

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

### **Interim report for the first quarter ended 31st March 2014**

(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 2013.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

##### **Significant Accounting Policies**

The audited financial statement for the year ended 31 December 2013 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 2013.

The adoption of the new MFRS, Amendments to MFRS and Interpretations effective for annual period beginning 1 January 2014 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.

##### **A4. Material Changes in Estimates**

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

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**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 31-03-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>					
External customers	220	-	1,679	-	2,296
Inter-segment	214	-	-	(214)	-
	434	-	1,679	(214)	1,899
<b>Results:</b>					
Loss Before Tax	(30)	-	(692)		(722)

----- Cumulative 3 months ended 31-03-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>					
External customers	220	-	1,679	-	2,296
Inter-segment	214	-	-	(214)	-
	434	-	1,679	(214)	1,899
<b>Results:</b>					
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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 interim period that have not been reflected in the financial statements for the interim period except for the following event:

- a) On 8<sup>th</sup> April 2014, the Company had announced the date of convening of Extraordinary General Meetings on 14<sup>th</sup> May 2014 to obtain the approval of the shareholders of the Company on corporate proposals reflected in Note B7.

**A10. 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.

**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 2013.

**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:

	<b>Financial period ended 31-03-2014 RM</b>
(i) Rental paid to a company in which a director has substantial interests.	36,000
(ii) Sale of spare parts and supply of labour to a company in which a director of the Company has substantial interest.	8,027

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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 RM0.220 million compared with the preceding year corresponding quarter of RM1.226 million due to lower demand.

Loss before tax for current quarter was at RM0.030 million against the preceding year corresponding quarter profit before tax of RM0.046 million due to lower revenue and declining margins.

Overseas Sales of Machinery

The revenue for current quarter was at RM1.679 million compared with the corresponding quarter of RM2.769 million in the preceding year due to lower demand.

The loss before tax for the current quarter was at RM0.692 million against the corresponding quarter profit before tax of RM0.033 million in the preceding year due to lower revenue and declining margins.

**Consolidated profit before tax**

The Group current quarter loss was RM0.722 million compared with the preceding year corresponding quarter profit before tax of RM0.079 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.**

	<b>Current Quarter Ended 31.03.14 RM '000</b>	<b>Preceding Quarter Ended 31.12.13 RM '000</b>
Revenue	1,899	2,296
Loss before Tax	(722)	(936)

For the quarter under review, the Group recorded a lower loss of RM0.722 million against loss before tax of RM0.936 million in the preceding quarter mainly due to better margins.

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**B3 Prospects**

Please refer to paragraph 4.4 under Prospect of the UBB Group in the Circular to Shareholders dated 9<sup>th</sup> April 2014 contained in the announcement at [www.ubb.com.my](http://www.ubb.com.my) and [www.bursamalaysia.com](http://www.bursamalaysia.com).

**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 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Current year	-	13	-	13
Under /(Over) provision in prior year	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>

There is no current year provision for tax expense as the Company has adjusted business loss.

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**B7. Status of Corporate Proposals**

a) Below are corporate proposals announced but not yet completed as at the date of issuance of this announcement:

1) 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.

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2) On 21<sup>st</sup> November 2013, M&A Securities Sdn Bhd announced on behalf of the Board of Directors that the Company proposed to implement a private placement of up to 16,201,500 new ordinary shares of RM1.00 each in UBB (“UBB Shares”) to independent third party investor(s) to be identified at a later date.

3) On 15<sup>th</sup> January 2014, the Company had announced proposed change of name of the Company from “United Bintang Berhad” to “Ideal United Bintang Berhad” (“Proposed Change of Name”).

The name “Ideal United Bintang Berhad” has been approved and reserved by the Companies Commission of Malaysia for the Company. The Proposed Change of Name is subject to the approval of the shareholders of the Company at the forthcoming Extraordinary General Meeting to be convened at a date to be announced later. The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Certificate of Incorporation on Change of Name of Company (Form 13) by the Companies Commission of Malaysia.

4) On 28<sup>th</sup> January 2014, M&A Securities Sdn Bhd announced on behalf of the Board that the Purchaser and Vendor have mutually agreed to extend the expiry date for fulfillment of the conditions precedent to the SPA to 20<sup>th</sup> April 2014.

5) On 19<sup>th</sup> February 2014, M&A Securities Sdn Bhd announced on behalf of the Board that Bursa Malaysia Securities Berhad had, on 18<sup>th</sup> February 2014, approved the listing of and quotation for up to 16,201,500 new UBB Shares to be issued pursuant to the Private Placement on the Main Market of Bursa Securities subject to some conditions.

6) On 19<sup>th</sup> March 2014, the application for extension of time up to 31<sup>st</sup> March 2014 to issue the circular to shareholders in relation to the proposed diversification and proposed private placement was approved by Bursa Malaysia with its letter dated 18<sup>th</sup> March 2014.

7) On 28<sup>th</sup> March 2014, the Purchaser and Vendor have mutually agreed to extend the expiry date to 20<sup>th</sup> May 2014 for fulfilment of the conditions precedent to the SPA as described in Note B7(a)(1)



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Further details on the above Proposals are contained in the announcement at [www.ubb.com.my](http://www.ubb.com.my) and [www.bursamalaysia.com](http://www.bursamalaysia.com)

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

**B8. Group Borrowings and Debt Securities**

	<b>As at 31-03-2014 RM'000</b>
Short term borrowings:	
- Secured	1,721

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

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

	<b>Current Quarter 31/03/2014 RM'000</b>	<b>Cumulative 3 months ended 31/03/2014 RM'000</b>
a) Interest Income	n/a	n/a
b) Other income including investment income	6	6
c) Interest expense	61	61
d) Depreciation and amortization	11	11
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	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

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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 31 March 2014.

**B12. Basic Earnings Per Share**

	3 months ended		Cumulative 3 months ended	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	(722)	66	(722)	66
<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)	(1.34)	0.12	(1.34)	0.12

**B13. Realised and Unrealised Losses**

	As at 31-03-2014 RM'000	As at 31-03-2013 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(38,789)	(34,978)
- Unrealised	2,244	734
Total group accumulated losses as per consolidated accounts	(36,545)	(34,244)

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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 2013.

**By Order of the Board**

**GUNN CHIT GEOK**  
**(MAICSA 0673097)**

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

**Penang**  
**Date: 14 May 2014**

c.c     **Securities Commission**