

Ireka eyeing new MRT jobs

It also plans property projects worth RM1.9b in GDV

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PETALING JAYA: Construction and property outfit Ireka Corp Bhd is eyeing for more civil engineering jobs from the Mass Rapid Transit project, while also stepping up its property development business with projects worth RM1.9bil in gross development value planned.

"We are currently in a couple of negotiations and we hope to announce these very soon. Currently, about 90% of our revenue is derived from the construction business," said Ireka director executive director Lai Voon Hon after the company AGM yesterday.

Recently, the company was awarded a RM268.6mil job by UEM Land Bhd to construct a residential and commercial property development in Nusajaya, Johor.

Its order book currently stands at RM745mil, of which about RM400mil is outstanding, and the replenishment of the order book will remain the group's priority for this financial year.

"We have no intentions to raise any papers to fund our operations in the near future as we are well funded by a group of core bankers. Our funding for construction projects are mostly on a project basis, while we will be having project loans for our property developments," he said.

As at last year-end, the group's gearing ratio stood at 0.6 times and according to Ireka, it is still not highly geared yet.

Besides focusing on the construction business, which still has a huge market locally, the company is also putting its effort in growing its property development business.

"Going forward, we have quite of a number of direct investments in property development and we hope to see a significant contribution from this business in the future. Most of the company's property development business are done by our associate, Aseana Properties Ltd, and now we will have more direct investments in property development through Ireka," he said.

The company has four property projects in the pipeline over the next five years, with two slated for launch by year-end. The two planned launches are a boutique hotel and serviced residence project in Kuala Lumpur, and a housing development in Nilai.

"The contribution from property development would be insignificant in the financial year 2013 as our financial year ends in March. Most of the revenue will only be

recognised in 2014, and will slowly build up from there with the projects carried through over the next five years," he said.

He added that the company had switched its attention to tap the local property market's affordable segment as supply was still behind the strong demand.

"As far as Ireka is concerned, we are optimistic about performing well in the next two to three years. The construction sector should do well, with a healthy amount of spending by the government and private sector, while some might say property development business would be sluggish from next year onwards. That is why we differentiate and venture into the affordable market in Kajang and Nilai," he said.

Meanwhile, the company still has ongoing construction projects including building works package in Vietnam, two office towers and a hotel block in KL Sentral.

"We are still optimistic on prospects in Vietnam, as infrastructure in the country is not fully developed yet and in that aspect, the future is still good. We believe that we are in the position to take advantage when the time comes, and we are in it for the medium and long

term," he said.

For its first quarter ended June 30, the company recorded a lower net profit of RM1.14mil from RM7.45mil a year earlier, which was attributed to the share of RM3.22mil loss in Aseana, its 23.07% associate.

Revenue rose to RM110.36mil from RM99.03mil previously.



Lai says Ireka is in a couple of negotiations (to secure new MRT jobs) and it will be announcing the outcome soon.