

# Ireka sees RM200m from Aseana divestment

> 23% share of entire assets expected to come back in two to three years

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**KUALA LUMPUR:** Ireka Corp Bhd expects the divestment of the entire assets from its 23.07% London-listed associate Aseana Properties Limited to give the group a share of RM200 million in profit in about two to three years.

Ireka group deputy managing director Monica Lai said Aseana continues to be on track in its divestment strategy over the next three years, which will benefit Ireka.

Aseana has assets in Vietnam and Malaysia, including luxurious residential properties, hotels, shopping malls, office buildings and land bank. Its operating assets include Four Points by Sheraton Sandakan Hotel, Harbour Mall Sandakan and City International Hotel in Ho Chi Minh City.

“If the whole portfolio is realised, eventually we see RM200 million coming back to Ireka from our 23% share,” she told a press conference after Ireka’s AGM here yesterday, adding that this includes the

recent gain on disposal of Aloft Kuala Lumpur Sentral Hotel.

In the first quarter ended June 30, 2016, Ireka saw a net profit of RM27.98 million compared with a net loss of RM4.09 million a year ago, of which the result included a share of (pre-tax) profit of Aseana of RM28.65 million. Aseana’s profit is mainly due to gain on disposal of the Aloft of RM33.78 million. The Aloft was successfully sold for RM418.7 million.

Meanwhile, Lai expects the group’s construction and property development segments to contribute equally (50:50) in two to three years. Currently construction makes up 90% of the group’s revenue.

She said construction and property development are complementary segments. Given that construction is competitive, property development will help the group to improve its profit margins.

“We will continue to bid for jobs externally (construction) but we also want

to have our own internal jobs (property). It’s a good balance,” said Lai.

She said Ireka hopes to turn around in the current financial year ending March 31, 2017 (FY17), driven by construction that is expected to contribute about 80% of the group’s revenue as contribution from property development increases. Ireka has been in the red since FY13.

Ireka, which has not launched any property projects in the last year, is confident that its cautious approach of waiting for the market to stabilise will pay off.

The group’s outstanding order book stood at RM450 million and will last the group for 1½ years. Over the next 18 months, Ireka’s construction division is also expected to commence internal projects with a construction value of RM700 million.

In FY17, the group is launching the first phase of its Asta Enterprise Park Kajang and Dwi@Rimbun Kasia, Nilai.