

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

THE FIGURES HAVE NOT BEEN AUDITED

**CONSOLIDATED STATEMENT OF INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
Revenue	36,442	20,513	36,442	20,513
Cost of sales	<u>(28,279)</u>	<u>(16,120)</u>	<u>(28,279)</u>	<u>(16,120)</u>
Gross profit	8,163	4,393	8,163	4,393
Other income	160	190	160	190
Interest income	118	4,996	118	4,996
- income/profit on placement on deposits	<u>1</u>	<u>144</u>	<u>1</u>	<u>144</u>
- unwinding of discounting on long term trade receivables and discounting on trade payables	<u>117</u>	<u>4,852</u>	<u>117</u>	<u>4,852</u>
Reversal of diminution in carrying value of long term receivables	4,213	-	4,213	-
Unrealised foreign exchange loss, net	(1,466)	(4,517)	(1,466)	(4,517)
Administrative expenses	(2,580)	(3,074)	(2,580)	(3,074)
Operating expenses	(345)	(216)	(345)	(216)
Depreciation	(91)	(103)	(91)	(103)
Finance costs	(9,259)	(3,715)	(9,259)	(3,715)
- finance cost on borrowings	<u>(9,125)</u>	<u>(3,229)</u>	<u>(9,125)</u>	<u>(3,229)</u>
- discounting of trade receivables and unwinding of discounting on trade payables	<u>(134)</u>	<u>(486)</u>	<u>(134)</u>	<u>(486)</u>
Share of results of associates	(3)	(631)	(3)	(631)
<b>Loss before zakat and taxation</b>	<u>(1,090)</u>	<u>(2,677)</u>	<u>(1,090)</u>	<u>(2,677)</u>
Tax expense	<u>(412)</u>	<u>(665)</u>	<u>(412)</u>	<u>(665)</u>
<b>Net loss for the period</b>	<u>(1,502)</u>	<u>(3,342)</u>	<u>(1,502)</u>	<u>(3,342)</u>
<b>Loss for the period</b>				
<b>Attributable to:</b>				
Equity holders of the parent	(1,501)	(3,342)	(1,501)	(3,342)
Non-controlling interests	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>0</u>
	<u>(1,502)</u>	<u>(3,342)</u>	<u>(1,502)</u>	<u>(3,342)</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)	<u>(0.18)</u>	<u>(0.40)</u>	<u>(0.18)</u>	<u>(0.40)</u>
Diluted earnings/(loss) per share attributable to equity holders of the Company (sen)	<u>(0.18)</u>	<u>(0.40)</u>	<u>(0.18)</u>	<u>(0.40)</u>

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

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(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2019 RM'000	Quarter ended 31/03/2018 RM'000	Period ended 31/03/2019 RM'000	Period ended 31/03/2018 RM'000
<b>Net profit/(loss) for the period</b>	<u>(1,502)</u>	<u>(3,342)</u>	<u>(1,502)</u>	<u>(3,342)</u>
<b>Other comprehensive income/(loss) :</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference from translation of foreign operations	<u>1,497</u>	<u>5,994</u>	<u>1,497</u>	<u>5,994</u>
<b>Total items that may be reclassified subsequently to the profit or loss</b>	<u>1,497</u>	<u>5,994</u>	<u>1,497</u>	<u>5,994</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>(5)</u>	<u>2,652</u>	<u>(5)</u>	<u>2,652</u>
<b>Total comprehensive income/(loss) for the period</b>				
Attributable to:				
Equity holders of the parent	<u>(5)</u>	<u>2,633</u>	<u>(5)</u>	<u>2,633</u>
Non-controlling interests	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>
	<u>(5)</u>	<u>2,652</u>	<u>(5)</u>	<u>2,652</u>

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

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 31/03/2019 RM'000	Audited As at 31/12/2018 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,593	2,663
Investment properties	8,359	8,420
Investments in associates	6,184	6,187
Receivables, deposits and prepayments	689,683	699,221
Deferred tax assets	898	898
Deposits, cash and bank balances (restricted)	1,110	1,124
	<u>708,827</u>	<u>718,513</u>
<b>CURRENT ASSETS</b>		
Inventories	8,329	8,329
Receivables, deposits and prepayments	109,663	86,884
Tax recoverable	1,163	1,160
Deposits (restricted)	134	134
Deposits, cash and bank balances (non-restricted)	424	3,787
	<u>119,713</u>	<u>100,294</u>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	228,984	227,420
Borrowings	116,852	184,277
Current tax liabilities	4,552	4,277
	<u>350,388</u>	<u>415,974</u>
<b>NET CURRENT LIABILITIES</b>	<u>(230,675)</u>	<u>(315,680)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>478,152</u>	<u>402,833</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	84,495	84,489
Reserves	(40,244)	(40,238)
	<u>44,251</u>	<u>44,251</u>
Non-controlling interests	(327)	(327)
<b>TOTAL EQUITY</b>	<u>43,924</u>	<u>43,924</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	431,082	355,762
Deferred tax liabilities	3,146	3,147
	<u>434,228</u>	<u>358,909</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<u>478,152</u>	<u>402,833</u>
Net assets per share (RM)	<u>0.05</u>	<u>0.05</u>

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

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent									
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Accumulated Losses RM'000	Sub - total RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>Three months to 31 March 2019</b>										
Balance as at 1 January 2019	84,489	-	14,082	9,899	35,457	4,254	(103,930)	44,251	(327)	43,924
Loss for the period	-	-	-	-	-	-	(1,501)	(1,501)	(1)	(1,502)
Other comprehensive (loss)/income:										
Currency translation reserve	-	-	-	1,496	-	-	-	1,496	1	1,497
Transfer of warrants reserve upon expiry of warrants to retained earnings	-	-	(14,081)	-	-	-	14,081	-	-	-
Issue of shares upon exercise of warrants	6	-	(1)	-	-	-	-	5	-	5
Total comprehensive (loss)/income for the period	6	-	(14,082)	1,496	-	-	12,580	-	-	-
Balance as at 31 March 2019	84,495	-	-	11,395	35,457	4,254	(91,350)	44,251	(327)	43,924
<b>Three months to 31 March 2018</b>										
Balance as at 1 January 2018	84,489	-	14,082	11,342	35,457	4,254	(80,339)	69,285	(327)	68,958
Profit/(loss) for the period	-	-	-	-	-	-	(3,342)	(3,342)	-	(3,342)
Other comprehensive income:										
Currency translation difference	-	-	-	5,975	-	-	-	5,975	19	5,994
Total comprehensive income for the period	-	-	-	5,975	-	-	(3,342)	2,633	19	2,652
Balance as at 31 March 2018	84,489	-	14,082	17,317	35,457	4,254	(83,681)	71,918	(308)	71,610

\* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by certain overseas subsidiaries

# This reserve relates to issuance of free detachable warrants.

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

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year Ended 31/03/2019 RM'000	Year Ended 31/03/2018 RM'000
<b>OPERATING ACTIVITIES</b>		
Net loss for the period attributable to equity holders of the Company	(1,501)	(3,342)
Adjustments for:		
Tax expense	412	665
Depreciation of property, plant and equipment	91	103
Depreciation of investment properties	61	36
(Reversal of diminution)/diminution in carrying value of long term receivables	(4,213)	-
Interest income	(118)	(4,996)
Finance costs	9,259	3,715
Net unrealised (gain)/loss on foreign exchange	1,466	4,517
Non-controlling interests	(1)	-
Share of results of associates	3	631
	<u>5,459</u>	<u>1,329</u>
Changes in working capital :		
Receivables	(8,874)	1,304
Payables	807	(10,687)
Cash used in operations	(2,608)	(8,054)
Tax refund/(paid)	66	(29)
<b>Net cash flows used in operating activities</b>	<u>(2,542)</u>	<u>(8,083)</u>
<b>INVESTING ACTIVITIES</b>		
Interest received from deposits and investments	1	144
<b>Net cash flows generated from investing activities</b>	<u>1</u>	<u>144</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(745)	(2,209)
Proceeds from borrowings	-	5,515
Repayments of hire purchase creditors	(37)	(61)
Interest paid	-	(234)
Proceeds from issue of shares upon exercise of warrants	6	-
Upliftment of deposits pledged as security	-	3,477
<b>Net cash flows (used in)/generated from financing activities</b>	<u>(776)</u>	<u>6,488</u>
Net movement in cash and cash equivalents	(3,317)	(1,451)
Cash and cash equivalents at the beginning of the financial period	3,787	5,232
Currency translation differences	(46)	(61)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>424</u>	<u>3,720</u>

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

**ZELAN BERHAD**  
**(Company No:27676-V)**

**1. Basis of Preparation**

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

The condensed interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the condensed interim financial information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatment
Amendments to MFRS 128	Long-term Interest, in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to MFRSs	2015 - 2017 Cycle

**MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective**

The Malaysian Accounting Standards Board had issued the following new amendments to MFRSs which are effective for the financial period beginning on or after 1 January 2020. The Group did not early adopt these new amendments to the MFRSs.

Effective from financial year beginning on or after 1 January 2020

The Conceptual Framework for Financial Reporting (Revised 2018)

Effective date yet to be determined

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

**ZELAN BERHAD**  
**(Company No:27676-V)**

**1. Basis of Preparation (continued)**

Project in Abu Dhabi

In respect of Zelan Holdings (M) Sdn Bhd's ("ZHSB") Meena Plaza Project in Abu Dhabi, United Arab Emirates ("UAE"), ZHSB issued a notice of termination to the project owner on 17 September 2015 to terminate ZHSB's Contract Agreement and any Supplementary there to ("Contract") dated 1 April 2008. This was due to the defaults by the project owner, which failed to pay an amount of AED27.6 million (approximately RM30.7 million), being the certified amount of works done and materials at site owing by the project owner to ZHSB under certificates of payment in accordance with the provisions of the Contract and the project owner's continuous interference with the valuation and/or certification of ZHSB's progress claims.

The Directors are of the view that ZHSB has rightfully and validly terminated its employment under the Contract with the project owner. As provided under the Contract with the project owner, the termination took effect on 1 October 2015, being 14 days after the issuance of the notice of termination.

On 11 December 2015, ZHSB submitted its request for arbitration to the International Court of Arbitration of the International Chamber of Commerce ("ICC") in relation to the disputes. For the purpose of the arbitration, ZHSB has engaged quantum expert, consultant quantity surveyor and structural engineering expert to substantiate its claim against the project owner.

On 17 December 2015, ZHSB was notified that the guarantor of the performance and rectification bonds received two notices of demand from the project owner to liquidate the rectification bond of AED41.0 million (approximately RM45.6 million) and performance bond of AED51.5 million (approximately RM57.3 million) respectively. On 3 January 2016, the guarantor of the performance and rectification bonds released the full amount of the rectification bond and performance bond to the project owner.

On 18 August 2016, ZHSB received a letter from the ICC accepting ZHSB's Revised Request for Arbitration against the project owner in relation to the breaches and defaults of the project owner under the Contract between the project owner and ZHSB.

Accordingly, ZHSB is claiming from the project owner the total sum of AED452.3 million (approximately RM503.0 million) as the loss and damage and payments ZHSB is entitled to recover from the project owner as a result of ZHSB's termination of the Contract due to the default of the project owner.

On 6 October 2016, ZHSB received a letter from the ICC, stating that it had received the project owner's Answer to ZHSB's Revised Request for Arbitration dated 3 October 2016, whereby the project owner's counterclaim against ZHSB is AED591.0 million (approximately RM657.3 million) for the costs and losses which include repair works, consultants and third party fees, standstill cost, return of advance payment and loss of rental and revenue.

ZHSB submitted and revised the claim sum against the project owner from AED452.3 million (approximately RM503.0 million) to AED555.9 million (approximately RM618.2 million) as contained in its Statement of Case submitted to the Arbitral Tribunal ("Tribunal") of ICC on 11 July 2017. The parties have finalised and executed the Terms of Reference and submitted the same to the Tribunal. The Procedural Timetable has also been agreed upon and approved by the Tribunal, and hence the hearing dates for the arbitration proceedings were fixed on 6 to 17 January 2019.

On 9 November 2017, the project owner submitted the Statement of Defence and Counterclaim and revised its counterclaim against ZHSB from AED591.0 million (approximately RM657.3 million) to the sum of AED654.3 million (approximately RM727.7 million).

On 1 March 2018, ZHSB submitted its Statement of Reply and Defence to Counterclaim to the ICC. Thereafter, pursuant to the Tribunal's decision on Disclosure of Documents relating to the request for documents by ZHSB and project owner on 8 March 2018, both parties proceeded to disclose the requested documents to each other on 7 May 2018.

**ZELAN BERHAD**  
**(Company No:27676-V)**

**1. Basis of Preparation (continued)**

In accordance with the arbitration procedural timeline, ZHSB and the project owner exchanged the identities of parties' respective expert consultants in May 2018. On 31 May 2018, the project owner submitted its Statement of Rejoinder and its Reply to Defence to Counterclaim. On 1 August 2018 and 25 October 2018, both ZHSB and the project owner exchanged their factual Witness Statements in support of the pleadings and their respective responsive factual Witness Statements. The experts appointed by ZHSB and the project owner submitted their joint reports on 1 November 2018 and 6 November 2018 respectively. On 16 November 2018, the experts submitted their individual reports and on 27 November 2018, the experts submitted their experts' reports in response.

The evidentiary hearings took place from 6 January 2019 to 16 January 2019 in Abu Dhabi, UAE and the International Chamber of Commerce ("ICC") had set 31 May 2019 as the deadline for the issuance of the arbitral award. As at 31 March 2019, the Group recorded a total receivable balance due from the project owner in Abu Dhabi amounting to AED163.4 million (approximately RM181.7 million).

Based on the advice from the claim consultants and the external solicitor, the Directors are of the view that the Group is entitled to and validly terminated its employment under the contract with the project owner.

The Directors have also assessed the merits of the Group's claim and the counter claim from the project owner based on information obtained during the evidentiary hearings and the closing submission documents submitted by both the Group and the project owner. The expected timing of the receipt has been considered in arriving at the classification of the net receivables.

The recovery of the outstanding balance from the project owner will be dependent on the outcome of the arbitration process. In the event the judgement in the arbitration is not in favour of the Group, the exposure of the Group to the profit or loss, on a worst case scenario, is the total receivable balance due from the project owner and the claims by the project owner against the Group as awarded by the tribunal at the arbitration.

The parties have agreed on Terms of Reference ("TOR") for this arbitration proceeding as well as the revised procedural timetable. Accordingly, on 15 April 2019 until 18 April 2019, the evidentiary hearings were held in Abu Dhabi, UAE. At the closing of the hearings, the Tribunal directed the parties to submit their respective closing and costs submissions. On 13 May 2019, the parties exchanged the said closing and cost submissions and the written reply submissions were submitted on 28 May 2019, for the Tribunal's deliberation.



**ZELAN BERHAD**  
**(Company No:27676-V)**

**2. Auditors' Report on Preceding Annual Financial Statements**

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

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

The Directors of the Company are of the opinion that the preparation of the financial statements of the Group for the period ended 31 March 2019 on a going concern basis remain appropriate given the following measures being taken and would be taken by the Group to address the material uncertainty relating to its going concern:

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

The Group had secured prospective buyers for the disposal of six units of office lots at Wisma Zelan. These transactions are expected to be completed in Quarter 2 FY2019.

The Group expects to recognise proceeds from the International Islamic University Malaysia ("IIUM") project under the provisions of the Concession Agreement. The proceeds from this project will improve the Group's cash flow position.

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

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

**3. Seasonal or Cyclical Factors**

The Group's operations were not materially affected by any seasonal or cyclical factors.

**4. Unusual Items**

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current financial quarter because of their nature, size or incidence.

**5. Changes in Estimates of Amount Reported Previously**

There was no change in estimates of amounts reported in the prior financial year that has a material effect in the current financial quarter.

**ZELAN BERHAD**  
(Company No:27676-V)

**6. Debt and Equity Securities**

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

**7. Dividend**

For the current financial quarter, no dividend has been declared. For the preceding year's corresponding quarter, no dividend was declared.

**8. Segmental Reporting**

Segment analysis for the current financial quarter to 31 March 2019 is as follows:

	<b>Engineering and Construction</b>	<b>Property and Development</b>	<b>Asset Facilities Management</b>	<b>Investment</b>	<b>Total</b>
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>					
Segment revenue	29,798	188	6,474	147	36,607
Less: Inter-segment sales	-	-	(165)	-	(165)
	<b>29,798</b>	<b>188</b>	<b>6,309</b>	<b>147</b>	<b>36,442</b>
<b>Results</b>					
Segment profit/(loss)	6,278	5	2,557	(668)	8,172
Finance costs	(1,133)	-	(8,126)	-	(9,259)
Share of results of associates	(3)	-	-	-	(3)
Profit/(loss) before zakat and taxation	5,142	5	(5,569)	(668)	(1,090)
Tax expense	(412)	-	-	-	(412)
Net profit/(loss) after zakat and taxation	<b>4,730</b>	<b>5</b>	<b>(5,569)</b>	<b>(668)</b>	<b>(1,502)</b>
<b>Attributable to:</b>					
Equity holders of the parent	4,731	5	(5,569)	(668)	(1,501)
Non-controlling interests	(1)	-	-	-	(1)
	<b>4,730</b>	<b>5</b>	<b>(5,569)</b>	<b>(668)</b>	<b>(1,502)</b>

The Group's revenue comprise the following:

	<b>Quarter ended 31/03/2019</b>	<b>Quarter ended 31/03/2018</b>
	RM'000	RM'000
Revenue from contracts with customers	36,107	20,321
Rental income	335	192
	<b>36,442</b>	<b>20,513</b>

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

**ZELAN BERHAD**  
(Company No:27676-V)

**9. Material Events Subsequent to the End of the Reporting Period**

There was no material event subsequent to the end of the current financial quarter.

**10. Changes in Composition of the Group**

There was no change in the composition of the Group during the current financial quarter.

**11. Changes in Contingent Liabilities or Contingent Assets**

As at 31 March 2019, the Company had given guarantees amounting to RM18,495,000 (1Q FY2018: RM 18,454,000) to the owners of the projects as security for the subsidiaries' performance of their obligations under the relevant projects.

**12. Review of Performance**

**(i) Financial review for the current quarter**

	Individual Quarter		Changes Value RM '000
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/03/2019 RM '000	31/03/2018 RM '000	
Revenue	36,442	20,513	15,929
Operating profit	5,219	6,289	(1,070)
Net unrealised foreign exchange loss	(1,466)	(4,517)	3,051
Share of results of associates	(3)	(631)	628
Profit/(loss) before interest, zakat and taxation	3,750	1,141	2,609
Loss before zakat and taxation	(1,090)	(2,677)	1,587
Loss after zakat and taxation	(1,502)	(3,342)	1,840
Loss attributable to ordinary equity holders of the parent	(1,501)	(3,342)	1,841

The Group's revenue of RM36.4 million for the current quarter ended 31 March 2019 was higher than RM20.5 million registered in the same quarter of FY2018 by RM15.9 million or 77.6%. The higher revenue in the current quarter is attributable to the Engineering and Construction business segment i.e. due to full recognition upon completion of the Drawbridge connecting Muara North and Muara South in Kuala Terengganu City Centre for the ECERDC ("Drawbridge") project amounting to RM20.3 million, Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE") Package CB2 project amounting to RM9.2 million and also income from Asset Management Services amounting to RM6.3 million.

**ZELAN BERHAD**  
(Company No:27676-V)

**12. Review of Performance (continued)**

**(i) Financial review for the current quarter (continued)**

The Group reported a lower loss after zakat and taxation ("LAZT") of RM1.5 million in the current quarter under review compared to a LAZT of RM3.3 million in the corresponding quarter of FY2018. This is mainly attributable to higher gross profit of RM8.1 million (1Q FY2018: RM4.3 million) and reversal of diminution in carrying value of long term receivables of 4.2 million (1Q FY2018: Nil).

**(ii) Financial review for current quarter compared with immediate preceding quarter**

	Quarter ended 31/03/2019 RM '000	Quarter ended 31/12/2018 RM '000	Variance RM '000
<b><u>Revenue</u></b>			
Engineering and Construction	29,798	3,497	26,301
Property and Development	188	189	(1)
Asset Facilities Management	6,309	2,103	4,206
Investment	147	385	(238)
<b>Total</b>	<b>36,442</b>	<b>6,174</b>	<b>30,268</b>
<b><u>Profit/(loss) After Zakat and Taxation</u></b>			
Engineering and Construction	4,730	(6,879)	11,609
Property and Development	5	271	(266)
Asset Facilities Management	(5,569)	335	(5,904)
Investment	(668)	(2,293)	1,625
<b>Total</b>	<b>(1,502)</b>	<b>(8,566)</b>	<b>7,064</b>

In the current quarter ended 31 March 2019, the Group reported higher revenue by RM30.3 million or 488.7% compared to the immediate preceding quarter. The LAZT in the current quarter of RM1.5 million was lower by RM7.1 million or 82.5% as compared to the LAZT of RM8.6 million in the immediate preceding quarter.

The reduction in LAZT is mainly due to a gross profit of RM8.1 million (4Q FY2018: gross loss of RM6.0 million) and a lower administrative and operating expenses of RM2.9 million (4Q FY2018 RM10.8 million).

**13. Current Year Prospects**

The Group's revenue will be principally derived from the balance of the order book of SUKE project as well as the revenue from the concession income from the IIUM Gambang project under the provisions of the Concession Agreement. The Certificate of Acceptance (COA) for this project was issued on 5 April 2019. The income from the IIUM Gambang project will enable the Group to have a stable income stream for the tenure of the concession.

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

**14. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued in a public document for the current financial quarter.

**ZELAN BERHAD**  
(Company No:27676-V)

**15. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2019 RM '000	Preceding year corresponding quarter 31/03/2018 RM '000	3 months ended 31/03/2019 RM '000	3 months ended 31/03/2018 RM '000
Malaysian income tax - current	413	666	413	666
Deferred tax	(1)	(1)	(1)	(1)
Tax expense/(credit)	412	665	412	665

The effective tax rate for the current quarter under review is higher than the statutory tax rate due to the tax losses of the Group's subsidiaries which are loss-making.

**16. Status of Corporate Proposals Announced**

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

**17. Borrowings**

Details of the Group's borrowings as at 31 March 2019 are as follows:

As at 31.03.2019						
	Short term borrowings		Long term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	AED '000	RM '000	AED '000	RM '000	AED '000	RM '000
<b>Secured</b>						
Term loan	86,484	96,179	-	-	86,484	96,179
Islamic financing	-	11,934	-	430,935	-	442,869
Revolving credit	-	8,635	-	-	-	8,635
<b>Unsecured</b>						
Hire purchase	-	104	-	147	-	251
	86,484	116,852	-	431,082	86,484	547,934
^ Exchange rate: AED1 = RM1.1121						
As at 31.03.2018						
	Short term borrowings		Long term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	AED '000	RM '000	AED '000	RM '000	AED '000	RM '000
<b>Secured</b>						
Term loan	85,954	90,398	-	-	85,954	90,398
Islamic financing	-	49,842	-	360,979	-	410,821
Revolving credit	-	13,500	-	-	-	13,500
<b>Unsecured</b>						
Hire purchase	-	166	-	244	-	410
	85,954	153,906	-	361,223	85,954	515,129
^ Exchange rate: AED1 = RM1.0517						

**ZELAN BERHAD**  
**(Company No:27676-V)**

**18. Changes in Material Litigation**

There was no change in material litigations, including the status of pending material litigations in respect of the Group since the last annual reporting date as at 31 December 2018, save for the following:

- a) In relation to the project in Abu Dhabi, as disclosed in Note 30(ii) page 132 of the Audited Financial Statements, the parties have agreed on Terms of Reference ("TOR") for this arbitration proceeding as well as the revised procedural timetable. Accordingly, on 15 until 18 April 2019, the evidentiary hearings were held in Abu Dhabi, UAE. At the closing of the hearings, the Tribunal directed the parties to submit their respective closing and costs submissions. On 13 May 2019, the parties exchanged the said closing and cost submissions and the written reply submissions were submitted on 28 May 2019 for the Tribunal's deliberation.
- b) In relation to the project in Indonesia, as disclosed in Note 30 (ii) page 132 of the Audited Financial Statements, the parties have also complied with the procedural milestones. The hearing for this proceeding was scheduled to be held in Singapore on 23 May 2019. However, the parties agreed that the oral hearing was not required. The Tribunal on 22 May 2019 directed as follows:
  - i. The oral hearing fixed on 23 May 2019 be vacated;
  - ii. Parties may file and serve Reply Written Submissions limited to responding to the issues raised in the other party's written submissions by 30 May 2019;
  - iii. No additional documentary evidence may be adduced;
  - iv. Parties are to exchange and file a Costs Schedule by 30 May 2019 setting out the quantum of legal costs and disbursements that they intend to claim.
- c) In relation to the project in Malaysia, as disclosed in Note 30 (c) (ii) page 133 of the Audited Financial Statements, the hearing fixed on 7 May 2019 has been vacated to 29 May 2019 for further case management. At the said case management on 29 May 2019, the court fixed the matter for decision on 25 June 2019.

**19. Earnings/(Loss) Per Share**

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

The diluted earnings/( loss) per share for the financial period were calculated based on the Group's earnings/(loss) attributable to the equity holders of the Company, divided by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares (e.g. warrants).

The diluted earnings/(loss) per share is the same as basic profit/(loss) per share calculated below as the warrant options were anti-dilutive.

**ZELAN BERHAD**  
**(Company No:27676-V)**

**19. Earnings/(Loss) Per Share (continued)**

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31/03/2018	Quarter ended 31/03/2017	Year ended 31/03/2018	Year ended 31/03/2017
Loss attributable to equity holders of the parent (RM'000)	(1,501)	(3,342)	(1,501)	(3,342)
Weighted average number of ordinary shares in issue ('000)	844,921	844,895	844,921	844,895
<b>Basic loss per share (sen)</b>	<b>(0.18)</b>	<b>(0.40)</b>	<b>(0.18)</b>	<b>(0.40)</b>
Weighted average number of ordinary shares in issue for purpose of computing diluted earnings per share ('000)	844,921	844,895	844,921	844,895
<b>Diluted loss per share (sen)</b>	<b>(0.18)</b>	<b>(0.40)</b>	<b>(0.18)</b>	<b>(0.40)</b>

**20. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2019.

**By order of the Board**

**Nur Haliza binti Mat Piah**  
**Secretary**

**Kuala Lumpur**  
**31 May 2019**