

UNITED BINTANG BERHAD (44676-M)

Interim report for the third quarter ended 30th September 2013

(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 2012.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

Significant Accounting Policies

The audited financial statement for the year ended 31 December 2012 were prepared in accordance with Malaysia Financial Reporting Standards (MFRS). The significant accounting policies adopted in preparing this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012.

The adoption of the new MFRS, Amendments to MFRS and Interpretations effective for annual period beginning 1 January 2013 have no significant changes in the accounting policies and presentation of the financial statements of the Group upon their initial application.

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

A2. 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.

A3. 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.

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A4. Material Changes in Estimates

There were no material changes in estimates of amounts reported in the current financial year or changes in estimates of amounts reported in prior financial years.

A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases and repayments of debts and equity securities in the current quarter and financial year to date.

A6. Dividends Paid

No dividend was paid by the Company in the current quarter and financial year to date.

A7. Operating Segment Information

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

----- 3 months ended 30-09-2013 -----

	Local Machinery & Motor Vehicle	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	114	3,726	-	3,840
Inter-segment	57	-	(57)	-
	171	3,726	(57)	3,840
Results:				
Profit /(Loss) Before Tax	22	(834)		(812)

----- Cumulative 9 months ended 30-09-2013 -----

	Local Machinery & Motor Vehicle	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	3,594	11,054	-	14,648
Inter-segment	3,250	-	(3,250)	-
	6,844	11,054	(3,250)	14,648
Results:				
Profit /(Loss) Before Tax	181	(759)		(578)

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A8. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment were brought forward without any amendment from the previous annual financial statements.

A9. Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A10. Changes in Composition of the Group

On 1 October 2013, the Company has acquired a wholly-owned subsidiary, Platinum Manifest Sdn Bhd ("PMSB"), a company incorporated in Malaysia. PMSB has an authorised capital of RM400,000.00 and paid up capital of RM2.00.

A11. 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 2012.

A12. Capital Commitments

There were no material capital commitments not recognised in the interim financial statements.

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A13. Related Party Transactions

The significant related party disclosures for the current quarter were as follows:

	Financial period ended 30-09-2013 RM
(i) Rental paid to a company in which a director has substantial interests.	108,000
(ii) Temporary loan from a director which is unsecured, interest free and is payable on demand.	1,805,000
(iii) Temporary loan from a substantial shareholder which is unsecured, interest free and is payable on demand.	4,900,000

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

B1 Segmental information

Local Sales of Machinery and Motor Vehicle

Current quarter revenue was at RM0.114 million compared with the preceding year corresponding quarter of RM1.580 million due to lower demand.

Profit before tax for current quarter was at RM0.022 million against the preceding year corresponding quarter of RM0.180 million due to lower revenue and declining margins.

Overseas Sales of Machinery

The revenue for current quarter was at RM3.726 million compared with the corresponding quarter of RM3.184 million in the preceding year arising from higher exports retail sales.

The loss before tax for the current quarter was at RM0.834 million against the corresponding quarter profit before tax of RM0.189 million in the preceding year due to lower margins.

Consolidated profit before tax

The Group current quarter loss was RM0.812 million compared with the preceding year corresponding quarter profit before tax of RM0.369 million mainly due to lower revenue and declining margins.

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

	Current Quarter Ended 30.09.13 RM '000	Preceding Quarter Ended 30.06.13 RM '000
Revenue	3,840	6,813
Profit/(Loss) before Tax	(812)	155

For the quarter under review, the Group recorded a loss of RM0.812 million against profit before tax of RM0.155 million in the preceding quarter mainly due to lower revenue and poor margins.

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B3 Prospects

The persistent uncertainties surrounding the recovery of the global economy and the resulting weak heavy machinery market will continue to be challenging for the Group in the remaining period to the end of the financial year. In the meantime, cost efficiency measures and exploration of all possible avenues to enhance distribution of heavy machinery will be employed to strengthen its revenue and financial position. To avoid over dependence on its core business, the Group has initiated the move to diversify its business through the Proposed Diversification which contribution could only be expected after this financial year.

B4. Variance of Profit Forecast and Profit Guarantee

Not applicable as the Group has 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 9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Current year	11	19	34	42
Under /(Over) provision in prior year	(1)	-	(1)	58
Deferred tax	-	-	-	-
	<u>10</u>	<u>19</u>	<u>33</u>	<u>100</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is lower than the statutory tax rate due to utilisation of unabsorbed losses and capital allowances brought forward from previous years of assessment.

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B7. Status of Corporate Proposals

On 21st October 2013, M&A Securities Sdn Bhd announced on behalf of the Board of Directors (“Board”) that the Company (“UBB”) and its subsidiaries (“the Group” or “UBB Group”) proposed to undertake the following proposals:

Proposed acquisition by Platinum Manifest Sdn Bhd, a wholly-owned subsidiary of UBB (“PMSB” or the “Purchaser”) from Meridian Atlantic Sdn Bhd (“MASB” or the “Vendor”) of ten (10) floors of office building being the fifteenth (15th) floor to twenty fourth (24th) floor of the building complex including fifty (50) designated car park bays known as Lot No. Pendaftaran 1243, Seksyen 13, Bandar Georgetown, Daerah Timur, Penang held under Geran No. 116617 (Formerly known as Lot Nos. 1235 & 1236, Seksyen 13, Bandar Georgetown, Daerah Timur Laut, Penang held under Geran Nos. Pendaftaran 60552 & 60553) located within Menara Liang Court at No. 37, Jalan Sultan Ahmad Shah, 10050 Penang (“Property”) for a cash consideration of RM15,037,634.70 (“Purchase Consideration”) (“Proposed Acquisition”); and

Proposed diversification of the business of the Company into the property development business (“Proposed Diversification”),

(collectively referred to as the “Proposals”).

The Proposed Acquisition is a related party transaction pursuant to the provisions of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) as the Vendor is a wholly-owned subsidiary of Lakaran Asia Sdn Bhd, a major shareholder holding 19.48% equity interest in the Company (“Interested Major Shareholder”).

The completion of the Sales and Purchase Agreement (SPA) is conditional upon the Purchaser obtaining the approval of the shareholders of UBB at an general meeting of the Company within a period of three (3) months from the date of the SPA which is 21st October 2013.

Further details on the above Proposals are contained in the announcement at www.ubb.com.my

The disclosure of the utilization of proceeds raised from any corporate proposal is not applicable.

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30-09-2013
RM'000**

Short term borrowings:

- Secured

5,893

The Group does not have any debt securities. All borrowings are secured and ringgit denominated.

B9. Notes to the Statement of Comprehensive Income

	Current Quarter 30/09/2013 RM'000	Cumulative 9 months ended 30/09/2013 RM'000
a) Interest Income	43	136
b) Other income including investment income	0	10
c) Interest expense	73	283
d) Depreciation and amortization	21	70
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 on disposal of properties, plant & equipment	14	14
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	(24)	(77)
l) Gain /(loss) on derivatives	n/a	n/a
m) Exceptional items (with details)	n/a	n/a

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B10. Changes in Material Litigations

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

B11. Dividend

No interim dividend was proposed for the financial period ended 30 September 2013.

B12. Basic Earnings Per Share

	3 months ended		Cumulative 9 months ended	
	30-09-2013	30-09-2012	30-09-2013	30-09-2012
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	(822)	350	(611)	706
<i>Number of ordinary shares ('000)</i>	<i>54,005</i>	<i>54,005</i>	<i>54,005</i>	<i>54,005</i>
Basic Earnings/(Loss) per share (sen)	(1.52)	0.65	(1.13)	1.31

B13. Realised and Unrealised Losses

	As at 30-09-2013 RM'000	As at 30-09-2012 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(34,921)	(34,192)
- Unrealised	-	-
Total group accumulated losses as per consolidated accounts	<u>(34,921)</u>	<u>(34,192)</u>

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B14. Qualification of Audit Report

There was no audit qualification in the preceding annual financial statement of the Group and Company for the financial year ended 31 December 2012.

By Order of the Board

TAN LEE HUAH
Financial Controller

Kuala Lumpur
Date:

c.c Securities Commission