

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

All figures in RM'000 unless otherwise stated	Current Quarter 31.03.2023	Comparative Quarter 31.03.2022	Cumulative Period 9-month 31.03.2023	Cumulative Period 9-month 31.03.2022
Revenue	7,134	33,943	27,662	80,535
Cost of sales	(5,588)	(60,980)	(22,171)	(110,950)
Gross profit/(loss)	1,546	(27,037)	5,491	(30,415)
Other income	3,829	1,645	4,384	3,751
Expenses	(10,637)	(16,578)	(47,987)	(51,006)
Operating loss	(5,262)	(41,970)	(38,112)	(77,670)
Finance costs	(252)	(153)	(1,462)	(3,079)
Effect of liquidation and disposal of subsidiaries	(56,630)	-	153,120	-
Share of loss of joint venture	-	-	-	166
(Loss)/profit before tax	(62,144)	(42,123)	113,546	(80,583)
Income tax expense	1,690	(898)	986	(1,661)
(Loss)/profit for the period	(60,454)	(43,021)	114,532	(82,244)
Other comprehensive income/(loss):-				
Currency translation differences	-	2	(11)	15
Other comprehensive income/(loss) for the period, net of tax	-	2	(11)	15
Total comprehensive (loss)/profit for the period	(60,454)	(43,019)	114,521	(82,229)
(Loss)/profit attributable to:-				
Owners of the Company	(60,405)	(43,318)	114,512	(82,316)
Non-controlling interests	(49)	297	20	72
	(60,454)	(43,021)	114,532	(82,244)
Total comprehensive (loss)/profit attributable to:-				
Owners of the Company	(60,405)	(43,316)	114,501	(82,301)
Non-controlling interests	(49)	297	20	72
	(60,454)	(43,019)	114,521	(82,229)
(Loss)/earnings per share attributable to owners of Company:-				
- basic (sen)	(29.02)	(20.81)	55.01	(39.54)
Note:				
The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 30 June 2022 and the accompanying explanatory notes attached to the Interim Statements.				
Other information:-				
Operating profit/(loss)	(5,262)	(41,970)	(38,112)	(77,670)
Gross interest income	82	183	584	713
Gross interest expense	(252)	(153)	(1,462)	(3,079)

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

	Unaudited As At 31.03.2023 RM'000	Audited As At 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,902	14,143
Right-of-use assets	5,306	8,188
Investment properties	1,055	12,055
Finance lease receivables	1,154	-
Other investments	22,316	36,382
Inventories	30,446	25,545
Deferred tax asset	55	55
	69,234	96,368
Current assets		
Inventories	80,708	81,508
Trade and other receivables	60,334	98,931
Finance lease receivables	405	-
Fixed deposits (pledged)	3,181	4,564
Cash and bank balances	2,236	13,935
	146,864	198,938
TOTAL ASSETS	216,098	295,306
EQUITY AND LIABILITIES		
Equity		
Share capital	207,729	207,729
Foreign currency translation reserve	(1,885)	(1,874)
Accumulated losses	(228,698)	(343,210)
Equity attributable to owners of the Company	(22,854)	(137,355)
Non-controlling interests	29,933	29,913
Total equity / (capital deficiency)	7,079	(107,442)
Non-current liabilities		
Retirement benefits obligations	537	3,696
Lease liabilities	5,456	6,684
Redeemable convertible preference shares	67,608	67,608
Deferred tax liabilities	-	313
	73,601	78,301
Current liabilities		
Trade and other payables	125,361	284,022
Retirement benefits obligations	257	557
Lease liabilities	1,737	1,834
Borrowings	7,984	29,781
Overdrafts	-	6,129
Tax payable	79	2,124
	135,418	324,447
Total liabilities	209,019	402,748
TOTAL EQUITY AND LIABILITIES	216,098	295,306

Note:

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

Other Information:-

Net assets per share (RM)	(0.11)	(0.60)
---------------------------	---------------	--------

Condensed Consolidated Statement of Changes in Equity for the period ended 31 March 2023

[-----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>9 months ended 31.03.2023 (Unaudited)</u>						
Balance as at 01.07.2022	207,729	(1,874)	(343,210)	(137,355)	29,913	(107,442)
Total comprehensive (loss)/income for the period	-	(11)	114,512	114,501	20	114,521
Balance as at 31.03.2023	207,729	(1,885)	(228,698)	(22,854)	29,933	7,079

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

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

Note:

The Company had changed its financial year end from 31 March to 30 June in the previous financial period. Consequently, the comparative figures stated in the Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the 15-month period ended 30 June 2022, and are therefore not comparable. For the current financial year, the next audited financial statements of the Company will be covering a period of 12 months ending 30 June 2023.

Condensed Consolidated Statement of Cash Flows for the period ended 31 March 2023

	Unaudited Cumulative Period 9-month 31.03.2023	Audited Cumulative Period 15-month 30.06.2022
All figures in RM'000		
Cash flows from/(for) operating activities		
Profit/(loss) before taxation	113,546	(165,485)
Adjustments for:-		
Depreciation on right-of-use assets	1,906	2,300
Bad debt written off	-	6,111
COVID-19 related rent concessions income	-	(106)
Fair value loss on a quoted investment	14,066	24,604
Loss on derecognition of an associate	-	11,733
Fair value loss on investment properties	-	1,453
Interest expense	1,462	7,573
Interest income	(584)	(290)
Impairment losses on contract assets, trade and other receivables	-	15,412
Property, plant and equipment		
- Depreciation	244	2,562
- Gain on disposal	-	(1,484)
- Written off	5,126	4,428
Other debtor written off	-	2,712
Unrealised loss on foreign exchange	-	24
Loss on disposal of a joint venture	-	3,678
Gain on disposal of subsidiaries, net of cash and bank balances	(32,442)	-
Provisions	21,859	39,823
Reversal of impairment losses on contract assets, trade and other receivables	-	(4,307)
Share of results of a joint venture	-	465
Effect on deconsolidation of IECSB, net of IECSB's cash, bank and overdrafts	(117,777)	-
Operating loss before working capital changes	7,406	(48,794)
Working capital changes:-		
Inventories	6,899	17,683
Receivables	45,661	72,609
Contract liabilities/contract asset	3,605	11,393
Payables	(59,072)	(88,885)
Net cash from/(used) in operations	4,499	(35,994)
Payment of retirement benefits obligation	-	(231)
Income tax paid	(720)	(2,809)
Net cash from/(used in) operating activities	3,779	(39,034)
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(129)	(339)
Proceeds from disposal of property, plant and equipment	-	2,632
Proceeds from disposal of a joint venture	-	3,000
Repayments from related parties	-	607
Withdrawal of short-term fund	-	4,863
Withdrawal of pledged deposits	1,383	6,076
Interest received	584	290
Net cash outflow due to deconsolidation of IECSB	(2,695)	-
Net cash outflow due to disposal of subsidiaries	(206)	-
Net cash from investing activities	(1,063)	17,129
Cash flows from/(for) financing activities		
(Repayment to)/Advances from directors	-	7
Drawdown of term loans	-	2,150
Proceeds from issuance of ordinary shares	-	26,441
Proceeds from issuance of Redeemable Convertible Preference Shares	-	67,608
Repayment of bank borrowings	(5,500)	(66,142)
Advances from related parties	-	5,224
Interest paid	(1,462)	(7,573)
Repayments of lease liabilities	(1,325)	(2,131)
Net cash (used in)/generating from financing activities	(8,287)	25,584
Net (decrease)/increase in cash and cash equivalents	(5,571)	3,680
Cash and cash equivalents as at beginning of financial period	7,807	4,127
Cash and cash equivalents as at end of financial period	2,236	7,807

Note:

The Company had changed its financial year end from 31 March to 30 June in the previous financial period. Consequently, the comparative figures stated in the Statement of Changes in Equity, Statement of Cash Flows, and the related notes are based on the audited financial statements for the 15-month period ended 30 June 2022, and are therefore not comparable. For the current financial year, the next audited financial statements of the Company will be covering a period of 12 months ending 30 June 2023.

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

A1 Basis of Preparation

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

The unaudited interim financial report should be read in conjunction with the audited financial statements of Ireka Corporation Berhad (“the Company” or “ICB”) for the 15-month financial period ended 30 June 2022. The explanatory notes attached to the unaudited interim financial report provide explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2022.

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

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

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

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

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

A1 Basis of Preparation (continued)

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

[^] *The Annual Improvements to MFRS Standards 2018-2020*

[#] *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial period ended 30 June 2022.

A3 Audit Report

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

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

A4 Seasonality or Cyclicity of Operations

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

A5 Unusual Significant Items

Except for the financial impact of the deconsolidation of a wholly-owned subsidiary, Ireka Engineering & Constructions Sdn Bhd ("IECSB"), as a result of loss of control due to appointment of an Interim Judicial Manager on 8 August 2022, and its subsequent liquidation on 27 March 2023, there were no other items affecting the assets, liabilities, equity, net income or cash flow of the Group during the financial period-to-date that are unusual because of their nature, size or incidence.

A6 Material Changes in Estimates

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

A7 Changes in Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 31 March 2023.

A8 Dividend Paid

No dividend was paid or declared during the current quarter ended 31 March 2023.

A9 Segmental Information

Group revenue and results

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Segment Revenue				
Revenue				
Construction	-	7,264	-	31,489
Property development	6,933	29,645	25,023	54,162
Property investment	110	126	497	377
Trading and services	40	2,071	3,162	7,838
Investment holding and other	1,257	-	4,865	-
Total	8,340	39,106	33,547	93,866
Elimination of inter-segment sales	(1,206)	(5,163)	(5,885)	(13,331)
Total	7,134	33,943	27,662	80,535

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Segment Results				
Loss before tax				
Construction	-	(33,783)	(5)	(41,126)
Property development	258	3,574	2,548	4,699
Property investment	(303)	(178)	(296)	(246)
Trading and services	961	(1,981)	(1,410)	(4,377)
Investment holding and other	3,749	(9,669)	(53,146)	(37,395)
Total	(4,665)	(42,037)	(52,309)	(78,445)
Elimination of inter-segment items	(9,414)	(86)	45,383	(2,138)
Effect of deconsolidation of IECSB	(57,395)	-	120,472	-
Total	(62,144)	(42,123)	113,546	(80,583)

A10 Carrying Amount of Revalued Property, Plant and Equipment

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

A11 Significant Events during the Period and Subsequent Events

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

On 27 February 2023, the Company has submitted an application to Bursa Securities for an extension of time (“EOT”) to finalize its PN17 Regularisation Plan. Bursa Securities vide its letter dated 31 March 2023, decided to grant the Company an EOT of six months up to 31 August 2023 to submit its PN17 Regularisation Plan to the regulatory authorities.

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

- (f) On 8 August 2022, the High Court of Malaya in Kuala Lumpur ("the High Court") approved the appointment of an Interim Judicial Manager ("IJM") for a wholly owned subsidiary, IECSB via a High Court Order number WA-28JM-13-07/2022. The general powers and duties of a Judicial Manager as outlined under Section 414 of the Companies Act 2016 mentioned that ".. all powers conferred and duties imposed on the directors by this Act or by constitution of the company shall be exercised and performed by the judicial manager and not the directors..". The above High Court Order specified that the IJM is empowered and authorised to exercise all powers and entitlements of a judicial manager as set out in the Companies Act 2016.

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

- (g) On 15 November 2022, a wholly-owned subsidiary of ICB, Ireka iCapital Sdn Bhd has transferred all its equity interests in its wholly-owned subsidiary, Shoraka Construction Sdn Bhd (formerly known as Asiaegolf Tours Sdn Bhd) to ICB for a nominal consideration of RM1.
- (h) On 21 December 2022, the Company completed the disposal of its wholly owned subsidiary Ireka iCapital Sdn Bhd ("ICAP") together with ICAP's four subsidiary companies namely iTech ELV Solutions Sdn Bhd, i-Tech Network Solutions Sdn Bhd, Ireka Venture Capital Ltd and e-Auction Sdn Bhd for a cash consideration of RM1. The transaction gave rise to a gain on disposal of RM32.6 million as disclosed in Note B5.
- (i) On 9 January 2023, the Board of Directors of the Company announced that IECSB has filed a notice to discontinue the IJM at the High Court of Kuala Lumpur ("the High Court") as the viability of maintaining IECSB as a going concern is no longer an achievable exercise. The IJM has filed an application to the High Court to discharge his position as the IJM of IECSB which has been acknowledged on 16 February 2023.

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

A12 Changes in the Composition of the Group

There was no change in the composition of the Group during the current quarter under review.

A13 Contingent Assets and Liabilities

(a) Contingent Assets

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

(b) Contingent Liabilities

	Financial Period Ended	Financial Year Ended
	31.03.2023	30.06.2022
	RM	RM
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	7,000,000	56,854,676

A14 Capital Commitments

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

B1 Review of Performance

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

During the period under review, the Group is still in the transition phase of putting in place strategies to address the PN17 Regularisation Plan such as identifying potential equity investors, disposing non-core loss making subsidiaries and monetising some of the non-core assets. These efforts which include the finalisation of the appointment of the Liquidator at IECSB as elaborated in Note A11(i) forms part of the overall plan to turn around the Group's financial and operational performance in the near future.

The Group recorded a lower revenue of RM27.7 million for the financial period ended 31 March 2023, as compared to RM80.5 million for the preceding year corresponding period, representing a decrease of approximately 66%. This was mainly due to no revenue recognition in construction segment and lower revenue recognition in property development segment as a result of IECSB's deconsolidation and disposal of all equity interest in ICAP Group.

The property development segment reported revenue of RM25.0 million for the current period to date, compared to RM54.2 million last year, representing a total drop of approximately 54%.

The trading and services segment comprised mainly property development management and services divisions. Revenue for the current period dropped to RM3.2 million, from RM7.8 million in the preceding year corresponding period due to the disposal of the IT division.

The investment holding and other segment has recorded higher revenue at RM4.9 million for the current period to date, representing a total increase of approximately 100% mainly due to higher management fees chargeable to subsidiary companies.

For the financial period ended 31 March 2023, the Group recorded pre-tax profit of RM113.5 million compared to pre-tax loss of RM80.6 million in the preceding year corresponding period. The pre-tax profit for the current period is substantially represented by the effect of deconsolidation and subsequent liquidation of IECSB and gain on disposal of all equity interests in ICAP Group as mentioned earlier.

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

The Group achieved revenue of RM7.1 million in the current quarter as compared to RM33.9 million in the preceding year corresponding quarter, representing a decrease of approximately 79%, which was mainly due to no revenue recognition in construction segment.

For the current quarter ended 31 March 2023, the Group recorded a pre-tax loss of RM62.1 million as compared to pre-tax loss of RM42.1 million in the preceding year corresponding quarter, mainly due to the financial effect of deconsolidation and subsequent liquidation of IECSB and disposal of all equity interests in ICAP Group as mentioned earlier.

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

The Group recorded lower revenue of RM7.1 million in the third quarter of financial period ended 31 March 2023, compared to RM8.7 million in the immediate preceding quarter, due to significant drop in property development and construction revenue resulted from project termination by Regency Specialist Hospital Sdn Bhd (“RSH”) and IECSB liquidation. Furthermore, there is no revenue contribution from trading and services segments due to the disposal of all equity interests in ICAP Group.

The Group recorded a pre-tax loss of RM62.1 million during the current quarter compared to a pre-tax profit of RM2.5 million in the immediate preceding quarter. This quarter's pre-tax loss was mainly due to the reversal of permanent consolidation adjustments and impairment of intercompany balances as a result of IECSB liquidation.

B3 Prospects for the Current Financial Year

As we approach mid-year 2023, the Malaysian Gross Domestic Product (“GDP”) grew by 5.6% year-on-year in the first quarter of 2023 (Q1 2023), comparing favourably against regional growth such as Indonesia (5%), China (4.5%) and Vietnam (3.3%). Based on a recent media release by the Ministry of Finance, the country’s economic growth in Q1 2023 was underpinned by broad based growth across all sectors especially construction and services, which grew by 7.4% and 7.3%, respectively. Our economic prospect remains strong despite global challenges such as geopolitical tensions, elevated price pressures, tighter monetary and financial conditions and extreme climatic occurrences such as the current heat wave phenomena. The construction sector will continue to be stable, supported by continuing progress of mega infrastructure projects such as MRT3, LRT3, ECRL and Pan Borneo Highway.

During the current quarter, as announced on 27 March 2023, IECSB has passed and lodged the Notice of Resolution to the CCM to appoint an Interim Liquidator (“IL”) with an intention to liquidate IECSB via a Creditors’ Voluntary Winding Up mode. The appointed IL, Haji Wan Idris bin Wan Ibrahim was officially appointed as the Liquidator of IECSB pursuant to the IECSB’s Creditors Meeting held on 11 May 2023. The appointment of the Liquidator formalised a closure of ICB’s first step towards a total revamp of the Group’s structure and business model where the Group will be more selective in our participation in the construction sector, focussing on higher-value added roles, capitalizing on our traditional strength and capabilities. ICB Group aims to be a bigger player in the property development sector.

B3 Prospects for the Current Financial Year (continued)

The Group had at the end of 2022, terminated IECSB as the main contractor for the existing internal projects namely KaMi Mont' Kiara, DWI@Rimbun Kasia, Nilai anda ASTA Enterprise Park, Kajang. We have now successfully appointed a reputable third party company as a rescue contractor for these three projects recently and works at site have now commenced at a satisfactory pace. It is expected that construction works will continue to accelerate, enabling progress claims and billings to be raised translating into higher revenue in the coming quarters.

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

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

As mentioned earlier in Note A11(e), Bursa Securities has granted the Company an EOT of six months up to 31 August 2023 to submit its PN17 Regularisation Plan to the regulatory authorities. The Company is currently working closely with the Principal Adviser, KAF Investment Bank Berhad together with a team of consultants and solicitors to finalise the PN17 Regularisation Plan for submission to the regulatory authorities. A successful submission and approval of the plan is critical for the Group to continue its transformation journey towards making ICB Group a sustainable, profitable and viable business going forward.

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

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

Not applicable.

B5 Profit/(Loss) for the Period

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	83	663	244	2,096
Loss on disposal of property, plant and equipment	-	-	-	45
Plant and equipment written off	-	-	1	104
Net foreign exchange loss/(gain)	272	(2)	254	1,903
Loss on disposal of investment in a joint venture	-	-	-	4,650
Fair value loss of a quoted investment	6,168	5,724	14,327	22,997
Impairment loss on reclassification of associated company to an investment	-	-	-	25,905
Interest expense	252	153	1,462	4,811
Interest income	(82)	(183)	(584)	(1,024)
Provision for financial guarantee	-	-	21,859	-
Effect of deconsolidation/ liquidation of a subsidiary	57,395	-	(120,472)	-
Gain on disposal of subsidiaries	(765)	-	(32,648)	-

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	9 Months Ended	9 Months Ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax Expense	1,690	(898)	986	(1,661)
	1,690	(898)	986	(1,661)

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 Proposal

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

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

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

B7 Status of Corporate Proposal (continued)

The salient features of the RCPS are as follows:

- (a) **Tenure**
Up to 36 months commencing from and inclusive of the Issue Date of the 1st sub-tranche of Tranche 1 up to the Maturity Date.
- (b) **Maturity date**
The business day immediately before the 3rd anniversary of the date of Issue Date of 1st sub-tranche of Tranche 1.
- (c) **Dividend**
The RCPS shall carry the right to receive out of profits of the Company a cumulative preferential dividend at the rate of 2% per annum calculated based on the aggregate subscription price of the RCPS at the Issue Price. The preferential dividends shall be payable to the holder of RCPS semi-annually within 14 days from the date of 30 June and 31 December each calendar year. No dividends shall be paid on the ICB Shares unless the dividends on the RCPS have been first paid.
- (d) **Conversion Right**
Subject to and upon compliance with the conditions in the Subscription Agreement, the RCPS may be converted into the duly authorised, validly issued, fully paid and unencumbered Conversion Share(s) based on the Conversion Price, at any time during the Conversion Period.

The Conversion Rights confer the holder of RCPS the right to convert the RCPS into Conversion Share(s) which will be subject to adjustments from time to time at the determination of the Board of Directors of ICB in consultation with the approved advisers and certified by the auditors of ICB, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution.
- (e) **Conversion upon maturity**
Subject to:
 - (a) the Non-Event of Default Redemption, Conversion Downside Redemption and Event of Default Redemption; and
 - (b) the Conversion Cap,

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

B8 Group Borrowings and Debt Securities

	Unaudited As at 31.03.2023 RM'000	Unaudited As at 31.03.2022 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	7,984	16,148
Finance lease liabilities/Hire purchase	1,737	3,201
Trade finance	-	4,113
Bank overdrafts	-	6,849
Revolving credit	-	20,461
	<u>9,721</u>	<u>50,772</u>
(b) Long term borrowings		
<i>Secured:-</i>		
Term loans	-	3,034
Finance lease liabilities/Hire purchase	5,456	4,040
Redeemable convertible preference shares	67,608	45,072
	<u>73,064</u>	<u>52,146</u>
(c) Total borrowings	<u>82,785</u>	<u>102,918</u>

B9 Material Litigations

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

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

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

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

Both parties are currently in the midst of negotiating a settlement through their respective appointed solicitors.

B9 Material Litigations (continued)

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

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

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

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

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

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

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

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

The Company in its capacity as the Corporate Guarantor had also written to the Bank on 13 February 2023 proposing for a Settlement Agreement at which negotiation is still ongoing with the Bank to restructure and reschedule the claimed amount.

B9 Material Litigations (continued)

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

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

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

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

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

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

Following several discussions with AmBank, ICB in its capacity as the Corporate Guarantor had written to AmBank on 27 March 2023 proposing a Settlement Agreement. Negotiation is still ongoing with AmBank to restructure and reschedule the claimed amount. On 7 April 2023, the court proceeding was put in abeyance whilst AmBank is reviewing our settlement proposal.

B10 Dividend Proposed

No dividend was proposed during the period under review.

B11 (Loss)/Earnings per Share

Individual Quarter		Cumulative Period	
3 Months Ended 31.03.2023	3 Months Ended 31.03.2022	9 Months Ended 31.03.2023	9 Months Ended 31.03.2022

Basic

(Loss)/Profit for the quarter attributable to owners of the Company (RM'000) **(60,405)** (43,318) **114,512** (82,316)

Weighted average number of ordinary shares **208,160,270** 208,160,270 **208,160,270** 208,160,270

Basic (loss)/earnings per share (sen) **(29.02)** (20.81) **55.01** (39.54)

By Order of the Board
IREKA CORPORATION BERHAD
ALIZA BINTI AHMAD TERMIZI
 Company Secretary
 Kuala Lumpur
 29 May 2023