IREKA CORPORATION BERHAD **(Company No. 197501004146 (25882-A))**

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2020

	Unaudited	Audited	**Unaudited**	Audited
		Preceding Year		Preceding Year
	Current Year	Corresponding	**Current Year**	Corresponding
	Quarter	Quarter	**To Date**	Year
	30.06.2020	30.06.2019	**30.06.2020**	30.06.2019
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**14,730**	21,705	**14,730**	21,705
Cost of sales	**(11,173)**	(18,402)	**(11,173)**	(18,402)
Gross profit	**3,557**	3,303	**3,557**	3,303
Other income	**525**	509	**525**	509
Expenses	**(5,382)**	(8,437)	**(5,382)**	(8,437)
Operating loss	**(1,300)**	(4,625)	**(1,300)**	(4,625)
Finance costs	**(3,104)**	(1,646)	**(3,104)**	(1,646)
Share of loss of associates	**(4,011)**	(3,596)	**(4,011)**	(3,596)
Share of loss of joint venture	**(41)**	-	**(41)**	-
Loss before tax	**(8,456)**	(9,867)	**(8,456)**	(9,867)
Income tax (expense)/credit	**(478)**	(524)	**(478)**	(524)
Loss for the period	**(8,934)**	(10,391)	**(8,934)**	(10,391)
Other comprehensive income/(loss):-				
Currency translation differences	**105**	23	**105**	23
Other comprehensive income/(loss) for the financial period, net of tax	**105**	23	**105**	23
Total comprehensive loss for the period	**(8,829)**	(10,368)	**(8,829)**	(10,368)
Loss attributable to:-				
Owners of the Company	**(8,807)**	(10,266)	**(8,807)**	(10,266)
Non-controlling interest	**(127)**	(125)	**(127)**	(125)
	(8,934)	(10,391)	**(8,934)**	(10,391)
Total comprehensive loss attributable to:-				
Owners of the Company	**(8,702)**	(10,243)	**(8,702)**	(10,243)
Non-controlling interest	**(127)**	(125)	**(127)**	(125)
	(8,829)	(10,368)	**(8,829)**	(10,368)
Loss per share attributable to owners of Company:-				
- basic (sen)	**(4.72)**	(5.66)	**(4.72)**	(5.66)
- 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 2020 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit/(loss)	**(1,300)**	(4,625)	**(1,300)**	(4,625)
Gross interest income	**272**	365	**272**	365
Gross interest expense	**(3,104)**	(1,646)	**(3,104)**	(1,646)

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))

Condensed Consolidated Statement of Financial Position as at 30 June 2020

	Unaudited As At 30.06.2020 RM'000	Audited As At 31.3.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	**24,319**	25,011
Right-of-use assets	**7,937**	2,538
Investment properties	**17,039**	17,039
Investment in associates	**78,304**	82,331
Investment in joint venture	**7,502**	7,543
Other investments	**6,769**	34
Inventories	**14,365**	14,134
Deferred tax asset	**192**	180
	156,427	148,810
Current assets		
Inventories	**128,907**	174,206
Trade and other receivables	**146,819**	157,093
Amounts due from associates	**188**	-
Amounts due from jointly controlled entities	**38**	-
Cash and cash equivalents	**26,616**	27,603
	302,568	358,902
TOTAL ASSETS	**458,995**	507,712
EQUITY AND LIABILITIES		
Equity		
Share capital	**181,288**	181,288
Warrant reserves	**5,696**	5,696
Other reserves	**(5,696)**	(5,696)
Foreign currency translation reserve	**(1,765)**	(1,870)
Accumulated losses	**(110,872)**	(102,065)
Equity attributable to owners of the Company	**68,651**	77,353
Non-controlling interest	**40,959**	35,586
Total equity	**109,610**	112,939
Non-current liabilities		
Lease liabilities	**147**	708
Borrowings	**29,845**	35,783
Deferred tax liabilities	**3,581**	3,581
	33,573	40,072
Current liabilities		
Trade and other payables	**200,151**	252,460
Lease liabilities	**14,513**	2,877
Borrowings	**90,273**	81,576
Overdrafts	**8,752**	16,106
Tax payable	**2,123**	1,682
	315,812	354,701
Total liabilities	**349,385**	394,773
TOTAL EQUITY AND LIABILITIES	**458,995**	507,712

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the Interim Statements)

Other Information:-

Net assets per share (RM)	**0.37**	0.41

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2020

	<---	---	Attributable to owners of the Company	---	---	--->		
	<---	Non-distributable	--->		<-Distributable->			
	Share Capital 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 30.06.2020 (Unaudited)								
Balance as at 1.4.2020	**181,288**	**5,696**	**(5,696)**	**(1,870)**	**(102,065)**	**77,353**	**35,586**	**112,939**
Warrant expired and delisted	**-**	**(5,696)**	**5,696**	**-**	**-**	**-**	**-**	**-**
Non controlling interest contribution	**-**	**-**	**-**	**-**	**-**	**-**	**5,500**	**5,500**
Total comprehensive profit/(loss) for the period	**-**	**-**	**-**	**105**	**(8,807)**	**(8,702)**	**(127)**	**(8,829)**
Balance as at 30.06.2020	**181,288**	**-**	**-**	**(1,765)**	**(110,872)**	**68,651**	**40,959**	**109,610**

	<---	---	---	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 30.06.2019 (Audited)									
Balance as at 01.04.2019	181,288	-	5,696	(5,696)	(1,952)	(61,703)	117,633	27,163	144,796
Dilution of equity interest	-	-	-	-	-	-	-	-	-
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	23	(10,266)	(10,243)	(125)	(10,368)
Balance as at 30.06.2019	181,288	-	5,696	(5,696)	(1,929)	(71,969)	107,390	27,038	134,428

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 June 2020

	Unaudited Current Year To Date 30.06.2020 RM'000	Audited Preceding Year Corresponding Year 30.06.2019 RM'000
Cash flows from operating activities		
Loss before tax	**(8,457)**	(9,867)
Adjustments for:		
Bad debt written off	**-**	-
Impairment allowances made for trade receivables	**-**	-
Depreciation of property, plant and equipment	**687**	744
Property, plant and equipment written off	**-**	-
Gain on disposal of other investments	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**15**	1
Gain on fair value changes of investment property	**-**	-
Gain on disposal of investment property	**-**	-
Other investment written down	**-**	-
Stock written down	**3**	-
Share of loss/(profit) of associates	**4,011**	3,596
Share of loss of joint venture	**41**	-
Interest expense	**3,103**	1,646
Interest income	**(272)**	(365)
Unrealised (gain)/loss on foreign exchange	**19**	-
Right-of-use asset	**498**	
Operating profit/(loss) before changes in working capital	**(352)**	(4,245)
Working capital changes:		
Property development costs	**46,131**	(5,840)
Inventories	**(832)**	24
Receivables	**(23,581)**	(37,401)
Contract assets/contract liabilities	**(11,465)**	10,810
Amount due from associates	**(188)**	14,882
Amount due from jointly controlled entities	**(38)**	-
Payables	**(18,095)**	1,975
Cash used in operations	**(8,420)**	(19,795)
Income tax refunded	**-**	-
Income tax paid	**1,219**	(203)
Net cash used in operating activities	**(7,201)**	(19,998)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(29)**	(1,218)
Proceeds from disposal of property, plant and equipment	**236**	31
Land held for property development	**(231)**	(312)
Investment in joint venture	**-**	-
Interest received	**272**	365
Net cash (used in)/generated from investing activities	**248**	(1,134)
Cash flows from financing activities		
Proceeds from disposal of subsidiary	**-**	-
Proceeds from issuance of new shares to non-controlling interest	**5,500**	-
Proceeds from issuance of new shares	**-**	-
Hire purchase principal repayments	**-**	(239)
Drawdown of bank borrowings	**15,834**	45,533
Repayment of bank borrowings	**(13,075)**	(25,129)
Dividend paid	**-**	-
Interest paid	**(3,103)**	(1,646)
Repayments of lease liabilities	**8,060**	
Net cash generated from financing activities	**13,216**	18,519
Net (decrease)/increase in cash and cash equivalents	**6,263**	(2,613)
Effect of changes in exchange rates	**105**	23
Cash and cash equivalents as at beginning of financial period	**11,496**	24,847
Cash and cash equivalents as at end of financial period	**17,864**	22,257
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	**26,616**	31,829
Overdrafts	**(8,752)**	(9,572)
	17,864	22,257

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020 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 M*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 2020. 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 2020.

Except for MFRS 16 "Leases", the adoption of the following applicable amendments and improvements to MFRS that came into effect 1 January 2019 did not have any significant impact on the Group upon the initial application.

Description	
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interest in Associates and Joint Ventures
MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

MFRS 16 "Leases" ("MFRS 16")

Effective 1 January 2019, the Group adopted MFRS 16 which replaced the guidance in MFRS 117 "Leases" ("MFRS 17") on the recognition, measurement, presentation and disclosure of leases. The adoption of MFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial report. The Group applied the simplified transition approach and in accordance with the transitional provision in MFRS 16, comparative figures for the period prior to first adoption have not been restated.

All right-of-use ("ROU") assets were measured at the present values as if the standard had been applied since the commencement date while all lease liabilities will be measured at the present value of the remaining lease payments. The ROU assets is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statement of comprehensive income.

In applying MFRS 16 for the first time, the Group had used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristic;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A1 Basis of Preparation (continued)

The Group will be adopting the following MFRSs when they become effective in the respective financial periods.

Description		Effective for annual period beginning on or after
Amendments to MFRS 3	Definition of a business	1 January 2020
Amendments to MFRS 101 and 108	Definition of material	1 January 2020

The adoption of the above MFRSs are not expected to have a material impact in financial statements of the Group.

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 2020.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2020 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

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and financial period ended 30 June 2020.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 30 June 2020.

A9 Segmental Information

Group revenue and results including Share of Associates

	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.06.2020 RM'000	**30.06.2019 RM'000**	**30.06.2020 RM'000**	**30.06.2019 RM'000**
Segment Revenue				
Revenue				
Construction	**7,499**	11,044	**7,499**	11,044
Property development	**10,680**	15,702	**10,680**	15,702
Property investment	**127**	127	**127**	127
Trading and services	**1,611**	3,273	**1,611**	3,273
Investment holding and other	**3,102**	3,102	**3,102**	3,102
Total	**23,019**	33,248	**23,019**	33,248
Elimination of inter-segment sales	**(8,289)**	(11,543)	**(8,289)**	(11,543)
Total	**14,730**	21,705	**14,730**	21,705

	Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
	30.06.2020 RM'000	**30.06.2019 RM'000**	**30.06.2020 RM'000**	**30.06.2019 RM'000**
Segment Results				
Profit/(Loss) before tax				
Construction	**(1,695)**	(2,865)	**(1,695)**	(2,865)
Property development	**559**	1,945	**559**	1,945
Property investment	**(44)**	(56)	**(44)**	(546)
Trading and services	**(2,713)**	(2,257)	**(2,713)**	(2,257)
Investment holding and other	**(3,288)**	(4,309)	**(3,288)**	(4,309)
Total	**(7,181)**	(7,542)	**(7,181)**	(7,542)
Elimination of inter-segment items	**(1,275)**	(2,325)	**(1,275)**	(2,325)
Total	**(8,456)**	(9,867)	**(8,456)**	(9,867)

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 Event

On 15 July 2020, Ireka Corporation Berhad ("Ireka") entered into a conditional Share Buyback Agreement with ASPL. In accordance to the Share Buyback Agreement, Ireka agrees to sell and ASPL agrees to purchase all the 45,837,504 ordinary shares of ASPL held by Ireka in consideration for an equivalent number of ordinary shares in NewCo, which will hold mainly The RuMa Hotel and Residences ("The RuMa") in Kuala Lumpur and a parcel of land in Kota Kinabalu, both located in Malaysia.

Ireka has also agreed with ASPL that adjustments should be made, where appropriate, to reflect the settlement of potential claims that ASPL may have against Ireka Group in connection with Ireka Group's projects, including the settlement of amounts owing by Ireka Group to the ASPL relating to the development and construction of The RuMa.

This demerger transaction is conditional upon the approval of various parties, including the approval of shareholders of Ireka and ASPL, the latter of which was obtained on 18 August 2020.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

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 30.06.2020 RM	**Financial Year Ended 31.3.2020 RM**
(i) Corporate guarantees for credit facilities granted to the Group	19,621,619	19,931,619

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

The Coronavirus Disease 2019 ("COVID-19") Pandemic and the subsequent Movement Control Orders ("MCO") imposed by the Government of Malaysia from March 2020 has disrupted business activities and operation of the Group, and affected the performance and results of the Group during the quarter under review.

For the financial period ended 30 June 2020, the Group recorded revenue of RM14.730 million (after elimination of inter-segment sales of RM8.289 million) as compared to RM21.705 million (after elimination of inter-segment sales of RM11.543 million) for the preceding year corresponding period, representing a decrease of approximately 32%.

The revenue achieved by the construction segment is significantly lower at RM7.499 million in the current period, compared to RM11.044 million in the preceding year corresponding period, representing a decrease of approximately 32%. Inter-segment sale for current period has decreased to RM4.015 million, from RM6.924 million in preceding year corresponding period. All construction activities were halted since 18 March 2020 due to the imposition of MCO and activities on site only resumed progressively in late June 2020. Full rate of production has yet to fully achieved in certain projects.

The property development segment has recorded a lower revenue of RM10.680 million in the current period compared to RM15.702 million in the preceding year corresponding period, representing an increase of 32%. Business activities in this segment has dropped significantly too during the quarter under review, for the same reason of COVID-19 Pandemic and MCO. With the resumption of sales activities, the Group expects the property development segment to continue to grow in its contribution to the revenue of the Group going forward. To date, the segment has unbilled sales of about RM250 million which will be billed as works progress over the next two years. The revenue recorded for the year was attributable to the ASTA Enterprise Park located at Bukit Angkat Kajang, KaMi Mont Kiara development and DWI @ Rimbun Kasia, Nilai.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period decreased to RM1.611 million, from RM3.273 million in the preceding year corresponding period, mainly due to lower contribution from iTech Network Solutions Sdn Bhd as result of disruption to its operation, and from Ireka Development Management Sdn Bhd, given that the management agreement with ASPL ended on 30 June 2019.

B1 Review of Performance (continued)

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

For the financial period ended 30 June 2020, the Group recorded pre-tax loss of RM4.404 million (after elimination of inter-segment items of RM1.275 million) before share of losses of associates and joint venture, compared to the preceding year corresponding period of pre-tax loss of RM6.271 million (after elimination of inter-segment items of RM2.325 million). Pre-tax loss after share of losses of associates and joint venture is RM8.456 million, compared to RM9.867 million in the preceding year corresponding period. The share of loss from associates of RM4.011 million are attributable to, a share of loss of ASPL (a 23.07% associate of Ireka) of RM2.073 million (30 June 2019: Loss of RM1.090 million); and a share of loss of The RuMa Hotel KL Sdn Bhd ("The RuMa") (a 30% associate of Ireka) of RM1.203 million (30 June 2019: Loss of RM2.232 million). ASPL's loss is mainly due to operating losses and finance costs of its four operating assets, being The RuMa Hotel, Four Points by Sheraton Sandakan Hotel, Harbour Mall Sandakan and City International Hospital HCMC. All these assets have been adversely affected by the COVID-19 and lockdown of business activities in Malaysia and Vietnam. The Four Points by Sheraton Sandakan Hotel was de-flagged by Marriott International and permanently closed for business from June. The RuMa Hotel was also temporarily closed for business since March 2020, given the travel restriction imposed on foreign travellers into Malaysia. However, we would like to highlight that losses recorded by ASPL during the period have no impact on the Group's cashflow in the short and medium term, and also on the operation of the various divisions within the Group.

The construction segment recorded a loss of RM1.695 million (30 June 2019: Loss of RM2.865 million) before elimination of inter-segment items of RM0.963 million (30 June 2019: RM1.567 million). This was due to construction activities being halted for a large part of the quarter under review, as mentioned earlier. Profit elimination arising from internal works is lower at RM0.963 million, compared to RM1.567 million in preceding year corresponding period.

The property development segment recorded a profit of RM0.559 million (30 June 2019: Profit of RM1.945 million), before elimination of inter-segment items of RM0.406 million (30 June 2019: RM0.257 million). Sales activities and work progress were disrupted due to MCO, as stated above.

The trading and services segment recorded a loss of RM2.713 million (30 June 2019: Loss of RM2.257 million), before elimination of inter-segment items of RM0.733 million (30 June 2019: RM1.014 million).

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

The Group achieved revenue of RM14.730 million in the current quarter as compared to RM21.705 million in the preceding year corresponding quarter, representing a decrease of approximately 32%. This was due to lower contribution from construction, property development & trading and services segment during the current quarter, as a result of COVID-19 Pandemic and MCO during the quarter under review.

B1 Review of Performance (continued)

(c) Performance of Current Quarter against the Preceding Year Corresponding Quarter (continued)

For the financial period ended 30 June 2020, the Group recorded a pre-tax loss of RM8.456 million as compared to a pre-tax loss of RM9.867 million in the preceding year corresponding quarter.

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

The Group recorded lower revenue of RM14.730 million in the first quarter of financial year ending 31 March 2021, compared to RM20.918 million in the immediate preceding quarter. This is mainly due to the full impact of COVID-19 and MCO during the quarter under review.

The Group recorded a pre-tax loss of RM8.456 million (after accounted for share of loss of associates of RM4.011 million) compared to a pre-tax loss of RM28.886 million (after accounted for share of loss of associates of RM19.722 million) in the last quarter. The share of loss from associates in immediate preceding quarter was mainly attributable to ASPL arising from impairment loss on its Sandakan assets.

B3 Prospects for the Current Financial Year

As at 30 June 2020, the Group's construction order book stood at about RM498 million, of which about RM320 million remained outstanding. This includes a new contract awarded by Regency Specialist Hospital Sdn Bhd on 23 June 2020, for main building works to construct and complete a 10-storey hospital extension block at Bandar Baru Seri Alam, Daerah Johor Bahru for a contract sum of RM163.9 million. The construction segment has been slow in replenishing its order book due to COVID-19 and MCO, but is hopeful that tender activities will pick up over the next few months. The Group continue to actively tender for external construction contracts to replenish its order book and also expects more construction works to be generated internally from its property development division.

On the property development front, the Group has four on-going projects. The first project is The RuMa Hotel and Residences, KLCC ("The RuMa"), 70% owned by ASPL and 30% by the Group, where sale of completed units are on-going. The second project is ASTA Enterprise Park comprising 36 units of multi-functional industrial units and 8 parcels of land, of which all 18 units of Phase 1, 2 units of Phase 2 and 1 parcel of land were sold. The third is KaMi Mont' Kiara consisting of 168 units of residences under the I-Zen brand, of which about 92% sale was recorded. The final project is DWI@ Rimbun Kasia, Nilai, which is undertaken jointly with Hankyu Hanshin Properties Corp., comprising 382 units of mid-market courtyard condominiums under the Group's mid-market zenZ brand. To-date, about 42% of the project were sold.

B3 Prospects for the Current Financial Year (continued)

Going forward, the Property Division is also actively reviewing its sales and marketing activities including launching new phases of its current projects should the property market normalise during the current financial year. In the short term, the performance of the Group for the current financial year will be affected by COVID-19 Pandemic and MCO, given the disruption to its business activities and operation. However, the Board expect activities in the various segments to pick up over the next 6 months, and performance to improve in the second half of the current financial year. The full impact of the COVID-19 crisis will depend on the effectiveness of the Government's stimulus measures and the successful containment of the COVID-19 Pandemic. Bank Negara Malaysia expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

The Company is also working towards implementation of the demerger plan with ASPL, and will explore options to strengthen the capital base of the Group over the next 12 months.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2021.

B5 Profit/(Loss) for the Period

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

	Individual Quarter 3 Months Ended		**Cumulative Period 3 Months Ended**	
	30.06.2020 RM'000	**30.06.2019 RM'000**	**30.06.2020 RM'000**	**30.06.2019 RM'000**
Depreciation of property, plant and equipment	**(687)**	(744)	**(687)**	(744)
(Loss)/gain on disposal of property, plant and equipment	**(14)**	(1)	**(14)**	(1)
Property, plant and equipment written off	**-**	-	**-**	-
Interest expense	**(3,104)**	(1,646)	**(3,104)**	(1,646)
Net foreign exchange Gain/(loss)	**(19)**	(2)	**(19)**	(2)
Interest income	**272**	365	**272**	365

Other than the above items, there were no exceptional items for the current quarter and financial period ended 30 June 2020.

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	
	30.06.2020 RM'000	**30.06.2019 RM'000**	**30.06.2020 RM'000**	**30.06.2019 RM'000**
Malaysian income tax (expense)/credit	**(478)**	(524)	**(478)**	(524)
	(478)	(524)	**(478)**	(524)

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 recorded 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	* 8,750,264	276,698

* Includes a capital injection of RM7,649,999 into Mobilus Sdn Bhd, a company jointly owned by Ireka and CRRC Urban Traffic (Europe) Co. Ltd. ("CRRC UT") on a 51:49 basis. Mobilus Sdn Bhd was set up mainly to sell urban transportation products and special purpose vehicle from CRRC UT and to explore urban transportation projects in Malaysia.

B8 Group Borrowings and Debt Securities

		Financial Quarter Ended 30.06.2020 RM'000	Financial Quarter Ended 30.06.2019 RM'000
(a)	Short term borrowings		
	Secured:-		
	Term loans	**41,756**	**25,383**
	Finance lease liabilities/Hire purchase	**14,513**	**1,071**
	Trade finance	**25,502**	**26,803**
	Bank overdrafts	**8,752**	**9,572**
	Revolving credit	**23,015**	**24,500**
		113,538	**87,329**
(b)	Long term borrowings		
	Secured:-		
	Term loans	**29,845**	**32,679**
	Finance lease liabilities/Hire purchase	**147**	**236**
		29,992	**32,915**
(c)	Total borrowings	**143,530**	**120,244**

For the financial quarter ended 30 June 2020, the Group's total borrowings have increased by RM23.286 million as compared to the preceding year financial quarter ended 30 June 2019. This increase is due to drawdown of bridging/working capital loan for a property development project, offset by repayment of certain construction loans.

B9 Material Litigations

The Group was not engaged in any material litigation as at 24 August 2020.

B10 Dividend Proposed

The Directors do not recommend payment of any dividend in respect of the financial year ended 31 March 2020 and financial period ended 30 June 2020.

B11 Loss per Share

		Individual Quarter 3 Months Ended		Cumulative Period 3 Months Ended	
		30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
(a)	Basic				
	Loss for the period attributable to owners of the Company (RM'000)	**(8,807)**	(10,266)	**(8,807)**	(10,266)
	Weighted average number of ordinary shares	**186,708,050**	181,288,393	**186,708,050**	181,288,393
	Basic loss per share (sen)	**(4.72)**	(5.66)	**(4.72)**	(5.66)
(b)	Diluted Earnings	**N/A**	N/A	**N/A**	N/A

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

By Order of the Board
IREKA CORPORATION BERHAD
WONG YIM CHENG
Company Secretary
Kuala Lumpur
28 August 2020