



ZECON BERHAD
(Incorporated in Malaysia)

Company No: 198501002015 (134463-X)

FINANCIAL REPORT
for the financial period ended 31 December 2020

ZECON BERHAD
Company No: 198501002015 (134463-X)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	1.10.2020 to 31.12.2020 Unaudited RM '000	1.10.2019 to 31.12.2019 Unaudited RM '000	1.7.2020 to 31.12.2020 Unaudited RM '000	1.7.2019 31.12.2019 Unaudited RM '000
Revenue	119,748	153,864	199,038	323,759
Cost of sales	(112,376)	(140,323)	(190,334)	(270,789)
Gross profit	7,372	13,541	8,704	52,970
Other income	16,131	13,621	28,674	25,343
Administrative expenses	(2,264)	(5,790)	(8,064)	(12,417)
Other expenses	(180)	(6)	(170)	(257)
Profit from operations	21,059	21,366	29,144	65,639
Finance costs	(17,122)	(12,863)	(30,983)	(25,887)
Share of profit of associates	-	(46)	-	(8)
Profit/(Loss) before taxation	3,937	8,457	(1,839)	39,744
Income tax expense	(1,938)	(2,326)	(2,923)	(3,965)
Profit/(Loss) after taxation	1,999	6,131	(4,762)	35,779
Other comprehensive income	144	(7)	220	(7)
Total comprehensive income/(expense)	2,143	6,124	(4,542)	35,772
(Loss)/Profit attributable to:				
Owners of the parent	(1,269)	5,062	(7,555)	34,033
Non controlling interest	3,268	1,069	2,793	1,746
	1,999	6,131	(4,762)	35,779
Total comprehensive (expense)/income attributable to:				
Owners of the parent	(1,108)	5,055	(7,335)	34,026
Non controlling interest	3,251	1,069	2,793	1,746
	2,143	6,124	(4,542)	35,772
Earnings per share attributable to owners of the parent (sen per share)				
Basic	(0.88)	3.51	(5.24)	23.61

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Company No: 198501002015 (134463-X)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2020 Unaudited RM'000	30 June 2020 Audited RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,354	2,454
Right-of-use assets	6,569	7,516
Inventories	10,669	10,669
Investment properties	596,088	596,088
Other investments	1,425	1,536
Trade and other receivables	835,584	731,917
	<u>1,452,689</u>	<u>1,350,180</u>
Current assets		
Inventories	8,743	8,743
Contract assets	2,237	2,222
Trade and other receivables	210,903	213,141
Deposits with licensed banks	6,892	6,880
Cash and bank balances	10,430	20,892
	<u>239,204</u>	<u>251,878</u>
TOTAL ASSETS	<u>1,691,893</u>	<u>1,602,058</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	132,247	132,247
Other reserves	-	(220)
Retained earnings	116,539	124,094
	<u>248,786</u>	<u>256,121</u>
Non controlling interest	113,885	111,092
Total equity	<u>362,671</u>	<u>367,213</u>

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2020 Unaudited RM'000	30 June 2020 Audited RM'000
Non-current liabilities		
Lease liabilities	4,810	5,354
Trade and other payables	52,258	63,003
Deferred tax liabilities	55,713	52,835
	112,782	121,192
Current liabilities		
Borrowings	813,000	789,544
Lease liabilities	1,605	1,733
Contract liabilities	56	61
Trade and other payables	363,855	283,917
Current tax liabilities	37,924	38,398
	1,216,440	1,113,653
Total liabilities	1,329,222	1,234,845
TOTAL EQUITY AND LIABILITIES	1,691,893	1,602,058

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Company No: 198501002015 (134463-X)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company				Total equity attributable to owners of the parents RM'000	Non controlling interests (NCI) RM'000	Total equity RM'000
	Non-Distributable		Distributable	Retained earnings RM'000			
	Share capital RM'000	Exchange reserve RM'000	Other reserve RM'000				
Financial Period Ended 31 December 2019							
Balance as at 1 July 2019	128,972	(14)	(236)	88,159	216,881	102,297	319,178
Profit After Taxation for the Financial Period	-	-	-	34,033	34,033	1,746	35,779
Other Comprehensive Income	-	-	(7)	-	(7)	-	(7)
Issuance of shares	3,275	-	-	-	3,275	-	3,275
Closing balance as at 31 December 2019	132,247	(14)	(243)	122,192	254,182	104,043	358,225
Financial Period Ended 31 December 2020							
Balance as at 1 July 2020	132,247	-	(220)	124,094	256,121	111,092	367,213
Loss After Taxation for the Financial Period	-	-	-	(7,555)	(7,555)	2,793	(4,762)
Other Comprehensive Income	-	-	220	-	220	-	220
Closing balance as at 31 December 2020	132,247	-	-	116,539	248,786	113,885	362,671

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	1.7.2020 to 31.12.2020 Unaudited RM '000 6 months	1.7.2019 31.12.2019 Unaudited RM '000 6 months
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,839)	39,744
Adjustments for :		
Bad debt written off	-	96
Depreciation of property, plant and equipment	256	390
Depreciation of rigs-of-use assets	873	402
Gain on disposal of property, plant and equipment	(69)	(1,202)
Interest expense	30,983	25,887
Interest income	(28,065)	(22,122)
Impairment on receivables	-	250
Impairment written back on receivables	(10)	(132)
Unrealised loss on foreign exchange translation	(3)	1
Waiver of payables	(77)	(95)
Share of results of associates	-	8
Operating profit before working capital changes	2,049	43,227
Increase in contract assets	(103,665)	(147,139)
Decrease in inventories	-	1,193
Decrease/(increase) in receivables	2,247	(61,231)
Increase in payables	69,235	124,269
Cash for operations	(30,134)	(39,681)
Interest paid	(9,563)	(19,810)
Interest received	28,065	22,122
Taxation paid, net of refund	(519)	(996)
Net cash for operating activities	(12,151)	(38,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(134)	(24)
Proceeds from disposal of other investment	233	-
Proceeds from disposal of property, plant and equipment	13	1,202
Decrease in pledged fixed deposits with licensed banks	(63)	431
Net cash from investing activities	49	1,609

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(5,501)	(3,794)
Repayment of lease liabilities	(631)	(607)
Proceeds from drawdown of term loan	7,720	42,728
Proceeds from issuance of ordinary share capital	-	3,275
Net cash from financing activities	1,588	41,602
Net (decrease)/increase in cash and cash equivalents	(10,514)	4,846
Cash and cash equivalents at the beginning of the period	20,944	18,165
Cash and cash equivalents at the end of the period	10,430	23,011

Cash and cash equivalents comprise of the following:-

Deposits with licensed banks	6,892	7,314
Cash and bank balances	10,430	22,526
	17,322	29,840
Less : Deposits pledged to licensed banks	(6,892)	(6,829)
	<u>10,430</u>	<u>23,011</u>

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2020. 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 2020.

2. Changes in accounting policies

The accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 30 June 2020 except for the adoption of the following new standards, amendments to published standards and interpretation that are effective for the Group's financial year beginning on or after 1 July 2020 and applicable to the Group as follows:

- Amendments to MFRS 3 : Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7 : Interest Rate Benchmark Reform
- Amendments to MFRS 16 : Covid-19-Related Rent Concessions
- Amendments to MFRS 101 and MFRS 108 : Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of these amendments and interpretation does not result in any significant change to the accounting policies and do not have material impacts to the Group's financial statements upon their initial application.

3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclicity 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 31 December 2020.

5. Changes in accounting estimate and judgement

There were no major changes in estimates that have a material effect on the results for the financial period ended 31 December 2020.

6. Debt and equity securities

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

7. Dividends

The Board of Zecon Berhad has not declared any interim dividend in the current quarter in respect of the financial period ended 31 December 2020.

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8. Segmental Reporting

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

	Construction		Property Development		Property Holding		Service Concession		Others		Adjustment and eliminations		Total		
	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	1.7.20 to 31.12.20	1.7.19 to 31.12.19	
	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	122,925	232,850	-	1,429	-	-	76,084	89,328	29	152	-	-	199,038	323,759	
Inter-segment sales	591	(208)	-	-	-	-	(804)	256	(23)	-	236	(48)	-	-	
Total Revenue	123,516	232,642	-	1,429	-	-	75,280	89,584	6	152	236	(48)	199,038	323,759	
Segment (loss)/profit	(3,180)	39,065	(184)	1,724	(571)	-	33,829	30,429	(750)	(5,579)			29,144	65,639	
													Finance cost	(30,983)	(25,887)
													Share of profit in associate	-	(8)
													Profit before taxation	(1,839)	39,744
Segment Assets	461,586	562,772	48,184	51,177	593,601	590,926	914,711	697,297	24,858	37,209	(351,047)	(337,322)	1,691,893	1,602,058	
Segment Liabilities	524,194	596,107	56,890	60,444	376,793	374,109	841,291	643,510	71,966	80,488	(541,912)	(519,813)	1,329,221	1,234,845	

8. Segmental Reporting (continued)

(a) Construction Sector

The sector continues to record construction revenue from Pan Borneo Highway - Phase 1 project and other existing projects.

(b) Service Concession

The service concession is 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.

(c) 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 31 December 2020.

10. Changes in the composition of the Group

The Group incorporated three new subsidiaries namely Zecon RE Sdn. Bhd. on 22 September 2020, Zecon Hotel Sdn. Bhd. and Serveco Sdn. Bhd. on 28 September 2020.

One of the subsidiaries changed its name from Top FMS Sdn. Bhd. to Zecon Capital Sdn. Bhd. on 30 September 2020.

11. Capital commitments

There were no material capital commitments in respect of the Group that had arisen since 30 June 2020 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 RM 654,344,222 utilised or unutilised.

13. Recurrent Related Party Transactions (“RRPT”)

The year-to-date aggregate gross value of RRPT was as follows:

	31 December 2020 RM'000	31 December 2019 RM'000
Aggregate gross value of RRPT	462	468

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.

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.

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

14. Review of performance

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

	Individual Period (1st quarter)			Cumulative Period		
	CY quarter	PYC Quarter	Changes	CY to-date	PYC period	Changes
	31.12.20	31.12.19		31.12.20	31.12.19	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	119,748	153,864	-22.2%	199,038	323,759	-38.5%
Gross profit	7,372	13,541	-45.6%	8,704	52,970	-83.6%
Profit from operations	21,059	21,366	-1.4%	29,144	65,639	-55.6%
Profit/(Loss) before taxation	3,937	8,457	-53.4%	(1,839)	39,744	> -100%
Profit/(Loss) after taxation	1,999	6,131	-67.4%	(4,762)	35,779	> -100%
(Loss)/Profit attributable to the ordinary equity holders of the parent	(1,269)	5,062	> -100%	(7,555)	34,033	> -100%

The gross profit recorded by the Group in the current quarter was mainly contributed by the Hospital Pakar Kanak-Kanak Universiti Kebangsaan Malaysia (“HPKK”) and Pan Borneo project. HPKK project also contributed towards the significant amount under the Other Income of the Group.

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

	Current Quarter	Immediate Preceding Quarter	Changes
	31.12.20	30.09.20	Changes
	RM'000	RM'000	%
Revenue	119,748	79,290	51.0%
Gross profit	7,372	1,332	> 100%
Profit from operations	21,059	8,085	> 100%
Profit/(Loss) before taxation	3,937	(5,776)	> -100%
Profit/(Loss) after taxation	1,999	(6,761)	> -100%
Loss attributable to the ordinary equity holders of the parent	(1,269)	(6,286)	-79.8%

HPKK and Pan Borneo projects contributed to the gross profit in both quarters.

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15. Commentary on prospects

The issuance of the Certificate of Acceptance by Universiti Kebangsaan Malaysia on 31 December 2020 marked the successful completion of our HPKK project. It will definitely spell improvement in the cash flow position of the Group as a whole.

Moving forward, the Group is in the midst of planning fund-raising exercises to address the Group's financial position.

16. Profit forecast or profit guarantee

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

17. Income Tax Expense

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	(35)	478	41	547
Prior year	(19)	-	(6)	-
	(54)	478	35	547
Deferred tax				
Relating to origination and reversal of temporary differences	1,992	1,848	2,878	3,418
	1,992	1,848	2,878	3,418
Real property gain tax	-	-	10	-
TOTAL	1,938	2,326	2,923	3,965

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

18. Status of corporate proposal

On 28 February 2020, UOB Kay Hian Securities Sdn Bhd (“UOBKH”) on behalf of the Board of Directors of Zecon (“Board”), announced that the Company proposed to undertake the following:-

- (i) a renounceable rights issue of up to 576,473,700 new irredeemable convertible preference shares in Zecon ("ICPS") on the basis of 4 ICPS for every 1 existing ordinary share in Zecon ("Zecon Share(s)" or "Share(s)") held on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue of ICPS");
- (ii) amendments to the Constitution of the Company to facilitate the Proposed Rights Issue of ICPS ("Proposed Amendments"); and
- (iii) establishment of an employees' share option scheme of up to 15% of the total number of issued shares of Zecon at any point in time ("Proposed ESOS").

Collectively referred to as the “Proposals”

On 8 April 2020, UOBKH on behalf of the Board, announced that the listing application in relation to the Proposals has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”).

On 21 May 2020, UOBKH on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 May 2020, resolved to approve the following:

- (i) admission to the Official List and listing and quotation of up to 576,473,700 ICPS to be issued pursuant to the Proposed Rights Issue of ICPS;
- (ii) listing and quotation of up to 576,473,700 new Zecon Shares to be issued arising from the conversion of the ICPS; and
- (iii) listing and quotation for such number of new Zecon Shares, representing up to 15% of the total number of issued shares of Zecon (excluding treasury shares, if any) to be issued pursuant to the Proposed ESOS.

18. Status of corporate proposal (continued)

The approval by Bursa Securities is subject to the following conditions:-

- (i) Zecon and UOBKH must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposals;
- (ii) Zecon and UOBKH to inform Bursa Securities upon the completion of the Proposed Rights Issue of ICPS;
- (iii) Zecon and UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of ICPS is completed;
- (iv) UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS;
- (v) Zecon to furnish Bursa Securities on a quarterly basis a summary of the total number of ordinary shares listed pursuant to the conversion of ICPS as at the end of each quarter together with a detailed computation of the listing fees payable; and
- (vi) Zecon to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.

On 9 June 2020, an application was submitted to Bursa Securities to seek its approval for an extension of time for the Company to issue the circular pertaining to the Proposals to its shareholders. On 19 June 2020, Bursa Securities had resolved to grant Zecon an extension of time until 26 June 2020 for the issuance of circular pertaining to the Proposals.

On 17 July 2020, all resolutions set out in the Notice of Extraordinary General Meeting ("EGM") dated 24 June 2020 were dully passed by way of poll at EGM.

On 4 November 2020, an application was submitted to Bursa Securities to seek its approval for an extension of time of approximately six months for the Company to implement the Proposals. On 24 November 2020, Bursa Malaysia had resolved to grant Zecon an extension of time until 19 May 2021 to implement the Proposals.

19. Borrowings

	31 December 2020	30 June 2020
	RM' 000	RM' 000
Short term borrowings		
<u>Secured</u>		
- Term loans	682,556	660,552
- Revolving credit	99,303	90,560
- Ijarah facility	31,141	38,432
TOTAL BORROWINGS	813,000	789,544

20. Off balance sheet financial instruments

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

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2020.

22. 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 financial period ended 31 December 2020.

23. 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 between POSCO Engineering Co. Limited and Zecon Engineering & Construction Sdn Bhd (“ZEC”);

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. There has been no development since.

- (b) Arbitration between PT Wijaya Karya (Persero) Tbk (“WIK”) and Zecon Berhad (“ZB”);

Hearing has commenced on 10 to 14 February 2020, 24 to 28 February 2020, 16 March 2020, 15 to 17 April 2020, 27 May 2020, 3 to 6 June 2020, 8 to 10 June, 22 and 23 June and in 2 July 2020. Following the re-examination of witnesses on 2 July 2020, the Court directed the parties to exchange written closing submissions simultaneously; first round of closing submissions by 17 August 2020 and second round of closing submissions by 11 September 2020. On 21 October 2020, the Arbitrator directed both parties to file submission to address tribunal inquiries by 19 November 2020.

On 25 January 2021, parties received the Final Award from the Arbitrator, rewarding RM 4,617,471.70 together with interest to Wika. ZB has decided to appeal to the High Court against the arbitrator’s decision.

23. Material litigation (continued)

(c) Kuching High Court Suits between:

(i) Affin Hwang Investment Bank Bhd & 2 Others vs. Zecon Berhad

The Plaintiff applied for summary judgement and to strike out the Company's counterclaim which was scheduled on for decision on 13 February 2020 was adjourned to 26 March 2020. But because of the MCO, the Court re-scheduled the decision to 5 May 2020, then to 14 May 2020, then to 16 June 2020 and then to 18 June 2020 and finally to 15 July 2020, when the Court orally granted the Plaintiffs' summary judgement and dismissed Defendant's application to strike out the Plaintiffs' application for summary judgement. The Defendant has directed its solicitors to file an appeal at the Court of Appeal. Now awaiting for judge to reduce his decision in writing before lodging the appeal. On 23 September 2020 the Court heard the matter to settle the terms of the draft orders, as both parties failed to reach agreement, the Court fixed matters for hearing on 7 October 2020. On 7 October 2020, the Deputy Registrar informed all parties that the matter will be referred to the Judge for decision. No date has been fixed.

(ii) Affin Hwang Investment Bank Bhd (Affin) vs. Zecon Capital Ventures Sdn Bhd (now "Huang Hong Sdn Bhd" or "Huang Hong")

Following the order for sale of the charged land granted by the Court in favour of Affin, Huang Hong had instructed its solicitors to prepare and file the memorandum of appeal and other required documents within 90 days as required. Meantime, solicitors for Huang Hong had filed at the High Court the Application For Stay of Execution And Proceedings against the order of sale on 11 October 2019. The Court has adjourned the application for stay to 9 December 2019. On 9 December 2019, the Court fixed case management on 14 January 2020 whereon the Court gave directive to file and exchange written submission on 10 February 2020 and submission in reply on 24 February 2020. The Court also fixed hearing on 3 March 2020.

On 3 March 2020, the Court set 14 April 2020 for Huang Hong's application for Stay of Execution and because of the MCO, the Court made a decision via e-ruling and dismissed Huang Hong's said application for Stay.

Huang Hong prepared a motion to the Appeal Court to appeal the High Court's decision. Plaintiff filed a notice of application to appoint a real estate agent to conduct a public tender of Huang Hong's land, to fix the reserve price of the land at RM187,475,000.00 and for other directions. The notice was fixed for hearing on 24 June 2020.

On 24 June 2020, the Court of Appeal dismissed Huang Hong's motion to appeal.

Meanwhile, the High Court had, on 24 June 2020, granted the Plaintiffs' application for directive for the sale of the land and fixed the tender for sale on 11 November 2020.

On 11 November 2020, there was no tender bid received.

23. Material litigation (continued)

On 9 Dec 2020, Affin filed an application to fix the reduced Reserved Price for Lot 14 at RM 168,727,500. On 20 Jan 2021, Court granted Affin's application and set tender at 10am on 7 April 2021.

On 27 January 2021, the Court of Appeal set HH's appeal for case management via e-review on 18 February 2021. On 18 February 2021, the Court of Appeal fixed the appeal for hearing on 26 August 2021.

(iii) Huang Hong Sdn Bhd (HH) vs Affin Hwang Investment Bank Bhd & 2 Others ('Affin')

On 29 October 2019, Huang Hong filed Writ and Statement of Claim against Affin. On 27 February 2020 Affin file application to Strike Out Huang Hong's Writ and Statement of Claim. On 23 February 2021, the Court dismissed Affin's application to Strike Out Huang Hong's Writ and Statement of Claim with cost of RM5,000.

(d) Arbitration between Zecon Berhad and JKR/Government of Malaysia ("GOM");

On 14 June 2019, the AIAC has appointed Mdm Chu Ai Li as new arbitrator. The new arbitrator has given a schedule to the parties, inter alia, to submit the Company's statement of claim (scheduled on 26 August 2019) and thereafter a statement of defence by JKR/GOM represented by the AG's Chambers ("AGC"). Parties are to identify and name their expert witnesses and hearing is scheduled to commence on 15 June 2020.

On 3 September 2019, the Company had, via its solicitors, filed the Statement of Claim amounting to RM207,217,199.93.

The AGC had filed its Statement of Defense on 24 October 2019 and the Company had replied to the Statement of Defense on 9 December 2019.

Pursuant to a tele-conference between our solicitors, the AGC and the Arbitrator on 30 June 2020, the hearing dates for arbitration are (a total of 20 days) 6 to 8 January 2021, 11 to 13 January 2021, 25 to 27 January 2021, 2 to 5 February 2021, 8 to 10 February 2021 and 1 to 3 March 2021.

By a letter dated 16 October 2020, the AGC had written to our solicitors requesting postponement of submission dates of documents and of the hearing dates, citing lack of personnel, imposition of CMCO in KL and Selangor and the mandatory quarantine imposed by the State of Sarawak on all Malaysians entering Sarawak. We instructed our solicitors to object to the request. However on 24 November 2020, after having communicated to the AGC and our solicitors, the Arbitrator had taken the decision to adjourn the hearing dates to 24 to 28 May 2021, 8 to 11 June 2021, 21 to 25 June 2021, 5 to 7 July 2021 and 17 to 20 August 2021.

ZECON BERHAD
Company No: 198501002015 (134463-X)

24. Additional disclosure on profit for the year

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

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Bad Debt written off	-	5	-	96
Depreciation of property, plant and equipment	142	189	256	390
Depreciation of rights-of-use assets	419	202	873	402
Gain on disposal of property, plant and equipment	(66)	(1,150)	(69)	(1,202)
Interest expense	17,122	12,863	30,983	25,887
Interest income	(15,703)	(10,758)	(28,065)	(22,122)
Impairment on receivables	10	(115)	(10)	118
Unrealised loss on foreign exchange translation	(2)	1	(3)	1
Waiver by Payables	(16)	-	(77)	(95)
Share of results of associates	-	(46)	-	8

25. Earnings per Share

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Net profit attributable to equityholders of the company	(1,269)	5,062	(7,555)	34,033
Weighted average number of ordinary shares in issue	144,118	144,118	144,118	144,118
Basic earnings per ordinary share for profit for the year (sen)	(0.88)	3.51	(5.24)	23.61
Weighted average number of ordinary shares for diluted earnings per share computation	144,118	144,118	144,118	144,118
Diluted earnings per ordinary share for profit for the year (sen)	(0.88)	3.51	(5.24)	23.61

26. Auditors' report in preceding annual financial statements

The Group's auditor has issued the true and fair view opinion of the financial position, performance and cash flows of the Group as at 30 June 2020 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

27. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on 25 February 2021.

By order of the Board
Koh Fee Lee
(MAICSA 7019845)
Dated : 25/02/2021