

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2018

	Unaudited	Audited	Unaudited	Audited
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.6.2018	Quarter	30.6.2018	Period
	RM'000	30.6.2017	RM'000	30.6.2017
		RM'000		RM'000
Revenue	82,874	73,984	82,874	73,984
Cost of sales	(74,113)	(65,370)	(74,113)	(65,370)
Gross profit	8,761	8,614	8,761	8,614
Other income	2,800	656	2,800	656
Expenses	(11,393)	(5,400)	(11,393)	(5,400)
Operating profit	168	3,870	168	3,870
Finance costs	(930)	(1,104)	(930)	(1,104)
Share of profit/(loss) of associates	1,299	(1,697)	1,299	(1,697)
Profit before tax	537	1,069	537	1,069
Income tax expense	(35)	(215)	(35)	(215)
Profit for the year	502	854	502	854
Other comprehensive loss:-				
Currency translation differences	(85)	(90)	(85)	(90)
Other comprehensive loss for the financial period, net of tax	(85)	(90)	(85)	(90)
Total comprehensive income for the year	417	764	417	764
Profit/(loss) attributable to:-				
Owners of the Company	533	854	533	854
Non-controlling interest	(31)	-	(31)	-
	502	854	502	854
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	448	764	448	764
Non-controlling interest	(31)	-	(31)	-
	417	764	417	764
Earnings per share attributable to owners of Company:-				
- basic (sen)	0.30	0.50	0.30	0.50
- diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit	168	3,870	168	3,870
Gross interest income	191	217	191	217
Gross interest expense	(930)	(1,104)	(930)	(1,104)

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 30 June 2018**

	Unaudited As At 30.6.2018 RM'000	Audited As At 31.3.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,250	28,912
Investment properties	12,058	6,352
Investment in associates	103,160	102,001
Other investments	42	42
Land held for property development	10,855	27,205
	<u>153,365</u>	<u>164,512</u>
Current assets		
Property development costs	110,522	95,927
Inventories	12,260	13,350
Trade and other receivables	175,413	160,925
Amounts due from customers on contracts	8,944	8,678
Amounts due from associates	14,888	14,895
Cash and cash equivalents	49,374	25,503
	<u>371,401</u>	<u>319,278</u>
TOTAL ASSETS	<u>524,766</u>	<u>483,790</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	180,049	180,049
Reserves	(18,972)	(22,662)
	<u>161,077</u>	<u>157,387</u>
Non-controlling interest	27,727	-
Total equity	<u>188,804</u>	<u>157,387</u>
Non-current liabilities		
Borrowings	39,709	33,665
Deferred tax liabilities	3,222	3,222
	<u>42,931</u>	<u>36,887</u>
Current liabilities		
Trade and other payables	228,518	224,310
Amounts due to customers on contracts	-	462
Amounts due to associates	-	-
Borrowings	57,061	52,256
Overdrafts	6,887	11,804
Tax payable	565	684
	<u>293,031</u>	<u>289,516</u>
Total liabilities	<u>335,962</u>	<u>326,403</u>
TOTAL EQUITY AND LIABILITIES	<u>524,766</u>	<u>483,790</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the Interim Statements)

Other Information:-

Net assets per share (RM)	<u>1.01</u>	<u>0.87</u>
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IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2018

	-----Attributable to owners of the Company-----								
	----- Non-distributable ----->				<-Distributable->				
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	(Accumulated Losses) RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
3 months ended 30.6.2018 (Unaudited)									
Balance as at 1.4.2018	180,049	1,239	5,696	(5,696)	(1,147)	(22,754)	157,387	-	157,387
Dilution of equity interest	-	-	-	-	-	-	-	25,000	25,000
Partial disposal of a subsidiary	-	-	-	-	-	3,242	3,242	2,758	6,000
Total comprehensive income for the period	-	-	-	-	(85)	533	448	(31)	417
Balance as at 30.6.2018	180,049	1,239	5,696	(5,696)	(1,232)	(18,979)	161,077	27,727	188,804

	-----Attributable to owners of the Company-----								
	----- Non-distributable ----->				<-Distributable->				
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	(Accumulated Losses) RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
3 months ended 30.6.2017 (Audited)									
Balance as at 1.4.2017	170,872	1,385	5,696	(5,696)	(1,404)	(26,755)	144,098	-	144,098
Total comprehensive income for the period	-	-	-	-	(90)	854	764	-	764
Balance as at 30.6.2017	170,872	1,385	5,696	(5,696)	(1,494)	(25,901)	144,862	-	144,862

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the Interim Statements)

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 June 2018

	Unaudited Current Year To Date 30.6.2018 RM'000	Audited Preceding Year Corresponding Period 30.6.2017 RM'000
Cash flows from operating activities		
Profit before tax	537	1,069
Adjustments for:		
Depreciation of property, plant and equipment	790	992
Property, plant and equipment written off	-	6
(Gain)/loss on disposal of property, plant and equipment	(565)	14
Gain on fair value changes of investment property	(1,784)	-
Share of (profit)/loss of associates	(1,299)	1,697
Interest expense	930	1,104
Interest income	(191)	(88)
Unrealised loss on foreign exchange	-	(56)
Operating profit before changes in working capital	(1,582)	4,738
Working capital changes:		
Property development costs	(14,596)	(2,770)
Inventories	1,089	1,790
Receivables	(18,377)	15,945
Amount due from customers on contracts	(728)	9,566
Amount due from associates	7	-
Payables	4,349	5,782
Cash generated from operations	(29,838)	35,051
Income tax paid	(181)	(1,805)
Net cash generated from operating activities	(30,019)	33,246
Cash flows from investing activities		
Purchase of property, plant and equipment	(65)	(19)
Proceeds from disposal of property, plant and equipment	1,503	185
Land held for property development	16,349	(117)
Investment in associates	-	(105)
Interest received	191	88
Net cash generated from/(used in) investing activities	17,978	32
Cash flows from financing activities		
Proceeds from disposal of subsidiary	6,000	-
Proceeds from issuance of new shares to non-controlling interest	25,000	-
Hire purchase principal repayments	(844)	(1,022)
Drawdown of bank borrowings	28,756	11,862
Repayment of bank borrowings	(17,063)	(28,674)
Interest paid	(930)	(1,104)
Net cash used in financing activities	40,919	(18,938)
Net increase in cash and cash equivalents	28,878	14,340
Effect of changes in exchange rates	(91)	(30)
Cash and cash equivalents as at beginning of financial period	13,700	(6,271)
Cash and cash equivalents as at end of financial period	42,487	8,039
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	49,374	21,480
Overdrafts	(6,887)	(13,441)
	42,487	8,039

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 25882-A)
NOTES TO THE QUARTERLY RESULTS

A1 Basis of Preparation

The unaudited interim 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 interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2018. 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 2018.

The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group has adopted the new IFRS-compliant framework, Malaysian Financial Reporting Standards from financial year beginning 1 April 2018.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2018.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2018 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 current quarter under review.

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-to-date 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 financial period-to-date results.

A7 Changes in Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and financial period ended 30 June 2018.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 30 June 2018.

A9 Segmental Information

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Segment Revenue				
Revenue				
Construction	76,720	68,870	76,720	68,870
Property development	8,910	1,421	8,910	1,421
Property investment	230	167	230	167
Trading and services	5,448	6,040	5,448	6,040
Investment holding and other	4,105	2,722	4,105	2,722
Total	95,413	79,220	95,413	79,220
Elimination of inter-segment sales	(12,539)	(5,236)	(12,539)	(5,236)
Total	82,874	73,984	82,874	73,984

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Segment Results				
Profit before tax				
Construction	3,760	2,619	3,760	2,619
Property development	(334)	974	(334)	974
Property investment	47	(137)	47	(137)
Trading and services	(1,550)	165	(1,550)	165
Investment holding and other	4,449	(2,194)	4,449	(2,194)
Total	6,372	1,427	6,372	1,427
Elimination of inter-segment items	(5,835)	(358)	(5,835)	(358)
Total	537	1,069	537	1,069

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.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review except for the followings

- (a) On 8 May 2018, the Company disposed of 2,307,363 issued and fully-paid ordinary shares in Meadowfield Sdn. Bhd. (“Meadowfield”), a wholly-owned subsidiary of the Company, to Hankyu Hanshin Properties Corp. (“Hankyu”), representing 6.02% of the total number of issued shares in Meadowfield for a total consideration of RM6 million.
- (b) On 8 May 2018, Meadowfield issued 9,614,011 new ordinary shares to Hankyu, representing 25.06% of the total number of issued shares in Meadowfield for a total consideration of RM25 million.

Subsequent to the above, the Company’s effective equity interest in Meadowfield is reduced from 100% to 68.92%.

A13 Contingent Assets and Liabilities

(a) Contingent Assets

There were no contingent assets as at the end of the current quarter or at the preceding annual statement of financial position date.

(b) Contingent Liabilities

	Financial Quarter Ended 30.6.2018 RM	Financial Year Ended 31.3.2018 RM
(i) Corporate guarantees for credit facilities granted to the Group	21,109,440	35,872,223

A14 Capital Commitments

There were no capital commitments as at the end of the current quarter.

B1 Review of Performance

(a) Performance of Current Period against the Preceding Year Corresponding Period

For the financial period ended 30 June 2018, the Group recorded revenue of RM82.874 million (after elimination of inter-segment sales of RM12.539 million) as compared to RM73.984 million (after elimination of inter-segment sales of RM5.236 million) for the preceding year corresponding period, representing an increase of approximately 12%. Revenue for the current period is substantially attributable to the construction segment of the Group.

The revenue achieved by the construction segment is slightly higher at RM76.720 million in the current period, compared to RM68.870 million in the preceding year corresponding period. The major contributors to the revenue in construction segment are The RuMa Hotel and Residences and a refurbishment project at Pantai Hospital Kuala Lumpur.

The property development segment recorded a higher revenue of RM8.910 million in the current period compared to RM1.421 million in the preceding year corresponding period. The revenue was mostly attributable to the industrial park development at ASTA Enterprise Park Kajang.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period decreased by approximately 9.8%, mainly due to a reduction in management fees earned from Aseana Properties Limited (“ASPL”) subsequent to a restructuring of the management agreement between ASPL and Ireka Development Management Sdn Bhd (“IDM”). The revised fee structure which comprises a basic fee, a realisation fee and an incentive fee better aligns IDM’s interests with those of shareholders of ASPL by incentivising IDM to maximise sales proceeds and achieve the current disposal schedule for realisation of the Company’s remaining assets. The basic fee is a fixed quantum and payable on a monthly basis, while the realisation fee and incentive fee are only payable upon achieving targets set by the shareholders of ASPL.

For the financial period ended 30 June 2018, the Group recorded pre-tax profit of RM0.537 million (after elimination of inter-segment items of RM5.835 million), compared to the preceding year corresponding period of pre-tax profit RM1.069 million (after elimination of inter-segment items of RM0.358 million). The current results included a share of profit associates of RM1.299 million, made up of a share of profit of Aseana Properties Limited (“ASPL”) (a 23.07% associate of Ireka) of RM2.409 million (30 June 2017: Loss of RM1.220 million); a share of loss of Urban DNA Sdn Bhd (“Urban DNA”) (a 30% associate of Ireka) of RM0.578 million (30 June 2017: Loss of RM0.476 million) and a share of loss of The RuMa Hotel KL Sdn Bhd (“The RuMa”) (a 30% associate of Ireka) of RM0.532 million (30 June 2017: Loss of RM0.001 million), attributable to pre-opening expenses of The RuMa Hotel.

B1 Review of Performance (continued)

(a) Performance of Current Period against the Preceding Year Corresponding Period (continued)

ASPL's profit is mainly due to gain on foreign currency translation differences for foreign operations, offset by operating losses and finance costs of its three operating assets, being City International Hospital HCMC, Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

The construction segment recorded a higher profit of RM3.760 million (30 June 2017: RM2.619 million) before elimination of inter-segment items of RM1.792 million (30 June 2017: RM0.180 million). This was mainly attributable to better operating margin achieved during the period.

The property development segment recorded a loss of RM0.334 million (30 June 2017: Profit of RM0.974 million), before elimination of inter-segment items of RM0.006 million (30 June 2017: RM0.137 million). The loss was mainly due to marketing expense incurred for KaMi Residences, located in Mont Kiara which was launched in June 2018.

The trading and services segment recorded a loss of RM1.550 million (30 June 2017: Profit of RM0.165 million), before elimination of inter-segment items of RM0.343 million (30 June 2017: RM0.315 million). The loss is mainly due to lower management fee income received by IDM as stated in Item B1 above.

(b) Performance of Current Quarter against the Preceding Year Corresponding Quarter

The Group achieved a higher revenue of RM82.874 million in the current quarter as compared to RM73.984 million in the preceding year corresponding quarter. This was substantially due to higher contributions from property development segment in the current quarter.

For the financial quarter ended 30 June 2018, the Group recorded a pre-tax profit of RM0.537 million as compared to a pre-tax profit of RM1.069 million in the preceding year corresponding quarter. The reason for the lower profit was as mentioned in Item B1(a) above.

B2 Material Change in the Quarterly Results compared to the Results of Immediate Preceding Quarter

The Group recorded higher revenue of RM82.874 million in the first quarter of financial year ending 31 March 2019, compared to RM69.273 million in the immediate preceding quarter. This is mainly due to higher turnover achieved by the construction segment.

The Group recorded a pre-tax profit of RM0.537 million compared to a pre-tax loss of RM0.824 million in the last quarter. The pre-tax profit is attributable to reasons mentioned in Item B1(a) above.

B3 Prospects for the Current Financial Year

As at 30 June 2018, the Group’s construction order book stood at about RM680 million, of which about RM370 million remained outstanding. In April 2018, the Group secured a contract from Pantai Medical Centre Sdn Bhd to construct a new medical block at Pantai Hospital Ayer Keroh for a contract sum of about RM92 million. The Group continues to actively tender for external construction contracts to replenish its order book and also expects construction works to be generated internally from its property development division.

On the property development front, the Group has 3 on-going projects. The first project is The RuMa Hotel and Residences, KLCC (“The RuMa”), 70% owned by ASPL and 30% by the Group, which is expected to complete in September 2018. The second project is ASTA Enterprise Park located at Bukit Angkat Kajang, comprising 36 units of multi-functional industrial units and 8 parcels of land. Lastly, the KaMi Residences, Mont Kiara consisting of 168 units of residences which was launched in June 2018 under the I-Zen brand.

The Group is planning to launch another project in the last quarter of 2018. This project, undertaken jointly with Hankyu Hanshin Properties Corp., is named Dwi@Rimbun Kasia, Nilai, and comprises 382 units of mid-market courtyard condominiums under the Group’s mid-market zenZ brand.

It is expected that the Group will benefit from the profit and cash realisation from ASPL as the company successfully divest its portfolio of assets.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2019.

B5 Profit for the Period

Included in profit for the period are:-

	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.6.2018 RM’000	30.6.2017 RM’000	30.6.2018 RM’000	30.6.2017 RM’000
Depreciation of property, plant and equipment	(790)	(992)	(790)	(992)
Gain/(loss) on disposal of property, plant and equipment	565	(14)	565	(14)
Property, plant and equipment written off	-	(6)	-	(6)
Gain on fair value changes of investment property	1,784	-	1,784	-
Interest expense	(930)	(1,104)	(930)	(1,104)
Net foreign exchange gain	117	68	117	68
Interest income	191	88	191	88

B5 Profit for the Period (continued)

Other than the above items, there were no exceptional items for the current quarter and financial period ended 30 June 2018.

B6 Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Malaysian income tax expense	(35)	(215)	(35)	(215)
	(35)	(215)	(35)	(215)

The effective tax rates of the Group for the current quarter and for the period were lower than the statutory tax rate due to losses suffered by certain subsidiaries and also utilisation of tax losses brought forward by the Company and its subsidiaries.

B7 Status of Corporate Proposals

There were no on-going corporate proposals during the financial period under review.

The issuance of new shares under the Subscription Agreement dated 4 December 2017 raised a total proceeds of RM9,176,962 and the status of utilisation is as follows :-

	Estimated timeframe for utilisation	Proposed utilisation (RM)	Actual utilisation (RM)	Balance (RM)
Working Capital	Within 12 months from receipt of funds	9,026,962	4,273	9,022,689
Related Expenses	Within 1 month from receipt of funds	150,000	150,000	0
Total		9,176,962	154,273	9,022,689

The actual related expenses exceeded the estimated amount by RM4,273 and the short fall was taken from the amount allocated for working capital.

B8 Group Borrowings and Debt Securities

	Financial Quarter Ended 30.6.2018 RM'000	Financial Quarter Ended 30.6.2017 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	4,580	6,485
Hire purchase/leasing	2,542	2,727
Trade finance	26,939	22,264
Bank overdrafts	6,887	12,509
Revolving credit	23,000	27,099
	-----	-----
	63,948	71,084
	-----	-----
<i>Unsecured:-</i>		
Bank overdrafts	-	932
Revolving credit	-	1,000
	-----	-----
	63,948	73,016
	-----	-----
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	39,460	26,891
Hire purchase/leasing	249	3,219
	-----	-----
	39,709	30,110
	-----	-----
(c) Total borrowings	103,657	103,126
	=====	=====

For the financial quarter ended 30 June 2018, the Group's total borrowings have increased slightly by RM0.531 million as compared to the preceding year financial quarter ended 30 June 2017. This increase is due to drawdown of a new loan for working capital, offset by repayment of certain project financing loans on the construction segment.

B9 Material Litigations

The Group was not engaged in any material litigation as at 23 August 2018.

B10 Dividend Proposed

The Board of Directors recommended a first and final single-tier dividend of 2 sen per share for approval by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 29 August 2018.

B11 Earnings per Share

		Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
		30.6.2018	30.6.2017	30.6.2018	30.6.2017
(a)	Basic				
	Profit for the period attributable to owners of the Company (RM'000)	533	764	533	764
	Weighted average number of ordinary shares	180,049,012	170,872,050	180,049,012	170,872,050
	Basic earnings per share (sen)	0.30	0.50	0.30	0.50
(b)	Diluted Earnings	N/A	N/A	N/A	N/A

Diluted earnings are not applicable as the Company has not issued any Employees Share Options and the exercise price of the warrants is higher than the average market price of the Company's ordinary shares.

By Order of the Board
IREKA CORPORATION BERHAD
WONG YIM CHENG
 Company Secretary
 Kuala Lumpur
 28 August 2018