

Ireka optimistic despite challenging external environment

by **Chua Kai Shen**

FD@bizedge.com

KUALA LUMPUR: Construction player Ireka Corp Bhd has an optimistic outlook on its growth prospects despite the challenging external environment.

Lai Voon Hon, executive director of Ireka, said the group's ongoing construction projects have been "encouraging", giving the management confidence for the future.

"Being in the construction sector in Malaysia, we will be shielded to a certain extent from external demand. So our focus will be to get sufficient jobs and contracts to tide us over these two to three years of slow growth. I think in that area, it is quite encouraging. Hopefully, in the next year or so, we will have enough projects to tide us over for the next three or four years in the construction sector," Lai told *The Edge Financial Daily*.

Elaborating further on the obstacles facing the company in the years ahead, Lai said, "Like all companies at this moment, the challenges will be from the external environment. Malaysia, being a trading nation, will not be shielded from the global economy. Export figures have not been that strong either. In view of that, as a company, we have to be aware of such an environment."

Lai also commented on the

THE EDGE FILE PHOTO



Lai: We are optimistic about the our company's prospects in both Malaysia and Vietnam.

recent turnaround in Vietnam's economy, one of Ireka's key markets aside from Malaysia.

"We are optimistic about the our company's prospects in both Malaysia and Vietnam. Of course, Vietnam is undergoing a challenging time at the moment. But recently, there is a turnaround. The interest rate has come down, inflation has also come down." Lai told a press conference after Ireka's AGM yesterday.

Ireka has a current construction order book of RM745 million, of which approximately RM400 million is outstanding.

For its property development business, Ireka has four projects

with a total gross development value (GDV) of RM1.9 billion, to be implemented over the course of the next five years.

Currently, Ireka is at the advanced planning stage for a boutique hotel and 200-unit serviced residences project at Jalan Kia Peng, adjacent to the KL Convention Centre. This is a joint venture project between Ireka and London-listed Aseana Properties Ltd, in which the former has a 23% stake.

The second planned launch, a garden living-themed housing development in Nilai, named "Kasia Greens", it consists of 142 super-link houses. The project is located in Nilai's education hub and close to amenities such as hypermarkets, golf courses and the Kuala Lumpur International Airport.

Both projects are expected to be launched in the fourth quarter of this year.

"We expect revenue from these property development projects to roll in come 2014," said Monica Lai, executive director of Ireka.

Moving forward, management said it intends to have a balanced focus in the construction and property development segments.

Construction is Ireka's main earnings contributor, making up 95% of the group's profit before tax for its financial year ended March 31.