 30-09-2019-----**

<b>Business segments</b>	<b>Property Development</b>	<b>General Trading</b>	<b>Adjustments &amp; Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>				
External customers	427,932	12,772	-	440,704
Inter-segment	-	-	-	-
	<u>427,932</u>	<u>12,772</u>	<u>-</u>	<u>440,704</u>
<b>Results:</b>				
Segment results (external)	<b>75,689</b>	<b>747</b>	-	<b>76,436</b>
Unallocated expenses				-
Profit before tax				<u><b>69,510</b></u>

**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.

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#### **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**

There is an increase in share capital from RM110,468,402 to RM463,556,402 due to the acquisition of new subsidiaries during the year, namely Ideal Homes Properties Sdn Bhd, Premium Flame Development Sdn Bhd and Modular Platinum Sdn Bhd. There is a further increase in share capital to RM463,720,902 due to warrant conversion by shareholders as stated in Note A7.

#### **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 2018.

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

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2018.

#### **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**

The Group recorded total revenue of RM152.402 million for the current quarter under review compared to RM103.252 million in the corresponding preceding quarter. This represents an increase of 47.60%. One Foresta was completed in the first quarter. I-Santorini is completed in this quarter, while Forestville is at 90% completion. Imperial Grande is currently at 60% completion. The general trading segment recorded total revenue of RM5.746 million for the current quarter as the Group embarked in the business of trading building materials.

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The group achieved a profit before tax of RM23.374 million as compared to profit before tax of RM25.817 million in the corresponding preceding quarter, which represents an decrease of 9.46%, mainly due to higher administrative and sales & marketing expenses from the three newly acquired subsidiaries.

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

	<b>Current Quarter Ended 30.09.19 RM '000</b>	<b>Preceding Quarter Ended 30.06.19 RM '000</b>
Revenue	152,402	146,907
Profit/ (Loss) before Tax	23,374	47,138

For the current quarter under review, revenue increased by approximately 3.74% from RM146.907 million in the immediate preceding quarter to RM152.402 million. Profit before tax decreased by approximately 50.41% from RM47.138 million to RM23.374 million. For I-Santorini, gross property sold amounted to RM887.624 million and was completed during the current quarter. For Forestville, gross property sold is RM466.095 million with unbilled sales of RM116.079 million. Percentage of completion is 90%. One Foresta has a gross property sold value of RM487.607 million and was completed during the first quarter. Imperial Grande has a gross property sold value of RM306.925 with unbilled sales of RM194.706 million, at a percentage of complete of 60%.

#### **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 2019.

#### **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</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current year	4,748	6,562	23,628	27,393

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 15 October 2018, the Board announced the following:

1. Proposed acquisition of the entire equity interest in Modular Platinum Sdn Bhd, Ideal Homes Properties Sdn Bhd and Premium Flame Development Sdn Bhd from Tan Sri Datuk Ooi Kee Liang and Puan Sri Datuk Phor Li Wei for a total consideration of RM353,088,000
2. Proposed private placement of up to 393,084,300 new ordinary shares in IUBI ("IUBI Shares") ("Placement Share(s)"), representing up to 30% of the issued shares in IUBI ("Proposed Private Placement"), and
3. Proposed subdivision of every 1 existing IUBI Share into 2 ordinary shares in IUBI ("Subdivided Shares") ("Proposed Share Split")

Subsequent to the announcement on 15 October 2018, the Company and the Vendors have on 14 December 2018 entered into a supplemental share sale agreement to vary certain terms to the original SPA for the Proposed Acquisition ("Supplemental SPA"). On the same date, the Company, the Vendors and Modular have entered into a shareholders agreement to define their specific rights and obligations with respect to Modular upon completion of the SPA and Supplemental SPA ("Shareholders Agreement").

As the Proposed Private Placement and Proposed Share Split are conditional upon the Proposed Acquisition, the varied terms of the Proposed Acquisition would affect the terms of the Proposed Private Placement and Proposed Share Split. As a result of the Supplemental SPA and Shareholders Agreement, the varied terms of the Proposals (as redefined below) are as follows:

(i) Proposed acquisition by IUBI of the 20% equity interest in Modular and 100% equity interest in Ideal Homes and Premium Flame from Tan Sri Ooi and Puan Sri Phor for a total purchase consideration of RM191,468,000 ("Proposed Acquisition");

(ii) Proposed private placement of up to 296,112,300 IUBI Shares ("Placement Share(s)") representing up to 30% of the issued shares in IUBI ("Proposed Private Placement");

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(iii) Proposed subdivision of every 1 existing IUBI Share into 2 Subdivided Shares (“Proposed Share Split”); and

(iv) Proposed shareholders agreement with the Vendors, the Company (being a 20% shareholder of Modular after the completion of the Proposed Acquisition) and Modular to define the rights and obligations of the shareholders of Modular, which includes, among others, the rights of IUBI to acquire the remaining 80% equity interest in Modular from the Vendors at a purchase

On 21 February 2019, Bursa Securities had, vide its letter dated 21 February 2019 approved the the following:

(i) listing of and quotation for up to 191,468,000 new IUBI Shares to be issued as Purchase Consideration pursuant to the Proposed Acquisition;

(i) listing of and quotation for up to 296,112,300 new IUBI Shares to be issued pursuant to the Proposed Private Placement;

(iii) the Proposed Share Split;

(iv) listing of and quotation for up to 55,234,200 additional Warrants to be issued pursuant to the Adjustments (“Additional Warrants”);

(v) listing of and quotation for up to 55,234,200 new IUBI Shares to be issued pursuant to the exercise of the Additional Warrants;

(vi) listing of and quotation for up to 136,350,000 new IUBI Shares to be issued pursuant to the conversion of additional RCPS to be issued arising from the Adjustments; and

(vii) listing of and quotation for up to 323,240,000 new IUBI Shares to be issued pursuant to the Proposed Shareholders Agreement.

On 27 March 2019, the Company announced that the following proposals were duly passed at the Extraordinary General Meeting.

(a) Proposed acquisition by the Company of 20% equity interest in Modular Platinum Sdn Bhd (“Modular”), entire equity interest in Ideal Homes Properties Sdn Bhd (“Ideal Homes”) and the entire equity interest in Premium Flame Development Sdn Bhd (“Premium Flame”) from Tan Sri Datuk Ooi Kee Liang and Puan Sri Datuk Phor Li Wei (Collectively, the “Vendors”) for a total purchase consideration of RM191,468,000 (“Proposed Acquisition”);

(b) Proposed private placement of up to 30% of the issued shares of the Company involving up to 296,112,300 new ordinary shares in the Company;

(c) Proposed share split involving the subdivision of every 1 existing ordinary share in the Company into 2 ordinary shares held on an entitlement date to be determined later; and

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- (d) Proposed shareholders agreement between the Company, the vendors and Modular to define the rights and obligations of the shareholders of Modular, which includes, amongst others, the right of the Company to acquire the remaining 80% equity interest in Modular from the vendors at a purchase consideration of RM161,620,000.

On 15 April 2019, the Company announced the first batch of 73,555,000 consideration shares are issued to Vendors with respect to the acquisition of 20% equity interest in Modular and the entire equity interest in Premium Flame. Modular becomes an associate of the Company and Premium Flame becomes a wholly-owned subsidiary of the Company.

On 25 April 2019, the Company announced the second batch 117,913,000 consideration shares are issued to the Vendors with respect of the acquisition entire equity interest in Ideal Homes. Ideal Homes becomes a wholly-owned subsidiary of the Company.

On 28 June 2019, the Company announced the second Modular acquisition of 80% equity interest for a total purchase consideration of RM161,620,000. Modular becomes a wholly-owned subsidiary of the Company.

On 9 July 2019, the Company announced the acquisition of 1,000,000 ordinary shares representing 100% of the equity interest in Ideal Greencity Sdn Bhd for a purchase consideration of RM994,000.00. Ideal Greencity Sdn Bhd becomes a wholly-owned subsidiary of the Company.

On 13 September 2019, the Company announced that I Homes Properties Sdn Bhd, a subsidiary of the Company has entered into a conditional sale and purchase agreement with 1<sup>st</sup> Avenue Mall Sdn Bhd for the acquisition of a six-storey shopping mall for a cash consideration of RM153,000,000.00

#### B8. Group Borrowings and Debt Securities

	As at 3rd quarter ended 30.09.2019		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	346	-	346
Long Term Bank Borrowings #	14,420	-	14,420
Redeemable Convertible Preference Shares	-	17,132	17,132
	14,766	17,132	31,898

	As at 3rd quarter ended 30.09.2018		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	178	-	178
Long Term Bank Borrowings	508	-	508
Redeemable Convertible Preference Shares	-	77,719	77,719



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686	77,719	78,405
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\* consist of hire purchase

# consist of hire purchase and term loan

**B9. Other Income**

Other income consists mainly of bank interest received, late payment interest, forfeited deposits from cancellation of sales and PPA1M subsidy.

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

	<b>Current Quarter 30/09/2019 RM'000</b>	<b>Cumulative 9 months ended 30/09/2019 RM'000</b>
a) Interest Income	185	625
b) Other income including investment income	225	3,588
c) Interest expense	93	196
d) Depreciation and amortization	n/a	n/a
e) Provision for and write off of receivables	n/a	n/a
f) Provision for and write off of inventories	n/a	n/a
g) Properties, plant & equipment written off	n/a	n/a
h) Gain/(loss) on disposal of properties, plant & equipment	n/a	n/a
i) Gain /(loss) on disposal of quoted and unquoted Investment or Properties	n/a	n/a
j) Gains on fair value changes of Investment Properties	n/a	n/a
k) Foreign exchange loss	n/a	n/a
l) Gain /(loss) on derivatives	n/a	n/a
m) Exceptional items (with details)	n/a	n/a

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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 has declared a first interim single tier dividend of 1.0 sen per share, amounting to RM4,635,564.02 in respect of the financial year ending 31 December 2019 to all shareholders whose names appear on the Record of Depositor on 18 October 2019. The dividend was paid on 4 November 2019.

**B13. Earnings Per Share**

	<b>3 months ended</b>		<b>Cumulative 9 months ended</b>	
	<b>30-09-2019</b>	<b>30-09-2018</b>	<b>30-09-2019</b>	<b>30-09-2018</b>
<b>(a) Basic earnings per share</b>				
Profit for the period attributable to owners of the Company (RM'000)	15,760	8,417	46,327	38,681
Number of ordinary shares in issued ('000)	463,720	110,468	463,720	110,468
Basic Earnings per share (sen)	3.4	7.62	9.99	35.02
	<hr/>			
	<b>3 months ended</b>		<b>Cumulative 9 months ended</b>	
	<b>30-09-2019</b>	<b>30-09-2018</b>	<b>30-09-2019</b>	<b>30-09-2018</b>
<b>(b) Diluted earnings per share</b>				
Diluted Earnings per share (sen)	2.99	4.63	8.79	20.51
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**B14. Realised and Unrealised Losses**

	<b>As at 30-09-2019 RM'000</b>	<b>As at 30-09-2018 RM'000</b>
Total accumulated profit of the Company and its subsidiary		
- Realised	74,142	20,097
- Unrealised	2,294	2,294
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Total group accumulated profit as per consolidated accounts	76,436	22,391
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**By Order of the Board**

**LIM CHOO TAN**  
(LS 0008888)

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

**Penang**  
**Date: 29<sup>th</sup> Nov 2019**