

IDEAL CAPITAL BERHAD (1215261-H)

Interim report for the third quarter ended 30th September 2024

(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 2023.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2023.

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 2023. The Group has adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Policies
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9- Comparative Information
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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 2023 were not subject to any qualification.

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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.

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 31 May 2024, the Company paid an interim dividend of 2 sen per share in respect of the financial year ending 31 December 2023 amounting to RM10 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 30-9-2024-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	193,923	324	5,063	199,310
Inter-segment	-	-	-	-
	<u>193,923</u>	<u>324</u>	<u>5,063</u>	<u>199,310</u>
Results:				
Segment results (external)	50,214	290	141	50,645
Unallocated expenses				-
Profit/(Loss) before tax				<u>50,645</u>

-----Cumulative 9 months ending 30-9-2024-----

Business segments	Property Development	General Trading	Property Investment & Project Management	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
External customers	507,334	859	15,503	523,696
Inter-segment	-	-	-	-
	<u>507,334</u>	<u>859</u>	<u>15,503</u>	<u>523,696</u>
Results:				
Segment results (external)	117,375	1,041	(804)	117,612
Unallocated expenses				-
Profit/(Loss) before tax				<u>117,612</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

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 2023.

A14. Capital Commitments

There were no material capital commitments since the last audited financial statements for the financial year ended 31 December 2023.

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 RM199.310 million for the current quarter under review compared to RM140.376 million in the corresponding preceding quarter. This represents an increase of 42% due to the selling and development of Penang Technology Park @ Bertam, ongoing construction of Ideal Residency, Havana Beach Residences, Ideal Venice and Lucerne Residences. The Group's latest project, Maldives Residences commenced construction during the previous quarter. 1st Avenue Mall recorded total rental income of RM3.515 million for the current quarter.

The group achieved a profit after tax of RM29.299 million attributable to the owners as compared to profit after tax of RM15.736 million in the corresponding preceding quarter. The increase in profit is mainly from the selling and development of Penang Technology Park @ Bertam industrial plots and the steady construction of the Group's current projects.

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

	Current Quarter Ended 30.9.24 RM '000	Preceding Quarter Ended 30.6.24 RM '000
Revenue	199,310	170,494
Profit/ (Loss) before Tax	50,645	43,542

For the current quarter under review, revenue increased by 17% from RM170.494 million in the immediate preceding quarter to RM199.310 million. Profit before tax of RM50.645 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, 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 started construction in the first quarter of this year. The latest project under construction is Maldives Residences, situated across the road from Havana Beach Residences. Sales and development of Penang Technology Park @ Bertam industrial plots has started in the last quarter of year 2023 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 2024 with the steady progress of Ideal Residency, Havana Beach Residences, Ideal Venice, Lucerne Residences & Maldives Residences. The Group has embarked on the selling of industrial lands during the last financial year and this will further contribute to the growth and performance of the Group in the near future.

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 3 months ended		Cumulative quarter 9 months ended	
	30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
Current year	17,328	7,340	35,242	16,788

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

There were no corporate proposals announced but not completed as at 28 November 2024 being the latest practicable date which is not earlier than seven (7) days from the date of issue of this quarterly report.

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B8. Group Borrowings and Debt Securities

	As at 3rd quarter ended 30.9.2024		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings *	9,728	-	9,728
Long Term Bank Borrowings #	406,373	-	406,373
	<u>416,101</u>	<u>-</u>	<u>416,101</u>

	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>

* 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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	Current Quarter 30/9/2024 RM'000	Cumulative 9 months ended 30/9/2024 RM'000
a) Interest Income	374	689
b) Other income including investment income	2,044	4,759
c) Interest expense	2,622	3,329
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 a second interim dividend of 2 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 6 May 2024. The dividend was paid on 31 May 2024.

The board of directors have not proposed any dividend for the current financial period ended 31 December 2024.

B13. Earnings Per Share

	3 months ended		Cumulative 9 months ended	
	30-9-2024	30-9-2023	30-9-2024	30-9-2023
(a) Basic earnings per share				
Profit for the period attributable to owners of the Company (RM'000)	29,299	15,736	74,813	34,584
Number of ordinary shares in issued ('000)	500,000	500,000	500,000	500,000
Basic Earnings per share (sen)	5.75	3.15	9.10	6.92

B14. Realised and Unrealised Profit

	As at 30-9-2024 RM'000	As at 30-9-2023 RM'000
Total accumulated profit of the Company and its subsidiary		
- Realised	175,710	83,698
- Unrealised	2,294	2,294
Total group accumulated profit as per consolidated accounts	178,004	85,992

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By Order of the Board

LIM CHOO TAN
(LS 0008888)

CHEW SIEW CHENG
(MAICSA 7019191)
Company Secretaries

Penang
Date: 28 November 2024