

# **IDEAL UNITED BINTANG INTERNATIONAL BERHAD (1215261-H)**

## **Interim report for the fourth quarter ended 31st December 2021**

(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 2020.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

#### **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 2020. 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 References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3                      Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7      Interest rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108              Definition of Material

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 2020 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

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 was on 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 / Expired
March 2021	RM1.00	680,634	53,050,866

On 8 October 2021, the Company converted 34,261,000 redeemable convertible preference shares into 34,261,000 units of ordinary shares.

#### 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 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 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 31-12-2021-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
-				
<b>Revenue:</b>				
External customers	209,424	360	3,270	213,054
Inter-segment	-	-	-	-
	209,424	360	3,270	213,054
<b>Results:</b>				
Segment results (external)	<b>26,641</b>	<b>168</b>	<b>4,659</b>	<b>31,468</b>
Unallocated expenses				-
Profit/(Loss) before tax				<b>31,468</b>

-----Cumulative 9 months ended 31-12-2021-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
External customers	456,502	3,350	13,240	473,092
Inter-segment	-	-	-	-
	456,502	3,350	13,240	473,092
<b>Results:</b>				
Segment results (external)	<b>71,642</b>	<b>808</b>	<b>2,971</b>	<b>75,421</b>
Unallocated expenses				-
Profit/(Loss) before tax				<b>75,421</b>

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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 RM465,059,102 to RM465,739,736 due to warrant conversion by shareholders as stated in Note A7. All warrants already expired on 30 March 2021.

On 8 October 2021, the Company converted 34,261,000 redeemable convertible preference shares into 34,261,000 ordinary shares, thus increasing the shares to 500,000,736 units.

**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 2020.

**A14. Capital Commitments**

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2020.

**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.

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#### 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 RM213.054 million for the current quarter under review compared to RM162.339 million in the corresponding preceding quarter. This represents an increase of 31%. Imperial Grande was completed in the last financial year. The Amarene was completed in the current quarter. The general trading segment recorded total revenue of RM0.360 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 RM2.775 million for the current quarter.

The group achieved a profit after tax of RM29.371 million attributable to the owners as compared to profit after tax of RM21.925 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 31.12.21 RM '000</b>	<b>Preceding Quarter Ended 30.9.21 RM '000</b>
Revenue	213,054	97,092
Profit/ (Loss) before Tax	31,468	26,705

For the current quarter under review, revenue increased substantially from RM97.092 million in the immediate preceding quarter to RM213.054 million. Profit before tax of RM31.468 million was recorded for the current quarter.

In line with the Group's focus on developing affordable houses in strategic locations in Penang, the Group has launched Ideal Residency, a development in the heart of Penang Island with gross development value of RM520 million. This project has garnered positive response with high take up rate to-date. Sales has reached 85% and construction is currently at 14% of completion.

In addition to that, The Group is developing Havana Beach Residences, a beach-inspired affordable home development in Bayan Lepas with gross development value of RM535 million. This project is a hit among millennial as it is located in the fastest growing district in Penang. Sales is very encouraging at 60% and construction is currently at 11% of completion.

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#### 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 2022 with the progress of Ideal Residency and Havana Beach Residences. Besides, the Group now embarked on the selling of industrial lands with the announcement that the two subsidiaries (both of which are 70% owned) to purchase 17 parcels of freehold land for subdivision and sale.

#### 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.

#### B6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current year	6,552	4,983	20,880	8,919

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 28 January 2022, the Company announced that two of its subsidiaries (both of which are 70% owned), namely Lestari Duta Sdn Bhd ("LDSB") and Mujur Sinarjaya Sdn Bhd ("MSSB"), had on 27 January 2022 entered into two (2) conditional sale and purchase agreements ("SPA") with Aspen Bell Avenue Sdn Bhd ("Vendor") to acquire 17 parcels of freehold land situated in Daerah Seberang Perai Utara, Negeri Pulau Pinang.

- i) Proposed acquisition by LDSB of all those 7 parcels of freehold lands situated in Mukim 6, Daerah Seberang Perai Utara, Negeri Pulau Pinang held under GM 983 Lot 253, GM 984 Lot 254, GM 985 Lot 255, HSD 25059 Lot 12453, GM

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216 Lot 250, GM 217 Lot 251 and GM 218 Lot 252 measuring approximately 20,350,035 square feet (“Tranche A Lands”), for a total cash consideration of RM254,633,990.00, subject to the terms and conditions of the sale and purchase agreement between the Vendor and LDSB; and

- ii) Proposed acquisition by MSSB of all those 10 parcels of freehold lands situated in Mukim 3, Daerah Seberang Perai Utara, Negeri Pulau Pinang held under GM 305 Lot 12, GM 306 Lot 13, GM 307 Lot 14, GM 308 Lot 15, GM 309 Lot 16, GM 310 Lot 17, GM 1442 Lot 1676, GM 1929 Geran 148439 and GM 4049 Lot 20134 measuring approximately 15,994,570 square feet (“Tranche B Lands”) for a total cash consideration of RM220,725,066.00 subject to the terms and conditions of the sale and purchase agreement between the Vendor and MSSB.

#### B8. Group Borrowings and Debt Securities

	As at 4th quarter ended 31.12.2021		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	4,816	-	4,816
Long Term Bank Borrowings #	102,702	-	102,702
Redeemable Convertible Preference Shares	-	6,196	6,196
	<u>107,518</u>	<u>6,196</u>	<u>113,714</u>

  

	As at 4th quarter ended 31.12.2020		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	6,946	-	6,946
Long Term Bank Borrowings #	106,075	-	106,075
Redeemable Convertible Preference Shares	-	18,711	18,711
	<u>113,021</u>	<u>18,711</u>	<u>131,732</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.

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

	<b>Current Quarter 31/12/2021 RM'000</b>	<b>Cumulative 12 months ended 31/12/2021 RM'000</b>
a) Interest Income	<b>195</b>	<b>923</b>
b) Other income including investment income	<b>6,158</b>	<b>8,164</b>
c) Interest expense	<b>1,819</b>	<b>5,381</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>

**B11. Changes in Material Litigations**

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



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**B12. Dividend**

The board of directors have not proposed any dividend for the current financial period ended 31 December 2021.

**B13. Earnings Per Share**

	3 months ended		Cumulative 12 months ended	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
<b>(a) Basic earnings per share</b>				
Profit/(loss) for the period attributable to owners of the Company (RM'000)	29,371	21,925	58,996	(56,677)
Number of ordinary shares in issued ('000)	500,000	465,059	500,000	465,059
Basic Earnings per share (sen)	5.87	4.71	11.80	(12.19)

	3 months ended		Cumulative 12 months ended	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
<b>(b) Diluted earnings per share</b>				
Diluted Earnings per share (sen)	-	4.24	-	(10.49)

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

	As at 31-12-2021 RM'000	As at 31-12-2020 RM'000
Total accumulated profit of the Company and its subsidiary		
- Realised	84,637	25,642
- Unrealised	2,294	2,294
Total group accumulated profit as per consolidated accounts	86,931	27,936

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**By Order of the Board**

**LIM CHOO TAN  
(LS 0008888)**

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

**Penang  
Date: 28 Feb 2022**