

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	17,225	16,676	51,929	80,765
Cost of sales	<u>(14,882)</u>	<u>(5,769)</u>	<u>(37,446)</u>	<u>(54,017)</u>
Gross profit	2,343	10,907	14,484	26,748
Other income	6,042	49	6,908	4,950
Other income - ICC Arbitration Award (Meena Plaza)	121,966	-	121,966	-
Additional Work Scope cost	(4,215)	-	(4,215)	-
- Gain on revaluation of asset	3,690	-	9,546	-
Interest income	439	663	855	1,043
- income/profit on placement on deposits	42	8	72	23
- unwinding of discounting on long term trade receivables and discounting on trade payables	397	655	783	1,020
Accretion in carrying value of long term receivables	5,669	6,015	23,199	24,643
Unrealised foreign exchange gain, net	(3,720)	(2,758)	(3,664)	(725)
Administrative expenses	(1,402)	(2,711)	(7,044)	(10,823)
Operating expenses	(1,374)	(1,025)	(2,218)	(1,994)
Other Operating Expenses - Meena Plaza	(83,163)	-	(83,163)	-
Write back of provision for impairment of amount due from an associate	-	1,728	-	1,728
Depreciation	(9)	(83)	(277)	(346)
Provision for Doubtful Debt	(161)	-	(161)	-
Finance costs	(9,552)	(8,232)	(35,146)	(39,626)
- finance cost on borrowings	(7,969)	(7,828)	(32,624)	(38,377)
- discounting of trade receivables and unwinding of discounting on trade payables	(1,583)	(404)	(2,522)	(1,249)
Share of results of associates	-	(11)	(17)	(50)
<b>Profit before zakat and taxation</b>	<b>36,554</b>	<b>4,542</b>	<b>41,052</b>	<b>5,548</b>
Tax expense	(5,031)	(3,309)	(5,745)	(2,879)
<b>Profit after zakat and taxation</b>	<b>31,523</b>	<b>1,233</b>	<b>35,308</b>	<b>2,669</b>
<b>Profit for the period</b>				
<b>Attributable to:</b>				
Equity holders of the parent	31,515	1,233	35,318	2,661
Non-controlling interests	8	-	(10)	8
	<u>31,523</u>	<u>1,233</u>	<u>35,308</u>	<u>2,669</u>
<b>Earnings/ per share :</b>				
Basic earnings per share attributable to equity holders of the Company (sen)	<u>3.73</u>	<u>0.15</u>	<u>4.18</u>	<u>0.31</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2020 RM'000	Quarter ended 31/12/2019 RM'000	Year ended 31/12/2020 RM'000	Year ended 31/12/2019 RM'000
<b>Net profit for the period</b>	<b>31,523</b>	1,233	<b>35,308</b>	2,669
<b>Other comprehensive gain :</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in the fair value of available-for-sale financial assets	1,155	-	1,155	-
Exchange difference from translation of foreign operations	4,379	703	1,718	182
Reversal of exchange difference on disposal of subsidiary	-	-	-	-
<b>Total items that may be reclassified subsequently to the profit or loss</b>	<b>5,534</b>	703	<b>2,873</b>	182
<b>Total comprehensive profit for the period</b>	<b>37,058</b>	1,936	<b>38,181</b>	2,851
<b>Total comprehensive profit for the period</b>				
Attributable to:				
Equity holders of the parent	37,058	1,936	38,181	2,851
Non-controlling interests	-	-	-	-
	<b>37,058</b>	1,936	<b>38,181</b>	2,851

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,521	2,555
Investment properties	23,186	8,179
Investments in associates	6,120	6,137
Receivables, deposits and prepayments	698,310	672,936
Deferred tax assets	887	898
Deposits, cash and bank balances (restricted)	27,067	14,461
	<u>759,090</u>	<u>705,166</u>
<b>CURRENT ASSETS</b>		
Inventories	-	6,858
Receivables, deposits and prepayments	82,819	83,922
Tax recoverable	15	12
Deposits (restricted)	2,195	136
Deposits, cash and bank balances (non-restricted)	3,526	5,758
	<u>88,554</u>	<u>96,686</u>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	209,243	200,239
Borrowings	48,937	38,162
Current tax liabilities	5,656	3,876
	<u>263,836</u>	<u>242,277</u>
<b>NET CURRENT LIABILITIES</b>	<u>(175,282)</u>	<u>(145,591)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>583,808</u>	<u>559,575</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	84,495	84,495
Reserves	3,664	(37,388)
	<u>88,159</u>	<u>47,107</u>
Non-controlling interests	(327)	(327)
<b>TOTAL EQUITY</b>	<u>87,832</u>	<u>46,780</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	478,045	509,553
Advance received from contract customer- MRF	11,235	0
Other payables - Tax liabilities	3,436	0
Deferred tax liabilities	3,259	3,242
	<u>495,976</u>	<u>512,795</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<u>583,808</u>	<u>559,575</u>
Net assets per share (RM)	<u>0.10</u>	<u>0.06</u>

**ZELAN BERHAD**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Atributable to equity holders of the parent

	Share Capital RM'000	Warrants Reserve # RM'000	Translation Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Fixed Asset Reserve* RM'000	Accumulated Losses RM'000	Sub - total RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>12 months to 31 December 2020</b>										
Balance as at 1 January 2020	84,495	-	10,089	35,457	4,254	-	(87,188)	47,107	(327)	46,780
Profit/(loss) for the financial period	-	-	-	-	-	-	35,318	35,318	(10)	35,308
<u>Other comprehensive income:</u>										
Prior year adjustments	-	-	-	-	-	-	2,774	2,774	-	2,774
Restatement	-	-	-	-	-	-	88	88	-	88
Currency translation reserve	-	-	1,708	-	-	-	-	1,708	10	1,718
Available-for-sale financial assets: - fair value gain foreign company	-	-	-	-	-	1,155	-	1,155	-	1,155
Total comprehensive loss/income for the financial period	-	-	1,708	-	9	1,155	-	41,052	-	41,052
Balance as at 31st December 2020	84,495	-	11,797	35,457	4,263	1,155	(49,008)	88,159	(327)	87,832
<b>12 months to 31 December 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
Profit for the period	-	-	-	-	-	-	2,661	2,661	8	2,669
<u>Other comprehensive (loss)/income:</u>										
Currency translation reserve	-	-	190	-	-	-	-	190	(8)	182
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 income/(loss) for the period	6	(14,082)	190	-	-	-	16,742	2,856	-	2,856
Balance as at 31 December 2019	84,495	-	10,089	35,457	4,254	-	(87,188)	47,107	(327)	46,780

\* 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 2019.

**ZELAN BERHAD**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Financial Year Ended 31/12/2020 RM'000	Financial Year Ended 31/12/2019 RM'000
<b>OPERATING ACTIVITIES</b>		
Net profit for the period attributable to equity holders of the Company	35,318	2,661
Adjustments for:		
Tax expense	5,745	2,879
Bad debts written off	161	-
Depreciation of property, plant and equipment	88	346
Depreciation of investment properties	189	242
Gain on disposal of property, plant & equipment	-	(151)
Loss on disposal of inventories	-	32
Accretion of interest in carrying value of long term receivables	(23,199)	(24,643)
Write back for impairment of amount due from an associate	(6,237)	(1,728)
Interest income	(783)	(1,043)
Finance costs	35,146	39,626
Net unrealised (loss)/gain on foreign exchange	3,664	725
Non-controlling interests	19	8
Share of results of associates	17	50
	<u>50,128</u>	<u>19,004</u>
Changes in working capital :		
Inventories	(17)	-
Receivables	(23,191)	56,585
Payables	(27,266)	(78,750)
Cash generated/(used in) operations	(346)	(3,161)
Tax (paid)/credit	(1,155)	(611)
<b>Net cash flows generated in operating activities</b>	<u>(1,501)</u>	<u>(3,772)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	9,546	151
Interest received from deposits and investments	72	23
Purchase of property, plant and equipment	-	(3)
Proceeds from disposal of inventories	-	185
<b>Net cash flows generated from / (used in) investing activities</b>	<u>9,618</u>	<u>356</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(20,727)	(21,738)
Proceeds from borrowings	-	41,480
Repayments of hire purchase creditors	(5)	(141)
Issuance of shares - exercise of warrants	-	6
Interest paid	(52)	(43)
Additional deposits pledged as security	18,191	(13,339)
<b>Net cash flows used in financing activities</b>	<u>(2,593)</u>	<u>6,225</u>
Net movement in cash and cash equivalents	5,524	2,809
Cash and cash equivalents at the beginning of the financial period	5,758	3,787
Currency translation differences	(8,099)	(838)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>3,183</u>	<u>5,758</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**ZELAN BERHAD**  
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**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 2019. 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 2019.

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 2019 except for the adoption of the following, effective on or after 1 January 2020:

Amendments to References	The Conceptual Framework for Financial Reporting (Revised 2018)
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7 , MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

**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. The Group did not early adopt these new amendments to the MFRSs.

Effective from financial year beginning on or after 1 January 2021

Amendments to MFRS 17	Insurance Contracts
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Effective from financial year beginning on or after 1 January 2022

Amendments to MFRS 101	Presentation of Financial Statements - Classifications Liabilities as Current or Non-Current
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Effective date yet to be determined by Malaysian Accounting Standards Board.

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

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

The auditors' report on the Group's financial statements for the financial year ended 31 December 2019 contained a paragraph on material uncertainty relating 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 profit after taxation of RM2.7 million and a net loss after taxation of RM7.4 million respectively for the financial year ended 31 December 2019 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM145.6 million and RM18.8 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 were of the opinion that the preparation of the financial statements of the Group for the year ended 31 December 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:*

- *Monitor and manage the progress of its existing construction projects. The Group will engage the project owners on potential extension of time for the on-going projects which may be delayed;*
- *Re-evaluate current contracts to optimise potential revenue and progressively reduce costs on the job scopes and services provided*
- *Negotiate with subcontractors on the terms and timing of settlement payments for ongoing and completed projects; and*
- *The Group has secured buyers for eleven units and one whole floor of office lots at Wisma Zelan. These transactions are expected to be completed by the third quarter of 2021. The Group will continue to identify potential buyers for certain properties and inventories of the Group.*

*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**

During the current financial quarter, the Group has decided to recognise the ICC Arbitration Award totaling to RM294.8 million (AED269.5 million) in relation to the project in Abu Dhabi. The awarded sum is discounted with the discount rate of 10.0475% per annum which gave a net value of RM243.4 million (AED222.6 million). This amount has been recorded as long term receivables.

The Group has also reversed part of the provision made for a project contractor. The project contractor had obtained the Abu Dhabi court judgment in the sum of RM7.9 million (AED7.2 million) on 26 January 2017. However, we had made provision of RM11.1 million (AED10.2 million) since 2017 until 2019. Therefore we had to write back the provision in the account by RM2.8 million (AED2.5 million). Accordingly, the adjustment is treated as prior year adjustment in the accounts for the year ended 31 December 2020.

**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.

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**6. Debt and Equity Securities**

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

**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 ended 31 December 2020 is as follows:

	Engineering and Construction RM '000	Property and Development RM '000	Asset Facilities Management RM '000	Investment RM '000	Total RM '000
<b>Revenue</b>					
Segment revenue	10,629	168	6,139	289	17,225
	10,629	168	6,139	289	17,225
<b>Results</b>					
Segment profit	96,091	50	1,396	2,326	99,863
Finance costs	(55,949)	(1)	(7,359)	-	(63,309)
Share of results of associates	-	-	-	-	-
Profit before zakat and taxation	40,142	49	(5,963)	2,326	36,554
Tax expense	(4,629)	(208)	(44)	(151)	(5,031)
Net profit after zakat and taxation	35,513	(159)	(6,007)	2,175	31,523
<b>Attributable to:</b>					
Equity holders of the parent	35,505	(159)	(6,007)	2,175	31,515
Non-controlling interests	8	-	-	-	8
	35,513	(159)	(6,007)	2,175	31,523

The Group's revenue comprises the following:

	Quarter ended 31/12/2020 RM'000	Quarter ended 31/12/2019 RM'000
Revenue from contracts with customers	10,629	16,211
Asset Facilities Management	6,139	-
Rental income	457	465
	17,225	16,676

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

**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.



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**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 December 2020, the Company had given guarantees amounting to RM12,880,410 (4Q FY2019: RM13,647,000) to the owner of the project as security for the subsidiaries' performance of their obligations under the relevant project.

**12. Review of Performance**

**(i) Financial review for the current quarter and financial period to date**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	12 Months Ended	Preceding Year 12 Months Ended	Changes
	31/12/2020 RM '000	31/12/2019 RM '000	Value RM '000	31/12/2020 RM '000	31/12/2019 RM '000	Value RM '000
Revenue	17,225	16,676	549	51,929	80,765	(28,836)
Operating profit	50,276	15,543	34,733	80,329	45,949	34,380
Net foreign exchange gain	(3,719)	(2,758)	(961)	(3,664)	(725)	(2,939)
Share of results of associates	-	(11)	11	(17)	(50)	33
Profit before interest, zakat and taxation	46,557	12,774	33,783	76,648	45,174	31,474
Profit before zakat and taxation	36,554	4,542	32,012	41,052	5,548	35,504
Profit after zakat and taxation	31,523	1,233	30,290	35,308	2,669	32,639

The Group's revenue of RM17.22 million for the current quarter ended 31 December 2020 was higher than the revenue of RM16.68 million registered in the same quarter of FY2019 by RM0.55 million. The higher revenue in the current quarter is mainly because the Group's progress for the Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE") Package CB2 project.

The Group reported a profit after zakat and taxation ("PAZT") of RM31.52 million in the current quarter under review compared to a PAZT of RM1.23 million in the corresponding quarter of FY2019, which is mainly attributable to the recognition of the ICC Arbitration Award of AED269.5 million (RM294.8 million) in relation to the project in Abu Dhabi, the reversal of bad debt written off in a subsidiary amounting to RM4.91 million and gain on the revaluation of investment properties of RM3.69million.

The comprehensive income for the quarter, net of tax is RM32.68 million. The additional increase of RM1.16 million from PAZT is contributed by the gain in revaluation of PPE.

For the current financial period under review, the Group recorded total revenue of RM51.93 million, a decrease of RM28.84 million or 35.71% as compared to the RM80.76 million recorded in the corresponding financial period last year. The decrease in revenue is mainly due to the completion of the Drawbridge project in June 2019.

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

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

	Individual Quarter		Variance RM '000
	Quarter ended	Quarter ended	
	31/12/2020 RM '000	30/09/2020 RM '000	
<b><u>Revenue</u></b>			
Engineering and Construction	10,629	5,629	5,000
Property and Development	168	177	(9)
Asset Facilities Management	6,148	6,175	(27)
Investment	280	288	(8)
<b>Total</b>	<b>17,225</b>	<b>12,269</b>	<b>4,956</b>
<b><u>Profit / (Loss) After Zakat and Taxation</u></b>			
Engineering and Construction	35,513	(5,244)	40,757
Property and Development	(159)	3,507	(3,666)
Asset Facilities Management	(6,007)	(2,466)	(3,541)
Investment	2,175	2,826	(651)
<b>Total</b>	<b>31,523</b>	<b>(1,377)</b>	<b>32,900</b>

In the current quarter ended 31 December 2020, the Group reported higher revenue by RM4.96 million or 0.04% compared to the immediate preceding quarter. The higher revenue in the current quarter is attributable to the Engineering and Construction business due to continuous positive progress at the SUKE project site and the Asset Facilities Management at IIUM Gambang.

The profit after zakat and tax (LAZT) in the current quarter of RM31.52 million shows an increase of RM32.90 million from the loss after zakat and tax (PAZT) of RM1.38 million in the immediate preceding quarter. The profit is mainly due to the recognition of the ICC Arbitration Award against Meena Holdings LLC.

**13. 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 asset maintenance service charges from the IIUM Gambang project under the Concession Agreement with the Government of Malaysia and IIUM. 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 amidst the Covid 19 pandemic, 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.

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**15. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2020 RM '000	Preceding year corresponding quarter 31/12/2019 RM '000	12 months ended 31/12/2020 RM '000	12 months ended 31/12/2019 RM '000
Malaysian income tax - current	(5,021)	(3,246)	(5,728)	(2,795)
Deferred tax	(10)	(63)	(17)	(84)
Tax expense	<u>(5,031)</u>	<u>(3,309)</u>	<u>(5,745)</u>	<u>(2,879)</u>

**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 December 2020 are as follows:

	As at 31.12.2020					
	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	6,300	-	81,329	-	87,629	-
Islamic financing	-	41,944	-	389,006	-	430,950
<b>Unsecured</b>						
Hire purchase	-	104	-	98	-	202
	<u>6,300</u>	<u>42,048</u>	<u>81,329</u>	<u>389,104</u>	<u>87,629</u>	<u>431,152</u>
^ Exchange rate: AED1 = RM1.0936						
	As at 31.12.2019					
	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	5,100	5,682	79,706	88,809	84,806	94,491
Islamic financing	-	32,371	-	420,586	-	452,957
Revolving credit	-	-	-	-	-	-
<b>Unsecured</b>						
Hire purchase	-	109	-	158	-	267
	<u>5,100</u>	<u>38,162</u>	<u>79,706</u>	<u>509,553</u>	<u>84,806</u>	<u>547,715</u>
^ Exchange rate: AED1 = RM1.1408						

**ZELAN BERHAD**  
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**18. Changes in Material Litigation**

- a) In relation to the project in Abu Dhabi, as disclosed in Note 30 (a) (ii) page 132 of the Audited Financial Statements, due to disputes between ZHSB and the project owner including issues on delayed or non-payment of certified sums and interferences to the certificates of payment by the project owner, ZHSB initiated arbitration proceedings on 11 December 2015. After due observance to the arbitral procedural requirements and attendance to arbitration hearings by both ZHSB and project owner, the Arbitral Tribunal issued its final award dated 25 July 2019 ("Award") to the parties, declaring *inter-alia*, as follows:-
- i. ZHSB's termination of contract is valid;
  - ii. The contract of Muqawala made between the parties has been terminated for the purpose of Article 892 of the UAE Civil Code of Contract;
  - iii. The project owner's deduction of sums in respect of obsolete cladding and thermal insulation material, conveying materials and MEP material were wrongful;
  - iv. The project owner's reversal of Interim Payment Certificate (IPC) No. 51 by issuing IPC No. 51R is invalid and wrongfully issued;
  - v. The NCR No. 98, 119, 121, 123 (as qualified) and 97 (to the extent the remedial works do not relate to Basement 1 slabs) were invalid and/or wrongfully issued by the project owner; and
  - vi. ZHSB is due an extension of time to 1 October 2015 for basement rectification works with no prolongation cost.

Accordingly, the Arbitral Tribunal awarded ZHSB as follows:

- i. The sum of AED256.1 million ( approximately RM292.1 million) which sum includes interest up to 1 June 2019;
- ii. Pre-award interest from 1 June 2019 until 25 July 2019 in the sum of AED53,000 (RM60,462);
- iii. Parties' costs in the sum of AED8.4 million (RM9.6 million);
- iv. ICC costs of arbitration in the sum of USD585,000 (RM684,480); and
- v. Post-Award interest on item (a), (c) and (d) at the rate of 9% per annum after the date of the Award until full payment by the project owner.

On 7 May 2020, the Court of Appeal in Abu Dhabi granted to ZHSB an order for ratifying and executing the Award. Subsequently on 26 October 2020, the Abu Dhabi Cassation Court rejected the project owner's appeal on its Grievance Application.

ZHSB is now proceeding to execute the Award against the project owner in the Execution Court and on 25 October 2020, the Execution Court issued an order for the attachment of all bank accounts of the project owner in Abu Dhabi as circulated through the UAE Central Bank.

Based on the advice of ZHSB's UAE lawyers, the Group is confident that the Award will be recovered and the unaudited financial statements have been prepared on the basis of such a positive outcome

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

**18. Changes in Material Litigation (continue)**

- b) In relation to the project in Indonesia, as disclosed in Note 30 (b) page 133 of the Audited Financial Statements, the Arbitral Tribunal issued final award dated 11 July 2019 ("Award") as follows:
- i. ZHSB shall pay the subcontractor the sum of USD1.1 million (approximately RM4.6 million) with interest of 4.77% per annum from 3 July 2018 until the date of payment;
  - ii. ZHSB shall pay the subcontractor the sum of USD122,000 (approximately RM511,180) being late payment interest for the period from 19 November 2015 to 2 July 2018;
  - iii. ZHSB shall pay the subcontractor's legal costs and expenses incurred in this arbitration fixed at SGD103,000 (approximately RM312,090); and
  - iv. ZHSB shall bear the costs of the arbitration in the amount of SGD64,000 (approximately RM193,920).

Subsequently, ZHSB entered into a Settlement Agreement dated 12 August 2020 with the subcontractor for a settlement sum of USD1,447,995.37.

- c) In relation to the project in Malaysia, as disclosed in Note 30(c) (ii) page 133 of the Audited Financial Statements, ZCSB has commenced an arbitration proceeding against the contractor and accordingly on 6 November 2019, ZCSB submitted its Statement of Case together with the Bundle of Documents to the Arbitrator. The contractor has also submitted its Statement of Defense, Counter Claim and Bundle of Documents on 19 March 2020. The Parties are now complying with the arbitral procedural timetable for the arbitration proceeding.

**19. Earnings Per Share**

The basic earnings per share for the financial quarter/year were calculated based on the Group's profit attributable to the equity holders of the Company, divided by the number of ordinary shares in issue during the financial quarter.

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31/12/2020	Quarter ended 31/12/2019	Period ended 31/12/2020	Period ended 31/12/2019
Profit attributable to equity holders of the parent (RM'000)	31,515	1,233	35,318	2,661
Number of ordinary shares in issue ('000)	844,921	844,921	844,921	844,921
<b>Basic profit per share (sen)</b>	<b>3.73</b>	<b>0.15</b>	<b>4.18</b>	<b>0.31</b>

**ZELAN BERHAD**  
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**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 March 2021.

**By order of the Board**

**Yusrenawati binti Mohd Yusof**  
**Secretary**

**Kuala Lumpur**  
**31 March 2021**