



ZECON BERHAD
(Incorporated in Malaysia)

Company No: 198501002015 (134463-X)

FINANCIAL REPORT
for the financial period ended 31 March 2022

ZECON BERHAD
Company No: 198501002015 (134463-X)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	1.1.2022 to 31.3.2022 Unaudited RM '000	1.1.2021 to 31.3.2021 Unaudited RM '000	1.1.2022 to 31.3.2022 Unaudited RM '000	1.1.2021 to 31.3.2021 Unaudited RM '000
				**
Revenue	17,420	65,793	17,420	-
Cost of sales	(7,306)	(57,579)	(7,306)	-
Gross profit	10,114	8,214	10,114	-
Other income	17,645	18,639	17,645	-
Administrative expenses	(5,971)	(6,209)	(5,971)	-
Other expenses	-	(289)	-	-
Profit from operations	21,788	20,355	21,788	-
Finance costs	(11,941)	(8,756)	(11,941)	-
Profit before taxation	9,847	11,599	9,847	-
Income tax expense	(1)	(606)	(1)	-
Profit after taxation	9,846	10,993	9,846	-
Other comprehensive income	3	5	3	-
Total comprehensive income	9,849	10,998	9,849	-
Profit attributable to:				
Owners of the parent	2,569	2,144	2,569	-
Non controlling interest	7,277	8,849	7,277	-
	9,846	10,993	9,846	-
Total comprehensive income attributable to:				
Owners of the parent	2,571	2,149	2,571	-
Non controlling interest	7,278	8,849	7,278	-
	9,849	10,998	9,849	-
Earnings per share attributable to owners of the parent (sen per share)				
Basic	1.74	1.49	1.74	-

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

*** The financial year end of the Group has been changed from 30 June 2021 to 31 December 2021. As such, there will be no comparative financial information available for the preceeding year corresponding periods.*

ZECON BERHAD
Company No: 198501002015 (134463-X)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2022 Unaudited RM'000	31 December 2021 Audited RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,610	2,701
Right-of-use assets	4,689	4,980
Inventories	10,669	10,669
Investment properties	600,164	600,164
Other investments	437	434
Trade and other receivables	785,211	789,847
	<u>1,403,778</u>	<u>1,408,795</u>
Current assets		
Inventories	7,343	7,343
Contract assets	1,091	1,107
Trade and other receivables	148,239	254,005
Deposits with licensed banks	6,895	6,892
Cash and bank balances	25,239	27,463
	<u>188,807</u>	<u>296,810</u>
TOTAL ASSETS	<u>1,592,585</u>	<u>1,705,605</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	133,512	133,435
Other reserves	5	2
Retained earnings	102,455	99,886
	<u>235,972</u>	<u>233,323</u>
Non controlling interest	<u>159,750</u>	<u>152,473</u>
TOTAL EQUITY	<u>395,722</u>	<u>385,796</u>

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	31 March 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Non-current liabilities		
Lease liabilities	4,557	4,707
Trade and other payables	40,667	47,906
Deferred tax liabilities	75,829	75,829
	121,053	128,442
Current liabilities		
Borrowings	765,526	774,429
Lease liabilities	805	903
Contract liabilities	2	2
Trade and other payables	274,192	379,922
Current tax liabilities	35,286	36,111
	1,075,810	1,191,367
TOTAL LIABILITIES	1,196,863	1,319,809
TOTAL EQUITY AND LIABILITIES	1,592,585	1,705,605

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

ZECON BERHAD
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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

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			
	Share Capital RM'000	Other Reserve RM'000	Retained earnings RM'000			
Financial Period Ended 31 March 2022						
Balance as at 1 January 2022	133,435	2	99,886	233,323	152,473	385,796
Profit After Taxation for the Financial Period	-	-	2,569	2,569	7,277	9,846
Other Comprehensive Income	-	3	-	3	-	3
Issuance of ordinary shares pursuant to ESOS	77	-	-	77	-	77
Closing balance as at 31 March 2022	133,512	5	102,455	235,972	159,750	395,722

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	1.1.2022 to 31.3.2022 Unaudited RM '000 3 months	1.1.2021 to 31.3.2021 Unaudited RM '000 3 months
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,847	** -
Adjustments for :		
Accretion of fair value on non-current trade receivables	(16,971)	-
Depreciation of property, plant and equipment	108	-
Depreciation of rigs-of-use assets	292	-
Gain on disposal of property, plant and equipment	(306)	-
Interest expense	11,941	-
Waiver of payables	(175)	-
Operating profit before working capital changes	4,736	-
Decrease in contract assets	21,623	-
Decrease in receivables	105,765	-
Decrease in payables	(113,081)	-
Cash from operations	19,043	-
Interest paid	(8,887)	-
Taxation paid, net of refund	(826)	-
Net cash from operating activities	9,330	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17)	-
Proceeds from disposal of property, plant and equipment	306	-
Net cash from investing activities	289	-

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of term loan	(11,882)	-
Repayment of lease liabilities	(35)	-
Proceeds from ordinary share issuance pursuant to ESOS	77	-
Net cash for financing activities	(11,840)	-
Net decrease in cash and cash equivalents	(2,221)	-
Cash and cash equivalents at the beginning of the period	7,789	-
Cash and cash equivalents at the end of the period	5,568	-

Cash and cash equivalents comprise of the following:-

Deposits with licensed banks	6,895	-
Cash and bank balances	25,239	-
Bank overdrafts	(9,820)	-
	22,314	-
Less : Deposits pledged to licensed banks	(6,833)	-
Less : Reserve account	(9,913)	-
	5,568	-

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

*** The financial year end of the Group has been changed from 30 June 2021 to 31 December 2021. As such, there will be no comparative financial information available for the preceeding year corresponding periods.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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 financial period ended 31 December 2021. 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 financial period ended 31 December 2021.

2. Changes in accounting policies

The accounting policies applied are consistent with those adopted for the audited financial statements for the financial period ended 31 December 2021 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 January 2022 and applicable to the Group as follows:

- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020

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.

The Group has not applied in advance the following accounting standards and/or interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period:-

- MFRS 17 Insurance Contract
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2. Changes in accounting policies (continued)

The adoption of these amendments and interpretation is expected to have no material impact on the Group's financial statements upon their initial application.

3. Seasonality or cyclical nature of operations

The business operations of the Group are not materially affected by any seasonal or cyclical 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 period ended 31 March 2022.

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 March 2022.

6. Debt and equity securities

(a) For the current quarter, the Company issued 200,000 new ordinary shares at RM0.385 each under the Employee's Share Option Scheme ("ESOS"). As at 31 March 2022, a total of 3,285,000 new ordinary shares have been issued under the ESOS.

(b) There were no share buybacks, cancellations, repurchases, resales 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 March 2022.

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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 (a)		Property Development		Property Holding		Service Concession (b)		Others (c)		Adjustment and eliminations		Total	
	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**	1.1.22 to 31.3.22	1.1.21 to 31.3.21**
	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	5,010	-	-	-	-	-	12,400	-	10	-	-	-	17,420	-
Inter-segment sales	-	-	-	-	-	-	-	-	(8)	-	8	-	-	-
Total Revenue	5,010	-	-	-	-	-	12,400	-	2	-	8	-	17,420	-
Segment (loss)/profit	(1,511)	-	(88)	-	(2,340)	-	25,883	-	(155)	-	(0)	-	21,788	-
											Finance cost		(11,941)	-
											Profit before taxation		9,847	-
Segment Assets	346,442	-	50,600	-	592,214	-	917,086	-	24,109	-	(337,866)	-	1,592,585	-
Segment Liabilities	456,887	-	60,085	-	380,856	-	764,290	-	74,199	-	(539,453)	-	1,196,864	-

** In view of the change in financial year end, there were no comparative figures available for the preceeding year corresponding periods.

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.

The profit under this segment being more than registered revenue arose from the impact of IC Interpretation 12 - Service Concession Arrangements.

(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 period ended 31 March 2022.

10. Changes in the composition of the Group

There is no change to the composition of the Group during the quarter under review.

11. Capital commitments

There were no material capital commitments in respect of the Group that had arisen since 31 December 2021 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 594,888,373 utilised or unutilised.

13. Recurrent Related Party Transactions (“RRPT”)

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

	31 March 2022	31 March 2021**
	RM'000	RM'000
Aggregate gross value of RRPT	225	-

*** In view of the change in financial year end, there were no comparative figures available for the preceeding year corresponding periods.*

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 Quarter			Cumulative Period		
	CY quarter	PYC Quarter	Changes	CY to-date	PY to-date	Changes
	31.03.22	31.03.21		31.03.22	31.03.21**	
RM'000	RM'000	%	RM'000	RM'000	%	
Revenue	17,420	65,793	-73.5%	17,420	-	-
Gross profit	10,114	8,214	23.1%	10,114	-	-
Profit from operations	21,788	20,355	7.0%	21,788	-	-
Profit before taxation	9,847	11,599	-15.1%	9,847	-	-
Profit after taxation	9,846	10,993	-10.4%	9,846	-	-
Profit attributable to the ordinary equity holders of the parent	2,569	2,144	19.8%	2,569	-	-

*** In view of the change in financial year end, there were no comparative figures available for the preceding year corresponding periods.*

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 Highway (WPC03) (“Pan Borneo”) project.

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

	Current Quarter	Immediate Preceding Quarter	Changes
	31.03.22	31.12.21	
	RM'000	RM'000	%
Revenue	17,420	70,730	-75.4%
Gross profit	10,114	6,741	50.0%
Profit from operations	21,788	18,068	20.6%
Profit before taxation	9,847	5,240	87.9%
Profit after taxation	9,846	2,073	> 100%
Profit/(Loss) attributable to the ordinary equity holders of the parent	2,569	(16,020)	> -100%

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

15. Commentary on prospects

The Group's gross revenue will continue to be contributed by our HPKK project through the payment of Availability Charges which comprised of Availability Payment and Maintenance Payment. Likewise, Pan Borneo project will continue to contribute to the Group's revenue.

Our planning on the new development on our land held for development in Kuching is on-going besides participation in tenders from projects.

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 3 months ended		Cumulative Quarter 3 months ended	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021** RM'000
Income tax				
Current year	1	165	1	-
Prior year	-	31	-	-
	1	196	1	-
Deferred tax				
Relating to origination and reversal of temporary differences	-	410	-	-
TOTAL	1	606	1	-
	-	-	-	-

*** In view of the change in financial year end, there were no comparative figures available for the preceeding year corresponding periods.*

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

There were no outstanding corporate proposals during the financial quarter under review.

19. Borrowings

	31 March 2022	31 December 2021
	RM'000	RM'000
Short term borrowings		
<u>Secured</u>		
- Term loans	626,462	635,878
- Revolving credit	108,624	106,732
- Ijarah facility	30,440	31,819
TOTAL BORROWINGS	765,526	774,429

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 March 2022.

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 March 2022.

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:-

23. Material litigation (continued)

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

Since there has been no development in the case, upon our instructions, our solicitors had written to Posco’s solicitors by a letter dated 1 March 2021 proposing both parties to withdraw both claims without any order as to costs as full and final settlement of the dispute between parties in the matter.

On 23 July 2021, our Legal in-house spoke to Mr. Mohanadass and Ms Syarihah, our solicitors on the next step. We are advised to wait for another 3 years thereabouts for 6 years to elapse from the discontinuance date of the arbitration. The arbitration was discontinued because the Arbitrator could not continue as arbitrator when he was appointed Speaker of Dewan Rakyat during the Pakatan Harapan (PH) Government. After 6 years from the discontinuance, the action will be time barred under the Limitations Act. That is to say, Posco will no longer have a case against ZB in the subject matter.

The solicitors have revised the date whereon Posco’s claims will be time barred if Posco does not prosecute the case, to end of October 2022.

- (b) Arbitration between PT Wijaya Karya (Persero) Tbk (“WIKI”) 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, awarding RM 4,617,471.70 together with interest to Wika.

ZB has on 29 March 2021 filed Originating Summon Application to set aside the Final Award at the High Court.

On 15 July 2021, Wika’s ex-parte application to enforce the arbitration award was granted by the Court. On 5 July 2021, ZB filed application to set aside the enforcement order.

The Court fixed 2 September 2021 for oral submission and/or ruling for ZB application to set aside the arbitration award and 1 October 2021 for mention on ZB’s application to set aside the enforcement order.

On 1 October 2021, the Court ruled in favour of Zecon Berhad and Zecon Construction (Sarawak) Sdn Bhd and set aside the arbitration award. On 11 October 2021 the Court ordered to set aside the Enforcement Order with no order as to cost.

23. Material litigation (continued)

On 21 October 2021, Wika filed Notice of Appeal at the Court of Appeal, the Court fixed case management on 11 January 2022.

On 11 January 2022, the Court of Appeal fixed further case management on 2 March 2022.

On 2 March 2022, the Court of Appeal fixed 13 June 2022 for further case management.

(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.

On 24 September 2021, parties signed the Standstill Agreement to put all applications on hold for one year.

The Court of Appeal fixed case management on 11 January 2022 to monitor the progress of the settlement and fixed further case management on 5 April 2022.

On 5 April 2022, the Court of Appeal fixed next hearing on 29 September 2022.

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

23. Material litigation (continued)

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 HH's said application for Stay.

HH 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 HH'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 HH'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.

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 5 April 2021, Affin filed application to cancel the Tender and on 6 April 2021, the Court granted the application cancelling the Tender with no order as to costs.

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

The Court fixed appeal for hearing on 26 August 2021.

On 26 August 2021, the Appeal Court Judges unanimously set aside the order of sale with costs of RM10,000. The Originating Summons before the High Court was disposed off in HH's favour.

On 22 September 2021, Affin filed application for Leave to Appeal at the Federal Court. The Court fixed case management on 28 October 2021.

On 24 September 2021, parties signed the Standstill Agreement and on 28 October 2021 both parties addressed the Federal Court on the Standstill Agreement and asked for a stay of one year. The Court fixed Notice of Motion for further case management on 8 February 2022.

On 8 February 2022, the Applicant Banks filed a Stay Motion for an order to stay the Leave Application proceedings during the Standstill Period or upon full settlement of the outstanding amount, whichever is earlier. The Federal Court fixed further case management by e-review on 29 March 2022.

23. Material litigation (continued)

On 29 March 2022, the Federal Court fixed further case management on 18 May 2022.

On 18 May 2022, the Federal Court granted the order for Stay of Proceedings for one year from the date of the Standstill Agreement dated 24 September 2021 until 23 September 2022, with no order as to costs. The Federal Court did not fix any hearing date.

- (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.

On 28 April 2021, parties agreed to vacate the hearing from 24 to 28 May and 8 to 11 June and fixed exchange of witness statements simultaneously on 28 May 2021.

New hearing dates had been agreed by parties as follows:

1. 1,2,6,7,20-23 September
2. 4-5 October
3. 11-13 January 2022
4. 8-10 February 2022

On 12 October 2021, via Order For Directions No.23, the Arbitrator revised the timetable for the following dates:

1. 11, 12, 13 January 2022

23. Material litigation (continued)

2. 8, 9, 10 February 2022
3. 7-10, 23-24, 28-31 March 2022
4. 5-6 April 2022
5. 23-24 April 2022

On 4 April 2022, via Order For Directions No.27, the Arbitrator further revised the timetable to the following dates:

1. 11, 12 January 2022
2. 8-10 February 2022
3. 8-10, 23-24, 28-31 March 2022
4. 5-6 April 2022
5. 23-25 May 2022
6. 27-29 June 2022
7. 25-27 July 2022
8. 15-17 August 2022
9. 17-19 October 2022

The hearing was conducted as scheduled and will continue on 23 May 2022.

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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 before taxation:

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021**
	RM'000	RM'000	RM'000	RM'000
Accretion of fair value on non-current trade receivables	(16,971)	-	(16,971)	-
Depreciation of property, plant and equipment	108	92	108	-
Depreciation of rights-of-use assets	292	467	292	-
Gain on disposal of property, plant and equipment	(306)	(324)	(306)	-
Interest expense	11,941	8,756	11,941	-
Interest income	-	(1)	-	-
Impairment on receivables	-	179	-	-
Unrealised loss on foreign exchange translation	-	1	-	-
Waiver by Payables	(175)	(19)	(175)	-

*** In view of the change in financial year end, there were no comparative figures available for the preceeding year corresponding periods.*

25. Earnings per Share

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021**
<u>Basic and Diluted</u>				
Profit attributable to owners of the Company (RM'000)	2,569	2,144	2,569	-
Weighted average number of ordinary shares in issue	147,388	144,118	147,388	-
Earnings per share (sen)	1.74	1.49	1.74	-

*** In view of the change in financial year end, there were no comparative figures available for the preceeding year corresponding periods.*

26. Auditors' report in preceding annual financial statements

The auditors' report on the financial statements for the period ended 31 December 2021 was not qualified. Kindly refer to our bursa announcement dated 19 May 2022 for the details.

27. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on 26 May 2022.

By order of the Board

Koh Fee Lee
Company Secretary
(MAICSA 7019845)
(SSM PC No. 201908002220)

Dated : 26/05/2022