

IDEAL UNITED BINTANG INTERNATIONAL BERHAD (1215261-H)

Interim report for the fourth quarter ended 31st December 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
December 2019	RM1.00	527,800	54,539,400

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 31-12-2019-----

Business segments	Property Development	General Trading	Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	124,790	4,878	-	129,668
Inter-segment	-	-	-	-
	<u>124,790</u>	<u>4,878</u>	<u>-</u>	<u>129,668</u>
Results:				
Segment results (external)	16,487	544	-	17,031
Unallocated expenses				-
Profit before tax				<u>17,031</u>

-----Cumulative 12 months ended 31-12-2019-----

Business segments	Property Development	General Trading	Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	552,723	17,650	-	570,373
Inter-segment	-	-	-	-
	<u>552,723</u>	<u>17,650</u>	<u>-</u>	<u>570,373</u>
Results:				
Segment results (external)	115,817	1,278	-	117,095
Unallocated expenses				-
Profit before tax				<u>117,095</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 RM464,251,202 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 RM129.668 million for the current quarter under review compared to RM172.212 million in the corresponding preceding quarter. This represents a decrease of 24.69%. One Foresta was completed in the first quarter while I-Santorini was completed in the third quarter. Forestville was completed during this quarter. Imperial Grande is currently at 70% completion. The general trading segment recorded total revenue of RM4.878 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 after tax of RM11.826 million attributable to the owners as compared to profit after tax of RM13.851 million in the corresponding preceding quarter, which represents a decrease of 14.61%, mainly due to 100% shareholding by the listed company on newly acquired subsidiaries, namely Ideal Homes Properties Sdn Bhd, Modular Platinum Sdn Bhd and Premium Flame Development Sdn Bhd. For year 2019, the comprehensive profit attributable to the owners of the parent amounts to RM58.153 million compared to RM52.532 million in year 2018, which represents an increase of 10.70%.

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

	Current Quarter Ended 31.12.19 RM '000	Preceding Quarter Ended 30.09.19 RM '000
Revenue	129,668	152,402
Profit/ (Loss) before Tax	17,031	23,374

For the current quarter under review, revenue decreased by approximately 14.91% from RM152.402 million in the immediate preceding quarter to RM129.668 million. Profit before tax decreased by approximately 27.14% from RM23.374 million to RM17.031 million. For I-Santorini, gross property sold amounted to RM887.624 million and was completed during the third quarter. For Forestville, gross property sold is RM466.095 million and was completed during the current quarter. 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 RM319.666 million with unbilled sales of RM153.949 million, at a percentage of completion of 70%. The Amarene has a gross property sold value of RM55.765 million with unbilled sales of RM49.518 million. This project is currently at 26% of completion.

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 2020.

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current year	4,708	7,152	28,336	34,513

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

(d) Proposed shareholders agreement between the Company, the vendors and Modular to define the rights and obligations of the shareholders of Modular, which includes,

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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 wholly-owned subsidiary of the Company has entered into a conditional sale and purchase agreement with 1st Avenue Mall Sdn Bhd for the acquisition of a six-storey shopping mall for a cash consideration of RM153,000,000.00

On 21 January 2020, the Company announced that Ideal Capital Venture Sdn Bhd, a wholly-owned subsidiary of the Company has signed a head of terms with PRIMA Corporation Malaysia to jointly develop the lands held under H.S.(D) 7472, No. PT Plot C and H.S. (D) 7473, No. PT Plot B, both located in Bandar Gelugor, Daerah Timur Laut, Pulau Pinang, with the total size of land measuring 65,720 square metres or approximately 16.24 acres and gross development value totaling RM828.6 million.

On 3 February 2020, the Company announced that Solaris Consortium Sdn Bhd, a sub-subsidiary of the Company has signed a Memorandum of Understanding with Penang Port Commission to Built, Operate and Transfer (BOT) Development of Swettenham Pier Cruise Terminal on PPC's land on part of Lot 53, Lot 36 and Lot 22, Daerah Timur Laut, Pulau Pinang measuring 2.38 acres.

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B8. Group Borrowings and Debt Securities

	As at 4th quarter ended 31.12.2019		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	335	-	335
Long Term Bank Borrowings #	13,893	-	13,893
Redeemable Convertible Preference Shares	-	18,022	18,022
	14,228	18,022	32,250

	As at 4th quarter ended 31.12.2018		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	178	-	178
Long Term Bank Borrowings	472	-	472
Redeemable Convertible Preference Shares	-	17,132	17,132
	650	17,132	17,782

* 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

	Current Quarter 30/09/2019 RM'000	Cumulative 9 months ended 30/09/2019 RM'000
a) Interest Income	246	871
b) Other income including investment income	403	3,991
c) Interest expense	206	403
d) Depreciation and amortization	n/a	n/a

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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

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.

The board of director has declared a second interim single tier dividend of 1.0 sen per share, in respect of the financial year ending 31 December 2019 to all shareholders whose names appear on the Record of Depositor on 30 April 2020. The dividend will be paid on 28 May 2020.

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B13. Earnings Per Share

	3 months ended		Cumulative 12 months ended	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
(a) Basic earnings per share				
Profit for the period attributable to owners of the Company (RM'000)	11,826	13,851	58,153	52,532
Number of ordinary shares in issued ('000)	464,251	110,468	464,251	110,468
Basic Earnings per share (sen)	2.55	11.12	12.53	46.03

	3 months ended		Cumulative 12 months ended	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
(b) Diluted earnings per share				
Diluted Earnings per share (sen)	2.22	7.42	10.33	28.84

B14. Realised and Unrealised Losses

	As at 31-12-2019 RM'000	As at 31-12-2018 RM'000
Total accumulated profit of the Company and its subsidiary		
- Realised	91,593	32,379
- Unrealised	2,294	2,294
Total group accumulated profit as per consolidated accounts	93,887	34,673

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By Order of the Board

**LIM CHOO TAN
(LS 0008888)**

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

**Penang
Date: 28th Feb 2020**