

IDEAL UNITED BINTANG BERHAD (44676-M)

(Formerly known as United Bintang Berhad)

Interim report for the second quarter ended 30th June 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, Resales and Repayments 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.

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 30-06-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	130	-	1,947	-	2,077
Inter-segment	118	-	-	(118)	-
	248	-	1,947	(118)	2,077
Results:					
Loss Before Tax	(49)	(1)	(411)		(461)

----- Cumulative 6 months ended 30-06-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	350	-	3,626	-	3,976
Inter-segment	332	-	-	(332)	-
	682	-	3,626	(332)	3,976
Results:					
Loss Before Tax	(79)	(1)	(1,103)		(1,183)

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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.

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

A13. Related Party Transactions

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

	Financial period ended 30-06-2014 RM
(i) Rental paid to a company in which a director has substantial interests.	72,000
(ii) Sale of spare parts and supply of labour to a company in which a director of the Company has substantial interest.	37,446

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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 RM0.130 million compared with the preceding year corresponding quarter of RM2.254 million due to lower revenue arising from scaling down of business.

Loss before tax for current quarter was at RM0.050 million against the preceding year corresponding quarter profit before tax of RM0.113 million due to lower revenue and declining margins arising from scaling down of business.

Overseas Sales of Machinery

The revenue for current quarter was at RM1.947 million compared with the corresponding quarter of RM4.559 million in the preceding year due to lower revenue arising from scaling down of business.

The loss before tax for the current quarter was at RM0.411 million against the corresponding quarter profit before tax of RM0.042 million in the preceding year due to lower revenue and declining margins arising from scaling down of business.

Consolidated profit before tax

The Group current quarter loss was RM0.461 million compared with the preceding year corresponding quarter profit before tax of RM0.144 million mainly due to lower revenue and declining margins arising from scaling down of business.

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

	Current Quarter Ended 30.06.14 RM '000	Preceding Quarter Ended 31.03.14 RM '000
Revenue	2,077	1,899
Loss before Tax	(461)	(722)

For the quarter under review, the Group recorded a lower loss of RM0.461 million against loss before tax of RM0.722 million in the preceding quarter mainly due to better margins and improved export sales.

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B3 Prospects

Uncertainties in the global economy is expected to continue to affect the heavy machineries demand and Group business performance. In this regard, to enhance the financials, the Group is in the midst of actively exploring into the property development business which is the primary aspect of its diversification plan.

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 6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Current year	-	11	-	24
Under /(Over) provision in prior year	-	-	-	-
Deferred tax	-	-	-	-
	-	11	-	24

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) The Board of Directors of Ideal United Bintang Berhad (F.K.A. United Bintang Berhad) (“the Company”) has announced on 14 May 2014 that the shareholders of the Company at Extraordinary General Meeting on the even date had approved for the following:-
- i) Proposed Acquisition by Platinum Manifest Sdn Bhd, a wholly owned subsidiary of Ideal United Bintang Berhad ("IUBB") ("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 for a cash consideration of RM15,037,634.70;
 - ii) Proposed Diversification of the Business of IUBB into the property development business; and
 - iii) Proposed Private Placement of up to 16,201,500 new ordinary shares of RM1.00 each in IUBB to independent third party investor(s) to be identified
- b) Bursa Malaysia Securities Berhad had vide its letter dated 15 August 2014, approved the application for an extension of time from 18 August 2014 until 17 February 2015 to implement the Private Placement.

B8. Group Borrowings and Debt Securities

The Group does not have any borrowings nor debt securities.

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B9. Notes to the Statement of Comprehensive Income

	Current Quarter 30/06/2014 RM'000	Cumulative 6 months ended 30/06/2014 RM'000
a) Interest Income	Neg.	Neg.
b) Other income including investment income	n/a	6
c) Interest expense	5	66
d) Depreciation and amortization	11	22
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	1
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

Neg. means Negligible.

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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 June 2014.

B12. Basic Earnings Per Share

	3 months ended		Cumulative 6 months ended	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	(461)	144	(1,183)	210
<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)	(0.85)	0.27	(2.19)	0.39

B13. Realised and Unrealised Losses

	As at 30-06-2014 RM'000	As at 30-06-2013 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(39,250)	(34,834)
- Unrealised	2,244	734
Total group accumulated losses as per consolidated accounts	(37,006)	(34,100)

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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

GUN CHIT GEOK
(MAICSA 0673097)

CHEW SIEW CHENG
(MAICSA 7019191)
Company Secretaries

Penang

Date:

c.c Securities Commission