

Interim report for the second quarter ended 30th June 2018

(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 2017.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statement are consistent with those of the audited financial statements for the year ended 31 December 2017. The Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2014-2016 Cycle

Amendments to MFRS 12	Disclosure of Interests in Other Entities
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Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

A3. Auditor’s Report on Preceding Annual Financial Statements

The Financial Statements of the Group for the preceding financial year ended 31 December 2017 were not subject to any qualification.

A4. 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.

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A5. 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.

A6. Changes in Estimates

There were no changes in estimates that had any material effect to the financial statements in the period under review.

A7. Issuance, Cancellation, Repurchase, Resale and Repayment 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.

A8. Dividends Paid

No dividends have been paid by the Company in the current quarter and financial year to date.

A9. Operating Segment Information

The Group has two business segments of which the revenue and result of business segments for the current quarter and financial year to date were as follows. Previously there were three business segments, as overseas machinery segment no longer meet the quantitative thresholds in accordance to FRS 8, Operating Segments, we have now combined the local machinery and overseas machinery under Machinery Segment.

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-----3 months ended 30-06-2018-----

Business segments	Property Development	Machinery	Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	194,693	-	-	194,693
Inter-segment	-	-	-	-
	<u>194,693</u>	<u>-</u>	<u>-</u>	<u>194,693</u>
Results:				
Segment results (external)	46,363	(2)	-	46,361
Unallocated expenses				-
Profit before tax				<u>46,361</u>

-----Cumulative 6 months ended 30-06-2018-----

Business segments	Property Development	Machinery	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	400,291	-	-	400,291
Inter-segment	-	-	-	-
	<u>400,291</u>	<u>-</u>	<u>-</u>	<u>400,291</u>
Results:				
Segment results (external)	85,935	(5)	-	85,930
Unallocated expenses				-
Profit before tax				<u>85,930</u>

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A10. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant, and equipment since the previous audited financial statements.

A11. 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.

A12. Effects of Changes in Composition of Group

On 23 January 2018, IDEAL had subscribed for 5,100,000 new ordinary shares in I-Global Property Network Sdn Bhd (“I-Global”), representing approximately 50.5% of the enlarged share capital of I-Global. I-Global shall henceforth be a subsidiary of IDEAL.

A13. 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 2017.

A14. Capital Commitments

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2017.

A15. Related Party Transactions

There were no significant related party transactions in the interim financial statements.

A16. Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 180 days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. Trade receivables that are past due but not impaired relate to a number of independent customers from whom there are no recent history of default.

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

B1 Review of Performance

With the continuous steady take up rate from I-Santorini and additionally One Foresta and Forrestville, the Group recorded total revenue of RM194.693 million for the current quarter under review compared to RM47.214 million in the corresponding preceding quarter. There were no sales from the machinery segment for the current quarter.

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The group achieved a profit before tax of RM46.361 million as compared to profit before tax of RM8.79 million in the corresponding preceding quarter due to the good take up rate and the progress of I-Santorini, One Foresta and Forrestville contributing to the profit of the Group.

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

	Current Quarter Ended 30.06.18 RM '000	Preceding Quarter Ended 31.03.18 RM '000
Revenue	194,693	205,597
Profit/ (Loss) before Tax	46,361	39,560

For the current quarter under review, the revenue retreat by approximately 5.3% from RM205.597 million in the immediate preceding quarter to RM194.693 million. However, profit before tax increased by approximately 17.20% from RM39.560 million to RM46.361 million due to the progress of construction of I-Santorini and Forrestville. For I-Santorini, gross property sold amounted to RM840.265 million with unbilled sales of RM463.369 million. Percentage of completion for I-Santorini commercial and residential is 65%. For One Foresta, gross property sold amounted to RM458.646 million with unbilled sales of RM163.132 million. For Forestville, gross property sold is RM450.567 million with unbilled sales of RM296.248 million. Percentage of completion is 88% and 55% respectively.

B3. Prospects

Barring unforeseen circumstances, the Board is expecting the property development sector to contribute further to the revenue and profit of the Group for the financial year ending 31 December 2018.

B4. Variance of Profit Forecast and Profit Guarantee

Not applicable as the Group had 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.

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B6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Current year	10,963	2,205	20,832	3,937

For the quarter under review, the tax is approximate the statutory tax rate for the profitable subsidiary as the business losses carrying in the parent company cannot be utilised to set off the tax arisen from the profit in property sector.

B7. Status of Corporate Proposals

On 23 January 2018, the Board announced the following:

1. A total of 136,350,000 RCPS has been issued and allotted to ICT Innotech Sdn Bhd pursuant to its Undertaking. As such, the Proposed Issuance of RCPS is deemed complete.
2. IDEAL had subscribed for 5,100,000 new I-Global Shares in accordance with the terms and conditions of the Subscription Agreement. As such, the Proposed Subscription is deemed complete, I-Global shall henceforth be a subsidiary of the Company.

B8. Group Borrowings and Debt Securities

	As at 2nd quarter ended 30.06.2018		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	178	-	178
Long Term Bank Borrowings	630	-	630
Redeemable Convertible Preference Shares	-	77,719	77,719
	<u>808</u>	<u>77,719</u>	<u>78,527</u>

	As at 2nd quarter ended 30.06.2017		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	27	-	27
Long Term Bank Borrowings	101	-	101
Redeemable Convertible Preference Shares	-	-	-
	<u>128</u>	<u>-</u>	<u>128</u>

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B9. Other Income

Other income consists mainly of administrative charges, late payment interest and sale of additional carparks.

B10. Notes to the Statement of Comprehensive Income

	Current Quarter 30/06/2018 RM'000	Cumulative 6 months ended 30/06/2018 RM'000
a) Interest Income	190	221
b) Other income including investment income	974	1,098
c) Interest expense	5	9
d) Depreciation and amortization	n/a	n/a
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/(loss) 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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B11. Changes in Material Litigations

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

B12. Dividend

The board of directors have not proposed any dividend for the current financial period ended 30 June 2018.

B13. Earnings Per Share

	3 months ended		Cumulative 6 months ended	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
(a) Basic earnings per share				
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	15,570	3,097	30,264	5,405
Number of ordinary shares in issued ('000)	110,468	110,468	110,468	110,468
Basic Earnings/(Loss) per share (sen)	14.09	2.80	27.40	4.89

	3 months ended		Cumulative 6 months ended	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
(b) Diluted earnings per share				
Diluted Earnings/(Loss) per share (sen)	9.98	N/A	18.36	N/A

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B14. Realised and Unrealised Losses

	As at 30-06-2018 RM'000	As at 30-06-2017 RM'000
Total accumulated profit/(losses) of the Company and its subsidiary		
- Realised	13,276	(29,865)
- Unrealised	2,294	2,294
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Total group accumulated profit/(losses) as per consolidated accounts	15,570	(27,571)
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By Order of the Board

LIM CHOO TAN
(LS 0008888)

CHEW SIEW CHENG
(MAICSA 7019191)
Company Secretaries

Penang
Date: 27th August 2018

c.c Securities Commission