

**Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 December 2021**

	Unaudited Current Year Quarter 31.12.2021 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2020 RM'000	Unaudited Current Year To Date 31.12.2021 RM'000	Unaudited Preceding Year Corresponding Year 31.12.2020 RM'000
<b>Revenue</b>	<b>38,306</b>	44,758	<b>67,454</b>	101,540
Cost of sales	<b>(38,028)</b>	(37,070)	<b>(66,236)</b>	(90,546)
<b>Gross profit</b>	<b>278</b>	7,688	<b>1,218</b>	10,994
Other income	<b>635</b>	516	<b>3,004</b>	2,585
Expenses	<b>(23,890)</b>	(7,311)	<b>(75,582)</b>	(19,359)
<b>Operating profit/(loss)</b>	<b>(22,977)</b>	893	<b>(71,360)</b>	(5,780)
Finance costs	<b>(1,111)</b>	(1,521)	<b>(4,658)</b>	(5,684)
Share of profit/(loss) of associates	-	424	-	(4,309)
Share of profit/(loss) of joint venture	<b>387</b>	(70)	-	(176)
<b>Loss before tax</b>	<b>(23,701)</b>	(274)	<b>(76,018)</b>	(15,949)
Income tax expense	<b>(613)</b>	(267)	<b>(990)</b>	(1,460)
<b>Loss for the period</b>	<b>(24,314)</b>	(541)	<b>(77,008)</b>	(17,409)
<b>Other comprehensive income/(loss):-</b>				
Currency translation differences	-	(22)	<b>14</b>	(62)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>-</b>	(22)	<b>14</b>	(62)
<b>Total comprehensive loss for the period</b>	<b>(24,314)</b>	(563)	<b>(76,994)</b>	(17,471)
<b>Loss attributable to:-</b>				
Owners of the Company	<b>(24,102)</b>	(959)	<b>(76,497)</b>	(17,664)
Non-controlling interest	<b>(212)</b>	418	<b>(511)</b>	255
	<b>(24,314)</b>	(541)	<b>(77,008)</b>	(17,409)
<b>Total comprehensive loss attributable to:-</b>				
Owners of the Company	<b>(24,314)</b>	(981)	<b>(76,483)</b>	(17,726)
Non-controlling interest	-	418	<b>(511)</b>	255
	<b>(24,314)</b>	(563)	<b>(76,994)</b>	(17,471)
<b>Loss per share attributable to owners of Company:-</b>				
- basic (sen)	<b>(11.75)</b>	(0.51)	<b>(37.67)</b>	(9.46)
- diluted (sen)	<b>N/A</b>	N/A	<b>N/A</b>	N/A
<b>(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the Interim Statements)</b>				
<b>Other information:-</b>				
Operating profit/(loss)	<b>(22,977)</b>	893	<b>(71,360)</b>	(5,780)
Gross interest income	<b>504</b>	252	<b>841</b>	847
Gross interest expense	<b>(1,111)</b>	(1,521)	<b>(4,658)</b>	(5,684)

**Condensed Consolidated Statement of Financial Position as at 31 December 2021**

	Unaudited As At 31.12.2021 RM'000	Audited As At 31.3.2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,947	21,793
Right-of-use assets	8,584	10,812
Investment properties	13,508	13,508
Investment in associates	-	72,686
Cost of sales	-	7,144
Other investments	43,608	34
Inventories	15,178	14,343
Deferred tax assets	55	55
	<b>100,880</b>	<b>140,375</b>
<b>Current assets</b>		
Inventories	107,739	108,150
Trade and other receivables	166,955	209,346
Amount due from associate	1,685	1,607
Amount due from a joint venture	46	68
Cash and cash equivalents	17,466	29,394
	<b>293,891</b>	<b>348,565</b>
<b>TOTAL ASSETS</b>	<b>394,771</b>	<b>488,940</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	207,729	181,288
Derecognise share of loss in an associate	14,172	-
Foreign currency translation reserve	(1,905)	(1,919)
Accumulated losses	(196,286)	(119,789)
Equity attributable to owners of the Company	<b>23,710</b>	<b>59,580</b>
Non-controlling interests	<b>30,580</b>	<b>31,091</b>
<b>Total equity</b>	<b>54,290</b>	<b>90,671</b>
<b>Non-current liabilities</b>		
Lease liabilities	5,292	8,987
Borrowings	8,905	-
Deferred tax liabilities	481	481
	<b>14,678</b>	<b>9,468</b>
<b>Current liabilities</b>		
Provision	-	-
Trade and other payables	267,142	280,684
Lease liabilities	3,331	1,847
Borrowings	43,294	93,772
Bank overdrafts	9,963	9,763
Tax payable	2,073	2,735
	<b>325,803</b>	<b>388,801</b>
<b>Total liabilities</b>	<b>340,481</b>	<b>398,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>394,771</b>	<b>488,940</b>

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the Interim Statements)**

**Other Information:-**

Net assets per share (RM)	<b>0.12</b>	<b>0.32</b>
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**IREKA CORPORATION BERHAD** (Company No. 197501004146 (25882-A))

**Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2021**

	<-----Attributable to owners of the Company----->					
	<-----Non-distributable----->		<-Distributable->			
	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended 31.12.2021 (Unaudited)</b>						
Balance as at 1.4.2021	181,288	(1,919)	(119,789)	59,580	31,091	90,671
Derecognise share of loss in an associate	-	-	-	14,172	-	14,172
Share issuance arising from private placement	26,441	-	-	26,441	-	26,441
Total comprehensive loss for the period	-	14	(76,497)	(76,483)	(511)	(76,994)
Balance as at 31.12.2021	<b>207,729</b>	<b>(1,905)</b>	<b>(196,286)</b>	<b>23,710</b>	<b>30,580</b>	<b>54,290</b>

	<-----Attributable to owners of the Company----->					
	<-----Non-distributable----->		<-Distributable->			
	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended 31.12.2020 (Unaudited)</b>						
Balance as at 01.04.2020	181,288	(1,870)	(102,065)	77,353	35,586	112,939
Non controlling interest contribution	-	-	-	-	17,246	17,246
Total comprehensive loss for the period	-	(62)	(17,664)	(17,726)	255	(17,471)
Balance as at 31.12.2020	<b>181,288</b>	<b>(1,932)</b>	<b>(119,729)</b>	<b>59,627</b>	<b>53,087</b>	<b>112,714</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the Interim Statements)

**Condensed Consolidated Statement of Cash Flows for the financial period ended 31 December 2021**

	Unaudited Current Year To Date 31.12.2021 RM'000	Unaudited Preceding Year Corresponding Year 31.12.2020 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(76,018)	(15,949)
Adjustments for:		
Depreciation of property, plant and equipment	1,433	1,970
Depreciation Right-of-use asset	2,228	1,634
Loss on disposal of property, plant and equipment	45	72
Share of loss of associates	-	4,309
Share of loss of joint venture	-	213
Interest expense	4,658	5,684
Interest income	(841)	(847)
Unrealised gain on foreign exchange	106	21
Impairment loss due to reclassification of associate to investment	25,905	-
Written off plant and equipment	104	-
Loss on disposal of investment in joint venture	4,650	-
Reversal of share of loss in joint venture	(506)	-
Fair value loss on quoted investment	17,273	-
Operating loss before changes in working capital	<u>(20,963)</u>	<u>(2,893)</u>
Working capital changes:		
Inventories	(14,506)	45,799
Receivables	14,302	(45,718)
Contract liabilities	48,164	(37,724)
Amount due from associates	(14,416)	(369)
Amount due from jointly controlled entities	22	(118)
Payables	<u>(4,852)</u>	<u>43,376</u>
Cash from operations	7,751	2,353
Income tax (paid)/refund	<u>(512)</u>	<u>1,281</u>
Net cash from operating activities	<u>7,239</u>	<u>3,634</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(43)	(1,085)
Proceeds from disposal of property, plant and equipment	306	80
Proceeds from disposal of investment in joint ventures	3,000	-
Uplift of deposits with licensed banks	(416)	-
Addition to right-of-use	(3,695)	-
Land held for property development	-	106
Interest received	<u>841</u>	<u>846</u>
Net cash used in investing activities	<u>(7)</u>	<u>(53)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares to non-controlling interest	-	17,246
Proceeds from issuance of ordinary shares	26,441	-
Drawdown of bank borrowings	-	30,613
Repayment of bank borrowings	(41,573)	(48,740)
Interest paid	(4,658)	(5,684)
Repayments of lease liabilities	-	7,542
Net cash generated (used in)/generated from financing activities	<u>(19,790)</u>	<u>977</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,558)</b>	<b>4,558</b>
<b>Effect of changes in exchange rates</b>	<b>14</b>	<b>(62)</b>
<b>Cash and cash equivalents as at beginning of financial period</b>	<b>8,990</b>	<b>11,496</b>
<b>Cash and cash equivalents as at end of financial period</b>	<b><u>(3,554)</u></b>	<b><u>15,992</u></b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the Interim Statements)

**IREKA CORPORATION BERHAD** (Company No. 197501004146 (25882-A))  
**NOTES TO THE QUARTERLY RESULTS**

**A1 Basis of Preparation**

The unaudited interim financial report has been prepared in accordance with *MFRS 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 2021. 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 2021.

The adoption of the below accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's Financial Statements

**MFRS and/or IC Interpretations (Including the Consequential Amendments)**

Description	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendment to MFRS 16	Covid-19 Related Rent Concessions
Amendment to MFRS 101 and MFRS 108	Definition of Material Amendments to References to the Conceptual Framework in MFRS Standards

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

Description		Effective for annual period beginning on or after
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an investor and its associate or joint venture Deferred	

**A1 Basis of Preparation (continued)**

Description		Effective for annual period beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

The adoption of the above MFRSs is not expected to have a material impact in the 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 2021.

**A3 Audit Report**

External auditors, Messrs Crowe Malaysia PLT have issued a qualified opinion in respect of Ireka's audited financial statements for the financial year ended 31 March 2021. The basis of the qualified opinion is:-

- (1) The auditors were unable to obtain sufficient appropriate audit evidence on the carrying amount of the Group's investment in ASPL because we were not able to obtain access to the financial information, management and the auditors of ASPL Group within the audit time period; and
- (2) As a result of the movement restrictions imposed throughout Malaysia due to the COVID-19 pandemic, the management was unable to provide the documentary evidence required for certain trade and other receivables, trade and other payables of a subsidiary as they were not able to operate during that period. As such, the auditors were unable to obtain sufficient appropriate audit evidence in those balances relating to the financial statements of a subsidiary.

Consequently, the auditors were unable to determine whether any adjustments might have to been found necessary to the above balances.

**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**

Except for the financial impact of the reclassification of the investment in ASPL from an associated company to an investment, 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 31 December 2021.

**A8 Dividend Paid**

No dividend was paid or declared during the financial period ended 31 December 2021.

## A9 Segmental Information

<b>Group revenue and results including Share of Associates and Joint Venture</b>					
		<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Period 9 Months Ended</b>	
		<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>					
Revenue					
Construction		<b>20,203</b>	39,336	<b>36,827</b>	79,387
Property development		<b>19,636</b>	17,585	<b>37,184</b>	49,868
Property investment		<b>125</b>	127	<b>377</b>	378
Trading and services		<b>3,435</b>	2,002	<b>8,286</b>	5,733
Investment holding and other		<b>-</b>	3,102	<b>2,537</b>	9,305
Total		<b>43,399</b>	62,152	<b>85,211</b>	144,671
Elimination of inter-segment sales		<b>(5,093)</b>	(17,394)	<b>(17,757)</b>	(43,131)
Total		<b>38,306</b>	44,758	<b>67,454</b>	101,540

		<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Period 9 Months Ended</b>	
		<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Results</b>					
Profit/(Loss) before tax					
Construction		<b>(4,073)</b>	1,265	<b>(14,798)</b>	(5,647)
Property development		<b>1,701</b>	3,442	<b>1,586</b>	7,726
Property investment		<b>2</b>	(67)	<b>(112)</b>	(173)
Trading and services		<b>(1,234)</b>	(3,095)	<b>(3,942)</b>	(8,953)
Investment holding and other		<b>(21,074)</b>	(718)	<b>(129,022)</b>	(5,354)
Total		<b>(24,678)</b>	827	<b>(146,288)</b>	(12,401)
Elimination of inter-segment items		<b>977</b>	(1,101)	<b>70,270</b>	(3,548)
Total		<b>(23,701)</b>	(274)	<b>(76,018)</b>	(15,949)

## 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 Significant Event during the Financial Year and Subsequent Events**

- (a) On 5 July 2021, the Board of Ireka had received a letter for the non-bidding offer from Ideal Land Holdings Sdn Bhd (“ILHSB”), the substantial shareholder of the Company, to purchase all Ireka’s equity interest in the subsidiaries and associate companies involved in the property development, property management, urban transportation and information technology business for an indicative offer price of RM40.0 million (“the Offer”).

The Offer is subject to ILHSB or its nominee entering into a binding definitive conditional sale and purchase agreement (“SPA”) with Ireka for the Subject Shares within 30 days from the date of the Letter of Offer i.e. 4 August 2021 or such other extended period as may be mutually agreed between Ireka and ILHSB.

On 4 August 2021, the Board of Ireka announced that the Company and ILHSB have mutually agreed to extend a period 30 days from 4 August 2021 for the parties to enter into the SPA. On 29 October 2021, the Board of Ireka further announced that the Company and ILHSB have mutually agreed to further extend the Offer Period to 31 December 2021. Subsequently on 31 January 2022, the Board of Ireka announced that the Company and ILHSB mutually agreed to further extend the Offer Period to 31 March 2022. The Board (save for the Interested Directors) will deliberate on the Offer and decide on the next course of action.

- (b) On 15 July 2021, Ireka Engineering and Construction Sdn Bhd (“IECSB”), a wholly owned subsidiary of Ireka Corporation Berhad had accepted a conditional letter of award dated 14 July 2021 from Wanland Metro Sdn Bhd (“WMSB”) for the construction of 2 blocks of 16-storey apartment totalling 316 units, 342 units of single-storey terrace houses, 252 units of double-storey terrace houses, 17 units of double-storey shophouses, 1 unit of food court, 1 unit of kindergarten, 1 unit of surau, 1 unit of multipurpose hall and all infrastructure and ancillary works at Dendong, Mukim Tembila, Daerah and all infrastructure and ancillary works at Dendong, Mukim Tembila, Daerah Besut, Terengganu Darul Iman for a provisional contract sum of RM124.39 million. Presently, the said contract has a balance contract value of approximately RM122.36 million and is expected to be completed by September 2025.
- (c) On 22 July 2021, the Board of Ireka announced that the Company proposed to undertake a Private Placement 1 (“Placement 1”) of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later and at an issue price to be determined later. The Placement 1 was completed on 30 August 2021, raising total gross proceeds of approximately RM11.31 million.

Subsequently, on 6 October 2021, the Board of Ireka announced that the Company proposed to undertake a Private Placement 2 (“Placement 2”) of up to 22,404,900 Placement Shares, representing approximately 11% of the Company’s total number of 205,378,850 issued shares of the Company to third party investor(s) to be identified later and at an issue price to be determined later. The Placement 2 was completed on 7 December 2021, raising total gross proceeds of approximately RM15.56 million.

**A11 Significant Event during the Financial Year and Subsequent Events (continued)**

- (d) On 30 August 2021, IECSB had entered into a joint venture agreement with WMSB. Under this joint venture, IECSB will act as a co-developer as well as an exclusive main contractor for WMSB's current and future development and construction projects. Since the joint venture with WMSB, the Company has secured additional contracts from WMSB as detailed in items (e) and (f) below. Currently, IECSB is in the midst of negotiating with WMSB for the role as a main contractor for a construction project.
- (e) On 7 October 2021, IECSB has been awarded a contract by FEC Telco Sdn Bhd ("FECSB"), a wholly-owned subsidiary of WMSB, for the Fibre-To-The-Home Connectivity project in Langkawi, Kedah to be undertaken in 2 sections, namely:-
- (i) the civil works component including the supply and installation of fibre-optic cables and all related equipment, pole installations and commissioning works; and
  - (ii) the network, information technology ("IT"), and services components including the design and operations of the contract network, business support system inclusive of all IT, operational support system and over-the-top services to the targeted end-users,
- for a provisional contract sum of RM196.00 million. The civil works are expected to commence in March 2022 and to be completed by February 2024.
- (f) On 8 November 2021, IECSB has been awarded a contract by WMSB for the construction of 68 units of 1-storey terrace houses (type "A"), 280 units of 1-storey terrace houses (type "B"), 8 units of shophouses, a community hall, surau and kindergarten and the infrastructure and associated works at Bukit China, Mukim Pasir Akar, Daerah Besut, Terengganu Darul Iman for a provisional contract sum of RM45.77 million. Presently, the said contract has a balance contract value of approximately RM43.37 million and is expected to be completed by June 2023.
- (g) On 29 November 2021, IECSB had entered into a joint venture agreement with NEG Engineering Group Sdn Bhd ("NEG"). Under this joint venture, IECSB will act as exclusive joint-lead contractor for all NEG's future projects. NEG is in the midst of securing various contracts in relation to the construction of a specialist hospital with the Government.
- (h) On 29 November 2021, on behalf of the Board of Ireka, Mercury Securities Sdn Bhd ("Mercury Securities") announced that the Company has entered into a conditional subscription agreement with Fairfax Ventures Ltd ("Fairfax" or "Subscriber") for the Proposed RCPS Issuance ("Subscription Agreement"). In conjunction with the Proposed RCPS Issuance, the Company proposes to amend the Constitution of Ireka to facilitate the issuance of the RCPS.

**A11 Significant Event during the Financial Year and Subsequent Events (continued)**

- (i) On 30 November 2021, the Company had entered into a share sale agreement with Eccaz Sdn Bhd (“ESB”), a related party, for the disposal of approximately 19.6% equity interest of the Company in Mobilus Sdn Bhd (“Mobilus”), a joint venture between the Company and Greenway Urban Traffic (Europe) Co. Ltd. (formerly known as CRRC Urban Traffic (Europe) Co. Ltd.) (“GUTE”), to ESB for a total cash consideration of approximately RM1.16 million, reducing the equity interest of the Company in Mobilus from 51.0% to 31.4% (“ESB Disposal”).

Subsequently, on 6 December 2021, the Company had entered into a share purchase agreement with GUTE for the disposal of the remaining equity interest of the Company in Mobilus of approximately 31.4% to GUTE for a total cash consideration of approximately RM1.85 million (“GUTE Disposal”).

The ESB Disposal and the GUTE Disposal will enable the Group to realise cash inflow which will strengthen the working capital position of the Group as it is expected that Mobilus will incur further losses in the short to medium term with no certainty that it would be profitable in the future. The ESB Disposal and the GUTE Disposal were completed on 2 December 2021 and 8 December 2021 respectively.

- (j) On 6 December 2021, Ireka Development (Terengganu) Sdn Bhd (“IDTSB”) had accepted a conditional letter of award from Terengganu State Government for the following:-
- (i) proposed mixed development of a total of 1,712 units of houses, 34 units of shop lots and 2 units of shop offices as well as related works on 200 acres of Terengganu State Government’s land in Bandar Baru Kertih Jaya, Mukim Kertih, Kemaman District, Terengganu; and
- (ii) proposed hybrid development of 100 units of affordable houses and 6 units of shop lots as well as related works on 11.55 acres of Terengganu State Government’s land in Kampung Semayor, Mukim Kemasik, Kemaman District, Terengganu,

for a provisional contract sum of RM468.0 million. IDTSB and Terengganu State Government are in the midst of preparing the joint venture agreement which is expected to be executed in February 2022. The said project is expected to commence in March 2022 and complete by February 2028.

- (k) On 13 December 2021, IDTSB had accepted a conditional letter of award from Koperasi Permodalan Sahabat Terengganu Berhad for the proposed mixed housing development on 9.751 hectares of land in Kampung Baru Kuala Abang, Mukim Kuala Abang, Dungun District, Terengganu for a provisional contract sum of approximately RM58.29 million. IDTSB and Koperasi Permodalan Sahabat Terengganu Berhad are in the midst of preparing the agreement in respect of the development which is expected to be executed in February 2022. The said project is expected to be completed by December 2024.

Further, the Group will continue to pursue contracts for its existing business and/or any new businesses as and when the opportunity arises to improve its financial condition.

## **A12 Changes in the Composition of the Group**

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

- a) an incorporation of an 80% subsidiary, namely Ireka Development (Terengganu) Sdn Bhd (“IDTSB”) on 6 September 2021. The principal activity of IDTSB is to be involved in the construction of motorways, streets, roads, other vehicular and pedestrian ways, construction of refineries and residential buildings;
- b) an incorporation of a wholly owned subsidiary, namely Shoraka Power Sdn Bhd (“SPSB”) on 19 January 2022. The principal activity of SPSB is to be involved in operation of generation facilities that produce electric energy.

## **A13 Contingent Assets and Liabilities**

### **(a) Contingent Assets**

There were no contingent assets as at the end of the current quarter or at the end of the previous financial year.

### **(b) Contingent Liabilities**

	<b>Financial Quarter Ended 31.12.2021 RM</b>	<b>Financial Year Ended 31.3.2021 RM</b>
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	82,301,476	112,194,448

## **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 continue to disrupt the business activities and operations of the Group. During the quarter under review, both the COVID-19 pandemic and restrictions of the MCO have continued to affect the performance and results of the Group.

For the financial period ended 31 December 2021, the Group recorded revenue of RM67.454 million (after elimination of inter-segment sales of RM17.757 million) as compared to RM101.540 million (after elimination of inter-segment sales of RM43.131 million) for the preceding year corresponding period, representing a drop of approximately 33%.

Following the re-imposition of Full Movement Control Order by the Government and a drastic increase in COVID-19 cases across Malaysia, especially in Klang Valley, the revenue achieved by both the construction and property development segments are lower at RM36.827 million and RM37.184 million for the current period year to date, compared to RM79.387 million and RM49.868 million, respectively, in the preceding year corresponding period, representing a total reduction of approximately 43%. The property development business was similarly affected by restrictions of movements across districts and states borders, and closure of sales galleries from 1 June 2021. Inter segment sale for the current period has also dropped by 59% to RM17.757 million, from RM43.131 million in preceding year corresponding period.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period increased to RM8.286 million, from RM5.733 million in the preceding year corresponding period.

For the financial period ended 31 December 2021, the Group recorded pre-tax loss RM76.018 million (after elimination of inter-segment items of RM70.270 million), compared to RM15.949 million in the preceding year corresponding period (after elimination of inter-segment items of RM3.548 million).

The loss consists of the following:-

- i) a one-off impairment loss arising from reclassification of investment in Aseana Properties Limited (“ASPL”) from an associated company to a simple investment of RM25.91 million;
- ii) marked-to-market fair value loss on investment in ASPL of RM17.27 million;
- iii) Loss on disposal of an investment in joint venture, Mobilus, of RM4.65 million;
- iv) retirement benefits of certain ex-directors of about RM3.53 million; and,
- v) various losses incurred by business segments due to COVID-19 pandemic resulting in the halting/disruption of business and operations.

**B1 Review of Performance (continued)**

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

As previously reported, in June 2021, the Board has decided to re-classify the investment in ASPL from an associated company to an investment as the Company no longer has significant influence on ASPL.

The construction segment recorded a loss of RM14.798 million (31 December 2020: Loss of RM5.647 million) before elimination of inter-segment items of RM0.122 million (31 December 2020: RM5.386 million). Loss elimination arising from internal works is lower at RM0.122 million, compared to RM5.386 million in preceding year corresponding period.

The property development segment recorded a profit of RM1.586 million (31 December 2020: Profit of RM7.726 million), before elimination of inter-segment items of RM0.215 million (31 December 2020: RM3.243 million).

The trading and services segment recorded a loss of RM3.942 million (31 December 2020: Loss of RM8.953 million), before elimination of inter-segment items of RM1.396 million (31 December 2020: RM1.420 million).

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

The Group achieved revenue of RM38.306 million in the current quarter as compared to RM44.758 million in the preceding year corresponding quarter, representing a decrease of approximately 14%.

For the current quarter ended 31 December 2021, the Group recorded a pre-tax loss of RM23.701 million as compared to pre-tax loss of RM0.274 million in the preceding year corresponding quarter, mainly due to the marked-to-market fair value loss on investment in ASPL of RM13.463 million and a one-off loss on disposal of an investment in joint venture, Mobilus, of RM4.650 million.

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

The Group recorded higher revenue of RM38.306 million in the third quarter of financial year ending 31 March 2022, compared to RM8.286 million in the immediate preceding quarter as the country comes out of lockdown measures fully in the period ended 31 December, 2021 thus enabling more construction work to be completed.

The Group recorded a higher pre-tax loss of RM23.701 million during the current quarter compared to a pre-tax loss of RM 14.759 million in the immediate preceding quarter. The higher pre-tax loss during this quarter was caused by higher marked-to-market fair value loss on investment in ASPL by RM9.653 million.

### **B3 Prospects for the Current Financial Year**

As the Group entered the year 2021, the COVID-19 Pandemic continued to weigh on the global and Malaysian economy.

The construction industry continued to be disrupted throughout 2020 and 2021 due to the various iterations of the MCO and rising COVID-19 infection levels related to the workforce in the industry. On a positive note, the Government has acknowledged the need to pump prime and to support the construction industry as the industry has one of the highest multiplying effects to the overall economy due to the large number of related industries, high rate of employment and the impact on the banking industry. This is evidenced by the Government's decision to roll out various mega infrastructure and construction projects in year 2022, as announced by the Finance Minister during the tabling of Malaysian Budget 2022 on 29 October 2021.

At current date, the Group's construction order book stood at about RM1,030 million, of which about RM995 million remained outstanding.

On 15 July 2021, Ireka Engineering and Construction Sdn Bhd ("IECSB"), a wholly owned subsidiary of Ireka Corporation Berhad had accepted a conditional letter of award dated 14 July 2021 from Wanland Metro Sdn Bhd ("WMSB") for the construction of various properties consist of mainly apartment, single-storey terrace houses, double-storey terrace houses, double-storey shophouses, other amenities and all infrastructure and ancillary works at Dendong, Mukim Tembila, Daerah Besut, Terengganu Darul Iman.

On 30 August 2021, IECSB had entered into a joint venture agreement with WMSB. Under this joint venture, IECSB will act as a co-developer as well as an exclusive main contractor for WMSB's current and future development and construction projects. Since the joint venture with WMSB, the Company has secured 2 additional contracts from WMSB as detailed in in A11(d). Currently, IECSB is in the midst of negotiating with WMSB for the role as a main contractor for a construction project

On 29 November 2021, IECSB had entered into a joint venture agreement with NEG Engineering Group Sdn Bhd ("NEG"). Under this joint venture, IECSB will act as exclusive joint-lead contractor for all NEG's future projects. NEG is in the midst of securing various contracts in relation to the construction of a specialist hospital with the Government.

On 6 December 2021, Ireka Development (Terengganu) Sdn Bhd ("IDTSB") had accepted a conditional letter of award from Terengganu State Government for the proposed mixed development and hybrid development in Terengganu State for a provisional contract sum of approximately RM468.0 million, as detailed in A11(j).

On 13 December 2021, IDTSB had accepted a conditional letter of award from Koperasi Permodalan Sahabat Terengganu Berhad for the proposed mixed housing development on 9.751 hectares of land in Kampung Baru Kuala Abang, Mukim Kuala Abang, Dungun District, Terengganu for a provisional contract sum of approximately RM58.29 million.

These joint ventures and new proposed contracts are expected to improve the Ireka Group's financial performance through increasing IECSB's project pipeline.

**B3 Prospects for the Current Financial Year (continued)**

The property development industry too was disrupted throughout 2020 and 2021, with halting and restrictions on physical sales activities resulting from the MCO/Conditional MCO measures.

On the property development front, the Group has three on-going projects. The first project is ASTA Enterprise Park comprising 36 units of multi-functional industrial units and 9 parcels of land, of which all 36 industrial units and 8 parcels of land were sold/booked. The second project is KaMi Mont' Kiara consisting of 168 units of residences under the I-Zen brand, of which 100% sale has been 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 46% of the units were sold.

On 5 July 2021, the Company received an offer from ILHSB (a company owned by previous controlling shareholder of the Company) to purchase all of Ireka Corporation Berhad's equity in Ireka's subsidiaries and associate companies involved in the non-construction businesses such as property development, property management, urban transportation and information technology. The Board is still studying this offer in detail with the appointed independent advisors; and will seek the shareholders' and the relevant authorities' approval in due course.

Following the successful private placements exercises, the Board continues to explore additional fund-raising activities in the capital markets to strengthen the cash-flow and balance sheet of the Company in order to support its on-going and future business expansion. On 29 November 2021, on behalf of the Board of Ireka, Mercury Securities Sdn Bhd ("Mercury Securities") announced that the Company has entered into a conditional subscription agreement with Fairfax Ventures Ltd ("Fairfax" or "Subscriber") for the Proposed RCPS Issuance ("Subscription Agreement"). Subsequently on 29 December 2021, Bursa Securities had resolved and approved the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities. The shareholders of the Company at an Extraordinary General Meeting held on 3 February 2022 had approved the proposal of the Proposed RCPS Issuance.

Business activities across the construction and property segment experienced disruptions since the onset of the COVID-19 pandemic and lockdown measures imposed by the Government. The Group had not been spared from the impact arising from this pandemic and experienced a slowdown in the progress of its construction and development projects.

Nonetheless, the Board and the management of the Group are of the view that the COVID-19 pandemic will be contained following the Government's ongoing National COVID-19 Immunisation Programme. With the upliftment of economic activity restrictions in the country, economic activities across various sectors are expected to recover gradually in the months to come.

Premised on the above and after considering the overview and outlook of the construction and property sectors in Malaysia in the longer term, the Board remains cautiously optimistic of the future prospects of the Ireka Group.

**B4 Variation of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee**  
Not applicable.

**B5 Loss for the Period**

Loss for the period is arrived at after charging/(crediting): -

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Depreciation of property, plant and equipment	255	656	1,433	1,970
Loss on disposal of property, plant and equipment	45	65	45	72
Plant and equipment written off	104	-	104	-
Interest expense	1,111	1,521	4,658	5,684
Net foreign exchange Loss	1	-	1,905	21
Loss on disposal of investment in joint venture	4,650	-	-	-
Impairment loss on reclassification of associated company to an investment	-	-	25,905	-
Fair value loss of a quoted investment	13,463	-	17,273	-
Interest income	(504)	(252)	(841)	(847)

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 December 2021.

**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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Malaysian income tax expense	(613)	(267)	(990)	(1,460)
	<b>(613)</b>	<b>(267)</b>	<b>(990)</b>	<b>(1,460)</b>

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**

On 22 July 2021, Ireka has proposed to undertake the private placement of up to 10% of the total number of ordinary shares of Ireka to independent third-party investors. On 27 July 2021, Bursa Securities has vide its letter dated the same, approved the listing and quotation of up to 18.67 million placement shares to be issued. On 30 August 2021, Ireka completed the private placement exercise, which raised total proceeds of RM11.31 million. As of the date of this report, the said proceeds have been fully utilised as follows: -

<b>Utilisation of proceeds</b>	<b>Estimated timeframe for utilisation</b>	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Balance unutilised (RM'000)</b>
Working capital	Within 12 months	11,041	11,041	-
Estimated expenses	Immediate	268	268	-
<b>Total</b>		<b>11,309</b>	<b>11,309</b>	<b>-</b>

On 6 October 2021, Ireka has further proposed to undertake another round of private placement of up to approximately 11% of the total enlarged number of issued shares of the Company to independent third party investors. On 12 October 2021, Bursa Securities has vide its letter dated the same, approved the listing and quotation of up to 22.41 million placement shares to be issued. On 7 December 2021, Ireka completed the private placement exercise, which raised total proceeds of RM15.56 million. As of the date of this report, the said proceeds have been fully utilised as follows:

<b>Utilisation of proceeds</b>	<b>Estimated timeframe for utilisation</b>	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Balance unutilised (RM'000)</b>
Working capital	Within 12 months	15,400	15,400	-
Estimated expenses	Immediate	163	163	-
<b>Total</b>		<b>15,563</b>	<b>15,563</b>	<b>-</b>

On 29 November 2021, on behalf of the Board of Ireka, Mercury Securities Sdn Bhd (“Mercury Securities”) announced that the Company has entered into a conditional subscription agreement with Fairfax Ventures Ltd (“Fairfax” or “Subscriber”) for the Proposed RCPS Issuance (“Subscription Agreement”). Subsequently, Mercury Securities had on 17 November 2021 announced that the application for the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities has been submitted to Bursa Securities.

On 30 December 2021, Mercury Securities announced that Bursa Securities has vide its letter dated 29 December 2021, resolved to approve the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities, subject to the following conditions:

**B7 Status of Corporate Proposals (continued)**

- (i) The maximum Conversion Shares to be issued pursuant to the Proposed RCPS Issuance must be in full compliance with Paragraph 6.50 of the Listing Requirements at all times;
- (ii) Ireka and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed RCPS Issuance;
- (iii) Ireka / Mercury Securities to furnish Bursa Securities with the certified true copy of the resolution passed by the shareholders of the Company at the EGM approving the Proposed RCPS Issuance prior to its implementation;
- (iv) Ireka and Mercury Securities to inform Bursa Securities upon the completion of the Proposed RCPS Issuance;
- (v) Ireka and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval prior to the implementation of the Proposed RCPS Issuance; and
- (vi) Ireka to furnish Bursa Securities on a quarterly basis a summary of the total number of new Ireka Shares listed pursuant to the conversion of the RCPS as at the end of each quarter together with a detailed computation of the listing fees payable.

**B8 Group Borrowings and Debt Securities**

	<b>Financial Quarter Ended 31.12.2021 RM'000</b>	<b>Financial Quarter Ended 31.12.2020 RM'000</b>
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	12,500	33,479
Finance lease liabilities/Hire purchase	3,331	12,897
Trade finance	9,116	19,368
Bank overdrafts	9,963	10,502
Revolving credit	21,678	23,000
	-----	-----
	<b>56,588</b>	<b>99,246</b>
	-----	-----
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	8,905	23,386
Finance lease liabilities/Hire purchase	5,292	147
	-----	-----
	<b>14,197</b>	<b>23,533</b>
	-----	-----
(c) Total borrowings	<b>70,785</b>	<b>122,779</b>
	=====	=====

For the financial quarter ended 31 December 2021, the Group's total borrowings have decreased by RM51.994 million as compared to the preceding year financial quarter ended 31 December 2020.

**B9 Material Litigations**

The Group was not engaged in any material litigation as at 25 February 2022.

**B10 Dividend Proposed**

No dividend was proposed during the period under review.

**B11 Loss per Share**

	Individual Quarter 3 Months Ended		Cumulative Period 9 Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(a) Basic				
Loss for the period attributable to owners of the Company (RM'000)	<b>(23,701)</b>	(959)	<b>(76,018)</b>	(17,664)
Weighted average number of ordinary shares	<b>201,787,839</b>	186,708,050	<b>201,787,839</b>	186,708,050
Basic loss per share (sen)	<b>(11.75)</b>	(0.51)	<b>(37.67)</b>	(9.46)
(b) Diluted Earnings	<b>N/A</b>	N/A	<b>N/A</b>	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**  
**MOHD. SHAH BIN HASHIM**  
 Company Secretary  
 Kuala Lumpur  
 25 February 2022