

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2013

	Unaudited Current Year Quarter 30.9.2013 RM'000	Unaudited Preceding Year Corresponding Quarter 30.9.2012 RM'000	Unaudited Current Year To Date 30.9.2013 RM'000	Unaudited Preceding Year Corresponding Period 30.9.2012 RM'000
Revenue	62,316	96,580	111,318	206,943
Cost of sales	(52,451)	(88,624)	(96,451)	(185,370)
Gross profit	9,865	7,956	14,867	21,573
Other income	1,150	876	2,563	2,013
Expenses	(9,105)	(9,952)	(16,558)	(17,585)
Operating profit/(loss)	1,910	(1,120)	872	6,001
Finance costs	(2,138)	(2,051)	(3,928)	(3,992)
Share of loss of associates	(6,739)	649	(11,400)	(2,584)
Loss before tax	(6,967)	(2,522)	(14,456)	(575)
Income tax expense	(625)	(248)	(820)	(1,052)
Loss for the year	(7,592)	(2,770)	(15,276)	(1,627)
Other comprehensive income/(loss):-				
Currency translation differences	152	(69)	205	(119)
Total comprehensive loss for the year	(7,440)	(2,839)	(15,071)	(1,746)
Loss attributable to:-				
Owners of the Company	(7,592)	(2,770)	(15,276)	(1,627)
Non-controlling interest	-	-	-	-
	(7,592)	(2,770)	(15,276)	(1,627)
Total comprehensive loss attributable to:-				
Owners of the Company	(7,440)	(2,839)	(15,071)	(1,746)
Non-controlling interest	-	-	-	-
	(7,440)	(2,839)	(15,071)	(1,746)
Loss per share attributable to owners of Company:-				
- basic (sen)	(6.66)	(2.43)	(13.41)	(1.43)
- diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

Other Information:-

Operating profit/(loss)	1,910	(1,120)	872	6,001
Gross interest income	67	114	144	323
Gross interest expense	2,138	2,051	3,928	3,992

IREKA CORPORATION BERHAD (Company No. 25882-A)**Condensed Consolidated Statement of Financial Position as at 30 September 2013**

	Unaudited As At 30.9.2013 RM'000	Audited As At 31.3.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	57,409	57,100
Investment properties	19,889	23,799
Investment in associates	137,419	148,819
Other investments	1,635	1,513
Land held for property development	39,935	39,124
Deferred tax assets	180	180
	<u>256,467</u>	<u>270,535</u>
Current assets		
Property development costs	34,351	30,780
Inventories	15,261	11,058
Trade and other receivables	119,307	130,683
Amounts due from customers on contracts	49,197	37,369
Amounts due from associates	14,877	14,876
Cash and cash equivalents	15,785	16,663
	<u>248,778</u>	<u>241,429</u>
TOTAL ASSETS	<u>505,245</u>	<u>511,964</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	113,915	113,915
Reserves	49,827	64,898
	<u>163,742</u>	<u>178,813</u>
Non-controlling interest	-	-
Total equity	<u>163,742</u>	<u>178,813</u>
Non-current liabilities		
Borrowings	48,400	47,471
Deferred tax liabilities	3,242	3,242
	<u>51,642</u>	<u>50,713</u>
Current liabilities		
Provision	14,000	14,000
Trade and other payables	147,848	161,809
Borrowings	92,588	77,557
Overdrafts	33,640	26,491
Tax payable	1,785	2,581
	<u>289,861</u>	<u>282,438</u>
Total liabilities	<u>341,503</u>	<u>333,151</u>
TOTAL EQUITY AND LIABILITIES	<u>505,245</u>	<u>511,964</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

Other Information:-

Net assets per share (RM)	<u>1.44</u>	<u>1.57</u>
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Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 September 2013

	Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company	
	Non-distributable		Distributable		Distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000	
Balance as at 1.4.2013	113,915	21,871	(442)	43,469	178,813	-	178,813	
Total comprehensive loss for the period	-	-	205	(15,276)	(15,071)	-	(15,071)	
Balance as at 30.9.2013	113,915	21,871	(237)	28,193	163,742	-	163,742	

6 months ended 30.9.2013 (Unaudited)

	Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company		Attributable to owners of the Company	
	Non-distributable		Distributable		Distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interest RM'000	(Unaudited) Total Equity RM'000	
Balance as at 1.4.2012	113,915	21,871	(319)	89,377	224,844	-	224,844	
Total comprehensive loss for the period	-	-	(119)	(1,627)	(1,746)	-	(1,746)	
Balance as at 30.9.2012	113,915	21,871	(438)	87,750	223,098	-	223,098	

6 months ended 30.9.2012 (Unaudited)

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

IREKA CORPORATION BERHAD (Company No. 25882-A)

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 September 2013

	Unaudited Current Year To Date 30.9.2013 RM'000	Unaudited Preceding Year Corresponding Period 30.9.2012 RM'000
Cash flows from operating activities		
Loss before tax	(14,456)	(575)
Adjustments for:		
Bad debts written off	-	2
Depreciation of property, plant and equipment	2,641	2,502
Gain on disposal of property, plant and equipment	(279)	(553)
Gain on disposal of investment properties	(996)	-
(Reversal of impairment)/impairment loss on other investments	(122)	1,188
Share of loss of associates	11,400	2,584
Interest expense	3,928	3,992
Interest income	(144)	(323)
Operating profit before changes in working capital	1,972	8,817
Working capital changes:		
Inventories	(4,203)	(1,038)
Receivables	11,412	17,360
Property development costs	(3,571)	(1,613)
Amount due from customers on contracts	(11,828)	(4,048)
Amount due from associates	(1)	(2,055)
Payables	(13,702)	(10,751)
Cash (used in)/generated from operations	(19,921)	6,672
Income tax (paid)/ refund	(1,715)	96
Net cash (used in)/generated from operating activities	(21,636)	6,768
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,284)	(2,309)
Purchase of investment properties	(57)	(8)
Proceeds from disposal of property, plant and equipment	436	670
Proceeds from disposal of investment properties	4,963	-
Land held for property development	(811)	(1,187)
Interest received	144	323
Net cash generated from/(used in) investing activities	2,391	(2,511)
Cash flows from financing activities		
Hire purchase principal repayments	(2,207)	(2,469)
Interest paid	(3,928)	(3,992)
Drawdown of bank borrowings	63,807	59,465
Repayment of bank borrowings	(46,454)	(78,752)
Net cash generated from/(used in) financing activities	11,218	(25,748)
Net decrease in cash and cash equivalents	(8,027)	(21,491)
Cash and cash equivalents as at beginning of financial period	(9,828)	33,283
Cash and cash equivalents as at end of financial period	(17,855)	11,792
Cash and cash equivalents as at end of financial period comprise the followings:-		
Cash and bank balances	15,785	21,275
Overdrafts	(33,640)	(9,483)
	(17,855)	11,792

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the Interim Statements)

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

A1 Basis of Preparation

The unaudited interim financial report has been prepared in accordance with *FRS 134: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2013. 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 2013.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2013. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standards from financial year beginning 1 April 2014.

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 2013.

A3 Audit Report

The auditors' report on the financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

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 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 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the financial period-to-date.

A8 Dividend Paid

No dividend was paid during the financial quarter ended 30 September 2013.

A9 Segmental Information

	Group revenue and results including Share of JVs			
	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Segment Revenue				
Revenue				
Construction	55,837	88,107	97,507	192,304
Property development	6,806	-	7,934	-
Property investment	304	240	588	447
Trading and services	6,083	9,130	15,351	17,423
Investment holding and other	3,171	3,113	6,342	6,227
Total	72,201	100,590	127,722	216,401
Elimination of inter-segment sales	(9,885)	(4,010)	(16,404)	(9,458)
Total	62,316	96,580	111,318	206,943

	Group revenue and results including Share of JVs			
	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Segment Results				
Loss before tax				
Construction	(1,020)	(255)	(4,941)	4,639
Property development	2,006	(97)	2,233	(325)
Property investment	(330)	(368)	(209)	(720)
Trading and services	(1,011)	(990)	(598)	(262)
Investment holding and other	(6,612)	(812)	(10,941)	(3,907)
Total	(6,967)	(2,522)	(14,456)	(575)

A10 Carrying Amount of Revalued Property, Plant and Equipment

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

A11 Material Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

A13 Contingent Assets and Liabilities

(a) Contingent Assets

There were no contingent assets as at the end of the current quarter or at the preceding annual statement of financial position date.

(b) Contingent Liabilities

	Financial Quarter Ended 30.9.2013 RM	Financial Year Ended 31.3.2013 RM
(i) Corporate guarantees for credit facilities granted to the Group	33,058,685	23,679,920

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

For the financial period ended 30 September 2013, the Group recorded revenue of RM111.318 million as compared to RM206.943 million for the preceding year. Revenue for the current year quarter is mainly attributable to the construction segment of the Group.

The revenue achieved by the construction segment is significantly lower at RM97.507 million in the current period, compared to RM192.304 million in the preceding year corresponding period, due to completion of major contracts and slow start of its new projects. Contribution for the current year quarter came solely from its local operations, after completion of its only contract in Vietnam.

The property development segment recorded revenue of RM7.934 million (30 September 2012: RM Nil) for the current year quarter which is attributable to Kasia Greens, a residential development consisting of 142 units of 2-storey and 3-storey terrace and superlink landed houses located at Nilai. The project was launched in June this year and has since achieved 93% sales to-date. Construction commenced in March and expects to complete in April 2015.

The trading and services segment consists mainly of property development management and IT Solutions divisions. The latter has contributed to the higher revenue recorded in the current period under review.

For the financial period ended 30 September 2013, the Group recorded a pre-tax loss of RM14.456 million, as compared to a pre-tax loss of RM0.575 million in the preceding year. The current result has included a share of loss of Aseana Properties Limited ("ASPL") (a 23.07% associate of Ireka) of RM10.699 million (30 September 2012: Loss of RM2.518 million). Excluding this share of loss of ASPL, the pre-tax loss of the Group would be RM3.757 million, which was mainly attributable to the construction segment.

ASPL recorded a loss of US\$14.228 million for the period 1 April to 30 September 2013, largely due to operating losses of Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, and pre-opening expenses and operating losses of Aloft Kuala Lumpur Sentral Hotel which commenced operation in March 2013. These operating assets are expected to record losses, mostly attributable to financing costs, during their initial years of operation.

The construction segment recorded a loss of RM4.941 million (30 September 2012: Profit of RM4.639 million) due to 49% drop in revenue of RM94.797 million compared to preceding year corresponding period. The lower revenue was due to completion of major contracts and slow start of its new projects during the period. Fixed costs, particularly salaries and wages, have not reduced proportionately resulting in losses in the construction subsidiaries.

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

The Group achieved lower revenue of RM62.316 million in the current quarter as compared to RM96.580 million in the preceding year corresponding quarter. This is mainly due to much lower contribution by its construction segment in the current quarter due to completion of major contracts and slow start of its new projects.

For the financial quarter ended 30 September 2013, the Group recorded a pre-tax loss of RM6.967 million, as compared to a pre-tax loss of RM2.522 million in the preceding year corresponding quarter. The current result has included a share of loss of ASPL of RM6.458 million (30 September 2012: Profit of RM0.707 million).

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

The Group recorded a higher revenue of RM62.316 million in the second quarter of financial year ending 31 March 2014, compared to RM49.002 million in the immediate preceding quarter; and a smaller pre-tax loss of RM6.967 million compared to a pre-tax loss RM7.489 million in the last quarter.

The higher revenue achieved in the current quarter is mainly due to more construction works achieved. As a result, gross profit improved from RM5.002 million in immediate preceding quarter to RM9.865 million in the current quarter. The improved operating result, however, is affected by a higher share of loss of ASPL of RM6.458 million, compared to RM4.241 million in the immediate preceding quarter.

B3 Prospects for the Current Financial Year

On the construction front, the Group has tendered for about RM4.7 billion worth of contracts over the last twelve months.

In August 2013, the Group was awarded a contract by KL Eco City Sdn Bhd for the construction and completion of the main building works for 2 blocks of condominium of 48-storey and 56-storey respectively, and a 7-storey podium car-parks and one-storey basement car parks for a total value of RM298,239,000.

In September 2013, the Group secured a contract from Urban DNA Sdn Bhd for the construction and completion of the superstructure works for a 40-storey block of serviced residences (199 units) and hotel (253 rooms), and 6-storey podium and 3-storey basement car parks for a total value of RM249,500,000.

Both contracts are expected to contribute positively to the revenue and earnings of the Group in the current financial year.

As at end 30 September 2013, the Group's order book stood at about RM1.28 billion, of which about RM1.05 billion remained outstanding. Barring unforeseen circumstances, the Group is hopeful that it will secure more construction contracts in the coming few months.

On the property development front, the Group is actively working on four projects comprising residential, mixed commercial and industrial developments. Two projects, namely The RuMa Hotel and Residences, KLCC and Kasia Greens, Nilai were launched for sale in March and June 2013 respectively. Both projects have achieved encouraging sales and are expected to contribute positively to the revenue and earnings of the Group in the current financial year.

B4 Profit Forecast

The Group did not issue any profit forecast for the financial year ending 31 March 2014.

B5 Loss for the Year

Included in loss for the year are:-

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Bad debts written off	-	2	-	2
Depreciation of property, plant and equipment	1,340	1,292	2,641	2,502
(Reversal of impairment)/ impairment loss on other investments	(203)	862	(122)	1,188
Interest expenses	2,138	2,051	3,928	3,992
Net foreign exchange (gain)/loss	(172)	247	(288)	(47)
Gain on disposal of property, plant and equipment	(249)	(426)	(279)	(553)
Gain on disposal of investment properties	(234)	-	(996)	-
Interest income	(67)	(114)	(144)	(323)

Other than the above items, there were no exceptional items for the current quarter and financial period ended 30 September 2013.

B6 Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Period 6 Months Ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Malaysian income tax	(625)	58	(800)	(397)
Overseas income tax	-	(306)	(20)	(655)
	<u>(625)</u>	<u>(248)</u>	<u>(820)</u>	<u>(1,052)</u>

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 suffered by certain subsidiaries and also utilisation of tax losses brought forward by the Company and its subsidiaries.

B7 Status of Corporate Proposals

On 14 June 2013, the Board of Directors of the Company had received a letter from Olymvest Sdn Bhd, on behalf of the major shareholders of the Company and parties in concert, requesting the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Proposed SCR"). The Proposed SCR entails a capital repayment of the proposed cash amount of RM0.90 per ordinary share of RM1.00 each in the Company held by the non-interested shareholders of the Company.

On 27 June 2013, the Board had decided to present the Proposed SCR to the shareholders of the Company for their consideration.

Subsequently, on behalf of the Board of Directors of the Company, RHB Investment Bank Berhad announced the following:-

- (a) The application in relation to the Proposed SCR has been submitted to the Securities Commission Malaysia on 10 July 2013; and
- (b) The Securities Commission Malaysia had vide its letter dated 30 July 2013 approved the proposed exemption under paragraph 1.1 of Practice Note ("PN") 44 of the Malaysian Code on Take-Overs and Mergers 2010 ("Code") in relation to the Proposed SCR ("Proposed Exemption"). The approval on the Proposed Exemption is subject to Ireka complying with the requirements under Paragraph 1.2 of PN44 of the Code.

The application is currently being considered by the Securities Commission Malaysia.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2013 are as follows:-

	RM'000
(a) Short term borrowings	
<i>Secured:-</i>	
Term loans	2,985
Project loans and revolving credit	50,002
Hire purchase/leasing	3,362
Trade finance	23,239
Bank overdraft	32,788
Revolving credit	12,000

	124,376

<i>Unsecured:-</i>	
Bank overdraft	852
Revolving credit	1,000

	126,228

 (b) Long term borrowings	
<i>Secured:-</i>	
Term loans	29,753
Project loans	16,029
Hire purchase/leasing	2,618

	48,400

 (c) Total borrowings	 174,628
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Bank borrowings of the Group are denominated in Malaysian Ringgit.

B9 Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the retained earnings/(accumulated losses) of the Group as at 30 September 2013, into realised and unrealised profits/(losses) is as follows:-

	30.9.2013	31.3.2013
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:-		
= Realised	62,888	66,733
= Unrealised	(3,062)	(3,031)
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	59,826	63,702
	=====	=====

IREKA CORPORATION BERHAD (Company No. 25882-A)

	30.9.2013 RM'000	31.3.2013 RM'000
The share of accumulated losses of its associates:-		
- Realised	(32,930)	(20,109)
- Unrealised	1,297	(124)
	<u>(31,633)</u>	<u>(20,233)</u>
Total retained earnings	<u>28,193</u>	<u>43,469</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matters No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia's Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirement stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B10 Material Litigations

The Group was not engaged in any material litigation as at 21 November 2013.

B11 Dividend Proposed

The Board of Directors has not proposed any payment of dividend for the current quarter ended 30 September 2013.

B12 Loss per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended		6 Months Ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
(a) Basic				
Loss for the period attributable to owners of the Company (RM'000)	(7,592)	(2,770)	(15,276)	(1,627)
Weighted average number of ordinary shares	113,914,700	113,914,700	113,914,700	113,914,700
Basic loss per share (sen)	(6.66)	(2.43)	(13.41)	(1.43)
(b) Diluted Earnings	N/A	N/A	N/A	N/A

The Company has not issued any Employees Share Options or convertible instruments that have effects on its basic earnings.

By Order of the Board
IREKA CORPORATION BERHAD
WONG YIM CHENG
Company Secretary
Kuala Lumpur
28 November 2013