

ZELAN BERHAD
(Company No. : 27676-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED STATEMENT OF INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Revenue	33,631	61,391	33,631	61,391
Cost of sales	(34,090)	(52,958)	(34,090)	(52,958)
Gross (loss)profit	(459)	8,433	(459)	8,433
Other income	12,464	252	12,464	252
Interest income	11,901	5,300	11,901	5,300
- income / profit on placement on deposits	248	528	248	528
- unwinding of discounting on long term trade receivables and discounting on trade payables	7,153	4,772	7,153	4,772
- accretion of interest on long term receivables	4,500	-	4,500	-
Diminution in carrying value of long term receivables	(4,153)	(3,588)	(4,153)	(3,588)
Unrealised foreign exchange loss, net	(1,370)	(9,884)	(1,370)	(9,884)
Administrative expenses	(7,244)	(4,647)	(7,244)	(4,647)
Operating expenses	(311)	(1,446)	(311)	(1,446)
Depreciation	(148)	(237)	(148)	(237)
Finance costs	(3,275)	(30,275)	(3,275)	(30,275)
- finance cost on borrowings	(2,434)	(4,214)	(2,434)	(4,214)
- discounting of trade receivables and unwinding of discounting on trade payables	(841)	(26,061)	(841)	(26,061)
Share of results of associates	(235)	(200)	(235)	(200)
Profit/(loss) before zakat and taxation	7,170	(36,292)	7,170	(36,292)
Tax expense	(44)	(1,281)	(44)	(1,281)
Net profit/(loss) for the period	7,126	(37,573)	7,126	(37,573)
Profit/(loss) for the period				
Attributable to:				
Equity holders of the parent	7,127	(37,573)	7,127	(37,573)
Non-controlling interests	(1)	0	(1)	0
	7,126	(37,573)	7,126	(37,573)
Basic earnings/(losses) per share attributable to equity holders of the Company (sen)	0.84	(4.45)	0.84	(4.45)
Diluted earnings/(losses) per share attributable to equity holders of the Company (sen)	0.84	(4.45)	0.84	(4.45)

The Consolidated Statement of Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 Current year	31/03/2016 Preceding year
Net profit/(loss) for the period	<u>7,126</u>	<u>(37,573)</u>	<u>7,126</u>	<u>(37,573)</u>
Other comprehensive income :				
<i>Items that may be reclassified subsequently to profit or loss :</i>				
Exchange difference from translation of foreign operations	<u>889</u>	<u>5,170</u>	<u>889</u>	<u>5,170</u>
Total items that may be reclassified subsequently to the profit or loss	<u>889</u>	<u>5,170</u>	<u>889</u>	<u>5,170</u>
Total comprehensive income/(loss) for the period	<u>8,015</u>	<u>(32,403)</u>	<u>8,015</u>	<u>(32,403)</u>
Total comprehensive income/(loss) for the period				
Attributable to:				
Equity holders of the parent	<u>8,015</u>	<u>(32,413)</u>	<u>8,015</u>	<u>(32,413)</u>
Non-controlling interests	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
	<u>8,015</u>	<u>(32,403)</u>	<u>8,015</u>	<u>(32,403)</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2017 RM'000	Audited As at 31/12/2016 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,680	8,088
Investment properties	4,705	4,740
Investments in associates	3,332	3,332
Receivables, deposits and prepayments	687,440	681,213
Deposits, cash and bank balances (restricted)	11,589	10,195
	<u>714,746</u>	<u>707,568</u>
CURRENT ASSETS		
Inventories	8,965	8,965
Receivables, deposits and prepayments	150,520	144,085
Tax recoverable	390	387
Deposits pledged as security (restricted)	727	10,052
Deposits, cash and bank balances (non-restricted)	5,950	3,624
	<u>166,552</u>	<u>167,113</u>
LESS: CURRENT LIABILITIES		
Trade and other payables	258,273	263,974
Borrowings	47,059	42,001
	<u>305,332</u>	<u>305,975</u>
NET CURRENT LIABILITIES	(138,780)	(138,862)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>575,966</u>	<u>568,706</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	84,489	84,489
Reserves	55,516	47,501
	<u>140,005</u>	<u>131,990</u>
Non-controlling interests	(172)	(172)
TOTAL EQUITY	<u>139,833</u>	<u>131,818</u>
NON-CURRENT LIABILITIES		
Borrowings	432,971	433,725
Deferred tax liabilities	3,162	3,163
	<u>436,133</u>	<u>436,888</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u>575,966</u>	<u>568,706</u>
Net assets per share (RM)	<u>0.17</u>	<u>0.16</u>

The Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						Total Equity RM'000		
	Share Capital RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	(Accumulated losses)/Retained Earnings RM'000		Sub - total RM'000	Non-controlling interests RM'000
Three months to 31 March 2017									
Balance as at 1 January 2017	84,489	14,082	(24)	35,457	4,254	(6,268)	131,990	(172)	131,818
Profit for the period	-	-	-	-	-	7,127	7,127	(1)	7,126
<u>Other comprehensive income:</u>									
Currency translation reserve	-	-	888	-	-	-	888	1	889
Total comprehensive income for the period	-	-	888	-	-	7,127	8,015	-	8,015
Balance as at 31 March 2017	84,489	14,082	864	35,457	4,254	859	140,005	(172)	139,833
Three months to 31 March 2016									
Balance as at 1 January 2016	84,489	14,082	5,711	35,457	4,254	61,355	205,348	(187)	205,161
Loss for the period	-	-	-	-	-	(37,573)	(37,573)	-	(37,573)
<u>Other comprehensive income/(loss):</u>									
Currency translation difference	-	-	5,160	-	-	-	5,160	10	5,170
Total comprehensive income/(loss) for the period	-	-	5,160	-	-	(37,573)	(32,413)	10	(32,403)
Balance as at 31 March 2016	84,489	14,082	10,871	35,457	4,254	23,782	172,935	(177)	172,758

* 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 2016.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date 31/03/2017 RM'000	Current year to date 31/3/2016 RM'000
OPERATING ACTIVITIES		
Net profit/(loss) for the period attributable to equity holders of the Company	7,127	(37,573)
Adjustments for :		
Tax expense	44	1,281
Depreciation of property, plant and equipment	221	329
Depreciation of investment properties	35	35
Gain on disposal of property, plant and equipment	(366)	-
Provision for impairment of receivables	-	1
Diminution in carrying value of long term receivables	4,153	3,588
Interest income	(11,901)	(5,300)
Finance costs	3,275	30,275
Net unrealised loss on foreign exchange	1,370	9,884
Non-controlling interests	(1)	-
Share of results of associates	235	200
	<u>4,192</u>	<u>2,720</u>
Changes in working capital :		
Receivables	(4,364)	(91,835)
Payables	(2,300)	(56,157)
Cash generated from/(used in) operations	(2,472)	(145,272)
Tax paid	(413)	(434)
Net cash used in operating activities	<u>(2,885)</u>	<u>(145,706)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1)	(27)
Proceeds from disposal of property, plant and machinery	552	-
Interest received from deposits and investments	248	528
Net cash generated from investing activities	<u>799</u>	<u>501</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(14,584)	(101,369)
Proceeds from borrowings	13,500	204,649
Repayments of hire purchase creditors	(329)	(137)
Interest paid	(268)	(4,214)
Upliftment of deposits pledged as security	7,931	7,218
Net cash (used in)/generated from financing activities	<u>6,250</u>	<u>106,147</u>
Net movement in cash and cash equivalents	4,164	(39,058)
Cash and cash equivalents at the beginning of the period	3,624	47,289
Currency translation differences	(1,838)	(4,108)
Cash and cash equivalents at the end of the period	<u>5,950</u>	<u>4,123</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

ZELAN BERHAD
(Company No:27676-V)

1. Basis of Preparation

The interim financial information is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the 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 2016.

The accounting policies and methods of computation adopted for the interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following amendments to the Malaysian Financial Reporting Standards ("MFRS"):

The adoption of the following amendments to MFRS that came into effect on 1 January 2017 did not have any significant impact on the unaudited condensed financial statements upon their initial applications.

Amendments to MFRS 107	Statement of Cash Flows -Disclosure Initiative
Amendments to MFRS 112	Income Taxes -Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to MFRSs	2014-2016 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 standards, amendments to MFRSs and IC Interpretation which are effective for the financial period beginning on or after 1 January 2017. The Group did not early adopt these new standards, amendments to MFRSs and IC Interpretations.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 140	Classification on 'Change in Use' – Assets Transferred to, or from Investment Properties

ZELAN BERHAD
(Company No:27676-V)

1. Basis of Preparation (continued)

Project in Abu Dhabi

In respect of the 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 dated 1 April 2008, following the defaults by the project owner, which failed to pay an amount of AED27.6 million (approximately RM33.2 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 had 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 bonds received two notices of demand from the project owner to liquidate the rectification bond of AED41.0 million (approximately RM49.4 million) and performance bond of AED51.5 million (approximately RM62.0 million) respectively. On 3 January 2016, the guarantor of the performance 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 RM544.6 million) as the loss and damage and payments it 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, whereby the project owner's counterclaim against ZHSB is AED591.0 million (approximately RM711.6 million) for repair works, consultants and third party fees, standstill cost, return of advance payment and loss of rental and revenue. On 24 October 2016, the project owner submitted its Further Revised Answer to the ICC and on 3 November 2016, ZHSB submitted its Reply to Further Revised Answer to the ICC.

The project owner and ZHSB had signed the Confidentiality and Arbitration Proceedings Stay Agreement dated 2 February 2017 ('CA'). The arbitration proceedings were to be suspended / stayed for a period of 4 months from the date of the CA to enable both parties to negotiate/reach settlement. On 17 May 2017 the project owner has uplifted the stay with immediate effect and has indicated to the arbitrators that they wish to proceed with the arbitration.

As the stay has been uplifted, the arbitration proceedings shall re-commence and ZHSB shall file its Statement of Claim within 30 days from 17 May 2017.

ZELAN BERHAD
(Company No:27676-V)

1. Basis of Preparation (continued)

The Group recorded a total receivable balance of AED213.3 million (approximately RM256.6 million) due from the project owner as at 31 March 2017, comprising the certified claims, retention sum and amounts due from the project owner for the work performed up to the termination date, as well as the rectification bond and performance bond drawdown by the project owner of AED92.5 million (approximately RM111.4 million) in January 2016. Based on the advice from the claim consultant and the external solicitors, the Directors are of the view that ZHSB has valid contractual basis to recover the outstanding receivable balance from the project owner through the arbitration process.

In making this assessment, the Directors have considered ZHSB's entitlement to claims on amounts incurred for work done and materials supplied pursuant to the Contract, interest and other costs and loss of opportunity of profit which ZHSB had suffered as a result of the termination. ZHSB will proceed with the arbitration process to recover fully the outstanding amounts under the provision of the Contract. The expected timing of the receipt has been considered in arriving at the carrying value of the net receivables which takes into consideration the expected period of the arbitration process and the subsequent recovery which may take more than two years.

The Directors are of the view that the Group will be able to generate sufficient cash inflows within the next twelve months from the reporting date from both existing and new contracts to meet working capital requirements, repayment of borrowings and negotiated settlement with sub-contractors. The Group will also continue to implement strategies to control costs. The Directors believe that the Group will be able to realise their assets and discharge their liabilities in the normal course of business.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

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.

6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

ZELAN BERHAD
(Company No:27676-V)

7. Dividend

For the current financial quarter, no dividend had 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 2017 is as follows:

	Engineering and Construction RM '000	Property and Development RM '000	Asset Facilities Management RM '000	Investment RM '000	Total RM '000
Revenue					
Segment revenue	33,325	193	165	163	33,846
Less: Inter-segment sales	32	-	(165)	(82)	(215)
	<u>33,357</u>	<u>193</u>	<u>-</u>	<u>81</u>	<u>33,631</u>
Results					
Segment profit/(loss)	11,673	107	(197)	(903)	10,680
Finance costs	(3,007)	-	-	(268)	(3,275)
Share of results of associates	(235)	-	-	-	(235)
Profit/(loss) before zakat and taxation	8,431	107	(197)	(1,171)	7,170
Tax expense	(29)	(15)	-	-	(44)
Net profit/(loss) after zakat and taxation	<u>8,402</u>	<u>92</u>	<u>(197)</u>	<u>(1,171)</u>	<u>7,126</u>
Attributable to:					
Equity holders of the parent	8,403	92	(197)	(1,171)	7,127
Non-controlling interests	(1)	-	-	-	(1)
	<u>8,402</u>	<u>92</u>	<u>(197)</u>	<u>(1,171)</u>	<u>7,126</u>

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 2017, the Company has given guarantees amounting to RM40,364,000 (Q1 FY2016: RM 48,788,000) to the owners of the projects as security for the subsidiaries' performance of their obligations under the relevant projects.

ZELAN BERHAD
(Company No:27676-V)

12. Review of Performance

(i) **Comparison between the current quarter ended and corresponding quarter last year**

	Quarter ended 31/03/2017 RM '000	Quarter ended 31/03/2016 RM '000	Variance RM '000
<u>Revenue</u>			
Engineering and Construction	33,357	61,109	(27,752)
Property and Development	193	201	(8)
Investment	81	81	-
Total	33,631	61,391	(27,760)
<u>Profit/(Loss) After Zakat and Taxation</u>			
Engineering and Construction	8,402	(36,086)	44,488
Property and Development	92	199	(107)
Asset Facility Management	(197)	(187)	(10)
Investment	(1,171)	(1,499)	328
Total	7,126	(37,573)	44,699

The Group's revenue of RM33.6 million for the first quarter ended 31 March 2017 was lower than RM61.4 million registered in the same quarter of FY2016 by RM27.8 million or 45.2%. Lower revenue in the current quarter resulted from lower contributions from Engineering and Construction business segment due to completion of several local projects.

The Group reported PAZT of RM7.1 million in the current quarter under review compared to LAZT of RM37.6 million in the corresponding quarter of FY2016 mainly attributable to lower discounting of trade receivables and lower unwinding of discounting on trade payables of RM0.8 million (FY 2016: RM26.1 million), lower unrealised foreign exchange loss of RM1.4 million (FY2016: RM9.9 million) and the other income from Indonesian Operations of RM11.6 million.

(ii) **Comparison between the current quarter and the immediate preceding quarter**

	31/03/2017 RM '000	31/12/2016 RM '000	Variance RM '000
<u>Revenue</u>			
Engineering and Construction	33,357	64,837	(31,480)
Property and Development	193	195	(2)
Investment	81	81	-
Total	33,631	65,113	(31,482)
<u>Profit/(Loss) After Zakat and Taxation</u>			
Engineering and Construction	8,402	(37,280)	45,682
Property and Development	92	48	44
Asset Facilities Management	(197)	30	(227)
Investment	(1,171)	(495)	(676)
Total	7,126	(37,697)	44,823

ZELAN BERHAD
(Company No:27676-V)

12. Review of Performance (continued)

(ii) Comparison between the current quarter and the immediate preceding quarter (continued)

In the current quarter ended 31 March 2017, the Group reported a lower revenue by RM31.5 million or 48.3% compared to the immediate preceding quarter. However, the Profit after Zakat and Taxation ("PAZT") had improved by RM44.8 million or 118.9% from the Loss After Zakat and Taxation ("LAZT") of RM37.7 million in the preceding quarter to a PAZT of RM7.1 million in the current quarter under review. The improvement in the PAZT as a result of the interest compensation due to the tax recovered from Engineering and Construction business segment attributable to Indonesian Operations amounting to RM11.6 million.

13. Current year prospects

The industry outlook is expected to remain positive towards the end of the year. Group is taking the proactive steps in building up its order book. In addition, concession income from the International Islamic University Malaysia Foundation Center project in Gambang, is expected to be realised in the later part of the year which will enhance profitability of the Group from this year onwards.

14. Profit Forecast or Profit Guarantee

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

15. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2017 RM '000	Preceding year corresponding quarter 31/03/2016 RM '000	Three months to 31/03/2017 RM '000	Three months to 31/03/2016 RM '000
Malaysian income tax - current	45	1,368	45	1,368
Overseas income tax	-	(86)	-	(86)
	<u>45</u>	<u>1,282</u>	<u>45</u>	<u>1,282</u>
Deferred tax	(1)	(1)	(1)	(1)
Tax expense	<u>44</u>	<u>1,281</u>	<u>44</u>	<u>1,281</u>

The effective tax rate for the current quarter was lower than the statutory tax rate of 24% mainly due to the utilisation of unabsorbed tax losses by a profit making subsidiary.

The overseas income tax from the corresponding quarter of the preceding year was as a result of a write back of the provision from an overseas project.

16. Status of Corporate Proposals Announced

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

ZELAN BERHAD
(Company No:27676-V)

17. Borrowings

Details of Group's borrowings as at 31 March 2017 are as follows:

	Short term borrowings			Long term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Term loan	18,364	-	18,364	74,096	-	74,096
Islamic financing	28,433	-	28,433	358,457	-	358,457
Hire purchase	-	262	262	-	418	418
	46,797	262	47,059	432,553	418	432,971

Included in the term loan of the Group as at 31 March 2017 is a RM92.5 million loan which is denominated in United Arab Emirates Dirhams ("AED").

18. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirements

The following analysis of realised and unrealised (accumulated losses)/retained earnings at the Group is prepared in accordance with Guidance on Special Matter No.1.Determination of Realised and Unrealised Profits in the Context of Disclosures pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia.

The disclosure of realised and unrealised (accumulated losses)/retained earnings below is solely for compliance with the directive issued by the Bursa Malaysia and should not be used for any other purpose.

	31/03/2017 RM'000	31/12/2016 RM'000
(Accumulated losses)/retained earnings of the Company and its subsidiaries:		
- Realised	(899,366)	(868,815)
- Unrealised	(1,370)	5,681
	<u>(900,736)</u>	<u>(863,134)</u>
(Accumulated losses)/retained earnings of the associates:		
- Realised	(8,863)	(8,338)
- Unrealised	2,449	2,159
	<u>(6,414)</u>	<u>(6,179)</u>
Consolidation adjustments	908,009	863,045
Total retained earnings/(accumulated losses) as per consolidated accounts	<u>859</u>	<u>(6,268)</u>

19. Changes in Material/Significant Litigation

There was no change in material litigation, including the status of pending material litigations in respect of the Group since the last annual reporting date as at 31 December 2016, save for the following:

- (i) In relation to the matter stated in Note 33(a) of the Audited Financial Statements, on 6 April 2016, the subsidiary received a judgment issued by the Administrative Court of Appeal in Kingdom of Saudi Arabia ("KSA") to remit the case to the Court of First Instance to amend the judgment *in-absentia* to judgment in presence of the subsidiary. On 7 July 2016, the Court of First Instance in KSA amended the judgment accordingly and maintained the order that the subsidiary pay an amount of SAR5.4 million (approximately RM6.5 million) to the supplier.
- (ii) In relation to Note 33(b) of the Audited Financial Statements, on 1 June 2016, the Branch filed an appeal against the Court of Appeal's judgment at the Cassation Court in United Arab Emirates ("UAE"). On 23 June 2016, the Cassation Court allowed the Branch's application to stay or stop the subcontractor from executing the said judgment pending the Cassation Court's final decision. On 26 January 2017, the Cassation Court dismissed the Branch's appeal, hence the Court of Appeal's judgment of increasing the monetary award to AED7.2 million (approximately RM8.8 million) is maintained.
- (iii) In relation to the project in Abu Dhabi, as disclosed in Note 19(iv) and Note 31(iii) of the Audited Financial Statements, and further to Note 31(a) of the Annual Report, by email dated 17 May 2017 to the subsidiary and to the arbitrators simultaneously, the project owner has uplifted the stay with immediate effect. As the stay has been uplifted, the arbitration proceedings shall proceed and the subsidiary shall file its Statement of Claim within 30 days from 17 May 2017.
- (iv) In relation to the project in Abu Dhabi, and further to Note 31(c) of the Annual Report, the Sole Arbitrator has directed both parties to make further submission on 16 May 2017 to address certain questions raised by the Sole Arbitrator on the jurisdictional challenge. The Sole Arbitrator has indicated that he will deliver his decision on the jurisdictional challenge beginning of July 2017.
- (v) In relation to the Materials Off Loading Facility Project ('MOLF') and further to Note 31(d) of the Annual Report, the subsidiary's application for security for costs against the subcontractor has been dismissed with costs. The subcontractor's application for summary judgment against the subsidiary has been fixed for hearing on the 2 June 2017. The trial dates on the 13 to 16 June 2017 are maintained.
- (vi) In relation to the EPCC Tanjung Bin power plant power station in Johor consisting of 3 x 700MW coal-fired power plants and related facilities ("Project"), and further to Note 31(b) of the Annual Report, on 17 May 2017, the subsidiary's solicitor and the two Respondents' solicitor have reverted to the Claimant's solicitor's with proposed amendments to the joint undertaking.

ZELAN BERHAD
(Company No:27676-V)

20. Earnings/(Loss) Per Share

The basic earnings/(loss) per share and the diluted earnings/(loss) per share for the financial period 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/losses 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, adjusted to assume the conversion of all dilutive potential ordinary shares (e.g. warrants).

The diluted loss per share is the same as basic earnings per share calculated below as the warrant options are anti-dilutive.

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31/03/2017	Quarter ended 31/03/2016	Three months to 31/03/2017	Three months to 31/03/2016
Earnings/(loss) attributable to equity holders of the parent (RM'000)	7,127	(37,573)	7,127	(37,573)
Weighted average number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
Basic earnings/(loss) per share (sen)	0.84	(4.45)	0.84	(4.45)
Weighted average number of ordinary shares in issue for purpose of computing diluted earnings per share ('000)	844,895	844,895	844,895	844,895
Diluted earnings/(loss) per share (sen)	0.84	(4.45)	0.84	(4.45)

21. 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 26 May 2017.

By order of the Board

Noor Raniz bin Haji Mat Nor
Ellis Suryanti Binti Jasmi
Secretaries

Kuala Lumpur
26 May 2017