

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

(Formerly known as United Bintang Berhad)

### **Interim report for the first quarter ended 31st March 2015**

(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 2014.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.

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

The audited financial statement for the year ended 31 December 2014 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 2014.

The adoption of the new MFRS, Amendments to MFRS and Interpretations effective for annual period beginning 1 January 2015 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 under review except for the private placement of 16,201,500 new ordinary shares of RM1.00 each has been successfully completed during the financial year ended 31<sup>st</sup> December 2014.

**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 31-03-2015 -----					
	<b>Local Machinery</b>	<b>Local Property Development</b>	<b>Overseas Machinery</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>					
External customers	9,076	-	-	-	9,076
Inter-segment	8,836	-	-	(8,836)	-
	<u>17,912</u>	<u>-</u>	<u>-</u>	<u>(8,836)</u>	<u>9,076</u>
<b>Results:</b>					
Loss Before Tax	(1,370)	-	-	-	(1,370)

----- Cumulative 3 months ended 31-03-2015 -----					
	<b>Local Machinery</b>	<b>Local Property Development</b>	<b>Overseas Machinery</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>					
External customers	9,076	-	-	-	9,076
Inter-segment	8,836	-	-	(8,836)	-
	<u>17,912</u>	<u>-</u>	<u>-</u>	<u>(8,836)</u>	<u>9,076</u>
<b>Results:</b>					
Loss Before Tax	(1,370)	-	-	-	(1,370)

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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 2014.

**A12. Capital Commitments**

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

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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 RM9,076 million compared with the preceding year corresponding quarter of RM0.22 million due to bulk sales of machinery on hand to customers.

Loss before tax for current quarter was at RM1.370 million against the preceding year corresponding quarter loss before tax of RM0.03 million mainly due to higher cost of sales.

Overseas Sales of Machinery

There were no revenue recorded for the current quarter compared with the preceding year corresponding quarter of RM1.679 million due to desolated demand from overseas.

Hence, there were no gain nor loss for the current quarter for this segment against the corresponding quarter loss before tax of RM0.692 million in the preceding year.

**Consolidated profit before tax**

The Group current quarter loss before tax was RM1.370 million compared with the preceding year corresponding quarter loss before tax of RM0.722 million mainly due to higher cost of sale incurred.

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

	<b>Current Quarter Ended 31.03.15 RM '000</b>	<b>Preceding Quarter Ended 31.12.14 RM '000</b>
Revenue	9,076	345
Loss before Tax	(1,370)	(1,404)

For the quarter under review, the Group recorded a slight lower loss before tax of RM1.370 million against loss before tax of RM1.404 million in the preceding quarter mainly due to selling of local machinery to cover the increasing of cost of 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 to increase the shareholders' value.

**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	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Current year	37	-	37	-
Under /(Over) provision in prior year	-	-	-	-
Deferred tax	-	-	-	-
	<u>37</u>	<u>-</u>	<u>37</u>	<u>-</u>

The provision for taxation is mainly arising from subsidiary - United Bintang Machinery Sdn. Berhad. local sales of machineries.

**B7. Status of Corporate Proposals**

There were no corporate proposals announced which remained incomplete as at 7 May 2015.

**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**

	<b>Current Quarter 31/03/2015 RM'000</b>	<b>Cumulative 3 months ended 31/03/2015 RM'000</b>
a) Interest Income	<b>Neg.</b>	<b>Neg.</b>
b) Other income including investment income	<b>10</b>	<b>10</b>
c) Interest expense	<b>n/a</b>	<b>n/a</b>
d) Depreciation and amortization	<b>10</b>	<b>10</b>
e) Provision for and write off of receivables	<b>n/a</b>	<b>n/a</b>
f) Provision for and write off of inventories	<b>n/a</b>	<b>n/a</b>
g) Properties, plant & equipment written off	<b>n/a</b>	<b>n/a</b>
h) Gain on disposal of properties, plant & equipment	<b>n/a</b>	<b>n/a</b>
i) Gain /(loss) on disposal of quoted and unquoted Investment or Properties	<b>n/a</b>	<b>n/a</b>
j) Gains on fair value changes of Investment Properties	<b>n/a</b>	<b>n/a</b>
k) Foreign exchange loss	<b>n/a</b>	<b>n/a</b>
l) Gain /(loss) on derivatives	<b>n/a</b>	<b>n/a</b>
m) Exceptional items (with details)	<b>n/a</b>	<b>n/a</b>

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 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. The group has made the provision of RM700,000 for this claim.

**B11. Dividend**

No interim dividend was proposed for the financial period ended 31 March 2015.

**B12. Basic Loss Per Share**

	3 months ended		Cumulative 3 months ended	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Loss for the period attributable to owners of the Company (RM'000)	(1,370)	(722)	(1,370)	(722)
<i>Number of ordinary shares ('000)</i>	70,207	54,005	70,207	54,005
Basic Loss per share (sen)	(1.95)	(1.34)	(1.95)	(1.34)

**B13. Realised and Unrealised Losses**

	As at 31-03-2015 RM'000	As at 31-03-2014 RM'000
Total accumulated losses of the Company and its subsidiary		
- Realised	(42,852)	(38,789)
- Unrealised	2,294	2,244
Total group accumulated losses as per consolidated accounts	(40,558)	(36,545)



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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 2014.

**By Order of the Board**

**GUNN CHIT GEOK**  
(MAICSA 0673097)

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

**Penang**  
**Date: 7 May 2015**

c.c     Securities Commission