



**ZECON BERHAD**  
(Incorporated in Malaysia)

**Company No: 198501002015 (134463-X)**

**FINANCIAL REPORT**  
**for the financial period ended 30 September 2024**

**ZECON BERHAD**  
**Company No: 198501002015 (134463-X)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	1.7.2024 to 30.9.2024 Unaudited RM '000	1.7.2023 to 30.9.2023 Unaudited RM '000	1.1.2024 to 30.9.2024 Unaudited RM '000	1.1.2023 to 30.9.2023 Unaudited RM '000
Revenue	19,966	18,609	142,126	64,483
Cost of sales	(5,612)	(17,288)	(102,298)	(44,014)
<b>Gross profit</b>	<b>14,354</b>	<b>1,321</b>	<b>39,828</b>	<b>20,469</b>
Other income	27,495	16,862	52,879	53,018
Administrative expenses	(10,237)	(8,435)	(27,874)	(23,532)
Other Operating income	9,316	-	9,316	-
<b>Profit from operations</b>	<b>40,928</b>	<b>9,748</b>	<b>74,149</b>	<b>49,955</b>
Finance costs	(31,522)	(12,614)	(55,924)	(37,357)
<b>Profit before taxation</b>	<b>9,406</b>	<b>(2,866)</b>	<b>18,225</b>	<b>12,598</b>
Income tax expense	(6,606)	(855)	(11,376)	(1,109)
<b>Profit after taxation</b>	<b>2,800</b>	<b>(3,721)</b>	<b>6,849</b>	<b>11,489</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/ income</b>	<b>2,800</b>	<b>(3,721)</b>	<b>6,849</b>	<b>11,489</b>
<b>Profit attributable to:</b>				
Owners of the parent	11,603	(8,215)	11,329	(7,089)
Non controlling interest	(8,803)	4,495	(4,480)	18,578
	<b>2,800</b>	<b>(3,720)</b>	<b>6,849</b>	<b>11,489</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	11,603	(8,215)	11,329	(7,089)
Non controlling interest	(8,803)	4,495	(4,480)	18,578
	<b>2,800</b>	<b>(3,720)</b>	<b>6,849</b>	<b>11,489</b>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
Basic/Diluted	7.85	(5.57)	7.67	(4.81)

*These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.*

**ZECON BERHAD**  
**Company No: 198501002015 (134463-X)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>30 September 2024 Unaudited RM'000</b>	<b>31 December 2023 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	2,911	3,094
Right-of-use assets	3,657	4,425
Inventories	10,669	10,669
Investment properties	588,727	579,410
Other investments	435	435
Trade and other receivables	813,597	749,526
	<b>1,419,996</b>	<b>1,347,559</b>
<b>Current assets</b>		
Inventories	5,311	5,311
Contract assets	2,212	1,266
Trade and other receivables	155,972	165,125
Deposits with licensed banks	25,249	7,353
Cash and bank balances	17,433	32,976
	<b>206,177</b>	<b>212,031</b>
<b>TOTAL ASSETS</b>	<b>1,626,173</b>	<b>1,559,590</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	133,714	133,594
Other reserves	356	356
Retained earnings	109,134	97,805
	<b>243,204</b>	<b>231,755</b>
<b>Non controlling interest</b>	<b>175,350</b>	<b>179,830</b>
<b>TOTAL EQUITY</b>	<b>418,554</b>	<b>411,585</b>

**ZECON BERHAD**  
**Company No: 198501002015 (134463-X)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	<b>30 September 2024 Unaudited RM'000</b>	<b>31 December 2023 Audited RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,303	3,102
Borrowings	784,323	-
Trade and other payables	17,675	27,675
Deferred tax liabilities	89,266	82,835
	893,567	113,612
<b>Current liabilities</b>		
Borrowings	34,304	717,039
Lease liabilities	1,048	940
Contract liabilities	-	2
Trade and other payables	238,636	277,637
Current tax liabilities	40,064	38,775
	314,052	1,034,393
<b>TOTAL LIABILITIES</b>	<b>1,207,619</b>	<b>1,148,005</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,626,173</b>	<b>1,559,590</b>

*These Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.*

**ZECON BERHAD**  
**Company No: 198501002015 (134463-X)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**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	Employee Share Option Reserve RM'000	Retained earnings RM'000			
<b>Financial Period Ended 30 September 2024</b>							
<b>Balance as at 1 January 2024</b>	<b>133,594</b>	<b>2</b>	<b>354</b>	<b>97,805</b>	<b>231,755</b>	<b>179,830</b>	<b>411,585</b>
Profit After Taxation for the Financial Period	-	-	-	11,329	11,329	(4,480)	6,849
Issuance of ordinary shares pursuant to ESOS	120	-	-	-	120	-	120
<b>Closing balance as at 30 September 2024</b>	<b>133,714</b>	<b>2</b>	<b>354</b>	<b>109,134</b>	<b>243,204</b>	<b>175,350</b>	<b>418,554</b>

	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	Employee Share Option Reserve RM'000	Retained earnings RM'000			
<b>Financial Period Ended 30 September 2023</b>							
<b>Balance as at 1 January 2023</b>	<b>133,594</b>	<b>358</b>	<b>-</b>	<b>95,736</b>	<b>229,688</b>	<b>178,719</b>	<b>408,407</b>
Profit After Taxation for the Financial Period	-	-	-	(7,089)	(7,089)	18,578	11,489
<b>Closing balance as at 30 September 2023</b>	<b>133,594</b>	<b>358</b>	<b>-</b>	<b>88,647</b>	<b>222,599</b>	<b>197,297</b>	<b>419,896</b>

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 2023 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 30 SEPTEMBER 2024**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>1.1.2024 to 30.9.2024 Unaudited RM '000 6 months</b>	<b>1.1.2023 to 30.9.2023 Unaudited RM '000 6 months</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	18,225	12,598
Adjustments for :		
Accretion of fair value on non-current trade receivables	(36,541)	(49,583)
Depreciation of property, plant and equipment	397	382
Depreciation of rights-of-use assets	768	708
Dividend income	(4)	-
Fair value gain on investment properties	(9,316)	-
Gain on disposal of property, plant and equipment	-	(813)
Gain on lease modification	-	(404)
Gain on disposal of investment properties	-	(205)
Interest expense	45,797	37,357
Interest income	(524)	(289)
Impairment written back on receivables	-	(31)
Payables written off	-	(217)
<b>Operating profit before working capital changes</b>	<b>18,802</b>	<b>(497)</b>
Increase in contract assets	(948)	(922)
(Increase)/Decrease in receivables	(18,378)	25,730
Increase/(Decrease) in payables	(48,729)	33,987
<b>Cash from operations</b>	<b>(49,253)</b>	<b>58,298</b>
Interest paid	(48,027)	(24,488)
Interest received	524	289
Taxation paid, net of refund	(4,017)	(595)
<b>Net cash from operating activities</b>	<b>(100,773)</b>	<b>33,504</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	4	-
Purchase of property, plant and equipment	(213)	(396)
Proceeds from disposal of investment properties	-	5,300
Proceeds from disposal of property, plant and equipment	-	855
Increase/(Decrease) in fixed deposits with licensed banks	(17,896)	1,000
<b>Net cash from investing activities</b>	<b>(18,105)</b>	<b>6,759</b>

**ZECON BERHAD**  
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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(728,079)	(33,750)
Repayment of lease liabilities	(754)	(807)
Increase in right of use asset	-	(1,032)
Proceeds from drawdown of term loan	838,327	-
Decrease/(Increase) in reserve funds	15,543	(4,547)
Proceed from issuance of employee share option scheme	120	-
<b>Net cash for financing activities</b>	<b>125,157</b>	<b>(40,136)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,279</b>	<b>127</b>
Cash and cash equivalents at the beginning of the period	450	426
<b>Cash and cash equivalents at the end of the period</b>	<b>6,729</b>	<b>553</b>

Cash and cash equivalents comprise of the following:-

Deposits with licensed banks	25,249	7,264
Cash and bank balances	17,433	31,353
Bank overdrafts	-	(9,966)
	42,682	28,651
Less : Deposits pledged to licensed banks	(25,249)	(7,088)
Less : Reserve account	(10,704)	(21,010)
	6,729	553

*These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.*

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

**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 2023. 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 2023.

**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 2023 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 2024 and applicable to the Group as follows:

- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9-Comparative
- 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
- Amendments to MFRS 112: International Tax Reform-Pillar Two Model Rules

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:-

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendment to MFRS 16: Lease Liability in a Sale and Leaseback



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

- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendment to MFRS 101: Non-current Liabilities with Covenants
- Amendment to MFRS 107 and MFRS 7: Supplier Finance Arrangement
- Amendment to MFRS 121: Lack of Exchangeability

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 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 period ended 30 September 2024.

**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 30 September 2024.

**6. Debt and equity securities**

(a) For the current quarter, there were 310,000 new ordinary shares issued under the Employee's Share Option Scheme ("ESOS"). As at 30 September 2024, a total of 3,905,000 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 30 September 2024.

**ZECON BERHAD**  
Company No: 198501002015 (134463-X)

## 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		
	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	1.1.24 to 30.6.24	1.1.23 to 30.9.23	
	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	
<b>Revenue</b>															
External sales	5,757	25,055	-	40	-	-	172,759	49,131	78	495	-	-	178,593	74,720	
Inter-segment sales	(1,662)	-	-	-	-	-	(34,770)	(10,209)	(35)	(28)	36,467	10,237	(36,467)	(10,237)	
<b>Total Revenue</b>	<b>4,095</b>	<b>25,055</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>137,989</b>	<b>38,922</b>	<b>42</b>	<b>467</b>	<b>36,467</b>	<b>10,237</b>	<b>142,126</b>	<b>64,483</b>	
<b>Segment (loss)/profit</b>	<b>4,400</b>	<b>(11,689)</b>	<b>(672)</b>	<b>(331)</b>	<b>6,851</b>	<b>(9,263)</b>	<b>63,408</b>	<b>73,284</b>	<b>161</b>	<b>(2,046)</b>	<b>-</b>	<b>-</b>	<b>74,149</b>	<b>49,955</b>	
													Finance cost	(55,924)	(37,357)
													Profit before taxation	<b>18,225</b>	<b>12,598</b>

	Construction (A)		Property Development		Property Holding		Service Concession (B)		Others (C)		Adjustment and eliminations		Total	
	30.9.24	30.9.2023	30.9.24	30.9.2023	30.9.24	30.9.2023	30.9.24	30.9.2023	30.9.24	30.9.2023	30.9.24	30.9.2023	30.9.24	30.9.2023
	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
<b>Segment Assets</b>	142,914	303,621	49,300	51,002	585,880	592,515	1,248,076	952,266	3,235	26,669	(403,233)	(357,884)	1,626,173	1,568,189
<b>Segment Liabilities</b>	308,348	466,462	68,458	61,336	425,054	401,302	992,218	700,567	84,879	78,094	(671,338)	(559,468)	1,207,619	1,148,293

## **8. Segmental Reporting (continued)**

### **(a) Construction Sector**

During the quarter 30.9.2024, there are minimal contribution from Pan Borneo Highway project.

### **(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 other property management related services.

## **9. Event after the Reporting Period**

There are no other material events subsequent to the reporting date that have any material impact on the financial result for the period ended 30 September 2024.

## **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 2023 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 RM817,891,000. The Group also acknowledge potential legal claims against the Group amounting to RM788,701.

### 13. Recurrent Related Party Transactions (“RRPT”)

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

	30 September 2024 RM'000	30 September 2023 RM'000
Aggregate gross value of RRPT	<b>873</b>	<b>807</b>

The RRPT comprise transactions controlled by or connected to certain substantial shareholder of the Group, 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.

## **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 30.9.24 RM'000	PYC Quarter 30.9.2023 RM'000	Changes %	CY to-date 30.9.2024 RM'000	PY to-date 30.9.2023 RM'000	Changes %
	Revenue	19,966	18,609	7.3%	142,126	64,483
Gross profit	14,354	1,321	986.6%	39,828	20,469	94.6%
Profit from operations	40,928	9,748	319.9%	74,149	49,955	48.4%
Profit/(Loss) before taxation	9,406	(2,866)	428.2%	18,225	12,598	44.7%
Profit/(loss) after taxation	2,800	(3,721)	175.2%	6,849	11,489	-40.4%
Profit/(Loss) attributable to the ordinary equity holders of the parent	11,603	(8,215)	241.2%	11,329	(7,089)	259.8%

The Group registered a Profit after taxation of RM2.80 million during the Current Quarter mostly from gain on fair value of investment properties offset by refinancing expenses and increase in interest expense. Hospital Pakar Kanak Kanak UKM (“HPKK”) operation being the major contributor had put on profit as Pan Borneo project is in it defect liability period.

**PART B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (CONT'D)**

**14. Review of performance(Cont'd)**

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

	<b>Current Quarter 30.9.24 RM'000</b>	<b>Immediate Preceding Quarter 30.9.23 RM'000</b>	<b>Changes %</b>
Revenue	19,966	18,609	7.3%
Gross profit	14,354	1,321	986.6%
Profit from operations	40,928	9,748	319.9%
Profit/(Loss) before taxation	9,406	(2,866)	428.2%
Profit/(Loss) after taxation	2,800	(3,721)	175.2%
Profit/(Loss) attributable to the ordinary equity holders of the parent	11,603	(8,215)	241.2%

The Group registered a Profit after taxation of RM2.80 million during the Current Quarter mostly from gain on fair value of investment properties offset by refinancing expenses and increase in interest expense. Hospital Pakar Kanak Kanak UKM (“HPKK”) operation being the major contributor had put on profit as Pan Borneo project is in it defect liability period.

**15. Commentary on prospect**

The Group’s revenue will continue to be contributed by our HPKK project from the concession agreement. The Pan Borneo Highway project which is in the midst of finalisation, would potentially add towards the revenue.

Our Business Development activities has been focusing its planning towards the Kota Petra Green Technology Park related activities and exploring other business opportunities.

**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.

**ZECON BERHAD**  
Company No: 198501002015 (134463-X)

## 17. Income Tax Expense

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income tax				
Current year	1,840	32	4,311	255
Prior year	335	823	635	854
	<b>2,175</b>	<b>855</b>	<b>4,946</b>	<b>1,109</b>
Deferred tax				
Relating to origination and reversal of temporary differences	4,431	-	6,430	-
<b>TOTAL</b>	<b>6,606</b>	<b>855</b>	<b>11,376</b>	<b>1,109</b>

Domestic income tax and deferred tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. Deferred tax is recognised arising from industrial building allowance over the concession future profit and fair value gain on revaluation of investment properties.

## 18. Status of corporate proposal

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

## 19. Borrowings

	30 September 2024 RM'000	30 September 2023 RM'000
<b>Short term borrowings</b>		
<u>Secured</u>		
- Term loans	784,323	569,733
- Revolving credit	-	122,012
- Ijarah facility	-	28,434
	<b>784,323</b>	<b>720,179</b>
<b>Long term borrowings</b>		
<u>Secured</u>		
- Term loans	34,304	-
	<b>34,304</b>	<b>-</b>
<b>TOTAL BORROWINGS</b>	<b>818,627</b>	<b>720,179</b>

## **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 30 September 2024.

## **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 30 September 2024.

## **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 PT Wijaya Karya (Persero) Tbk (“WIKa”) 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.

**23. Material litigation (continued)**

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.

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. On 13 June 2022 the Court of Appeal set new date for case management on 5 October 2022.

On 5 October 2022, ZB's lawyer informed the Court of the winding up proceedings against Wika, the Court of appeal fixed next hearing on 10 November 2022.

On 10 November 2022, Wika's lawyer informed the Court of Appeal that Wika had been wound up and is now negotiating settlement with the Creditor. The Court of Appeal fixed the next hearing on 19 January 2023.

On 19 January 2023, the Appeal Court fixed case management on 1 March 2023 after Wika's lawyer informed the Court that they are applying for sanction for the Official Receiver to continue with the appeal.

On 1 March 2023 the Appeal Court postponed the Case Management to 19 April 2023 and on 19 April 2023 Wika's lawyer informed the Appeal Court that Wika has yet to obtain the sanction from the Liquidator to proceed with the appeal.

The Appeal Court fixed hearing on 12 October 2023.

On 11 October 2023, parties were informed by the Appeal Court that the hearing on 12 October 2023 has been rescheduled to 26 June 2024.

On 28 May 2024, the Court of Appeal vacated the hearing on 26 June 2024 and set case management for e-review on 13 July 2024.

On 13 July 2024, the Court of Appeal set hearing on 23 October 2024.

On 30 September 2024, the Court of Appeal rescheduled the hearing from 23 October 2024 to 26 February 2025.



### **23. Material litigation (continued)**

(b) 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
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:

**23. Material litigation (continued)**

(b) Arbitration between Zecon Berhad and JKR/Government of Malaysia (“GOM”)(Cont’d)

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.

On 25 July 2022, the Arbitrator issued Order For Direction No.29 to allow JKR/GoM to amend their written statement to include a counterclaim in the arbitration based on the Certificate of Termination Costs dated 30 May 2022.

The Order For Direction No.29 also set up dates for parties to submit their respective Amended Statement of Claim, Amended Statement of Defence and the Amended Statement of Reply.

The hearing dates on 27 to 29 June 2022, 25, 26 and 27 July 2022 were vacated and the revised hearing dates are as follows:

1. 15-17, 24, 29-30 August 2022
2. 17-19 October 2022
3. 7-9 November 2022.

On 12 October 2022, the Arbitrator agreed to the request by both parties to reschedule the hearing dates due to the General Election and vacated the remaining hearing dates for October and November 2022. No new dates have been scheduled by the Arbitrator.

On 26 October 2022, the Arbitrator and Counsels agreed on a required total of 34 days of hearing for 2023. 12 of those as common dates have been reserved as interim hearing dates, as follows:

1. 20-22 March 2023
2. 22-23 June 2023
3. 24-25 July 2023
4. 16-18 & 21-22 August 2023

On 7 April 2023, AGC wrote to the Arbitrator to withdraw the Counterclaim after JKR withdrew the Certificate of Termination Costs on 5 April 2023. On 11 April 2023, the Company’s solicitor wrote to the Arbitrator to object against the withdrawal of the Counterclaim and seeking the arbitral tribunal to make an award dismissing the counterclaim with costs.

**23. Material litigation (continued)**

(b) Arbitration between Zecon Berhad and JKR/Government of Malaysia (“GOM”)(Cont’d)

The hearing was conducted as scheduled and will continue on the following dates:

1. 25-26 May 2023
2. 22-23 June 2023
3. 12-13 & 24-25 July 2023
4. 16-18 & 21-22 August 2023

The hearing continued from 18 to 20 September 2023, 17 to 20 October 2023 and 20 to 22 November 2023.

On 5 January 2024, by the Order For Direction No.31, the Arbitrator fixed hearing dates as follows:

1. 29-30 January 2024
2. 6-8, 13-14 May 2024
3. 10-13 June 2024
4. 29-31 July 2024.
5. 28-29 August 2024
6. 3-4 September 2024

The hearings in January, May, June and July 2024 were completed and will continue as scheduled in August and September 2024.

The hearings continued from 28 to 29 August 2024, 3 to 4 September 2024, 8 to 9 and 21 to 22 October 2024, and will continue as per the following scheduled dates:

1. 18 November 2024
2. 20 – 21 November 2024
3. 27 – 28 November 2024

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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 9 months ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Accretion of fair value on non-current trade receivables	(12,666)	(16,395)	(36,541)	49,583
Depreciation of property, plant and equipment	140	144	397	382
Depreciation of rights-of-use assets	255	269	768	708
Dividend Income	-	-	(4)	-
Fair gain loss on investment properties	(9,316)	-	(9,316)	-
Gain on disposal of property, plant and equipment	-	(15)	-	(813)
Gain on lease modification	-	-	-	(404)
Gain on disposal of investment properties	-	(205)	-	(205)
Interest expense	21,552	12,615	45,797	37,357
Interest income	(35)	-	(524)	(289)
Impairment on receivables	-	-	-	(31)
Payables written off	-	-	-	(217)

**25. Earnings per Share**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
<u>Basic and Diluted</u>				
Profit attributable to owners of the Company (RM'000)	11,603	(8,215)	11,329	(7,089)
Weighted average number of ordinary shares in issue (000)	147,713	147,403	147,713	147,403
Basic/Diluted Earnings per share (sen)	7.85	(5.57)	7.67	(4.81)

**26. Auditors' report in preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2023 was not qualified. Kindly refer to our bursa announcement dated 29 April 2024 for the details.

**27. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 27 November 2024.

By order of the Board

**Koh Fee Lee**

Company Secretary

(MAICSA 7019845)

(SSM PC No. 201908002220)

Dated : 27 November 2024