

## **IDEAL UNITED BINTANG BERHAD (44676-M)**

### **Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(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 2015.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

##### **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 2015 except for the adoption of the following new MFRSs and amendments to MFRSs effective for financial periods beginning on or after 1 January 2016:-

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle	
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

## **IDEAL UNITED BINTANG BERHAD (44676-M)**

### **Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

Adoption of the new standards and amendments did not have any effect on the financial performance or position 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 2015 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.

#### **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 except Bonus Issue of 55,234,200 Warrants in IdealUBB (Warrant(S)) on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM1.00 each in IdealUBB (IdealUBB Shares) (Bonus Issue of Warrants) listed on Bursa Malaysia on 7 April 2016.

#### **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 segment revenue and result of business segments for the current quarter and financial year to date were as follows:

**IDEAL UNITED BINTANG BERHAD (44676-M)****Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

	----- 3 months ended 31-03-2016 -----				
	<b>Local Machinery</b>	<b>Local Property Development</b>	<b>Overseas Machinery</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>					
External customers	-	723	-	-	723
Inter-segment	-	-	-	-	-
	-	723	-	-	723
<b>Results:</b>					
Profit/(Loss) Before Tax	(374)	159	-	-	(215)

	----- Cumulative 3 months ended 31-03-2016 -----				
	<b>Local Machinery</b>	<b>Local Property Development</b>	<b>Overseas Machinery</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>					
External customers	-	723	-	-	723
Inter-segment	-	-	-	-	-
	-	723	-	-	723
<b>Results:</b>					
Profit/(Loss) Before Tax	(374)	159	-	-	(215)

**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.

## **IDEAL UNITED BINTANG BERHAD (44676-M)**

### **Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

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

There were no changes in the composition of the Group during the interim period including business combination, disposal of subsidiaries and long-term investments, restructuring and discontinued operations.

#### **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 2015.

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

There were no material capital commitments not recognised in the interim financial statements save and except for:-

	As at 31/03/16 RM'000	As at 31/12/15 RM'000
Share of joint venture commitment	140,000	140,000

The balance consideration payable to UDA Holding Berhad (“the Landowner”) pursuant to the Joint Venture Agreement dated 26 March 2014 is as follow:-

- (a) Balance of cash consideration of RM140,000,000: and
- (b) Construction cost of one block of residential building for the Landowner, actual cost of which is yet to be ascertained.

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

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

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

### **B1 (a) Review of Performance**

Although the Group recorded a drastic drop of 92% in revenue from RM9.076 mil to RM0.723 mil for the current quarter as compared to corresponding quarter preceding year, the loss before tax was lower by 84% which is RM0.215mil as compared to RM1.333 mil in the corresponding preceding quarter. The main contribution of the revenue for this quarter come from the property development segment which was making profit whilst the Group had suffered a gross loss of approximately 10% when sales of the machineries in bulk in correspondence preceding quarter.

**IDEAL UNITED BINTANG BERHAD (44676-M)**

**Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

(i) Sales of Machinery and Motor Vehicle

No sales were generated from this segment since quarter three of last financial year in line with the company direction in scaling down the machinery business compared with the preceding year corresponding quarter of RM9.076 million.

Loss before tax for current quarter was RM0.374 million against the preceding year corresponding quarter loss before tax of RM1.333 million for machinery segment mainly due gross loss incurred in selling of machinery in bulk in the preceding year corresponding quarter.

(ii) Local Property Development

The progress of construction work had further contributed to the Group by generating a revenue of RM0.723 million and profit before tax of RM0.159 million and there was no comparison for the corresponding quarter in preceding year due to the acquisition of subsidiary was completed in quarter three of financial year ended 31 December 2015.

**(b) Consolidated profit before tax**

The Group recorded a lower profit before tax for the current quarter of RM0.253 million as compared with the preceding year corresponding quarter loss before tax of RM1.333 million mainly due to the contribution from property development sector which was turning the Group from loss position as a result of declining business in sales of heavy machinery business and leading the Group to the profit making direction.

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

	<b>Current Quarter Ended 31.03.16 RM '000</b>	<b>Preceding Quarter Ended 31.12.15 RM '000</b>
Revenue	723	539
Profit/ (Loss) before Tax	(215)	(819)

The Group recorded a loss before tax of RM0.215 million which is 73.75% lower than the loss before tax of RM0.819million in the immediate preceding quarter. The lower loss achieved in the current quarter was mainly attributable to the profit contribution from property development sector and lower operating cost incurred.

## IDEAL UNITED BINTANG BERHAD (44676-M)

### Interim report for the first quarter ended 31<sup>st</sup> March 2016

(These figures have not been audited)

#### B3 Prospects

Barring unforeseen circumstances, the Board is expecting property development sector to contribute to the revenue and profit of the Group for the financial year ending 31 December 2016.

#### 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		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current year	38	37	38	37

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

- a) On 10 December 2015, subsequent to the announcement made on 11 August 2015, 28 September 2015 and 22 October 2015, the Board of Directors of Ideal United Bintang Berhad has announced that the shareholders of the Company at Extraordinary General Meeting on the event date had approved the following corporate proposals:-
  - i) Proposed private placement of up to 21,061,900 new ordinary shares of RM1.00 each in IDEALUBB ("IDEALUBB Shares") to independent third party investor(s) to be identified at a later date ("Proposed Private Placement");
  - ii) Proposed acquisition by Platinum Manifest Sdn Bhd, a wholly-owned subsidiary of IDEALUBB ("PMSB" or "Purchaser") from Bumimaju Gaya Sdn Bhd (formerly known as Meridian Atlantic Sdn Bhd) ("BGSB" or the "Vendor") of thirteen (13) units/parcels of commercial/office space numbered 4, 5B, 5C, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 25 including sixty (60) designated car park bays of

## **IDEAL UNITED BINTANG BERHAD (44676-M)**

### **Interim report for the first quarter ended 31<sup>st</sup> March 2016**

**(These figures have not been audited)**

the building complex known as Menara LA (formerly known as Menara Liang Court) (“Menara LA”) erected on Lot No. 1243, Seksyen 13, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang held under Geran No. 116617 (formerly known as Lot Nos. 1235 & 1236, Seksyen 13, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang held under Geran Nos. 60552 & 60553) (“Land”) located at No. 37, Jalan Sultan Ahmad Shah, 10050 Penang (“Property”) for a purchase consideration of RM19,200,000.00 (“Purchase Consideration”) (“Proposed Acquisition”);

iii) Proposed bonus issue of up to 55,234,200 Warrants in IDEALUBB (“Warrant(s)”) on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM1.00 each in IDEALUBB (“IDEALUBB Share(s)”) on an entitlement date to be determined later (“Proposed Bonus Issue of Warrants”);

iv) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 100,000,000 IDEALUBB Shares to RM500,000,000 comprising 500,000,000 IDEALUBB Shares (“Proposed IASC”); and

v) Proposed amendment to the Company’s Memorandum of Association to facilitate the implementation of the Proposed IASC (“Proposed Amendment”),

On 11 December 2015, the Board of Directors of IDEALUBB has announced that the Company has fixed the issue price at RM1.00 per Placement Share to be issued pursuant to the Private Placement. The issue price of RM1.00 per Placement Share represents a premium of approximately 10.01% or RM0.091 from the five (5)-day weighted average market price of IDEALUBB from 4 December 2015 to 10 December 2015 of approximately RM0.909 per share.

On 22 December 2015, the Board of Directors of IDEALUBB has announced the following:

- i) all conditions precedent as set out in the SPA has been met as at 22 December 2015;
- ii) the Consideration Shares has been credited as fully paid by IDEALUBB to the Vendor of the Property pursuant to the terms and conditions of the SPA for the Acquisition; and
- iii) the listing of and quotation for 19,200,000 Consideration Shares and 21,061,900 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m., 22 December 2015.

In relation hereto, the proposals are deemed completed and giving the latest issued and paid up capital of 110,468,400 units of ordinary shares at RM110,468,400.00 listed on Bursa Malaysia on 22 December 2015.

## IDEAL UNITED BINTANG BERHAD (44676-M)

### Interim report for the first quarter ended 31<sup>st</sup> March 2016

(These figures have not been audited)

On 31<sup>st</sup> March 2016, the bonus issue of up to 55,234,200 Warrants in IDEALUBB (“Warrant(s)”) on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM1.00 each in IDEALUBB (“IDEALUBB Share(s)”) on an entitlement date on 25<sup>th</sup> March 2016 is deemed completed following the listing of and quotation for 55,234,200 Warrants pursuant to the Bonus Issue of Warrants on the Main Market of Bursa Malaysia Securities Berhad on 7 April 2016.

a) The status of utilisation:-

As at 31<sup>st</sup> March 2016, the status of utilisation of the proceeds of RM21,061,900 received from issuance of 21,061,900 placement shares at the issue price of RM1.00 per ordinary share is as follows:-

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance Unutilised RM'000</b>
a) Initial Cost for redevelopment of Menara LA	13,000	11,931	1,069
b) General working capital for the Tanjong Tokong project	7,462	7,228	234
c) Expenses for the proposal	600	600	-
	<b>21,062</b>	<b>19,759</b>	<b>1,303</b>

#### **B8. Group Borrowings and Debt Securities**

The Group does not have any borrowings nor debt securities.



**IDEAL UNITED BINTANG BERHAD (44676-M)****Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

**B9. Notes to the Statement of Comprehensive Income**

	<b>Current Quarter 31/03/2016 RM'000</b>	<b>Cumulative 3 months ended 31/03/2016 RM'000</b>
a) Interest Income	<b>Neg.</b>	<b>Neg.</b>
b) Other income including investment income	<b>n/a</b>	<b>n/a</b>
c) Interest expense	<b>n/a</b>	<b>n/a</b>
d) Depreciation and amortization	<b>5</b>	<b>5</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 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>

Neg. means Negligible.

**B10. Changes in Material Litigations**

There was no pending material litigation within the 7 days before the date of issue of this report. On 27 November 2014, the Board of Directors of IDEALUBB has announced that United Bintang Machinery Sdn Bhd (“UBMSB”), a wholly-owned subsidiary of IDEALUBB, has on 3 October 2014 received a Letter of Claims, dated 30 September

## **IDEAL UNITED BINTANG BERHAD (44676-M)**

### **Interim report for the first quarter ended 31<sup>st</sup> March 2016**

**(These figures have not been audited)**

2014, from Messrs. Sidek Teoh Wong & Dennis, the solicitors of Hong Leong Bank Berhad (“HLBB”) for seeking an agreement, without reference to assessment of damage in the High Court, for compensation at the amount of RM2,100,000 (“the Letter of Claims”). The receipt of the Letter of Claims was in connection with the Civil Suit, where the High Court has on 25 February 2010 passed its judgement. The Company has written to Messrs. Sidek Teoh Wong & Dennis to confirm if they are representing HLBB because they are not record as acting for EON Bank Berhad.

On 18 November 2014, UBMSB received a summary of legal opinion in respect of the position of UBMSB with regards to the above Civil Suit (“the Summary Legal Opinion”). The complete set of cause papers from the above matter has yet to be delivered to the Company’s solicitors by the former solicitors of UBMSB.

In the Summary Legal Opinion, our solicitor informed that the High Court’s Judgement did not stipulate a liquidated sum and it was therefore for EON to file an application for assessment of damages to the High Court based on the High Court’s Judgement; unless the quantum of compensation is agreed between EON and UBMSB without necessitating further court application. Our solicitors opined that the wordings in the High Court Judgement are unclear and they believe that this issue needs further clarification from the High Court.

On 30 September 2014, the solicitors of HLBB wrote to the former solicitors of UBMSB seeking an agreement, without reference to assessment of damage in the High Court, for compensation at the amount of RM2,100,000.

Our solicitors are of the opinion that the claim of RM2,100,000 is incorrect and should not be taken as a reasonable benchmark of damages due to the following reasons:-

- a. The wordings in the High Court Judgement are unclear and need clarification;
- b. If reading upon the basis of EON’s claim, to quantify the claim for each machine, would be: the difference calculated should be value of the machine in 1994 minus value of machine in 1992 minus RM30,000; and
- c. Without ascertaining first the value of the machine in 1992, we cannot have the base number to calculate the difference.

The amount involved is expected to have major impact on the Group’s cash flow position and operation.

UBMSB and IDEALUBB are exposed to the losses resulted from the above claim, interest and legal cost in respect from the Letter of Claims. The group has made the provision of RM700,000 for this claim.

On 29 June 2015, the Board of Directors of IDEALUBB has announced that United Bintang Machinery Sdn. Bhd. (“UBMSB”), a wholly-owned subsidiary of IDEALUBB, has on 26 June 2015 confirmed the acceptance of the following terms of settlement as proposed by Hong Leong Bank Berhad (“HLBB”) via their letter Reference No. 51-014-460555-4 dated 24 June 2015 as full and final settlement for the Judgement dated 25 February 2010:-

## IDEAL UNITED BINTANG BERHAD (44676-M)

### Interim report for the first quarter ended 31<sup>st</sup> March 2016

(These figures have not been audited)

1. Initial RM100,000.00 to be paid on or before 29 June 2015;
2. The remaining RM450,000.00 to be paid in 4 installments as following:-
  - a) RM50,000.00 to be paid in 30 November 2015;
  - b) RM100,000.00 to be paid in 30 April 2016 and 30 September 2016;
  - c) RM200,000.00 to be paid in 31 December 2016.
3. The installment payment for RM450,000.00 to be secured in 4 post dated cheques with the following dates, 30 November 2015, 30 April 2016, 30 September 2016 and 31 December 2016 respectively; and
4. HLBB undertake not to enforce the Judgement insofar as the above installments are paid by UBMSB to HLBB on or before the respective due dates.

As at 31<sup>st</sup> March 2016, UBMSB has paid RM150,000.00 to HLBB and carrying the remaining instalments of RM400,000.00 which will be fully settled by end of this financial year.

#### B11. Dividend

The board of directors has not proposed any dividend for the current financial period ended 31 March 2016.

#### B12. Earnings Per Share

	3 months ended		Cumulative 3 months ended	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
<b>(a) Basic earnings per share</b>				
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	(314)	(1,370)	(314)	(1,370)
Number of ordinary shares in issued ('000)	110,468	70,207	110,468	70,207
Basic Earnings/(Loss) per share (sen)	(0.28)	(1.95)	(0.28)	(1.95)

#### (b) Diluted earnings per share

Diluted earnings per share is 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.

**IDEAL UNITED BINTANG BERHAD (44676-M)**

**Interim report for the first quarter ended 31<sup>st</sup> March 2016**

(These figures have not been audited)

**B13. Realised and Unrealised Losses**

	<b>As at 31-03-2016 RM'000</b>	<b>As at 31-03-2015 RM'000</b>
Total accumulated losses of the Company and its subsidiary		
- Realised	(43,893)	(42,852)
- Unrealised	2,294	2,294
	<hr/>	<hr/>
Total group accumulated losses as per consolidated accounts	<u>(41,599)</u>	<u>(40,558)</u>

**By Order of the Board**

**GUNN CHIT GEOK**  
(MAICSA 0673097)

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

**Penang**  
**Date: 24 May 2016**

c.c Securities Commission