

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2023**

All figures in RM'000 unless otherwise stated	Current Quarter 30.09.2023	Comparative Quarter 30.09.2022	Cumulative Period 3-month 30.09.2023	Cumulative Period 3-month 30.09.2022
Revenue	69,434	11,855	69,434	11,855
Cost of sales	(64,356)	(11,463)	(64,356)	(11,463)
Gross profit	5,078	392	5,078	392
Other income	72	266	72	266
Expenses	(7,302)	(27,927)	(7,302)	(27,927)
Operating loss	(2,152)	(27,269)	(2,152)	(27,269)
Finance costs	(922)	(620)	(922)	(620)
Effect of deconsolidation of IECSB	-	201,045	-	201,045
(Loss)/ Profit before tax	(3,074)	173,156	(3,074)	173,156
Income tax expense	-	(167)	-	(167)
(Loss)/ Profit for the period	(3,074)	172,989	(3,074)	172,989
Other comprehensive (loss)/ income:-				
Currency translation differences	(16)	330	(16)	330
Other comprehensive (loss)/ income for the period, net of tax	(16)	330	(16)	330
Total comprehensive (loss)/ income for the period	(3,090)	173,319	(3,090)	173,319
(Loss)/ Profit attributable to:-				
Owners of the Company	(4,067)	172,731	(4,067)	172,731
Non-controlling interests	993	258	993	258
	(3,074)	172,989	(3,074)	172,989
Total comprehensive (loss)/ profit attributable to:-				
Owners of the Company	(4,083)	173,061	(4,083)	173,061
Non-controlling interests	993	258	993	258
	(3,090)	173,319	(3,090)	173,319
(Loss)/ Earnings per share attributable to owners of Company:-				
- basic (sen)	(1.92)	82.98	(1.92)	82.98

Note:

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

Other information:-

Operating loss	(2,152)	(27,269)	(2,152)	(27,269)
Gross interest income	95	47	95	47
Gross interest expense	(922)	(620)	(922)	(620)

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

	Unaudited As At 30.09.2023 RM'000	Audited As At 30.06.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,429	4,602
Right-of-use assets	4,245	4,574
Investment properties	8,655	8,655
Finance lease receivables	954	1,054
Other investments	23,703	27,845
Inventories	30,928	30,619
	<u>72,914</u>	<u>77,349</u>
Current assets		
Inventories	41,412	67,818
Tax Assets	2,147	2,501
Trade and other receivables	14,904	11,110
Contract costs	1,163	1,547
Contract assets	46,498	19,663
Finance lease receivables	403	404
Fixed deposits (pledged)	3,220	3,203
Cash and bank balances	3,764	3,358
	<u>113,511</u>	<u>109,604</u>
TOTAL ASSETS	<u>186,425</u>	<u>186,953</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	207,729	207,729
Foreign currency translation reserve	(419)	(403)
Accumulated losses	(279,660)	(275,593)
Equity attributable to owners of the Company	(72,350)	(68,267)
Non-controlling interests	24,346	23,353
Capital deficiency	<u>(48,004)</u>	<u>(44,914)</u>
Non-current liabilities		
Lease liabilities	4,335	4,796
Hire purchase payables	50	63
Loans and borrowings	67,608	67,608
Retirement benefits obligation	769	864
Deferred tax liabilities	213	213
	<u>72,975</u>	<u>73,544</u>
Current liabilities		
Lease liabilities	1,798	1,759
Hire purchase payables	82	87
Loans and borrowings	8,184	8,275
Trade and other payables	119,196	97,277
Contract liabilities	253	11,770
Provisions	31,887	39,068
Tax payable	54	87
	<u>161,454</u>	<u>158,323</u>
Total liabilities	<u>234,429</u>	<u>231,867</u>
TOTAL EQUITY AND LIABILITIES	<u>186,425</u>	<u>186,953</u>
Note:		
The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the Interim Statements.		
Other Information:-		
Net assets per share (RM)	<u>(0.32)</u>	<u>(0.30)</u>

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))
Unaudited Condensed Consolidated Statement of Changes in Equity
for the 3-month quarter ended 30 September 2023

	← Attributable to owners of the Company →					
	← Non - Distributable →		← Distributable →			
	Share Capital	Translation	Accumulated	Total	Non-Controlling	Total Equity
	RM'000	Reserve	Losses	RM'000	Interests	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 30.09.2023 (Unaudited)</u>						
Balance as at 01.07.2023	207,729	(403)	(275,593)	(68,267)	23,353	(44,914)
Total comprehensive loss for the year	-	(16)	(4,067)	(4,083)	993	(3,090)
Balance as at 30.09.2023	207,729	(419)	(279,660)	(72,350)	24,346	(48,004)

	← Attributable to owners of the Company →					
	← Non - Distributable →		← Distributable →			
	Share Capital	Foreign Currency	Accumulated	Total	Non-Controlling	Total Equity
	RM'000	Translation	Losses	RM'000	Interests	RM'000
		Reserve	RM'000	RM'000	RM'000	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial year ended 30.06.2023 (Audited)</u>						
Balance as at 01.07.2022	207,729	(1,874)	(343,210)	(137,355)	29,913	(107,442)
Total comprehensive income for the year	-	1,471	67,617	69,088	(6,560)	62,528
Balance as at 30.06.2023	207,729	(403)	(275,593)	(68,267)	23,353	(44,914)

Note:

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

IREKA CORPORATION BERHAD (Company No. 197501004146 (25882-A))
Unaudited Condensed Consolidated Statement of Cash Flows for the 3-month quarter ended 30 September 2023

	Unaudited Cumulative Period 3-month 30.09.2023	Audited Cumulative Year 12-month 30.06.2023
<i>All figures in RM'000</i>		
Cash flows from/ (for) operating activities		
Loss before taxation	(3,074)	59,192
Adjustments for:-		
Deposits written off	-	1
Depreciation of:		
- property, plant and equipment	173	1,512
- right-of-use assets	334	1,244
Fair value loss/(gain) on:		
- investment properties	-	(3,560)
- other investments	4,142	8,544
Gain on deconsolidation of subsidiary	-	(133,255)
Gain on disposal of subsidiaries	-	(13,728)
GST receivable written off	-	3
Impairment losses on:		
- other receivables	-	21
- trade receivables	-	28
Interest expense	922	3,340
Interest income	(95)	(117)
Inventories written down	-	3,725
Loss on derecognition of right-of-use asset	-	5
Loss on lease modification	53	282
Gain on disposal of property, plant and equipment	-	(85)
Property, plant and equipment written off	-	68
Provision for:		
- legal claims	-	322
- onerous contracts	-	6,271
- corporate guarantee	-	22,605
- retirement benefits obligation	-	285
Reversal of bad debts	-	(2,858)
Reversal of impairment losses on trade receivables	-	(5,393)
Reversal of provision for onerous contracts	-	(5,724)
Operating profit/(loss) before working capital changes	2,455	(57,272)
Changes in working capital:		
Contract assets and liabilities	(26,835)	34,525
Contract costs	384	(171)
Inventories	13,761	(5,031)
Trade and other receivables	8,890	(7,102)
Trade and other payables	1,620	46,696
Net cash generated from operations	275	11,645
Payment of retirement benefits obligation	-	(86)
Income tax paid	(36)	(1,451)
Net cash from operating activities	239	10,108
Cash flows from/ (for) investing activities		
Acquisition of other investment	-	(7)
Interest received	95	117
Proceeds from disposal of property, plant and equipment	-	243
Proceeds from deconsolidation of a subsidiary, net of cash deconsolidated	-	(37)
Proceeds from disposal of subsidiaries, net of cash disposed	-	(206)
Proceeds from disposal of investment properties	-	11,000
Purchase of property, plant and equipment	-	(128)
Payment from lease receivables	-	201
Advances to related companies	-	(213)
Change in pledged deposits	(17)	1,361
Net cash from investing activities	78	12,331
Cash flows from/ (for) financing activities		
Advances from directors	89	2,505
Drawdown of term loans	-	984
Interest paid	-	(1,988)
Repayments of lease liabilities	-	(1,659)
Repayment of hire purchase	-	(115)
Repayment of term loans	-	(8,200)
Repayment of revolving credits	-	(1,115)
Repayment to an associate	-	(15,756)
Repayment to related parties	-	(1,544)
Net cash generated from/(for) financing activities	89	(26,888)
Net increase/(decrease) in cash and cash equivalents	406	(4,449)
Cash and cash equivalents as at beginning of financial period/year	3,358	7,807
Cash and cash equivalents as at end of financial period/year	3,764	3,358

Note:

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

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

A1 Basis of Preparation

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

The unaudited interim financial report should be read in conjunction with the audited financial statements of Ireka Corporation Berhad (“the Company” or “ICB”) for the financial year ended 30 June 2023. The explanatory notes attached to the unaudited interim financial report provide explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2023.

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

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

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

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

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

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

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2023.

A3 Audit Report

The Company's External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed a disclaimer of opinion on the Company's Audited Financial Statements for the previous financial year ended 30 June 2023. The detailed basis for disclaimer of opinion has been disclosed in the Independent Auditors' Report section of the Annual Report of the Company for the financial year ended 30 June 2023 (pages 206 to 209).

A4 Seasonality or Cyclicity of Operations

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

A5 Unusual Significant Items

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

A6 Material Changes in Estimates

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

A7 Changes in Debt and Equity Securities

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

A8 Dividend Paid

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

A9 Segmental Information

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Segment Revenue				
Revenue				
Property development	69,378	10,833	69,378	10,833
Property investment	57	195	57	195
Trading and services	246	1,603	246	1,603
Investment holding and other	1,250	2,258	1,250	2,258
Total	70,930	14,889	70,930	14,889
Elimination of inter-segment sales	(1,496)	(3,034)	(1,496)	(3,034)
Total	69,434	11,855	69,434	11,855

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Segment Results				
(Loss)/Profit before tax				
Construction	-	(2)	-	(2)
Property development	2,312	5	2,312	5
Property investment	(110)	(19)	(110)	(19)
Trading and services	(652)	(2,800)	(652)	(2,800)
Investment holding and other	(6,072)	(50,720)	(6,072)	(50,720)
Total	(4,522)	(53,536)	(4,522)	(53,536)
Elimination of inter-segment items	1,448	25,647	1,449	25,647
Effect of deconsolidation of subsidiary	-	201,045	-	201,045
Total	(3,074)	173,156	(3,073)	173,156

A10 Carrying Amount of Revalued Property, Plant and Equipment

The Group does not state any assets based on valuation of its property, plant and equipment during the current and year-to-date period under review.

A11 Significant Events during the Quarter and Subsequent Events

- (a) On 28 August 2023, a wholly-owned subsidiary of the Company, Shoraka Power Sdn. Bhd. entered into a Joint Venture Agreement with E&H Energy Sdn. Bhd. to explore various energy-related business, in particular the business of supplying liquefied natural gas to various potential buyers or users in Malaysia.
- (b) On 29 August 2023, Regal Variety Sdn. Bhd., a wholly-owned subsidiary of Ireka Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company entered into a Joint Venture Agreement with Elay Project Sdn. Bhd. (formerly known as Khalaz Inspired Sdn. Bhd.) to co-develop a proposed mixed development consisting of 22 & 23 storey tower of apartments comprises 661 units, 48 retail units and 114 office units on a piece of land known as Serika Kajang. The estimated GDV of the development is approximately RM310.0 million.
- (c) On 30 August 2023, the Company has submitted an application to Bursa Malaysia Securities Berhad (“Bursa Securities”) for a further extension of time (“EOT”) to finalize its Practice Note No. 17 (“PN17”) Regularisation Plan. Bursa Securities vide its letter dated 1 November 2023, has granted the Company a further EOT of six months up to 29 February 2024 to submit its PN17 Regularisation Plan to the relevant regulatory authorities.

A12 Changes in the Composition of the Group

There were no changes 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 Quarter Ended 30.09.2023 RM	Financial Year Ended 30.06.2023 RM
Corporate guarantees given by ICB for all credit facilities taken by subsidiaries	7,476,133	7,290,854

A14 Capital Commitments

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

B1 Review of Performance

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

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

The Group reported revenue of RM69.4 million for the financial period ended 30 September 2023, in contrast to RM11.9 million for the preceding year corresponding period. Following the termination of IECSB as the main contractors of all our existing projects in late 2022, the Group has successfully appointed a third-party rescue contractor to resume the construction works at respective development sites. This appointment led to the re-initiation of progress claims and billings, resulting in the property development segment reporting revenue of RM69.4 million in the current period, a substantial increase compared to the RM10.8 million reported during the corresponding quarter last year.

The trading and services segment comprises property development management and services divisions. Revenue for this segment in the current period has dropped from RM1.6 million in the preceding year corresponding period to RM0.2 million due to the discontinuation of the IT division.

The investment holding and other segment recorded lower revenue at RM1.3 million for the current period, representing a total decrease of 43% mainly due to lower management fees charged to subsidiary companies arising from a downward revision in the management fees chargeable by ICB to its subsidiaries pursuant to the finalized Transfer Pricing documentation.

The financial results of the Group during the period under review were also affected by the reduction in the share price of Aseana Properties Limited ("ASPL") from USD0.13 as of 30 June 2023 to USD0.11 resulting in a marked-to-market loss on investment in ASPL of RM4.14 million. Excluding this marked-to-market loss, the Group recorded an operational profit before tax of RM1.1 million for the quarter, represented an upswing from losses registered during the corresponding quarter last year.

B1 Review of Performance (continued)

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

The Group reported a revenue of RM69.4 million in the current quarter, compared to revenue of RM11.9 million in the preceding year's corresponding quarter, representing a significant increase of more than 100% arising from resumption of construction works at our existing project sites by the newly-appointed rescue contractor, leading to the re-initiation of progress claims and billings as described earlier.

For the current quarter ended 30 September 2023, the Group recorded a pre-tax loss of RM3.1 million, compared to a pre-tax profit of RM173.2 million in the corresponding quarter of the preceding year. This variance is mainly attributed to the impact of deconsolidation of IECSB in the previous year's quarter.

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

The Group reported a revenue of RM69.4 million in first quarter of financial period ended 30 September 2023, compared to a revenue net reversal of RM19.3 million in the immediate preceding quarter, mainly due to a last year's revision of the overall project budget for the Group's ongoing development projects, in accordance with *MFRS 15 Revenue From Contract With Customers*.

The Group recorded pre-tax loss of RM3.1 million during the current quarter compared to pre-tax loss of RM47.9 million in the immediate preceding quarter mainly due to the one-off reversal of the revenue and profit in immediate preceding quarter. This is caused by the changes in the overall development project budget resulting from higher costs and revised timeline as a result of the appointment of the rescue contractor.

B3 Prospects for the Current Financial Year

In Q3 2023, the Malaysian economy demonstrated a 3.3% year-on-year expansion, primarily fueled by the resilient momentum of domestic expenditure. Sustained growth in employment and wages continued to underpin household spending, while the services, construction, and agriculture sectors provided further impetus to the overall economic upswing. However, the manufacturing sector experienced a downturn due to diminished demand for electrical and electronic products, coupled with reduced production of refined petroleum goods. Looking forward, a buoyant domestic demand is anticipated to drive economic growth, with projections indicating an expansion of 4% in the current year and a range of 4% to 5% in 2024.

The Group has embarked on a strategic planning process to delineate essential components and articulate the measures to be implemented as part of its Regularisation Plan ("the Plan") in order to address its financial standing and current PN17 status. Recognising the intricacies involved, the Group has formally requested and granted a 6-month extension until 29 February 2024 from Bursa Securities to facilitate these initiatives and thus submitting the Plan. Collaborating closely with the advisors, the Group is actively finalising a comprehensive plan, with the aim of resolving the PN17 situation by next year.

B3 Prospects for the Current Financial Year (continued)

On the construction business, the Group's construction division is proactively submitting bids, proposals, and participating in tenders to secure new development and construction ventures. The Group continues to put forth project proposals to both the Government and pertinent authorities, and via these proposals, the Group asserts inherent merits, offers benefits to relevant stakeholders and users, and thus presents viable solutions grounded in the public-private partnership structure.

On the property development front, the Group has achieved successful sales record of the ongoing projects, realising substantial gross development value (GDV). Projects such as KaMi Mont' Kiara and DWI@Rimbun Kasia, Nilai, are progressing as planned. The immediate focus of the division is to ensure the successful completion of existing projects within the revised budget and timeline, with a target of achieving 100% sales for all remaining unsold units. Additionally, efforts are concentrated on executing projects from the sizable balance order book, with plans to launch four new secured projects in Terengganu and Pulau Pinang by mid-2024. The division is also actively pursuing new projects, with advanced-stage negotiations on several proposals. Despite a minor dip in property transactions attributed to the increased overnight policy rate (OPR), there is a noticeable reduction in overhang, indicating sustainable selective purchases in the market.

In pursuit of long-term sustainability, the Group remains committed to diversifying its business across growing and profitable market sectors. In line with the recently launched National Energy Transition Roadmap (NETR) by the Government, which outlines Malaysia's commitment to a sustainable and inclusive energy system, the Group has entered into a Joint Venture Agreement (JVA) with E&H Energy Sdn Bhd. The collaboration aims to supply liquefied natural gas (LNG) to potential buyers and users nationwide. With this strategic partnership coinciding with the ongoing liberalisation of the domestic energy market, the Group anticipates a mutually beneficial and enduring success alongside its selected joint venture partner.

Given the prevailing economic landscape and the anticipated trajectory of the construction, property development, and energy sectors in Malaysia, the Board maintains a cautiously optimistic stance on the Group's prospects.

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

Not applicable.

B5 (Loss)/Profit for the Period

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

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	171	85	171	85
Effect of deconsolidation of a subsidiary	-	(201,045)	-	(201,045)
Fair value loss of a quoted investment	4,141	8,694	4,141	8,694
Gain on disposal of property, plant and equipment	-	1	-	1
Interest expense	922	620	922	620
Provision for financial guarantee	516	15,788	516	15,788
Interest income	(95)	(47)	(95)	(47)

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	3 Months Ended	3 Months Ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax expense	-	(167)	-	(167)
	-	(167)	-	(167)

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

B7 Status of Corporate Proposals

There are no corporate proposals which have been announced by the Company but not completed as at 30 November 2023 (being the latest practicable date from the date of issuance of the Quarter Report).

B8 Group Borrowings and Debt Securities

	Unaudited As at 30.09.2023 RM'000	Unaudited As at 30.09.2022 RM'000
(a) Short term borrowings		
<i>Secured:-</i>		
Term loans	8,184	12,500
Hire purchase	82	1,547
Lease liabilities	1,798	1,759
	<u>10,064</u>	<u>10,121</u>
(b) Long term borrowings		
<i>Secured:-</i>		
Hire purchase	50	63
Lease liabilities	4,335	4,796
Redeemable convertible preference shares	67,608	67,608
	<u>71,993</u>	<u>72,467</u>
(c) Total borrowings	<u>71,993</u>	<u>72,467</u>

B9 Material Litigations

(a) 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 (“JVA”) and Unwritten JVA entered between ICB, ASPL M9 and Urban DNA Sdn Bhd (“UDNA”) in relation to the development of The RuMa Hotel & Residences project.

ASPL’s claims includes the following:-

1. The sum of RM51,080,342 being the Company’s obligation under the JVA and the Unwritten JVA;
2. The sum of RM31,952,270 being the outstanding interest due under the JVA and Unwritten JVA; and
3. The sum of RM14,880,705 together with interest thereon at the rate of 8% per annum from the date of judgment to the date of full payment.

After exchange of cause papers, the court had conducted three mediation sessions with ASPL and ICB on 28 July 2023, 9 August 2023 and 7 September 2023. The case management was fixed on 23 November 2023 and the matter is now fixed for trial in January 2024.

~~Salient Features of Redeemable Convertible Preference Shares (RCPS)~~

~~The salient features of the RCPS are as follows:~~

~~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.~~

~~Maturity date~~

~~The business day immediately before the 3rd anniversary of the date of Issue Date of 1st sub-tranche of Tranche 1.~~

~~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)~~

~~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.~~

~~Conversion upon maturity~~

~~Subject to:~~

~~the Non-Event of Default Redemption, Conversion Downside Redemption and Event of Default Redemption; and
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.~~

- (b) **Between Hong Leong Bank Berhad (“HLBB”) (as Plaintiff), Ireka Engineering & Construction Sdn Bhd (“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.

B9 Material Litigations (continued)

(b) Between Hong Leong Bank Berhad (“HLBB”) (as Plaintiff), Ireka Engineering & Construction Sdn Bhd (“IECSB”) (as First Defendant) and ICB (as Second Defendant) (continued)

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.

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

On 18 October 2023, Lai Voon Huey and representative of estate Lain Voon Keat filed application to strike out and an Affidavit of Support, which was replied by the Company on 30 October 2023 via an Affidavit of Reply.

(c) 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.

B9 Material Litigations (continued)

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

Pursuant to the Corporate Guarantees, ICB undertakes to pay AmBank a payment of all monies owing by IECSB under the Banking Facilities Offer. It was alleged that IECSB and ICB have defaulted in their 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:

Items	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>

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

On 5 September 2023, AmBank filed a summary judgment application and Affidavit of Support, which was replied by the Company on 21 September 2023 via an Affidavit of Reply.

During the hearing held on 16 November 2023, the court decided to allow AmBank application for Summary Judgment.

(d) Between One Industrial (M) Sdn Bhd (as Plaintiff) and Shoraka Construction Sdn Bhd (as Defendant)

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

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

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

B9 Material Litigations (continued)

(d) Between One Industrial (M) Sdn Bhd (as Plaintiff) and Shoraka Construction Sdn Bhd (as Defendant) (continued)

Vide a letter dated 5 October 2023, the liquidator of IECSB is intending to invoke Section 528 of the Companies Act in declaring the SPA void and thus, the ASTA Project will fall back under the jurisdiction of IECSB. Premised on the same, SCSB will be filing for an application to strike out the OS.

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

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

The Writ is premised on the following cause of actions:

Failure of the Company to repay the advances made by the Plaintiffs to the Company and certain Buyback Subsidiaries amounting to RM16,575,356.26. The advancements were allegedly made by the Plaintiffs during the negotiating period between 5 July 2021 to 31 August 2022 for among others, the construction of projects, payments to financial institutions, working capital, staff salaries and administration cost; and

Failure of certain current and former directors to procure the Company from entering into an agreement for Ideal Land Holdings Sdn Bhd to buyback the Buyback Subsidiaries, in breach of their alleged undertaking under the previous Share Sale Agreement of the Company.

The Company is in the midst of appointing solicitors to act on its behalf in resisting the matter.

B10 Dividend Proposed

No dividend was proposed during the quarter under review.

B11 (Loss)/Earnings per Share

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Basic				
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(4,067)	172,731	(4,067)	172,731
Weighted average number of ordinary shares	211,943,803	208,160,270	211,943,803	208,160,270
Basic loss per share (sen)	(1.92)	82.98	(1.92)	82.98

	Individual Quarter		Cumulative Period	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Basic				
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(4,067)	172,731	(4,067)	172,731
Weighted average number of ordinary shares	211,943,803	208,160,270	211,943,803	208,160,270
Basic (loss)/earnings per share (sen)	(1.92)	82.98	(1.92)	82.98

By Order of the Board
IREKA CORPORATION BERHAD
ALIZA BINTI AHMAD TERMIZI
 Company Secretary
 Kuala Lumpur
~~25 August 2022~~ 30 November 2023