

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023**

All figures in RM'000 unless otherwise stated	<b>Current Quarter 30.06.2023</b>	Comparative Quarter 30.06.2022	<b>Unaudited Cumulative Period 12-month 30.06.2023</b>	Audited Cumulative Period 15-month 30.06.2022
<b>Revenue</b>	<b>(19,272)</b>	21,118	<b>8,390</b>	122,515
Cost of sales	<b>(13,552)</b>	(48,794)	<b>(35,723)</b>	(176,010)
<b>Gross loss</b>	<b>(32,824)</b>	(27,676)	<b>(27,333)</b>	(53,495)
Other income	<b>(3,598)</b>	1,718	<b>786</b>	6,367
Expenses	<b>(1,712)</b>	(18,158)	<b>(49,699)</b>	(110,318)
<b>Operating loss</b>	<b>(38,134)</b>	(44,116)	<b>(76,246)</b>	(157,446)
Finance costs	<b>(744)</b>	(2,762)	<b>(2,206)</b>	(7,573)
Effect of liquidation and disposal of subsidiaries	<b>(8,983)</b>	-	<b>144,137</b>	-
Share of loss of joint venture	-	(465)	-	(465)
<b>(Loss)/profit before tax</b>	<b>(47,861)</b>	(47,343)	<b>65,685</b>	(165,484)
Income tax expense	<b>717</b>	208	<b>1,703</b>	(1,681)
<b>(Loss)/profit for the year/period</b>	<b>(47,144)</b>	(47,135)	<b>67,388</b>	(167,165)
<b>Other comprehensive income:-</b>				
Currency translation differences	<b>38</b>	28	<b>27</b>	45
Remeasurement of retirement benefit	<b>422</b>	2,113	<b>422</b>	2,113
<b>Other comprehensive income for the year/period, net of tax</b>	<b>460</b>	2,141	<b>449</b>	2,158
<b>Total comprehensive (loss)/profit for the year/period</b>	<b>(46,684)</b>	(44,994)	<b>67,837</b>	(165,007)
<b>(Loss)/profit attributable to:-</b>				
Owners of the Company	<b>(40,737)</b>	(46,379)	<b>73,776</b>	(166,479)
Non-controlling interests	<b>(6,407)</b>	(756)	<b>(6,388)</b>	(686)
	<b>(47,144)</b>	(47,135)	<b>67,388</b>	(167,165)
<b>Total comprehensive (loss)/profit attributable to:-</b>				
Owners of the Company	<b>(40,277)</b>	(44,238)	<b>74,225</b>	(164,321)
Non-controlling interests	<b>(6,407)</b>	(756)	<b>(6,388)</b>	(686)
	<b>(46,684)</b>	(44,994)	<b>67,837</b>	(165,007)
<b>(Loss)/earnings per share attributable to owners of Company:-</b>				
- basic (sen)	<b>(19.57)</b>	(22.28)	<b>35.44</b>	(79.98)

**Note:**

The Company had changed its financial year end from 31 March to 30 June in the previous financial period. 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 15-month period ended 30 June 2022, and are therefore not comparable. For the current financial year, the next audited financial statements of the Company will be covering a period of 12 months ended 30 June 2023.

**Other information:-**

Operating loss	<b>(38,134)</b>	(44,116)	<b>(76,246)</b>	(157,446)
Gross interest income	<b>78</b>	(734)	<b>662</b>	290
Gross interest expense	<b>(744)</b>	(2,762)	<b>(2,206)</b>	(7,573)

**IREKA CORPORATION BERHAD** (Company No. 197501004146 (25882-A))  
**Condensed Consolidated Statement of Financial Position as at 30 June 2023**

	<b>Unaudited As At 30.06.2023 RM'000</b>	Audited As At 30.06.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>8,669</b>	14,143
Right-of-use assets	<b>4,716</b>	8,188
Investment properties	<b>1,097</b>	12,055
Finance lease receivables	<b>1,054</b>	-
Other investments	<b>27,845</b>	36,382
Inventories	<b>30,619</b>	25,545
Deferred tax asset	-	55
	<b>74,000</b>	96,368
<b>Current assets</b>		
Inventories	<b>79,978</b>	81,508
Trade and other receivables	<b>45,528</b>	98,931
Finance lease receivables	<b>404</b>	-
Fixed deposits (pledged)	<b>3,203</b>	4,564
Cash and bank balances	<b>3,358</b>	13,935
	<b>132,471</b>	198,938
<b>TOTAL ASSETS</b>	<b>206,471</b>	295,306
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	<b>207,729</b>	207,729
Foreign currency translation reserve	<b>(1,847)</b>	(1,874)
Accumulated losses	<b>(269,011)</b>	(343,210)
Equity attributable to owners of the Company	<b>(63,129)</b>	(137,355)
Non-controlling interests	<b>23,525</b>	29,913
<b>Capital deficiency</b>	<b>(39,604)</b>	(107,442)
<b>Non-current liabilities</b>		
Retirement benefits obligations	<b>872</b>	3,696
Lease liabilities	<b>4,998</b>	6,684
Redeemable convertible preference shares	<b>67,608</b>	67,608
Deferred tax liabilities	-	313
	<b>73,478</b>	78,301
<b>Current liabilities</b>		
Trade and other payables	<b>160,476</b>	284,022
Retirement benefits obligations	-	557
Lease liabilities	<b>1,759</b>	1,834
Borrowings	<b>10,275</b>	29,781
Overdrafts	-	6,129
Tax payable	<b>87</b>	2,124
	<b>172,597</b>	324,447
<b>Total liabilities</b>	<b>246,075</b>	402,748
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>206,471</b>	295,306

**Note:**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Statements.

**Other Information:-**

Net assets per share (RM)	<b>(0.30)</b>	(0.66)
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**Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2023**

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

	<b>Share Capital RM'000</b>	<b>Foreign Currency Translation Reserve RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Total RM'000</b>	<b>Non-Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<b><u>12 months ended 30.06.2023 (Unaudited)</u></b>						
Balance as at 01.07.2022	207,729	(1,874)	(343,210)	(137,355)	29,913	(107,442)
Total comprehensive income for the period	-	27	74,199	74,226	(6,388)	67,838
Balance as at 30.06.2023	<b>207,729</b>	<b>(1,847)</b>	<b>(269,011)</b>	<b>(63,129)</b>	<b>23,525</b>	<b>(39,604)</b>

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

	<b>Share Capital RM'000</b>	<b>Foreign Currency Translation Reserve RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Total RM'000</b>	<b>Non-Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<b><u>15 months ended 30.06.2022 (Audited)</u></b>						
Balance as at 01.04.2021	181,288	(1,919)	(119,789)	59,580	31,091	90,671
Prior year adjustments	-	-	(59,055)	(59,055)	(492)	(59,547)
Restated balance at 01.04.2021	181,288	(1,919)	(178,844)	525	30,599	31,124
Share issuance arising from private placements	26,872	-	-	26,872	-	26,872
Transaction costs of share issue	(431)	-	-	(431)	-	(431)
Total comprehensive income/(loss) for the financial period	-	45	(164,366)	(164,321)	(686)	(165,007)
Balance as at 30.06.2022	<b>207,729</b>	<b>(1,874)</b>	<b>(343,210)</b>	<b>(137,355)</b>	<b>29,913</b>	<b>(107,442)</b>

**Note:**

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**Condensed Consolidated Statement of Cash Flows for the period ended 30 June 2023**

	<b>Unaudited Cummulative Period 12-month 30.06.2023</b>	Audited Cummulative Period 15-month 30.06.2022
All figures in RM'000		
<b>Cash flows from/(for) operating activities</b>		
Profit/(loss) before taxation	<b>65,685</b>	(165,485)
Adjustments for:-		
Depreciation on right-of-use assets	<b>2,235</b>	2,300
Bad debt written off	-	6,111
Other debtor written off	-	2,712
COVID-19 related rent concessions income	-	(106)
Fair value loss on a quoted investment	<b>8,537</b>	24,604
Loss on derecognition of an associate	-	11,733
Fair value loss on investment properties	-	1,453
Interest expense	<b>2,206</b>	7,573
Interest income	<b>(662)</b>	(290)
Impairment losses on contract assets, trade and other receivables	-	15,412
Property, plant and equipment		
- Depreciation	<b>329</b>	2,562
- Gain on disposal	-	(1,484)
- Written off	<b>5,516</b>	4,428
Unrealised loss on foreign exchange	-	24
Loss on disposal of a joint venture	-	3,678
Gain on disposal of subsidiaries, net of cash and bank balances	<b>(13,106)</b>	-
Provisions	<b>21,859</b>	39,823
Reversal of impairment losses on contract assets, trade and other receivables	-	(4,307)
Share of results of a joint venture	-	465
Effect on deconsolidation of IECSB, net of IECSB's cash, bank and overdrafts	<b>(128,130)</b>	-
Operating loss before working capital changes	<b>(35,531)</b>	(48,794)
Working capital changes:-		
Inventories	<b>7,414</b>	17,683
Receivables	<b>50,370</b>	72,609
Contract liabilities/contract asset	<b>13,803</b>	11,393
Payables	<b>(29,069)</b>	(88,885)
Net cash from/(used) in operations	<b>6,987</b>	(35,994)
Payment of retirement benefits obligation	-	(231)
Income tax paid	<b>(720)</b>	(2,809)
Net cash from/(used in) operating activities	<b>6,267</b>	(39,034)
<b>Cash flows from/(for) investing activities</b>		
Purchase of property, plant and equipment	<b>(371)</b>	(339)
Proceeds from disposal of property, plant and equipment	-	2,632
Proceeds from disposal of a joint venture	-	3,000
Repayments from related parties	-	607
Withdrawal of short-term fund	-	4,863
Withdrawal of pledged deposits	<b>1,361</b>	6,076
Interest received	<b>662</b>	290
Net cash outflow due to deconsolidation of IECSB	<b>(2,695)</b>	-
Net cash outflow due to disposal of subsidiaries	<b>(206)</b>	-
Net cash from investing activities	<b>(1,249)</b>	17,129
<b>Cash flows from/(for) financing activities</b>		
(Repayment to)/Advances from directors	-	7
Drawdown of term loans	-	2,150
Proceeds from issuance of ordinary shares	-	26,441
Proceeds from issuance of Redeemable Convertible Preference Shares	-	67,608
Repayment of bank borrowings	<b>(5,500)</b>	(66,142)
Advances from related parties	-	5,224
Interest paid	<b>(2,206)</b>	(7,573)
Repayments of lease liabilities	<b>(1,761)</b>	(2,131)
Net cash (used in)/generating from financing activities	<b>(9,467)</b>	25,584
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,449)</b>	3,680
<b>Cash and cash equivalents as at beginning of financial period</b>	<b>7,807</b>	4,127
<b>Cash and cash equivalents as at end of financial period</b>	<b>3,358</b>	7,807

**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 of Ireka Corporation Berhad (“the Company” or “ICB”) for the 15-month financial period ended 30 June 2022. 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 period ended 30 June 2022.

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 4	Insurance Contracts
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendment to MFRS 16	Leases
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement

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 year:

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#

**A1 Basis of Preparation (continued)**

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

<sup>^</sup> *The Annual Improvements to MFRS Standards 2018-2020*

<sup>#</sup> *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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 period ended 30 June 2022.

**A3 Audit Report**

The Company's External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed a disclaimer of opinion on the Company's Audited Financial Statements for the previous financial period ended 30 June 2022.

The detailed basis for disclaimer of opinion has been disclosed in the Independent Auditors' Report section of the Annual Report of the Company for the period ended 30 June 2022 (pages 224 to 229).

**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 deconsolidation of a wholly-owned subsidiary, Ireka Engineering & Constructions Sdn Bhd ("IECSB"), as a result of loss of control due to appointment of an Interim Judicial Manager on 8 August 2022, and its subsequent liquidation on 27 March 2023, there were no other 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 year ended 30 June 2023.

**A8 Dividend Paid**

No dividend was paid or declared during the financial year ended 30 June 2023.

**A9 Segmental Information**

**Group revenue and results**

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	12 Months Ended	15 Months Ended
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<b>Segment Revenue</b>				
Revenue				
Construction	-	(11,807)	-	32,284
Property development	(19,327)	15,050	5,696	81,879
Property investment	61	126	558	629
Trading and services	324	2,930	3,486	13,287
Investment holding and other	1,331	8,840	6,196	11,377
<b>Total</b>	<b>(17,611)</b>	<b>15,139</b>	<b>15,936</b>	<b>139,456</b>
Elimination of inter-segment sales	(1,661)	5,979	(7,546)	(16,941)
<b>Total</b>	<b>(19,272)</b>	<b>21,118</b>	<b>8,390</b>	<b>122,515</b>

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	12 Months Ended	15 Months Ended
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<b>Segment Results</b>				
Loss before tax				
Construction	(4)	(94,627)	(9)	(143,208)
Property development	(33,789)	(9,697)	(28,523)	(4,537)
Property investment	(194)	(1,715)	(490)	(2,005)
Trading and services	(10,391)	(9,337)	(14,519)	(15,260)
Investment holding and other	(15,633)	(138,743)	(62,297)	(277,434)
<b>Total</b>	<b>(60,011)</b>	<b>(254,119)</b>	<b>(105,838)</b>	<b>(442,444)</b>
Elimination of inter-segment items	(7,942)	206,776	24,477	276,960
Effect of deconsolidation of IECSB	20,092	-	147,046	-
<b>Total</b>	<b>(47,861)</b>	<b>(47,343)</b>	<b>65,685</b>	<b>(165,484)</b>

**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 Events during the Period and Subsequent Events**

- (a) As previously reported, on 5 July 2021, Ireka Corporation Berhad (“the Company” or “ICB”) received an offer from Ideal Land Holdings Sdn Bhd (a company owned by the previous controlling shareholders of ICB) to purchase all of ICB’s equity interests in its 17 subsidiaries and associated companies involved in the non-construction businesses for RM40.0 million. Both parties were unable to come to an agreement regarding the various commercial terms to conclude the transaction and the offer had lapsed on 31 August 2022. Both parties have decided to cease all negotiations with respect to the offer.
- (b) On 25 August 2022, the Board of Directors of ICB announced that they have accepted a notice of termination from Wanland Metro Sdn Bhd (“WMSB”) dated 18 August 2022 on the Joint Venture Agreement entered on 30 August 2021 between IECSB and WMSB. The termination was due to the inability of both parties to agree on certain key commercial terms underlying the projects that the Joint Venture (“JV”) has secured. As a result of this, both parties have mutually agreed to terminate the said JV.
- (c) On 26 October 2022, a wholly-owned subsidiary of ICB, Ireka Commercial Sdn Bhd (“ICSB”) had entered into a Sale and Purchase Agreement (“SPA”) with Eccaz Sdn Bhd for the proposed disposal by ICSB of investment properties for a total consideration of RM11,000,000 (“Disposal Consideration”). The Disposal Consideration was arrived on a ‘willing-buyer willing seller’ basis after taking into consideration the indicative market value of the particular investment properties of RM11,000,000 as assessed by an independent third party registered valuer. The transaction was duly completed on 8 February 2023.
- (d) On 3 November 2022, a wholly-owned subsidiary of ICB, Ireka Development Management Sdn Bhd accepted a Letter of Award from Wakaf Pulau Pinang Sdn Bhd, a representative of Majlis Agama Islam Negeri Pulau Pinang, to jointly develop a piece of land measuring approximately 12.5 acres located in Seberang Perai Tengah, Pulau Pinang (“the Project”). The estimated gross development value of the Project is approximately RM67.8 million.
- (e) As previously reported, the Company had triggered the prescribed criteria under Paragraph 2.1(e) of the Practice Note No. 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). As such ICB had been classified as a PN17 Issuer effective from 28 February 2022. The Company has consistently provided monthly updates on the status of its PN17 to Bursa Securities. Pursuant to the PN17 requirements, the Company is required, amongst others, to submit a regularisation plan within 12 months of the effective date to the relevant authority and to obtain the approval to implement such plan within the stipulated time frame. The Board of Directors of ICB have appointed KAF Investment Bank Berhad (“KAF”) as the Principal Adviser to assist the Company in the formulation of the regularisation plan.

**A11 Significant Events during the Period and Subsequent Events (continued)**

- (e) On 27 February 2023, the Company has submitted an application to Bursa Securities for an extension of time (“EOT”) to finalize its PN17 Regularisation Plan. Bursa Securities vide its letter dated 31 March 2023, decided to grant the Company an EOT of six months up to 31 August 2023 to submit its PN17 Regularisation Plan to the regulatory authorities. As the Company required additional time to finalise its proposed Regularisation Plan having expended considerable efforts to-date, KAF will be submitting an application to Bursa Securities for a further EOT of six months until 29 February 2024.
- (f) On 8 August 2022, the High Court of Malaya in Kuala Lumpur (“the High Court”) approved the appointment of an Interim Judicial Manager (“IJM”) for a wholly-owned subsidiary, IECSB via a High Court Order number WA-28JM-13-07/2022. The general powers and duties of a Judicial Manager as outlined under Section 414 of the Companies Act 2016 mentioned that “.. all powers conferred and duties imposed on the directors by this Act or by constitution of the company shall be exercised and performed by the judicial manager and not the directors..”. The above High Court Order specified that the IJM is empowered and authorised to exercise all powers and entitlements of a judicial manager as set out in the Companies Act 2016.

In view of this, the Board of Directors is of the opinion that ICB as a parent has lost its control (control as defined by MFRS10 Consolidated Financial Statements paragraph 6) over IECSB as a subsidiary on the date of the appointment of the IJM on 8 August 2022. Consequently, all the assets and liabilities of IECSB have been derecognised on that date as prescribed by Paragraph 25 of the MFRS10. Furthermore, as indicated in Note A11(i) below, IECSB was placed under liquidation effective 27 March 2023 and consequently all intercompany balances and relevant permanent consolidation adjustments were either impaired or reversed. The effect of deconsolidation of IECSB and its subsequent liquidation amounted to RM120.5 million is disclosed in Note B5.

- (g) On 15 November 2022, a wholly-owned subsidiary of ICB, Ireka iCapital Sdn Bhd has transferred all its equity interests in its wholly-owned subsidiary, Shoraka Construction Sdn Bhd (formerly known as Asiaegolf Tours Sdn Bhd) to ICB for a nominal consideration of RM1.
- (h) On 21 December 2022, the Company completed the disposal of its wholly-owned subsidiary Ireka iCapital Sdn Bhd (“ICAP”) together with ICAP’s four subsidiary companies namely iTech ELV Solutions Sdn Bhd, i-Tech Network Solutions Sdn Bhd, Ireka Venture Capital Ltd and e-Auction Sdn Bhd for a cash consideration of RM1. The transaction gave rise to a gain on disposal of RM32.6 million as disclosed in Note B5.

## **A11 Significant Events during the Period and Subsequent Events (continued)**

- (i) On 9 January 2023, the Board of Directors of the Company announced that IECSB has filed a notice to discontinue the IJM at the High Court of Kuala Lumpur (“the High Court”) as the viability of maintaining IECSB as a going concern is no longer an achievable exercise. The IJM has filed an application to the High Court to discharge his position as the IJM of IECSB which has been acknowledged on 16 February 2023.

On 27 March 2023, IECSB cannot by reasons of its liabilities continue its business, has passed and lodged the Notice of Resolution pursuant to Section 439(2)(a), 490(1) of the Companies Act 2016 to Companies Commission of Malaysia (“CCM”) to liquidate IECSB via a Creditors’ Voluntary Winding-Up mode. Consequently, Haji Wan Idris bin Wan Ibrahim was appointed as the Interim Liquidator of IECSB. Pursuant to the IECSB’s Creditors Meeting held on 11 May 2023, Haji Wan Idris bin Wan Ibrahim was officially appointed as the Liquidator of IECSB and on 16 May 2023, all the necessary Statutory Forms pertaining to his appointment were filed with CCM.

- (j) On 28 August 2023, Shoraka Power Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Joint Venture Agreement with E&H Energy Sdn Bhd (“E&H”) to explore various energy – related business, in particular the business of supplying liquefied natural gas (“LNG”) to various potential buyers/users in Malaysia.
- (k) On 29 August 2023, Regal Variety Sdn Bhd, a wholly-owned subsidiary of Ireka Sdn Bhd (which in turns is a wholly-owned subsidiary of the Company), entered into a Joint Venture Agreement with Elay Project Sdn Bhd (formally known as Khalaz Inspired Sdn Bhd) to co-develop a proposed mixed development consisting of 22 & 23 storey tower of apartments comprises 661 units, 48 retail units and 114 office units on a piece of land known as Serika Kajang. The estimated GDV of the development is approximately RM310 million.

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

There was no change 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 end of the previous financial year.

(b) Contingent Liabilities

	<b>Financial Period Ended</b>	<b>Financial Year Ended</b>
	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	7,000,000	56,854,676

### **A14 Capital Commitments**

There were no capital commitments at the end of the current quarter.

## **B1 Review of Performance**

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

The Group continues to implement strategies aimed at addressing the PN17 Regularisation Plan, which includes identifying potential equity investors and securing new business opportunities, disposing of non-core loss making subsidiaries and monetising non-core assets. These ongoing initiatives, along with other prior efforts, form an integral part of our overall plan to improve the Group's financial and operational performance in the near future.

The Group reported revenue of RM8.4 million for the financial year ended 30 June 2023, in contrast to RM122.5 million for the previous financial year. Following on the termination of IECSB as the main contractors of all our existing projects late 2022, the Group has managed to appoint a third-party rescue contractor to resume the construction works at respective development sites. Whilst the appointment meant that progress claims and billings started to come in, there is a need to revise the overall project budget for all our on-going development projects. In line with the requirement of *MFRS 15 Revenue From Contract With Customers*, the deterioration in the project budgeted profits resulting in a reversal of revenue and profit previously over recognized at both KaMi Mont' Kiara and DWI@Rimbun Kasia projects, culminating to a revenue net reversal of RM19.3 million in the current quarter. This resulted in the property development segment reported revenue of RM5.7 million in the current year, compared to RM81.9 million last year, representing a decrease of more than 100%.

The trading and services segment comprises property development management and services divisions. Revenue for this segment in the current year has dropped from RM13.3 million in the preceding year to RM3.5 million due to the discontinuation of the IT division.

The investment holding and other segment recorded lower revenue at RM6.2 million for the current year, representing a total decrease of 85% mainly due to lower management fees charged to subsidiary companies due to a downward revision in the management fees chargeable by ICB to its subsidiaries in accordance with the finalized Transfer Pricing documentation.

For the financial year ended 30 June 2023, the Group recorded pre-tax profit of RM65.7 million, compared to a pre-tax loss of RM165.5 million in the preceding year. The pre-tax profit for the current year is mainly attributed to the effect of deconsolidation and subsequent liquidation of IECSB and gain on disposal of all equity interests in ICAP Group, as mentioned in A11(h).

## **B1 Review of Performance (continued)**

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

The Group reported a revenue net reversal of RM19.3 million in the current quarter, compared to revenue of RM21.1 million in the preceding year's corresponding quarter, representing a significant fluctuation of more than 100% caused by revision in overall project budget as mentioned above.

For the current quarter ended 30 June 2023, the Group recorded a pre-tax loss of RM47.9 million, compared to a pre-tax loss of RM47.3 million in the corresponding quarter of the preceding year. This variance is mainly attributed to various exceptional items incurred during both periods.

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

The Group reported a revenue net reversal of RM19.3 million in fourth quarter of financial year ended 30 June 2023, compared to a revenue of RM7.1 million in the immediate preceding quarter, mainly due to the same reason as mentioned earlier.

The Group recorded pre-tax loss of RM47.9 million during the current quarter compared to pre-tax loss of RM62.1 million in the immediate preceding quarter. This quarter's pre-tax loss was mainly due to the reversal of the revenue and profit that was previously recognised and provision for foreseeable losses following the changes in the overall development project budget as explained above.

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

In Q2 2023, Malaysian economy grew by 2.9% year-on-year during the second quarter of 2023. Based on a recent media released by Bank Negara Malaysia ("BNM"), the country's economic growth in Q2 2023 was largely driven by improvement in labour market, sustained domestic demand and increased tourism activities. Despite global economic slowdown, the economy's positive direction was influenced by the high base effect from Q2 2022 and reopening measures. Services and construction sectors boosted growth, while adverse weather affected agriculture and mining. Looking ahead, the economy is projected to expand between 4.0% and 5.0% in 2023, to be sustained by strong domestic demand and growth factors, despite external uncertainties.

Following on the official appointment of Haji Wan Idris bin Wan Ibrahim as the Liquidator pursuant to the IECSB's Creditors Meeting held on 11 May 2023, the first management meeting with the Liquidator was held on 31 May 2023. The liquidation process is currently on-going which includes, amongst others, verifying and reconciling latest creditors' proof of debt figures, attending all litigation matters, debt recovery efforts, carrying out asset valuation and disposal thereof, handling all banking related matters and ultimately carry out distribution to all IECSB's creditors, if applicable. The entire process may take approximately one to two years from the date of the appointment of the Liquidator. This exercise has successfully freed up valuable management resources and time to focus on more critical areas such as finalising PN17 Regularisation Plan and identifying new business opportunities.

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

The Group had at the end of 2022, terminated IECSB as the main contractor for the existing internal projects namely KaMi Mont' Kiara, DWI@Rimbun Kasia, Nilai and ASTA Enterprise Park, Kajang. We have successfully appointed reputable third-party companies as rescue contractors for these three projects and works at site have commenced. The contractor has completed roadworks and drainage of the KaMi Mont' Kiara project which enabled the Group to issue progress billings of 5% valued at RM10.3 million. Going forward, this would allow progress claims and billings continue to be raised translating into higher revenue and profit in the coming quarters.

On the property development front, the Group has three on-going projects. The first project is KaMi Mont' Kiara consisting of 168 units of residences under the I-Zen brand, which almost 100% sale has been recorded with GDV of RM216.6 million. The second project is DWI@ Rimbun Kasia, Nilai, with GDV of RM149.9 million is undertaken jointly with Hankyu Hanshin Properties Corp., comprising 382 units of mid-market courtyard condominiums under the Group's mid-market zenZ brand. The final project is ASTA Enterprise Park with GDV of RM252.3 million comprising 34 units of multi-functional industrial units and 11 parcels of land, of which all 34 industrial units and 10 parcels of land have been sold. At the same time, the Group continues to progress ahead to complete the preliminary works on the new development projects that have been secured in Terengganu and Penang.

As mentioned earlier in Note A11(k), the Group has embarked on a new Joint Venture development with a third-party developer to co-develop a proposed mixed development on a piece of land known as Serika Kajang. The estimated GDV of this project is RM310.0 million with profit sharing entitlement. The management will continue to explore other new suitable opportunities and/or joint venture partner to enhance the Group's overall development and construction order book value.

Based on the previous report issued by the National Property Information Centre ("NAPIC"), the volume of property transaction dropped by 5.7% year-on-year in Q1 2023 from 94,536 to 89,179 units with total volume transacted at approximately RM42.3 billion. The recent increase in the Overnight Policy Rate ("OPR") by 25 basis points to 3.0% has somewhat dampened the overall appetite of prospective purchasers. However, there has been an overall reduction in both the residential and serviced apartment overhang by 3.2% and 3.0% in Q1 2023 as compared to Q4 2022, respectively, indicating that selective purchases of completed properties is still happening in the market as the overall economy and employment rates continued to improve.

As mentioned earlier in Note A11(e), the Group is in the process of applying to Bursa Securities for a further EOT of six months until 29 February 2024. This second EOT is necessary as the Group requires additional time to finalise its proposed Regularisation Plan having expended considerable efforts to-date. A successful submission and approval of the plan is critical for the Group to continue its transformation journey towards making the Group a sustainable, profitable and viable business going forward.

Premised on the above and after considering the overview and long-term outlook for the construction and property development sectors in Malaysia, the Board remains cautiously optimistic on the future prospect of the ICB Group.

**B4 Variation of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee**

Not applicable.

**B5 (Loss)/Profit for the Year**

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	12 Months Ended	15 Months Ended
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	85	663	329	2,562
Gain on disposal of property, plant and equipment	-	(1,540)	-	(1,484)
Plant and equipment written off	-	4,324	5,516	4,428
Net foreign exchange (gain)/loss	(1,337)	343	(1,591)	2,246
Loss on disposal of investment in a joint venture	-	-	-	4,650
Fair value (gain)/loss of a quoted investment	(4,192)	946	10,135	26,851
Impairment loss on reclassification of associated company to an investment	-	-	-	97,187
Interest expense	744	2,762	2,206	7,573
Interest income	(78)	734	(662)	(290)
Provision for financial guarantee	776	-	22,635	-
Effect of deconsolidation/ liquidation of a subsidiary	(10,353)	-	(130,825)	-
Effect of disposal of subsidiaries	19,336	-	(13,312)	-



## **B6 Taxation**

The taxation for the current quarter and year are as follows:

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>12 Months Ended</b>	<b>15 Months Ended</b>
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax Expense	<b>717</b>	208	<b>1,703</b>	(1,681)
	<b>717</b>	208	<b>1,703</b>	(1,681)

The effective tax rates of the Group for the current quarter and for the year were lower than the statutory tax rate due to losses recorded by certain subsidiaries and also utilisation of tax losses brought forward by the Company and its subsidiaries.

## **B7 Status of Corporate Proposal**

On 29 November 2021, on behalf of the Board of Directors of ICB, 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) ICB and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed RCPS Issuance;
- (iii) ICB / 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) ICB and Mercury Securities to inform Bursa Securities upon the completion of the Proposed RCPS Issuance;
- (v) ICB 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) ICB to furnish Bursa Securities on a quarterly basis a summary of the total number of new ICB 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.

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

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 the 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 ICB Shares unless the dividends on the RCPS have been first paid.
- (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 the Board of Directors of ICB in consultation with the approved advisers and certified by the auditors of ICB, in the event of any alteration to the 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 the Company exercises its rights in respect of the Non-Event of Default Redemption prior to the Maturity Date, together with payment by the Company of all accumulated and unpaid dividend accrued on the converted RCPS.

**B8 Group Borrowings and Debt Securities**

	<b>Unaudited As at 30.06.2023 RM'000</b>	<b>Audited As at 30.06.2022 RM'000</b>
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	10,275	15,491
Finance lease liabilities/Hire purchase	1,759	1,834
Bank overdrafts	-	6,129
Revolving credit	-	14,290
	<hr/> 12,034 <hr/>	<hr/> 37,744 <hr/>
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	-	-
Finance lease liabilities/Hire purchase	4,998	6,684
Redeemable convertible preference shares	67,608	67,608
	<hr/> 72,606 <hr/>	<hr/> 74,292 <hr/>
(c) Total borrowings	<hr/> 84,640 <hr/>	<hr/> 112,036 <hr/>

**B9 Material Litigations**

**(a) Kuala Lumpur High Court Civil Suit No: WA-22NCC-531-10/2022  
Between ASPL M9 Limited (“ASPL M9”) (as Plaintiff) and ICB (as  
Defendant)**

On 26 October 2022, ICB was served with a copy of writ summon and statement of claim by ASPL M9. The Plaintiff’s suit is premised on a few causes of action, among others, ICB’s alleged breach of a written joint venture agreement and unwritten joint venture entered between ICB, ASPL M9 and Urban DNA Sdn Bhd (“UDNA”) in relation to the development of Ruma Hotel & Residences.

Based on the writ summons, ASPL M9 is claiming, inter alia:

1. The sum of RM39,628,439 being the amount allegedly advanced by ASPL M9 on behalf of ICB pursuant to the JVA and interest of RM24,788,765;
2. The sum of RM11,451,903 being the amount allegedly advanced by ASPL M9 on behalf of ICB pursuant to the unwritten JVA and interest of RM7,163,505; and
3. The sum of RM14,880,705 being the alleged wrongful repayments made by UDNA to ICB.

First mediation session was conducted by court and attended by both representative of parties on 28 July 2023 while the second mediation session was conducted on 09 August 2023. A third mediation session is scheduled to be conducted on 07 September 2023.

**B9 Material Litigations (continued)**

**(b) Kuala Lumpur High Court Civil Suit No: WA-22NCC-37-02/2023  
Between Hong Leong Bank Berhad (“HLBB”) (as Plaintiff), IECSB (as First Defendant) and ICB (as Second Defendant)**

On 15 February 2023, ICB and IECSB were served with a writ summons and statement of claim by HLBB. Under the writ summons, IECSB is named as the first defendant while ICB is named as the second defendant.

HLBB’s suit is premised on a banking facility provided by HLBB to IECSB as the main contractors for the main building works of 10-storey extension block of the Regency Specialist Hospital, Johor (“the Project”). ICB had provided a corporate guarantee in favour of HLBB as security for the repayment of the banking facilities, whereby ICB undertake to pay to HLBB all monies owing by IECSB under the banking facilities.

As previously announced on 4 and 6 January 2023, when IECSB’s employment under the Project was terminated by RSH, the Performance Bond issued by HLBB for IECSB was called by RSH. As a result of the calling of the aforesaid Performance Bond, it was alleged that IECSB and ICB have defaulted in its obligations to make payments to HLBB as required under the banking facilities.

Based on the writ summons, HLBB is claiming, inter alia:

1. The sum of RM5,680,318.17 under the Performance Bond;
2. The sum of RM478,425.60 under the Overdraft – Contract; and
3. The sum of RM294,828.13 under the Overdraft/Progress Claim.

On 11 April 2023, ICB and IECSB filed their Defence and put in a counter claim against HLBB, RSH, Representative of deceased estate - Lai Voon Hoon and Lai Voon Huey.

RSH then filed their Defence to ICB and IECSB’s counter claim on 2 May 2023. During the case management on 15 May 2023 and in light of IECSB’s appointment of liquidator and application for winding up, the Court has instructed for the matter to be put in abeyance until HLBB has obtained leave of court to continue proceeding against IECSB, a winding up company.

The Company in its capacity as the Corporate Guarantor had entered into a settlement with HLBB vide a settlement letter dated 25 May 2023. Under the settlement letter, HLBB has agreed to withdraw their civil suit once the Company has paid the first instalment as per the settlement letter.

**B9 Material Litigations (continued)**

**(c) Kuala Lumpur High Court Suit No: WA-22NCC-134-03/2023  
Between AmBank (M) Berhad (as Plaintiff) and IECSB (as First Defendant)  
and ICB (as Second Defendant)**

On 24 March 2023, ICB was served with a writ Summons and statement of claim ("the Writ") by AmBank (M) Berhad ("AmBank"). Under the Writ, IECSB is named as the first defendant while ICB is named as the second defendant.

AmBank had on 12 December 2007 granted IECSB a Revolving Contract Financing Line and Overdraft Facilities (collectively referred as the "Banking Facilities Offer") as general working capital. ICB had provided a corporate guarantee in favour of AmBank as security for the repayment of the above Banking Facilities Offer.

Pursuant to the Corporate Guarantees, ICB undertakes to pay to AmBank a payment of all monies owing by IECSB under the Banking Facilities Offer. It was alleged that IECSB and ICB have defaulted in its obligations to make payments to AmBank as required by the Banking Facilities Offer.

Based on the writ, AmBank is claiming against IECSB and ICB, inter alia:

Item	Particulars	RM
(i)	Revolving Credit	1,136,815.33
(ii)	Overdraft Facilities	3,098,812.24
	Total	<u>4,235,627.57</u>

The Company in its capacity as the Corporate Guarantor had entered into a settlement with AmBank vide a settlement letter dated 14 June 2023. Under the settlement letter, AmBank has agreed to withdraw their civil suit once the Company has paid the first instalment as per the settlement letter.

**(d) Kuala Lumpur High Court Originating Summons No: WA-24NCC-434-08/2023 between One Industrial (M) Sdn Bhd (as Plaintiff) and Shoraka Construction Sdn Bhd (as Defendant)**

On 7 August 2023, Shoraka Construction Sdn Bhd ("SCSB"), a wholly-owned subsidiary of the Company was served with an Originating Summons ("OS") and Affidavit in Support by One Industrial (M) Sdn Bhd ("OISB"). The OS is premised on 2 units of ASTA Project, which were purchased by OISB from IECSB. Contrary to a normal sale and purchase transaction, the 2 units were purchased by way of contra arrangement whereby in consideration of the 2 units being transferred to OISB, the outstanding amount owed by IECSB to OISB is offset against the amount owing and a 100% credit notes equivalent to the purchase price were issued to OISB. However, since the ASTA Project was taken over by SCSB via a Sale and Purchase Agreement dated 9 January 2023 and Power of Attorney dated 10 January 2023 duly registered in the High Court, SCSB has cancelled the credit notes and issued new credit and debit notes based on the actual progress billings.

**B9 Material Litigations (continued)**

**(d) Kuala Lumpur High Court Originating Summons No: WA-24NCC-434-08/2023 between One Industrial (M) Sdn Bhd (as Plaintiff) and Shoraka Construction Sdn Bhd (as Defendant) (continued)**

OISB is seeking for, among others, declaration that the 100% credit notes were wrongly cancelled by SCSB and SCSB is holding the units on trust for OISB.

During the first case management on 21 August 2023, the Court instructed SCSB to file its affidavit in reply by 7 September 2023. We are of the view that SCSB has a reasonable chance in resisting the OS.

**B10 Dividend Proposed**

No dividend was proposed during the period under review.

**B11 (Loss)/Earnings per Share**

Individual Quarter		Cumulative Period	
3 Months Ended	3 Months Ended	12 Months Ended	15 Months Ended
30.06.2023	30.06.2022	30.06.2023	30.06.2022

Basic

(Loss)/Profit for the year attributable to owners of the Company (RM'000)	<b>(40,737)</b>	(46,379)	<b>73,776</b>	(166,479)
Weighted average number of ordinary shares	<b>208,160,270</b>	208,160,270	<b>208,160,270</b>	208,160,270
Basic (loss)/earnings per share (sen)	<b>(19.57)</b>	(22.28)	<b>35.44</b>	(79.98)

**By Order of the Board**  
**IREKA CORPORATION BERHAD**  
**ALIZA BINTI AHMAD TERMIZI**  
 Company Secretary  
 Kuala Lumpur  
 30 August 2023