

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2023

All figures in RM'000 unless otherwise stated	Current Quarter 31.12.2023	Comparative Quarter 31.12.2022	Cumulative Period 6-month 31.12.2023	Cumulative Period 6-month 31.12.2022
Revenue	19,079	8,673	48,249	20,528
Cost of sales	(18,932)	(5,120)	(43,039)	(16,583)
Gross profit	147	3,553	5,210	3,945
Other income	140	289	212	555
Expenses	(29,416)	(9,423)	(36,703)	(37,350)
Operating loss	(29,129)	(5,581)	(31,281)	(32,850)
Finance costs	(1,077)	(590)	(1,999)	(1,210)
Effect on liquidation and disposal of subsidiaries	30	8,705	30	209,750
(Loss)/Profit before tax	(30,176)	2,534	(33,250)	175,690
Income tax expense	(295)	(537)	(295)	(704)
(Loss)/Profit for the period	(30,471)	1,997	(33,545)	174,986
Other comprehensive (loss)/income:-				
Currency translation differences	1	(341)	(15)	(11)
Other comprehensive (loss)/income for the period, net of tax	1	(341)	(15)	(11)
Total comprehensive (loss)/income for the period	(30,470)	1,656	(33,560)	174,975
(Loss)/Profit attributable to:-				
Owners of the Company	(29,435)	2,186	(33,502)	174,917
Non-controlling interests	(1,036)	(189)	(43)	69
	(30,471)	1,997	(33,545)	174,986
Total comprehensive (loss)/profit attributable to:-				
Owners of the Company	(29,434)	1,845	(33,517)	174,906
Non-controlling interests	(1,036)	(189)	(43)	69
	(30,470)	1,656	(33,560)	174,975
(Loss)/Earnings per share attributable to owners of Company:-				
- basic (sen)	(13.89)	1.05	(15.81)	84.03

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

Other information:-

Operating loss	(29,129)	(5,581)	(31,281)	(32,850)
Gross interest income	43	24	86	43
Gross interest expense	(1,077)	(590)	(1,999)	(1,210)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2023

	Unaudited As At 31.12.2023 RM'000	Audited As At 30.06.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,275	4,602
Right-of-use assets	3,917	4,574
Investment properties	8,655	8,655
Finance lease receivables	852	1,054
Other investments	2,771	27,845
Inventories	31,195	30,619
	<u>51,665</u>	<u>77,349</u>
Current assets		
Inventories	67,854	67,818
Tax Assets	1,888	2,501
Trade and other receivables	10,613	11,110
Contract costs	1,313	1,547
Contract assets	34,288	19,663
Finance lease receivables	401	404
Fixed deposits (pledged)	3,242	3,203
Cash and bank balances	6,131	3,358
	<u>125,730</u>	<u>109,604</u>
TOTAL ASSETS	<u>177,395</u>	<u>186,953</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	207,729	207,729
Foreign currency translation reserve	(418)	(403)
Accumulated losses	(309,095)	(275,593)
Equity attributable to owners of the Company	(101,784)	(68,267)
Non-controlling interests	23,310	23,353
Capital deficiency	<u>(78,474)</u>	<u>(44,914)</u>
Non-current liabilities		
Lease liabilities	3,868	4,796
Hire purchase payables	39	63
Loans and borrowings	67,608	67,608
Retirement benefits obligation	790	864
Deferred tax liabilities	213	213
	<u>72,518</u>	<u>73,544</u>
Current liabilities		
Lease liabilities	1,837	1,759
Hire purchase payables	49	87
Loans and borrowings	7,984	8,275
Trade and other payables	141,032	97,277
Contract liabilities	-	11,770
Provisions	32,396	39,068
Tax payable	53	87
	<u>183,351</u>	<u>158,323</u>
Total liabilities	<u>255,869</u>	<u>231,867</u>
TOTAL EQUITY AND LIABILITIES	<u>177,395</u>	<u>186,953</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the Interim Statements.

Other Information:-

Net assets per share (RM)	<u>(0.45)</u>	<u>(0.30)</u>
---------------------------	---------------	---------------

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))
Unaudited Condensed Consolidated Statement of Changes in Equity
for the 6-month quarter ended 31 December 2023

	← Attributable to owners of the Company →					
	← Non - Distributable →		← Distributable →			
	Share Capital RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<u>6 months ended 31.12.2023 (Unaudited)</u>						
Balance as at 01.07.2023	207,729	(403)	(275,593)	(68,267)	23,353	(44,914)
Total comprehensive loss for the financial period	-	(15)	(33,502)	(33,517)	(43)	(33,560)
Balance as at 31.12.2023	207,729	(418)	(309,095)	(101,784)	23,310	(78,474)

	← 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>Financial year ended 30.06.2023 (Audited)</u>						
Balance as at 01.07.2022	207,729	(1,874)	(343,210)	(137,355)	29,913	(107,442)
Total comprehensive income for the financial year	-	1,471	67,617	69,088	(6,560)	62,528
Balance as at 30.06.2023	207,729	(403)	(275,593)	(68,267)	23,353	(44,914)

Note:

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))
Unaudited Condensed Consolidated Statement of Cash Flows for the 6-month quarter ended 31 December 2023

	Unaudited Cumulative Period 6-month 31.12.2023	Audited Cumulative Year 12-month 30.06.2023
All figures in RM'000		
Cash flows from/ (for) operating activities		
(Loss)/Profit before taxation	(33,250)	59,192
Adjustments for:-		
Deposits written off	-	1
Depreciation of:		
- property, plant and equipment	275	1,512
- right-of-use assets	662	1,244
Fair value loss/(gain) on:		
- investment properties	-	(3,560)
- other investments	9,917	8,544
Gain on deconsolidation of subsidiary	-	(133,255)
Gain on disposal of subsidiaries	(30)	(13,728)
GST receivable written off	-	3
Impairment losses on:		
- other investment	15,157	-
- other receivables	1,236	21
- trade receivables	-	28
- amount due from associates	3,719	-
Interest expense	1,999	3,340
Interest income	(86)	(117)
Inventories written down	-	3,725
Loss on derecognition of right-of-use asset	-	5
Loss on lease modification	108	282
Gain on disposal of property, plant and equipment	(58)	(85)
Property, plant and equipment written off	-	68
Provision for:		
- legal claims	8	322
- onerous contracts	-	6,271
- corporate guarantee	-	22,605
- retirement benefits obligation	42	285
Reversal of bad debts	-	(2,858)
Reversal of impairment losses on trade receivables	-	(5,393)
Reversal of provision for onerous contracts	-	(5,724)
Operating loss before working capital changes	(301)	(57,272)
Changes in working capital:		
Contract assets and liabilities	(14,625)	34,525
Contract costs	234	(171)
Inventories	(612)	(5,031)
Trade and other receivables	(4,188)	(7,102)
Trade and other payables	26,033	46,696
Net cash generated from operations	6,541	11,645
Payment of retirement benefits obligation	-	(86)
Income tax paid	(97)	(1,451)
Net cash from operating activities	6,444	10,108
Cash flows from/ (for) investing activities		
Acquisition of other investment	-	(7)
Interest received	86	117
Proceeds from disposal of property, plant and equipment	110	243
Proceeds from deconsolidation of a subsidiary, net of cash deconsolidated	-	(37)
Proceeds from disposal of subsidiaries, net of cash disposed	-	(206)
Proceeds from disposal of investment properties	-	11,000
Purchase of property, plant and equipment	-	(128)
Payment from lease receivables	-	201
Advances to related companies	-	(213)
Change in pledged deposits	(39)	1,361
Net cash from investing activities	157	12,331
Cash flows from/ (for) financing activities		
Advances from directors	1,809	2,505
Drawdown of term loans	-	984
Interest paid	(497)	(1,988)
Repayments of lease liabilities	(3,331)	(1,659)
Repayment of hire purchase	(65)	(115)
Repayment of term loans	-	(8,200)
Repayment of revolving credits	-	(1,115)
Repayment of bank borrowings	(1,744)	-
Repayment to an associate	-	(15,756)
Repayment to related parties	-	(1,544)
Net cash for financing activities	(3,828)	(26,888)
Net increase/(decrease) in cash and cash equivalents	2,773	(4,449)
Cash and cash equivalents as at beginning of financial period/year	3,358	7,807
Cash and cash equivalents as at end of financial period/year	6,131	3,358

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial 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 of Ireka Corporation Berhad (“the Company” or “ICB”) for the financial year ended 30 June 2023. 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 30 June 2023.

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	
MFRS 17	Insurance Contracts
Amendment to MFRS 17	Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - comparative information)
Amendments to MFRS 101	Disclosures of Accounting policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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 16	Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 30 June 2023.

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 year ended 30 June 2023. 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 financial year ended 30 June 2023 (pages 206 to 209).

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

There were no unusual items due to the nature, size or incidence affecting the assets, liabilities, equity, net income or cash flow of the Group during the financial period under review.

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.

A8 Dividend Paid

No dividend was paid for the period under review.

A9 Segmental Information

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	6 Months Ended	6 Months Ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue				
Property development	19,045	7,256	48,173	18,090
Property investment	48	192	105	387
Trading and services	246	1,519	492	3,122
Investment holding and other	1,250	1,350	2,500	3,608
Total	20,589	10,317	51,270	25,207
Elimination of inter-segment sales	(1,510)	(1,644)	(3,021)	(4,679)
Total	19,079	8,673	48,249	20,528

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	6 Months Ended	6 Months Ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Segment Results				
(Loss)/Profit before tax				
Construction	-	(2)	-	(5)
Property development	(2,034)	2,282	278	2,290
Property investment	(120)	27	(230)	8
Trading and services	(722)	432	(1,374)	(2,371)
Investment holding and other	(28,353)	(6,175)	(34,425)	(56,894)
Total	(31,229)	(3,436)	(35,751)	(56,972)
Elimination of inter-segment items	1,023	29,148	2,471	54,795
Effect on liquidation and disposal of subsidiaries	30	(23,178)	30	177,867
Total	(30,176)	2,534	(33,250)	175,690

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 during the current and year-to-date period under review.

A11 Significant Events during the Quarter and Subsequent Events

- (a) On 28 August 2023, a wholly-owned subsidiary of the Company, Shoraka Power Sdn. Bhd. entered into a Joint Venture Agreement with E&H Energy Sdn. Bhd. to explore various energy-related business, in particular the business of supplying liquefied natural gas to various potential buyers or users in Malaysia.
- (b) On 29 August 2023, Regal Variety Sdn. Bhd., a wholly-owned subsidiary of Ireka Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company entered into a Joint Venture Agreement with Elay Project Sdn. Bhd. (formerly 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 RM310.0 million.
- (c) On 30 August 2023, the Company has submitted an application to Bursa Malaysia Securities Berhad (“Bursa Securities”) for a further extension of time (“EOT”) to finalize its Practice Note No. 17 (“PN17”) Regularisation Plan. Bursa Securities vide its letter dated 1 November 2023, has granted the Company a further EOT of six months up to 29 February 2024 to submit its PN17 Regularisation Plan to the relevant regulatory authorities.

As the Company is still finalising the PN17 Proposed Regularisation Plan, on 29 February 2024 the Company has requested for a further EOT of additional six months up to 31 August 2024 to submit the completed regularisation plan.

- (d) On 20 December 2023, a wholly-owned subsidiary of ICB, Ireka Sdn Bhd (“ISB”) completed the disposal of its wholly-owned subsidiary, Ireka Hospitality Sdn Bhd (“IHSB”) for a cash consideration of RM2. The transaction gave rise to a gain on disposal of RM30,373, detailed as follows:

Description	RM’000	RM’000
Disposal consideration		-*
<i>Add:</i> Carrying value of net liabilities disposed		
Total Assets	-	
Total Liabilities	<u>563</u>	563
<i>Less:</i> Reversal of permanent consolidation adjustments		533
Gain on disposal		<u>30</u>

*Disposal consideration is RM2

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 as follows:

- (a) On 20 December 2023, a wholly-owned subsidiary of ICB, ISB has disposed its wholly owned subsidiary, IHSB to a third party for a cash consideration of RM2.

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

	Financial Quarter Ended 31.12.2023 RM	Financial Year Ended 30.06.2023 RM
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	7,743,063	7,290,854

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 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 RM48.2 million for the financial period ended 31 December 2023, as compared to RM20.5 million for the preceding year corresponding period. Following the termination of IECSB as the main contractors of all our existing projects in late 2022, the Group has successfully appointed a third-party rescue contractor to resume the construction works at respective development sites. This appointment led to the re-submission of progress claims and billings, resulting in the property development segment reporting revenue of RM48.2 million in the current period, a substantial increase compared to the RM18.1 million reported during the corresponding period last year.

The trading and services segment comprises property development management and services divisions. Revenue for this segment in the current period has dropped from RM3.1 million in the preceding year corresponding period to RM0.5 million due to the discontinuation of the IT division.

The investment holding and other segment recorded lower revenue at RM2.5 million for the current period, representing a total decrease of 31% mainly due to lower management fees charged to subsidiary companies arising from a downward revision in the management fees chargeable by ICB to its subsidiaries pursuant to the finalized Transfer Pricing documentation.

The financial results of the Group for the period under review were also affected by a reduction in the share price of Aseana Properties Limited ("ASPL") from USD13 cents as of 30 June 2023 to USD8.5 cents, resulting in a marked-to-market loss on the investment in ASPL of RM9.9 million. Subsequent to the period under review, the Company successfully concluded an out-of-court settlement with ASPL on 29 January 2024, leading to the transfer of 38.8 million ASPL shares to ASPL at a rate of USD8.5 cents per share, totaling USD3.3 million or RM15.6 million in exchange of ASPL withdrawing their RM109.8 million legal suits as detailed in B9(a). An impairment loss on Other Investment in ASPL of RM15.1 million has been recognised during the period accordingly. As part of this settlement, the Company has also transferred its entire 30% shareholding in both associated companies, Urban DNA Sdn Bhd and The Ruma Hotel KL Sdn Bhd to ASPL, and recognized an impairment loss on the amount due from the associated companies, amounting to RM5.0 million. Excluding these exceptional items, the Group recorded an operational loss before tax of RM4.3 million for the current period compared to operational loss before tax of RM25.9 million for the preceding year corresponding period.

B1 Review of Performance (continued)

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

The Group reported a revenue of RM19.1 million in the current quarter, as compared to RM8.7 million in the corresponding quarter of the preceding year, representing a significant increase of more than 100% arising from continuation of construction works at our existing project sites by the newly-appointed rescue main contractor, leading to the re-submission of progress claims and billings as described earlier.

For the current quarter ended 31 December 2023, the Group recorded a pre-tax loss of RM30.2 million, compared to a pre-tax profit of RM2.5 million in the corresponding quarter of the preceding year. The variance is primarily attributed to marked-to-market losses from ASPL shares and the impact of an out-of-court settlement for a legal case with ASPL, totaling RM30.0 million as mentioned earlier.

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

The Group reported a revenue of RM19.1 million in second quarter of financial period ended 31 December 2023, compared to a restated revenue of RM29.2 million in the immediate preceding quarter, mainly due to the cancellation of two units of condominium for the KaMi project and higher rebates given to bulk purchasers. The restated revenue of RM29.2 million is lower compared to RM69.4 million which was previously reported due to a reclassification error in the revenue and cost of sales figures in property development subsidiaries. However, the reported profit/loss figures in the immediate preceding quarter are not affected.

The Group recorded pre-tax loss of RM30.2 million during the current quarter compared to pre-tax loss of RM3.1 million in the immediate preceding quarter mainly due to the marked-to-market losses from ASPL shares and one-off expenses arising from settlement of the ASPL legal case mentioned above.

B3 Prospects for the Current Financial Year

In the final Quarter of 2023, the Malaysian economy expanded by 3%, slightly lower than the previous quarter. Household spending remained strong, supported by improved labour market conditions and reduced cost pressures. Unemployment dropped to pre-pandemic levels while labour force participation reached a historic high. Investment activity grew due to ongoing projects and capacity expansions. However, exports struggled amid weak external demand, despite increased imports. The commodities sector including oil and gas production and agriculture saw growth. Services and construction continued to expand, but the manufacturing sector remained subdued, particularly in electrical and electronics. Overall, the economy contracted by 2.1% on a quarter-on-quarter basis, contrasting with the previous quarter's growth.

B3 Prospects for the Current Financial Year (continued)

The Group has begun a strategic planning process to identify key elements and outline measures for its Regularisation Plan, aimed at improving its financial position and addressing its PN17 status. Recognising the complexity of this task, the Group has formally requested and received a 6-month extension until 29 February 2024 from Bursa Securities. A further extension has been sought from Bursa Securities on 29 February 2024. This third extension will provide additional time for the Group to work closely with advisors in finalising a comprehensive plan whilst addressing certain external issues and realising values from a newly diversifying venture. The objective is to resolve the PN17 situation by mid-2024, demonstrating the Group's dedication to overcoming its financial difficulties.

Within the construction industry, the Group's construction division is energetically pursuing new ventures by submitting bids, proposals and engaging in tender processes. It remains proactive in presenting project proposals to both government bodies and relevant authorities. In these proposals, the Group emphasises the inherent merits and benefits to stakeholders and users, thereby presenting feasible solutions rooted in the public-private partnership model.

In the realm of property development, the Group continues to record impressive sales figures for its ongoing projects, realising substantial gross development value (GDV). Projects such as KaMi Mont' Kiara and DWI@Rimbun Kasia in Nilai are progressing as planned. The division is currently prioritising the successful completion of existing projects within the revised budgetary constraints and timelines. KaMi Mont' Kiara is expected to be completed by end of Quarter 1, 2024, whilst DWI@Rimbun Kasia is aiming to achieve strong full sales for all remaining unsold units. The Group has also received an offer from a third-party developer to co-develop Temu@Rimbun Kasia, featuring residential units of beautifully landscaped town villas. This is expected to be launched by Quarter 3, 2024 with 42 months of construction period. Additionally, the focus remains on executing project from the significant backlog, with plans in progress to launch a few residential projects in Terengganu by end of the year. Furthermore, there are plans for a new mixed development project with a JV partner on Serika Land in Kajang, which also targeted to be launched by year-end. The Group continues to actively seek out opportunity for additional new projects. While there has been a slight decline in property transactions recently, there is a discernible decrease in property overhang, signalling that the market's selective purchasing remains sustainable.

In the Group's quest for enduring sustainability, the Group is steadfast in diversifying its business portfolio across burgeoning and profitable market sectors. Aligned with the Government's unveiled National Energy Transition Roadmap ("NETR") which underscores Malaysia's pledge to sustainable and inclusive energy framework, the Group has entered a Joint Venture Agreement with E&H Energy Sdn Bhd ("E&H"). This partnership will offer the Group a crucial and consistent source of income from the joint venture, significantly alleviating the current cash flow constraints experienced by the Group. In the long run, with this strategic alliance coinciding with the ongoing liberalisation of the domestic energy sector, the Group envisions mutually advantageous and lasting business success alongside its joint venture partner, E&H.

In light of the prevailing economic conditions and the anticipated trends in Malaysia's construction, property development and energy sectors, the Board maintains a cautiously optimistic view regarding the Group's future prospects.

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

Not applicable.

B5 (Loss)/Profit for the Period

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	6 Months Ended	6 Months Ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	104	76	275	161
Effect on liquidation and disposal of subsidiaries	30	(8,705)	30	(209,750)
Fair value loss of a quoted investment	5,775	(535)	9,197	8,159
Gain on disposal of property, plant and equipment	(58)	-	(58)	-
Interest expense	1,077	590	1,999	1,210
Impairment losses on other investment	15,156	-	15,156	-
Provision for financial guarantee	-	6,071	-	21,859
Interest income	(43)	(24)	(86)	(43)

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	6 Months Ended	6 Months Ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax expense	(295)	(537)	(295)	(704)
	(295)	(537)	(295)	(704)

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

B7 Status of Corporate Proposals

There are no corporate proposals which have been announced by the Company but not completed as at 28 February 2023 (being the latest practicable date from the date of issuance of the Quarter Report).

B8 Group Borrowings and Debt Securities

	Unaudited As at 31.12.2023 RM'000	Unaudited As at 31.12.2022 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	7,984	12,500
Hire purchase	49	-
Lease liabilities	<u>1,837</u>	<u>1,558</u>
	<u>9,870</u>	<u>14,058</u>
(b) Long term borrowings		
<i>Secured:-</i>		
Hire purchase	39	211
Lease liabilities	3,868	5,851
Redeemable convertible preference shares	<u>67,608</u>	<u>67,608</u>
	<u>71,515</u>	<u>73,670</u>
(c) Total borrowings	<u>81,385</u>	<u>87,728</u>

B9 Material Litigations

(a) Between ASPL M9 Limited (as Plaintiff) and the Company (as Defendant)

On 26 October 2022, a writ of summons and statement of claim (“the Writ”) was served by ASPL M9 Limited (“ASPL”) to the Company. ASPL’s cause of action arose from a Joint Venture Agreement dated 31 December 2009 (“JVA”). The JVA was entered by ASPL, the Company and Urban DNA Sdn Bhd (“UDNA”) with the primary objective of overseeing the development of the RuMa Hotel & Residences (“the Project”), whereby UDNA will be the developer of the Project, with the shareholding ratio of 70% to ASPL and 30% to the Company. It was also alleged under the Writ that ASPL and the Company, had on the same date entered into an unwritten Joint Venture Agreement on equivalent terms to the JVA (“Unwritten JVA”).

Based on the Writ, ASPL is claiming, inter alia:

- (i) The sum of RM51,080,342 being the amount allegedly advanced by ASPL on behalf of the Company to Urban DNA Sdn Bhd pursuant to the JVA and the unwritten JVA with a total interest of RM31,955,270; and
- (ii) The sum of RM14,880,705 being the alleged wrongful repayment made by UDNA to the Company together with interest thereon.

After several rounds of negotiation, both parties agreed to settle the matter amicably and a settlement agreement was entered on 26 January 2024. Consequently, ASPL had withdrawn the suit without liberty to file afresh on 29 January 2024.

Under the Settlement Agreement, the Company will transfer to ASPL:

1. 38,837,504 ordinary shares held in ASPL;
2. 300,000 ordinary shares held in UDNA; and
3. 105,003 ordinary shares held in The RuMa Hotel KL Sdn Bhd.

The Company shall also obtain leave pursuant to Section 472 of the Companies Act 2016 from the Winding Up Court in Petition No. WA-28NCC-15-01/2024 for the disposal of the abovementioned shares.

(b) Between Hong Leong Bank Berhad (as Plaintiff) and Ireka Engineering & Construction Sdn Bhd as (First defendant) and the Company as (Second Defendant)

On 15 February 2023, the Company was served with a writ of summons and statement of claim ("the Writ") by Hong Leong Bank Berhad (“HLBB”). HLBB’s suit is premised on a banking facility provided by HLBB to IECSB upon its appointment by Regency Specialist Hospital Sdn Bhd (“RSH”) as the main contractor for the main building works of 10-storey extension block of the Regency Specialist Hospital, Johor (“the Project”). The Company had provided a corporate guarantee in favour of HLBB as security for the repayment of the banking facilities.

B9 Material Litigations (continued)

(b) Between Hong Leong Bank Berhad (as Plaintiff) and Ireka Engineering & Construction Sdn Bhd as (First defendant) and the Company as (Second Defendant) (continued)

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, it was alleged that IECSB and the Company have defaulted in its obligations to make payments to HLBB as required.

Based on the writ summons, HLBB is claiming a total sum of RM6,453,571.90 under the Performance Bond and overdraft facilities.

During the hearing date on 10 January 2024, the Court decided to allow HLBB's application for summary judgment, dismissed the Company's counter-claim and ordered the Company to pay the a total sum of RM6,453,571.90 together with interest which is calculated at the rate of between 1.0% and 3.50% per annum above the Base Lending Rate from 2 February 2023 until full settlement plus late payment interest at the rate of 1.0% per annum compounded monthly from 2 February 2023 until full settlement, where applicable and cost of RM5,000.00.

The Company is yet to be served with the fair order from HLBB.

(c) Between AmBank (M) Berhad (as Plaintiff) and IECSB (as First Defendant) and the Company (as Second Defendant)

On 24 March 2023, the Company was served with a writ of summons and statement of claim ("the Writ") by AmBank (M) Berhad ("AmBank"). 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. The Company had provided a corporate guarantee in favour of AmBank as security for the repayment of the above Banking Facilities Offer.

It was alleged that IECSB and the Company 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 the Company a total sum of RM4,235,627.57 on the outstanding revolving credit and overdraft facilities.

During the hearing date on 16 November 2023, the court decided to allow AmBank application for Summary Judgment and ordered us to pay the following:

1. A sum of RM1,138,175.27 together with late payment interest at a rate of 4.0% per annum above the Plaintiff's Base Loan Rate (The Plaintiff's Base Loan Rate on 31 July 2023 is at a rate of 6.70% and is further subject to change at any time and from time to time at the absolute discretion of the Plaintiff) and to be calculated monthly from 1 August 2023 until the date of full settlement.
2. A sum of RM3,082,393.05 together with interest at the rate of 3.5% per annum above the Plaintiff's Base Loan Rate (The Plaintiff's Base Loan Rate on 31 July 2023 is at a rate of 6.70% and is further subject to change at any time and from time to time at the absolute discretion of the Plaintiff) to be calculated monthly from 1 August 2023 until the date of full settlement.

B9 Material Litigations (continued)

(c) Between AmBank (M) Berhad (as Plaintiff) and IECSB (as First Defendant) and the Company (as Second Defendant) (continued)

Pursuant to the judgment, the Company was then served with a winding up petition from AmBank on 8 January 2024. The hearing date for the petition is fixed on 17 April 2024.

We have appointed Abdul, Low & Partner in resisting the winding up petition. In the meantime, it is still our intention to continue our efforts to negotiate a revised payment term which is acceptable by AmBank.

(d) 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 (“SPA”) 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.

Under the OS, 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.

SCSB has filed and served its Affidavit in Reply on 7 September 2023 which thereafter was replied by OISB vide their Affidavit in Reply on 29 September 2023.

Vide a letter dated 5 October 2023, the liquidator of IECSB is intending to invoke Section 528 of the Companies Act in declaring the SPA void and thus, the ASTA Project will fall back under the jurisdiction of IECSB. Premised on the same, the Court has decided to put the matter in abeyance pending the decision of OISB’s suit against IECSB.

(e) Between Ideal Land Holdings Sdn Bhd, Eccaz Sdn Bhd (Plaintiffs) and United Time Development Sdn Bhd (“UTD”), Ireka Properties Sdn Bhd (“IPSB”), Meadowfield Sdn Bhd (“MSB”), Regal Variety Sdn Bhd (“RVS”), iTech Elv Solution Sdn Bhd (“ITELV”), i-Tech Network Solutions Sdn Bhd (“ITNS”), the Company, and certain current and former directors (Defendants)

On 22 November 2023, the Company and its subsidiaries, which are UTD, IPSB MSB and RVS (“Buyback Subsidiaries”) along with certain former and current directors were served with a writ summons and statement of claim (“the Writ”) from Ideal Land Holdings Sdn Bhd and Eccaz Sdn Bhd (“the Plaintiffs”).

B9 Material Litigations (continued)

- (e) Between Ideal Land Holdings Sdn Bhd, Eccaz Sdn Bhd (Plaintiffs) and United Time Development Sdn Bhd (“UTD”), Ireka Properties Sdn Bhd (“IPSB”), Meadowfield Sdn Bhd (“MSB”), Regal Variety Sdn Bhd (“RVSB”), iTech Elv Solution Sdn Bhd (“ITELV”), i-Tech Network Solutions Sdn Bhd (“ITNS”), the Company, and certain current and former directors (Defendants) (continued)**

The Writ is premised on the following cause of actions:

- a) Failure of the Company to repay the advances made by the Plaintiff’s to the Company and the Buyback Subsidiaries amounting to RM16,575,356.26. The advancements were allegedly made by the Plaintiff during the negotiating period between 5 July 2021 to 31 August 2022 for among others, the construction of projects, payments to financial institutions, working capital, staff salaries and administration cost; and
- b) Failure of the current and former directors to procure the Company to enter into an agreement for Ideal Land Holdings Sdn Bhd to acquire back the Buyback Subsidiaries, in breach of their undertaking under the previous Share Sale Agreement of the Company.

The Defendants have filed its Defence on 29 January 2024. Plaintiffs are then instructed by court to file its Reply to Defence on 29 February 2024

The Plaintiffs have also filed a summary judgment application against UTD, IPSB, MSB and RVSB.

In response, UTD, IPSB, MSB and RVSB have filed its Affidavit in Reply on 29 January 2024, which was then reply by the Plaintiffs on 19 February 2024.

- (f) Between RHB Bank Berhad (as Plaintiff) and Ireka Corporation Berhad (as Defendant)**

On 13 February 2024, the Company was served with a Writ of Summons and Statement of Claim ("the Writ") by RHB Bank Berhad (“RHB”). RHB had on 6 January 2015 and 18 April 2017, granted Ireka Engineering & Construction Sdn Bhd (Under Liquidation) ("IEC") a Revolving Credit Facility (“Banking Facility Offer”) of RM6,500,000.00 with a Corporate Guarantee executed on 12 September 2000 in favour of RHB as security for the repayment of the Banking Facility Offer.

The Company had on 28 June 2023 entered into a settlement agreement with the Bank whereby the Company undertake to pay IEC’s outstanding amount under the Banking Facility Offer to RHB in stages. However, since the Company was unable to honour the settlement agreement, RHB decided to terminate the Settlement Agreement on 8 December 2023.

Thereafter, the Company has further proposed a revised scheduled payment to the Bank on 22 December 2023. However, the proposed terms of repayment were rejected by RHB on 10 January 2024. It is still our intention to continue our efforts to negotiate a revised payment term which is acceptable by RHB.

The Company is in the midst of appointing a solicitor to act on behalf of the Company to defend the matter.

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))**B10 Dividend Proposed**

No dividend was proposed during the quarter under review.

B11 (Loss)/Earnings per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	6 Months Ended	6 Months Ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Basic				
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(29,435)	2,186	(33,502)	174,917
Weighted average number of ordinary shares	211,943,803	208,160,270	211,943,803	208,160,270
Basic (loss)/earnings per share (sen)	(13.89)	1.05	(15.81)	84.03

By Order of the Board
IREKA CORPORATION BERHAD
ALIZA BINTI AHMAD TERMIZI
Company Secretary
Kuala Lumpur
29 February 2024