

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 December 2016

	Unaudited Current Year Quarter 31.12.2016 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2015 RM'000	Unaudited Current Year To Date 31.12.2016 RM'000	Unaudited Preceding Year Corresponding Period 31.12.2015 RM'000
Revenue	78,785	73,283	203,324	204,207
Cost of sales	(71,754)	(72,209)	(184,920)	(186,161)
Gross profit	7,031	1,074	18,404	18,046
Other income	598	144	1,436	2,237
Expenses	(6,296)	(8,479)	(19,252)	(23,754)
Operating profit	1,333	(7,261)	588	(3,471)
Finance costs	(1,804)	(2,036)	(5,649)	(6,243)
Share of profit/(loss) of associates	-	429	23,196	(18,648)
(Loss)/profit before tax	(471)	(8,868)	18,135	(28,362)
Income tax expense	500	(160)	244	(404)
Profit/(loss) for the period	29	(9,028)	18,379	(28,766)
Other comprehensive (loss)/income:-				
Currency translation differences	(149)	(8)	(248)	(892)
Loss on fair value changes	-	10	(147)	(14)
Other comprehensive (loss)/income for the financial period, net of tax	(149)	2	(395)	(906)
Total comprehensive (loss)/income for the period	(120)	(9,026)	17,984	(29,672)
Profit/(loss) attributable to:-				
Owners of the Company	29	(9,028)	18,379	(28,766)
Non-controlling interest	-	-	-	-
	29	(9,028)	18,379	(28,766)
Total comprehensive (loss)/income attributable to:-				
Owners of the Company	(120)	(9,026)	17,984	(29,672)
Non-controlling interest	-	-	-	-
	(120)	(9,026)	17,984	(29,672)
Earnings/(loss) per share attributable to owners of Company:-				
- basic (sen)	0.02	(5.28)	10.76	(16.83)
- 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 2016 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit/(loss)	1,333	(7,261)	588	(3,471)
Gross interest income	116	159	448	589
Gross interest expense	(1,804)	(2,036)	(5,649)	(6,243)

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 31 December 2016**

	Unaudited As At 31.12.2016 RM'000	Audited As At 31.3.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,787	55,028
Investment properties	11,099	11,842
Investment in associates	124,096	104,374
Other investments	42	189
Land held for property development	19,081	58,439
	<u>205,105</u>	<u>229,872</u>
Current assets		
Property development costs	92,893	32,261
Inventories	16,144	15,809
Trade and other receivables	137,282	122,525
Amounts due from customers on contracts	30,418	41,040
Amounts due from associates	14,886	14,893
Cash and cash equivalents	27,741	27,248
	<u>319,364</u>	<u>253,776</u>
TOTAL ASSETS	<u>524,469</u>	<u>483,648</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	170,872	170,872
Reserves	(12,552)	(30,536)
	<u>158,320</u>	<u>140,336</u>
Non-controlling interest	-	-
Total equity	<u>158,320</u>	<u>140,336</u>
Non-current liabilities		
Borrowings	46,785	12,853
Deferred tax liabilities	3,222	3,222
	<u>50,007</u>	<u>16,075</u>
Current liabilities		
Trade and other payables	216,000	195,831
Borrowings	63,598	88,454
Overdrafts	35,550	41,748
Tax payable	994	1,204
	<u>316,142</u>	<u>327,237</u>
Total liabilities	<u>366,149</u>	<u>343,312</u>
TOTAL EQUITY AND LIABILITIES	<u>524,469</u>	<u>483,648</u>
(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)		
Other Information:-		
Net assets per share (RM)	<u>0.93</u>	<u>0.82</u>

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2016

	←-Attributable to owners of the Company-						Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
	←-Distributable-			←-Distributable-					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	(Accumulated Losses) RM'000		
9 months ended 31.12.2016 (Unaudited)									
Balance as at 1.4.2016	170,872	1,385	5,696	(5,696)	(1,119)	147	(30,949)	140,336	140,336
Total comprehensive income for the period	-	-	-	-	(248)	(147)	18,379	17,984	17,984
Balance as at 31.12.2016	170,872	1,385	5,696	(5,696)	(1,367)	-	(12,570)	158,320	158,320
	←-Attributable to owners of the Company-								
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
9 months ended 31.12.2015 (Unaudited)									
Balance as at 1.4.2015	170,872	1,385	5,696	(5,696)	(342)	184	13,732	-	185,831
Total comprehensive loss for the period	-	-	-	-	(892)	(14)	(28,766)	-	(29,672)
Dividends	-	-	-	-	-	-	(5,126)	-	(5,126)
Balance as at 31.12.2015	170,872	1,385	5,696	(5,696)	(1,234)	170	(20,160)	-	151,033

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the Interim Statements)

Condensed Consolidated Statement of Cash Flows for the financial period ended 31 December 2016

	Unaudited Current Year To Date 31.12.2016 RM'000	Unaudited Preceding Year Corresponding Period 31.12.2015 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	18,135	(28,362)
Adjustments for:		
Depreciation of property, plant and equipment	3,842	4,687
Property, plant and equipment written off	10	6
Gain on disposal of other investments	(185)	(27)
Gain on disposal of investment properties	(248)	-
Loss on disposal of property, plant and equipment	341	222
Share of (profit)/loss of associates	(23,196)	18,648
Interest expense	5,649	6,243
Interest income	(448)	(589)
Operating (loss)/profit before changes in working capital	3,900	828
Working capital changes:		
Property development costs	(20,027)	(2,130)
Inventories	(335)	3,782
Receivables	(13,435)	14,863
Amount due from customers on contracts	10,622	2,051
Amount due from associates	7	(14)
Payables	22,264	(3,725)
Cash generated from operations	2,996	15,655
Income tax paid	(161)	(339)
Net cash generated from operating activities	2,835	15,316
Cash flows from investing activities		
Purchase of property, plant and equipment	(512)	(944)
Proceeds from disposal of property, plant and equipment	563	1,084
Proceeds from disposal of other investments	185	522
Proceeds from disposal of investment properties	992	-
Land held for property development	(1,247)	(4,166)
Interest received	448	589
Net cash generated/(used in) from investing activities	429	(2,915)
Cash flows from financing activities		
Dividends paid to shareholders	-	(5,126)
Hire purchase principal repayments	(3,189)	(2,318)
Drawdown of bank borrowings	58,041	87,892
Repayment of bank borrowings	(45,776)	(101,249)
Interest paid	(5,649)	(6,243)
Net cash used in financing activities	3,427	(27,044)
Net increase/(decrease) in cash and cash equivalents	6,691	(14,643)
Cash and cash equivalents as at beginning of financial period	(14,500)	(6,908)
Cash and cash equivalents as at end of financial period	(7,809)	(21,551)
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	27,741	25,868
Overdrafts	(35,550)	(47,419)
	(7,809)	(21,551)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 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 2016. 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 2016.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2017. 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 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 2016.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2016 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, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter under review.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 31 December 2016.

A9 Segmental Information

**Group revenue and results including
Share of Associates**

	Individual Quarter		Cumulative Period	
	3 Months Ended		9 Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue				
Construction	79,513	67,545	204,694	193,674
Property development	1,775	4,047	5,073	4,821
Property investment	167	206	563	622
Trading and services	5,586	4,953	15,878	15,402
Investment holding and other	4,828	3,260	9,345	13,809
Total	91,869	80,011	235,553	228,328
Elimination of inter-segment sales	(13,084)	(6,728)	(32,229)	(24,121)
Total	78,785	73,283	203,324	204,207

	Individual Quarter		Cumulative Period	
	3 Months Ended		9 Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Profit/(loss) before tax				
Construction	2,720	(7,662)	2,766	(5,711)
Property development	(878)	(2,092)	(1,328)	(4,493)
Property investment	142	(140)	(36)	(527)
Trading and services	(1,461)	96	(1,901)	(642)
Investment holding and other	1,711	365	23,036	(14,592)
Total	2,234	(9,433)	22,537	(25,965)
Elimination of inter-segment items	(2,705)	565	(4,402)	(2,397)
Total	(471)	(8,868)	18,135	(28,362)

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 31.12.2016 RM	Financial Year Ended 31.3.2016 RM
(i) Corporate guarantees for credit facilities granted to the Group	39,309,975	53,920,824

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 2016, the Group recorded revenue of RM203.324 million (after elimination of inter-segment sales of RM32.229 million) as compared to RM204.207 million (after elimination of inter-segment sales of RM24.121 million) for the preceding year corresponding period, representing a slight drop of 0.4%. 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 RM204.694 million in the current period, compared to RM193.674 million in the preceding year corresponding period. The major contributors to the revenue in construction segment are the two building contracts at KL-Eco City, and The RuMa Hotel and Residences, since Solstice Project was completed and MRT V7 Contract is nearing completion.

The property development segment recorded a slightly higher revenue of RM5.073 million in the current period compared to RM4.821 million in the preceding year corresponding period. A large part of the revenue is attributable to 10 Shopz, a development comprising 10 units of 2½ storey shop-office located at the prime location of the Rimbun Kasia development at Nilai. The remaining revenue is from ASTA Enterprise Park Kajang, an industrial development, which was officially launched in September 2016.

The trading and services segment comprised mainly of IT Solutions and property development management and services divisions. Revenue for the current period is RM15.878 million, slightly higher compared to RM15.402 million in the preceding year corresponding period.

For the financial period ended 31 December 2016, the Group recorded pre-tax profit of RM18.135 million (after elimination of inter-segment items of RM4.402 million), compared to the preceding year corresponding period of pre-tax loss RM28.362 million (after elimination of inter-segment items of RM2.397 million). The current result included a share of profit of Aseana Properties Limited (“ASPL”) (a 23.07% associate of Ireka) of RM23.686 million (31 December 2015: Loss of RM18.068 million); and a share of loss of Urban DNA Sdn Bhd (“Urban DNA”) (a 30% associate of Ireka) of RM0.489 million (31 December 2015: Loss of RM0.579 million). For the purpose of this announcement, the Share of Profit of Associates and Investment in Associates are based on ASPL’s latest published results for financial period ended 30 September 2016.

ASPL’s profit is attributable to the gain on disposal of Aloft Kuala Lumpur Sentral Hotel of RM33.775 million, offset by losses and financing cost of its three operating assets, being City International Hospital, Harbour Mall Sandakan and Four Points by Sheraton Sandakan.

B1 Review of Performance (continued)

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

The construction segment recorded a profit of RM2.766 million (31 December 2015: Loss of RM5.711 million) before elimination of inter-segment items of RM4.767 million (31 December 2015: RM0.104 million) which are attributable to internal projects. Profit improved due to higher contribution from its on-going projects.

The property development segment recorded a loss of RM1.328 million (31 December 2015: Loss of RM4.493 million), before elimination of inter-segment items of RM1.349 million (31 December 2015: RM0.556 million). The losses are mainly due to pre-launch expenses of Rimbun Kasia which were charged out as incurred.

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

The Group achieved a higher revenue of RM78.785 million in the current quarter as compared to RM73.283 million in the preceding year corresponding quarter. This was substantially due to higher contribution from its construction segment during the current quarter.

For the financial quarter ended 31 December 2016, the Group recorded a pre-tax loss of RM0.471 million as compared to a pre-tax loss of RM8.868 million in the preceding year corresponding quarter. Pre-tax loss for the current quarter is substantially attributable to trading and services segment, which contributed a loss of RM1.461 million (31 December 2015: Profit of RM0.096 million).

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

The Group recorded higher revenue of RM78.785 million in the third quarter of financial year ending 31 March 2017, compared to RM60.821 million in the immediate preceding quarter. This was due to higher contribution from its construction and property development segments which recorded combined increase in revenue of RM16.094 million.

The Group recorded a pre-tax loss of RM0.471 million compared to a pre-tax loss of RM9.453 million in the last quarter. The improvement for the current quarter attributable to reasons mentioned in B1 above.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM4.566 billion worth of contracts over the last twelve months. On 24 February 2017, the Group secured a construction contract from Malaysia Packaging Industry Berhad to undertake a fixed price lump sum design-build contract for industrial facilities for production, warehousing and storage of goods with commercial office facilities and car parking space at an industrial factory lot situated in ASTA Enterprise Park Kajang at a contract sum of RM60.796 million.

As at end 31 December 2016, the Group's order book stood at about RM984 million, of which about RM381 million remained outstanding. A significant portion of this outstanding work will be performed in the current financial year which will improve the results of the construction segment. The Group also expects construction works to be generated internally from its property development division over the next few months.

On the property development front, construction of The RuMa Hotel and Residences, KLCC ("The RuMa") which is 70% owned by ASPL and 30% by the company, is progressing well after experiencing some delays during early stage of construction. The project is expected to complete at end of 2017. ASPL adopted IFRIC 15–Agreements for Construction of Real Estate, which prescribes that revenue and profit be recognised only when the properties are completed and occupancy permits are issued. Hence, we expect The RuMa to contribute positively to the results of the Group only in FY2018. The Group launched Phase 1 of its ASTA Enterprise Park Kajang, comprising multifunctional industrial units in September 2016. Phase 1 consists of 18 units and the company achieved 55% sales as to-date. On 24 February 2017, the Group signed a Sale and Purchase Agreement to sell a piece of vacant industrial factory lot situated in ASTA Enterprise Park Kajang measuring 5.00 acres for a gross purchase price of RM39.204 million.

In 2017, the Group is planning to launch two projects, being a serviced residence project in Mont' Kiara under the I-Zen brand and dwi@Rimbun Kasia, Nilai, comprising 382 units of mid-market courtyard condominiums ranging from 650sf-980sf, under the Group's mid-market zenZ brand.

On 4 January 2017, ASPL announced that a resolution to return the first capital distribution of US\$10.0 million or US\$0.75 per share to shareholders has been passed. The capital distribution was completed on 10 January 2017 and Ireka received RM10.278 million (about US\$2.307 million).

It is expected that the Group will continue to benefit from the profit and cash realisation from ASPL as the company successfully divest its portfolio of assets over the next two years.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2017.

B5 Profit/(loss) for the Period

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

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Depreciation of property, plant and equipment	(1,260)	(1,590)	(3,842)	(4,687)
Property, plant and equipment written off	(10)	(4)	(10)	(6)
Interest expense	(1,803)	(2,036)	(5,649)	(6,243)
(Loss)/gain on disposal of other investments	-	(6)	185	27
Loss on disposal of property, plant and equipment	(357)	(183)	(341)	(222)
Gain on disposal of investment properties	248	-	248	-
Net foreign exchange gain/(loss)	241	(33)	431	1,540
Interest income	116	159	448	589

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 December 2016.

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	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Malaysian income tax	500	(160)	244	(404)
	500	(160)	244	(404)

The effective tax rates of the Group for the current quarter and for the year 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.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2016 are as follows:-

	RM'000
(a) Short term borrowings	
<i>Secured:-</i>	
Hire purchase/leasing	3,766
Trade finance	22,865
Bank overdraft	34,481
Revolving credit	35,968

	97,080

<i>Unsecured:-</i>	
Bank overdraft	1,068
Revolving credit	1,000

	99,148

(b) Long term borrowings	
<i>Secured:-</i>	
Term loans	42,692
Hire purchase/leasing	4,093

	46,785

(c) Total borrowings	145,933
	=====

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 2016, into realised and unrealised profits/(losses) is as follows:-

	31.12.2016	31.3.2016
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:-		
- Realised	35,609	36,729
- Unrealised	(12,617)	(8,921)
	<u>22,992</u>	<u>27,808</u>
The share of accumulated losses of its associates:-		
- Realised	(36,219)	(61,582)
- Unrealised	657	2,825
	<u>(35,562)</u>	<u>(58,757)</u>
Total accumulated losses	<u>(12,570)</u>	<u>(30,949)</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 21 February 2017.

B11 Dividend Proposed

The Board of Directors do not recommend any dividend payment in respect of the financial year ended 31 March 2016 and for the current quarter ended 31 December 2016.

B12 (Loss)/earnings per Share

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
(a) Basic				
Profit/(loss) for the period attributable to owners of the Company (RM'000)	29	(9,028)	18,379	(28,766)
Weighted average number of ordinary shares	170,872,050	170,872,050	170,872,050	170,872,050
Basic earnings/(loss) per share (sen)	0.02	(5.28)	10.76	(16.83)
(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 February 2017