ZELAN BERHAD
(Company No. : 27676-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED STATEMENT OF INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended 30/06/2017 RM'000	Quarter ended 30/06/2016 RM'000	Changes %	**Period ended 30/06/2017 RM'000**	Period ended 30/06/2016 RM'000	Changes %
Revenue	**11,495**	56,493	-79.7%	**45,126**	117,884	-61.7%
Cost of sales	**(5,941)**	(49,914)	88.1%	**(40,031)**	(102,872)	61.1%
Gross profit	**5,554**	6,579	**-15.6%**	**5,095**	15,012	**-66.1%**
Other income	**175**	396	-55.8%	**12,639**	648	1850.5%
- income/profit on placement on deposits	***212***	*206*		***460***	*734*	
- unwinding of discounting on long term trade receivables and discounting on trade payables	***7,189***	*5,909*		***14,342***	*10,681*	
- accretion of interest on long term receivables	***4,160***	*8,886*		***8,660***	*8,886*	
Total interest income	**11,561**	**15,001**	-22.9%	**23,462**	20,301	15.6%
Net diminution in carrying value of long term receivables	**(7,891)**	(12,458)	36.7%	**(12,044)**	(16,046)	24.9%
Unrealised foreign exchange (loss)/gain, net	**(3,790)**	3,672	-203.2%	**(5,160)**	(6,212)	16.9%
Administrative expenses	**(3,890)**	(4,652)	16.4%	**(11,134)**	(9,299)	-19.7%
Operating expenses	**(248)**	(843)	70.6%	**(559)**	(2,289)	-75.6%
Write back for impairment of receivables	**-**	4,160	-100.0%	**-**	4,160	-100.0%
Depreciation	**(146)**	(206)	29.1%	**(294)**	(443)	-33.6%
- finance cost on borrowings	***(2,377)***	*(2,533)*		***(4,811)***	*(6,747)*	
- unwinding of discounting on trade payables and discounting on trade receivables	***(1,108)***	*69*		***(1,949)***	*(25,992)*	
Total finance costs	***(3,485)***	***(2,464)***	-41.4%	***(6,760)***	*(32,739)*	79.4%
Share of results of associates	**(248)**	(281)	11.7%	**(483)**	(481)	-0.4%
(Loss)/profit before zakat and taxation	**(2,408)**	**8,904**	**-127.0%**	**4,762**	(27,388)	**117.4%**
Tax expense	**(3,051)**	(1,527)	-99.8%	**(3,095)**	(2,808)	-10.2%
Net (loss)/profit for the period	**(5,459)**	7,377	**-174.0%**	**1,667**	(30,196)	**105.5%**
(Loss)/profit for the period						
Attributable to:						
Equity holders of the parent	**(5,449)**	7,384	-173.8%	**1,678**	(30,189)	105.6%
Non-controlling interests	**(10)**	(7)	-42.9%	**(11)**	(7)	-57.1%
	(5,459)	7,377	**-174.0%**	**1,667**	(30,196)	**105.5%**
Basic (losses)/ earnings per share attributable to equity holders of the Company (sen)	**(0.64)**	0.87	**-173.6%**	**0.20**	(3.57)	**105.6%**
Diluted (losses)/earnings per share attributable to equity holders of the Company (sen)	**(0.64)**	0.87	**-173.6%**	**0.20**	(3.57)	**105.6%**

The Consolidated Statement of Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended 30/06/2017 RM'000	Quarter ended 30/06/2016 RM'000	*Changes %*	**Period ended** 30/06/2017 RM'000	Period ended 30/06/2016 RM'000	*Changes %*
Net (loss)/profit for the period	**(5,459)**	7,377	*-174.0%*	**1,667**	(30,196)	*105.5%*
Other comprehensive income :						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference from translation of foreign operations	**2,605**	(3,501)	*174.4%*	**3,494**	1,669	*109.3%*
Total items that may be reclassified subsequently to the profit or loss	**2,605**	(3,501)	*174.4%*	**3,494**	1,669	*109.3%*
Total comprehensive (loss)/income for the period	**(2,854)**	3,876	*-173.6%*	**5,161**	(28,527)	*118.1%*
Total comprehensive (loss)/income for the period						
Attributable to:						
Equity holders of the parent	**(2,849)**	3,875	*-173.5%*	**5,166**	(28,538)	*118.1%*
Non-controlling interests	**(5)**	1	*-600.0%*	**(5)**	11	*-145.5%*
	(2,854)	3,876	*-173.6%*	**5,161**	(28,527)	*118.1%*

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2017 RM'000	Audited As at 31/12/2016 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,469	8,088
Investment properties	4,669	4,740
Investments in associates	3,331	3,332
Receivables, deposits and prepayments	681,469	681,213
Deposits,cash and bank balances (restricted)	11,892	10,195
	708,830	707,568
CURRENT ASSETS		
Inventories	8,965	8,965
Receivables, deposits and prepayments	141,722	144,085
Tax recoverable	2,799	387
Deposits pledged as security (restricted)	262	10,052
Deposits, cash and bank balances (non-restricted)	6,090	3,624
	159,838	167,113
LESS: CURRENT LIABILITIES		
Trade and other payables	243,117	263,974
Current tax liabilities	2,871	-
Borrowings	49,474	42,001
	295,462	305,975
NET CURRENT LIABILITIES	(135,624)	(138,862)
TOTAL ASSETS LESS CURRENT LIABILITIES	573,206	568,706
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	84,489	84,489
Reserves	52,667	47,501
	137,156	131,990
Non-controlling interests	(177)	(172)
TOTAL EQUITY	136,979	131,818
NON-CURRENT LIABILITIES		
Borrowings	433,066	433,725
Deferred tax liabilities	3,161	3,163
	436,227	436,888
TOTAL EQUITY AND NON-CURRENT LIABILITIES	573,206	568,706
Net assets per share (RM)	0.16	0.16

The Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Share Capital RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	(Accumulated losses)/Retained Earnings RM'000	Sub - total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Six months to 30 June 2017									
Balance as at 1 January 2017	84,489	14,082	(24)	35,457	4,254	(6,268)	131,990	(172)	131,818
Profit/(loss) for the period	-	-	-	-	-	1,678	1,678	(11)	1,667
Other comprehensive income:									
Currency translation reserve	-	-	3,488	-	-	-	3,488	6	3,494
Total comprehensive income for the period	-	-	3,488	-	-	1,678	5,166	(5)	5,161
Balance as at 30 June 2017	84,489	14,082	3,464	35,457	4,254	(4,590)	137,156	(177)	136,979
Six months to 30 June 2016									
Balance as at 1 January 2016	84,489	14,082	5,711	35,457	4,254	61,355	205,348	(187)	205,161
Loss for the period	-	-	-	-	-	(30,189)	(30,189)	(7)	(30,196)
Other comprehensive income:									
Currency translation difference	-	-	1,651	-	-	-	1,651	18	1,669
Total comprehensive income/(loss) for the period	-	-	1,651	-	-	(30,189)	(28,538)	11	(28,527)
Balance as at 30 June 2016	84,489	14,082	7,362	35,457	4,254	31,166	176,810	(176)	176,634

* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by certain overseas subsidiaries

This reserve relates to issuance of free detachable warrants.

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period to date 30/06/2017 RM'000	Current period to date 30/6/2016 RM'000
OPERATING ACTIVITIES		
Net profit/(loss) for the period attributable to equity holders of the Company	**1,678**	(30,189)
Adjustments for :		
Tax expense	**3,095**	2,808
Depreciation of property, plant and equipment	**432**	621
Depreciation of investment properties	**71**	71
Gain on disposal of property,plant and equipment	**(366)**	(7)
Write back for impairment of receivables	**-**	(4,160)
Diminution in carrying value of long term receivables	**12,044**	16,046
Finance income	**(23,462)**	(20,301)
Finance costs	**6,760**	32,739
Net unrealised loss on foreign exchange	**5,160**	6,212
Non-controlling interests	**(11)**	(7)
Share of results of associates	**483**	481
	5,884	4,314
Changes in working capital :		
Receivables	**11,084**	(100,493)
Payables	**(13,334)**	(36,016)
Cash generated from/(used in) operations	**3,634**	(132,195)
Tax paid	**(1,363)**	(1,051)
Net cash generated from/(used in) operating activities	**2,271**	(133,246)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1)**	(68)
Proceeds from disposal of property, plant and machinery	**552**	7
Proceeds from disposal of other investments	**-**	1,000
Interest received from deposits and investments	**460**	734
Net cash generated from investing activities	**1,011**	1,673
FINANCING ACTIVITIES		
Repayments of borrowings	**(16,540)**	(118,646)
Proceeds from borrowings	**13,500**	221,489
Repayments of hire purchase creditors	**(397)**	(272)
Interest paid	**(468)**	(6,747)
Upliftment of deposits pledged as security	**8,093**	6,500
Net cash generated from financing activities	**4,188**	102,324
Net movement in cash and cash equivalents	**7,470**	(29,249)
Cash and cash equivalents at the beginning of the period	**3,624**	47,289
Currency translation differences	**(5,004)**	(3,775)
Cash and cash equivalents at the end of the period	**6,090**	14,265

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

1. Basis of Preparation

The interim financial information is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the interim financial information provide an 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 December 2016.

The accounting policies and methods of computation adopted for the interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following amendments to the Malaysian Financial Reporting Standards ("MFRS"):

The adoption of the following amendments to MFRS that came into effect on 1 January 2017 did not have any significant impact on the unaudited condensed financial statements upon their initial applications.

Amendments to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to MFRS 112	Income Taxes -Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to MFRSs	2014-2016 Cycle

MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following new standards, amendments to MFRSs and IC Interpretation which are effective for the financial period beginning on or after 1 January 2017. The Group did not early adopt these new standards, amendments to MFRSs and IC Interpretations.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 140	Classification on 'Change in Use' – Assets Transferred to,or from Investment Properties

1. Basis of Preparation (continued)

Project in Abu Dhabi

In respect of the Zelan Holdings (M) Sdn Bhd's ("ZHSB") Meena Plaza project in Abu Dhabi, United Arab Emirates ("UAE"), ZHSB issued a notice of termination to the project owner on 17 September 2015 to terminate ZHSB's Contract Agreement ("Contract") dated 1 April 2008, following the defaults by the project owner, which failed to pay an amount of AED27.6 million (approximately RM32.3 million), being the certified amount of works done and materials at site owing by the project owner to ZHSB under certificates of payment in accordance with the provisions of the Contract and the project owner's continuous interference with the valuation and/or certification of ZHSB's progress claims.

The Directors are of the view that ZHSB has rightfully and validly terminated its employment under the Contract with the project owner. As provided under the Contract with the project owner, the termination took effect on 1 October 2015, being 14 days after the issuance of the notice of termination.

On 11 December 2015, ZHSB had submitted its request for arbitration to the International Court of Arbitration of the International Chamber of Commerce ("ICC") in relation to the disputes. For the purpose of the arbitration, ZHSB has engaged quantum expert, consultant quantity surveyor and structural engineering expert to substantiate its claim against the project owner.

On 17 December 2015, ZHSB was notified that the guarantor of the performance and rectification bonds received two notices of demand from the project owner to liquidate the rectification bond of AED41.0 million (approximately RM47.9 million) and performance bond of AED51.5 million (approximately RM60.2 million) respectively. On 3 January 2016, the guarantor of the performance and rectification bonds released the full amount of the rectification bond and performance bond to the project owner.

On 18 August 2016, ZHSB received a letter from the ICC accepting ZHSB's Revised Request for Arbitration against the project owner in relation to the breaches and defaults of the project owner under the Contract between the project owner and ZHSB.

Accordingly, ZHSB is claiming from the project owner the total sum of AED452.3 million (approximately RM528.7 million) as the loss and damage and payments ZHSB is entitled to recover from the project owner as a result of ZHSB's termination of the Contract due to the default of the project owner. ZHSB revised the amount of its claim against the project owner to AED555.9 million (approximately RM649.8 million) as contained in its Statement of Case submitted to the Arbitral Tribunal of ICC in Q3 of FY 2017.

On 6 October 2016, ZHSB received a letter from the ICC, stating that it had received the project owner's Answer to ZHSB's Revised Request for Arbitration, whereby the project owner's counterclaim against ZHSB is AED591.0 million (approximately RM690.9 million) for repair works, consultants and third party fees, standstill cost, return of advance payment and loss of rental and revenue.

The project owner and ZHSB had signed the Confidentiality and Arbitration Proceedings Stay Agreement dated 2 February 2017 ("CA"). The arbitration proceedings was suspended/stayed for a period of 4 months from the date of the CA to enable both parties to negotiate/reach settlement. On 17 May 2017, the project owner has uplifted the stay with immediate effect and has indicated to the arbitrators that they wish to proceed with the arbitration.

As the stay has been uplifted, the arbitration proceedings re-commenced and ZHSB submitted its Statement of Case. The timeline for both parties to finalise the Terms of Reference was extended to 29 September 2017 by the Arbitral Tribunal. In the meantime, the arbitration's Procedural Timetable has been agreed by both parties and pending approval by the Arbitral Tribunal.

1. Basis of Preparation (continued)

The Group recorded a total receivable balance of AED211.4 million (approximately RM247.2 million) due from the project owner as at 30 June 2017, comprising the certified claims, retention sum and amount due from the project owner for the work performed up to the termination date, as well as the rectification bond and performance bond drawndown by the project owner of AED92.5 million (approximately RM108.1 million) in January 2016. Based on the advice from the claim consultant and the external solicitors, the Directors are of the view that ZHSB has valid contractual basis to recover the outstanding receivable balance from the project owner through the arbitration process.

In making this assessment, the Directors have considered ZHSB's entitlement to the claims on amounts incurred for work done and materials supplied pursuant to the Contract, interest and other costs and loss of opportunity of profit which ZHSB had suffered as a result of the termination. ZHSB will proceed with the arbitration process to recover fully the outstanding amounts under the provision of the Contract. The expected timing of the receipt has been considered in arriving at the carrying value of the net receivables which takes into consideration the expected period of the arbitration process and the subsequent recovery.

The Directors are of the view that the Group will be able to generate sufficient cash inflows within the next twelve months from the reporting date from both existing and new contracts to meet working capital requirements, repayment of borrowings and negotiated settlement with sub-contractors. The Group will also continue to implement strategies to control costs. The Directors believe that the Group will be able to realise their assets and discharge their liabilities in the normal course of business.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

3. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

4. Unusual Items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current financial quarter because of their nature, size or incidence.

5. Changes in Estimates of Amount Reported Previously

There was no change in estimates of amounts reported in the prior financial year that has a material effect in the current financial quarter.

6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

7. Dividend

For the current financial quarter, no dividend had been declared. For the preceding year's corresponding quarter, no dividend was declared.

8. Segmental Reporting

Segment analysis for the current financial quarter to 30 June 2017 is as follows:

	Engineering and Construction RM '000	Property and Development RM '000	Asset Facilities Management RM '000	Investment RM '000	Total RM '000
Revenue					
Segment revenue	11,225	189	165	163	11,742
Less:Inter-segment sales	-	-	(165)	(82)	(247)
	11,225	189	-	81	11,495
Results					
Segment profit/(loss)	2,588	56	(145)	(1,174)	1,325
Finance costs	(3,308)	-	-	(177)	(3,485)
Share of results of associates	(248)	-	-	-	(248)
(Loss)/profit before zakat and taxation	(968)	56	(145)	(1,351)	(2,408)
Tax expense	(3,015)	(36)	-	-	(3,051)
Net (loss)/profit after zakat and taxation	(3,983)	20	(145)	(1,351)	(5,459)
Attributable to:					
Equity holders of the parent	(3,973)	20	(145)	(1,351)	(5,449)
Non-controlling interests	(10)	-	-	-	(10)
	(3,983)	20	(145)	(1,351)	(5,459)

9. Material Events Subsequent to the End of the Reporting Period

There was no material event subsequent to the end of the current financial quarter.

10. Changes in Composition of the Group

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

11. Changes in Contingent Liabilities or Contingent Assets

As at 30 June 2017, the Company has given guarantees amounting to RM35,302,000 (FPE 30.06.2016: RM48,838,000) to the owners of the projects as security for the subsidiaries' performance of their obligations under the relevant projects.

12. Review of Performance

(i) Financial review for the current quarter and financial year to date

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-date	Preceding Year Corresponding Period	Changes	
	30/06/2017 RM '000	30/06/2016 RM '000	Value RM '000	Variance %	30/06/2017 RM '000	30/06/2016 RM '000	Value RM '000	Variance %
Revenue	11,495	56,493	(44,998)	-79.7%	45,126	117,884	(72,758)	-61.7%
Operating profit	5,115	7,977	(2,862)	-35.9%	17,165	12,044	5,121	42.5%
Net foreign exchange (loss)/gain	(3,790)	3,672	(7,462)	-203.2%	(5,160)	(6,212)	1,052	16.9%
Share of results of associates	(248)	(281)	33	11.7%	(483)	(481)	(2)	-0.4%
Profit before interest, zakat and taxation	1,077	11,368	(10,291)	-90.5%	11,522	5,351	6,171	115.3%
(Loss)/Profit before zakat and taxation	(2,408)	8,904	(11,312)	-127.0%	4,762	(27,388)	32,150	117.4%
(Loss)/Profit after zakat and taxation	(5,459)	7,377	(12,836)	-174.0%	1,667	(30,196)	31,863	105.5%
(Loss)/Profit attributable to ordinary equity holders of the parent	(5,449)	7,384	(12,833)	-173.8%	1,678	(30,189)	31,867	105.6%

The Group's revenue of RM11.5 million for the current quarter ended 30 June 2017 was lower than RM56.5 million registered for the corresponding quarter of the previous year. Revenue declined by RM45.0 million or 79.7% mainly due to the completion of Material Off Loading Facilities ("MOLF") Jetty, construction of International Islamic University Foundation Center and Bukit Bintang City Centre project.

The Group recorded loss after zakat and taxation ("LAZT") of RM5.5 million in the current quarter under review compared to profit after zakat and taxation ("PAZT") of RM7.4 million in the corresponding quarter of FY2016 mainly attributable to higher unrealised foreign exchange loss of RM3.8 million (foreign exchange gain of FY2016: RM3.7 million) and lower accretion of interest on long term receivables of RM4.2 million (corresponding quarter of FY 2016: RM8.9 million)

For the current financial period under review, the Group recorded total revenue of RM45.1 million, a decrease of RM72.8 million or 61.7% as compared to the RM117.9 million recorded in the corresponding period. The Engineering and Construction business segment contributed lower revenue principally due to the completion of MOLF and construction of International Islamic University Foundation Center project in the FY 2016.

The Group posted PAZT of RM1.7 million for the current financial period, as opposed to a LAZT of RM30.2 million reported in the corresponding financial period. The Engineering and Construction business segment contributed a higher PAZT to the Group mainly due to the following:

a. Higher other income of RM12.6 million mainly from the refund of interest compensation on corporate taxation from Indonesia Operations (2016: RM0.6 million);
b. Lower diminution in carrying value on the long term receivables from IIUM project of RM12.0 million (2016: RM16.0 million);

12. Review of Performance (continued)

(i) Financial review for the current quarter and financial year to date

c. Lower net discounting cash flows from receivables and payables of RM12.4 million (2016: net of expenses RM15.3 million); and

d. Lower interest on borrowings of RM4.8 million (2016: RM6.7million).

(ii) Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/06/2017	31/03/2017	Value	Variance
	RM '000	RM '000	RM '000	%
Revenue	11,495	33,631	(22,136)	-65.8%
Operating profit	5,115	12,050	(6,935)	-57.6%
Net foreign exchange loss	(3,790)	(1,370)	(2,420)	-176.6%
Share of results of associates	(248)	(235)	(13)	-5.5%
Profit before interest, zakat and taxation	1,077	10,445	(9,368)	-89.7%
(Loss)/profit before zakat and taxation	(2,408)	7,170	(9,578)	-133.6%
(Loss)/profit after zakat and taxation	(5,459)	7,126	(12,585)	-176.6%
(Loss)profit attributable to odinary equity holders of the parent	(5,449)	7,127	(12,576)	-176.5%

LAZT recorded of RM5.5 million for the current quarter as opposed to the PAZT of RM7.1 million in the immediate preceding quarter is mainly attributable to the diminution in carrying value on long term receivables of RM8.2 million as a result of the delay in the arbitration proceedings for Meena Plaza project and tax liability of RM2.9 million from an Indonesia project.

13. Current year prospects

The industry outlook is expected to remain competitive in the second half of the year. The concession income from the International Islamic University Malaysia Foundation Center project in Gambang, is expected to commence from Quarter 4 notwithstanding the financial performance of the Group will remain challenging.

14. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued in a public document for the current financial quarter.

15. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/06/2017 RM '000	Preceding year corresponding quarter 30/06/2016 RM '000	Six months to 30/06/2017 RM '000	Six months to 30/06/2016 RM '000
Malaysian income tax - current	186	1,527	231	2,895
Foreign income tax - current	2,866	1	2,866	(85)
	3,052	1,528	3,097	2,810
Deferred tax	(1)	(1)	(2)	(2)
Tax expense	3,051	1,527	3,095	2,808

The effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to foreign tax from the Indonesia operation.

16. Status of Corporate Proposals Announced

There is no outstanding corporate proposal announced up to the date of this announcement.

17. Borrowings

Details of Group's borrowings as at 30 June 2017 are as follows:

	For the period ended 30.06.2017					
	Short term borrowings		Long term borrowings		Total borrowinngs	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	AED '000	RM '000	AED '000	RM '000	AED '000	RM '000
Secured						
Term loan	16,100	18,823	58,981	68,955	75,081	87,778
Islamic financing	-	16,914	-	363,737	-	380,651
Revolving credit	-	13,500	-	-	-	13,500
Unsecured						
Hire purchase	-	237	-	374	-	611
	16,100	49,474	58,981	433,066	75,081	482,540
^ Exchange rate:1.1691						

	For the period ended 30.06.2016					
	Short term borrowings		Long term borrowings		Total borrowinngs	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	AED '000	RM '000	AED '000	RM '000	AED '000	RM '000
Secured						
Term loan	20,700	22,724	69,325	76,104	90,025	98,828
Islamic financing	-	14,124		338,237	-	352,361
Revolving credit	-	13,500		-	-	13,500
Unsecured					-	-
Hire purchase	-	505	-	380	-	885
	20,700	50,853	69,325	414,721	90,025	465,574

^ Exchange rate :1.0978

18. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements

The following analysis of realised and unrealised (accumulated losses)/retained earnings of the Group is prepared in accordance with Guidance on Special Matter No.1.Determination of Realised and Unrealised Profits in the Context of Disclosures pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Malaysia.

The disclosure of realised and unrealised (accumulated losses)/retained earnings below is solely for compliance with the directive issued by Bursa Malaysia and should not be used for any other purpose.

	As at 30/06/2017 RM'000	As at 31/12/2016 RM'000
(Accumulated losses)/retained earnings of the Company and its subsidiaries:		
- Realised	(898,212)	(868,815)
- Unrealised	(5,010)	5,681
	(903,222)	(863,134)
(Accumulated losses)/retained earnings of : the associates:		
- Realised	(9,283)	(8,338)
- Unrealised	2,621	2,159
	(6,662)	(6,179)
Consolidation adjustments	905,294	863,045
Total accumulated losses as per consolidated accounts	(4,590)	(6,268)

19. Changes in Material/Significant Litigation

There was no change in material litigation, including the status of pending material litigations in respect of the Group since the last annual reporting date as at 31 December 2016, save for the following:

(i) In relation to the matter stated in Note 33(a) of the Audited Financial Statements, on 6 April 2016, the subsidiary received a judgement issued by the Administrative Court of Appeal in Kingdom of Saudi Arabia ("KSA") to remit the case to the Court of First Instance to amend the judgement *in-absentia* to judgement in presence of the subsidiary. On 7 July 2016, the Court of First Instance in KSA amended the judgement accordingly and maintained the order that the subsidiary pay an amount of SAR5.4 million (approximately RM6.3 million) to the supplier.

(ii) In relation to Note 33(b) of the Audited Financial Statements, on 1 June 2016, the Branch filed an appeal against the Court of Appeal's judgement at the Cassation Court in United Arab Emirates ("UAE"). On 23 June 2016, the Cassation Court allowed the Branch's application to stay or stop the subcontractor from executing the said judgement pending the Cassation Court's final decision. On 26 January 2017, the Cassation Court dismissed the Branch's appeal, hence the Court of Appeal's judgement of increasing the monetary award to AED7.2 million (approximately RM8.4 million) is maintained.

19. Changes in Material/Significant Litigation (continued)

(iii) In relation to the project in Abu Dhabi, as disclosed in Note 18(v) and Note 31(a) of the Audited Financial Statements, on 17 May 2017 the project owner has notified the subsidiary and to the arbitrators on the upliftment of the stay with immediate effect. As the stay has been uplifted, the arbitration proceedings shall proceed and the subsidiary has filed its Statement of Case in Q3 FY2017.The timeline for both parties to finalise the Terms of Reference has been extended to 29 September 2017 by the Arbitral Tribunal. In the meantime, the arbitration's Procedural Timetable has been agreed by both parties and is pending approval by the Arbitral Tribunal.

(iv) In relation to the project in Abu Dhabi, as disclosed in Note 31(c) of the Audited Financial Statements, Report and as announced on 21 August 2017, on 18 August 2017, the subsidiary as the Respondent in the arbitration has received the Arbitral Tribunal's Final Award dated 15 August 2017 in favour of the subsidiary from the Secretariat of the International Court of Arbitration ("Court"), International Chamber of Commerce ('ICC") whereby the Arbitral Tribunal, inter alia: (a) declares that it has no jurisdiction to determine the substantive dispute in the arbitration since the claims as filed by the subcontractor in the present arbitration are premature and (b) orders the subcontractor to bear 100% of the fees and expenses of the Arbitral Tribunal and ICC's administrative expenses fixed by the Court at USD0.15 million (approximately RM0.64 million) and (c) orders that the subcontractor to reimburse the subsidiary the amount of USD0.02 million (approximately RM0.08 million)which represents the partial payment made by the subsidiary of its share of the advance on costs; and (d) orders the subcontractor to reimburse the subsidiary 100% of the legal fees and disbursements it has incurred, which amount to RM0.2 million.

(v) In relation to the Materials Off Loading Facility Jetty Project ('MOLF') as disclosed in Note 31(d) of the Audited Financial Statements, the subsidiary's application for security for costs against the subcontractor has been dismissed with costs. On 2 June 2017, the subcontractor has obtained summary judgement against the subsidiary for the sum of €1.8 million (approximately RM8.8 million) together with interest at the rate of 5% per annum from the commencement date of the civil action until full realisation. The subsidiary's counterclaim was dismissed with costs.

(vi) In relation to the EPCC Tanjung Bin power plant power station in Johor consisting of 3 x 700MW coal-fired power plants and related facilities ("Project"), as disclosed in Note 31(b) of the Audited Financial Statements), and as announced on 7 August 2017, the Claimant (Tanjung Bin Power Sdn Bhd) the Respondents (namely Sumitomo Corporation, Zelan Holdings (M) Sdn Bhd ('ZHSB') and Sumi-Power Malaysia Sdn Bhd) and 3 other parties namely IHI Corporation, ISHI Power Sdn Bhd and IHI Power System Malaysia Sdn Bhd, have executed a Compromise Agreement whereby, inter alia, ZHSB will be released and discharged from all liabilities whatsoever and the Claimant shall irrevocably withdraw the arbitration proceedings against ZHSB.

20. (Loss)/Earnings Per Share

The basic (loss)/earnings per share and the diluted (loss)/earnings per share for the financial period were calculated based on the Group's (loss)/profit attributable to the equity holders of the Company, divided by the weighted average number of ordinary shares in issue during the financial period.

The diluted earnings/(losses) per share for the financial period were calculated based on the Group's (loss)/profit attributable to the equity holders of the Company, divided by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares (e.g. warrants).

The diluted (loss)/earnings per share is the same as basic earnings per share calculated below as the warrant options are anti-dilutive.

20. (Loss)/Earnings Per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30/06/2017	Quarter ended 30/06/2016	Six months to 30/06/2017	Six months to 30/06/2016
(Loss)/earnings attributable to equity holders of the parent (RM'000)	(5,449)	7,384	1,678	(30,189)
Weighted average number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
Basic (loss)/earnings per share (sen)	**(0.64)**	**0.87**	**0.20**	**(3.57)**
Weighted average number of ordinary shares in issue for purpose of computing diluted earnings per share ('000)	844,895	844,895	844,895	844,895
Diluted (loss)/earnings per share (sen)	**(0.64)**	**0.87**	**0.20**	**(3.57)**

21. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 August 2017.

By order of the Board

Noor Raniz bin Haji Mat Nor
Ellis Suryanti Binti Jasmi
Secretaries

Kuala Lumpur
22 August 2017