

**IREKA CORPORATION BERHAD**

**Condensed Consolidated Income Statements for the Quarter Ended 30 June 2006**

	<b>Unaudited Current Year Quarter 30.6.2006 RM'000</b>	<b>Unaudited Preceding Year Corresponding Quarter 30.6.2005 RM'000</b>	<b>Unaudited Current Year To Date 30.6.2006 RM'000</b>	<b>Unaudited Preceding Year Corresponding Period 30.6.2005 RM'000</b>
Revenue	68,786	98,066	68,786	98,066
Cost of sales	(55,814)	(77,454)	(55,814)	(77,454)
<b>Gross profit</b>	<b>12,972</b>	20,612	<b>12,972</b>	20,612
Other income	930	567	930	567
Expenses	(13,921)	(13,720)	(13,921)	(13,720)
<b>Profit from operations</b>	<b>(19)</b>	7,459	<b>(19)</b>	7,459
Share of loss after tax of jointly controlled entities	(1)	(2)	(1)	(2)
Finance costs	(6,933)	(6,152)	(6,933)	(6,152)
<b>Loss before tax</b>	<b>(6,953)</b>	1,305	<b>(6,953)</b>	1,305
Income tax expense	(559)	(2,553)	(559)	(2,553)
<b>Loss for the period</b>	<b>(7,512)</b>	(1,248)	<b>(7,512)</b>	(1,248)
<b>Attributable to :</b>				
Equity holders of the parent	(7,650)	(1,893)	(7,650)	(1,893)
Minority interest	138	645	138	645
<b>Loss for the period</b>	<b>(7,512)</b>	(1,248)	<b>(7,512)</b>	(1,248)
<b>Earnings per share (sen) :</b>				
- Basic, for profit for the period	(6.72)	(1.66)	(6.72)	(1.66)
- Diluted, for profit for the period	N/A	N/A	N/A	N/A

**(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the Interim Statements)**

**Other information:-**

Loss/profit from operations	(19)	7,459	(19)	7,459
Gross interest income	9	353	9	353
Gross interest expense	(6,933)	6,152	(6,933)	6,152

**IREKA CORPORATION BERHAD**  
**Condensed Consolidated Balance Sheet as at 30 June 2006**

	Unaudited As At 30.6.2006 RM'000	Audited As At 31.3.2006 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	439,493	442,481
Interest in jointly controlled entities	140	220
Other investments	5,815	5,829
Land and development expenditure	140,991	129,213
Goodwill on consolidation	12,579	12,580
	<u>599,018</u>	<u>590,323</u>
<b>Current assets</b>		
Inventories	8,412	8,215
Development properties	91,299	84,497
Trade and other receivables	102,280	135,169
Amounts due from customers on contracts	73,737	74,827
Amounts due from jointly controlled entities	11,712	11,632
Cash and cash equivalents/bank balances	10,696	5,517
	<u>298,136</u>	<u>319,857</u>
<b>TOTAL ASSETS</b>	<u>897,154</u>	<u>910,180</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	113,915	113,915
Reserves	17,802	25,475
	<u>131,717</u>	<u>139,390</u>
<b>Minority interests</b>	1,182	1,044
<b>Total equity</b>	<u>132,899</u>	<u>140,434</u>
<b>Non-current Liabilities</b>		
Interest-bearing borrowings	400,533	361,185
Obligations under finance leases	884	736
Other paybles	15,661	15,850
Deferred tax liabilities	3,285	3,285
	<u>420,363</u>	<u>381,056</u>
<b>Current liabilities</b>		
Trade and other payables	169,197	173,055
Interest-bearing borrowings	162,462	200,121
Obligations under finance leases	918	1,090
Current tax payable	11,315	14,424
	<u>343,892</u>	<u>388,690</u>
<b>Total liabilities</b>	764,255	769,746
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>897,154</u>	<u>910,180</u>

**(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the Interim Statements)**

**Other Information:-**

Net assets per share (RM)	1.17	1.23
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**IREKA CORPORATION BERHAD**

**Condensed Consolidated Statement of Changes in Equity for the Quarter Ended 30 June 2006**

	----- Attributable to equity holders of the Company ----- >					Minority Interests RM'000	Unaudited Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation RM'000	Retained Profits RM'000	Total RM'000		
<b>3 months ended 30.6.2006</b>							
Balance as at 1.4.2006	113,915	21,938	(57)	3,594	139,390	1044	140,434
Exchange difference on translation of : - financial statements of overseas subsidiaries	-	-	(21)	-	(21)	-	(21)
Loss for the period	-	-	-	(7,650)	(7,650)	138	(7,512)
Expenses for Private Placement	-	(2)	-	-	(2)	-	(2)
Dividends	-	-	-	-	-	-	-
Balance as at 30.6.2006	<b>113,915</b>	<b>21,936</b>	<b>(78)</b>	<b>(4,056)</b>	<b>131,717</b>	<b>1,182</b>	<b>132,899</b>

	----- Attributable to equity holders of the Company ----- >					Minority Interests RM'000	Unaudited Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation RM'000	Retained Profits RM'000	Total RM'000		
<b>3 months ended 30.6.2005</b>							
Balance as at 1.4.2005	113,915	21,946	-	11,351	147,212	1,268	148,480
Loss for the period	-	-	-	(1,893)	(1,893)	(645)	(2,538)
Expenses for Private Placement	-	(2)	-	-	(2)	-	(2)
Balance as at 30.6.2005	<b>113,915</b>	<b>21,944</b>	<b>-</b>	<b>9,458</b>	<b>145,317</b>	<b>623</b>	<b>145,940</b>

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the Interim Statements)**

**IREKA CORPORATION BERHAD****Condensed Consolidated Cash Flow Statement for the Quarter Ended 30 June 2006**

	<b>Unaudited Current Year To Date 30.6.2006 RM'000</b>	<b>Unaudited Preceding Year Corresponding Period 31.3.2006 RM'000</b>
Net cash from operating activities	55,056	44,019
Net cash used in investing activities	(42,116)	(28,929)
Net cash used in financing activities	(16,335)	(8,436)
Net change in cash and cash equivalents	(3,395)	6,654
Cash and cash equivalents as at beginning of financial period	(13,406)	(13,713)
Cash and cash equivalents as at end of financial period	(16,801)	(7,059)

Cash and cash equivalents at the end of the financial period comprise the followings:-

Cash and bank balances	10,696	14,185
Bank overdrafts	(27,497)	(21,244)
	(16,801)	(7,059)

**(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the Interim Statements)**

## NOTES TO THE QUARTERLY RESULTS

### A1 Basis of Preparation

The unaudited 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 financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2006. 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 2006.

### A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2006 except for the adoption of the following new/revised Financial Reporting Standard (FRSs) which are effective for the financial year beginning 1 April 2006:

FRS101	Presentation of Financial Statements
FRS102	Inventories
FRS108	Accounting Policies, Changes in Estimates and Errors
FRS110	Events after the Balance Sheet Date
FRS116	Property, Plant and Equipment
FRS121	the Effects of Changes in Foreign Exchange Rates
FRS127	Consolidated and Separate Financial Statements
FRS131	Interests in Joint Ventures
FRS132	Financial Instruments : Disclosure and Presentation
FRS133	Earnings Per Share
FRS136	Impairment of Assets
FRS138	Intangible Assets

(a) FRS136 : Impairment of Assets and FRS138 : Intangible Assets

The adoption of these new FRSs resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually at the end of each financial year, or more frequently of events or circumstances indicated that it might be impaired. Any identified impairment loss is recognised in income statement and subsequent reversal is not allowed. Prior to 1 April 2006, the Group amortised goodwill on a straight line basis over 20 years.

The cessation of amortisation of goodwill on consolidation has no material impact on the results of the financial period ended 30 June 2006.

(b) FRS101 : Presentation of Financial Statements

The adoption of the revised FRS101 has affected the presentation of minority interest, share of results of associates and other disclosures.

In the consolidated balance sheet, minority interests are now presented within the equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

Share of results of jointly controlled entities are now reported net of tax prior to arriving at the Group's profit before taxation.

The current period's presentation of the Group's financial statements presentation is based on the revised requirements of FRS101, with comparatives restated to conform with the current period's presentation.

- (c) FRSs 102, 108, 110, 116, 121, 127, 131, 132 and 133

The adoption of the above FRSs does not have significant financial impact on the Group.

### **A3 Audit Report**

The auditors' report on the financial statements for the financial year ended 31 March 2006 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 financial period ended 30 June 2006.

### **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 ended 30 June 2006 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 current quarter results.

### **A7 Debt and Equity Securities**

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

### **A8 Dividend Paid**

No dividend was paid during the financial period ended 30 June 2006.

### **A9 Segmental Information**

<b>Group revenue and results including share of JVs</b>
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**3 months ended**

<b>30.6.2006</b>	<b>30.6.2005</b>
<b>RM'000</b>	<b>RM'000</b>

**Segment Revenue**

Revenue		
Construction	33,345	47,559
Property development	14,227	31,349
Hotel and leisure	18,848	16,232
Others	4,172	4,732
Total	70,593	99,872
Elimination of inter-segment sales	(1,806)	(1,806)
Total	68,786	98,066

**Segment Results**

Profit/(Loss) before taxation		
Construction	(5,492)	1,944
Property development	2,172	4,008
Hotel and leisure	(2,942)	(4,802)
Others	(691)	155
Total	(6,953)	1,305

**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 except for the following:-

Ireka Sdn Bhd (“ISB”), a wholly owned subsidiary of Ireka Corporation Berhad, had on 28 August 2006, entered into a conditional Share Sales Agreement with Newwood Assets Limited for the disposal of 228 million ordinary shares of RM1.00 each in Ireka Hotels Sdn Bhd (“IHSB”), representing the entire issued and paid up share capital of IHSB. IHSB is a wholly owned subsidiary of ISB.

The total disposal consideration for the shares is determined on a willing-buyer, willing seller basis after taking into account the adjusted net tangible assets of IHSB as at completion date, including amongst others, the value of the land and building comprising The Westin Kuala Lumpur and its associated fixed assets of RM455.0 million.

The disposal is expected to be submitted to the relevant authorities within two (2) months from 28 August 2006 and is expected to be completed by end of 2006.

**A12 Changes in the Composition of the Group**

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

### **A13 Contingent Liabilities**

(a) Contingent Liabilities

	<b>Financial Period Ended 30.6.2006 RM</b>	<b>Financial Period Ended 30.6.2006 RM</b>
(i) Corporate guarantees for credit facilities granted to the Group	12,907,002	13,625,069

(b) Contingent Assets

There were no contingent assets as at the end of the current quarter or at preceding annual balance sheet date.

### **A14 Capital Commitments**

The amount of capital commitments not provided in the financial statements as at 30 June 2006 is as follows:-

	<b>RM</b>
Approved and contracted for	313,800
Approved but not contracted	38,745,000
	<u>39,058,800</u>



## **B1 Review of Performance**

For the financial period ended 30 June 2006, the Group has achieved a revenue of RM68.786 million as compared to RM98.066 million for preceding year, representing a drop of about 30%. This is due to the significantly lower volume of construction works completed during the period of RM33.345 million, compared to RM47.559 million in the preceding year; and also lower billings by property subsidiaries of RM14.227 million against RM31.349 million in the preceding year.

For the financial period ended 30 June 2006, the Group has recorded a loss before tax of RM6.953 million, contributed mainly by the construction subsidiaries. The construction profitability has been adversely affected by shortages and higher prices of construction materials and fuel during the financial period. The property division has also recorded lower profit due to completion of a major project during the period. On the other hand, Ireka Hotels Sdn Bhd has improved on earnings and recorded about 40% reduction in losses, which is inclusive of a non-cash depreciation charge of RM3.314 million recorded during the quarter.

## **B2 Material Change in the Quarterly Results Compared to the Results of Immediate Preceding Quarter**

The Group has recorded a lower turnover of RM68.786 million and a pre-tax loss of RM6.953 million in the first quarter of financial year ending 31 March 2007, compared with a turnover of RM87.375 million and a pre-tax loss of RM4.219 million in the preceding quarter. The losses are attributed to generally poorer performance by the construction and property subsidiaries compared to the previous quarter, as stated in Note B1 above.

## **B3 Prospects for the Current Financial Year**

Based on the balance of works on hand and expected new contracts, the Board expects the construction turnover to increase in the current financial year. The Group is also working to secure some projects under the 9<sup>th</sup> Malaysian Plan, which will further boost the construction turnover.

On the property development front, the Group has successfully launched another of its high-end condominium projects in July 2006, named “Tiffani by i-zen, Mont Kiara”, and has recorded about 60% sales to-date. The Group is also planning to launch a commercial development in Mont Kiara in October this year and expects the project to be well received.

The performance of The Westin Kuala Lumpur, in terms of rooms and food and beverage revenues, is expected to continue to improve in the current financial year.

## **B4 Profit Forecast**

The Group did not issue any profit forecast for the financial year ended 31 March 2007.

## **B5 Taxation**

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

	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.6.2006 RM'000	30.6.2005 RM'000	30.6.2006 RM'000	30.6.2005 RM'000
Malaysian income tax	559	2,553	559	2,553
Overseas taxation	-	-	-	-
Deferred taxation	-	-	-	-
	559	2,533	559	2,553

The effective tax rates of the Group for the current quarter and year-to-date are higher than the statutory tax rate due to losses incurred by certain subsidiaries, mainly the construction subsidiary and hotel subsidiary.

#### **B6 Unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties in the current quarter.

#### **B7 Quoted Investments**

- (i) There were no purchases or disposal of quoted securities for the current quarter and financial year-to-date.
- (ii) There was no investment in quoted securities as at the end of the current quarter and financial year-to-date.

#### **B8 Status of Corporate Proposals**

The Securities Commission has approved an extension of time to 31 May 2007 for the Company to issue 4,119,286 new ordinary shares of RM1.00 each in the Company to Bumiputra investors.

## B9 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2006 are as follows:-

	RM'000
(a) Short term borrowings	
<i>Secured :-</i>	
Collateralised Loan Obligation facility	316
Term loans/Project loans	75,424
Hire purchase/Leasing	917
	<hr/> 76,657
<i>Unsecured :-</i>	
Bank overdraft	27,497
Revolving credit	42,119
Trade finance	17,106
	<hr/> 163,379
(b) Long term borrowings	
<i>Secured :-</i>	
Syndicated term loans (Note 1 below)	237,000
Collateralised Loan Obligation facility	40,000
Term loans/Bridging loans	123,533
Hire purchase/Leasing	884
	<hr/> 401,417
(c) Total borrowings	<hr/> 564,796

Note 1           The Syndicated Term Loans were secured to finance The Westin Kuala Lumpur located at Jalan Bukit Bintang.

All bank borrowings of the Group are denominated in Malaysian Ringgit.

## B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 25 August 2006.

## B11 Material Litigations

The Group is not engaged in any material litigation as at 25 August 2006.

## B12 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 June 2006 (30 June 2005 : Nil)

## B13 Earnings Per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.6.2006	30.6.2005	30.6.2006	30.6.2005
(a) Basic				
Profit for the period attributable to equity holders of the parent (RM'000)	(7,650)	(1,248)	(7,650)	(1,248)
Weighted average number of ordinary Shares	113,914,700	113,914,700	113,914,700	113,914,700
Basic earnings per share (sen)	(6.72)	(1.10)	(6.72)	(1.10)

### (b) Diluted Earnings

The effect on the basic earnings per share for the current quarter and year to date arising from the assumed conversion on the Employees Share Option Scheme is anti-dilutive.

By Order of the Board

**IREKA CORPORATION BERHAD**  
**WONG YIM CHENG**  
**Company Secretary**  
**Kuala Lumpur**  
**30 August 2006**