

IREKA CORPORATION BERHAD (Company No. 25882-A)
Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2016

	Unaudited Current Year Quarter 30.9.2016 RM'000	Unaudited Preceding Year Corresponding Quarter 30.9.2015 RM'000	Unaudited Current Year To Date 30.9.2016 RM'000	Unaudited Preceding Year Corresponding Period 30.9.2015 RM'000
Revenue	60,821	64,501	124,539	130,924
Cost of sales	(57,073)	(57,056)	(113,166)	(113,952)
Gross profit	3,748	7,445	11,373	16,972
Other income	262	1,771	838	2,093
Expenses	(6,536)	(7,467)	(12,956)	(15,275)
Operating profit	(2,526)	1,749	(745)	3,790
Finance costs	(1,723)	(2,316)	(3,845)	(4,207)
Share of (loss)/profit of associates	(5,204)	(15,057)	23,196	(19,077)
(Loss)/profit before tax	(9,453)	(15,624)	18,606	(19,494)
Income tax expense	(181)	(25)	(256)	(244)
(Loss)/profit for the period	(9,634)	(15,649)	18,350	(19,738)
Other comprehensive (loss)/Income:-				
Currency translation differences	(49)	(893)	(99)	(884)
Loss on fair value changes	-	(7)	(147)	(24)
Other comprehensive (loss)/income for the financial period, net of tax	(49)	(900)	(246)	(908)
Total comprehensive (loss)/income for the period	(9,683)	(16,549)	18,104	(20,646)
(Loss)/profit attributable to:-				
Owners of the Company	(9,634)	(15,649)	18,350	(19,738)
Non-controlling interest	-	-	-	-
	(9,634)	(15,649)	18,350	(19,738)
Total comprehensive (loss)/income attributable to:-				
Owners of the Company	(9,683)	(16,549)	18,104	(20,646)
Non-controlling interest	-	-	-	-
	(9,683)	(16,549)	18,104	(20,646)
(Loss)/earnings per share attributable to owners of Company:-				
- basic (sen)	(5.64)	(9.16)	10.74	(11.55)
- diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating (loss)/profit	(2,526)	1,749	(745)	3,790
Gross interest income	115	204	332	430
Gross interest expense	(1,723)	(2,316)	(3,845)	(4,207)

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 30 September 2016**

	Unaudited As At 30.9.2016 RM'000	Audited As At 31.3.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,587	55,028
Investment properties	11,842	11,842
Investment in associates	126,643	104,374
Other investments	42	189
Land held for property development	17,945	58,439
	<u>209,059</u>	<u>229,872</u>
Current assets		
Property development costs	92,237	32,261
Inventories	16,094	15,809
Trade and other receivables	126,056	122,525
Amounts due from customers on contracts	37,151	41,040
Amounts due from associates	14,886	14,893
Cash and cash equivalents	26,270	27,248
	<u>312,694</u>	<u>253,776</u>
TOTAL ASSETS	<u>521,753</u>	<u>483,648</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	170,872	170,872
Reserves	(12,432)	(30,536)
	<u>158,440</u>	<u>140,336</u>
Non-controlling interest	-	-
Total equity	<u>158,440</u>	<u>140,336</u>
Non-current liabilities		
Borrowings	47,634	12,853
Deferred tax liabilities	3,222	3,222
	<u>50,856</u>	<u>16,075</u>
Current liabilities		
Provision	12,065	1,742
Trade and other payables	197,415	194,089
Borrowings	66,975	88,454
Overdrafts	34,566	41,748
Tax payable	1,436	1,204
	<u>312,457</u>	<u>327,237</u>
Total liabilities	<u>363,313</u>	<u>343,312</u>
TOTAL EQUITY AND LIABILITIES	<u>521,753</u>	<u>483,648</u>
(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)		
Other Information:-		
Net assets per share (RM)	<u>0.93</u>	<u>0.82</u>

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 September 2016

	Attributable to owners of the Company						Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	(Accumulated Losses) RM'000		
Balance as at 1.4.2016	170,872	1,385	5,696	(5,696)	(1,119)	147	(30,949)	140,336	140,336
Total comprehensive income for the period	-	-	-	-	(99)	(147)	18,350	18,104	18,104
Balance as at 30.9.2016	170,872	1,385	5,696	(5,696)	(1,218)	-	(12,599)	158,440	158,440
	Attributable to owners of the Company								
	Non-distributable			Distributable			Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000			
Balance as at 1.4.2015	170,872	1,385	5,696	(5,696)	(342)	184	13,732	185,831	185,831
Total comprehensive loss for the period	-	-	-	-	(884)	(24)	(19,738)	(20,646)	(20,646)
Balance as at 30.9.2015	170,872	1,385	5,696	(5,696)	(1,226)	160	(6,006)	165,185	165,185

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 September 2016

	Unaudited Current Year To Date 30.9.2016 RM'000	Unaudited Preceding Year Corresponding Period 30.9.2015 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	18,606	(19,494)
Adjustments for:		
Depreciation of property, plant and equipment	2,582	3,097
Property, plant and equipment written off	-	2
Gain on disposal of other investments	(185)	(33)
(Gain)/loss on disposal of property, plant and equipment	(16)	39
Share of (profit)/loss of associates	(23,196)	19,077
Interest expense	3,845	4,207
Interest income	(332)	(430)
Operating (loss)/profit before changes in working capital	1,304	6,465
Working capital changes:		
Property development costs	(19,370)	(1,922)
Inventories	(285)	2,360
Receivables	(2,304)	22,177
Amount due from customers on contracts	3,889	4,308
Amount due from associates	7	(14)
Payables	13,348	(25,545)
Cash generated from operations	(3,411)	7,829
Income tax paid	(124)	(358)
Net cash generated from operating activities	(3,535)	7,471
Cash flows from investing activities		
Purchase of property, plant and equipment	(406)	(927)
Proceeds from disposal of property, plant and equipment	283	86
Proceeds from disposal of other investments	185	446
Land held for property development	(111)	(2,825)
Interest received	332	430
Net cash generated/(used in) from investing activities	283	(2,790)
Cash flows from financing activities		
Hire purchase principal repayments	(2,162)	(1,560)
Drawdown of bank borrowings	49,130	47,890
Repayment of bank borrowings	(33,667)	(55,401)
Interest paid	(3,845)	(4,207)
Net cash used in financing activities	9,456	(13,278)
Net increase/(decrease) in cash and cash equivalents	6,204	(8,597)
Cash and cash equivalents as at beginning of financial period	(14,500)	(6,908)
Cash and cash equivalents as at end of financial period	(8,296)	(15,505)
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	26,270	27,525
Overdrafts	(34,566)	(43,030)
	(8,296)	(15,505)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 25882-A)
NOTES TO THE QUARTERLY RESULTS

A1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with *FRS 134: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2016. The explanatory notes attached to the unaudited interim financial report provide explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2016.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2017. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standards from financial year beginning 1 April 2018.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2016.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

A4 Seasonality or Cyclicity of Operations

The Group's business operations are not materially affected by seasonal or cyclical factors for the current quarter under review.

A5 Unusual Significant Items

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group during the financial period-to-date that are unusual because of their nature, size or incidence.

A6 Material Changes in Estimates

There were no significant changes in estimates that have had a material effect in the financial period-to-date results.

A7 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter under review.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 30 September 2016.

A9 Segmental Information

**Group revenue and results including
Share of Associates**

	Individual Quarter		Cumulative Period	
	3 Months Ended		6 Months Ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue				
Construction	64,518	62,357	125,182	126,129
Property development	676	472	3,298	774
Property investment	196	234	396	416
Trading and services	5,886	4,666	10,292	10,449
Investment holding and other	1,314	7,044	4,516	10,549
Total	72,590	74,773	143,684	148,317
Elimination of inter-segment sales	(11,769)	(10,272)	(19,145)	(17,393)
Total	60,821	64,501	124,539	130,924

	Individual Quarter		Cumulative Period	
	3 Months Ended		6 Months Ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Profit/(loss) before tax				
Construction	(1,061)	90	46	1,950
Property development	(115)	(543)	(450)	(2,401)
Property investment	(93)	(121)	(178)	(387)
Trading and services	(25)	(524)	(439)	(738)
Investment holding and other	(7,217)	(11,075)	21,325	(14,957)
Total	(8,511)	(12,173)	20,304	(16,533)
Elimination of inter-segment items	(942)	(3,451)	(1,698)	(2,961)
Total	(9,453)	(15,624)	18,606	(19,494)

A10 Carrying Amount of Revalued Property, Plant and Equipment

The Group does not state any assets based on valuation of its property, plant and equipment.

A11 Material Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

A13 Contingent Assets and Liabilities

(a) Contingent Assets

There were no contingent assets as at the end of the current quarter or at the preceding annual statement of financial position date.

(b) Contingent Liabilities

	Financial Quarter Ended 30.9.2016 RM	Financial Year Ended 31.3.2016 RM
(i) Corporate guarantees for credit facilities granted to the Group	39,279,975	53,920,824

A14 Capital Commitments

There were no capital commitments as at the end of the current quarter.

IREKA CORPORATION BERHAD (Company No. 25882-A)
BURSA SECURITIES LISTING REQUIREMENTS (PART A OF APPENDIX 9B)

B1 Review of Performance

(a) Performance of Current Period against the Preceding Year Corresponding Period

For the financial period ended 30 September 2016, the Group recorded revenue of RM124.539 million (after elimination of inter-segment sales of RM19.145 million) as compared to RM130.924 million (after elimination of inter-segment sales of RM17.393 million) for the preceding year corresponding period, representing a drop of about 4.9%. Revenue for the current period is substantially attributable to the construction segment of the Group.

The revenue achieved by the construction segment is marginally lower at RM125.182 million in the current period, compared to RM126.129 million in the preceding year corresponding period. The major contributors to the revenue in construction segment are mainly from the two building contracts at KL-Eco City, and The RuMa Hotel and Residences, since Solstice Project is completed and MRT V7 Contract is nearing completion.

The property development segment recorded a higher revenue of RM3.298 million in the current period compared to RM0.774 million in the preceding year corresponding period. A large part of the revenue is attributable to ASTA Enterprise Park Kajang, an industrial development, which was officially launched in September 2016. The remaining revenue is from 10 Shopz, a development comprising 10 units of 2½ storey shop-office located at the prime location of the Rimbun Kasia development at Nilai.

The trading and services segment comprised mainly of IT Solutions and property development management and services divisions. Revenue for the current period is RM10.292 million, slightly lower compared to RM10.449 million in the preceding year corresponding period.

For the financial period ended 30 September 2016, the Group recorded pre-tax profit of RM18.606 million (after elimination of inter-segment items of RM1.698 million), compared to the preceding year corresponding period of pre-tax loss RM19.494 million (after elimination of inter-segment items of RM2.961 million). The current result included a share of profit of Aseana Properties Limited (“ASPL”) (a 23.07% associate of Ireka) of RM23.686 million (30 September 2015: Loss of RM18.496 million).

ASPL’s profit is mainly due to gain on disposal of Aloft Kuala Lumpur Sentral Hotel of RM33.775 million, offset by losses and financing cost of its three operating assets, being City International Hospital, Harbour Mall Sandakan and Four Points by Sheraton Sandakan.

B1 Review of Performance (continued)

(a) Performance of Current Period against the Preceding Year Corresponding Period (continued)

The construction segment recorded a small profit of RM0.046 million (30 September 2015: Profit of RM1.950 million) due to high fixed costs.

The property development segment recorded a loss of RM0.450 million (30 September 2015: Loss of RM2.401 million), where pre-launch marketing expenses of Rimbun Kasia were charged out as incurred.

(b) Performance of Current Quarter against the Preceding Year Corresponding Quarter

The Group achieved a slightly lower revenue of RM60.821 million in the current quarter as compared to RM64.501 million in the preceding year corresponding quarter. This was substantially due to lower contribution from its construction segment during the current quarter.

For the financial quarter ended 30 September 2016, the Group recorded a pre-tax loss of RM9.453 million as compared to a pre-tax loss of RM15.624 million in the preceding year corresponding quarter. Pre-tax loss for the current quarter is substantially due to share of loss of ASPL of RM4.963 million (Q1 2017: profit of RM28.649 million) and a loss of RM2.012 million (Q1 2017; profit of RM0.142 million) which is attributable to Ireka Company.

B2 Material Change in the Quarterly Results compared to the Results of Immediate Preceding Quarter

The Group recorded lower revenue of RM60.821 million in the second quarter of financial year ending 31 March 2017, compared to RM63.718 million in the immediate preceding quarter. This was due to smaller contribution from its construction and property development segments which recorded combined drop in revenue of RM3.436 million.

The Group recorded a pre-tax loss of RM9.453 million compared to a pre-tax profit of RM28.059 million in the last quarter. The profit for the last quarter attributable to gain on disposal of Aloft Kuala Lumpur Sentral Hotel of RM33.775 million, offset by losses and financing cost of its three operating assets. Losses for the current quarter are attributable to reasons mentioned in B1 above.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM4.3 billion worth of contracts over the last twelve months. We remain optimistic that we will be successful in securing new contracts during the current financial year.

As at end 30 September 2016, the Group's order book stood at about RM960 million, of which about RM400 million remained outstanding. A significant portion of this outstanding work will be performed in the current financial year which will improve the results of the construction segment. The Group also expects construction works to be generated internally from its property development division over the next few months.

On the property development front, construction of The RuMa Hotel and Residences, KLCC ("The RuMa") which is 70% owned by ASPL and 30% by the company, was underway and expect to complete at end of 2017. ASPL adopted IFRIC 15–Agreements for Construction of Real Estate, which prescribes that revenue and profit be recognised only when the properties are completed and occupancy permits are issued. Hence, we expect The RuMa to contribute positively to the results of the Group only in FY2018. The Group has launched Phase 1 of its ASTA Enterprise Park Kajang, comprising multifunctional industrial units on 3-5 September 2016. Phase 1 consists of 18 units and the company has achieved 55% sales as at 30 September 2016. The next project planned for launch in Quarter 1 of 2017 is moved to Q2, being dwi@Rimbun Kasia, Nilai, comprising 382 units of mid-market courtyard condominiums ranging from 650sf-980sf.

On 22 June 2015, ASPL announced that at the Extraordinary General Meeting and the Annual General Meeting, its shareholders have supported the Board's recommendations to approve the continuation of ASPL for the next three years to June 2018, to adopt a new divestment investment policy to realise its assets in an orderly manner and to make capital contributions to shareholders over time. Subsequently, ASPL announced that it has submitted applications for lenders' consents over the first capital distribution of US\$10.0 million, but consents from certain of the lenders remain outstanding as at to-date. On 26 August 2016, ASPL announced that following completion of the disposal of the Aloft KL Sentral Hotel, the Manager is engaging further with the lenders to seek necessary consents for the first capital distribution. Consideration will be given to make further capital distributions based on the availability of surplus cash within the company and the receipt of consents from the lenders. A further announcement will be made when there is further clarity on the progress and timeline of obtaining these consents.

It is expected that the Group will continue to benefit from the profit and cash realisation from ASPL as the company successfully divest its portfolio of assets over the next two years.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2017.

B5 Profit/(loss) for the Period

Included in profit/(loss) for the period are:-

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
Depreciation of property, plant and equipment	(1,293)	(1,573)	(2,582)	(3,097)
Property, plant and equipment written off	-	(1)	-	(2)
Interest expense	(1,723)	(2,316)	(3,845)	(4,207)
Gain on disposal of other investments	-	33	185	33
Gain/(loss) on disposal of property, plant and Equipment	-	(39)	16	(39)
Net foreign exchange gain	92	1,500	190	1,573
Interest income	115	204	332	430

Other than the above items, there were no exceptional items for the current quarter and financial period ended 30 September 2016.

B6 Taxation

The taxation for the current quarter and period-to-date are as follows:-

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
Malaysian income tax	(181)	(25)	(256)	(244)
	(181)	(25)	(256)	(244)

The effective tax rates of the Group for the current quarter and for the year were lower than the statutory tax rate due to losses suffered by certain subsidiaries and also utilisation of tax losses brought forward by the Company and its subsidiaries.

B7 Status of Corporate Proposals

There were no on-going corporate proposals during the financial period under review.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2016 are as follows:-

	RM'000
(a) Short term borrowings	
<i>Secured:-</i>	
Hire purchase/leasing	3,958
Trade finance	23,266
Bank overdraft	33,633
Revolving credit	38,751

	99,608

<i>Unsecured:-</i>	
Bank overdraft	933
Revolving credit	1,000

	101,541

(b) Long term borrowings	
<i>Secured:-</i>	
Term loans	42,705
Hire purchase/leasing	4,928

	47,633

(c) Total borrowings	149,174
	=====

Bank borrowings of the Group are denominated in Malaysian Ringgit.

B9 Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the retained earnings/(accumulated losses) of the Group as at 30 September 2016, into realised and unrealised profits/(losses) is as follows:-

	30.9.2016	31.3.2016
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:-		
- Realised	33,031	36,729
- Unrealised	(10,069)	(8,921)
	<u>22,962</u>	<u>27,808</u>
The share of accumulated losses of its associates:-		
- Realised	(36,218)	(61,582)
- Unrealised	657	2,825
	<u>(35,561)</u>	<u>(58,757)</u>
Total accumulated losses	<u>(12,599)</u>	<u>(30,949)</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matters No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia's Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely to comply with the disclosure requirement stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B10 Material Litigations

The Group was not engaged in any material litigation as at 22 November 2016.

B11 Dividend Proposed

The Board of Directors do not recommend any dividend payment in respect of the financial year ended 31 March 2016 and for the current quarter ended 30 September 2016.

B12 (Loss)/earnings per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended		6 Months Ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
(a) Basic				
(Loss)/profit for the period attributable to owners of the Company (RM'000)	(9,634)	(15,649)	18,350	(19,738)
Weighted average number of ordinary shares	170,872,050	170,872,050	170,872,050	170,872,050
Basic (loss)/earnings per share (sen)	(5.64)	(9.16)	10.74	(11.55)
(b) Diluted Earnings	N/A	N/A	N/A	N/A

Diluted earnings are not applicable as the Company has not issued any Employees Share Options and the exercise price of the warrants is higher than the average market price of the Company's ordinary shares.

By Order of the Board
IREKA CORPORATION BERHAD
WONG YIM CHENG
 Company Secretary
 Kuala Lumpur
 29 November 2016