



ZELAN BERHAD
(COMPANY NO: 197601001688 (27676-V)
INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE CONSOLIDATED
RESULTS FOR THE QUARTER AND PERIOD ENDED
30TH SEPTEMBER 2023**

(The figures in the Quarterly Report have not been Audited)

ZELAN BERHAD
Company No. : 197601001688 (27676-V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Revenue	8,225	5,832	26,107	27,753
Cost of sales	<u>(3,581)</u>	<u>(1,972)</u>	<u>(11,513)</u>	<u>(14,837)</u>
Gross profit	4,644	3,860	14,594	12,916
Other income	(61)	153	7,216	482
Finance income	142	315	412	466
Discounting on trade receivables and trade payables	(135)	(184)	(403)	(552)
Accretion in carrying value of receivables	4,628	5,023	14,185	15,354
Unrealised foreign exchange (loss)/gain, net	(230)	5,108	10,209	12,959
Administrative expenses	(1,384)	(1,187)	(4,521)	(4,846)
Operating expenses	(225)	(393)	(661)	(1,011)
Depreciation	(14)	14	(41)	(100)
Finance costs on borrowings	(7,025)	(6,513)	(21,224)	(20,077)
Share of results of associates	(7)	(4)	(57)	(13)
Profit before zakat and taxation	333	6,192	19,709	15,578
Tax expense	<u>(470)</u>	<u>(775)</u>	<u>(3,242)</u>	<u>(1,683)</u>
Net (loss)/profit for the period	<u>(137)</u>	<u>5,417</u>	<u>16,467</u>	<u>13,895</u>
Other comprehensive gain/(loss) :				
<u>Total items that may be reclassified subsequently to profit or loss :</u>				
Exchange difference from translation of foreign operations	333	(4,406)	(7,188)	3,238
Total comprehensive income for the period	<u>196</u>	<u>1,011</u>	<u>9,279</u>	<u>17,133</u>
(Loss)/profit for the period attributable to:				
Equity holders of the parent	(128)	5,413	16,440	13,886
Non-controlling interests	<u>(9)</u>	<u>4</u>	<u>27</u>	<u>9</u>
	<u>(137)</u>	<u>5,417</u>	<u>16,467</u>	<u>13,895</u>
Total comprehensive profit for the period				
attributable to:				
Equity holders of the parent	196	1,011	9,279	17,133
Non-controlling interests	-	-	-	-
	<u>196</u>	<u>1,011</u>	<u>9,279</u>	<u>17,133</u>
(Loss)/earnings per share :				
Basic (loss)/earnings per share attributable to equity holders of the Company (sen)	<u>(0.02)</u>	<u>0.64</u>	<u>1.95</u>	<u>1.64</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

ZELAN BERHAD
Company No. : 197601001688 (27676-V)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	3,055	3,090
Investment properties	23,186	23,186
Investments in associates	5,076	5,133
Receivables, deposits and prepayments	646,944	654,585
Deferred tax assets	887	887
Deposits, cash and bank balances (restricted)	45,691	41,186
	<u>724,839</u>	<u>728,067</u>
CURRENT ASSETS		
Receivables, deposits and prepayments	59,332	69,668
Tax recoverable	41	16
Deposits (restricted)	140	139
Deposits, cash and bank balances	3,246	3,427
	<u>62,759</u>	<u>73,250</u>
LESS: CURRENT LIABILITIES		
Trade and other payables	171,553	190,129
Borrowings	51,423	50,006
Current tax liabilities	12,209	9,916
	<u>235,185</u>	<u>250,051</u>
NET CURRENT LIABILITIES	<u>(172,426)</u>	<u>(176,801)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>552,413</u>	<u>551,266</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	84,495	84,495
Reserves	10,706	1,427
	<u>95,201</u>	<u>85,922</u>
Non-controlling interests	(327)	(327)
TOTAL EQUITY	<u>94,874</u>	<u>85,595</u>
NON-CURRENT LIABILITIES		
Other liabilities	31,116	26,688
Borrowings	421,807	433,673
Provision for taxation	1,388	2,082
Deferred tax liabilities	3,228	3,228
	<u>457,539</u>	<u>465,671</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u>552,413</u>	<u>551,266</u>
Net assets per share (RM)	<u>0.11</u>	<u>0.10</u>

ZELAN BERHAD
Company No. : 197601001688 (27676-V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Share Capital RM'000	Foreign Exchange Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Revaluation Reserve* RM'000	Accumulated Losses RM'000	Sub - total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Nine months to 30 September 2023									
Balance as at 1 January 2023	84,495	1,984	35,458	4,261	1,155	(41,431)	85,922	(327)	85,595
Profit for the financial period	-	-	-	-	-	16,440	16,440	27	16,467
<u>Other comprehensive income/(loss):</u>									
Currency translation reserve	-	(7,161)	-	-	-	-	(7,161)	(27)	(7,188)
Total comprehensive (loss)/income for the financial period	-	(7,161)	-	-	-	16,440	9,279	-	9,279
Balance as at 30 September 2023	84,495	(5,177)	35,458	4,261	1,155	(24,991)	95,201	(327)	94,874
Nine months to 30 September 2022									
Balance as at 1 January 2022	84,495	(5,279)	35,458	4,261	1,155	(39,306)	80,784	(327)	80,457
Profit for the financial period	-	-	-	-	-	13,886	13,886	9	13,895
<u>Other comprehensive income:</u>									
Currency translation difference	-	3,247	-	-	-	-	3,247	(9)	3,238
Total comprehensive income for the period	-	3,247	-	-	-	13,886	17,133	-	17,133
Balance as at 30 Seremban 2022	84,495	(2,032)	35,458	4,261	1,155	(25,420)	97,917	(327)	97,590

* 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 2022.

ZELAN BERHAD
Company No. : 197601001688 (27676-V)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30/09/2023 RM'000	Period Ended 30/09/2022 RM'000
OPERATING ACTIVITIES		
Net profit for the year attributable to equity holders of the Company	16,440	13,886
Adjustments for:		
Tax expense	3,242	1,683
Depreciation of property, plant and equipment	41	100
Accretion of interest in carrying value of long term receivables	(14,185)	(15,354)
Finance income	(412)	(466)
Discounting on trade receivables and trade payables	403	552
Finance costs	21,224	20,077
Net unrealised gain on foreign exchange	(10,209)	(12,959)
Non-controlling interests	(27)	(9)
Share of results of associates	57	13
	<u>16,574</u>	<u>7,523</u>
Changes in working capital :		
Receivables	31,882	24,917
Payables	(747)	(4,095)
Cash generated from operations	47,709	28,345
Tax paid	(1,706)	(1,311)
Net cash flows generated from operating activities	<u>46,003</u>	<u>27,034</u>
INVESTING ACTIVITIES		
Purchase of property , plant and equipment	(13)	-
Dividends received from deposits	289	466
Net cash flows generated from investing activities	<u>276</u>	<u>466</u>
FINANCING ACTIVITIES		
Repayments of borrowings	(23,393)	(24,129)
Repayments of hire purchase creditors	-	(18)
Interest paid	(16,316)	(15,886)
Additional deposits pledged as security	(4,506)	(5,249)
Net cash flows used in financing activities	<u>(44,215)</u>	<u>(45,282)</u>
Net movement in cash and cash equivalents	2,064	(17,782)
Cash and cash equivalents at the beginning of the financial period	3,427	5,245
Currency translation differences	(2,245)	15,789
Cash and cash equivalents at the end of the financial period	<u>3,246</u>	<u>3,252</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022.

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 2022. 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 2022.

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 2022 except for the adoption of the following effective on or after 1 January 2023:

The adoption of the following amendments to MFRS that are mandatory for annual periods beginning on or after 1 January 2023. Adoption of the standards did not have any material impact on the financial performance or position of the Group.

Description	Effective for annual periods beginning on or after
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:Accounting Policies, Changes in Accounting Estimates	1 January 2023
Amendments to MFRS 112 : Income Taxes	1 January 2023

New MFRS that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Description	Effective for annual periods beginning on or after
Amendments to MFRS 7 : Financial Instruments: Disclosures	1 January 2024
Amendments to MFRS 16 : Leases	1 January 2024
Amendments to MFRS 101 : Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107 : Statement of Cash Flows	1 January 2024
Amendments to MFRS 121 :The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to MFRS 10 : Consolidated Financial Statements	Deferred
Amendments to MFRS 128 : Investments in Associates and Joint Ventures	Deferred

2. Auditors' Report on Preceding Annual Financial Statements

The Group's External Auditors, Nexia SSY PLT, have expressed a disclaimer of opinion on the Group's Audited Financial Statements for the financial year ended 31 December 2022.

The auditors' basis for disclaimer of opinion has been disclosed in the Independent Auditors' Report section of the Annual Report of Group for the year ended 31 December 2022 (page 157 to page 160).

2. Auditors' Report on Preceding Annual Financial Statements

In relation to disclaimer of opinion disclosed in the Independent Auditors' Report mentioned above, the Group has taken necessary steps as stated below:-

i. Opening balances

The Group has reconciled the opening intercompany balances between certain receivables and payables which will be eliminated at Group level. Currently the reconciliation is being finalised with the auditors.

ii. Going concern

(a) Trade receivables

The efforts towards the recovery of the awarded sum of RM241.76 million is still ongoing. The Group is closely monitoring and following up with the solicitors in Abu Dhabi, United Arab Emirates to recover the awarded sum.

(b) Borrowings

The Group has received the approval for the debt restructuring on 2 October 2023 from the Bank in Dubai, United Arab Emirates. Currently the Group is waiting for the rescheduling agreement to be executed.

iii. Balances Subject to Verification

The Group has formulated an action plan on resolving these issues and is currently in the process of obtaining confirmation of balances from respective parties to ensure existence, accuracy and completeness of outstanding balances for FYE 31 December 2022. As at 30 September 2023 the Group had verified the following items as follows:-

- Financial Payables of RM106.052 million, 46% has been verified;
- Income of RM28.997 million, 60% has been verified;
- Other Liabilities of RM19.102 million, 88% has been verified;
- Expenses of RM18.351 million, 100% has been verified;
- Other Assets of RM15.647 million, 95% has been verified; and
- Receivables of RM12.493 million, 80% has been verified.

The Group is working together with the auditor on finalising these items.

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 period 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 period.

6. Debt and Equity Securities

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

7. Dividend

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

8. Segmental Reporting

Segment analysis for the current financial quarter ended 30 September 2023 is as follows:

The Group's revenue comprises the following:

	Engineering and Construction RM '000	Asset Management Services RM '000	Others RM '000	Total RM '000
Revenue				
Segment revenue	1,144	6,576	505	8,225
	<u>1,144</u>	<u>6,576</u>	<u>505</u>	<u>8,225</u>
Results				
Segment (loss)/profit	(671)	8,708	(672)	7,365
Finance costs	(1,641)	(5,384)	-	(7,025)
Share of results of associates	(7)	-	-	(7)
(Loss)/profit before zakat and taxation	(2,319)	3,324	(672)	333
Tax credit/(expense)	46	(516)	-	(470)
Net (loss)/profit after zakat and taxation	<u>(2,273)</u>	<u>2,808</u>	<u>(672)</u>	<u>(137)</u>

	Quarter ended 30/09/2023 RM'000	Quarter ended 30/09/2022 RM'000
Revenue from contracts with customers	1,144	-
Asset Facilities Management	6,576	5,327
Others	505	505
	<u>8,225</u>	<u>5,832</u>

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 period.

10. Changes in Composition of the Group

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

11. Changes in Contingent Liabilities or Contingent Assets

As at 30 September 2023, the Company had given a guarantee amounting to RM12,880,410 (Q3 FY2022: RM12,880,410) 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			Cumulative Quarter		
	Current Year	Preceding Year	Changes	9 Months	Preceding Year	Changes
	Quarter	Corresponding Quarter		Ended	9 Months Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022		
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Revenue	8,225	5,832	2,393	26,107	27,753	(1,646)
Operating profit	3,021	2,294	727	9,371	6,959	2,412
Non Operating (loss)/profit	(2,451)	(1,206)	(1,245)	186	(4,327)	4,513
Net foreign exchange (loss)/gain	(230)	5,108	(5,338)	10,209	12,959	(2,750)
Share of results of associates	(7)	(4)	(3)	(57)	(13)	(44)
Profit before zakat and taxation	333	6,192	(5,859)	19,709	15,578	4,131

The Group's revenue of RM8.2 million for the current quarter ended 30 September 2023 was higher than the revenue of RM5.8 million registered in the same quarter of FY2022 by RM2.4 million. The higher revenue principally due to higher revenue from local projects.

The Group reported a profit before zakat and taxation ("PBZT") of RM0.3 million in the current quarter under review compared to a PBZT of RM6.2 million in the corresponding quarter of FY2022. This lower profit is mainly due to lower accretion in carrying value of receivables amounting to RM4.6 million (Q3 FY2022 :RM5.0 million) , unrealised foreign exchange translation loss of RM0.2 million (Q3 FY2022 : gain of RM5.1 million) and higher finance cost on borrowings of RM7.0 million. (Q3 FY2022 :RM6.5 million).

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

	Individual Quarter		Variance RM '000
	Quarter ended	Quarter ended	
	30/09/2023 RM '000	30/06/2023 RM '000	
Revenue			
Engineering and Construction	1,144	1,476	(332)
Asset Management Services	6,576	6,224	352
Others	505	493	12
Total	8,225	8,193	32

12. Review of Performance

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

In the current quarter ended 30 September 2023, the Group reported slightly higher revenue by RM8.225 million compared to the preceding quarter of RM8.193 million. The slightly higher revenue of RM0.032 million for the current quarter is principally due to higher revenue from local project.

13. Prospect

The Group is undergoing a transition phase as it focuses on its efforts to uplift the Group from being an Affected Listed Issuer under the PN17 Listing Requirements. The Group is in the process of resolving the ongoing PN17 issues.

The Group is looking for projects/contracts via tendering and commercial discussion. The Group will continue to look for new opportunities to enhance its order book value and is cautiously optimistic of the future prospects of the Group.

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 30.09.2023 RM '000	Preceding year corresponding quarter 30.09.2022 RM '000	6 months ended 30.09.2023 RM '000	6 months ended 30.09.2022 RM '000
Malaysian income tax - current	470	777	3,242	1,688
Deferred tax	-	(2)	-	(5)
Tax expense	<u>470</u>	<u>775</u>	<u>3,242</u>	<u>1,683</u>

For the financial period ended 30 September 2023, 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 30 September 2023 are as follows:

	As at 30.09.2023					
	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	8,048	91,758	117,211	98,058	125,259
Islamic financing	-	43,375	-	304,596	-	347,971
	6,300	51,423	91,758	421,807	98,058	473,230
^ Exchange rate: AED1 = RM1.2774						
	As at 30.09.2022					
	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	7,948	87,174	109,979	93,474	117,927
Islamic financing	-	42,952	-	334,985	-	377,937
Unsecured						
Hire purchase	-	23	-	54	-	77
	6,300	50,923	87,174	445,018	93,474	495,941
^ Exchange rate: AED1 = RM1.2616						

18. Changes in Material Litigation

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

Projects in Malaysia

- a) In relation to a project in Malaysia, a subsidiary company, Zelan Construction Sdn Bhd ("ZCSB") had commenced an arbitration proceeding against its sub-contractor appointed for the development and construction of the Centre for Foundation Studies International Islamic University Malaysia, Gambang Campus, Pahang Darul Makmur ("IIUM Gambang Project"). The amount of reliefs sought against the sub-contractor in the Re-Amended Statement of Case dated 24 January 2022 is approximately RM258 million *inter alia*, for the followings:-
 - (i) Direct costs, losses, expenses and/or damages incurred by ZCSB pursuant to ZCSB's measures to prevent or minimize the sub-contractor's delay in completing the work;
 - (ii) Costs and expenses incurred by IIUM and the Concession Company as a result of delay in completion of the sub-contractor's works;
 - (iii) Costs of rectification and reinstatement works incurred by ZCSB; and
 - (iv) Damages as a result of the sub-contractor's delay in completing its works.

The sub-contractor had filed its Re-Amended Statement of Defence and Counterclaim dated 31 January 2022, claiming for approximately the sum of RM20,150,640.55 being the unpaid certified invoices, retention sum, outstanding variation order and GST. As directed by the arbitrator, ZCSB submitted a Scott Schedule consisting of supporting documentations for claim on rectification cost against its sub-contractor in the sum of RM59,894,944.56. Subsequently, ZCSB has submitted a Re-Amended Scott Schedule for a revised rectification cost of RM 45,905,466.33.

18. Changes in Material Litigation (Continued)

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

Projects in Malaysia (continued)

ZCSB appointed an expert witness for Quantum and Liability respectively to support its claim against its sub-contractor for this arbitration proceeding whereby the expert witnesses have provided their expert opinions/Reports to support ZCSB's claim.

As at todate, both parties have complied with the following:-

- (i) Filing and exchange of the Witness Statements on 11 October 2022;
- (ii) Filing and exchange of Expert Reports for Liability and Quantum on 1 November 2022 respectively;
- (iii) Filing and exchange of the Rebuttal Witness Statements on 13 February 2023; and
- (iv) Filing and exchange of Rebuttal Expert Reports for Liability and Quantum on 24 March 2023 respectively.

The hearing was concluded on 22 September 2023 and the Tribunal has directed parties to work on the common dates for parties to submit and exchange Notes of Proceedings, written submission and submission-in-reply ("Documents").

The common dates mutually agreed by both ZCSB and the sub-contractor (excluding the oral clarification) are as follows:-

- i) Notes of Proceedings to be filed on 23 November 2023;
 - ii) Closing Submission including cost to be filed on 29 February 2024;
 - iii) Reply Submission to be filed on 31st May 2024; and
 - iv) Oral Clarification is tentatively fixed on 25th June 2024 (subject to Arbitral Tribunal's confirmation.
- b) In relation to a project in Malaysia, a subsidiary company, ZCSB had commenced an arbitration proceeding against its lead consultant appointed for the development and construction of the IIUM Gambang Project. The amount of claim sought against the consultant in the Statement of Case dated 12 April 2021 is approximately RM191 million *inter alia* for the following:-
- (i) As-built drawings or costs incurred by ZCSB in preparing the As-built drawings;
 - (ii) Special Damages being refund to IIUM for the Non-Conformance/Deviation Items;
 - (iii) Special Damages being cost in rectifying the Non-Conformance/Deviation Items;and
 - (iv) Other costs, losses, expenses and/or damages suffered by ZCSB pursuant to the breach by the lead consultant.

The lead consultant had filed its Statement of Defence and Counterclaim dated 28 May 2021 for the sum of RM1,585,942.99 being the unpaid consultancy fees, supervision fees and additional supervision fees.

ZCSB has appointed an expert witness for Quantum and Liability respectively to support its claim against its lead consultant for this arbitration proceeding whereby the expert witnesses have provided their expert opinions/Reports to support ZCSB's claim.

18. Changes in Material Litigation (Continued)

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

Projects in Malaysia (continued)

As at todate, both parties have complied with the following:-

- (i) Filing and exchange of Witness Statements on 28 February 2022 and ZCSB submitted its Expert Report (Quantum) on the same date;
- (ii) The lead consultant submitted its Expert Report (Quantum) in reply to ZCSB's expert report (Quantum) on 28 July 2022;
- (iii) Filing and exchange of Rebuttal Witness Statements on 25 August 2022;
- (iv) ZCSB submitted its Expert Report (Liability) on 14 October 2022 and its Rebuttal Expert Report (Quantum) on 26 October 2022; and
- (v) Both parties submitted the Rebuttal Expert's Report (Liability) on 29 December 2022 and the lead consultant has submitted its Rebuttal Expert's Report (Quantum) on 22 December 2022.

On 25 March 2023, both parties have submitted Joint Experts' Report (Liability and Quantum).

Hearing was conducted on 12-15 June 2023, and 19-21 June 2023. However, the hearing dates fixed from 19-21 June 2023 have been vacated by the Learned Arbitrator in view of the Security for Costs Application filed by the lead consultant on 7 June 2023.

ZCSB has complied with the Arbitrator's decision for security for costs and has paid the security for costs into ZCSB's solicitors' client's account as stakeholder.

The continued hearing of the arbitration proceedings is now scheduled on 15th to 18th January 2024, 10th to 14th June 2024 and 22nd to 25th July 2024.

- 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 its sub-contractor in respect of disputes and differences arising from outstanding claims for dredging works in the sum of RM2,626,311.27 and shore protection works in the sum of RM2,276,931.68 in relation to the project in Tanjung Setapa, Johor, Malaysia. ZCSB filed its Statement of Defence and Counterclaim dated 3 October 2017 to claim for losses and damages in carrying out dredging works for the balance quantity of 247,384m³ left undone by the sub-contractor in the sum of RM4,976,998.76.

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

- (i) Both suits filed by the sub-contractor were dismissed with costs of RM10,000 for each suit; and
- (ii) ZCSB's counterclaim was allowed in part thereof whereby the High Court allowed for an assessment of loss and damages that suffered by ZCSB.

On 14 February 2020, ZCSB filed for Notice of Direction for the assessment of damages to be assessed by Court and the sub-contractor filed two (2) Notices of Appeal in the Court of Appeal ("COA"). The sub-contractor had on 14 May 2020 filed an application for a stay of proceedings to have all forms of assessment of damages from and/or related to the High Court's decision be stayed pending conclusion of the sub-contractor's appeal at the COA.

18. Changes in Material Litigation (Continued)

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

Projects in Malaysia (continued)

On 2 September 2020, the High Court dismissed the sub-contractor's application for stay of proceedings.

On 3 November 2020, ZCSB filed a notice of motion in Court of Appeal for an extension of time to file notice of appeal. The Court of Appeal on 27 January 2021 granted order in terms of ZCSB's notice of motion. The Court of Appeal also ordered stay of proceedings in the High Court.

Pursuant to the Court of Appeal's decision on 27 January 2021, ZCSB had on 9 February 2021 filed a notice of appeal against part of the High Court's decision on 19 January 2020.

On 17 November 2021, the Court of Appeal dismissed the sub-contractor's Appeals with costs of RM15,000 each appeal and allowed ZCSB's Appeal for the sum of RM 4,976,998.76 with costs of RM10,000.

On 17 December 2021, the Sub-Contractor filed three (3) Notices of Motion for Leave to Appeal to the Federal Court against the Court of Appeal Decision ("the Leave Applications"). The Leave Applications was fixed for Hearing on 13 June 2023.

The Federal Court had, on 13 June 2023 after considering the submissions (both written and oral) by Counsel for both parties, unanimously dismissed the Leave Applications with costs of RM30,000, as the Federal Court found that the questions posed by the sub-contractor do not meet the threshold required under Section 96(a) of the Courts of Judicature Act 1964.

ZCSB had on 26 July 2023 filed garnishee proceedings against the sub-contractor.

On 29 August 2023, both ZCSB and the sub-contractor entered into a settlement agreement and personal guarantee to resolve this matter.

- d) In relation to a project in Abu Dhabi, a subsidiary company, Zelan Holdings (M) Sdn Bhd ("ZHSB") was served with an Originating Summons ("OS") on 5 July 2023 by the sub-contractor. The sub-contractor is applying for the High Court to recognize the Award dated 30 December 2019 for the principal sum of AED28,934,208.90 (RM36,804,313.72) in respect of the claim against ZHSB regarding the project in Abu Dhabi as binding as from the date of the Arbitration award on 30 December 2019. The OS is now fixed for case management on 31 October 2023.

On the same date, the sub-contractor also served on ZHSB a Notice of Application for Discovery (Discovery Application) for an order that the original arbitration agreement between ZHSB and the sub-contractor contained in the document titled "Conditions of Subcontract " be produced and that a certified true copy of the original arbitration agreement be served on the sub-contractor's solicitors.

The case management of the Discovery Application was fixed by the High Court on 18 July 2023. The parties were given directions by the Court to file their respective Affidavits and Written Submissions for the Discovery Application on or before 5 September 2023 and to file submissions in reply on or before 5 October 2023. The High Court has fixed the Hearing of the Discovery Application on 31 October 2023.

18. Changes in Material Litigation (Continued)

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

Projects in Malaysia (continued)

On 31.10.2023, the sub-contractor has withdrawn the discovery application with costs of RM3,000 to be paid to ZHSB. For the hearing of the Originating Summons the Court directed as follows:-

- (i) Defendant to file Affidavit in Reply by 21.11.2023;
- (ii) Plaintiff to file Affidavit in Reply by 12.12.2023;
- (iii) Parties to file Written Submissions by 9.1.2024;
- (iv) Parties to file Submissions in Reply by 30.1.2024; and
- (v) Hearing is fixed on 7.2.2024 at 10.00 am.

19. (Loss)/Earnings Per Share

The basic (loss)/earnings per share for the financial quarter were calculated based on the Group's (loss)/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	
	3 months Quarter ended 30.09.2023	3 months Quarter ended 30.09.2022	9 months Year ended 30.09.2023	9 months Year ended 30.09.2022
(Loss)/profit attributable to equity holders of the parent (RM'000)	(128)	5,413	16,440	13,886
Number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
Basic (loss)/earnings per share (sen)	(0.02)	0.64	1.95	1.64

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 20 November 2023.

By order of the Board

Yusrenawati binti Mohd Yusof
Secretary

Kuala Lumpur
20 November 2023