

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

(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 2016.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016.

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 2016. 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 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
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	

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

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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 2016 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.

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 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 Machinery Segment.

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017
 (These figures have not been audited)

-----3 months ended 31-03-2017-----

Business segments	Property Development	Machinery	Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	46,075	-	-	46,075
Inter-segment	-	-	-	-
	<u>46,075</u>	<u>-</u>	<u>-</u>	<u>46,075</u>
Results:				
Segment results (external)	6,785	(4)	-	6,781
Unallocated expenses				-
Profit before tax				<u>6,781</u>

-----3 months ended 31-03-2016-----

Business segments	Property Development	Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	723	-	-	723
Inter-segment	-	-	-	-
	<u>723</u>	<u>-</u>	<u>-</u>	<u>723</u>
Results:				
Segment results (external)	159	(374)	-	(215)
Unallocated expenses				-
Profit before tax				<u>(215)</u>

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

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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

On 18 January 2017, the Board of Directors of IDEALUBB has announced that IDEALUBB and its subsidiaries ("the Group" or "IDEALUBB Group") proposes to undertake an internal reorganisation by way of a members' scheme arrangement under Section 176 of the Companies Act, 1965 ("Act") ("Proposed Internal Reorganisation") comprising the following proposals:

1. Proposed exchange of:-

- all existing ordinary shares of RM1.00 each in IDEALUBB ("IDEALUBB Shares") with new ordinary shares of RM1.00 each in a new investment holding company, Ideal United Bintang International Berhad ("Newco") ("Newco Shares") on a one-for-one basis; and
- all outstanding warrants 2016/2021 ("Newco Warrants") with new warrants to be issued by Newco on a one-for-one basis;

as at an entitlement date to be determined and announced by the Board ("Entitlement Date") ("Proposed Securities Exchange);

2. Proposed transfer of IDEALUBB's listing status to Newco, followed by the admission of Newco to and withdrawal of IDEALUBB from the Official List of Bursa Malaysia Securities Berhad, and the listing of and quotation for the new Newco Shares and Newco Warrants on the Main Market of Bursa Securities; and
3. Proposed transfer of IDEALUBB's entire shareholdings in its subsidiaries to Newco. Following the Proposed Securities Exchange, all of IDEALUBB's shareholdings in United Bintang Machinery Sdn Bhd, Platinum Manifest Sdn Bhd and I-Platinum Sdn Bhd will be transferred to Newco. The transfer will be done in the form of a distribution of assets in specie, by way of a reduction in IDEALUBB's capital under Section 64 of the Act.

The Company has today entered into a conditional scheme agreement with Newco for the Proposed Internal Reorganisation. Further updates will be announced accordingly.

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

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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 2016.

A14. Capital Commitments

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

	As at 31/03/17 RM'000	As at 31/12/16 RM'000
Share of joint venture commitment	80,000	<u>140,000</u>

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 RM80,000,000; 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 Review of Performance

With the continuous steady take up rate from I-Santorini, the Group recorded total revenue of RM46.074 million for the current quarter under review compared to RM0.723 million in the corresponding preceding quarter. There were no sales from the machinery segment for the current quarter.

The group achieved a profit before tax of RM6.782 million as compared to loss before tax of RM0.215 million in the corresponding preceding quarter due to the progress of I-Santorini contributing to the profit of the Group.

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

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

	Current Quarter Ended 31.03.17 RM '000	Preceding Quarter Ended 31.12.16 RM '000
Revenue	46,074	94,494
Profit/ (Loss) before Tax	6,782	13,080

For the current quarter under review, the revenue had drop by approximately 51% from RM94.494 million in the immediate preceding quarter to RM46.075 million while the profit before tax had drop by approximately 49% from RM13.080 million to RM6.782 million mainly due to the progress of construction of I-Santorini.

B3. Prospects

Barring unforeseen circumstances, the Board is expecting the property development sector to contribute to the revenue and profit of the Group for the financial year ending 31 December 2017.

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 3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Current year	1,732	38	1,732	38

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.

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017
(These figures have not been audited)

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 24th May 2017 being the latest practicable date which is not earlier than seven (7) days from the date of issue of this quarterly report apart from the Proposed Internal Reorganisation.

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 fourth quarter ended 31st March 2017
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B9. Notes to the Statement of Comprehensive Income

	Current Quarter 31/03/2017 RM'000	Cumulative 3 months ended 31/03/2017 RM'000
a) Interest Income	8	8
b) Other income including investment income	20	20
c) Interest expense	n/a	n/a
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

IDEAL UNITED BINTANG BERHAD (44676-M)

Interim report for the fourth quarter ended 31st March 2017

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B10. Changes in Material Litigations

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

B11. Dividend

The board of directors have not proposed any dividend for the current financial period ended 31 March 2017.

B12. Earnings Per Share

	3 months ended		Cumulative 3 months ended	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
(a) Basic earnings per share				
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	2,308	(314)	2,308	(314)
Number of ordinary shares in issued ('000)	110,468	110,468	110,468	110,468
Basic Earnings/(Loss) per share (sen)	2.09	(0.28)	2.09	(0.28)

(b) Diluted earnings per share

Diluted earnings per share are 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.

B13. Realised and Unrealised Losses

	As at 31-03-2017 RM'000	As at 31-03-2016 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(24,216)	(43,893)
- Unrealised	2,294	2,294
Total group accumulated losses as per consolidated accounts	(21,922)	(41,599)

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Interim report for the fourth quarter ended 31st March 2017
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By Order of the Board

GUNN CHIT GEOK
(MAICSA 0673097)

CHEW SIEW CHENG
(MAICSA 7019191)
Company Secretaries

Penang
Date: 30th May 2017

c.c Securities Commission