## PART A: Explanatory Notes Pursuant to MFRS 134

### 1. Basis of Preparation

The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting, 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 LR").

The condensed consolidated interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2018. These explanatory notes attached to the interim financial statements 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 year ended 30 June 2018.

These condensed consolidated interim financial statements were approved via Board of Directors' Resolution dated on 30th August 2019.

### 2. Changes in accounting policies

The financial statements of the Group for the quarter ended 30 September 2018 are the first set of interim financial report prepared in accordance with the MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 July 2018.

The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments have resulted in the following key changes to the financial statements:

**MFRS 9: Financial Instruments**

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

**2. Changes in accounting policies (contd.)**

**MFRS 9: Financial Instruments (contd.)**

(i) Classification and measurements

There is no significant impact on the statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets will continue to be held at fair value, quoted equity shares classified as available-for-sale ("AFS") will continue to record gains and losses in other comprehensive income ("OCI"). The equity shares in non-quoted companies are intended to be held for the foreseeable future and the Group will apply the option to present its fair value changes in OCI.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at Fair Value to Other Comprehensive Income and contract assets under MFRS 15 - Revenue from Contracts with Customers.

Upon application of ECL on receivables and contract assets as at 1 July 2018, the impairment has increased resulting in a reduction in the retained profits.

**MFRS 15: Revenue from Contracts with Customers**

MFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when control of the goods or services underlying the particular performance obligation is transferred to the customer.

## 2. Changes in accounting policies (contd.)

**MFRS 15: Revenue from Contracts with Customers (contd.)**

Upon adopting MFRS 15, our other receivables reduced by RM2.3 million because performance obligation is not satisfied. This adoption also resulted in reduction of both retainined earning and non-controlling interest of RM1.3 million and RM1 million respectively.

The Group had reassessed the total financial impact on the Group's financial statements upon adoption of MFRS 9 and MFRS 15 on 1 July 2018 and 1 July 2017 which have been summarised in the table below:-

**Financial impact**

| | As previously stated 30 June 2018 Audited RM'000 | Effect of adoption MFRS 15 in prior year RM'000 | Effect of adoption of MFRS 9 RM'000 | As Restated 1 July 2018 Unaudited RM'000 |
|---|---|---|---|---|
| Trade and other receivables | 109,607 | (2,300) | (21,977) | 85,330 |
| Contract Assets | 52,854 | - | (20,877) | 31,977 |
| Retained earnings | (153,251) | 1,265 | 42,854 | (109,132) |
| Non controlling interest | (105,663) | 1,035 | - | (104,628) |

| | As previously stated 30 June 2017 Audited RM'000 | Effect of adoption MFRS 15 RM'000 | As Restated 1 July 2017 Unaudited RM'000 |
|---|---|---|---|
| Trade and other receivables | 78,038 | (2,300) | 75,738 |
| Retained earnings | 7,018 | 1,265 | 8,283 |
| Non controlling interest | (93,542) | 1,035 | (92,507) |

## 3. Seasonality or cyclicality of operations

The business operations of the Group are not materially affected by any seasonal or cyclicality fluctuations during the quarter under review.

## 4. Unusual items due to their nature, size and incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 30 June 2019 except for the adoption of MFRS as mentioned above.

## 5. Changes in accounting estimate and judgement

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements.

### (a) Impairment of goodwill on consolidation

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and brands are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There is impairment on the goodwill on consolidation during the current quarter's result amounting to RM802,268.00.

### (b) Constructions contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts costs and property development costs incurred for work performed to date bear to the estimated total construction costs and property development costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs and property development costs incurred, the estimated total construction and property development revenue and costs, as well as the recoverability of the construction and property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

## 5. Changes in accounting estimate and judgement (contd.)

### (c) Useful life of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 7 to 10 years. These are common life expectancies applied in the construction industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

There is no material effect on the current quarter's result due to the changes in estimation of useful life.

### (d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

In the current quarter under review, the group has considered and account for impairment on the receivables.

## 6. Debt and equity securities

There were no issuances, cancellations, repurchases, re-sales and repayments of debt and equity securities for the current quarter under review. There were no share buy-back during the quarter.

## 7. Dividends paid

No interim ordinary dividend has been declared by Zecon Berhad for the financial period ended 30 June 2019.

## 8. Segmental Reporting

The segment revenue and segment results for business segments predominantly conducted in Malaysia for the financial period-to-date were as follows:

| | Construction | | Property Development | | Service Concession | | Property holding | | Others | | Adjustment and eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | | | | | | | | | | | | | | |
| External sales | 234,842 | 192,992 | 9,096 | 63,924 | 127,699 | 209,823 | - | - | 405 | 623 | - | - | 372,042 | 467,362 |
| Inter-segment sales | 3,758 | 103,335 | (4,656) | 16,959 | (60) | 917 | - | - | 384 | 1,152 | 574 | (122,363) | - | - |
| **Total Revenue** | **238,600** | **296,327** | **4,440** | **80,883** | **127,639** | **210,740** | **-** | **-** | **789** | **1,775** | **574** | **(122,363)** | **372,042** | **467,362** |
| **Segment (loss)/profit - Note A** | **(17,813)** | **(37,252)** | **2,452** | **(23,875)** | **30,285** | **43,424** | **25,759** | **123,894** | **(2,327)** | **(2,504)** | | | **38,356** | **103,687** |

**Note A**

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:-

| | 1.7.2018 to 30.06.2019 | 1.7.2017 to 30.06.2018 |
|---|---|---|
| | RM'000 | RM'000 |
| Segment profit | 38,356 | 103,687 |
| Share of profit in associate | (18) | 393 |
| Finance Cost | (42,385) | (29,212) |
| **(Loss)/profit before tax** | **(4,047)** | **74,868** |

**8. Segmental Reporting (cont'd)**

**(i) Construction Sector**

The sector continues to record construction revenue from Pan Borneo Highway - Phase 1 project and other existing projects. The sector losses is mainly due to costs escalation on existing projects.

**(ii) Property Development Sector**

The sector records profit for the year is due to the impact of sale of vista tunku shophouses.

**(iii) Property Holding Sector**

The property holding sector mainly consist of subsidiary that is holding investment properties. The segment profit recorded for current year is due to fair value gain on investment properties.

**(iv) Service Concession Sector**

At the end of current quarter, the sector contributed 34.32% to the total revenue of the Group.

The service concession are executed based on concession agreement with the Government of Malaysia and Universiti Kebangsaan Malaysia ("UKM") for the Children's Specialist Hospital located at UKM Campus.

**(v) Others**

Revenue and profit from other operations mainly consists of activities by the Group's Asset Management services.

## 9. Event after the Reporting Period

There are no other material events subsequent to the reporting date that have any material effect on the quarter ended 30 June 2019.

Without adjusting the quarterly financial statement, the Syndicated Term Financing arranged by Affin Hwang Investment Berhad in favour of Zecon Medicare Sdn Bhd ("Zecon Medicare"), a subsidiary of the Company has been fully settled on 30 April 2019, through the refinancing exercise in the form of Term Loan Facility of up to RM595,535,200 granted by MBSB Bank Berhad ("Refinancing Facility").

## 10. Changes in the composition of the Group

There is no change to the composition of the Group during the quarter under review except for the incorporation of two subsidiary companies, ExcelBuilt Engineering Sdn. Bhd. on 28th July 2018 and Saramax Land Sdn. Bhd. on 28 May 2019.

The Group also struck-off a subsidiary, TPS Medicare Sdn. Bhd. On 1st October 2018.

**11. Capital commitments**

There were no material capital commitments in respect of the Group that had arisen since 30 June 2018 till the date of this quarterly report.

**12. Change in contingent liabilities and contingent assets**

There were no material changes in the contingent liabilities or contingent assets since the last annual report date.

The Group acknowledge the contingent liabilities in respect of the corporate guarantees given to licensed banks by the holding company for the credit facilities granted to subsidiaries amounting to RM635,654,103 utilised or unutilised.

**13. Recurrent Related Party Transactions ("RRPT")**

The aggregate gross value of RPT for the period ended 30 June 2019 were as follows:

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | RM'000 | RM'000 |
| Aggregate gross value of RRPT | 2,341 | 1,305 |

The RRPT comprise transactions controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely Datuk Haji Zainal Abidin Bin Haji Ahmad, Haji Zainurin Bin Haji Ahmad and Haji Abg Azahari Abg Osman.

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

## 14. Fair value of instruments

Other than those disclosed below, the fair value of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amount due to the relatively short-term maturity of the financial instruments.

| | Carrying Amount | Fair value of financial instrument carried at fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total Fair Value |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **30 June 2019** | | | | | |
| **Financial Asset** | | | | | |
| Investment securities: | | | | | |
| - quoted shares | 109 | 109 | - | - | 109 |
| **30 June 2018** | | | | | |
| **Financial Asset** | | | | | |
| Investment securities: | | | | | |
| - quoted shares | 93 | 93 | - | - | 93 |

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**PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

## 15. Review of performance

### (a) Financial review for current quarter and financial year to date

| | Individual Period (4th quarter) | | | Cumulative Period | | |
|---|---|---|---|---|---|---|
| | CY quarter 30.06.2019 RM'000 | PYC Quarter 30.06.2018 RM'000 | changes % | CY to-date 30.06.2019 RM'000 | PYC period 30.06.2018 RM'000 | changes % |
| Revenue | 79,856 | 202,063 | -60% | 372,042 | 467,362 | -20% |
| Gross (loss)/profit | (14,304) | (38,693) | -63% | 7,978 | (27,864) | -129% |
| profit before interest and tax | 3,876 | 86,823 | -96% | 38,356 | 103,687 | -63% |
| (Loss)/profit before tax | (3,348) | 82,469 | -104% | (4,047) | 74,868 | -105% |
| (Loss)/profit after tax | (12,800) | 46,636 | -127% | (21,717) | 30,973 | -170% |
| (Loss)/profit attributable to the ordinary equity holders of the parent | (10,978) | 33,223 | -133% | (19,735) | 13,233 | -249% |

The gross profit recorded by the Group during the quarter was mainly contributed by the Hospital Pakar Kanak-Kanak (HPKK) project and the Pan Borneo project. HPKK project also contributed towards the significant amount under the Other Income of the Group.

For the 12 months cumulative period, the Group recorded lower revenue compared to the cumulative period of the immediate preceding year. This was due to the lower progress billings on projects during the financial period under review.

The Group has incurred a one-off cost amounting to RM8.2 million due to the refinancing of the HPKK facility.

**15. Review of performance (cont'd)**

**(b) Financial review for current quarter compare with immediate preceding quarter**

| | Current Quarter 30.06.2019 RM'000 | Immediate Preceding Quarter 31.03.2019 RM'000 | changes % |
|---|---|---|---|
| Revenue | 79,856 | 112,804 | -29.21% |
| Gross (loss)/profit | (14,304) | 14,790 | -196.71% |
| Profit before interest and tax | 3,876 | 17,381 | -77.70% |
| (Loss)/profit before tax | (3,348) | 2,754 | -221.57% |
| Loss after tax | (12,800) | (423) | 2926.00% |
| (Loss)/profit attributable to the ordinary equity holders of the parent | (10,978) | 5,730 | -291.59% |

The current quarter's result was also adversely affected by the impact on the increased in the percentage for the rate from 5% to 10% for Real Property Gains Tax (RPGT) involving the Fair Value Gain on the Group's Investment Properties recognized earlier . The same quarter also accounted for some impairment involving the Group's project despite the on-going discussion on the finalization of the project's account

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**16. Commentary on prospects**

The Group's revenue is still expected to be derived from Pan Borneo Highway Phase 1 Project, Universiti Kebangsaan Malaysia ("UKM") Children's Specialist Hospital Project and also the contract with Petronas Gas Berhad.

The Group is planning to undertake a private placement exercise of up to 30% of the total number of issued shares of Zecon Berhad as part of its fund raising activities.

The Group's Business Development Unit is also actively participating in tender for new projects particularly those in the State of Sarawak besides working on the internal development on the existing land bank.

**17. Profit forecast or profit guarantee**

The Group has not announced any profit forecast or profit guarantee for the current financial year in any public document and hence this information is not applicable.

**18. Income Tax Expense**

| | **Current Quarter 3 months ended** | | **Cumulative Quarter 12 months ended** | |
|---|---|---|---|---|
| | **30 June 2019** | **30 June 2018** | **30 June 2019** | **30 June 2018** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current tax : | | | | |
| Malaysian income tax | 829 | 13 | 1,541 | 123 |
| Under provision in prior years | (116) | 43 | (129) | (201) |
| | 713 | 56 | 1,412 | (78) |
| Deferred tax | | | | |
| Relating to origination and reversal of temporary differences | 8,737 | 35,777 | 16,256 | 43,973 |
| Over provision in prior year | 2 | - | 2 | - |
| | 9,452 | 35,833 | 17,670 | 43,895 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

**19. Status of corporate proposals**

There were no new corporate proposals during the financial quarter except for the finalization of the private placement exercise involving up to 10% of the total number of issued shares.

**20. Borrowings**

| | Currency denomination | Unaudited 30 June 2019 RM'000 | Audited 30 June 2018 RM'000 | Unaudited 31 December 2017 RM'000 |
|---|---|---|---|---|
| **Short term borrowings** | | | | |
| Secured | RM | 613,592 | 466,805 | 113,525 |
| Unsecured | RM | - | - | - |
| | | **613,592** | **466,805** | **113,525** |
| **Long term borrowings** | | | | |
| Secured | RM | 1,334 | 2,852 | 259,903 |
| Unsecured | RM | - | - | - |
| | | **1,334** | **2,852** | **259,903** |
| **TOTAL BORROWINGS** | | **614,926** | **469,657** | **373,428** |

**21. Off balance sheet financial instruments**

As at the date of this report, there are no financial instrument with off balance sheet risks entered into by the Group.

**22. Derivative financial instruments**

The Group does not have any outstanding financial derivatives as at 30 June 2019.

**23. Gains/Losses arising from fair value changes of financial liabilities**

There were no material gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 June 2019.

**24. Material Litigation**

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group and the Directors of the Company are not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group, except for the following:-

a) Arbitration in KLRCA (Kuala Lumpur Regional Centre of Arbitration) between POSCO Engineering Co. Limited and Zecon Engineering & Construction Sdn Bhd. - To date, ZEC has submitted Datuk Anantham's name , a retired judge to be the arbitrator. POSCO has yet to submit their choice of arbitrator.

**24. Material Litigation (cont'd)**

b) Arbitration in Asian International Arbitration Centre (AIAC) between PT Wijaya Karya (PERSERO) TBK and Zecon Berhad. On 18th April 2019, Arbitrator Tan Swee Im has been appointed by AIAC after both the Claimant and Respondent agreed to the selection. The first preliminary meeting was held on 24th May 2019. Zecon received the Claimant's Statement of Claimand Bundleof Document on 12th July 2019. Zecon has until 3rd September 2019 to submit the Statement of Defence.

c) The Company has received a notice dated 7 September 2018 from the Syndicated Lenders ("SL") of the Hospital Petra Jaya Project, Kuching, Sarawak notifying that an event of default for payment of principal and interest of the financing facilities has occurred.

Referring to letter dated 26 September 2018, Messrs Battenberg & Talma acting for Affin demanded the repayment for the said amount from Zecon Berhad as well as Zecon Capital Ventures Sdn Bhd ("ZCVSB") being a security party in respect of the facility.

By a writ of summons dated 29 October 2018, the lenders file an action in the High Court of Sabah and Sarawak at Kuching against Zecon Berhad for the repayment of the amount stated above. We have appointed a lawyer to enter appearance and handle the matter.

The Company had on 11 December 2018 filed a Defence and Counter Claim related to the Writ of Summons served by the SL. The Court has fixed for mention on the 9th January 2019. SL through their solicitor has requested for an extension of two weeks from 9 January 2019.

On 11 February 2019, the Company via its Solicitors filed at the High Court the Application of Rejoinder and on 28 February 2019 via its subsidiary Zecon Capital Venture Sdn Bhd file at the High Court the Application as Applicant/Intended Intervener to intervene in this suit.

The Court fixed mention on 28 June 2019 adjourned the mention to 26 July 2019. The mention date was then rescheduled to 9 August 2019.

On 9 August 2019, at the mention, the Court rejected the Company's application to intervene. On 19 August 2019, Solicitors of SL filed at the High Court two applications namely Application for Summary Judgement and Application to strike out the Company's Counterclaim. The Court has fixed the mention on 4 October 2019.

ZCVSB, a subsidiary of Zecon has received an Originating Summons on 13 November 2018 related to the foreclosure of a land described as Lot 14, Block 16, Salak Land District. In response, the Company has submitted an Affidavit in Opposition on 5 April 2019. The Court has fixed the mention date on 29 April 2019. The Court had adjourned the application to 29 May 2019 for further mention pending filing and service of ZCVSB's Affidavit in Reply.

On 3 May 2019, the Court granted our application for the Rejoinder. With regards to the Originating Summons related to the foreclosure of the land, the Court gave following directions:-

i) parties to file and serve written submission by 24 May 2019, and

ii) parties to file written submission in reply by 31 May 2019.

Accordingly mention date was adjourned to 11 June 2019 to monitor case status
On 11 June 2019, the Court adjourned the mention date to 26 July 2019 and directed all parties to file Executive Summary of argument by 8 August 2019. The matter was fixed for ruling on 11 September 2019.

d) The Injunction against the Government of Malaysia (GOM) to restrain JKR from liquidating the Bank Guarantee (BG) for perfomance bond amounting to RM24.75 million was ultimately decided in favour of Zecon.

**24. Material Litigation (cont'd)**

e) The Company had on 21 August 2018 served on the JKR/GOM the Notice of Arbitration claiming an amount of RM155,990,920.51.

f ) To-date, the company's solicitor has on 13 May 2019, wrote to the Director of AIAC to appoint a new arbitrator to replace the existing arbitrator who had been appointed Director of AIAC. On 12 June 2019, Arbitrator Chu Ai Li has been appointed after agreement was reached by all parties. The arbitrator has given parties her schedule. Hearing is expected to begin on 15 June 2020 after claimant has served the statement of claim and respondent has filed the statement of defense. Parties are to identify and appoint expert witnesses and the arbitrator wants parties to arrange a site visit before the hearing.

g) Zecon had on 7 March 2019, filed a Payment Claim under the Construction Industry Payment And Adjudication Act 2012 against the Government of Malaysia (GOM) and Jabatan Kerja Raya (JKR). On 29 March 2019, a Claim Consultant MAC Consultant was appointed to represent Zecon and served to the Arbitrator the written Adjudication Claim, Bundle of documents and authorities on 26 June 2019 accordingly. On 8 August 2019, JKR submitted the Respondent's Adjudication Response, Bundle of Document and Autorities. MAC on 20 August 2019 served to the Arbitrator and GOM the Adjudication Reply, Bundle of Document and authorities maintaining the claim's amount at RM55,212,577.54.

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## 25. Additional disclosure on profit for the year

The following amounts have been included in arriving at profit/(loss) before taxation:

| | Current Quarter 3 months ended | | Cumulative Quarter 12 months ended | |
|---|---|---|---|---|
| | 30 June 2019 | 30 June 2018 | 30 June 2019 | 30 June 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amortization of prepaid land lease payment | 1 | 1 | 3 | 3 |
| Bad Debt written off | 65 | 463 | 65 | 463 |
| Bad Debt Recovered | - | - | - | (440) |
| Depreciation of property, plant and equipment | 715 | 521 | 2,183 | 2,413 |
| Gain on disposal of property, plant and equipment | (396) | (28) | (977) | (3,925) |
| Fair value (gain) on investment properties | (34,840) | (133,541) | (34,840) | (133,541) |
| Interest expense | 7,204 | 4,633 | 42,385 | 29,213 |
| Interest income | 4,524 | (8,035) | (27,090) | (24,046) |
| Impairment on receivables | 716 | 785 | 952 | 931 |
| Impairment of inventories | - | 316 | 200 | 316 |
| Impairment on contract costs | - | 75,581 | 385 | 75,581 |
| Impairment on goodwill | 802 | - | 802 | |
| Rental income | - | (4) | (353) | (243) |
| Reversal on impairment on receivables | - | (312) | - | (407) |
| Waiver by Payables | - | (71) | - | (221) |
| Share of result of associate | | | | |
| Loss/(Gain) on foreign exchange | - | (5) | 1 | (4) |

## 26. Dividend payable

The Board of Zecon Berhad has not declared any interim dividend in the current quarter in respect of the financial period ending 30 June 2019.

## 27. Earnings Per Share

| | Current Quarter 3 months ended | | Cumulative Quarter 12 months ended | |
|---|---|---|---|---|
| | 30 June 2019 | 30 June 2018 | 30 June 2019 | 30 June 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Net profit/(loss) attributable to equity holders of the company** | (10,978) | 33,223 | (19,735) | 13,233 |
| **Weighted average number of ordinary shares in issue **** | 131,017 | 125,061 | 131,017 | 128,039 |
| **Basic earnings per ordinary share for profit for the year (sen)** | (8.38) | 26.57 | (15.06) | 10.34 |
| **Weighted average number of ordinary shares for diluted earning per share computation **** | 131,017 | 125,061 | 131,017 | 128,039 |
| **Diluted earnings per ordinary share for profit for the year (sen)** | (8.38) | 26.57 | (15.06) | 10.34 |

## 28. Auditors' report in preceding annual financial statements

The auditor has express material uncertainty related to going concern on the audited financial statements for the financial year ended 30 June 2018.

## 29. Authorisation for Issue

The interim financial statements were authorized for issue via Board of Directors' Resolution dated on 30th August 2019.

By order of the Board

Koh Fee Lee
(MAICSA 7019845)
Dated 30/08/2019