

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2017

	Unaudited Current Year Quarter 30.9.2017 RM'000	Audited Preceding Year Corresponding Quarter 30.9.2016 RM'000	Unaudited Current Year To Date 30.9.2017 RM'000	Audited Preceding Year Corresponding Period 30.9.2016 RM'000
Revenue	69,498	60,821	143,482	124,539
Cost of sales	(60,977)	(57,073)	(126,347)	(113,166)
Gross profit	8,521	3,748	17,135	11,373
Other income	1,133	262	1,789	838
Expenses	(7,564)	(6,536)	(12,964)	(12,956)
Operating profit/(loss)	2,090	(2,526)	5,960	(745)
Finance costs	(1,196)	(1,723)	(2,300)	(3,845)
Share of profit/(loss) of associates	2,461	(5,204)	764	23,196
Profit/(Loss) before tax	3,355	(9,453)	4,424	18,606
Income tax expense	(194)	(181)	(409)	(256)
Profit/(Loss) for the period	3,161	(9,634)	4,015	18,350
Other comprehensive income/(loss):-				
Currency translation differences	152	(49)	62	(99)
Loss on fair value changes	-	-	-	(147)
Other comprehensive income/(loss) for the financial period, net of tax	152	(49)	62	(246)
Total comprehensive income/(loss) for the period	3,313	(9,683)	4,077	18,104
Profit/(Loss) attributable to:-				
Owners of the Company	3,161	(9,634)	4,015	18,350
Non-controlling interest	-	-	-	-
	3,161	(9,634)	4,015	18,350
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	3,313	(9,683)	4,077	18,104
Non-controlling interest	-	-	-	-
	3,313	(9,683)	4,077	18,104
Earnings per share attributable to owners of Company:-				
- basic (sen)	1.85	(5.64)	2.35	10.74
- 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 2017 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit/(loss)	2,090	(2,526)	5,960	(745)
Gross interest income	58	115	275	332
Gross interest expense	(1,196)	(1,723)	(2,300)	(3,845)

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 30 September 2017**

	Unaudited As At 30.9.2017 RM'000	Audited As At 31.3.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,725	33,532
Investment properties	8,468	11,098
Investment in associates	101,633	101,281
Other investments	42	42
Land held for property development	25,184	24,326
	<u>166,052</u>	<u>170,279</u>
Current assets		
Property development costs	100,313	96,544
Inventories	11,982	14,095
Trade and other receivables	150,463	132,250
Amounts due from customers on contracts	32,194	58,340
Amounts due from associates	14,893	14,885
Cash and cash equivalents	21,889	12,428
	<u>331,734</u>	<u>328,542</u>
TOTAL ASSETS	<u>497,786</u>	<u>498,821</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	170,872	170,872
Reserves	(22,697)	(26,774)
	<u>148,175</u>	<u>144,098</u>
Non-controlling interest	-	-
Total equity	<u>148,175</u>	<u>144,098</u>
Non-current liabilities		
Borrowings	32,143	30,110
Deferred tax liabilities	3,222	3,222
	<u>35,365</u>	<u>33,332</u>
Current liabilities		
Trade and other payables	243,072	224,278
Amounts due to associates	-	2
Borrowings	55,968	95,125
Overdrafts	13,898	983
Tax payable	1,308	1,003
	<u>314,246</u>	<u>321,391</u>
Total liabilities	<u>349,611</u>	<u>354,723</u>
TOTAL EQUITY AND LIABILITIES	<u>497,786</u>	<u>498,821</u>
(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the Interim Statements)		
Other Information:-		
Net assets per share (RM)	<u>0.87</u>	<u>0.84</u>

IREKA CORPORATION BERHAD (Company No. 25982-A)

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 September 2017

	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
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000			
Balance as at 1.4.2017	170,872	1,385	5,696	(5,696)	(1,404)	-	-	144,098
Total comprehensive income for the period	-	-	-	-	62	-	-	4,077
Balance as at 30.9.2017	170,872	1,385	5,696	(5,696)	(1,342)	-	(22,740)	148,175

6 months ended 30.9.2017 (Unaudited)

Balance as at 1.4.2017

Total comprehensive income for the period

Balance as at 30.9.2017

	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
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000			
Balance as at 1.4.2016	170,872	1,385	5,696	(5,696)	(1,119)	147	(30,949)	140,336
Total comprehensive income for the period	-	-	-	-	(99)	(147)	18,350	18,104
Balance as at 30.9.2016	170,872	1,385	5,696	(5,696)	(1,218)	-	(12,599)	158,440

6 months ended 30.9.2016 (Audited)

Balance as at 1.4.2016

Total comprehensive income for the period

Balance as at 30.9.2016

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the Interim Statements)

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 September 2017

	Unaudited Current Year To Date 30.9.2017 RM'000	Audited Preceding Year Corresponding Period 30.9.2016 RM'000
Cash flows from operating activities		
Profit before tax	4,424	28,059
Adjustments for:		
Depreciation of property, plant and equipment	1,971	1,289
Property, plant and equipment written off	6	-
Gain on disposal of other investments	-	(185)
Loss/(Gain) on disposal of property, plant and equipment	341	(16)
Loss/(Gain) on disposal of investment property	630	-
Share of loss/(profit) of associates	(764)	(28,400)
Interest expense	2,300	2,122
Interest income	(275)	(217)
Unrealised loss on foreign exchange	115	-
Operating profit before changes in working capital	<u>8,748</u>	<u>2,652</u>
Working capital changes:		
Property development costs	(3,789)	59,412
Inventories	2,113	(1,585)
Receivables	(16,549)	4,067
Amount due from customers on contracts	26,146	15,710
Amount due from associates	(10)	3
Payables	19,310	5,369
Cash generated from operations	<u>35,989</u>	<u>85,628</u>
Income tax paid	(1,774)	(68)
Net cash generated from operating activities	<u>34,215</u>	<u>85,560</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(38)	(405)
Proceeds from disposal of property, plant and equipment	525	283
Proceeds from disposal of investment property	2,000	-
Proceeds from disposal of other investments	-	185
Land held for property development	(857)	(34,170)
Investment in associates	(105)	-
Interest received	275	217
Net cash generated from/(used in) investing activities	<u>1,800</u>	<u>(33,890)</u>
Cash flows from financing activities		
Hire purchase principal repayments	(1,928)	(1,112)
Drawdown of bank borrowings	33,913	18,228
Repayment of bank borrowings	(51,393)	(18,613)
Interest paid	(2,300)	(2,122)
Net cash used in financing activities	<u>(21,708)</u>	<u>(3,619)</u>
Net increase in cash and cash equivalents	14,307	48,051
Effect of changes in exchange rates	(45)	-
Cash and cash equivalents as at beginning of financial period	<u>(6,271)</u>	<u>(14,500)</u>
Cash and cash equivalents as at end of financial period	<u>7,991</u>	<u>33,551</u>
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	21,889	26,563
Overdrafts	(13,898)	(38,760)
	<u>7,991</u>	<u>(12,197)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017. 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 2017.

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 2017.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2017 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 2017.

A9 Segmental Information

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Segment Revenue				
Revenue				
Construction	64,892	64,518	133,762	125,182
Property development	1,686	676	3,107	3,298
Property investment	199	196	366	396
Trading and services	5,986	5,886	12,026	10,292
Investment holding and other	2,828	1,314	5,550	4,516
Total	<u>75,591</u>	<u>72,590</u>	<u>154,811</u>	<u>143,684</u>
Elimination of inter-segment sales	(6,093)	(11,769)	(11,329)	(19,145)
Total	<u>69,498</u>	<u>60,821</u>	<u>143,482</u>	<u>124,539</u>

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Segment Results				
Profit/(loss) before tax				
Construction	3,158	(1,061)	5,778	46
Property development	(64)	(115)	910	(450)
Property investment	(870)	(93)	(1,008)	(178)
Trading and services	(213)	(25)	(48)	(439)
Investment holding and other	1,719	(7,217)	(476)	21,325
Total	<u>3,730</u>	<u>(8,511)</u>	<u>5,156</u>	<u>20,304</u>
Elimination of inter-segment items	(375)	(942)	(732)	(1,698)
Total	<u>3,355</u>	<u>(9,453)</u>	<u>4,424</u>	<u>18,606</u>

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 30.9.2017 RM	Financial Year Ended 31.3.2017 RM
(i) Corporate guarantees for credit facilities granted to the Group	62,620,496	45,869,975

A14 Capital Commitments

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

B1 Review of Performance

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

For the financial period ended 30 September 2017, the Group recorded revenue of RM143.482 million (after elimination of inter-segment sales of RM11.329 million) as compared to RM124.539 million (after elimination of inter-segment sales of RM19.145 million) for the preceding year corresponding period, representing an increase of approximately 15%. Revenue for the current period is substantially attributable to the construction segment of the Group.

The revenue achieved by the construction segment is slightly higher at RM133.762 million in the current period, compared to RM125.182 million in the preceding year corresponding period. The major contributors to the revenue in construction segment are an office building contract at KL-Eco City, The RuMa Hotel and Residences and a design and build contract for industrial facilities at Kajang.

The property development segment recorded a marginally lower revenue of RM3.107 million in the current period compared to RM3.298 million in the preceding year corresponding period. The revenue was attributable to the sale of the last unit at Kasia Greens Nilai development and also the industrial development at ASTA Enterprise Park Kajang.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period improved by approximately 17% mainly due to property development management division.

For the financial period ended 30 September 2017, the Group recorded pre-tax profit of RM4.424 million (after elimination of inter-segment items of RM0.732 million), compared to the preceding year corresponding period of pre-tax profit RM18.606 million (after elimination of inter-segment items of RM1.698 million). The current results included a share of profit of Aseana Properties Limited ("ASPL") (a 23.07% associate of Ireka) of RM1.673 million (30 September 2016: Profit of RM23.686 million); and a share of loss of Urban DNA Sdn Bhd ("Urban DNA") (a 30% associate of Ireka) of RM0.886 million (30 September 2016: Loss of RM0.489 million). The latter adopted IFRIC 15 – Agreements for Construction of Real Estate, which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued, hence no revenue or profit were recorded for the current financial quarter.

ASPL's profits are mainly due to gain on foreign currency translation differences for foreign operations, offset by operating losses and finance costs of its three operating assets, being City International Hospital HCMC, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

B1 Review of Performance (continued)

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

The construction segment recorded a higher profit of RM5.778 million (30 September 2016: Profit of RM0.046 million) before elimination of inter-segment items of RM0.938 million (30 September 2016: RM2.068 million). This was mainly attributable to better operating margin achieved and lower finance costs incurred during the period.

The property development segment recorded a profit of RM0.910 million (30 September 2016: Loss of RM0.450 million), before elimination of inter-segment items of RM 0.611 million (30 September 2016: RM1.068 million). The profit was mainly attributable to the industrial development at ASTA Enterprise Park Kajang.

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

The Group achieved a higher revenue of RM69.498 million in the current quarter as compared to RM60.821 million in the preceding year corresponding quarter. This was substantially due to higher contributions from its construction and property development segments in the current quarter.

For the financial quarter ended 30 September 2017, the Group recorded a pre-tax profit of RM3.355 million as compared to a pre-tax loss of RM9.453 million in the preceding year corresponding quarter. This is mainly attributable from its construction and property development segments as mentioned above. The share of profit in ASPL of RM2.894 million (30 September 2016: Loss of RM4.963 million) also contributed to the Group pre-tax profit.

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

The Group recorded lower revenue of RM69.498 million in the second quarter of financial year ended 31 March 2018, compared to RM73.984 million in the immediate preceding quarter. This is mainly contributed by completion of a project at KL-Eco City and the MRT project under construction segment. The Group recorded a pre-tax profit of RM3.355 million compared to a pre-tax profit of RM1.069 million in the last quarter. The reasons for the pre-tax profit are stated in B1(b) above.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM2 billion worth of contracts over the last twelve months. In October, the Group secured a contract from Pantai Medical Centre Sdn Bhd to complete incomplete refurbishment works for a contract sum of about RM60.748 million, by June 2018.

As at end 30 September 2017, the Group's order book stood at about RM750 million, of which about RM370 million remained outstanding. The Group is actively tendering for external construction contracts and also expects construction works to be generated internally from its property development division.

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, is expected to complete in April 2018. 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 in the next financial year.

The Group is planning to launch two projects in the current financial year. The first project is targeted to launch in December this year under the project name of KaMi. It comprises 168 units of serviced residence in Mont' Kiara under the I-Zen brand. The second project is planned for launching in March 2018 under Dwi@Rimbun Kasia located at Nilai, and comprises 382 units of mid-market courtyard condominiums under the Group's mid-market zenZ brand.

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.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2018.

B5 Profit for the Period

Included in profit for the period are:-

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Depreciation of property, plant and Equipment	(979)	(1,293)	(1,971)	(2,582)
Loss on disposal of property, plant and Equipment	(326)	-	(340)	-
Property, plant and equipment written off	-	-	(6)	-
Interest expense	(1,196)	(1,723)	(2,300)	(3,845)
Loss on disposal of investment property	(630)	-	(630)	-
Gain on disposal of other investments	-	-	-	185
Gain on disposal of property, plant and Equipment	-	-	-	16
Net foreign exchange (loss)/gain	(68)	92	-	190
Interest income	188	115	275	332

Other than the above items, there were no exceptional items for the current quarter and financial period ended 30 September 2017.

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	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Malaysian income tax expense	(194)	(181)	(409)	(256)
	(194)	(181)	(409)	(256)

The effective tax rates of the Group for the current quarter and for the period 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

	Financial Quarter Ended 30.9.2017 RM'000	Financial Quarter Ended 30.9.2016 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	6,093	-
Hire purchase/leasing	3,346	3,958
Trade finance	23,529	23,266
Bank overdrafts	12,973	33,633
Revolving credit	22,000	38,751
	-----	-----
	67,941	99,608
	-----	-----
<i>Unsecured:-</i>		
Bank overdraft	925	933
Revolving credit	1,000	1,000
	-----	-----
	69,866	101,541
	-----	-----
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	30,449	42,705
Hire purchase/leasing	1,694	4,928
	-----	-----
	32,143	47,633
	-----	-----
(c) Total borrowings	102,009	149,174
	=====	=====

For the financial quarter ended 30 September 2017, the Group's total borrowings have reduced by RM47.165 million as compared to the preceding year financial quarter ended 30 September 2016. This reduction is due to repayment of certain project financing loans on the construction segment.

B9 Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the retained earnings/(accumulated losses) of the Group as at 30 September 2017, into realised and unrealised profits/(losses) is as follows:-

	30.9.2017	31.3.2017
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:-		
- Realised	37,393	33,209
- Unrealised	<u>(10,122)</u>	<u>(9,191)</u>
	<u>27,271</u>	<u>24,018</u>
The share of accumulated losses of its associates:-		
- Realised	(53,300)	(48,341)
- Unrealised	<u>3,289</u>	<u>(2,432)</u>
	<u>(50,011)</u>	<u>(50,773)</u>
Total accumulated losses	<u><u>(22,740)</u></u>	<u><u>(26,755)</u></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 23 November 2017.

B11 Dividend Proposed

At the Company's Annual General Meeting held on 30 August 2017, shareholders have approved a first and final single –tier dividend of 2 sen per share in respect of financial year ended 31 March 2017. Dividend was paid on 23 November 2017 to shareholders whose names appeared on the Record of Depositors as at 6 November 2017.

IREKA CORPORATION BERHAD (Company No. 25882-A)**B12 Earnings per Share**

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
(a) Basic				
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	3,161	(9,683)	4,015	18,104
Weighted average number of ordinary shares	170,872,050	170,872,050	170,872,050	170,872,050
Basic earnings/(loss) per share (sen)	1.85	(5.64)	2.35	10.74
(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 2017