

IDEAL CAPITAL BERHAD (1215261-H)
(formerly known as Ideal United Bintang International Berhad)

Interim report for the third quarter ended 30th September 2023
(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 2022.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

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 2022. 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 16	Covid-19 - Related Rent Concessions Beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020

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 2022 were not subject to any qualification.

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A4. Comments about the Seasonality or Cyclical of Interim Operation.

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

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

On 26 September 2023, the Company paid an interim dividend of 1 sen per share in respect of the financial year ending 31 December 2023 amounting to RM5 million.

A9. Operating Segment Information

The Group has three business segments of which the revenue and result of business segments for the current quarter and financial year to date were as follows. 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 General Trading.

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-----3 months ended 30-9-2023-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	136,779	-	3,597	140,376
Inter-segment	-	-	-	-
	136,779	-	3,597	140,376
Results:				
Segment results (external)	25,190	319	(370)	25,139
Unallocated expenses				-
Profit/(Loss) before tax				25,139

-----Cumulative 9 months ending 30-9-2023-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	376,779	-	10,547	387,326
Inter-segment	-	-	-	-
	376,779	-	10,547	387,326
Results:				
Segment results (external)	58,313	685	(6,533)	52,465
Unallocated expenses				-
Profit/(Loss) before tax				52,465

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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

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.

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 2022.

A14. Capital Commitments

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2022.

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.

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

B1 Review of Performance

The Group recorded total revenue of RM140.376 million for the current quarter under review compared to RM99.293 million in the corresponding preceding quarter. This represents an increase of 41% due to the ongoing construction of Ideal Residency, Havana Beach Residences and Ideal Venice. The Group's latest project, Lucerne Residences has commenced construction in the first quarter. 1st Avenue Mall recorded total rental income of RM2.981 million for the current quarter. The Group's venture into selling and development of Penang Technology Park @ Bertam industrial plots has also contributed to the revenue for the current quarter.

The group achieved a profit after tax of RM15.736 million attributable to the owners as compared to profit after tax of RM6.083 million in the corresponding preceding quarter. The increase in profit is mainly from the steady construction of the Group's current projects, selling and development of Penang Technology Park @ Bertam industrial plots.

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

	Current Quarter Ended 30.9.23 RM '000	Preceding Quarter Ended 30.6.23 RM '000
Revenue	140,376	108,755
Profit/ (Loss) before Tax	25,139	13,974

For the current quarter under review, revenue increased by 29% from RM108.755 million in the immediate preceding quarter to RM140.376 million. Profit before tax of RM25.139 million was recorded for the current quarter.

Projects that are currently under way and in active progress includes Ideal Residency, an affordable homes project strategically located in the heart of Penang, Havana Beach Residences, a beach-inspired affordable home development in Bayan Lepas, the fastest growing district in Penang, Ideal Venice, the second phase of PR1MA affordable homes project located next to Ideal Residency and finally Lucerne Residences, a resort style residential project with European charm that has started construction in the previous quarter. Sales and development of Penang Technology Park @ Bertam industrial plots has started in the current quarter and has received positive response from investors of all fields.

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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 2023 with the progress of Ideal Residency, Havana Beach Residences, Ideal Venice and Lucerne Residences. Besides, the Group has now embarked on the selling of industrial lands with the announcement that the two subsidiaries, Lestari Duta Sdn Bhd and Mujur Sinarjaya Sdn Bhd (both of which are 70% owned) to purchase 17 parcels of freehold land for subdivision and sale.

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.

B6. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Current year	7,340	5,080	16,788	12,498

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 28 January 2022, the Company announced that two of its subsidiaries (both of which are 70% owned), namely Lestari Duta Sdn Bhd ("LDSB") and Mujur Sinarjaya Sdn Bhd ("MSSB"), had on 27 January 2022 entered into two (2) conditional sale and purchase agreements ("SPA") with Aspen Bell Avenue Sdn Bhd ("Vendor") to acquire 17 parcels of freehold land situated in Daerah Seberang Perai Utara, Negeri Pulau Pinang.

- i) Proposed acquisition by LDSB of all those 7 parcels of freehold lands situated in Mukim 6, Daerah Seberang Perai Utara, Negeri Pulau Pinang held under GM 983 Lot 253, GM 984 Lot 254, GM 985 Lot 255, HSD 25059 Lot 12453, GM 216 Lot 250, GM 217 Lot 251 and GM 218 Lot 252 measuring approximately 20,350,035 square feet ("Tranche A Lands"), for a total cash consideration of

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RM254,633,990.00, subject to the terms and conditions of the sale and purchase agreement between the Vendor and LDSB; and

- ii) Proposed acquisition by MSSB of all those 10 parcels of freehold lands situated in Mukim 3, Daerah Seberang Perai Utara, Negeri Pulau Pinang held under GM 305 Lot 12, GM 306 Lot 13, GM 307 Lot 14, GM 308 Lot 15, GM 309 Lot 16, GM 310 Lot 17, GM 1442 Lot 1676, GM 1929 Geran 148439 and GM 4049 Lot 20134 measuring approximately 15,994,570 square feet (“Tranche B Lands”) for a total cash consideration of RM220,725,066.00 subject to the terms and conditions of the sale and purchase agreement between the Vendor and MSSB.

B8. Group Borrowings and Debt Securities

	As at 3rd quarter ended 30.9.2023		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	9,620	-	9,620
Long Term Bank Borrowings #	483,850	-	483,850
	<u>493,470</u>	<u>-</u>	<u>493,470</u>
	As at 3rd quarter ended 30.9.2022		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	4,975	-	4,975
Long Term Bank Borrowings #	95,302	-	95,302
Redeemable Convertible Preference Shares	-	1,196	1,196
	<u>100,277</u>	<u>1,196</u>	<u>101,473</u>

* consist of hire purchase

consist of hire purchase and term loan

B9. Other Income

Other income consists mainly of bank interest received, late payment interest and forfeited deposits from cancellation of sales.

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B10. Notes to the Statement of Comprehensive Income

	Current Quarter 30/9/2023 RM'000	Cumulative 9 months ended 30/9/2023 RM'000
a) Interest Income	152	420
b) Other income including investment income	2,564	4,779
c) Interest expense	1,181	3,690
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 declared an interim single tier dividend of 1 sen per share, in respect of the financial year ending 31 December 2023 to all shareholders whose names appear on the Record of Depositor on 18 September 2023. The dividend was paid on 26 September 2023.

B13. Earnings Per Share

	3 months ended		Cumulative 9 months ended	
	30-9-2023	30-9-2022	30-9-2023	30-9-2022
(a) Basic earnings per share				
Profit for the period attributable to owners of the Company (RM'000)	15,736	6,083	34,584	24,284
Number of ordinary shares in issued ('000)	500,000	500,000	500,000	500,000
Basic Earnings per share (sen)	3.15	1.22	6.92	4.86

B14. Realised and Unrealised Profit

	As at 30-9-2023 RM'000	As at 30-9-2022 RM'000
Total accumulated profit of the Company and its subsidiary		
- Realised	83,698	109,851
- Unrealised	2,294	2,294
Total group accumulated profit as per consolidated accounts	85,992	112,145

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By Order of the Board

LIM CHOO TAN
(LS 0008888)

CHEW SIEW CHENG
(MAICSA 7019191)
Company Secretaries

Penang
Date: 29 Nov 2023