

# IDEAL UNITED BINTANG INTERNATIONAL BERHAD (1215261-H)

## Interim report for the third quarter ended 30<sup>th</sup> September 2020

(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 2019.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019.

#### 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 2019. 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:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers to Investment Property
Annual Improvements to MFRSs 2015-2017 Cycle:	- Amendments to MFRS 3
	- Amendments to MFRS 11
	- Amendments to MFRS 112
	- Amendments to MFRS 123

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 2019 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
January 2020	RM1.00	558,900	53,980,500
February 2020	RM1.00	171,000	53,809,500
March 2020	RM1.00	20,000	53,789,500
June 2020	RM1.00	52,000	53,737,500
August 2020	RM1.00	6,000	53,731,500

**A8. Dividends Paid**

On 28 May 2020, the Company paid second interim dividend of 1 sen (2019: 1 sen) per share in respect of the financial year ending 31 December 2019 amounting to RM4.6 million (2019: RM4.6 million).

**A9. Operating Segment Information**

The Group has three business segments of which the revenue and result of business segments for the current quarter and financial year to date were as follows. As overseas

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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.

## -----3 months ended 30-09-2020-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
External customers	46,438	2,185	4,523	53,146
Inter-segment	-	-	-	-
	<u>46,438</u>	<u>2,185</u>	<u>4,523</u>	<u>53,146</u>
<b>Results:</b>				
Segment results (external)	<b>(5,000)</b>	<b>63</b>	<b>2,290</b>	<b>(2,647)</b>
Unallocated expenses				-
Profit/(Loss) before tax				<u><b>(2,647)</b></u>

## -----Cumulative 9 months ended 30-09-2020-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
External customers	144,453	6,932	2,862	154,247
Inter-segment	-	-	-	-
	<u>144,453</u>	<u>6,932</u>	<u>2,862</u>	<u>154,247</u>
<b>Results:</b>				
Segment results (external)	<b>(8,592)</b>	<b>44</b>	<b>2,578</b>	<b>(5,970)</b>
Unallocated expenses				-
Profit/(Loss) before tax				<u><b>(5,970)</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**

There is an increase in share capital from RM464,251,202 to RM465,059,10 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 2019.

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

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2019.

#### **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 RM53.146 million for the current quarter under review compared to RM152.402 million in the corresponding preceding quarter. This represents a decrease of 65.12%. I-Santorini, One Foresta and Forestville was completed in the last financial year. Imperial Grande is currently at 88% completion while The

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Amarene is at 35% completion. The general trading segment recorded total revenue of RM2,185 million for the current quarter as the Group embarked in the business of trading building materials since year 2019. 1<sup>st</sup> Avenue Mall recorded total rental income of RM3.983 million for the current quarter.

The group achieved a loss after tax of RM21.759 million (after impairment of goodwill of RM20 million) attributable to the owners as compared to profit after tax of RM15.760 million in the corresponding preceding quarter.

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

	<b>Current Quarter Ended 30.6.20 RM '000</b>	<b>Preceding Quarter Ended 30.6.20 RM '000</b>
Revenue	53,146	39,633
Profit/ (Loss) before Tax	(21,676)	(30,748)

For the current quarter under review, revenue increased by approximately 34.10% from RM39.633 million in the immediate preceding quarter to RM53.146 million. Loss before tax decreased from RM30.748 million to loss before tax of RM21.676 million. Imperial Grande has a gross property sold value of RM358.441 million with unbilled sales of RM130.642 million, at a percentage of completion of 88%. The Amarene has a gross property sold value of RM77.281 million with unbilled sales of RM46.926 million. This project is currently at 35% 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. The Group has also embarked in the property management sector with the completion of the acquisition of 1<sup>st</sup> Avenue Mall in Penang.

#### **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 3 months ended</b>		<b>Cumulative quarter 9 months ended</b>	
	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>30.9.2020</b>	<b>30.9.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current year	2,365	4,748	936	23,628

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 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 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. The acquisition was completed in June 2020.

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.

**B8. Group Borrowings and Debt Securities**

	<b>As at 3rd quarter ended 30.9.2020</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short Term Bank Borrowings *	11,185	-	11,185
Long Term Bank Borrowings #	101,099	-	101,099
Redeemable Convertible Preference Shares	-	18,022	18,022
	<b>112,284</b>	<b>18,022</b>	<b>130,306</b>

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	As at 3rd quarter ended 30.9.2019		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Bank Borrowings	346	-	346
Long Term Bank Borrowings	14,420	-	14,420
Redeemable Convertible Preference Shares	-	17,132	17,132
	<u>14,766</u>	<u>17,132</u>	<u>31,898</u>

\* 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 and forfeited deposits from cancellation of sales.

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

	Current Quarter 30/9/2020 RM'000	Cumulative 9 months ended 30/9/2020 RM'000
a) Interest Income	83	787
b) Other income including investment income	837	1,559
c) Interest expense	334	852
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

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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 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.

**B13. Earnings Per Share**

	3 months ended		Cumulative 9 months ended	
	30-9-2020	30-9-2019	30-9-2020	30-9-2019
<b>(a) Basic earnings per share</b>				
Profit/(loss) for the period attributable to owners of the Company (RM'000)	(21,759)	15,760	(78,602)	46,327
Number of ordinary shares in issued ('000)	465,059	463,720	465,059	463,720
Basic Earnings per share (sen)	(4.68)	3.4	(16.90)	9.99



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	3 months ended		Cumulative 9 months ended	
	30-9-2020	30-9-2019	30-9-2020	30-9-2019
<b>(b) Diluted earnings per share</b>				
Diluted Earnings per share (sen)	(3.97)	2.99	(14.45)	8.79

**B14. Realised and Unrealised Profit/(Losses)**

	As at 30-9-2020 RM'000	As at 30-9-2019 RM'000
Total accumulated profit of the Company and its subsidiary		
- Realised	13,003	74,142
- Unrealised	2,294	2,294
Total group accumulated profit as per consolidated accounts	15,297	76,436

**By Order of the Board**

**LIM CHOO TAN**  
(LS 0008888)

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

**Penang**  
**Date: 30 November 2020**