

Indon projects expected to turn Ireka around

IREKA Corp Bhd expects to return to the black in the financial year ending March 31, 2007, on contributions from its Bogor Ring Road toll highway and other infrastructure development projects in Indonesia, said group managing director Lai Siew Wah.

Lai said the group was also working hard to try to return to profitability next year.

"The highway project is expected to commence construction early next year if all documentations with the Indonesian Government go well," he told reporters after the company AGM in Kuala Lumpur yesterday.

On Aug 22, the group signed the memorandum of understanding with a Malaysian infrastructure development company to design and build the US\$125mil Bogor Ring Road project and the three other infrastructure projects in Indonesia.

Other than the Indonesian projects, the company expects its soon-to-be-launched i-Zen@Tiffani condominium project to contribute to group revenue in the next two years.

The project in Mont Kiara in Kuala Lumpur has a gross development value of RM400mil. It is expected to be launched by year-end.

"We anticipate more than 15% of the buyers of i-Zen@Tiffani to be foreigners, compared with other projects such as i-Zen@Kiara I, Phase i-Zen@Kiara II and i-Zen@Villa Aseana, which only attracted 10%," said Lai.

In the first quarter ended June 30, Ireka recorded a net profit of RM1.89mil, down 45.9%, from RM3.5mil in the corresponding quarter last year. The group posted revenue of RM98mil, down 12.7%, from RM112.2mil previously.

Group chairman Abdullah Yusof said the decline in group turnover was mainly due to reduction in the volume of construction works completed during the year.

"We will mainly focus on private sector construction projects and also on properties located in niche areas," he added.

In addition, Ireka expects its wholly owned Westin Kuala Lumpur hotel to record more than 70% occupancy by year-end.

"We recorded an occupancy rate of over 80% in the last three months and are confident that we will achieve our occupancy target by year-end," Lai said.