IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 December 2017

	Unaudited Current Year Quarter 31.12.2017 RM'000	Audited Preceding Year Corresponding Quarter 31.12.2016 RM'000	Unaudited Current Year To Date 31.12.2017 RM'000	Audited Preceding Year Corresponding Period 31.12.2016 RM'000
Revenue	**87,905**	78,785	**231,387**	203,324
Cost of sales	**(82,197)**	(71,754)	**(208,544)**	(184,920)
Gross profit	**5,708**	7,031	**22,843**	18,404
Other income	**2,914**	598	**4,703**	1,436
Expenses	**(7,168)**	(6,296)	**(20,132)**	(19,252)
Operating profit	**1,454**	1,333	**7,414**	588
Finance costs	**(1,147)**	(1,804)	**(3,447)**	(5,649)
Share of profit of associates	**1,995**	-	**2,759**	23,196
Profit/(Loss) before tax	**2,302**	(471)	**6,726**	18,135
Income tax credit/(expense)	**149**	500	**(260)**	244
Profit for the period	**2,451**	29	**6,466**	18,379
Other comprehensive income/(loss):-				
Currency translation differences	**152**	(149)	**120**	(248)
Loss on fair value changes	**-**	-	**-**	(147)
Other comprehensive income/(loss) for the financial period, net of tax	**152**	(149)	**120**	(395)
Total comprehensive income/(loss) for the period	**2,603**	(120)	**6,586**	17,984
Profit attributable to:-				
Owners of the Company	**2,451**	29	**6,466**	18,379
Non-controlling interest	**-**	-	**-**	-
	2,451	29	**6,466**	18,379
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	**2,509**	(120)	**6,586**	17,984
Non-controlling interest	**-**	-	**-**	-
	2,509	(120)	**6,586**	17,984
Earnings per share attributable to owners of Company:-				
- basic (sen)	**1.36**	0.02	**3.59**	10.76
- 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 2017 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit	**1,454**	1,333	**7,414**	588
Gross interest income	**110**	116	**385**	448
Gross interest expense	**(1,147)**	(1,804)	**(3,447)**	(5,649)

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Financial Position as at 31 December 2017

	Unaudited As At 31.12.2017 RM'000	Audited As At 31.3.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,733	33,532
Investment properties	4,547	11,098
Investment in associates	103,249	101,281
Other investments	42	42
Land held for property development	26,721	24,326
	164,292	170,279
Current assets		
Property development costs	95,013	96,544
Inventories	15,216	14,095
Trade and other receivables	160,751	132,250
Amounts due from customers on contracts	6,858	58,340
Amounts due from associates	14,897	14,885
Cash and cash equivalents	36,354	12,428
	329,089	328,542
TOTAL ASSETS	493,381	498,821
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	180,049	170,872
Reserves	(23,752)	(26,774)
	156,297	144,098
Non-controlling interest	-	-
Total equity	156,297	144,098
Non-current liabilities		
Borrowings	22,031	30,110
Deferred tax liabilities	3,222	3,222
	25,253	33,332
Current liabilities		
Trade and other payables	231,588	224,278
Amounts due to associates	-	2
Borrowings	64,696	95,125
Overdrafts	14,547	983
Tax payable	1,000	1,003
	311,831	321,391
Total liabilities	337,084	354,723
TOTAL EQUITY AND LIABILITIES	493,381	498,821

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the Interim Statements)

Other Information:-

Net assets per share (RM)	0.87	0.84

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2017

	<— Attributable to owners of the Company							—>		
	<— Non-distributable					—>	<-Distributable->			
9 months ended 31.12.2017 (Unaudited)	**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**	**Total Equity Attributable to Owners of the Company RM'000**	**Non-Controlling Interest RM'000**	**(Unaudited) Total Equity RM'000**
Balance as at 1.4.2017	170,872	1,385	5,696	(5,696)	(1,404)	-	(26,755)	144,098	-	144,098
Issuance of shares	9,177	(146)	-	-	-	-	-	9,031	-	9,031
Total comprehensive income for the period	-	-	-	-	120	-	6,466	6,586	-	6,586
Dividends	-	-	-	-	-	-	(3,418)	(3,418)	-	(3,418)
Balance as at 31.12.2017	180,049	1,239	5,696	(5,696)	(1,284)	-	(23,707)	156,297	-	156,297

	<— Attributable to owners of the Company							—>		
	<— Non-distributable					—>	<-Distributable->			
9 months ended 31.12.2016 (Audited)	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	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017

	Unaudited Current Year To Date 31.12.2017 RM'000	Audited Preceding Year Corresponding Period 31.12.2016 RM'000
Cash flows from operating activities		
Profit before tax	6,726	18,135
Adjustments for:		
Depreciation of property, plant and equipment	2,938	3,842
Property, plant and equipment written off	23	10
Gain on disposal of other investments	-	(185)
Loss/(Gain) on disposal of property, plant and equipment	338	341
Loss/(Gain) on disposal of investment property	(1,162)	(248)
Share of loss/(profit) of associates	(2,759)	(23,196)
Interest expense	3,447	5,649
Interest income	(385)	(448)
Operating profit before changes in working capital	9,166	3,900
Working capital changes:		
Property development costs	1,530	(20,027)
Inventories	(1,121)	(335)
Receivables	(26,844)	(13,435)
Amount due from customers on contracts	51,482	10,622
Amount due from associates	(13)	7
Payables	8,206	22,264
Cash generated from operations	42,406	2,996
Income tax paid	(1,932)	(161)
Net cash generated from operating activities	40,474	2,835
Cash flows from investing activities		
Purchase of property, plant and equipment	(247)	(512)
Proceeds from disposal of property, plant and equipment	745	563
Proceeds from disposal of investment property	7,713	992
Proceeds from disposal of other investments	-	185
Land held for property development	(2,394)	(1,247)
Investment in associates	(105)	-
Interest received	385	448
Net cash generated from/(used in) investing activities	6,097	429
Cash flows from financing activities		
Proceeds from issuance of new shares	9,031	-
Hire purchase principal repayments	(2,768)	(3,189)
Drawdown of bank borrowings	54,340	58,041
Repayment of bank borrowings	(72,364)	(45,776)
Dividend paid	(3,418)	-
Interest paid	(3,447)	(5,649)
Net cash used in financing activities	(18,626)	3,427
Net increase in cash and cash equivalents	27,945	6,691
Effect of changes in exchange rates	133	-
Cash and cash equivalents as at beginning of financial period	(6,271)	(14,500)
Cash and cash equivalents as at end of financial period	21,807	(7,809)

Cash and cash equivalents as at end of financial period comprise the followings:-

Cash and bank balances	36,354	27,741
Overdrafts	(14,547)	(35,550)
	21,807	(7,809)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the Interim Statements)

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 2017. 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 2017.

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 2017.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2017 was not subject to any qualification.

A4 Seasonality or Cyclicality 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

The Company allotted 15,836,000 new ordinary shares on 15 December 2017 pursuant to a Subscription Agreement dated 4 December 2017. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 December 2017. The new shares rank pari passu in all respects with the existing ordinary shares of the Company.The new shares were issued under the authority given by the Company's shareholders at its annual general meeting held on 30 August 2017 authorising the Board to allot and issue new shares not exceeding 10% of the total number of issued shares of the Company at any point in time.

Other than the above, there were no issuances, repurchases and repayments of debt and equity securities during the current quarter and financial period ended 31 December 2017.

A8 Dividend Paid

The Company has paid a first and final single-tier dividend of 2 sen per share for the financial year ended 31 March 2017 on 23 November 2017.

A9 Segmental Information

	Group revenue and results including Share of Associates			
	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Segment Revenue				
Revenue				
Construction	**76,382**	79,513	**210,145**	204,694
Property development	**7,909**	1,775	**11,015**	5,073
Property investment	**199**	167	**565**	563
Trading and services	**12,245**	5,586	**24,271**	15,878
Investment holding and other	**3,100**	4,828	**8,650**	9,345
Total	**99,835**	91,869	**254,646**	235,553
Elimination of inter-segment sales	**(11,930)**	(13,084)	**(23,259)**	(32,229)
Total	**87,905**	78,785	**231,387**	203,324

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Segment Results				
Profit/(loss) before tax				
Construction	**(1,169)**	2,720	**4,609**	2,766
Property development	**889**	(878)	**1,799**	(1,328)
Property investment	**1,785**	142	**777**	(36)
Trading and services	**55**	(1,461)	**7**	(1,901)
Investment holding and other	**1,008**	1,711	**534**	23,036
Total	**2,568**	2,234	**7,726**	22,537
Elimination of inter-segment items	**(266)**	(2,705)	**(1,000)**	(4,402)
Total	**2,302**	(471)	**6,726**	18,135

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 31.12.2017 RM	**Financial Year Ended 31.3.2017 RM**
(i) Corporate guarantees for credit facilities granted to the Group	**60,189,470**	45,869,975

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 2017, the Group recorded revenue of RM231.387 million (after elimination of inter-segment sales of RM23.259 million) as compared to RM203.324 million (after elimination of inter-segment sales of RM32.229 million) for the preceding year corresponding period, representing an increase of approximately 14%. 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 RM210.145 million in the current period, compared to RM204.694 million in the preceding year corresponding period. The major contributors to the revenue in construction segment are MRT Package V7, an office building contract at KL-Eco City, The RuMa Hotel and Residences and a design and build contract for industrial facilities at Kajang.

The property development segment recorded a higher revenue of RM11.015 million in the current period compared to RM5.073 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 improved by approximately 53% mainly due contribution from IT solutions division which is undertaking a supply and installation of electric system contract.

For the financial period ended 31 December 2017, the Group recorded pre-tax profit of RM6.726 million (after elimination of inter-segment items of RM1 million), compared to the preceding year corresponding period of pre-tax profit RM18.135 million (after elimination of inter-segment items of RM4.402 million). The current results included a share of profit of Aseana Properties Limited ("ASPL") (a 23.07% associate of Ireka) of RM4.173 million (31 December 2016: Profit of RM23.686 million); and a share of loss of Urban DNA Sdn Bhd ("Urban DNA") (a 30% associate of Ireka) of RM1.296 million (31 December 2016: Loss of RM0.489 million). The latter 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 no revenue or profit were recorded for the current financial period.

ASPL's profits are 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.

B1 Review of Performance (continued)

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

The construction segment recorded a higher profit of RM4.609 million (31 December 2016: Profit of RM2.766 million) before elimination of inter-segment items of RM0.946 million (31 December 2016: RM4.767 million). This was mainly attributable to better operating margin achieved and lower finance costs incurred during the period.

The property development segment recorded a profit of RM1.799 million (31 December 2016: Loss of RM1.328 million), before elimination of inter-segment items of RM0.761 million (31 December 2016: RM1.349 million). The profit was mainly attributable to the industrial park development at ASTA Enterprise Park Kajang.

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

The Group achieved a higher revenue of RM87.905 million in the current quarter as compared to RM78.785 million in the preceding year corresponding quarter. This was substantially due to higher contributions from its property development and trading and services segments in the current quarter.

For the financial quarter ended 31 December 2017, the Group recorded a pre-tax profit of RM2.302 million as compared to a pre-tax loss of RM0.471 million in the preceding year corresponding quarter. This is mainly due to profit on disposal of an office suite held for investment.

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

The Group recorded higher revenue of RM87.905 million in the third quarter of financial year ending 31 March 2018, compared to RM69.498 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 RM2.302 million compared to a pre-tax profit of RM3.355 million in the last quarter. The reason of lower pre-tax profit as compared to immediate preceding quarter is due to lower profit margin achieved by construction segment during current quarter.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM3.1 billion worth of contracts over the last twelve months. In October 2017, the Group secured a contract from Pantai Medical Centre Sdn Bhd to complete incomplete refurbishment works for a contract sum of about RM60.748 million, by June 2018.

As at 30 September 2017, the Group's order book stood at about RM800 million, of which about RM300 million remained outstanding. The Group is actively tendering for external construction contracts and also expects construction works to be generated internally from its property development division.

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 expected to complete in April 2018. 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 in the next financial year.

The Group is planning to launch two projects in the current financial year. The first project is targeted to launch in March this year under the project name of KaMi. It comprises 168 units of serviced residence in Mont' Kiara under the I-Zen brand. The second project is planned for launching in June 2018 under Dwi@Rimbun Kasia located at 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 continue to 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 2018.

B5 Profit for the Period

Included in profit for the period are:-

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Depreciation of property, plant and Equipment	**(966)**	(1,260)	**(2,938)**	(3,842)
Gain/(loss) on disposal of property, plant and Equipment	**1,795**	(357)	**1,454**	(341)
Property, plant and equipment written off	**(17)**	(10)	**(23)**	(10)
Interest expense	**(1,148)**	(1,803)	**(3,447)**	(5,649)
Gain on disposal of investment property	**1,792**	248	**1,162**	248
Gain on disposal of other investments	**-**	-	**-**	185
Net foreign exchange (loss)/gain	**(230)**	241	**(230)**	431
Interest income	**109**	116	**385**	448

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 December 2017.

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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Malaysian income tax Credit/(expense)	**149**	500	**(260)**	244
	149	500	**(260)**	244

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 corporate proposals announced but not completed.

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 31.12.2017 RM'000	Financial Quarter Ended 31.12.2016 RM'000
(a) Short term borrowings		
Secured:-		
Term loans	**13,658**	-
Hire purchase/leasing	**3,336**	3,766
Trade finance	**24,702**	22,865
Bank overdrafts	**14,547**	34,481
Revolving credit	**23,000**	35,968
	79,243	97,080
(b) Long term borrowings		
Secured:-		
Term loans	**21,167**	42,692
Hire purchase/leasing	**864**	4,093
	22,031	46,785
(c) Total borrowings	**101,274**	145,933

For the financial quarter ended 31 December 2017, the Group's total borrowings have reduced by RM44.659 million as compared to the preceding year financial quarter ended 31 December 2016. This reduction is due to repayment of certain project financing loans on the construction segment.

B9 Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the retained earnings/(accumulated losses) of the Group as at 31 December 2017, into realised and unrealised profits/(losses) is as follows:-

	31.12.2017 RM'000	31.3.2017 RM'000
The retained earnings of the Company and its subsidiaries:-		
- Realised	**34,811**	33,209
- Unrealised	**(10,499)**	(9,191)
	24,312	24,018
The share of accumulated losses of its associates:-		
- Realised	**(52,926)**	(48,341)
- Unrealised	**4,908**	(2,432)
	(48,018)	(50,773)
Total accumulated losses	**(23,706)**	(26,755)

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 23 February 2018.

B11 Dividend Proposed

At the Company's Annual General Meeting held on 30 August 2017, shareholders have approved a first and final single –tier dividend of 2 sen per share in respect of financial year ended 31 March 2017. Dividend was paid on 23 November 2017 to shareholders whose names appeared on the Record of Depositors as at 6 November 2017.

B12 Earnings per Share

		Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
		31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
(a)	Basic				
	Profit for the period attributable to owners of the Company (RM'000)	**2,451**	29	**6,466**	18,379
	Weighted average number of ordinary shares	**170,872,050**	170,872,050	**170,872,050**	170,872,050
	Basic earnings per share (sen)	**1.36**	0.02	**3.59**	10.76
(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 2018