

Condensed Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2022

	Unaudited Current Year Quarter 31.03.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2021 RM'000 Restated	Unaudited Current Year To Date 31.03.2022 RM'000	Unaudited Preceding Year Corresponding Year 31.03.2021 RM'000 Restated
Revenue	33,943	70,209	101,397	171,750
Cost of sales	(60,980)	(58,461)	(127,216)	(149,007)
Gross profit/(loss)	(27,037)	11,748	(25,819)	22,743
Other income	1,645	1,716	4,649	4,301
Expenses	(16,578)	(11,102)	(92,160)	(30,463)
Operating profit/(loss)	(41,970)	2,362	(113,330)	(3,419)
Finance costs	(153)	(2,702)	(4,811)	(8,386)
Share of loss of associates	-	(4,690)	-	(8,999)
Share of loss of joint venture	-	(139)	-	(315)
Loss before tax	(42,123)	(5,169)	(118,141)	(21,119)
Income tax expense	(898)	(1,283)	(1,888)	(2,743)
Loss for the year	(43,021)	(6,452)	(120,029)	(23,862)
Other comprehensive income/(loss):-				
Currency translation differences	2	10	16	(52)
Other comprehensive income/(loss) for the financial year, net of tax	2	10	16	(52)
Total comprehensive loss for the year	(43,019)	(6,442)	(120,013)	(23,914)
Loss attributable to:-				
Owners of the Company	(43,318)	(6,558)	(119,815)	(24,222)
Non-controlling interest	297	106	(214)	360
	(43,021)	(6,452)	(120,029)	(23,862)
Total comprehensive loss attributable to:-				
Owners of the Company	(43,316)	(6,548)	(119,799)	(24,274)
Non-controlling interest	297	106	(214)	360
	(43,019)	(6,442)	(120,013)	(23,914)
Loss per share attributable to owners of Company:-				
- basic (sen)	(20.81)	(3.51)	(57.56)	(12.97)
- 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 2021 and the accompanying explanatory notes attached to the Interim Statements)

Other information:-

Operating profit/(loss)	(41,970)	2,362	(113,330)	(3,419)
Gross interest income	183	415	1,024	1,262
Gross interest expense	(153)	(2,702)	(4,811)	(8,386)

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))**Condensed Consolidated Statement of Financial Position as at 31 March 2022**

	Unaudited As At 31.03.2022 RM'000	Audited As At 31.03.2021 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	18,946	21,793
Right-of-use assets	7,364	10,812
Investment properties	13,508	13,508
Investment in associates	-	72,686
Investment in joint venture	-	7,144
Other investments	38,574	34
Inventories	15,405	14,343
Deferred tax asset	55	55
	<u>93,852</u>	<u>140,375</u>
Current assets		
Inventories	102,326	108,150
Trade and other receivables	153,864	209,346
Amounts due from associates	2,256	1,607
Amounts due from related party	295	-
Amounts due from jointly controlled entities	-	68
Cash and cash equivalents	24,959	29,394
	<u>283,700</u>	<u>348,565</u>
TOTAL ASSETS	<u>377,552</u>	<u>488,940</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	207,729	181,288
Derecognise share of loss in an associate	14,172	-
Foreign currency translation reserve	(1,903)	(1,919)
Accumulated losses	(239,604)	(119,789)
Equity attributable to owners of the Company	(19,606)	59,580
Non-controlling interest	30,877	31,091
Total equity	<u>11,271</u>	<u>90,671</u>
Non-current liabilities		
Lease liabilities	4,040	8,987
Borrowings	3,034	-
Deferred tax liabilities	481	481
	<u>7,555</u>	<u>9,468</u>
Current liabilities		
Trade and other payables	261,767	280,684
Lease liabilities	3,201	1,847
Borrowings	85,794	93,772
Overdrafts	6,849	9,763
Tax payable	1,115	2,735
	<u>358,726</u>	<u>388,801</u>
Total liabilities	<u>366,281</u>	<u>398,269</u>
TOTAL EQUITY AND LIABILITIES	<u>377,552</u>	<u>488,940</u>
(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the Interim Statements)		
Other Information:-		
Net assets per share (RM)	<u>(0.09)</u>	<u>0.32</u>

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

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2022

	<-----Attributable to owners of the Company----->					
	<-----Non-distributable----->		<---Distributable--->			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	(Unaudited) Total Equity RM'000
<u>12 months ended 31.03.2022 (Unaudited)</u>						
Balance as at 01.04.2021	181,288	(1,919)	(119,789)	59,580	31,091	90,671
Derecognise share of loss in an associate	-	-	-	14,172	-	14,172
Share issuance arising from private placement	26,441	-	-	26,441	-	26,441
Total comprehensive loss for the period	-	16	(119,815)	(119,799)	(214)	(120,013)
Balance as at 31.03.2022	207,729	(1,903)	(239,604)	(19,606)	30,877	11,271

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

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

Condensed Consolidated Statement of Cash Flows for the financial year ended 31 March 2022

	Unaudited Current Year To Date 31.03.2022 RM'000	Audited Preceding Year Corresponding Year 31.03.2021 RM'000
Cash flows from operating activities		
Loss before tax	(118,141)	(26,075)
Adjustments for:		
Depreciation on right-of-use asset	3,448	1,949
Fair value (gain)/loss on investment properties	-	(1,669)
Loss on disposal of investment properties	-	1,719
Fair value loss on quoted investment	22,997	-
Impairment loss due to reclassification of associate to investment	25,905	-
Loss on disposal of investment in joint venture	4,650	-
Reversal of share of loss in joint venture	(506)	-
Interest expense	4,811	6,166
Interest income	(1,024)	(364)
Impairment loss on:		
- Contract assets	-	36
- Trade and other receivables	-	13,545
Property, plant and equipment		
- Depreciation	2,096	2,634
- Loss/(Gain) on disposal	45	241
- Written off	104	785
Share of result in associates	-	9,646
Share of result in a joint venture	-	399
Unrealised (gain)/loss on foreign exchange	(584)	-
Operating (loss)/profit before changes in working capital	<u>(56,199)</u>	9,012
Working capital changes:		
Inventories	(9,320)	62,670
Receivables	25,440	(46,949)
Contract liabilities	53,755	(78,890)
Amount due from associates and, joint venture and related parties	(31,562)	17,183
Payables	<u>3,375</u>	59,360
Cash from operations	(14,511)	22,386
Income tax (paid)/refund	<u>(2,315)</u>	(2,125)
Net cash from operating activities	<u>(16,826)</u>	20,261
Cash flows from investing activities		
Purchase of property, plant and equipment	(122)	(1,158)
Proceeds from disposal of property, plant and equipment	723	717
Proceeds from disposal of investment in joint ventures	3,000	-
Proceeds from disposal of investment property	-	3,481
Uplift of deposits with licensed banks	(571)	(239)
Addition to right-of-use	(4,947)	(977)
Interest received	<u>1,024</u>	364
Net cash used in investing activities	<u>(893)</u>	2,188
Cash flows from financing activities		
Proceeds from issuance of new shares to non-controlling interest	-	17,246
Proceeds from issuance of ordinary shares	26,441	-
Drawdown of Redeemable Preference Share	45,072	-
Repayment of bank borrowings	(50,016)	(23,587)
Interest paid	(4,811)	(6,166)
Repayments of lease liabilities	<u>(1,074)</u>	(1,997)
Net cash generated (used in)/generated from financing activities	<u>15,612</u>	(14,504)
Net (decrease)/increase in cash and cash equivalents	<u>(2,107)</u>	7,944
Effect of changes in exchange rates	16	(49)
Cash and cash equivalents as at beginning of financial period	<u>8,990</u>	1,095
Cash and cash equivalents as at end of financial period	<u>6,899</u>	8,990

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

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

A1 Basis of Preparation

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

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2021. The explanatory notes attached to the unaudited interim financial report provide explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

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

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

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

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

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

A1 Basis of Preparation (continued)

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

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

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2021.

A3 Audit Report

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

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

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

A4 Seasonality or Cyclicity of Operations

The Group's business operations are not materially affected by seasonal or cyclical factors for the current quarter under review.

A5 Unusual Significant Items

Except for the financial impact of the reclassification of the investment in ASPL from an associated company to an investment, there were no items affecting the assets, liabilities, equity, net income or cash flow of the Group during the financial period-to-date that are unusual because of their nature, size or incidence.

A6 Material Changes in Estimates

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

A7 Changes in Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and financial period ended 31 March 2022.

A8 Dividend Paid

No dividend was paid or declared during the financial period ended 31 March 2022.

A9 Change of Financial Year End

The Board of Directors of Ireka Corporation Berhad has approved the change of Company's financial year end from 31 March to 30 June.

A9 Segmental Information

	Group revenue and results including Share of Associates and Joint Venture			
	Individual Quarter 3 Months Ended		Cumulative Period 12 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Segment Revenue				
Revenue				
Construction	7,264	18,201	44,091	97,588
Property development	29,645	54,587	66,829	104,455
Property investment	126	126	503	504
Trading and services	2,071	4,675	10,357	10,408
Investment holding and other	-	283	2,537	9,589
Total	39,106	77,872	124,317	222,544
Elimination of inter-segment sales	(5,163)	(7,663)	(22,920)	(50,794)
Total	33,943	70,209	101,397	171,750

	Group revenue and results including Share of Associates and Joint Venture			
	Individual Quarter 3 Months Ended		Cumulative Period 12 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Segment Results				
Profit/(Loss) before tax				
Construction	(33,783)	(5,745)	(48,581)	(11,393)
Property development	3,574	6,397	5,160	14,123
Property investment	(178)	860	(290)	687
Trading and services	(1,981)	2,583	(5,923)	(6,369)
Investment holding and other	(9,669)	(8,337)	(138,691)	(13,691)
Total	(42,037)	(4,242)	(188,325)	(16,643)
Elimination of inter-segment items	(86)	(927)	70,184	(4,476)
Total	(42,123)	(5,169)	(118,141)	(21,119)

A10 Carrying Amount of Revalued Property, Plant and Equipment

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

A11 Significant Event during the Financial Year and Subsequent Events

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

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

Since 4 August 2021, the Board of Ireka has made several announcements to extend the period for the parties to enter into SPA. Recently, on 31 March 2022 the Board of Ireka announced that the Company and ILHSB have mutually agreed to further extend the Offer Period until 31 August 2022. The Board (save for the Interested Directors) will deliberate on the Offer and decide on the next course of action.

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

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

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

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

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

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

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

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

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

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

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

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

- (l) As the Company is undertaking various initiatives to address the PN17 issues, hence, on 8 February 2022, the company has requested for Extension of Time (“EOT”) of the relief measures from complying with the obligations under Paragraph 8.04 of Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“PN17 Suspended Criteria”). On 1 March 2022, Bursa Securities has rejected Company’s application for EOT. Therefore, the Company has triggered the prescribed criteria under Paragraph 2.1(e) of the PN17 and that the Company is a PN17 Issuer effective from 28 February 2022.

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

A12 Changes in the Composition of the Group

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

- (a) an incorporation of a wholly owned subsidiary, namely Shoraka Power Sdn Bhd (“SPSB”) on 19 January 2022. The principal activity of SPSB is to be involved in operation of generation facilities that produce electric energy.

A13 Contingent Assets and Liabilities

- (a) Contingent Assets

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

- (b) Contingent Liabilities

	Financial Quarter Ended 31.03.2022 RM	Financial Year Ended 31.03.2021 RM
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	71,433,758	112,194,448

A14 Capital Commitments

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

B1 Review of Performance

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

The Coronavirus Disease 2019 (“COVID-19”) pandemic and the subsequent Movement Control Orders (“MCO”) imposed by the Government of Malaysia from March 2020 has continue to disrupt the business activities and operations of the Group. During the quarter under review, both the COVID-19 pandemic and restrictions of the MCO in previous quarters have continued to have some effect on the performance and results of the Group.

For the financial period ended 31 March 2022, the Group recorded revenue of RM101.397 million (after elimination of inter-segment sales of RM22.920 million) as compared to RM171.750 million (after elimination of inter-segment sales of RM50.794 million) for the preceding year corresponding period, representing a drop of approximately 41%.

Following the re-imposition of Full Movement Control Order by the Government and a drastic increase in COVID-19 cases across Malaysia, especially in Klang Valley, the revenue achieved by both the construction and property development segments are lower at RM44.091 million and RM66.829 million for the current period year to date, compared to RM97.588 million and RM104.455 million, respectively, in the preceding year corresponding period, representing a total reduction of approximately 45%. The property development business was similarly affected by restrictions of movements across districts and states borders, and closure of sales galleries from 1 June 2021. Inter segment sale for the current period has also dropped by 55% to RM22.920 million, from RM50.794 million in preceding year corresponding period.

The trading and services segment comprised mainly IT solutions, property development management and services divisions. Revenue for the current period decreased to RM10.357 million, from RM10.408 million in the preceding year corresponding period.

For the financial period ended 31 March 2022, the Group recorded pre-tax loss RM118.141 million (after elimination of inter-segment items of RM70.184 million), compared to RM21.119 million in the preceding year corresponding period (after elimination of inter-segment items of RM4.476 million).

The loss consists of the following:-

- (i) a one-off impairment loss arising from reclassification of investment in Aseana Properties Limited (“ASPL”) from an associated company to a simple investment of RM25.905 million;
- (ii) marked-to-market fair value loss on investment in ASPL of RM22.997 million;
- (iii) Loss on disposal of an investment in joint venture, Mobilus, of RM4.65 million;
- (iv) retirement benefits of certain ex-directors of about RM3.53 million; and
- (v) various losses incurred by certain business segment due to COVID-19 pandemic resulting in the halting/disruption of business and operations, amounting to RM 33.978 million.

B1 Review of Performance (continued)

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

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

The construction segment recorded a loss of RM48.581 million (31 March 2021: Loss of RM11.393 million) before elimination of inter-segment items of RM0.123 million (31 March 2021: RM3.333 million). Loss elimination arising from internal works is lower at RM0.123 million, compared to RM3.333 million in preceding year corresponding period.

The property development segment recorded a profit of RM5.160 million (31 March 2021: Profit of RM14.123 million), before elimination of inter-segment items of RM0.116 million (31 March 2021: RM3.160 million).

The trading and services segment recorded a loss of RM5.923 million (31 March 2021: Loss of RM6.369 million), before elimination of inter-segment items of RM2.596 million (31 March 2021: RM4.318 million).

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

The Group achieved revenue of RM33.943 million in the current quarter as compared to RM70.209 million in the preceding year corresponding quarter, representing a decrease of approximately 52%, because of various projects have been completed as at 31 March 2021. Hence, most of the revenue has been recognized on preceding year corresponding quarter, which resulted in drop of revenue as at 31 March 2022.

For the current quarter ended 31 March 2022, the Group recorded a pre-tax loss of RM42.123 million as compared to pre-tax loss of RM5.169 million in the preceding year corresponding quarter, mainly due to the marked-to-market fair value loss on investment in ASPL of RM5.724 million and further business losses of RM30.093 million.

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

The Group recorded lower revenue of RM33.943 million in the fourth quarter of financial year ending 30 June 2022, compared to RM38.306 million in the immediate preceding quarter, due to significant drop in revenue by both the construction and trading and services segments caused by completion of various projects.

The Group recorded a higher pre-tax loss of RM42.123 million during the current quarter compared to a pre-tax loss of RM23.701 million in the immediate preceding quarter. This quarter's higher pre-tax loss was caused by higher cost of sales and expenses recognition of RM29.712 million and less write down on investment in ASPL of RM7.919 million and one-off loss on disposal of an investment in joint ventures, Mobilus, of RM4.650 million.

B3 Prospects for the Current Financial Year

As the Group entered the year 2022, the COVID-19 Pandemic continued to weigh on the global and Malaysian economy.

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

At current date, the Group's construction order book stood at about RM1,030 million, of which about RM981 million remained outstanding.

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

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

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

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

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

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

B3 Prospects for the Current Financial Year (continued)

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

On the property development front, the Group has three on-going projects. The first project is ASTA Enterprise Park comprising 36 units of multi-functional industrial units and 9 parcels of land, of which all 36 industrial units and 8 parcels of land were sold/booked. The second project is KaMi Mont' Kiara consisting of 168 units of residences under the I-Zen brand, of which 100% sale has been recorded. The final project is DWI@ Rimbun Kasia, Nilai, which is undertaken jointly with Hankyu Hanshin Properties Corp., comprising 382 units of mid-market courtyard condominiums under the Group's mid-market zenZ brand. To-date, about 52% of the units were sold.

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

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

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

The Board and the management of the Group are of the view that the COVID-19 pandemic will be contained following the Government's ongoing National COVID-19 Immunisation Programme. With the upliftment of economic activity restrictions and border re-opening on 1 April 2022 in the country, economic activities across various sectors are expected to recover gradually in the months to come.

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

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

Not applicable.

B5 Loss for the Period

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

	Individual Quarter 3 Months Ended		Cumulative Period 12 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Depreciation of property, plant and equipment	663	658	2,096	2,628
Loss on disposal of property, plant and equipment	-	2,559	45	2,632
Plant and equipment written off	-	-	104	-
Interest expense	153	2,702	4,811	8,386
Net foreign exchange Loss	(2)	9	1,903	31
Loss on disposal of investment in joint venture	-	-	4,650	-
Impairment loss on reclassification of associated company to an investment	-	-	25,905	-
Fair value loss of a quoted investment	5,724	-	22,997	-
Interest income	(183)	(415)	(1,024)	(1,262)

Other than the above items, there were no exceptional items for the current quarter and financial period ended 31 March 2022.

B6 Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Period 12 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Malaysian income tax expense	(898)	(1,283)	(1,888)	(3,777)
	(898)	(1,283)	(1,888)	(3,777)

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

B7 Status of Corporate Proposals

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

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

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

B8 Group Borrowings and Debt Securities

	Financial Quarter Ended 31.03.2022 RM'000	Financial Quarter Ended 31.03.2021 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	16,148	52,092
Finance lease liabilities/Hire purchase	3,201	1,847
Trade finance	4,113	18,582
Bank overdrafts	6,849	9,763
Revolving credit	20,461	23,098
Redeemable convertible preference share	45,072	-
	----- 95,844 -----	----- 105,382 -----
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	3,034	-
Finance lease liabilities/Hire purchase	4,040	8,987
	----- 7,074 -----	----- 8,987 -----
(c) Total borrowings	<u>102,918</u>	<u>114,369</u>

Salient Features of Redeemable Convertible Preference Share (RCPS)

The salient features of the RCPS are as follows:

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

B8 Group Borrowings and Debt Securities (continued)

(d) Conversion Right

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

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

(e) Conversion upon maturity

Subject to:

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

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

For the financial quarter ended 31 March 2022, the Group's total borrowings have decreased by RM11.451 million as compared to the preceding year financial quarter ended 31 March 2021.

B9 Material Litigations

The Group was not engaged in any material litigation as at 30 May 2022.

B10 Dividend Proposed

No dividend was proposed during the period under review.

B11 Loss per Share

	Individual Quarter 3 Months Ended		Cumulative Period 12 Months Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(a) Basic				
Loss for the period attributable to owners of the Company (RM'000)	(43,318)	(6,558)	(119,815)	(24,222)
Weighted average number of ordinary shares	208,160,270	186,708,050	208,160,270	186,708,050
Basic loss per share (sen)	(20.81)	(3.51)	(57.56)	(12.97)
(b) Diluted Earnings	N/A	N/A	N/A	N/A

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

By Order of the Board
IREKA CORPORATION BERHAD
MOHD. SHAH BIN HASHIM
 Company Secretary
 Kuala Lumpur
 30 May 2022