

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2021 RM'000	Quarter ended 31/12/2020 RM'000	Year ended 31/12/2021 RM'000	Year ended 31/12/2020 RM'000
Revenue	12,456	17,225	46,448	51,929
Cost of sales	<u>(8,252)</u>	<u>(6,514)</u>	<u>(30,290)</u>	<u>(29,078)</u>
Gross profit	4,204	10,711	16,158	22,851
Rectification cost	-	(4,215)	-	(4,215)
Other income	2,859	73,604	3,089	74,469
- Gain on revaluation of asset	-	(3,675)	-	2,181
-Write back of provision	-	648	-	648
Interest income	29	42	48	72
Unwinding of discounting on long term trade receivables	55	397	218	783
Accretion in carrying value of long term receivables	5,306	4,245	21,775	23,199
Unrealised foreign exchange gain/(loss), net	(386)	(3,720)	5,258	(3,665)
Administrative expenses	(2,581)	(1,655)	(6,895)	(7,297)
Operating expenses	81	(30,553)	(984)	(31,397)
Depreciation	(237)	79	(890)	(189)
Finance costs on borrowings	(7,391)	(7,970)	(28,601)	(32,625)
Unwinding of discounting on long term trade payables	(240)	(1,583)	(946)	(2,522)
Provision for doubtful debt	(88)	(161)	(88)	(161)
Share of results of associates	(939)	(14)	(955)	(31)
Profit before zakat and taxation	672	36,180	7,187	42,101
Tax expense	<u>(1,484)</u>	<u>(5,182)</u>	<u>(3,341)</u>	<u>(5,896)</u>
Profit / (Loss) after zakat and taxation	(812)	30,998	3,846	36,205
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	(811)	30,998	3,839	36,215
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>7</u>	<u>(10)</u>
	(812)	30,998	3,846	36,205
Net profit /(Loss) for the period	(812)	30,998	3,846	36,205
Other comprehensive gain :				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference from translation of foreign operations	(5,351)	2,665	(331)	(4,090)
Gain on revaluation of Property, plant and equipment ("PPE")				1,155
Total items that may be reclassified subsequently to the profit or (loss)	<u>(5,351)</u>	<u>2,665</u>	<u>(331)</u>	<u>(2,935)</u>
Total comprehensive profit / (loss)	(6,163)	33,663	3,515	33,270
Total comprehensive profit / (loss) for the period attributable to:				
Equity holders of the parent	(6,162)	33,553	3,508	33,280
Non-controlling interests	<u>(1)</u>	<u>110</u>	<u>7</u>	<u>(10)</u>
	(6,163)	33,663	3,515	33,270
Earnings/ (Loss) per share :				
Basic earnings / (loss) per share attributable to equity holders of the Company (sen)	<u>(0.10)</u>	<u>3.67</u>	<u>0.45</u>	<u>4.29</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2021 RM'000	Audited As at 31/12/2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment ("PPE")	3,208	3,530
Investment properties	22,669	23,186
Investments in associates	4,197	6,106
Receivables, deposits and prepayments	677,421	698,310
Deferred tax assets	887	887
Deposits, cash and bank balances (restricted)	34,082	27,067
	<u>742,464</u>	<u>759,086</u>
CURRENT ASSETS		
Receivables, deposits and prepayments	118,232	82,866
Tax recoverable	19	15
Deposits (restricted)	138	138
Deposits, cash and bank balances (non-restricted)	3,704	5,583
	<u>122,093</u>	<u>88,602</u>
LESS: CURRENT LIABILITIES		
Trade and other payables	236,616	209,244
Borrowings	45,305	48,937
Current tax liabilities	7,265	5,856
	<u>289,186</u>	<u>264,037</u>
NET CURRENT LIABILITIES	(167,093)	(175,435)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>575,371</u>	<u>583,651</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	84,495	84,495
Reserves	7,022	3,507
	<u>91,517</u>	<u>88,002</u>
Non-controlling interests	(327)	(327)
TOTAL EQUITY	<u>91,190</u>	<u>87,675</u>
NON-CURRENT LIABILITIES		
Borrowings	458,056	478,045
Advance received from concession customer	19,990	11,235
Other payables - Tax liabilities	2,876	3,437
Deferred tax liabilities	3,259	3,259
	<u>484,181</u>	<u>495,976</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u>575,371</u>	<u>583,651</u>
Net assets per share (RM)	<u>0.11</u>	<u>0.10</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— Attributable to equity holders of the parent

	Share Capital 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
Twelve months to 31 December 2021									
Balance as at 1 January 2021	84,495	5,999	35,458	4,261	1,155	(43,366)	88,002	(327)	87,675
Profit for the financial period	-	-	-	-	-	3,839	3,839	7	3,846
Other comprehensive income/(loss):									
Currency translation reserve	-	(324)	-	-	-	-	(324)	(7)	(331)
Total comprehensive income/(loss) for the financial period	-	(324)	-	-	-	3,839	3,515	-	3,515
Balance as at 31 December 2021	84,495	5,675	35,458	4,261	1,155	(39,527)	91,517	(327)	91,190
Twelve months to 31 December 2020									
Balance as at 1 January 2020	84,495	10,089	35,457	4,254	-	(79,581)	54,714	(327)	54,387
Profit for the period	-	-	-	-	-	36,215	36,215	(10)	36,205
Other comprehensive (loss)/income:									
Currency translation differences:									
-net movement during financial year	-	(4,090)	-	-	-	-	(4,090)	10	(4,080)
-foreign company	-	-	1	7	-	-	8	-	8
-gain on revaluation of PPE	-	-	-	-	1,155	-	1,155	-	1,155
Total comprehensive income/(loss) for the period	-	(4,090)	1	7	1,155	36,215	33,288	-	33,288
Balance as at 31 December 2020	84,495	5,999	35,458	4,261	1,155	(43,366)	88,002	(327)	87,675

* 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

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

ZELAN BERHAD
(Company No. : 27676-V)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended 31/12/2021 RM'000	Financial Year Ended 31/12/2020 RM'000
OPERATING ACTIVITIES		
Net profit for the year attributable to equity holders of the Company	3,846	36,205
Adjustments for:		
Tax expense	3,341	5,896
Accretion of interest in carrying value of long term receivables	(21,775)	(23,898)
Interest income	(266)	(156)
Finance costs	28,601	35,146
Gain from investment	(3,089)	-
Gain on revaluation	-	(2,181)
Write back for impairment amount due from an associates	-	(648)
Asset transfer to investment properties	-	(5,219)
Net income recognised from arbitration award	-	(67,705)
Net unrealised loss/(gain) on foreign exchange	(5,258)	3,665
Loss on disposal of inventory	-	(48)
Gain on disposal/ revaluation of property, plan and equipment	-	(5)
Depreciation	890	189
Non-controlling interests	7	10
Share of results of associates	955	31
	<u>7,252</u>	<u>(18,718)</u>
Changes in working capital :		
Receivables	26,980	61,771
Payables	10,542	30,951
Cash generated from operations	44,774	74,004
Tax (paid)/credit	(986)	(1,262)
Net cash flows generated from operating activities	<u>43,788</u>	<u>72,742</u>
INVESTING ACTIVITIES		
Interest received from deposits and investments	48	124
Net cash flows generated from investing activities	<u>48</u>	<u>124</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(26,893)	(26,687)
Repayments of hire purchase creditors	(65)	(73)
Repayment to related companies	-	(828)
Interest paid	(6,382)	(24,584)
Additional deposits pledged as security	(14,192)	(18,907)
Net cash flows used in financing activities	<u>(47,532)</u>	<u>(71,079)</u>
Net movement in cash and cash equivalents	(3,696)	1,787
Cash and cash equivalents at the beginning of the financial period	5,583	5,758
Currency translation differences	1,817	(1,962)
Cash and cash equivalents at the end of the financial period	<u>3,704</u>	<u>5,583</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

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") 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 2020. 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 2020.

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 2020.

On 1 January 2021, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:-

Amendments to MFRS 7, MFRS 9 and MFRS 139 on Interest Rate Benchmark Reform

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

The standards, amendments, annual improvement and interpretations that are issued but not yet effective up to the date of the Group's interim financial information are disclosed below. The Group intends to adopt these standards, amendments, annual improvements and interpretations if applicable, when they become effective:-

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations	
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment:	
Property, plant and equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts:	
Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements:	
Classification of Liabilities as Current or Non-current	1 January 2023
Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies,	
Changes in Accounting Estimates and Errors:	
Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes:	
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

ZELAN BERHAD
(Company No:27676-V)

1. Basis of Preparation (Continue)

MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective (cont'd)

The standards, amendments, annual improvements and interpretations that are issued but not yet effective up to the date of the Group's interim financial information are disclosed below. The Group intends to adopt these standards, amendments, annual improvements and interpretations if applicable, when they become effective (cont'd):-

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 December 2020 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 RM36.21 million and RM0.18 million respectively for the financial year ended 31 December 2020 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM175.43 million and RM18.63 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 2020 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;*
- *Receipt of retention sum from the main contractor within 12 months after the current reporting date for completed projects; and*
- *The Group has secured buyers for eleven units and one whole floor of office lots at Wisma Zelan. Four units had been sold and full payments have been received. Balance seven units are still in the progress of sales completion and full payment is expected to be received by 3rd quarter of 2021. The Group will continue to identify potential buyers for existing properties.*

ZELAN BERHAD
(Company No:27676-V)

2. Auditors' Report on Preceding Annual Financial Statements (Continue)

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 previously reported 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.

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 2021 is as follows:

The Group's revenue comprises the following:

	Engineering and Construction RM '000	Property and Development RM '000	Asset Management Services RM '000	Investment RM '000	Total RM '000
Revenue					
Segment revenue	5,786	210	6,173	287	12,456
	5,786	210	6,173	287	12,456
Results					
Segment profit	594	9	11,623	(3,297)	8,929
Finance costs	(1,998)	-	(5,304)	-	(7,302)
Share of results of associates	(955)	-	-	-	(955)
Profit before zakat and taxation	(2,359)	9	6,319	(3,297)	672
Tax expense	-	-	(1,466)	(18)	(1,484)
Net profit after zakat and taxation	(2,359)	9	4,853	(3,315)	(812)
Attributable to:					
Equity holders of the parent	(2,358)	9	4,853	(3,315)	(811)
Non-controlling interests	(1)	-	-	-	(1)
	(2,359)	9	4,853	(3,315)	(812)

ZELAN BERHAD
(Company No:27676-V)

	Quarter ended 31/12/2021	Quarter ended 31/12/2020
	RM'000	RM'000
Revenue from contracts with customers	5,786	10,629
Asset Facilities Management	6,173	6,139
Rental income	497	457
	12,456	17,225

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.

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 2021, the Company had given a guarantee amounting to RM12,880,410 (Q3 FY2020: RM12,480,410) to the owner of the project as security for the subsidiary's performance of its obligations under the relevant project.

12. Review of Performance

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

	Individual Quarter			Changes	Cumulative Quarter		
	Current	Year Quarter	Preceding Year Corresponding Quarter		12 Months Ended	Preceding Year 12 Months Ended	Changes
	31/12/2021 RM '000	31/12/2020 RM '000	Value RM '000 %		31/12/2021 RM '000	31/12/2020 RM '000	Value RM '000
Revenue	12,456	17,225	(4,769)	46,448	51,929	(5,481)	
Operating profit	9,385	55,163	(45,778)	31,485	78,422	(46,937)	
Net foreign exchange gain	(386)	(3,720)	3,334	5,258	(3,665)	8,923	
Share of results of associates	(939)	(12)	(927)	(955)	(31)	(924)	
Profit before interest, zakat and taxation	8,042	51,431	(43,389)	35,788	74,726	(38,938)	
Profit before zakat and taxation	672	43,459	(42,787)	7,187	42,101	(34,914)	
Profit / (Loss) after zakat and taxation	(812)	38,277	(39,089)	3,846	36,205	(32,359)	

The Group's revenue of RM12.5 million for the current quarter ended 31 December 2021 was lower than the revenue of RM17.23 million registered in the same quarter of FY2020 by RM4.8 million. Lower revenue for the current quarter as compared to the preceding year quarter is principally attributable to the lower revenue from the SUKE project of RM5.79 million (Q4 2020: RM10.63 million) as the said project is approaching its completion.

ZELAN BERHAD
(Company No:27676-V)

12. Review of Performance (Continued)

The Group reported a loss after zakat and taxation ("LAZT") of RM0.8 million in the current quarter under review compared to a profit after zakat and taxation ("PAZT") of RM38.28 million in the corresponding quarter of FY2020. This is mainly attributable to the recognition of the ICC Arbitration Award in relation to the project in Abu Dhabi that contributed a gain of RM38.80 million in Q4 FY2020.

The Group's lower revenue of RM46.45 million for the year ended 31 December 2021 was lower than the revenue of RM51.93 million in the same period of FY2020 by RM5.48 million. The lower revenue is principally attributable to lower revenue in the SUKE Project and the Asset Management Services.

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

	Individual Quarter		Variance RM '000
	Quarter ended 31/12/2021 RM '000	Quarter ended 30/09/2021 RM '000	
Revenue			
Engineering and Construction	5,786	5,349	437
Property and Development	210	177	33
Investment and Others		-	-
Asset Management Services	6,173	6,145	28
Investment	287	288	(1)
Total	12,456	11,959	497
Profit / (Loss) After Zakat and Taxation			
Engineering and Construction	(2,359)	(692)	(1,667)
Property and Development	9	(40)	49
Asset Management Services	4,853	1,201	3,652
Investment	(3,315)	(77)	(3,238)
Total	(812)	392	(1,204)

In the current quarter ended 31 December 2021, the Group reported higher revenue by RM0.5 million or 4.1% compared to the immediate preceding quarter. The higher revenue in the current quarter is attributable to the higher contribution by the SUKE project by RM0.4 million.

The LAZT in the current quarter of RM0.8 million shows a decrease of RM1.2 million from the PAZT of RM0.39 million in the immediate preceding quarter. The loss in the current quarter is due to the recognition of the additional variation work cost for the Drawbridge Project.

13. Prospects

The Group's revenue will be principally derived from the balance of the order book of the SUKE project as well as the revenue from the Asset Management 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 till 2035.

In light of the prevailing challenges in the construction industry amidst the Covid 19 pandemic, the Board will continue to ensure that the Group manages its 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.

ZELAN BERHAD
(Company No:27676-V)

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 31/12/2021 RM '000	Preceding year corresponding quarter 31/12/2020 RM '000	12 months ended 31/12/2021 RM '000	12 months ended 31/12/2020 RM '000
Malaysian income tax - current	1,484	5,181	3,341	5,856
Deferred tax	-	1	-	40
Tax expense	<u>1,484</u>	<u>5,182</u>	<u>3,341</u>	<u>5,896</u>

For the financial period ended 31 December 2021, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses which were not deductible for income tax purposes.

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 2021 are as follows:

As at 31.12.2021						
	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
Secured						
Term loan	6,300	-	83,840	-	90,140	-
Islamic financing	-	38,125	-	362,932	-	401,058
Unsecured						
Hire purchase	-	36	-	54	-	136
	<u>6,300</u>	<u>38,208</u>	<u>83,840</u>	<u>362,986</u>	<u>90,140</u>	<u>401,194</u>
^ Exchange rate: AED1 = RM1.133935						
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
Secured						
Term loan	6,300	-	81,329	-	87,629	-
Islamic financing	-	41,944	-	389,006	-	430,950
Unsecured						
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						

ZELAN BERHAD
(Company No:27676-V)

18. Changes in Material Litigation

Details of the significant litigations during the financial year are as follows:

Projects in Malaysia

- a) In relation to a project in Malaysia, a subsidiary company, Zelan Construction Sdn Bhd ("ZCSB") had filed a Notice of Arbitration dated 25 March 2019 against its sub-contractor. The sub-contractor had on 24 April 2019 filed a response and counterclaim for RM19,418,937.16 against ZCSB for the unpaid certified invoices, retention sum, outstanding variation order and GST.

Subsequently, on 6 November 2019, ZCSB submitted its Statement of Case, *inter-alia* claiming as follows:

- (i) Declaration that the Certificate of Practical Completion was properly revoked by ZCSB;
- (ii) Declaration that the sub-contractor failed to achieve practical completion of the works in accordance with the Contract;
- (iii) Declaration that ZCSB is entitled to step-in as provided under Clause 40A of the Contract;
- (iv) Payment of RM8,269,219 being liquidated damages for the sub-contractor delay in completing its Works from 01.07.2015 to 22.12.2015;
- (v) Payment of RM17,393,875.15 being liquidated damages for the sub-contractor delay in completing its Works from 01.07.2015 to 30.06.2016;
- (vi) Direct cost, losses, expenses and/or damages which were incurred by ZCSB amounting to RM45,774,742.27;
- (vii) Payment of RM186,283,267.56 for other costs, losses, expenses and/or damages incurred by ZCSB;
- (viii) Consultant fees and Petty Cash amounting to RM617,175.14 incurred by ZCSB;
- (ix) Electricity Charges amounting to RM3,446,341.22 incurred by ZCSB;
- (x) Pre-award interest at the rate of 5% per annum from the respective due dates until settlement in full; and
- (xi) Post-award interest at the rate of 5% calculated on the sum awarded until the date of settlement.

The Scott Schedule was submitted to the Arbitrator and the sub-contractor on 14 January 2020. The sub-contractor submitted its Statement of Defence and Counterclaim on 19 March 2020 and ZCSB submitted its Reply to the sub-contractor's Statement of Defence and Counterclaim on 1 June 2020.

On 17 June 2020, based on the lawyer's advice, ZCSB submitted its Amended Statement of Case and the sub-contractor submitted its Amended Statement of Defence and Counterclaim on 19 July 2020. On 1 August 2020, ZCSB submitted its Amended Reply and accordingly, the sub-contractor submitted its Reply on 29 August 2020.

The Amended Scott Schedule has been filed on 9 August 2021 and is currently pending a reply from the sub-contractor which will be due on 2 March 2022.

ZELAN BERHAD
(Company No:27676-V)

18. Changes in Material Litigation (Continued)

Details of the significant litigations during the financial year are as follows: (continued)

Projects in Malaysia (continued)

On 23 November 2021, the sub-contractor changed its solicitors and applied to amend its Amended Statement of Defence and Counterclaim. On 24 January 2022, ZCSB submitted its Re-Amended Statement of Case by amending the direct cost, losses and expenses/damages to RM53,456,994 and on 31 January 2022, the sub-contractor submitted its Re-Amended Statement of Defence and Counterclaim. On 11 February 2022, ZCSB submitted its Re-Amended Statement of Reply and Defence to Counterclaim and it is now pending Amended Reply from the sub-contractor which is due on 18 February 2022.

On 25 January 2022, the sub-contractor submitted its Application for Security for Cost in the sum of RM750,000.00 and required the same amount to be deposited by ZCSB to the sub-contractor as a stakeholder. On 8 February 2022, ZCSB submitted its submission to oppose the said Application for Security for Cost. The matter is fixed for hearing on 23 February 2022.

Meanwhile, the hearing dates for the Arbitration proceedings between ZCSB and the subcontractor have been fixed on 18-21 July 2022, 25-28 July 2022 and 1-4 August 2022.

- b) In relation to a project in Malaysia, a subsidiary company, ZCSB had issued a Notice of Arbitration dated 8 March 2019 to a consultant in respect of the disputes and differences under the Consultancy Services Agreement dated 9 May 2013.

ZCSB claims for the followings:-

- (i) Declaration that the consultant has breached its obligations under the Contract;
- (ii) Payment for the refund on the value of cost savings for deviation items amounting to RM5,969,352.20;
- (iii) Payment for rental of temporary facilities, utility bills, and other costs from January 2016 until 30 June 2018 amounting to RM38,307,666.66;
- (iv) Payment for ZCSB's loss of income from January 2016 until 30 June 2018 amounting to RM261,121,652.12;
- (v) General damages, cost of Arbitration proceeding and other costs the Arbitrator deems appropriate.

The AIAC had appointed a sole arbitrator on 14 August 2019, however due to disagreement on terms of engagement, the said arbitrator offered his resignation and resigned.

Upon the inauguration of the Director of the AIAC after the position was vacant for almost a year, a substitute sole arbitrator had been appointed on 8 January 2021.

On 12 April 2021, ZCSB submitted its Statement of Case and the consultant submitted its Statement of Defence and Counter Claim on 28 May 2021. Thereafter, ZCSB submitted its Reply to Defence and Defence to Counter Claim on 25 June 2021 and the consultant submitted its Rejoinder on 23 July 2021.

ZELAN BERHAD
(Company No:27676-V)

18. Changes in Material Litigation (Continued)

Details of the significant litigations during the financial year are as follows: (continued)

Projects in Malaysia (continued)

On 9 August 2021, ZCSB and consultant had filed their respective bundle of documents and on 29 October 2021, the ZCSB filed a total of 112 Bundles of Common Documents.

Meanwhile, the hearing dates for the Arbitration proceedings between ZCSB and the consultant have been fixed on 4-7 April 2022, 11-14 April 2022, 12-14 September 2022 and 19-23 September 2022.

- c) In relation to a project in Malaysia, a subsidiary company, ZCSB received two (2) Writ of Summons and Statement of Claims, both dated 13 June 2017 from a sub-contractor in respect of disputes and differences arising from outstanding claims for dredging works and shore protection works in relation to the project in Tanjung Setapa, Johor, Malaysia. ZCSB filed its Statement of Defence and Counter Claim dated 3 October 2017. Accordingly, the matter proceeded with full trials on 3 March, 4 March, 20 March and 30 April in 2019.

On 19 January 2020, the High Court had delivered decisions as follows ("High Court's decision"):-

- (i) Both suits filed by the sub-contractor are dismissed with a cost of RM10,000.00 each; and
- (ii) ZCSB's counterclaim is allowed with losses and damages in carrying out dredging works for the balance quantity of 247,384m³ to be assessed by Court by way of assessment of damages proceeding.

On 14 February 2020, ZCSB filed for Notice of Direction for the assessment of damages to be assessed by Court.

While, the sub-contractor filed its Notices of Appeal both dated 14 February 2020 in the Court of Appeal against the High Court's decision.

The sub-contractor also filed a Notice of Application for Stay of Proceedings dated 14 May 2020 to have all forms of assessment of damages proceeding from and/or related to the High Court's decision be stayed pending conclusion of the sub-contractor's appeal. The High Court dismissed the sub-contractor's Stay of Proceedings on 2 September 2020.

After reviewing the Grounds of Judgement from the High Court which was received on 1 October 2020, ZCSB filed its Notice of Leave to Appeal dated 3 November 2020 in the Court of Appeal against the High Court's decision for the direction that ZCSB's counterclaim is required to be assessed by way of assessment of damages proceedings.

On 11 November 2020, ZCSB filed its Notice of Application for Stay of Proceeding in the High Court on the assessment of damages proceeding pending disposal of ZCSB's appeal in the Court of Appeal.

On 27 January 2021, the Court of Appeal allowed ZCSB's Notice of Leave to Appeal and ordered the assessment of damages proceeding in the High Court to stay until disposal of ZCSB's appeal.

On 17 November 2021, after hearing both appeal submissions by ZCSB's and the sub-contractor's lawyers, the Court of Appeal dismissed the sub-contractor's appeal and allowed ZCSB's appeal at the Court of Appeal with cost to be paid by the sub-contractor to ZCSB.

ZELAN BERHAD
(Company No:27676-V)

18. Changes in Material Litigation (Continued)

Details of the significant litigations during the financial year are as follows: (continued)

Projects in Malaysia (continued)

Thereafter, on 17 December 2021, the sub-contractor filed three (3) Notices of Motion each dated 16 December 2021, for leave to appeal at the Federal Court against all the decisions of the Court of Appeal. The matter has been fixed for case management on 9 May 2022 and a hearing on 19 May 2022.

Meanwhile, the assessment of damages proceeding in the High Court has been further adjourned to 23 May 2022 for ZCSB to update on the status of the appeal.

19. Earnings/ (loss) Per Share

The basic earnings/ (loss) per share for the financial quarter/year were calculated based on the Group's profit/ (loss) 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	Quarter ended	12 months Period ended	12 months Period ended
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Profit /(Loss) attributable to equity holders of the parent (RM'000)	(811)	38,277	3,830	36,215
Number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
Basic earnings/ (loss) per share (sen)	(0.10)	4.53	0.45	4.29

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 28 February 2022.

By order of the Board

Yusrenawati binti Mohd Yusof
Secretary

Kuala Lumpur
28 February 2022