

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
Revenue	19,967	34,360	56,409	54,873
Cost of sales	<u>(15,624)</u>	<u>(37,216)</u>	<u>(43,903)</u>	<u>(53,336)</u>
Gross profit/(loss)	4,343	(2,856)	12,506	1,537
Other income	4,952	188	5,112	378
Interest income	146	705	264	5,701
- income/profit on placement on deposits	5	197	6	341
- unwinding of discounting on long term trade receivables and discounting on trade payables	141	508	258	5,360
Accretion/(diminution) in carrying value of long term receivables	8,317	(4,235)	12,530	(4,235)
Unrealised foreign exchange (loss)/gain, net	1,743	4,332	277	(185)
Administrative expenses	(2,415)	(3,126)	(4,995)	(6,200)
Operating expenses	(275)	(220)	(620)	(436)
Depreciation	(86)	(105)	(177)	(208)
Finance costs	(13,799)	(1,198)	(23,058)	(4,913)
- finance cost on borrowings	(13,462)	(559)	(22,587)	(3,788)
- discounting of trade receivables and unwinding of discounting on trade payables	(337)	(639)	(471)	(1,125)
Share of results of associates	(16)	(303)	(19)	(934)
Profit/(loss) before zakat and taxation	2,910	(6,818)	1,820	(9,495)
Tax (expense)/credit	(694)	659	(1,106)	(6)
Net profit/(loss) for the period	2,216	(6,159)	714	(9,501)
Profit/(loss) for the period				
Attributable to:				
Equity holders of the parent	2,209	(6,159)	708	(9,501)
Non-controlling interests	7	0	6	0
	<u>2,216</u>	<u>(6,159)</u>	<u>714</u>	<u>(9,501)</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)	0.26	(0.73)	0.08	(1.12)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2019 RM'000	Quarter ended 30/06/2018 RM'000	Period ended 30/06/2019 RM'000	Period ended 30/06/2018 RM'000
Net profit/(loss) for the period	<u>2,216</u>	<u>(6,159)</u>	<u>714</u>	<u>(9,501)</u>
Other comprehensive (loss)/income :				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference from translation of foreign operations	<u>(2,018)</u>	<u>(4,172)</u>	<u>(521)</u>	<u>1,822</u>
Total items that may be reclassified subsequently to the profit or loss	<u>(2,018)</u>	<u>(4,172)</u>	<u>(521)</u>	<u>1,822</u>
Total comprehensive loss for the period	<u>198</u>	<u>(10,331)</u>	<u>193</u>	<u>(7,679)</u>
Total comprehensive gain/(loss) for the period				
Attributable to:				
Equity holders of the parent	<u>198</u>	<u>(10,331)</u>	<u>193</u>	<u>(7,698)</u>
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
	<u>198</u>	<u>(10,331)</u>	<u>193</u>	<u>(7,679)</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2019 RM'000	Audited As at 31/12/2018 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,657	2,663
Investment properties	8,299	8,420
Investments in associates	6,168	6,187
Receivables, deposits and prepayments	476,009	699,221
Deferred tax assets	887	898
Deposits, cash and bank balances (restricted)	1,050	1,124
	<u>495,070</u>	<u>718,513</u>
CURRENT ASSETS		
Inventories	8,329	8,329
Receivables, deposits and prepayments	328,117	86,884
Tax recoverable	20	1,160
Deposits (restricted)	135	134
Deposits, cash and bank balances (non-restricted)	9,181	3,787
	<u>345,782</u>	<u>100,294</u>
LESS: CURRENT LIABILITIES		
Trade and other payables	237,690	227,420
Borrowings	121,424	184,277
Current tax liabilities	2,810	4,277
	<u>361,924</u>	<u>415,974</u>
NET CURRENT LIABILITIES	<u>(16,142)</u>	<u>(315,680)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>478,928</u>	<u>402,833</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	84,495	84,489
Reserves	(40,046)	(40,238)
	<u>44,449</u>	<u>44,251</u>
Non-controlling interests	(327)	(327)
TOTAL EQUITY	<u>44,122</u>	<u>43,924</u>
NON-CURRENT LIABILITIES		
Borrowings	431,637	355,762
Deferred tax liabilities	3,169	3,147
	<u>434,806</u>	<u>358,909</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u>478,928</u>	<u>402,833</u>
Net assets per share (RM)	<u>0.05</u>	<u>0.05</u>

The Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							Total Equity RM'000	
	Share Capital RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Accumulated Losses RM'000	Sub - total RM'000		Non-controlling interests RM'000
Six months to 30 June 2019									
Balance as at 1 January 2019	84,489	14,082	9,899	35,457	4,254	(103,930)	44,251	(327)	43,924
Profit for the period	-	-	-	-	-	708	708	6	714
Other comprehensive (loss)/income:									
Currency translation reserve	-	-	(515)	-	-	-	(515)	(6)	(521)
Transfer of warrants reserve upon expiry of warrants to retained earnings	-	(14,081)	-	-	-	14,081	-	-	-
Issue of shares upon exercise of warrants	6	(1)	-	-	-	-	5	-	5
Total comprehensive (loss)/income for the period	6	(14,082)	(515)	-	-	14,789	198	-	198
Balance as at 30 June 2019	84,495	-	9,384	35,457	4,254	(89,141)	44,449	(327)	44,122
Six months to 30 June 2018									
Balance as at 1 January 2018	84,489	14,082	11,342	35,457	4,254	(80,339)	69,285	(327)	68,958
Loss for the period	-	-	-	-	-	(9,501)	(9,501)	-	(9,501)
Other comprehensive income:									
Currency translation difference	-	-	1,803	-	-	-	1,803	19	1,822
Total comprehensive income/(loss) for the period	-	-	1,803	-	-	(9,501)	1,803	19	(7,679)
Balance as at 30 June 2018	84,489	14,082	13,145	35,457	4,254	(89,840)	61,587	(308)	61,279

* 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 2018.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 30/06/2019 RM'000	Year Ended 30/06/2018 RM'000
OPERATING ACTIVITIES		
Net profit/(loss) for the period attributable to equity holders of the Company	708	(9,501)
Adjustments for:		
Tax expense	1,106	6
Depreciation of property, plant and equipment	177	254
Depreciation of investment properties	121	71
(Accretion of interest)/diminution in carrying value of long term receivables	(12,530)	4,235
Interest income	(264)	(5,701)
Finance costs	23,058	4,913
Net unrealised (gain)/loss on foreign exchange	(277)	185
Non-controlling interests	(1)	-
Share of results of associates	19	934
	<u>12,117</u>	<u>(4,604)</u>
Changes in working capital :		
Receivables	(5,295)	(12,398)
Payables	8,183	11,695
Cash used in operations	15,005	(5,307)
Tax refund/(paid)	(6)	12
Net cash flows generated from/(used in) operating activities	<u>14,999</u>	<u>(5,295)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17)	-
Interest received from deposits and investments	1	341
Net cash flows (used in)/generated from investing activities	<u>(16)</u>	<u>341</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(17,394)	(3,188)
Proceeds from borrowings	7,834	5,515
Repayments of hire purchase creditors	(62)	(109)
Interest paid	-	(410)
Proceeds from issue of shares upon exercise of warrants	6	-
Upliftment of deposits pledged as security	-	3,387
Net cash flows (used in)/generated from financing activities	<u>(9,616)</u>	<u>5,195</u>
Net movement in cash and cash equivalents	5,367	241
Cash and cash equivalents at the beginning of the financial period	3,787	5,232
Currency translation differences	27	60
Cash and cash equivalents at the end of the financial period	<u>9,181</u>	<u>5,533</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

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1. Basis of Preparation

The condensed interim financial information is unaudited and has been prepared in accordance with the applicable disclosure requirements of the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") , requirements of the Companies Act 2016 ("CA 2016") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the condensed 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 2018.

The accounting policies and methods of computation adopted for the condensed interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following with effect from 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatment
Amendments to MFRS 128	Long-term Interests, in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to MFRSs	2015 - 2017 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 amendments to MFRSs which are effective for the financial period beginning on or after 1 January 2020. The Group did not early adopt these new amendments to the MFRSs.

Effective from financial year beginning on or after 1 January 2020

The Conceptual Framework for Financial Reporting (Revised 2018)

Effective date yet to be determined

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS128	Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associate/joint ventures

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2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 December 2018 contained a paragraph on material uncertainty related to going concern, as follows:

"We draw attention to Note 2 in the financial statements, which indicates that the Group and the Company incurred a net loss after taxation of RM23.6 million and RM106.8 million respectively for the financial year ended 31 December 2018 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM315.7 million and RM11.4 million respectively. These events and conditions, along with the other matters as set forth in Note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concerns. Our opinion is not modified in respect of this matter."

The Directors of the Company are of the opinion that the preparation of the financial statements of the Group for the period ended 30 June 2019 on a going concern basis remain appropriate given the following measures being taken and would be taken by the Group to address the material uncertainty relating to its going concern:

- Negotiate with bankers on repayment schedules of banking facilities;
- Monitor and manage the progress of its existing construction projects;
- Negotiate with subcontractors on the terms and timing of settlement payments for ongoing and completed projects;
- Actively pursue balance of tax refunds from the Indonesian tax authorities on a completed project; and
- The Group will continue to identify potential buyers for certain properties and inventories of the Group.

The Group had secured prospective buyers for the disposal of eight units of office lots at Wisma Zelan. These transactions are expected to be completed in Quarter 3 FY2019.

The Group has recognised proceeds from the International Islamic University Malaysia ("IIUM") project under the provisions of the Concession Agreement since 23 May 2019. The proceeds from this project have improved the Group's cash flow position.

The Group continues to actively bid for new projects and has taken measurements on cost cutting exercises to reduce any unnecessary overhead.

Based on the above, the Directors are of the view that the Group and the Company would be able to meet their liabilities and obligations as and when they fall due.

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.

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6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter except that the issued and paid up capital of the company was increased on 31 January 2019 by RM6,562.50 by way of allotment and issuance of 26,250 number of new ordinary shares of RM0.25 arising from the exercise of Zelan warrants 2014/2019.

7. Dividend

For the current financial quarter, no dividend has 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 2019 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	11,712	188	18,852	487	31,239
Less: Inter-segment sales	-	-	(11,272)	-	(11,272)
	<u>11,712</u>	<u>188</u>	<u>7,580</u>	<u>487</u>	<u>19,967</u>
Results					
Segment profit/(loss)	3,076	(14)	14,482	(819)	16,725
Finance costs	(1,378)	-	(12,421)	-	(13,799)
Share of results of associates	(16)	-	-	-	(16)
Profit/(loss) before zakat and taxation	1,682	(14)	2,061	(819)	2,910
Tax expense	(653)	-	-	(41)	(694)
Net profit/(loss) after zakat and taxation	<u>1,029</u>	<u>(14)</u>	<u>2,061</u>	<u>(860)</u>	<u>2,216</u>
Attributable to:					
Equity holders of the parent	1,022	(14)	2,061	(860)	2,209
Non-controlling interests	7	-	-	-	7
	<u>1,029</u>	<u>(14)</u>	<u>2,061</u>	<u>(860)</u>	<u>2,216</u>

The Group's revenue comprise the following:

	Quarter ended 30/06/2019 RM'000	Quarter ended 30/06/2018 RM'000
Revenue from contracts with customers	19,292	34,023
Rental income	675	337
	<u>19,967</u>	<u>34,360</u>

The Group's revenue from contracts with customers are all derived from within Malaysia and are recognised over time.

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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 except for the final award in respect of Meena Plaza Arbitration the arbitration dated 25 July 2019. Please refer to Note 18 (a) hereunder for further details.

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 2019, the Company had given guarantees amounting to RM18,495,000 (2Q FY2018: RM 17,730,000) 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 corresponding quarter last year

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Changes	Current	Preceding Year	Changes
	Quarter	Corresponding Quarter		Period To-date	Corresponding Period	
	30/06/2019 RM '000	30/06/2018 RM '000	Value RM '000	30/06/2019 RM '000	30/06/2018 RM '000	Value RM '000
Revenue	19,967	34,360	(14,393)	56,409	54,873	1,536
Operating profit/(loss)	14,982	(9,649)	24,631	24,620	(3,463)	28,083
Net foreign exchange gain/(loss)	1,743	4,332	(2,589)	277	(185)	462
Share of results of associates	(16)	(303)	287	(19)	(934)	915
Profit/(loss) before interest, zakat and taxation	16,709	(5,620)	22,329	24,878	(4,582)	29,460
Profit/(loss) before zakat and taxation	2,910	(6,818)	9,728	1,820	(9,495)	11,315
Profit/(loss) after zakat and taxation	2,216	(6,159)	8,375	714	(9,501)	10,215
Profit/(loss) attributable to ordinary equity holders of the parent	2,209	(6,159)	8,368	708	(9,501)	10,209

The Group's revenue of RM20.0 million for the current quarter ended 30 June 2019 was lower than RM34.4 million registered in the same quarter of FY2018 by RM14.4 million or 41.9%. The lower revenue in the current quarter is attributable to the Engineering and Construction business segment i.e. due to full recognition upon completion of the Drawbridge connecting Muara North and Muara South in Kuala Terengganu City Centre for the ECERDC ("Drawbridge"), project with completion date of 30 June 2019.

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12. Review of Performance (continued)

(i) Financial review for the current quarter and corresponding quarter last year (continued)

The Group reported a profit after zakat and taxation ("PAZT") of RM2.2 million in the current quarter under review compared to a LAZT of RM6.1 million in the corresponding quarter of FY2018, which is mainly attributable to a gross profit of RM4.3 million (2Q FY2018: gross loss of RM2.9 million), accretion in carrying value of long term receivables RM8.3 million (2Q FY2018: diminution of RM4.2 million) and unrealised foreign exchange gain from oversea subsidiaries of RM1.7 million (2Q FY2018: RM4.3 million) offset by a finance cost of RM13.5 million (2Q FY2018: RM2.0 million).

(ii) Financial review for the financial period to date and corresponding financial period last year

For the current financial period under review, the Group recorded total revenue of RM56.4 million, an increase of RM1.5 million or 2.7% as compared to the RM54.9 million recorded in the corresponding financial period last year. The Engineering and Construction business segment and Asset Facility Management segment contributed higher revenue in current financial period.

The Group posted PAZT of RM0.7 million for the current financial period under review, as opposed to a LAZT of RM9.5 million reported in the corresponding financial period mainly attributable to a higher gross profit of RM12.5 million (2018: RM1.5 million), higher other income of RM5.1 million (2018: RM0.4 million), accretion in carrying value on the long term receivables from IIUM project of RM12.5 million (2018: diminution in carrying value on the long term receivables from IIUM project of RM4.2 million) and offset by interest on borrowings of RM23.0 million (2018: RM4.9 million).

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

	Quarter ended 30/06/2019 RM '000	Quarter ended 31/03/2019 RM '000	Variance RM '000
<u>Revenue</u>			
Engineering and Construction	11,712	29,798	(18,086)
Property and Development	188	188	-
Asset Facilities Management	7,580	6,309	1,271
Investment	487	147	340
Total	19,967	36,442	(16,475)
<u>Profit/(loss) After Zakat and Taxation</u>			
Engineering and Construction	1,029	4,730	(3,701)
Property and Development	(14)	5	(19)
Asset Facilities Management	2,061	(5,569)	7,630
Investment	(860)	(668)	(192)
Total	2,216	(1,502)	3,718

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12. Review of Performance (continued)

(iii) Financial review for current quarter compared with immediate preceding quarter (continued)

In the current quarter ended 30 June 2019, the Group reported lower revenue by RM16.5 million or 45.2% compared to the immediate preceding quarter. The PAZT in the current quarter of RM2.2 million was higher by RM3.7 million or 247.5% as compared to the LAZT of RM1.5 million in the immediate preceding quarter.

The increase in PAZT is mainly due to accretion in carrying value on the long term receivables from IIUM project of RM8.3 million (1Q FY2019:RM4.2 million), higher other income of RM5.0 million (1Q FY2019 RM2.9 million) and a lower administrative and operating expenses of RM2.7 million (1Q FY2019 RM0.1 million) offset by higher interest in borrowings.

13. Current Year Prospects

The Group's revenue will be principally derived from the balance of the order book of SUKE project as well as the revenue from the availability charges and asset maintenance service charges from the IIUM Gambang project under the Supplemental Agreement with the Government of Malaysia and IIUM. The income from the IIUM Gambang project will enable the Group to have a stable income stream for the tenure of the concession.

Moving forward in light of the prevailing challenges in the construction industry, the Board will continue to manage the business with diligence and remain cautious of its future prospects. The Group is pursuing to secure new jobs whilst continuously implementing strategies to control costs.

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 30/06/2019 RM '000	Preceding year corresponding quarter 30/06/2018 RM '000	6 months ended 30/06/2019 RM '000	6 months ended 30/06/2018 RM '000
Malaysian income tax - current	671	(657)	1,084	9
Deferred tax	23	(2)	22	(3)
Tax expense/(credit)	<u>694</u>	<u>(659)</u>	<u>1,106</u>	<u>6</u>

The effective tax rate for the current quarter under review is higher than the statutory tax rate mainly due to certain expenses not being deductible for tax purposes

In Q2 FY2018, the tax credit for the quarter was attributable to the reversal of tax expense due to the losses incurred by a subsidiary company.

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16. Status of Corporate Proposals Announced

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

17. Borrowings

Details of the Group's borrowings as at 30 June 2019 are as follows:

As at 30.06.2019						
	Short term borrowings		Long term borrowings		Total borrowings	
	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	83,397	93,847	-	-	83,397	93,847
Islamic financing	-	27,459	-	431,425	-	458,884
Revolving credit	-	-	-	-	-	-
Unsecured						
Hire purchase	-	118	-	212	-	330
	83,397	121,424	-	431,637	83,397	553,061
^ Exchange rate: AED1 = RM1.1253						
As at 30.06.2018						
	Short term borrowings		Long term borrowings		Total borrowings	
	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	86,335	94,899	-	-	86,335	94,899
Islamic financing	-	51,740	-	367,867	-	419,607
Revolving credit	-	13,500	-	-	-	13,500
Unsecured						
Hire purchase	-	153	-	214	-	367
	86,335	160,292	-	368,081	86,335	528,373
^ Exchange rate: AED1 = RM1.0992						

18. Changes in Material Litigation

a) In relation to the project in Abu Dhabi, as disclosed in Note 30(ii) page 132 of the Audited Financial Statements, the Arbitral Tribunal issued its final award dated 25 July 2019 ("Award") to the parties, declaring inter-alia, as follows:-

- (a) ZHSB's termination of contract is valid;
- (b) The contract of Muqawala made between the parties has been terminated for the purpose of Article 892 of the UAE Civil Code of Contract;
- (c) The project's owner deduction of sums in respect of obsolete cladding and thermal insulation material, conveying materials and MEP material were wrongful;

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18. Changes in Material Litigation (continued)

- (d) The project owner reversal of Interim Payment Certificate (IPC) No. 51 by issuing IPC No. 51R is invalid and wrongfully issued;
- (e) The NCR No. 98, 119, 121, 123 (as qualified) and 97 (to the extent the remedial works do not relate to Basement 1 slabs) were invalid and/or wrongfully issued by the project owner; and
- (f) ZHSB is due an extension of time to 1 October 2015 for basement rectification works with no prolongation cost.

Accordingly, the Arbitral Tribunal awarded ZHSB as follows:

- (a) The sum of AED256.1 million (approximately RM284.8 million) which sum includes interest up to 1 June 2019;
- (b) Pre-award interest from 1 June 2019 until 25 July 2019 in the sum of AED0.05 million (RM0.06 million) ;
- (c) Parties' costs in the sum of AED8.4 million (RM9.3 million);
- (d) ICC costs of arbitration in the sum of USD0.6 million (RM0.7 million) ; and
- (e) Post-Award interest from on item (a), (c) and (d) at the rate of 9% per annum after the date of Arbitration Award until full payment of the Award.

- b) In relation to the project in Indonesia, as disclosed in Note 30 (ii) page 132 of the Audited Financial Statements, the Arbitral Tribunal issued final award dated 11 July 2019 ("Award") as follows:

- (a) ZHSB shall pay the subcontractor the sum of USD1.1 million (approximately RM4.5 million) with interest of 4.77% per annum from 3 July 2018 until the date of payment;
- (b) ZHSB shall pay the subcontractor the sum of USD0.1 million (approximately RM0.4 million) being late payment interest for the period from 19 November 2015 to 2 July 2018;
- (c) ZHSB shall pay the subcontractor's legal costs and expenses incurred in this arbitration fixed at SGD0.1 million (approximately RM0.3 million); and
- (d) ZHSB shall bear the costs of the arbitration in the amount of SGD0.6 million (approximately RM1.8 million).

- c) In relation to the project in Malaysia, as disclosed in Note 30 (c) (ii) page 133 of the Audited Financial Statements, the court had on 25 June 2019 allowed the application by the claimant to register the Award, with cost of RM4,000.00.

19. Earnings/(Loss) Per Share

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

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30/06/2019	Quarter ended 30/06/2018	Year ended 30/06/2019	Year ended 30/06/2018
Profit attributable to equity holders of the parent (RM'000)	2,209	(6,159)	708	(9,501)
Weighted average number of ordinary shares in issue ('000)	844,921	844,895	844,921	844,895
Basic earnings/(loss) per share (sen)	0.26	(0.73)	0.08	(1.12)

ZELAN BERHAD
(Company No:27676-V)

20. 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 2019.

By order of the Board

Yusrenawati binti Mohd Yusof
Secretary

Kuala Lumpur
22 August 2019