



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

**QUARTERLY REPORT ON THE CONSOLIDATED  
RESULTS FOR THE QUARTER AND YEAR ENDED  
31ST DECEMBER 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 31/12/2023 RM'000	Quarter ended 31/12/2022 RM'000 Restated	Year ended 31/12/2023 RM'000	Year ended 31/12/2022 RM'000 Restated
Revenue	10,117	24,448	36,224	52,201
Cost of sales	(5,360)	(15,642)	(17,172)	(30,829)
Gross profit	4,757	8,806	19,052	21,372
Other income	32	18,285	7,248	18,767
Finance income	158	95	570	561
Gain on disposal of property, plant & equipment	243	-	243	-
Reversal of accrued interest	55,110	-	50,201	-
Impairment losses on investment in an associate	(5,133)	-	(5,133)	-
Discounting on trade receivables and trade payables	(135)	(23,093)	(538)	(23,645)
Accretion in carrying value of receivables	4,527	4,626	18,712	19,980
Unrealised foreign exchange (loss)/gain, net	(2,206)	(9,124)	8,003	3,835
Administrative expenses	(1,770)	(1,338)	(6,291)	(6,184)
Operating expenses	(584)	(4,099)	(946)	(4,760)
Depreciation	(18)	(35)	(59)	(135)
Finance costs on borrowings	(5,954)	(10,526)	(22,269)	(30,603)
Share of results of associates	57	(5)	-	(18)
<b>Profit/(loss) before zakat and taxation</b>	<b>49,084</b>	<b>(16,408)</b>	<b>68,793</b>	<b>(830)</b>
Tax credit/(expense)	36	2,881	(3,206)	1,198
<b>Net profit/(loss) for the period/year</b>	<b>49,120</b>	<b>(13,527)</b>	<b>65,587</b>	<b>368</b>
<b>Other comprehensive gain/(loss) :</b>				
<u>Total items that may be reclassified subsequently to profit or loss :</u>				
Exchange difference from translation of foreign operations	3,793	6,574	(3,395)	9,812
<b>Total comprehensive income/(loss) for the period /year</b>	<b>52,913</b>	<b>(6,953)</b>	<b>62,192</b>	<b>10,180</b>
<b>Profit/(loss) for the period attributable to:</b>				
Equity holders of the parent	49,129	(13,504)	65,569	382
Non-controlling interests	(9)	(23)	18	(14)
	49,120	(13,527)	65,587	368
<b>Total comprehensive profit/(loss) for the period/year attributable to:</b>				
Equity holders of the parent	52,913	(6,953)	62,192	10,180
Non-controlling interests	-	-	-	-
	52,913	(6,953)	62,192	10,180
<b>Earnings/(loss) per share :</b>				
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)	5.81	(1.60)	7.76	0.05

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 31/12/2023 RM'000	Audited As at 31/12/2022 RM'000 Restated
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,171	2,230
Investment properties	20,330	20,330
Investments in associates	-	5,133
Receivables, deposits and prepayments	381,647	654,585
Deferred tax assets	887	887
Deposits, cash and bank balances (restricted)	46,502	40,367
	<u>451,537</u>	<u>723,532</u>
<b>CURRENT ASSETS</b>		
Receivables, deposits and prepayments	308,661	63,334
Tax recoverable	78	24
Deposits (restricted)	141	139
Deposits, cash and bank balances	8,335	3,435
	<u>317,215</u>	<u>66,932</u>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	160,867	176,449
Borrowings	46,397	50,006
Current tax liabilities	8,036	6,222
	<u>215,300</u>	<u>232,677</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<u>101,915</u>	<u>(165,745)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>553,452</u>	<u>557,787</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	70,837	11,176
	<u>155,332</u>	<u>95,671</u>
Non-controlling interests	(331)	(327)
<b>TOTAL EQUITY</b>	<u>155,001</u>	<u>95,344</u>
<b>NON-CURRENT LIABILITIES</b>		
Other liabilities	32,808	26,688
Borrowings	364,515	433,673
Provision for taxation	1,128	2,082
Deferred tax liabilities	-	-
	<u>398,451</u>	<u>462,443</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<u>553,452</u>	<u>557,787</u>
Net assets per share (RM)	<u>0.18</u>	<u>0.11</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent							Total Equity RM'000	
	Share Capital RM'000	Foreign Exchange Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Revaluation Reserve* RM'000	Retained Earnings RM'000	Sub - total RM'000		Non-controlling interests RM'000
<b>Twelve months to 31 December 2023</b>									
Balance as at 1 January 2023 (Restated)	84,495	1,984	35,458	4,261	1,155	(34,217)	93,136	(327)	92,809
Profit for the financial year	-	-	-	-	65,569	65,569	65,569	18	65,587
Other comprehensive income/(loss):									
Currency translation reserve	-	(3,373)	-	-	-	-	(3,373)	(22)	(3,395)
Total comprehensive (loss)/income for the financial year	-	(3,373)	-	-	65,569	62,196	62,196	(4)	62,192
Balance as at 31 December 2023	84,495	(1,389)	35,458	4,261	1,155	31,352	155,332	(331)	155,001
<b>Twelve months to 31 December 2022</b>									
Balance as at 1 January 2022	84,495	(5,278)	35,458	4,261	1,155	(35,822)	84,268	(327)	83,941
Restated	-	-	-	-	-	1,223	1,223	-	1,223
Profit for the financial year	-	-	-	-	382	382	382	(14)	368
Other comprehensive income:									
Currency translation difference	-	9,798	-	-	-	-	9,798	14	9,812
Total comprehensive income for the year	-	9,798	-	-	382	382	10,180	-	10,180
Balance as at 31 December 2022	84,495	4,519	35,458	4,261	1,155	(34,217)	95,671	(327)	95,344

\* 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**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Financial Year Ended 31/12/2023 RM'000	Financial Year Ended 31/12/2022 RM'000 Restated
<b>OPERATING ACTIVITIES</b>		
Net profit for the year attributable to equity holders of the Company	65,569	382
Adjustments for:		
Tax expense/(credit)	3,206	(1,198)
Impairment loss on financial assets - Trade receivables	-	464
Impairment loss on financial assets - Other receivables	11	863
Impairment losses on investment in an associate	5,133	-
Overprovision of construction cost	-	(11,513)
Overprovision of AMS cost	-	(6,548)
Reversal of liquidated ascertained damages	-	(2,422)
Depreciation of property, plant and equipment	59	178
Fair value gain on investment properties	-	(2,980)
Gain on disposal of property, plant & equipment	(243)	(45)
Accretion of interest in carrying value of long term receivables	(18,712)	(19,980)
Finance income	(570)	(561)
Discounting on trade receivables and trade payables	538	23,645
Finance costs	22,269	30,603
Net unrealised gain on foreign exchange	(8,003)	(3,835)
Non-controlling interests	18	(14)
Share of results of associates	-	18
	<u>69,275</u>	<u>7,057</u>
Changes in working capital :		
Receivables	45,775	61,795
Payables	<u>(48,661)</u>	<u>(27,612)</u>
Cash generated from operations	66,389	41,240
Tax refunded	29	3
Tax paid	<u>(2,464)</u>	<u>(2,503)</u>
<b>Net cash flows generated from operating activities</b>	<u>63,954</u>	<u>38,740</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(13)	-
Proceed from disposal of property, plant & equipment	243	80
Interest received from deposits and investments	569	561
<b>Net cash flows generated from investing activities</b>	<u>799</u>	<u>641</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(30,911)	(32,646)
Interest paid	(21,800)	(21,615)
Additional deposits pledged as security	<u>(6,137)</u>	<u>(6,286)</u>
<b>Net cash flows used in financing activities</b>	<u>(58,848)</u>	<u>(60,547)</u>
Net movement in cash and cash equivalents	5,905	(21,166)
Cash and cash equivalents at the beginning of the financial year	3,435	5,245
Currency translation differences	<u>(1,005)</u>	<u>19,356</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>8,335</u>	<u>3,435</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.

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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”) 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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
<b>New MFRS that have been issued, but only effective for annual periods beginning on or after 1 January 2024</b>	
<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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

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**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).

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 and auditors have completed their audit.

**ii. Going concern**

**(a) Trade receivables**

The efforts towards the recovery of the awarded sum of RM241.76 million are still ongoing. The Group is still pursuing the recovery action and working closely 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. The Group has signed and executed the rescheduling agreement dated 15 December 2023.

**iii. Balances Subject to Verification for the Financial Year Ended 31 December 2022**

As at 31 December 2023 the Group had verified the following items as follows:-

Description	Million	% Verified and Audited
Financial Payables	RM106.052	91
Income	RM28.997	54
Other Liabilities	RM19.102	91
Expenses	RM18.351	16
Other Assets	RM15.647	4
Receivables	RM12.493	50

The Group is working together with the auditor in 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**

Unless otherwise disclosed in Note 17, there was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current financial year because of their nature, size or incidence.

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**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 year.

**6. Debt and Equity Securities**

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

**7. Dividend**

For the current financial year, no dividend has been declared.

**8. Segmental Reporting**

Segment analysis for the current financial quarter ended 31 December 2023 is as follows:

The Group's revenue comprises the following:

	<b>Engineering and Construction RM '000</b>	<b>Asset Management Services RM '000</b>	<b>Others RM '000</b>	<b>Total RM '000</b>
<b>Revenue</b>				
Segment revenue	2,685	6,927	505	10,117
	<u>2,685</u>	<u>6,927</u>	<u>505</u>	<u>10,117</u>
<b>Results</b>				
Segment (loss)/profit	(410)	7,593	(7,312)	(129)
Finance costs	(1,048)	(4,906)	-	(5,954)
Reversal of accrued interest	-	-	55,110	55,110
Share of results of associates	57	-	-	57
(Loss)/profit before zakat and taxation	(1,401)	2,687	47,798	49,084
Tax credit/(expense)	1,504	(1,401)	(67)	36
Net profit after zakat and taxation	<u>103</u>	<u>1,286</u>	<u>47,731</u>	<u>49,120</u>

	<b>Quarter ended 31/12/2023 RM'000</b>	<b>Quarter ended 31/12/2022 RM'000</b>
Revenue from contracts with customers	2,685	8,890
Asset Facilities Management	6,927	15,048
Others	505	510
	<u>10,117</u>	<u>24,448</u>

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



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

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

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

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

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

As at 31 December 2023, the Company had given a guarantee amounting to RM12,880,410 (Q4 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 year end**

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Quarter Changes	Current Financial Year	Preceding Financial Year	Ended Changes
	Quarter	Corresponding Quarter		Ended	Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022		
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Revenue	10,117	24,448	(14,331)	36,224	52,201	(15,977)
Operating profit	2,385	4,735	(2,350)	11,756	11,621	135
Non Operating profit/(loss)	48,848	(14,014)	62,862	49,034	(16,268)	65,302
Net foreign exchange (loss)/gain	(2,206)	(9,124)	6,918	8,003	3,835	4,168
Share of results of associates	57	(5)	62	-	(18)	18
Profit/(loss) before zakat and taxation	49,084	(16,408)	65,492	68,793	(830)	69,623

The Group's revenue of RM10.1 million for the current quarter ended 31 December 2023 was lower than the revenue of RM24.4 million registered in the same quarter of FY2022 by RM14.3 million. The lower revenue is principally due to lower revenue from local projects.

The Group reported a profit before zakat and taxation ("PBZT") of RM49.1 million in the current quarter under review compared to a loss before zakat and taxation ("LBZT") of RM16.4 million in the corresponding quarter of FY2022. The improved performance is mainly due to the reversal of accrued bank borrowings interest arising from the rescheduling agreement dated 15<sup>th</sup> December 2023 amounting to RM 55.1 million (Q4 FY2023) and RM50.2 million (FY2023) as disclosed in note 17 (Borrowings).

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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	
	31/12/2023 RM '000	30/09/2023 RM '000	
<b>Revenue</b>			
Engineering and Construction	2,685	1,144	1,541
Asset Management Services	6,927	6,576	351
Others	505	505	-
<b>Total</b>	<b>10,117</b>	<b>8,225</b>	<b>1,892</b>

In the current quarter ended 31 December 2023, the Group reported slightly higher revenue by RM10.1 million compared to the preceding quarter of RM8.2 million. The slightly higher revenue of RM1.9 million for the current quarter is principally due to higher revenue from local project.

**13. Prospects**

The Group is in the process of resolving the ongoing PN17 issues. The Group is continuously looking for projects/contracts via tendering and commercial discussion 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 year.

**15. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2023 RM '000	Preceding year corresponding quarter 31.12.2022 RM '000	12 months ended 31.12.2023 RM '000	12 months ended 31.12.2022 RM '000
Malaysian income tax - current	(36)	(2,881)	3,206	(1,193)
Deferred tax	-	-	-	(5)
(Tax credit)/expense	<u>(36)</u>	<u>(2,881)</u>	<u>3,206</u>	<u>(1,198)</u>

For the financial year ended 31 December 2023, the tax credit arose from reversal of prior year deferred tax liability.

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**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 2023 are as follows:

As at 31.12.2023						
	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
<b>Secured</b>						
Term loan	2,400	3,000	50,958	63,682	53,358	66,682
Islamic financing	-	43,376	-	300,833	-	344,209
Overdraft	-	21	-	-	-	-
	2,400	46,397	50,958	364,515	53,358	410,891
^ Exchange rate: AED1 = RM1.2497						
As at 31.12.2022						
	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
<b>Secured</b>						
Term loan	6,300	7,530	88,251	105,487	94,551	113,017
Islamic financing	-	42,476	-	328,186	-	370,662
<b>Unsecured</b>						
Hire purchase	-	-	-	-	-	-
	6,300	50,006	88,251	433,673	94,551	483,679
^ Exchange rate: AED1 = RM1.953						

Following the signing of the debt rescheduling agreement dated 15 December 2023, with a Bank in Dubai, United Arab Emirates, the Group has reversed the accrued interest expense of RM 55.1 million (Q4 FY2023) and RM50.2 million (FY2023) which has been disclosed in the Consolidated Statement of Comprehensive Income for the current quarter and financial year ended 31 December 2023.

**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<sup>th</sup> 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<sup>st</sup> 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.

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 to date, both parties have complied with the following:-

- (i) Filing and exchange of the Witness Statements on 11th October 2022;
- (ii) Filing and exchange of Expert Reports for Liability and Quantum on 1st November 2022 respectively;
- (iii) Filing and exchange of the Rebuttal Witness Statements on 13th February 2023; and
- (v) Filing and exchange of Rebuttal Expert Reports for Liability and Quantum on 24th 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 23rd November 2023;
- (ii) Closing Submission including cost to be filed on 29th 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).

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

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

Projects in Malaysia (continued)

- 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<sup>th</sup> April 2021 is approximately RM191 million *inter alia* or 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<sup>th</sup> 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.

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

- (i) Filing and exchange of Witness Statements on 28<sup>th</sup> 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<sup>th</sup> July 2022;
- (iii) Filing and exchange of Rebuttal Witness Statements on 25<sup>th</sup> August 2022;
- (iv) ZCSB submitted its Expert Report (Liability) on 14<sup>th</sup> October 2022 and its Rebuttal Expert Report Quantum) on 26<sup>th</sup> October 2022; and
- (v) Both parties submitted the Rebuttal Expert's Report (Liability) on 29<sup>th</sup> December 2022 and the lead consultant has submitted its Rebuttal Expert's Report (Quantum) on 22<sup>nd</sup> December 2022.

On 25<sup>th</sup> March 2023, both parties have submitted Joint Experts' Report (Liability and Quantum).

Hearing was conducted on 12<sup>th</sup> -15<sup>th</sup> June 2023, and 19<sup>th</sup> - 21<sup>st</sup> June 2023. However, the hearing dates fixed from 19<sup>th</sup> -21<sup>st</sup> June 2023 have been vacated by the Learned Arbitrator in view of the Security for Costs Application filed by the lead consultant on 7<sup>th</sup> 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 Arbitration Proceeding continued on 15<sup>th</sup> to 18<sup>th</sup> and 29<sup>th</sup> to 31<sup>st</sup> January 2024. The sub-contractor produced 3 factual witnesses and they gave evidence before the Arbitrator.

The Arbitration proceedings will resume on 10<sup>th</sup> to 14<sup>th</sup> June and 22<sup>nd</sup> to 25<sup>th</sup> July 2024.

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

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

- c) 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<sup>th</sup> July 2023 by the sub-contractor. The sub-contractor is applying for the High Court to recognize the Award dated 30<sup>th</sup> 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 from the date of the Arbitration award on 30<sup>th</sup> 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<sup>th</sup> 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<sup>th</sup> September 2023 and to file submissions in reply on or before 5<sup>th</sup> October 2023. The High Court has fixed the Hearing of the Discovery Application on 31<sup>st</sup> October 2023.

On 31<sup>st</sup> October 2023, the sub-contractor has withdrawn the discovery application with costs of RM3,000.00 to be paid to ZHSB. The sub-contractor paid the costs of RM3,000.00 to ZHSB on 29<sup>th</sup> January 2024, only after the filing of security for costs by ZHSB.

ZHSB has filed an Affidavit in Reply to the sub-contractor's Affidavit in Support for the Originating Summons on 1<sup>st</sup> December 2023.

The sub-contractor has filed its Affidavit in Reply to ZHSB's Affidavit in Reply on 22<sup>nd</sup> December 2023. Further to the sub-contractor's Affidavit in Reply, the Court gave new directions as follows:-

- (i) ZHSB to file Further Affidavit on 19<sup>th</sup> January 2024.
- (ii) Parties to file Written Submissions by 23<sup>rd</sup> February 2024;
- (iii) Parties to file Submissions in Reply by 22<sup>nd</sup> March 2024; and
- (iv) A new Hearing is fixed on 3<sup>rd</sup> April 2024 at 8am (online hearing) before the High Court Judge.

ZHSB has complied with the directions in paragraphs (i) and (ii) above.

ZHSB has also filed an interlocutory application for security for costs against the sub-contractor on 19<sup>th</sup> January 2024. The application for security for costs was fixed for case management on 5<sup>th</sup> February 2024. On 5<sup>th</sup> February 2024, the Court directed as follows:-

- (i) Sub-Contractor to file Affidavit in Reply on or before 9<sup>th</sup> February 2024;
- (ii) ZHSB to file Affidavit in Reply on or before 23<sup>rd</sup> February 2024;
- (iii) Parties to file Written Submissions on 15<sup>th</sup> March 2024;
- (iv) Parties to file Submissions in Reply on 29<sup>th</sup> March 2024; and
- (v) Hearing is fixed together with the Originating Summons on 3<sup>rd</sup> April 2024 at 8 am (via Zoom).

ZHSB has complied with the directions in paragraphs (i) and (ii) above

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

**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		Year ended 31.12.2023	Year ended 31.12.2022
	3 months Quarter ended 31.12.2023	3 months Quarter ended 31.12.2022		
Profit/(loss) attributable to equity holders of the parent (RM'000)	49,129	(13,504)	65,569	382
Number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
<b>Basic earnings/(loss) per share (sen)</b>	<b>5.81</b>	<b>(1.60)</b>	<b>7.76</b>	<b>0.05</b>

**20. Prior Year Adjustments**

As result on the reconciliation of opening balances and verification of the unverified items described in Note 2(i) and 2(iii), certain items in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position for the year ended 31 December 2022 has been restated.

**21. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 February 2024.

**By order of the Board**

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

**Kuala Lumpur**  
**29 February 2024**