



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

**QUARTERLY REPORT ON THE CONSOLIDATED  
RESULTS FOR THE QUARTER ENDED  
31ST MARCH 2024**

*(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
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
Revenue	7,321	9,689	7,321	9,689
Cost of sales	<u>(2,876)</u>	<u>(5,021)</u>	<u>(2,876)</u>	<u>(5,021)</u>
Gross profit	4,445	4,668	4,445	4,668
Other income	75	128	75	128
Finance income	143	20	143	20
Discounting on trade receivables and trade payables	(178)	(142)	(178)	(142)
Accretion in carrying value of receivables	4,424	4,828	4,424	4,828
Unrealised foreign exchange (loss)/gain, net	3,729	1,220	3,729	1,220
Administrative and Operating expenses	(1,605)	(1,281)	(1,605)	(1,281)
Depreciation	(13)	(14)	(13)	(14)
Finance costs on borrowings	(6,225)	(7,094)	(6,225)	(7,094)
Share of results of associates	-	(45)	-	(45)
<b>Profit before zakat and taxation</b>	<b>4,795</b>	<b>2,288</b>	<b>4,795</b>	<b>2,288</b>
Tax expense	<u>(725)</u>	<u>(559)</u>	<u>(725)</u>	<u>(559)</u>
<b>Net profit for the period</b>	<b>4,070</b>	<b>1,729</b>	<b>4,070</b>	<b>1,729</b>
<b>Other comprehensive (loss)/gain :</b>				
<u>Total items that will be reclassified subsequently to profit or loss :</u>				
Exchange difference from translation of foreign operations	(1,245)	6	(1,245)	6
<b>Total comprehensive income for the period</b>	<b>2,825</b>	<b>1,735</b>	<b>2,825</b>	<b>1,735</b>
<b>Profit for the period attributable to:</b>				
Equity holders of the parent	4,070	1,712	4,070	1,712
Non-controlling interests	<u>-</u>	<u>17</u>	<u>0</u>	<u>17</u>
	<b>4,070</b>	<b>1,729</b>	<b>4,070</b>	<b>1,729</b>
<b>Total comprehensive profit for the period</b>				
attributable to:				
Equity holders of the parent	2,825	1,735	2,825	1,735
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>2,825</b>	<b>1,735</b>	<b>2,825</b>	<b>1,735</b>
<b>Earnings per share :</b>				
Basic earnings per share attributable to equity holders of the Company (sen)	<u>0.48</u>	<u>0.20</u>	<u>0.48</u>	<u>0.20</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31/03/2024</b>	<b>31/12/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,158	2,171
Rights-of-use assets	491	535
Investment properties	20,330	20,330
Receivables, deposits and prepayments	360,971	368,886
Deposits, cash and bank balances (restricted)	46,409	46,786
	<u>430,359</u>	<u>438,708</u>
<b>CURRENT ASSETS</b>		
Receivables, deposits and prepayments	322,358	313,914
Tax recoverable	85	81
Deposits (restricted)	142	141
Deposits, cash and bank balances	3,068	8,335
	<u>325,653</u>	<u>322,471</u>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	150,638	153,221
Borrowings	48,010	35,336
Current tax liabilities	8,954	8,558
	<u>207,602</u>	<u>197,115</u>
<b>NET CURRENT ASSETS</b>	<u>118,051</u>	<u>125,356</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>548,410</u>	<u>564,064</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	74,252	71,427
	<u>158,747</u>	<u>155,922</u>
Non-controlling interests	(331)	(331)
<b>TOTAL EQUITY</b>	<u>158,416</u>	<u>155,591</u>
<b>NON-CURRENT LIABILITIES</b>		
Other liabilities	32,752	32,605
Borrowings	356,374	374,740
Provision for taxation	868	1,128
	<u>389,994</u>	<u>408,473</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<u>548,410</u>	<u>564,064</u>
Net assets per share (RM)	<u>0.19</u>	<u>0.18</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<u>Attributable to equity holders of the parent</u>								
	Share Capital RM'000	Foreign Exchange Reserve RM'000	Capital Reserve * RM'000	General Reserve * RM'000	Revaluation Reserve* RM'000	Retained Earnings / (Accumulated Losses) RM'000	Sub - total RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>Three months to 31 March 2024</b>									
Balance as at 1 January 2024	84,495	(1,604)	35,458	4,261	1,155	32,157	155,922	(331)	155,591
Profit for the financial period	-	-	-	-	-	4,070	4,070	-	4,070
<u>Other comprehensive income/(loss):</u>									
Currency translation reserve	-	(1,245)	-	-	-	-	(1,245)	-	(1,245)
Total comprehensive (loss)/income for the financial period	-	(1,245)	-	-	-	4,070	2,825	-	2,825
Balance as at 31 March 2024	84,495	(2,849)	35,458	4,261	1,155	36,227	158,747	(331)	158,416
<b>Three months to 31 March 2023</b>									
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	-	-	-	-	-	1,712	1,712	17	1,729
<u>Other comprehensive income:</u>									
Currency translation difference	-	23	-	-	-	-	23	(17)	6
Total comprehensive income for the financial period	-	23	-	-	-	1,712	1,735	-	1,735
Balance as at 31 March 2023	84,495	2,007	35,458	4,261	1,155	(39,719)	87,657	(327)	87,330

\* 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 2023.**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period Ended 31/03/2024 RM'000	Period Ended 31/03/2023 RM'000
<b>OPERATING ACTIVITIES</b>		
Net profit for the period attributable to equity holders of the Company	4,070	1,712
Adjustments for:		
Tax expense	725	559
Depreciation of property, plant and equipment	13	14
Accretion of interest in carrying value of long term receivables	(4,424)	(4,828)
Finance income	(143)	(20)
Discounting on trade receivables and trade payables	178	142
Finance costs	6,225	7,094
Net unrealised gain on foreign exchange	(3,729)	(1,220)
Gain on disposal of assets	(34)	-
Depreciation of right-of- use assets	44	-
Non-controlling interests	-	17
Share of results of associates	-	45
	<u>2,925</u>	<u>3,515</u>
Changes in working capital :		
Receivables	3,718	19,132
Payables	1,211	(7,306)
Cash generated from operations	7,854	15,341
Tax paid	(512)	(542)
<b>Net cash flows generated from operating activities</b>	<u>7,342</u>	<u>14,799</u>
<b>INVESTING ACTIVITIES</b>		
Proceed from disposal of property, plant & equipment	34	-
Interest received from deposits and investments	143	20
<b>Net cash flows generated from investing activities</b>	<u>177</u>	<u>20</u>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(5,124)	(5,531)
Repayments of borrowings	(8,649)	(7,471)
(Additional)/Upliftment of deposits pledged as security	377	(1,684)
<b>Net cash flows used in financing activities</b>	<u>(13,396)</u>	<u>(14,686)</u>
Net movement in cash and cash equivalents	(5,877)	133
Cash and cash equivalents at the beginning of the financial year	8,476	3,427
Currency translation differences	588	24
<b>Cash and cash equivalents at the end of the financial period</b>	<u>3,187</u>	<u>3,584</u>

**The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023.**

## 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 are prepared on a going concern basis, notwithstanding of the Group being an affected issuer under PN17 after it triggered Paragraph 8.04 of the Main Market Listing Requirements and Paragraph 2.1(d) of the PN17 on the assumption that the Group is able to turnaround on successful implementation and completion of its regularisation plan.

The condensed interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. 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 2023.

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 2023 except for the adoption of the following effective on or after 1 January 2024:

The adoption of the following amendments to MFRS that are mandatory 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 : Statements of Cash Flows	1 January 2024
Amendments to MFRS 10 : Consolidated Financial Statements	Deferred
Amendments to MFRS 128 : Investments in Associates and Joint Ventures	Deferred
Amendments to MFRS 121 : The effect of Changes in Foreign Exchange Rates	1 January 2025

## 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 2023.*

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 2023 (page 158 to page 161).

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

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

***Material uncertainty as regards going concern***

***(a) Practice Note 17 ("PN 17")***

On 2 May 2024, Bursa Securities granted an extension of time of six (6) months up to 31 October 2024 to submit its regularisation plan to the relevant regulatory authorities. The Group is in the process of formulating the Proposed Regularisation Plan for submission.

***(b) Trade receivables***

The efforts towards the recovery of the awarded sum of RM252.8 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.

***(c) Borrowings***

The Group has complied with the monthly repayment schedule as per the approved Rescheduling Agreement dated 15 December 2023.

***(d) Use of the going concern assumption***

The Group is in the process of formulating a Proposed Regularisation Plan to address the financial condition of the Group and believes that the Proposed Regularisation Plan once formulated and implemented after obtaining the approval from relevant authorities, will enable the Group to generate sufficient cash flows to meet their obligations and continue sustainable and viable operations.

**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.

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**6. Debt and Equity Securities**

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

**7. Dividend**

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

**8. Segmental Reporting**

Segment analysis for the current financial quarter ended 31 March 2024 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	514	6,303	504	7,321
	514	6,303	504	7,321
<b>Results</b>				
Segment (loss)/profit	(516)	7,570	3,966	11,020
Finance costs	(1,095)	(5,124)	(6)	(6,225)
(Loss)/profit before zakat and taxation	(1,611)	2,446	3,960	4,795
Tax expense	(68)	(598)	(59)	(725)
Net (loss)/profit after zakat and taxation	(1,679)	1,848	3,901	4,070

	<b>Quarter ended 31/03/2024 RM'000</b>	<b>Quarter ended 31/03/2023 RM'000</b>
Revenue from contracts with customers	514	3,011
Asset Facilities Management	6,303	6,173
Others	504	505
	7,321	9,689

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**

Save as disclosed below, there was no material event subsequent to the end of the current financial period.

On 2 May 2024, Bursa Securities had, via its letter, granted the Company an extension of time of 6 months up to 31 October 2024 to submit its regularisation plan to the relevant regulatory authorities for approval.



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

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

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

As at 31 March 2024, the Company had given a guarantee amounting to RM12,880,410 (Q1 FY2023: 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	Previous Year	Changes	Current	Previous Year	Changes
	Quarter	Corresponding		Quarter	Corresponding	
31/03/2024	31/03/2023	RM '000	31/03/2024	31/03/2023	RM '000	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue	7,321	9,689	(2,368)	7,321	9,689	(2,368)
Operating profit	2,840	3,387	(547)	2,840	3,387	(547)
Non Operating profit/(loss)	(1,774)	(2,274)	500	(1,774)	(2,274)	500
Net foreign exchange gain	3,729	1,220	2,509	3,729	1,220	2,509
Share of results of associates	-	(45)	45	-	(45)	45
Profit before zakat and taxation	4,795	2,288	2,507	4,795	2,288	2,507

The Group's revenue of RM7.3 million for the current quarter ended 31 March 2024 was lower than the revenue of RM9.7 million registered in the same quarter of Financial Year ("FY") 2023 by RM2.4 million. The lower revenue is principally due to reduced revenue from local projects.

The Group reported a profit before zakat and taxation ("PBZT") of RM4.8 million in the current quarter under review compared to a PBZT of RM2.3 million in the corresponding quarter of FY2023. The improved performance is mainly due to lower interest expenses of RM6.2 million (Quarter 1 FY2023: RM 7.1 million) and higher unrealised foreign exchange gain of RM3.7 million (Quarter 1 FY2023 : RM 1.2 million).

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

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

	Individual Quarter		Variance RM '000
	Quarter ended 31/03/2024 RM '000	Quarter ended 31/12/2023 RM '000	
<b>Revenue</b>	7,321	4,231	3,090
<b>Profit before taxation</b>	4,795	48,696	(43,901)

In the current quarter ended 31 March 2024, the Group reported higher revenue of RM7.3 million compared to the preceding quarter revenue of RM4.2 million. The higher revenue of RM3.1 million for the current quarter is principally due to higher revenue from local projects.

In the current quarter ended 31 March 2024, the Group reported lower profit before taxation of RM4.8 million compared to the preceding quarter profit before taxation of RM48.7 million. Included in the preceding quarter results is the reversal of accrued bank borrowings interest of RM55.1 million arising from the rescheduling agreement dated 15th December 2023.

**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 is cautiously optimistic of the future prospects of the Group.

The Group is in the midst of evaluating and formulating its proposed regularisation plan to streamline its financial conditions and improve the Group's performance.

**14. Profit Forecast or Profit Guarantee**

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

**15. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.03.2024 RM '000	Preceding year corresponding quarter 31.03.2023 RM '000	Three months ended 31.03.2024 RM '000	Three months ended 31.03.2023 RM '000
Malaysian income tax - current	725	559	725	559
Deferred tax	-	-	-	-
<b>Tax expense</b>	<u>725</u>	<u>559</u>	<u>725</u>	<u>559</u>

For the financial period ended 31 March 2024, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses which were not deductible for income tax purposes.

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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 March 2024 are as follows:

As at 31.03.2024						
	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	3,085	51,208	65,823	53,608	68,908
Islamic financing	-	44,728	-	290,204	-	334,932
<b>Unsecured</b>						
Lease Liabilities	-	174	-	347	-	521
Bank Overdraft	18	23	-	-	18	23
	2,418	48,010	51,208	356,374	53,626	404,384
^ Exchange rate: AED1 = RM1.2854						
As at 31.03.2023						
	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	6,300	7,214	85,210	97,574	91,510	104,788
Islamic financing	-	43,981	-	349,282	-	393,263
<b>Unsecured</b>						
Hire purchase	-	30	-	75	-	105
	6,300	51,225	85,210	446,931	91,510	498,156

## 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 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 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 1 July 2015 to 22 December 2015;
- (v) Payment of RM17,393,875 being liquidated damages for the sub-contractor delay in completing its Works from 1 July 2015 to 30 June 2016;
- (vi) Direct cost, losses, expenses and/or damages which incurred by ZCSB amounting to RM45,774,742;
- (vii) Payment of RM186,283,268 for other costs, losses, expenses and/or damages incurred by ZCSB;
- (viii) Consultant fees and petty cash amounting to RM617,175 incurred by ZCSB;
- (ix) Electricity charges amounting to RM3,446,341 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 sub-contractor submitted its Statement of Defence and Counterclaim dated 19 March 2020 and ZCSB submitted its Reply to the sub-contractor's Statement of Defence and Counterclaim on 1 June 2020. The Scott Schedule was submitted to the Arbitrator and the sub-contractor on 14 January 2021.

On 17 June 2020, ZCSB submitted its Amended Statement of Case and the sub-contractor submitted its Amended Statement of Defence and Counterclaim. On 1 August 2020, ZCSB submitted its Amended Reply and on 29 August 2020 the sub-contractor submitted its Reply for Counterclaim.

As directed by the Arbitrator, ZCSB had submitted its Amended Scott Schedule on 9 August 2021 with total rectification cost inclusive of management fees in the sum of RM59,894,945. There is an increase of claim for rectification cost from RM53,456,994 as submitted in previous Scott Schedule. Subsequently, ZCSB has submitted a Re-Amended Scott Schedule for a revised rectification cost of RM45,905,466.

ZCSB submitted its Re-Amended Statement of Case on 24 January 2022, the sub-contractor submitted its Re-Amended Statement of Defence and Counterclaim on 31 January 2022 and ZCSB submitted its Re-Amended Reply and Re-Amended Defence to Counterclaim on 11 February 2022.

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 will provide their expert opinions/Reports to support ZCSB's claim.

The Hearing dates are fixed on 5 to 9 December 2022, 11 to 13 January 2023 and 21 to 24 February 2023 (These hearing dates have been vacated by the Learned Arbitrator and additional Hearing dates have been fixed as set out below).

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

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

Projects in Malaysia (continued)

(a) (continued)

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

- (a) Filing and exchange of the Witness Statements on 11 October 2022;
- (b) Filing and exchange of Expert Reports for Liability and Quantum on 1 November 2022 respectively;
- (c) Filing and exchange of the Rebuttal Witness Statements on 13 February 2022; and
- (d) Filing and exchange of Rebuttal Expert Reports for Liability and Quantum on 24 March 2023 respectively.

Additional Hearing dates for the proceeding have been fixed on 27 to 29 March 2023, 11 to 14 April 2023, 3 to 5 July 2023, 24 to 25 August 2023 and 5 to 7, 19 to 20, 22, 25 to 27 and 29 September 2023.

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 confirmed date that has been mutually agreed by both parties are as follows:-

- (i) Notes of Proceedings to be filed on 23 November 2023;
- (iii) Closing Submission including cost to be filed on 29 February 2024;
- (iv) Reply Submission to be filed on 31 May 2024; and
- (iv) Oral Clarification is fixed on 25 June 2024.

Parties have complied with the timeline set in No (i) and (ii) above.

- (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 following:-

- (i) Declaration that a consultant has breached its obligations under the Contract;
- (ii) Payment for the refund on value of cost savings for deviation items amounting to RM5,969,352;
- (iii) Cost in rectifying the non-conformance/deviation items in the sum of RM43,057,017;
- (iv) Payment for electricity charges paid by ZCSB on behalf of client from February 2016 until June 2019 in the sum of RM3,446,341;
- (v) Payment for ZCSB's loss of income from January 2016 until 30 June 2018 Amounting to RM138,959,161; and
- (vi) general damages, cost of Arbitration proceeding and other cost the Arbitrator deems appropriate.

Subsequently, ZCSB filed its Statement of Case to the AIAC on 12 April 2021 and the consultant then filed its Statement of Defence and Counterclaim on 28 May 2021. ZCSB filed its Reply to Defence and Defence to Counterclaim on 25 June 2021 and the consultant filed its Rejoinder on 23 July 2021.

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 will provide 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)

(b) (continued)

On 28 February 2023, both parties submitted their respective Witness Statements and ZCSB submitted its Expert Report (Quantum). On 28 July 2022, the lead consultant submitted its Expert Report (Quantum) in reply to ZCSB's Expert Report (Quantum). On 25 August 2022, both parties submitted their Rebuttal Witness Statements.

ZCSB had submitted its Expert Report (Liability) on 14 October 2022 and its Rebuttal Expert Report (Quantum) on 26 October 2022.

Both parties have submitted the Rebuttal Expert's Report (Liability) on 29 December 2022 and the lead Consultant has submitted the Rebuttal Expert's Report (Quantum) on 22 December 2022.

On 25 March 2023, both parties have submitted Joint Experts' Reports for Liability and Quantum.

The hearing was conducted on 12 to 15 June 2023, and 19 to 21 June 2023. However, the hearing dates fixed from 19 to 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 Arbitration Proceeding continued on 15 to 18 January 2024 and 29 to 31 January 2024. The sub-contractor produced 3 factual witnesses and they gave evidence before the Arbitrator.

The Arbitration Proceedings will resume on 10 to 14 June 2024 and 22 to 25 July 2024.

- (c) In relation to a project in Abu Dhabi, a subsidiary company, Zelan Holdings (M) Sdn Bhd ("ZHM") 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 recognise 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 ZHM regarding the project in Abu Dhabi as binding from the date of the Arbitration award on 30 December 2019. The OS was fixed for case management on 31 October 2023.

On the same date, the sub-contractor also served on ZHM a Notice of Application for Discovery (Discovery Application) for an order that the original arbitration agreement between ZHM 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 fixed the Hearing of the Discovery Application on 31 October 2023.

On 31 October 2023, the sub-contractor has withdrawn the discovery application with costs of RM3,000 to be paid to ZHM. The sub-contractor paid the costs of RM3,000 to ZHM on 29 January 2024, only after the filing of security for costs by ZHM.

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

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

Projects in Malaysia (continued)

(c) (continued)

ZHM has filed an Affidavit in Reply to the sub-contractor's Affidavit in Support for the Originating Summons on 1 December 2023.

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

- (i) ZHM to file Further Affidavit on 19 January 2024.
- (ii) Parties to file Written Submissions by 23 February 2024;
- (iii) Parties to file Submissions in Reply by 22 March 2024; and
- (iv) A new Hearing was fixed on 3 April 2024 before the High Court Judge.

ZHM has complied with the directions in paragraphs (i) to (iii) above.

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

- (i) Sub-Contractor to file Affidavit in Reply on or before 9 February 2024;
- (ii) ZHM to file Affidavit in Reply on or before 23 February 2024;
- (iii) Parties to file Written Submissions on 15 March 2024;
- (iv) Parties to file Submissions in Reply on 29 March 2024; and
- (v) Hearing is fixed together with the Originating Summons on 3 April 2024.

ZHM has complied with the directions in paragraphs (i) to (iv) above.

The Hearing of the application for security for costs and the originating summons was adjourned on 3 April 2024 and is now fixed on 16 July 2024.

- (d) On 7 and 13 August 2019, the subsidiaries companies, Eminent Hectares Sdn. Bhd. ("EHSB") and Zelan Holdings (M) Sdn. Bhd. ("ZHM"), received 5 Writ and Statement of Claims from the service provider appointed for the maintenance of the office premises of the Group for outstanding maintenance charges, sinking funds, quit rent, insurance, water charges and late payment interest as at 30 June 2019 amounting to RM694,101 in aggregate.

Full Trial of the matter took place on 23 April 2021, 1 April 2021, 7 April 2022, 12 September 2022 and 15 September 2022 whereby both parties have called their witnesses to testify.

On 23 February 2023, the Sessions Court, after the full trial allowed the claims by the Plaintiff against the Defendants. The Orders of the Court are as follows:

- (i) Judgement sum to be paid amounting to RM662,000 with interest of 10% per annum on daily basis from 1 February 2019 until full settlement thereof; and
- (ii) Global costs for all costs for all the cases for the sum of RM30,000.

On 9 March 2023, Notice of Appeals against all the decision has been filed. The Plaintiff's solicitor vide letter dated 31 March 2023 has demanded the payment of the said amount.

On 20 April 2023, the Defendants' Solicitors have filed five (5) separate Application for Stay of Execution of the Judgment and the said Applications are now pending extraction by the Court.

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

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

Projects in Malaysia (continued)

(d) (continued)

The five (5) Applications for Stay of Execution were heard together on 8 August 2023. The Court granted the order in terms in favour of the EHSB and ZHM for a stay of execution of the Judgement pending appeal (including the appeal in Court of Appeal) with costs to be borne by the EHSB and ZHM.

All five (5) of the Defendants' Appeals against the Judgement dated 23 February 2023 were consolidated and were fixed for hearing on 8 November 2023. All five (5) Appeals were heard together on 8 November 2023 and the High Court dismissed the EHSB and ZHM's appeals with costs of RM20,000.

EHSB and ZHM through its new solicitors filed the Notice of Appeal on 8 December 2023 and Notice of Motion to appeal on 12 January 2024.

The Hearing of the Notice of Motion was fixed on 24 April 2024 and the Case Management of the Notice of Appeal was fixed on 23 April 2024.

On 23 April 2024 the Court of Appeal fixed ZHM notice of appeal for a case management on 30 April 2024.

On 24 April 2024, the Court of Appeal dismissed EHSB and ZHM Notice of Motion for application for extension of time and to file leave to appeal with costs of RM2,000 subject to allocator.

The Plaintiff also applied Garnishee an order against EHSB on 7 December 2023. EHSB has applied to stay the Garnishee proceedings on 11 January 2024. The decision of the stay application of the Garnishee proceedings is fixed on 2 May 2024.

The Plaintiff further filed and obtained ex-parte Prohibitory Orders in relation to all 5 judgments against EHSB and ZHM on 27 November 2023. The said orders were served on EHSB and ZHM on 12 April 2024. EHSB and ZHM had filed applications to set aside all 5 Prohibitory Orders on 19 April 2024. The hearing of the application to set aside the Prohibitory Orders for all 5 applications are fixed on 26 June 2024.



## 18. Changes in Material Litigation (Continued)

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

- (e) The Arbitral Tribunal of the International Chamber of Commerce (“ICC”) awarded *inter alia*, the sum of AED256.1 million (approximately RM285.4 million) “Award” to the Zelan Holdings (M) Sdn. Bhd (ZHM) which included interests up to 1 June 2019 and further interests to be calculated at 9% per annum until full payment of the awarded sum.

Subsequently, the project owner filed an application to nullify the Award in the Abu Dhabi Commercial Court of Appeal (“ADCCA”) on 26 August 2019. However, the application to nullify the Award was dismissed by the ADCCA on 17 December 2019. Dissatisfied with the decision, the project owner appealed its application to nullify the Award to the Supreme Court in Abu Dhabi known as the Cassation Court “CA”) on 4 February 2020. The CAC dismissed the project owner’s appeal on 30 April 2020. Meanwhile, ZHM had earlier filed an application for ratification and execution of the Award at the ADCCA on 13 January 2020. With the decision of the CAC dismissing the project owner’s appeal to nullify the Award, the ADCCA proceeded to grant the ratification and execution of the Award on 7 May 2020 in favour of ZHM.

The project owner then filed Grievance Application to the Abu Dhabi Commercial Court of Appeal “ADCC”) on 10 June 2020. The said Grievance Application was dismissed by the ADCCA on 14 July 2020. The project owner had filed an Appeal against the Decision of ADCCA to the Abu Dhabi Cassation Court on 3 August 2020 and the Appeal was also dismissed on 25 October 2020. Accordingly, the Abu Dhabi Execution Court (EC) in Abu Dhabi had proceeded with the execution process of the Award by issuing an Order for Attachment of all bank accounts owned by the project owner through Central Bank in Abu Dhabi on 25 October 2020. In addition to the attachment of all bank accounts, the EC granted an arrest order against the General Manager of the project owner to summon him to EC and disclose the financial standing and asset of the project owner. Efforts are still being made to locate the whereabouts of the General Manager of the project owner.

ZHM solicitors, Messrs Al Madhani & Al Shamsi (“MsLaw”) had submitted an application to the EC to inquire from the Department of Municipalities and Transport (“DMT”) as to whether there is any compensation has been paid by Abu Dhabi government to the project owner and/or any party on the demolition of the Project building.

MsLaw had also submitted an application to the Department of Economic Development (“DED”) to inquire about the Memorandum of Association of the project owner, any amendments made thereto and its address.

On 13 March 2023, MsLaw had filed a complaint to expedite the response from the DMT. The response is being followed up by MsLaw.

On 30 March 2023, ZHM was informed by MsLaw that based on the system of DED, the commercial license of the project owner has been renewed until 16 December 2023 and therefore MsLaw has submitted a request to inquire about the lease contracts issued in favour of the project owner to verify the location of the project owner, which is mentioned in the commercial license.

Pursuant to the Solicitors’ Confirmation Report issued by MsLaw dated 25 April 2023, MsLaw has set out therein the work plan for the coming months, in respect of the execution proceedings, amongst others as follows:-

- (i) To follow-up on the reply by the DMT on the Group’s Project in order to seize any funds related to the Project;
- (ii) To follow-up on the receipt of the report on the lease contracts issued in favour of the project owner’s company to seize the assets and headquarters of the company; and
- (iii) To follow-up to find out the former director(s) of the project owner who was/were in charge during the contract period in order to initiate any possible legal actions and procedures against him/them.

## 18. Changes in Material Litigation (Continued)

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

(e) (continued)

On 10 August 2023, ZHM was informed by MsLaw that DMT had not responded to the inquiries and the execution court issued a decision to compel the designated employee responsible for the DMT system to attach the correspondence in the court system.

On 23 August 2023, MsLaw submitted a complaint to the EC to expedite the response from DMT.

On 4 September 2023, MsLaw updated that the EC has responded the ZHM's requests whereby the EC issued a new letter to the DMT to inquire about the project owner and the Meena Plaza Project.

On 16 October 2023, the ZHM was informed by MsLaw that the decision has been issued for an urgent response from the DMT in Abu Dhabi regarding the correspondence issued to the DMT in the city of Abu Dhabi on 4 September 2023 inquiring about Meena Plaza project and to provide information on whether the project is still ongoing or has been cancelled, and what compensation has been paid to the executing company, and the original developer company, and the project owner in case of project cancellation.

On 24 October 2023, the ZHM was informed that DMT had not complied with the directive of the EC. Information from DMT is crucial to determine the ownership of the land where Meena Plaza was erected and the status of compensation to the project owner due to the demolition of Meena Plaza Project.

On 19 February 2024, the ZHM was informed that the trade license of MH expired on 16 December 2023 and inquired whether the ZHM would want to pursue legal action against the shareholders of MH.

On 26 February 2024, the ZHM had a meeting with MsLaw. ZHM is exploring in initiating enforcement proceedings against the Central Bank of UAE and DMT for failing to comply with the order of the Execution Court. ZHM is also exploring taking action against the shareholders of the project owner.

## 19. Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	3 months Quarter ended 31.03.2024	3 months Quarter ended 31.03.2023	3 months Period ended 31.03.2024	3 months Period ended 31.03.2023
Profit attributable to equity holders of the company (RM'000)	4,070	1,712	4,070	1,712
Number of ordinary shares in issue ('000)	844,895	844,895	844,895	844,895
<b>Basic earnings per share (sen)</b>	<b>0.48</b>	<b>0.20</b>	<b>0.48</b>	<b>0.20</b>

**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 29 May 2024.

**By order of the Board**

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

**Kuala Lumpur**  
**29 May 2024**