

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 15-month period ended 30 June 2022**

	Current Quarter 30.06.2022	Comparative Quarter 30.06.2021	Cumulative Period 15-month 30.06.2022	Cumulative Year 12-month 31.03.2021
All figures in RM'000 unless otherwise stated				
Revenue	23,452	20,862	124,850	171,750
Cost of sales	(38,752)	(16,266)	(165,968)	(149,007)
Gross (loss)/profit	(15,300)	4,596	(41,118)	22,743
Other income	16,223	898	20,872	4,301
Expenses	(63,892)	(41,154)	(156,052)	(30,463)
Operating loss	(62,969)	(35,660)	(176,298)	(3,419)
Finance costs	(1,145)	(1,732)	(5,957)	(8,386)
Share of loss of associates	-	-	-	(8,999)
Share of loss of joint venture	-	(166)	-	(315)
Loss before tax	(64,114)	(37,558)	(182,255)	(21,119)
Income tax expense	(929)	(228)	(2,817)	(2,743)
Loss for the period/year	(65,043)	(37,786)	(185,072)	(23,862)
Other comprehensive (loss)/income:-				
Currency translation differences	(11)	2	5	(52)
Other comprehensive (loss)/income for the period/year, net of tax	(11)	2	5	(52)
Total comprehensive loss for the period/year	(65,054)	(37,784)	(185,067)	(23,914)
Loss attributable to:-				
Owners of the Company	(64,821)	(37,784)	(184,636)	(24,222)
Non-controlling interests	(222)	(2)	(436)	360
	(65,043)	(37,786)	(185,072)	(23,862)
Total comprehensive loss attributable to:-				
Owners of the Company	(64,832)	(37,782)	(184,631)	(24,274)
Non-controlling interests	(222)	(2)	(436)	360
	(65,054)	(37,784)	(185,067)	(23,914)
Loss per share attributable to owners of Company:-				
- basic (sen)	(31.14)	(20.24)	(88.70)	(12.97)
- diluted (sen)	(28.10)	N/A	(66.95)	N/A

Note:

The Company has changed its financial year end from 31 March to 30 June. The next audited financial statements of the Company will be covering a period of 15 months ended 30 June 2022.

Consequently, the comparative figures stated in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the year ended 31 March 2021, and are therefore not comparable.

Other information:-

Operating loss	(62,969)	(35,660)	(176,298)	(3,419)
Gross interest income	478	311	1,502	1,262
Gross interest expense	(466)	(1,732)	(5,277)	(8,386)

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))
Condensed Consolidated Statement of Financial Position as at 30 June 2022

	Unaudited As At 30.06.2022 RM'000	Audited As At 31.03.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,417	21,793
Right-of-use assets	7,186	10,812
Investment properties	11,770	13,508
Investment in associates	-	72,686
Investment in a joint venture	-	7,144
Other investments	36,382	34
Inventories	15,615	14,343
Deferred tax asset	55	55
	89,425	140,375
Current assets		
Inventories	99,310	108,150
Trade and other receivables	83,946	209,346
Amount due from associates	2,256	1,607
Amount due from a joint venture	-	68
Cash and cash equivalents	18,472	29,394
	203,984	348,565
TOTAL ASSETS	293,409	488,940
EQUITY AND LIABILITIES		
Equity		
Share capital	207,729	181,288
Foreign currency translation reserve	(1,914)	(1,919)
Accumulated losses	(346,693)	(119,789)
Equity attributable to owners of the Company	(140,878)	59,580
Non-controlling interests	30,655	31,091
Total equity	(110,223)	90,671
Non-current liabilities		
Lease liabilities	3,813	8,987
Borrowings	67,608	-
Deferred tax liabilities	329	481
	71,750	9,468
Current liabilities		
Trade and other payables	286,511	280,684
Lease liabilities	3,256	1,847
Borrowings	29,658	93,772
Overdrafts	9,206	9,763
Tax payable	3,251	2,735
	331,882	388,801
Total liabilities	403,632	398,269
TOTAL EQUITY AND LIABILITIES	293,409	488,940

(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)	(0.68)	0.32
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IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))

Condensed Consolidated Statement of Changes in Equity for the 15-month period ended 30 June 2022

[-----Attributable to owners of the Company-----]
 [-----Non-distributable-----] [-----Distributable-----]

	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<u>15 months ended 30.06.2022 (Unaudited)</u>						
Balance as at 01.04.2021	181,288	(1,919)	(119,789)	59,580	31,091	90,671
Prior year adjustment (PYA)	-	-	(42,268)	(42,268)	-	(42,268)
Share issuance arising from private placements	26,441	-	-	26,441	-	26,441
Total comprehensive loss for the period	-	5	(184,636)	(184,631)	(436)	(185,067)
Balance as at 30.06.2022	207,729	(1,914)	(346,693)	(140,878)	30,655	(110,223)

[-----Attributable to owners of the Company-----]
 [-----Non-distributable-----] [-----Distributable-----]

	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<u>12 months ended 31.03.2021 (Audited)</u>						
Balance as at 01.04.2020	181,288	(1,870)	(100,093)	79,325	19,233	98,558
Non-controlling interest contribution	-	-	-	-	941	941
Total comprehensive loss for the year	-	(49)	(26,025)	(26,074)	10,917	(15,157)
Total transactions with owners	-	-	6,329	6,329	-	6,329
Balance as at 31.03.2021	181,288	(1,919)	(119,789)	59,580	31,091	90,671

Note:

The Company has changed its financial year end from 31 March to 30 June. The next audited financial statements of the Company will be covering a period of 15 months ended 30 June 2022.

Consequently, the comparative figures stated in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the year ended 31 March 2021, and are therefore not comparable.

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))**Condensed Consolidated Statement of Cash Flows for the 15-month period ended 30 June 2022**

	Unaudited Cumulative Period 15-month 30.06.2022	Audited Cumulative Year 12-month 31.03.2021
All figures in RM'000		
Cash flows from/(for) operating activities		
Loss before taxation	(182,255)	(26,075)
Adjustments for:-		
Depreciation on right-of-use assets	2,934	1,949
Fair value loss/(gain) on investment properties	1,738	(1,669)
Loss on disposal of investment properties	-	1,719
Fair value loss on a quoted investment	26,851	-
Impairment loss due to reclassification of associate to investment	25,905	-
Loss on disposal of investment in a joint venture	4,650	-
Interest expense	5,277	6,166
Interest income	(1,502)	(364)
Impairment loss on:		
- Contract assets	13,416	35
- Trade and other receivables	8,539	13,545
Property, plant and equipment		
- Depreciation	2,603	2,634
- (Gain)/Loss on disposal	(1,472)	241
- Written off	104	785
Accrued Dividend Redeemable Convertible Preference Share	271	-
Unrealised gain on foreign exchange	(2,246)	-
Reversal of share of loss in an associate	(14,172)	-
Reversal of share of loss in a joint venture	(506)	-
Share of result in associates	-	9,646
Share of result in a joint venture	-	399
Operating (loss)/profit before working capital changes	(109,865)	9,011
Working capital changes:-		
Inventories	(6,514)	62,670
Receivables	55,590	(46,949)
Contract liabilities	94,115	(78,890)
Amount due from associates, joint venture and related parties	(31,562)	17,183
Payables	(37,413)	59,360
Cash (for)/from operations	(35,649)	22,385
Income tax paid	(2,946)	(2,125)
Net cash (for)/from operating activities	(38,595)	20,260
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(339)	(1,158)
Proceeds from disposal of property, plant and equipment	2,479	717
Proceeds from disposal of investment in a joint venture	3,000	-
Proceeds from disposal of investment property	-	3,481
Uplift of deposits with licensed banks	6,076	(239)
Addition to right-of-use assets	(1,529)	(977)
Interest received	1,502	364
Net cash used from investing activities	11,189	2,188
Cash flows from/(for) financing activities		
Subscription of shares in a subsidiary by the non-controlling interests	-	17,246
Proceeds from issuance of ordinary shares	26,440	-
Drawdown of Redeemable Convertible Preference Shares	67,608	-
Repayment of bank borrowings	(64,114)	(23,587)
Interest paid	(5,277)	(6,166)
Repayments of lease liabilities	(1,544)	(1,997)
Net cash generated from/(for) financing activities	23,113	(14,504)
Net (decrease)/increase in cash and cash equivalents	(4,293)	7,944
Effect of changes in exchange rates	5	(49)
Cash and cash equivalents as at beginning of financial period	8,990	1,095
Cash and cash equivalents as at end of financial period	4,702	8,990

Note:

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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 Change of Financial Year End

The Board of Directors of Ireka Corporation Berhad (“the Board”) has approved the change of Company's financial year end from 31 March to 30 June. All the subsidiary companies of Ireka Corporation Berhad will adopt the change accordingly. As a result, the next audited financial statements of the Company will be covering a period of 15 months ended 30 June 2022.

A4 Change of External Auditors

As announced on 25 April 2022, the Board has approved the resignation of the existing external auditors, Messrs. Crowe Malaysia PLT (“Crowe”), reason being due to its lack of sufficient resources to perform their auditing services throughout their clientele.

Following on Crowe’s resignation above, the Company has announced on 27 April 2022 that Messrs. Baker Tilly Monteiro Heng PLT (“Baker Tilly”) has been appointed as the new External Auditors of the Company for the financial period ended 30 June 2022.

A5 Audit Report

The former External Auditors, Crowe had issued a qualified opinion in respect of Ireka's audited financial statements for the previous financial year ended 31 March 2021. The basis of the qualified opinion were:-

- (1) The former auditors were unable to obtain sufficient appropriate audit evidence on the carrying amount of the Group's investment in Aseana Properties Limited ("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 former auditors were unable to obtain sufficient appropriate audit evidence in those balances relating to the financial statements of a subsidiary.

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

A6 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.

A7 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.

A8 Material Changes in Estimates

There were no significant changes in estimates that have had a material effect in the financial period-to-date results.

A9 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 2022.

A10 Dividend Paid

No dividend was paid or declared during the financial period ended 30 June 2022.

A11 Segmental Information

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	15 Months Ended	15 Months Ended*
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Segment Revenue				
Revenue				
Construction	(2,316)	12,602	41,775	110,190
Property development	25,377	12,667	92,207	117,122
Property investment	126	126	629	630
Trading and services	2,868	2,519	13,225	12,927
Investment holding and other	-	2,537	2,537	12,126
Total	26,055	30,451	150,373	252,995
Elimination of inter-segment sales	(2,603)	(9,589)	(25,523)	(60,383)
Total	23,452	20,862	124,850	192,612

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	15 Months Ended	15 Months Ended*
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Segment Results				
Loss before tax				
Construction	(68,897)	(7,455)	(117,477)	(18,847)
Property development	2,777	461	7,938	14,584
Property investment	(1,793)	(44)	(2,083)	643
Trading and services	(1,648)	(1,546)	(7,572)	(7,915)
Investment holding and other	(123,678)	(101,296)	(262,370)	(105,988)
Total	(193,239)	(109,880)	(381,564)	(117,523)
Elimination of inter-segment items	129,125	72,322	199,309	67,847
Total	(64,114)	(37,558)	(182,255)	(49,676)

*Represents pro-forma 15-month period ended 30 June 2021 (i.e. covering period from 1 April 2020 to 30 June 2021)

A12 Carrying Amount of Revalued Property, Plant and Equipment

The Group does not state any assets based on valuation of its property, plant and equipment.

A13 Significant Events during the Financial Year and Subsequent Events

- (a) On 5 July 2021, the Board of Ireka had received a letter for the non-binding 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.

Since 4 August 2021, the Board has made several announcements to extend the period for the parties to enter into SPA. Recently, on 31 March 2022 the Board announced that the Company and ILHSB have mutually agreed to further extend the Offer Period until 31 August 2022. The Board 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 RM123.92 million and is expected to be completed by September 2025.
- (c) 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 has commenced in February 2022 and is expected to complete by February 2028.

A13 Significant Events during the Financial Year and Subsequent Events (continued)

- (d) On 13 December 2021, IDTSB had accepted a conditional letter of award from Koperasi Permodalan Sahabat Terengganu Berhad (“KOSAHABAT”) 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. The said project has commenced in December 2021 and is expected to be completed by December 2024.
- (e) As the Company is undertaking various initiatives to address the PN17 issues, hence, on 8 February 2022, the Company has requested for Extension of Time (“EOT”) of the relief measures from complying with the obligations under Paragraph 8.04 of Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“PN17 Suspended Criteria”). On 1 March 2022, Bursa Securities has rejected the Company’s application for EOT. Therefore, the Company has triggered the prescribed criteria under Paragraph 2.1(e) of the PN17 and that the Company is a PN17 Issuer effective from 28 February 2022.

The Company has consistently provided monthly updates on the status of its PN17 to Bursa Securities.

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.

A14 Changes in the Composition of the Group

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

A15 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

	Financial Quarter Ended 30.06.2022 RM	Financial Year Ended 31.03.2021 RM
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	56,854,676	112,194,448

A16 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 continued 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 in previous quarters have continued to have some effect on the performance and results of the Group.

For the financial period 15-month ended 30 June 2022, the Group recorded revenue of RM124.850 million (after elimination of inter-segment sales of RM25.523 million) as compared to RM192.612 million (after elimination of inter-segment sales of RM60.383 million) for the pro-forma preceding year corresponding 15-month period, representing a drop of approximately 35%.

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 RM41.775 million and RM92.207 million for the current 15-month period, compared to RM110.190 million and RM117.122 million, respectively, in the pro-forma preceding year corresponding 15-month period, representing a total reduction of approximately 41%. The property development business was similarly affected by restrictions of movement 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 58% to RM25.523 million, from RM60.383 million previously.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period increased to RM13.225 million, from RM12.927 million in the pro-forma preceding year corresponding 15-month period.

For the financial period ended 30 June 2022, the Group recorded pre-tax loss of RM182.255 million (after elimination of inter-segment items of RM199.309 million), compared to RM49.676 million in the pro-forma preceding year corresponding 15-month period (after elimination of inter-segment items of RM67.847 million).

The loss consists of the following items:-

- (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 RM25.905 million;
- (ii) marked-to-market fair value loss on investment in ASPL of RM26.851 million;
- (iii) Loss on disposal of an investment in a joint venture, Mobilus Sdn Bhd, of RM4.650 million;
- (iv) retirement benefits of certain ex-directors of RM3.53 million; and
- (v) IECSB, a subsidiary of the Company undertook a major cleaning-up exercise on the financial records of all its old and completed projects during the quarter.

B1 Review of Performance (continued)

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

This extensive house-keeping efforts resulted in the following one-off expenses being recognized this quarter:

- (a) Future foreseeable losses on various completed projects of RM34.385 million;
- (b) Impairment loss on contract assets, i.e. balances no longer recoverable related to completed projects of RM13.416 million; and
- (c) Specific impairment loss on trade receivables of RM8.539 million.

This exercise has also resulted in a prior year adjustment (“PYA”) of RM42.268 million being accounted for. This PYA relates to project costs such as subcontractor cost, liquidated ascertained damages, rectification cost etc. which previously were capitalized in balance sheet or not recognized in relation to various completed projects.

The construction segment recorded a loss of RM117.477 million (30 June 2021: Loss of RM18.847 million) before elimination of inter-segment items of RM0.724 million (30 June 2021: RM0.358 million). Loss elimination arising from internal works is lower at RM0.724 million, compared to RM0.358 million in pro-forma preceding year corresponding 15-month period.

The property development segment recorded a profit of RM7.938 million (30 June 2021: Profit of RM14.584 million), before elimination of inter-segment items of RM0.601 million (30 June 2021: RM2.706 million).

The trading and services segment recorded a loss of RM7.572 million (30 June 2021: Loss of RM7.915 million), before elimination of inter-segment items of RM4.527 million (30 June 2021: RM5.797 million).

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

The Group achieved revenue of RM23.452 million in the current quarter as compared to RM20.862 million in the preceding year corresponding quarter, representing an increase of approximately 11%, mainly due to an additional sale of 13 units (2021: 4 units) of DWI@Rimbun Kasia condominium during the quarter.

For the current quarter ended 30 June 2022, the Group recorded a pre-tax loss of RM64.114 million as compared to pre-tax loss of RM37.558 million in the preceding year corresponding quarter, mainly due to various exceptional items incurred by IECSB as described above.

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

The Group recorded lower revenue of RM23.452 million in the fifth and final quarter of financial 15-month period ended 30 June 2022, compared to RM33.943 million in the immediate preceding quarter, due to significant drop in revenue by both the construction and trading and services segments caused by completion of various existing projects.

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

The Group recorded a higher pre-tax loss of RM64.114 million during the current quarter compared to a pre-tax loss of RM42.123 million in the immediate preceding quarter. This quarter's higher pre-tax loss was mainly caused by various exceptional items incurred by IECSB as described above.

B3 Prospects for the Current Financial Year

As the Group entered the second half of 2022, 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 RM1,024 million, of which about RM821 million remained outstanding.

On 15 July 2021, IECSB, a wholly owned subsidiary of Ireka Corporation Berhad had accepted a conditional letter of award dated 14 July 2021 from 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 29 November 2021, IECSB had entered into a joint venture agreement with 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, IDTSB, another subsidiary of the Company 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 A13(c).

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 54% 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. The Group is also continuously assessing all other fund raising initiatives including project financing via public and private equities and debt market in order to support its business expansion going forward.

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.

However, as the country transitioned into endemic phase of COVID-19 since 1 April 2022, with all restriction on business operating hours being removed together with aggressive roll-out of booster Immunisation Programme, economic activities across various sectors have started to recover gradually during the quarter.

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		Cumulative Period	
	3 Months Ended	3 Months Ended	15 Months Ended	12 Months Ended
	30.06.2022	30.06.2021	30.06.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	507	349	2,603	2,628
Gain on disposal of property, plant and equipment	(1,427)	(112)	(1,472)	(2,632)
Plant and equipment written off	-	-	104	-
Interest expense	466	1,732	5,277	8,386
Net foreign exchange loss	343	2	2,246	31
Loss on disposal of investment in joint venture	-	-	4,650	-
Impairment loss on reclassification of associated company to an investment	-	25,905	25,905	-
Fair value loss of a quoted investment	3,854	-	26,851	-
Interest income	(478)	(311)	(1,502)	(1,262)

B6 Taxation

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	15 Months Ended	12 Months Ended
	30.06.2022	30.06.2021	30.06.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax expense	(929)	(228)	(2,817)	(3,777)
	(929)	(228)	(2,817)	(3,777)

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 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:

- (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

	Unaudited As at 30.06.2022 RM'000	Audited As at 31.03.2021 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	15,368	52,092
Finance lease liabilities/Hire purchase	3,256	1,847
Trade finance	-	18,582
Bank overdrafts	9,206	9,763
Revolving credit	14,290	23,098
	-----	-----
	42,120	105,382
	-----	-----
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	3,813	-
Finance lease liabilities/Hire purchase	-	8,987
Redeemable convertible preference shares	67,608	-
	-----	-----
	71,421	8,987
	-----	-----
(c) Total borrowings	113,541	114,369
	=====	=====

Salient Features of Redeemable Convertible Preference Shares (RCPS)

The salient features of the RCPS are as follows:

- (a) **Tenure**
Up to 36 months commencing from and inclusive of the Issue Date of the 1st sub-tranche of Tranche 1 up to the Maturity Date.
- (b) **Maturity date**
The business day immediately before the 3rd anniversary of the date of Issue Date of 1st sub-tranche of Tranche 1.
- (c) **Dividend**
The RCPS shall carry the right to receive out of profits of our Company a cumulative preferential dividend at the rate of 2% per annum calculated based on the aggregate subscription price of the RCPS at the Issue Price. The preferential dividends shall be payable to the holder of RCPS semi-annually within 14 days from the date of 30 June and 31 December each calendar year. No dividends shall be paid on the Ireka Shares unless the dividends on the RCPS have been first paid.

B8 Group Borrowings and Debt Securities (continued)

(d) Conversion Right

Subject to and upon compliance with the conditions in the Subscription Agreement, the RCPS may be converted into the duly authorised, validly issued, fully paid and unencumbered Conversion Share(s) based on the Conversion Price, at any time during the Conversion Period.

The Conversion Rights confer the holder of RCPS the right to convert the RCPS into Conversion Share(s) which will be subject to adjustments from time to time at the determination of our Board in consultation with the approved advisers and certified by the auditors of our Company, in the event of any alteration to our Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution.

(e) Conversion upon maturity

Subject to:

- (a) the Non-Event of Default Redemption, Conversion Downside Redemption and Event of Default Redemption; and
- (b) the Conversion Cap,

any remaining outstanding RCPS must be converted into Conversion Shares on the Maturity Date unless our Company exercises its rights in respect of the Non-Event of Default Redemption prior to the Maturity Date, together with payment by our Company of all accumulated and unpaid dividend accrued on the converted RCPS.

B9 Material Litigations

Pursuant to various announcements made by the Company from 29 July 2022 to 8 August 2022, IECSB, a subsidiary of the Company has applied to the High Court of Malaya in Kuala Lumpur ("the High Court") to be placed under Judicial Management ("JM"). Subsequently, on 8 August 2022, the High Court has further granted IECSB the appointment of an Interim Judicial Manager ("IJM") whilst waiting for the decision by the High Court with regards to the JM application to be heard on 15 September 2022 ("the Hearing Date"). The filing of IECSB application for the JM would effectively put all the existing litigation matters in abeyance at least until the Hearing Date.

B10 Dividend Proposed

No dividend was proposed during the period under review.

B11 Loss per Share

Individual Quarter		Cumulative Period	
3 Months Ended	3 Months Ended	15 Months Ended	12 Months Ended
30.06.2022	30.06.2021	30.06.2022	31.03.2021

(a) Basic

Loss for the period attributable to owners of the Company (RM'000)	(64,821)	(37,784)	(184,636)	(24,222)
Weighted average number of ordinary shares	208,160,270	186,708,050	208,160,270	186,708,050
Basic loss per share (sen)	(31.14)	(20.24)	(88.70)	(12.97)

(b) Diluted Earnings

Loss for the period attributable to owners of the Company (RM'000)	(64,821)	(37,784)	(184,636)	(24,222)
Weighted average number of ordinary shares	208,160,270	186,708,050	208,160,270	186,708,050
Potential new ordinary shares to be issued arising from future RCPS conversion	22,536,000	-	67,608,000	-
Total diluted number of ordinary shares	230,696,270	186,708,050	275,768,270	186,708,050
Diluted loss per share (sen)	(28.10)	N/A	(66.95)	N/A

By Order of the Board
IREKA CORPORATION BERHAD
ALIZA BINTI AHMAD TERMIZI
 Company Secretary
 Kuala Lumpur
 25 August 2022