

IDEAL UNITED BINTANG BERHAD (44676-M)

(Formerly known as United Bintang Berhad)

Interim report for the third quarter ended 30th September 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 30-09-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	631	-	-	-	631
Inter-segment	625	-	-	(625)	-
	1,256	-	-	(625)	631
Results:					
Loss Before Tax	(20)	-	(758)		(778)

----- Cumulative 9 months ended 30-09-2014 -----					
	Local Machinery	Local Property Development	Overseas Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	981	-	3,626	-	4,607
Inter-segment	957	-	-	(957)	-
	1,938	-	3,626	(957)	4,607
Results:					
Loss Before Tax	(99)	(1)	(1,861)		(1,961)

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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 30-09-2014 RM
(i) Rental paid to a company in which a director has substantial interests.	94,000
(ii) Sale of spare parts and supply of labour to a company in which a director of the Company has substantial interest.	38,969

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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 RM0.631 million compared with the preceding year corresponding quarter of RM0.114 million arising from improved local machinery sales.

Loss before tax for current quarter was at RM0.020 million against the preceding year corresponding quarter profit before tax of RM0.022 million due to declining margins.

Overseas Sales of Machinery

There was no revenue for the current quarter compared with the preceding year corresponding quarter of RM3.726 million due to scaling down of business.

The loss before tax for the current quarter was at RM0.758 million against the corresponding quarter loss before tax of RM0.834 million in the preceding year due to lower selling expenses.

Consolidated profit before tax

The Group current quarter loss before tax was RM0.778 million compared with the preceding year corresponding quarter loss before tax of RM0.812 million mainly due to lower selling expenses.

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

	Current Quarter Ended 30.09.14 RM '000	Preceding Quarter Ended 30.06.14 RM '000
Revenue	631	2,077
Loss before Tax	(778)	(461)

For the quarter under review, the Group recorded a higher loss before tax of RM0.778 million against loss before tax of RM0.461 million in the preceding quarter mainly due to lower margins and decline in 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 had plans to commence 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 9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Current year	-	11	-	34
Under /(Over) provision in prior year	-	(1)	-	(1)
Deferred tax	-	-	-	-
	-	10	-	33

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

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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 (“IDEALUBB”) (“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 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 IDEALUBB into the property development business; and
 - iii) Proposed Private Placement of up to 16,201,500 new ordinary share of RM1.00 each in IDEALUBB 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.
- c) On 30 September 2014, the Board of Directors 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 aforementioned issue price of RM1.00 per Placement Share represents a premium of approximately 22.32% or RM0.1825 from the five (5)-day weighted average market price of IUBB from 23 September 2014 to 29 September 2014 of approximately RM0.8175 per share.

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- d) On 10 October 2014, the Board of Directors has announced that 9,301,500 new ordinary shares of RM1.00 each has been issued giving rise to an issued and paid up share capital after the corporate proposal of 63,306,500 units of ordinary shares at RM63,306,500 as listed on Bursa Malaysia on 13 October 2014.
- e) On 4 November 2014, the Board of Directors 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 aforementioned issue price of RM1.00 per Placement Share represents a premium of approximately 18.60% or RM0.1568 from the five (5)-day weighted average market price of IUBB from 28 October 2014 to 3 November 2014 of approximately RM0.8432 per share.

- f) On 10 November 2014, the Board of Directors has announced that 3,000,000 new ordinary shares of RM1.00 each has been issued giving rise to an issued and paid up share capital after the corporate proposal of 66,306,500 units of ordinary shares at RM66,306,500 as listed on Bursa Malaysia on 11 November 2014.
- g) On 14 November 2014, the Board of Directors 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 aforementioned issue price of RM1.00 per Placement Share represents a premium of approximately 7.45% or RM0.0693 from the five (5)-day weighted average market price of IUBB from 7 November 2014 to 13 November 2014 of approximately RM0.9307 per share.

- h) On 18 November 2014, the Company has issued notice of Extraordinary General Meeting for the purpose of considering and if thought fit to pass the following resolutions, with or without modifications:-

Ordinary Resolution: Proposed Change of Auditors

RESOLVED "THAT Messrs UHY, Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of Messrs. MAZARS, to hold office until the conclusion of the forthcoming Annual General Meeting at a fee to be agreed by the Directors, pursuant to Section 172(15) of the Companies Act, 1965."

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- i) On 19 November 2014, with reference to the earlier announcements made in relation to the Proposed Acquisition, the Board of Directors has announced the following:-
- (i) all conditions precedent as set out in the SPA has been met as at 18 November 2014; and
 - (ii) the final payment of RM13.53 million has been paid by IUBB to the Vendor of the Property pursuant to the terms and conditions of the SPA for the Acquisition.

In relation thereto, the Acquisition is deemed completed.

- j) On 20 November 2014, the Board of Directors has announced that 3,900,000 new ordinary shares of RM1.00 each has been issued giving rise to an issued and paid up share capital after the corporate proposal of 70,206,500 units of ordinary shares at RM70,206,500 as listed on Bursa Malaysia on 21 November 2014.
- k) On 21 November 2014, the Board of Directors has announced that the Private Placement is deemed completed following the listing of and quotation for the final tranche of 3,900,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m., 21 November 2014.

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 30/09/2014 RM'000	Cumulative 9 months ended 30/09/2014 RM'000
a) Interest Income	Neg.	1
b) Other income including investment income	n/a	6
c) Interest expense	n/a	66
d) Depreciation and amortization	11	33
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

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 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 on 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.

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UBMSB and IDEALUBB are exposed to the losses resulted from the above claim, interest and legal cost in respect from the Letter of Claims.

B11. Dividend

No interim dividend was proposed for the financial period ended 30 September 2014.

B12. Basic Loss Per Share

	3 months ended		Cumulative 9 months ended	
	30-09-2014	30-09-2013	30-09-2014	30-09-2013
Loss for the period attributable to owners of the Company (RM'000)	(778)	(822)	(1,961)	(611)
<i>Number of ordinary shares ('000)</i>	<i>54,005</i>	<i>54,005</i>	<i>54,005</i>	<i>54,005</i>
Basic Loss per share (sen)	(1.44)	(1.52)	(3.63)	(1.13)

B13. Realised and Unrealised Losses

	As at 30-09-2014 RM'000	As at 30-09-2013 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(40,028)	(35,655)
- Unrealised	2,244	734
Total group accumulated losses as per consolidated accounts	(37,784)	(34,921)

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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: 28 November 2014

c.c Securities Commission