

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 December 2013

	Unaudited Current Year Quarter 31.12.2013 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2012 RM'000	Unaudited Current Year To Date 31.12.2013 RM'000	Unaudited Preceding Year Corresponding Period 31.12.2012 RM'000
Revenue	83,537	69,228	194,855	276,171
Cost of sales	(72,747)	(62,056)	(169,198)	(247,426)
Gross profit	10,790	7,172	25,657	28,745
Other income	1,189	682	3,752	2,695
Expenses	(8,188)	(7,148)	(24,746)	(24,733)
Operating profit	3,791	706	4,663	6,707
Finance costs	(2,107)	(2,260)	(6,035)	(6,252)
Share of loss of associates	(52)	(2)	(11,452)	(2,586)
Profit/(loss) before tax	1,632	(1,556)	(12,824)	(2,131)
Income tax expense	(581)	(905)	(1,401)	(1,957)
Profit/(loss) for the year	1,051	(2,461)	(14,225)	(4,088)
Other comprehensive income/(loss):-				
Currency translation differences	43	16	248	(103)
Total comprehensive income/(loss) for the year	1,094	(2,445)	(13,977)	(4,191)
Profit/(loss) attributable to:-				
Owners of the Company	1,051	(2,461)	(14,225)	(4,088)
Non-controlling interest	-	-	-	-
	1,051	(2,461)	(14,225)	(4,088)
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	1,094	(2,445)	(13,977)	(4,191)
Non-controlling interest	-	-	-	-
	1,094	(2,445)	(13,977)	(4,191)
Earnings/(loss) per share attributable to owners of Company:-				
- basic (sen)	0.92	(2.16)	(12.49)	(3.59)
- 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 2013 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit	3,791	706	4,663	6,707
Gross interest income	77	80	221	403
Gross interest expense	2,107	2,260	6,035	6,252

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 31 December 2013**

	Unaudited As At 31.12.2013 RM'000	Audited As At 31.3.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,558	57,100
Investment properties	19,159	23,799
Investment in associates	136,564	148,819
Other investments	1,871	1,513
Land held for property development	40,270	39,124
Deferred tax assets	180	180
	254,602	270,535
Current assets		
Property development costs	33,351	30,780
Inventories	14,223	11,058
Trade and other receivables	136,760	130,683
Amounts due from customers on contracts	57,731	37,369
Amounts due from associates	14,877	14,876
Cash and cash equivalents	20,862	16,663
	277,804	241,429
TOTAL ASSETS	532,406	511,964
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	113,915	113,915
Reserves	50,921	64,898
	164,836	178,813
Non-controlling interest	-	-
Total equity	164,836	178,813
Non-current liabilities		
Borrowings	51,721	47,471
Deferred tax liabilities	3,242	3,242
	54,963	50,713
Current liabilities		
Provision	14,000	14,000
Trade and other payables	172,772	161,809
Borrowings	87,345	77,557
Overdrafts	36,168	26,491
Amounts due to customers on contracts	100	-
Tax payable	2,222	2,581
	312,607	282,438
Total liabilities	367,570	333,151
TOTAL EQUITY AND LIABILITIES	532,406	511,964
(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)		
Other Information:-		
Net assets per share (RM)	1.45	1.57

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2013

	Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company	
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Retained Earnings	Total Equity Attributable to Owners of the Company	Non-Controlling Interest	(Unaudited) Total Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.12.2013 (Unaudited)								
Balance as at 1.4.2013	113,915	21,871	(442)	43,469	178,813	-	178,813	
Total comprehensive loss for the period	-	-	248	(14,225)	(13,977)	-	(13,977)	
Balance as at 31.12.2013	113,915	21,871	(194)	29,244	164,836	-	164,836	

	Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company	
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Retained Earnings	Total Equity Attributable to Owners of the Company	Non-Controlling Interest	(Unaudited) Total Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.12.2012 (Unaudited)								
Balance as at 1.4.2012	113,915	21,871	(319)	89,377	224,844	-	224,844	
Total comprehensive loss for the period	-	-	(103)	(4,088)	(4,191)	-	(4,191)	
Dividends	-	-	-	(5,696)	(5,696)	-	(5,696)	
Balance as at 31.12.2012	113,915	21,871	(422)	79,593	214,957	-	214,957	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Cash Flows for the financial period ended 31 December 2013

	Unaudited Current Year To Date 31.12.2013 RM'000	Unaudited Preceding Year Corresponding Period 31.12.2012 RM'000
Cash flows from operating activities		
Loss before tax	(12,824)	(2,131)
Adjustments for:		
Bad debts written off	-	2
Depreciation of property, plant and equipment	4,074	3,888
Property, plant and equipment written off	111	-
Gain on disposal of property, plant and equipment	(511)	(567)
Gain on disposal of investment properties	(1,356)	-
(Reversal of impairment)/impairment loss on other investments	(358)	1,172
Share of loss of associates	11,452	2,586
Interest expense	6,035	6,252
Interest income	(221)	(403)
Operating profit before changes in working capital	6,402	10,799
Working capital changes:		
Inventories	(3,165)	(826)
Receivables	(6,095)	24,526
Property development costs	(2,571)	(3,609)
Amount due from customers on contracts	(20,262)	(8,630)
Amount due from associates	(1)	(2,460)
Payables	12,079	(4,888)
Cash (used in)/generated from operations	(13,613)	14,912
Income tax paid	(1,817)	(60)
Net cash (used in)/generated from operating activities	(15,430)	14,852
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,570)	(3,221)
Purchase of investment properties	(46)	(8)
Proceeds from disposal of property, plant and equipment	770	717
Proceeds from disposal of investment properties	6,042	-
Land held for property development	(1,146)	(1,743)
Interest received	221	403
Net cash generated from/(used in) investing activities	3,271	(3,852)
Cash flows from financing activities		
Dividends paid to shareholders	-	(5,696)
Hire purchase principal repayments	(2,862)	(4,147)
Interest paid	(6,035)	(6,252)
Drawdown of bank borrowings	86,646	71,891
Repayment of bank borrowings	(71,068)	(100,950)
Net cash generated from/(used in) financing activities	6,681	(45,154)
Net decrease in cash and cash equivalents	(5,478)	(34,154)
Cash and cash equivalents as at beginning of financial period	(9,828)	33,283
Cash and cash equivalents as at end of financial period	(15,306)	(871)
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	20,862	18,043
Overdrafts	(36,168)	(18,914)
	(15,306)	(871)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

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 2013. 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 2013.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standards from financial year beginning 1 April 2015.

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 2013.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2013 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 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the financial period-to-date.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 31 December 2013.

A9 Segmental Information

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Segment Revenue				
Revenue				
Construction	70,465	63,288	167,972	255,592
Property development	13,398	-	21,332	-
Property investment	227	329	815	776
Trading and services	7,879	8,535	23,230	25,958
Investment holding and other	3,171	3,114	9,513	9,341
Total	95,140	75,266	222,862	291,667
Elimination of inter-segment sales	(11,603)	(6,038)	(28,007)	(15,496)
Total	83,537	69,228	194,855	276,171

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Segment Results				
Profit/(loss) before tax				
Construction	(2,944)	(1,466)	(7,885)	3,173
Property development	3,706	142	5,939	(183)
Property investment	163	(235)	(46)	(955)
Trading and services	385	(241)	(213)	(503)
Investment holding and other	322	244	(10,619)	(3,663)
Total	1,632	(1,556)	(12,824)	(2,131)

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, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

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 31.12.2013 RM	Financial Year Ended 31.3.2013 RM
(i) Corporate guarantees for credit facilities granted to the Group	32,968,685	23,679,920

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 31 December 2013, the Group recorded revenue of RM194.855 million as compared to RM276.171 million for the preceding year. Revenue for the current year quarter is mainly attributable to the construction segment of the Group.

The revenue achieved by the construction segment is significantly lower at RM167.972 million in the current period, compared to RM255.592 million in the preceding year corresponding period, due to completion of major contracts and slow start of its new projects. Contribution for the current period came mostly from its local operations.

The property development segment recorded revenue of RM21.332 million (31 December 2012: RM Nil) for the current year quarter which is attributable to Kasia Greens, a residential development consisting of 142 units of 2-storey and 3-storey terrace and superlink landed houses located at Nilai. The project was launched in June 2013 and has since achieved about 90% sales. Construction commenced in March and expects to complete in April 2015.

The trading and services segment consists mainly of property development management and IT Solutions divisions. The latter has contributed to the higher revenue recorded in the current period under review.

For the financial period ended 31 December 2013, the Group recorded a pre-tax loss of RM12.824 million, as compared to a pre-tax loss of RM2.131 million in the preceding year. The current result has included a share of loss of Aseana Properties Limited (“ASPL”) (a 23.07% associate of Ireka) of RM10.751 million (31 December 2012: Loss of RM2.518 million). Excluding this share of loss of ASPL, the pre-tax loss of the Group would be RM2.073 million, which was attributable to the construction segment.

ASPL’s losses are largely due to operating losses of Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, and pre-opening expenses and operating losses of Aloft Kuala Lumpur Sentral Hotel which commenced operation in March 2013. These operating assets are expected to record losses, mostly attributable to financing costs, during their initial years of operation.

The construction segment recorded a loss of RM7.885 million (31 December 2012: Profit of RM3.173 million) due to 34% drop in revenue of RM87.620 million compared to preceding year corresponding period. The lower revenue was due to completion of major contracts and slow start of its new projects during the period. Fixed costs, particularly salaries and wages, have not reduced proportionately resulting in losses in the construction subsidiaries.

The property development segment recorded a profit of RM5.939 million (31 December 2012: Loss of RM0.183 million) which is mainly attributable to Kasia Greens.

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

The Group achieved higher revenue of RM83.537 million in the current quarter as compared to RM69.228 million in the preceding year corresponding quarter. This is mainly due to higher contribution by its construction segment in the current quarter due to more construction works achieved from its new projects. The construction segment recorded much lower revenue in the preceding year corresponding quarter due to completion of major contracts.

For the financial quarter ended 31 December 2013, the Group recorded a pre-tax profit of RM1.632 million, as compared to a pre-tax loss of RM1.556 million in the preceding year corresponding quarter and this is mainly due to profit generated by its property development segment.

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

The Group recorded a higher revenue of RM83.537 million in the third quarter of financial year ending 31 March 2014, compared to RM62.316 million in the immediate preceding quarter; and a pre-tax profit of RM1.632 million compared to a pre-tax loss RM6.967 million in the last quarter.

The higher revenue achieved in the current quarter is mainly due to more construction works achieved. The improved operating result is due to higher profit generated by its property development segment of RM3.706 million, compared to RM2.006 million in the immediate preceding quarter.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM4.7 billion worth of contracts over the last twelve months.

As at end 31 December 2013, the Group's order book stood at about RM1.3 billion, of which about RM1 billion remained outstanding. Barring unforeseen circumstances, the Group is hopeful that it will secure more construction contracts in the coming few months.

On the property development front, the Group is actively working on four projects comprising residential, mixed commercial and industrial developments. Two projects, namely The RuMa Hotel and Residences, KLCC ("The RuMa") and Kasia Greens, Nilai were launched for sale in March and June 2013 respectively. Both projects have achieved encouraging sales and Kasia Greens is expected to contribute positively to the revenue and earnings of the Group in the current financial year. The RuMa is 70% owned by ASPL and 30% by the Company. ASPL adopted IFRIC 15 – Agreements for Construction of Real Estate which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued. Hence, we expect The RuMa to contribute to the results of the Group only in FY2017.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2014.

B5 Profit/(loss) for the Year

Included in profit/(loss) for the year are:-

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Bad debts written off	-	-	-	2
Depreciation of property, plant and equipment	1,433	1,386	4,074	3,888
Property, plant and equipment written off (Reversal of impairment)/ impairment loss on other investments	111	-	111	-
Interest expense	(236)	(16)	(358)	1,172
Net foreign exchange (gain)/loss	2,107	2,260	6,035	6,252
Gain on disposal of property, plant and Equipment	(51)	25	(339)	(22)
Gain on disposal of investment properties	(232)	(14)	(511)	(567)
Interest income	(360)	-	(1,356)	-
	(77)	(80)	(221)	(403)

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 December 2013.

B6 Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Malaysian income tax	(487)	(189)	(1,287)	(586)
Overseas income tax	(94)	(716)	(114)	(1,371)
	(581)	(905)	(1,401)	(1,957)

The effective tax rates of the Group 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

On 14 June 2013, the Board of Directors of the Company had received a letter from Olymvest Sdn Bhd, on behalf of the major shareholders of the Company and parties in concert, requesting the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Proposed SCR"). The Proposed SCR entails a capital repayment of the proposed cash amount of RM0.90 per ordinary share of RM1.00 each in the Company held by the non-interested shareholders of the Company.

On 27 June 2013, the Board resolved to present the Proposed SCR to the shareholders of the Company for their consideration.

Subsequently, on behalf of the Board of Directors of the Company, RHB Investment Bank Berhad announced the following:-

- (a) The application in relation to the Proposed SCR has been submitted to the Securities Commission Malaysia on 10 July 2013;
- (b) The Securities Commission Malaysia had vide its letter dated 30 July 2013 approved the proposed exemption under paragraph 1.1 of Practice Note ("PN") 44 of the Malaysian Code on Take-Overs and Mergers 2010 ("Code") in relation to the Proposed SCR ("Proposed Exemption"). The approval on the Proposed Exemption is subject to Ireka complying with the requirements under Paragraph 1.2 of PN44 of the Code;
- (c) The Securities Commission Malaysia had vide its letter dated 7 January 2014 granted its consent for the contents of the circular and the explanatory statement in relation to the Proposed SCR under PN44 of the Code; and
- (d) The Proposed SCR was rejected by shareholders via a poll at an extraordinary general meeting ("EGM") of the Company held on 19 February 2014. The motion was voted against by 73.75% in number and 73.08% in value attached to the votes held by the entitled shareholders that were cast either in person or by proxy at the EGM. This represented 36.40% of the votes attached to the shares held by the entitled shareholders of the total voting rights of the Company voted against the motion.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2013 are as follows:-

	RM'000
(a) Short term borrowings	
<i>Secured:-</i>	
Term loans	2,810
Project loans/revolving credit	34,013
Hire purchase/leasing	3,356
Trade finance	24,166
Bank overdraft	35,315
Revolving credit	22,000

	121,660

IREKA CORPORATION BERHAD (Company No. 25882-A)

	RM'000
<i>Unsecured:-</i>	
Bank overdraft	853
Revolving credit	1,000

	123,513

(b) Long term borrowings	
<i>Secured:-</i>	
Term loans	28,489
Project loans	20,755
Hire purchase/leasing	2,477

	51,721

(c) Total borrowings	<u>175,234</u>

Bank borrowings of the Group are denominated in Malaysian Ringgit.

B9 Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the retained earnings/(accumulated losses) of the Group as at 31 December 2013, into realised and unrealised profits/(losses) is as follows:-

	31.12.2013	31.3.2013
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:-		
- Realised	64,794	66,733
- Unrealised	(3,865)	(3,031)
	-----	-----
	<u>60,929</u>	<u>63,702</u>
	-----	-----
The share of accumulated losses of its associates:-		
- Realised	(32,988)	(20,109)
- Unrealised	1,303	(124)
	-----	-----
	<u>(31,685)</u>	<u>(20,233)</u>
	-----	-----
Total retained earnings	<u>29,244</u>	<u>43,469</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matters No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia's Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely to comply with the disclosure requirement stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B10 Material Litigations

The Group was not engaged in any material litigation as at 20 February 2014.

B11 Dividend Proposed

The Board of Directors has not proposed any payment of dividend for the current quarter ended 31 December 2013.

B12 Earnings/(loss) per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended		9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
(a) Basic				
Profit/(loss) for the period attributable to owners of the Company (RM'000)	1,051	(2,461)	(14,225)	(4,088)
Weighted average number of ordinary shares	113,914,700	113,914,700	113,914,700	113,914,700
Basic earnings/(loss) per share (sen)	0.92	(2.16)	(12.49)	(3.59)
(b) Diluted Earnings	N/A	N/A	N/A	N/A

The Company has not issued any Employees Share Options or convertible instruments that have effects on its basic earnings.

By Order of the Board
IREKA CORPORATION BERHAD
WONG YIM CHENG
Company Secretary
Kuala Lumpur
27 February 2014