

# Ireka embarks on cost optimisation programme

**KEY FOCUS:** Company taking steps to address rising construction cost and mitigate impact of shrinking margins

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**I**REKA Corp Bhd has embarked on cost optimisation to mitigate rising construction cost, which is causing its margins to shrink, said its executive director Lai Voon Hon.

The company, which in the past had enjoyed profit margins of more than 14 per cent, is now recording close to 10 per cent.

Lai said the construction sector remains very competitive and the rising cost is further affected by increases in building materials and manpower costs.

For Ireka, cost optimisation, which looks at the most cost-effective or highest achievable performance under the given constraints,

will be its key focus for the next few years.

For the financial year ended March 31 2013, Ireka recorded a pre-tax loss of RM38.4 million compared with a pre-tax profit of RM14.1 million in the year before, largely due to a share of loss of Aseana Properties Ltd of RM19.7 million, and losses incurred by the construction segment, which posted lower revenues.

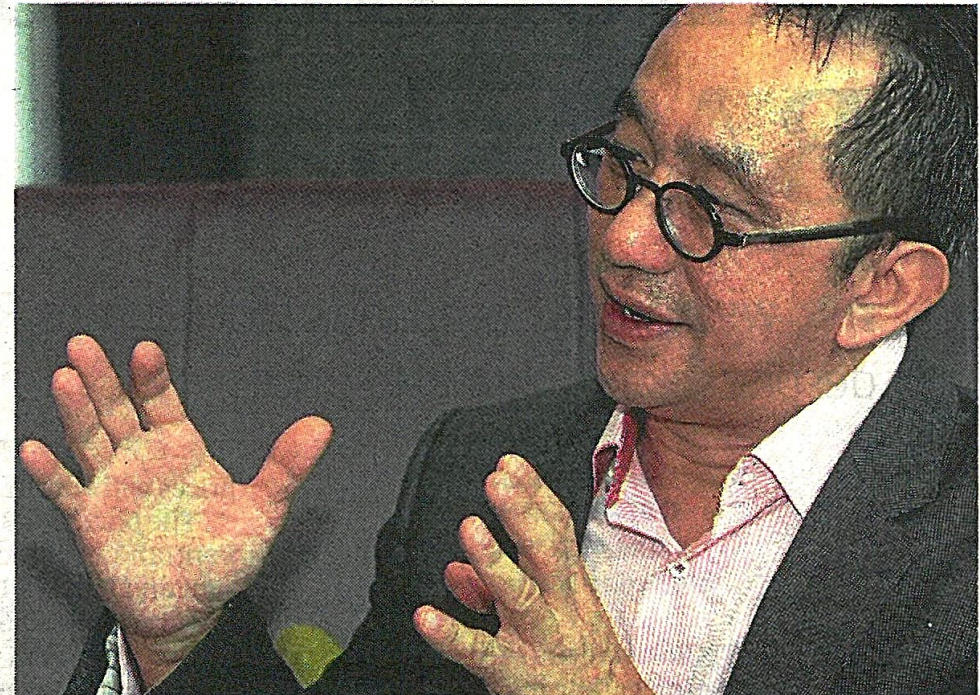
“Construction still contributes a bulk to our earnings. If there is a significant price increase for construction, it will have an impact on our margin. What we do is cost optimise.

“We have budgeted cost increase for certain contracts.

“It’s not possible to achieve margins of 14 to 15 per cent but we will try to get the highest level,” Lai said after the company’s shareholders’

“It’s not possible to achieve margins of **14 to 15 per cent** but we will try to get **the highest level.**”

**Lai Voon Hon**  
Ireka executive director



*Ireka Corp executive director Lai Voon Hon says the construction sector remains very competitive and this is further affected by increases in the costs of building materials and manpower.*

meeting, here, yesterday.

Ireka has RM1.1 billion worth of jobs that would take three years to complete. They are Imperia Puteri Harbour serviced apartments and offices in Johor; MRT elevated viaduct civil works package V7; Solstice@Pan’gaea mixed office and apartments in Cyberjaya; The RuMa Hotel and Residence in Kuala

Lumpur; and KL Eco City Vogue Suites.

Its property development division is launching six projects over the next two years in Nilai, Kajang and Kuala Lumpur, worth a combined RM2.2 billion.

Lai said the properties will be launched based on current market prices.