

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2021

**PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD
(MFRS 134)**

1. Basis of Accounting and Accounting Policies

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2020, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting periods on or after 1 January 2021 as follows: -

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 16	Covid-16 Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments to accounting standards do not have any significant impact on the financial results of the Group.

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3. Declaration of Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2020 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the year ended 31 December 2021 were not materially affected by significant seasonal or cyclical fluctuations.

5. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2021.

6. Changes in Estimates

There were no major changes in estimates that have had a material effect in the current quarter.

7. Segmental Information

	REVENUE		PROFIT BEFORE TAX	
	3 months ended	12 months ended	3 months ended	12 months ended
	31.12.2021	31.12.2021	31.12.2021	31.12.2021
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	291,725	740,860	25,167	63,544
Construction	540	4,645	5,065	6,177
Property Development	788	3,457	(3,309)	(8,841)
Hotel and Hospitality	2,686	9,364	466	889
Engineering & Consultancy	10,350	28,333	(2,695)	(3,925)
Trading & Manufacturing	94,443	309,129	863	3,350
Education	8,432	30,926	(3,574)	(6,578)
Clean Energy	4,070	9,357	972	670
Others & Eliminations	(9,585)	(25,787)	(1,193)	(1,789)
GROUP	403,449	1,110,284	21,762	53,497

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8. Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on property, plant and equipment during the current financial quarter.

9. Subsequent Events

There were no material events subsequent to the current financial year under review.

10. Changes in Composition of the Group

There were no material changes in the composition of the Group for the current financial year under review.

11. Contingent Liabilities

There were no material contingent liabilities of the Group as at the end of the current review.

12. Capital Commitments

	<u>As at 31.12.2021</u>
	RM'000
Purchase of property, plant and equipment	<u>1,736</u>

13. Dividend

No dividend was declared or paid for the financial year ended 31 December 2021.

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PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APP'X 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD
14. Analysis of Unaudited Performance of the Group by Operating Segment

Operating Segments	Quarter Ended		Variance	Year-to-Date Ended		Variance
	31.12.2021	31.12.2020		31.12.2021	31.12.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Maintenance	291,725	227,458	28%	740,860	634,688	17%
Construction	540	10,099	-95%	4,645	29,677	-84%
Property Development	788	778	1%	3,457	21,878	-84%
Hotel and Hospitality	2,686	955	181%	9,364	955	881%
Engineering & Consultancy	10,350	9,914	4%	28,333	33,168	-15%
Trading & Manufacturing	94,443	74,254	27%	309,129	280,395	10%
Education	8,432	5,335	58%	30,926	32,949	-6%
Clean Energy	4,070	318	1180%	9,357	2,552	267%
Others & Eliminations	(9,585)	(16,587)	42%	(25,787)	(40,081)	36%
GROUP	403,449	312,524		1,110,284	996,181	
Profit/(Loss) Before Interest and Tax						
Maintenance	23,320	15,847	47%	60,986	57,433	6%
Construction	5,606	(5,791)	197%	8,178	(952)	959%
Property Development	(2,816)	(5,804)	51%	(6,940)	(12,192)	43%
Hotel and Hospitality	568	(325)	275%	1,827	(1,954)	194%
Engineering & Consultancy	(2,050)	(10,997)	81%	(2,135)	(17,973)	88%
Trading & Manufacturing	1,436	496	190%	4,309	3,024	42%
Education	(3,251)	(1,749)	-86%	(5,799)	(2,557)	-127%
Clean Energy	1,385	(109)	1371%	2,187	(177)	1336%
Others & Eliminations	(1,629)	(767)	-112%	(1,951)	(2,383)	18%
GROUP	22,569	(9,199)		60,662	22,269	
Profit/(Loss) Before Taxation						
Maintenance	25,167	17,560	43%	63,544	60,144	6%
Construction	5,065	(6,572)	177%	6,177	(2,583)	339%
Property Development	(3,309)	(6,757)	51%	(8,841)	(15,022)	41%
Hotel and Hospitality	466	(781)	160%	889	(2,596)	134%
Engineering & Consultancy	(2,695)	(11,494)	77%	(3,925)	(20,161)	81%
Trading & Manufacturing	863	90	859%	3,350	1,869	79%
Education	(3,574)	(1,926)	-86%	(6,578)	(3,370)	-95%
Clean Energy	972	(423)	330%	670	(1,038)	165%
Others & Eliminations	(1,193)	(890)	-34%	(1,789)	(2,692)	34%
GROUP	21,762	(11,193)		53,497	14,551	

a) Current Quarter
Group

The Group revenue increased by RM90.9 million from RM312.5 million to RM403.4 million mainly due to the following: -

- (i) higher periodic maintenance works awarded to the Maintenance segment;
- (ii) higher occupancy rate from the Hotel and Hospitality segment after its commencement of operation in October 2020;
- (iii) higher revenue from the Trading segment due to increase in periodic works undertaken by the Maintenance segment;
- (iv) higher pavement and geotechnical works secured from the Engineering segment;
- (v) higher revenue from the Energy segment due to billing for the power generation and supply of energy solar from the Melaka solar plant; and

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14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)

a) Current Quarter (cont'd)

- (vi) higher revenue from the Education segment due to an increase in convocation fees, franchise fees, international student fees, student processing fees, and lower discounts given in the current quarter.

In line with the increased in revenue, this has resulted in a reversal of the Group loss before tax of RM11.2 million to profit before tax of RM21.8 million in the current quarter due to higher revenue from the Maintenance, Hotel and Hospitality, Trading, Clean Energy and Education segments.

The analysis of the financial performance by each segment is illustrated as follows:

1) Maintenance

Revenue increased by 28% (RM64.2 million) from RM227.5 million to RM291.7 million due to higher periodic maintenance works performed in the current quarter. In line with the increased in revenue, the profit before tax increased by 43% (RM7.6 million) from RM17.6 million to RM25.2 million.

2) Construction

Despite the significant decrease in revenue by 95% (RM9.6 million), this segment has improved its profitability with the reversal from loss before tax of RM6.6 million to profit before tax of RM5.1 million due to cost savings from the finalisation of the completed projects and recoverability of its bad debts.

3) Property Development

Revenue was stable as compared to the preceding year quarter. However, the loss before tax decreased by RM3.5 million from RM6.8 million to RM3.3 million as a result of lower cost of sales, administrative, and operating expenses.

4) Hotel and Hospitality

Revenue achieved was RM2.7 million due to encouraging occupancy rate in the current quarter. In line with the increased in revenue, this has resulted in the reversal from loss before tax of RM0.8 million to profit before tax of RM0.5 million.

5) Engineering & Consultancy

Revenue increased by 4% (RM0.4 million) from RM9.9 million to RM10.3 million due to higher pavement and geotechnical works secured. In line with the increased in revenue, this segment posted a reversal from loss before tax of RM11.5 million to profit before tax of RM2.7 million due to lower operating expenses, and impairment of receivables.

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14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)

a) Current Quarter (cont'd)

6) Trading and Manufacturing

Revenue increased by 27% (RM20.1 million) from RM74.3 million to RM94.4 million mainly due to the increase in the supply of quarry, building materials, and bitumen products. In line with the increased in revenue, the profit before tax increased from RM90K to RM0.9 million.

7) Education

Revenue increased by 58% (RM3.1 million) from RM5.3 million to RM8.4 million due to higher international student fees coupled with the lower students' discounts given. Despite the increased in revenue, loss before tax increased to RM3.6 million as compared to RM1.9 million due to higher administrative, operational expenses and finance costs incurred in the current quarter.

8) Clean Energy

Revenue increased significantly from RM0.3 million to RM4.1 million due to revenue recognised from billings for the power generation and supply of energy from the Melaka solar plant and solar panel installation works in the current quarter. The increase in revenue has resulted in the reversal from loss before tax of RM0.4 million to profit before tax of RM1.0 million.

b) Year-to-Date

The Group recorded a revenue of RM1,110.3 million, an increase of RM114.1 million as compared to RM996.2 million mainly attributed to the followings:

- (i) Higher periodic works awarded to the Maintenance segment;
- (ii) New source of revenue from the Hotel and Hospitality segment as our hotel had commenced business operations on 1 October 2020;
- (iii) Higher revenue from the Trading segment due to increase in periodic works undertaken by the Maintenance segment; and
- (iv) Higher revenue from the Clean Energy segment due to commencement of billing for the power generation and supply to TNB and solar panel installation works.

The increase in revenue of the Group has resulted in the increase in profit before tax from RM14.6 million to RM53.5 million.

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14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)

The analysis of the financial performance by each segment is illustrated as below:

b) Year-to-Date (Cont'd)

1) Maintenance

Revenue was RM740.9 million as compared to RM634.7 million due to higher periodic works awarded. Consequently, profit before tax increased steadily by 6% from RM60.1 million to RM63.5 million.

2) Construction

Revenue was RM4.6 million as compared to RM29.7 million due to the completion of PPAM Phase 2 and Park Inn Hotel projects. Despite the decreased in revenue, this segment posted a reversal from loss before tax of RM2.6 million to profit before tax by RM6.2 million mainly due to higher other income derived from bad debts recovered and lower administrative and operating expenses.

3) Property Development

Revenue was RM3.4 million as compared to RM21.9 million due to one-off disposal of vacant land in the preceding year, lower revenue from the rental of investment properties, and no disposal of unsold inventory units.

The loss before tax decreased from RM15.0 million to RM8.8 million mainly due to lower administrative, operating, and finance expenses.

4) Hotel and Hospitality

Revenue achieved was RM9.4 million due to encouraging occupancy rate. In line with the increased in revenue, this segment posted a reversal from a loss before tax of RM2.6 million to a profit before tax of RM0.9 million.

5) Engineering Services

Revenue was RM28.3 million as compared to RM33.2 million, resulting from the divestment of its subsidiaries, lower geotechnical works, and fewer certification services performed.

The loss before tax decreased from RM20.2 million to RM3.9 million due to lower cost of sales, administrative and operating expenses, and impairment of receivables.

6) Trading and Manufacturing

Revenue increased by 10% (RM28.7 million) from RM280.4 million to RM309.1 million due to higher periodic works undertaken by the Maintenance segment, whereby this segment is the main supplier to the sub-contractors for bitumen, cold mix, and quarry materials.

Consequently, profit before tax increased by 79% (RM1.5 million) from RM1.9 million to RM3.4 million.

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14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)

b) Year-to-Date (Cont'd)

7) Education

Revenue decreased by 6% (RM2.0 million) from RM32.9 million to RM30.9 million due to a decrease in the student population.

Consequently, the loss before tax increased by 95% (RM3.2 million) from RM3.4 million to RM6.6 million due to an increase in operating expenses mainly on staff cost, advertisement and promotional expenses.

8) Clean Energy

Revenue increased significantly from RM2.6 million to RM9.4 million due to the recognition of energy supply to TNB (Solar Photovoltaic) and increased in solar panel installation works performed. The increase in revenue has resulted in the reversal from loss before tax of RM1.0 million to profit before tax of RM0.7 million.

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15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Operating Segments	Quarter Ended		Difference
	31.12.2021	30.9.2021	
	RM'000	RM'000	RM'000
Revenue			
Maintenance	291,725	189,718	102,007
Construction	540	3,257	(2,717)
Property Development	788	782	6
Hotel and Hospitality	2,686	1,737	949
Engineering & Consultancy	10,350	7,602	2,748
Trading & Manufacturing	94,443	100,035	(5,592)
Education	8,432	8,686	(254)
Clean Energy	4,070	3,137	933
Others and Eliminations	(9,585)	(6,586)	(2,999)
GROUP	403,449	308,368	95,081
Profit/(Loss) Before Interest and Tax			
Maintenance	23,320	16,936	6,384
Construction	5,606	898	4,708
Property Development	(2,816)	(1,513)	(1,303)
Hotel and Hospitality	568	247	321
Engineering & Consultancy	(2,050)	(706)	(1,344)
Trading & Manufacturing	1,436	1,555	(119)
Education	(3,251)	176	(3,427)
Clean Energy	1,385	563	822
Others and Eliminations	(1,629)	(126)	(1,503)
GROUP	22,569	18,030	4,539
Profit/(Loss) Before Taxation			
Maintenance	25,167	16,965	8,202
Construction	5,065	401	4,664
Property Development	(3,309)	(1,972)	(1,337)
Hotel and Hospitality	466	(24)	490
Engineering & Consultancy	(2,695)	(1,058)	(1,637)
Trading & Manufacturing	863	1,321	(458)
Education	(3,574)	29	(3,603)
Clean Energy	972	188	784
Others and Eliminations	(1,193)	(193)	(1,000)
GROUP	21,762	15,657	6,105

The Group revenue increased from RM308.4 million to RM403.4 million mainly due to the increased in revenue from the following segments:

- (1) Maintenance: Higher periodic maintenance and emergency works;
- (2) Hotel and Hospitality: Increase in room occupancy rate and food and beverages income;
- (3) Engineering: Higher geotechnical and pavement works secured; and
- (4) Energy: Higher revenue recognition from solar panel installation and billings from the power generation and supply energy from the Melaka solar plant.

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15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter (cont'd)

In line with the increased in revenue by RM95.0 million, the Group profit before tax increased by RM6.1 million from RM15.7 million to RM21.8 million.

16. Commentary on Prospects

For 2022, the domestic economy is expected to remain on its recovery path, supported by:

- (i) the continued expansion in global demand;
- (ii) higher private sector expenditure given improving labour market conditions and on-going policy support; and
- (iii) the continuation of major investment projects in both private and public sectors.

The outlook, however, is subject to risks related to emergence of severe Covid-19 variants of concern, global financial volatility, and supply chain disruptions.

(Source: BNM, Economic & Financial Developments in Malaysia Q4 2021)

During the current financial year, the Group performed commendably with the Maintenance segment being the main contributor.

The positive financial performance of the Group was aided by the recovery in the labour market, continued policy support, strong external demand and the Group's implementation of various countermeasures to preserve cash and enhance profitability amid the economic uncertainty due to the prolonged Covid-19 pandemic.

Nevertheless, certain business segments of the Group remain impacted by the strict containment and restriction measures imposed by the authorities to prevent the spread of Covid-19 and the supply chain disruptions.

However, moving forward, the prospects of these business segments are expected to improve with the easing of containment and restriction measures with the authorities committed not to have another full lockdown. In addition, the Board is constantly taking prudent approach and proactive actions to improve the financial performance of these impacted business segments.

Premise on the positive group performance for the current financial year, on-going high vaccination rate, and the positive economic outlook for 2022, barring unforeseen circumstances the Group expects to remain profitable in the next financial year as the Board continues to strengthen the operational excellence and enhance performance of its core profitable business segments.

The Group is also actively and diligently pursuing other business opportunities to enhance shareholders' return in the next financial year.

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17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

Taxation represents current year provision.

The effective tax rate for the current year was higher than the statutory tax rate principally due to losses of certain subsidiary companies where no group relief is granted and non-allowable expenses.

19. Profit after Taxation

	<u>Current</u> <u>Year To Date</u> <u>31.12.2021</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>31.12.2020</u> RM'000
Profit after taxation for the financial year is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	12,650	10,487
Depreciation of investment properties	1,823	1,823
Depreciation of right-of-use assets	2,573	3,276
Impairment losses on receivables	10,190	24,135
Interest expense	9,903	19,192
Gain on disposal of property, plant and equipment	(279)	(193)
Interest income	(1,318)	(1,826)
Reversal of impairment losses on receivables	(6,982)	(6,169)

20. Corporate Proposals

There was no corporate proposal announced but not completed in the current year up to 24 February 2022, being the last practicable date from the date of the issue of this report.

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21. Borrowings and Debt Securities

	<u>As at 31.12.2021</u>	<u>As at 31.12.2020</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	132,789	132,832
- Long term borrowings	79,565	88,786
- Bank overdrafts	30,714	29,636
Total borrowings	<u>243,068</u>	<u>251,254</u>

The total borrowings decreased from RM251.3 million as at 31 December 2020 to RM243.1 million as at 31 December 2021 due to loan repayment for IUKL, student accommodation, Park Inn by Radisson Hotel and Pasir Gudang vacant land. However, the cash and bank balances decreased from RM219.8 million as at 31 Dec 2020 to RM150.9 million as at 31 Dec 2021. As a result, the net gearing ratio increased to 0.17 times as at 31 December 2021 from -0.02 times as at 31 December 2020.

There is no borrowing denominated in foreign currency. The effective interest rate ranges from 3.27% to 7.17% for the conventional borrowings and from 3.83% to 8.35% for the Islamic borrowings.

22. Trade Receivables

The trade receivables ageing, net of impairment and expected credit loss can be analysed as follows:

	<u>As at 31.12.2021</u>	<u>As at 31.12.2020</u>
	RM'000	RM'000
Less than 6 months	244,577	98,940
6 to 12 months	24,767	3,901
1 to 2 years	14,151	4,737
More than 2 years	2,561	41,576
	<u>286,056</u>	<u>149,154</u>

Normal credit terms range from 21 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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23. Material Litigations

Other than stated below, there were no changes in material litigation since the last annual balance sheet date:

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant**

On 28 December 2012, our Company entered into a conditional Sale and Purchase Agreement (“**Conditional SPA**”) with PT ASU to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia (“**PT ASI**”), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55,000,000.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti (“**PT FAS**”) which in turn holds 70% equity interest in PT Hase Bumou Aceh (“**PT Haseba**”) (“**PT ASI Group**”). PT ASU as vendor represented in the Conditional SPA that PT Haseba had a 10-year production management partnership agreement (“**PMP Agreement**”) with PT Pertamina (PERSERO) (“**Pertamina**”) to develop and to produce oil and gas in the Kuala Simpang Timur Field from 14 December 2004.

On 29 January 2014, our Company entered into an Amended and Restated Sale and Purchase Agreement (“**Restated SPA**”) with PT ASU to amend vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company agreed to acquire 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22,000,000 (RM68,393,170) (“**Purchase Consideration**”). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by our Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA (“**Conditional Period**”):-

- (i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;
- (ii) Extension of the PMP Agreement for a further 10-year period; and
- (iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources’ General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, our Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, our Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes (“**Advance**”). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

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23. Material Litigations (Cont'd)

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

On 5 August 2014, our Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. Our Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, our Company filed a legal suit against PT ASU and the two former Directors, namely the 2nd and the 3rd defendant for, among others, the refund of the Purchase Consideration and Advance.

The total amount claimed against PT ASU and the two former Directors (“**2nd and 3rd Defendants**”) are as follows: -

Against PT ASU

- i. A payment of USD22,000,000;
- ii. Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- iv. Damages for the breach of the Restated SPA.

Against the 2nd and 3rd Defendants

- i. A payment of USD27,000,000 (including the Advance);
- ii. Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- iv. Damages for fraud and conspiracy; and
- v. General damages, aggravated and exemplary.

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23. Material Litigations (Cont'd)

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

The status of this suit is as follows: -

PT ASU’s application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya (“Court of Appeal”) which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2nd and 3rd Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal. The Court of Appeal had on 29 January 2019, allowed the Company’s appeal and remitted the case back to the High Court against the 2nd and 3rd Defendants. The 2nd and 3rd Defendants had on 28 February 2019 respectively filed an application by way of motion for leave to appeal to the Federal Court (“2nd and 3rd Defendants’ Motion”). The 2nd and 3rd Defendants’ Motion were dismissed on 25 March 2019. Both the 2nd and 3rd Defendants filed an application to the Court of Appeal for stay of the High Court proceedings pending the hearing of the said 2nd and 3rd Defendants’ Motion. The stay application has been dismissed by the Court of Appeal on 28 January 2019.

The 2nd and the 3rd Defendants had on 20 September 2019 filed an application to strike out the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 (“Strike Out Application”). The Strike Out Application has been fixed for Hearing on 27 August 2020. The Strike Out Application was heard on 27 August 2020 and dismissed by the High Court Judge on 10 September 2020 with costs of RM25,000 to be paid by the 2nd and the 3rd Defendants to the Company. The 2nd and 3rd Defendants had filed an appeal at the Court of Appeal against the decision of the High Court on 10 September 2020 dismissing the Strike Out Application. The appeal has been fixed for continued Hearing on 11 January 2022 and the appeal has been dismissed by the Court of Appeal with costs of RM30,000.00 to be paid to the Company by both the 2nd and 3rd Defendant. The 2nd and 3rd Defendant had on 10 February 2022 filed an application for leave via notice of motion at the Federal Court (“Leave Application”) seeking leave to appeal to the Federal Court against the decision of the High Court on 10 September 2020 dismissing the Strike Out Application and the decision of the Court of Appeal on 11 January 2022 dismissing the appeal. The Leave Application is fixed for Case Management on 21 March 2022.

The 2nd and the 3rd Defendants have on 22 January 2020 filed an application to stay the trial of the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 (“Stay Application”). The Stay Application has been struck out by the Kuala Lumpur High Court with no order as to costs.

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23. Material Litigations (Cont'd)

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

The Company had on 13 May 2020 filed 3 applications for leave to appeal to the Federal Court (“Federal Court Applications”) against the judgment of the Court of Appeal dated 6 March 2020 (appeals in relation to Bankers’ Books (Evidence) Act 1949). The said applications are fixed for Case Management on 28 July 2020 and for Hearing on 25 August 2020 at the Federal Court. The Federal Court Applications were granted by the Federal Court on 25 August 2020. As such, the Company has filed its appeal at the Federal Court. The appeal to the Federal Court was fixed for hearing on 5 January 2021 and the Federal Court has fixed 23 August 2021 for Decision. The appeal was allowed by the Federal Court on 23 August 2021 and therefore, the judgment of the Court of Appeal dated 6 March 2020 is set aside. With that, the Company is allowed to use the documents obtained from the banks as part of its evidence. However, the Company will still need to prove the documents in accordance with the standard of proof as set out in the provisions of the BBEA and the Evidence Act, 1950.

On 19 January 2021, the 2nd and 3rd Defendants had filed an application to stay the proceedings at the Kuala Lumpur High Court pending the disposal of their appeal at the Court of Appeal. The said application for a stay of proceedings which was fixed for hearing before the learned High Court Judge on 2 March 2021 has been dismissed with costs of RM8,500 to be paid by the 2nd and 3rd Defendant to the Company.

The Full Trial for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 has commenced on 15 and 27 October 2021, 8, 10, 11, 12 and 26 November 2021, 6 and 17 December 2021 and on 19 January 2022. The Full Trial will resume on 2, 3, 4, 22, 23, and 25 March 2022.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the financial year ended 31 December 2014.

- (ii) **High Court of Malaya at Shah Alam (“SA High Court”) Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd (“PTSB”) as plaintiff against PT Goldchild Integritas Abadi (“Goldchild”) and Ooi Kock Aun (“OKA”) as defendants**

PTSB, a wholly owned subsidiary of our Company, had entered into an agreement dated 4 February 2013 (“**Agreement**”) to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit (“**Deposit**”) of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former directors of our Company, OKA, when our Company uncovered that OKA has an undisclosed interest in Goldchild.

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23. Material Litigations (Cont'd)

(ii) High Court of Malaya at Shah Alam (“SA High Court”) Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd (“PTSB”) as plaintiff against PT Goldchild Integritas Abadi (“Goldchild”) and Ooi Kock Aun (“OKA”) as defendants (cont'd)

The status of this suit is as follows: -

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA’s appeal has been struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 May 2018.

Goldchild’s application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya (“Federal Court”). The Motion has been dismissed by the Federal Court on 11 January 2018.

Pursuant to the decision of the Federal Court, the action against PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia (“BANI”).

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the financial year ended 31 December 2014.

(iii) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd (“HCM”)

On 6 July 2018, HCM was served with Adjudication Decision dated 4 July 2018 whereby HCM shall pay Kuasatek Sdn Bhd (“Kuasatek”) the sum of RM2,959,440.44 within 14 days from the date of the Adjudication Decision.

HCM had on 8 August 2018 filed the following applications in the High Court of Malaya at Kuala Lumpur (“KL High Court”): -

- (a) An application by way of Originating Summons to set aside the Adjudication Decision pursuant to Section 15(b) and Section 15(d) of the Construction Industry Payment Adjudication Act 2012 (“the Setting Aside Application”). The Setting Aside Application was dismissed;

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2021

23. Material Litigations (Cont'd)

(iii) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (cont'd)

- (b) An application by way of Originating Summons to stay the Adjudication Decision pursuant to Section 16 of the Construction Industry Payment Adjudication Act 2012 pending arbitration ("the Stay Application"). The Stay Application was dismissed.

In addition, HCM has served a Notice to Request for Arbitration dated 6 August 2018 to Kuasatek to refer the claim to arbitration pursuant to Article 3, Part II of the Asian International Arbitration Rules 2018.

Meanwhile, Kuasatek had, on 9 August 2018, served on HCM, an application by way of Originating Summons for an order that the Adjudication Decision dated 4 July 2018 be enforced as a judgement against HCM in the KL High Court pursuant to Section 28(1) of the Construction Industry Payment Adjudication Act 2012 ("the Enforcement Application"). The Enforcement Application was allowed. HCM has on 2 November 2018 filed an application for stay of the enforcement allowed by the High Court. At the Hearing on 22 November 2018, the parties have entered into Consent Order based on the following terms: -

- (i) HCM will pay the Adjudicated Sum amounting to RM3,116,428 by 27 November 2018;
- (ii) Kuasatek undertakes not to commence winding up proceedings and any other execution proceedings;
- (iii) Kuasatek undertakes to refund any monies paid under (i), in excess of the sum which the HCM is liable to pay pursuant to the outcome of the current appeal to Court of Appeal by HCM, any arbitration or litigation involving current dispute between the parties.

On 29 October 2018, HCM filed an appeal to the Court of Appeal against the decision of the High Court in dismissing the Setting Aside Application and allowing the Enforcement Application. The hearing date is fixed on 17 June 2019 and it has been further rescheduled to 23 September 2019 wherein the appeals have been dismissed with costs of RM5,000.00. With the dismissal, all appropriate actions pursuant to the Construction Industry Payment and Adjudication Act 2012 have been exhausted and concluded.

Meanwhile, HCM had on 8 March 2019 filed a legal suit at the Kuala Lumpur High Court against Kuasatek ("Legal Proceeding").

HCM's claim against Kuasatek is premised on breach of contract by Kuasatek pursuant to a Letter of Appointment for Mechanical and Electrical Works Packages (Contract No: HCM/P48-AFC/LA/C/16/V1(07)) dated 15 March 2016, a work package under a project previously awarded to HCM known as "The Design And Built Contract For The Proposed Additional Of A 4 Storey Office Building With Basement Car Parking To The Existing Facilities On Lot No. 38627, Bukit Jalil, Mukim Petaling, Daerah Kuala Lumpur, Malaysia For Asian Football Confederation." Kuasatek was the mechanical and electrical works sub-contractor for HCM.

The Legal Proceeding is to finally determine the liability of Kuasatek under the contract and for the refund of the Adjudicated Sum paid to Kuasatek pursuant to the Adjudication Decision dated 4 July 2018.

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23. Material Litigations (Cont'd)

(iii) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (cont'd)

HCM's claims against Kuasatek are as follows: -

- (a) A declaration that the contract dated 13 May 2016 between HCM and Kuasatek is for the sum of RM9,500,000;
- (b) A declaration that Kuasatek has breached the contract;
- (c) A declaration that HCM is allowed to set off the sum of RM288,205 as the costs to rectify the defectives works and/or work done on behalf;
- (d) A declaration that HCM is allowed to set off the sum of RM930,000 as Liquidated Ascertained Damages;
- (e) A declaration that HCM is allowed to withhold the sum of RM475,000 as the performance bond until the issuance of the Certificate of Making Good Defects by Asian Football Confederation;
- (f) Kuasatek shall pay the sum of RM12,889 to HCM;
- (g) Kuasatek shall refund the sum of RM2,968,457 to HCM forthwith being the excess payment paid by HCM to Kuasatek for work done;
- (h) Kuasatek shall refund the sum of RM106,572 to HCM forthwith being the sum paid by HCM to Kuasatek for legal costs, adjudication costs and expenses;
- (i) General damages to be assessed by this Honourable Court;
- (j) Interest at the rate of 5% p.a. on the amount in (f), (g), (h) and (i) above from the date of Judgment until date of full payment; and
- (k) Costs.

On 16 April 2019, Kuasatek filed its defence and counterclaim against HCM for a sum of RM733,548.

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23. Material Litigations (Cont'd)

(iii) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (cont'd)

KL High Court had fixed the following dates in respect of the legal proceeding filed by HCM against Kuasatek on 11 March 2019, claiming the sum of RM3,087,917.74 for breach of contract by Kuasatek:-

1. It has been fixed for case management on 3 September 2020.
2. It has been fixed for full trial from 5 October 2020 until 9 October 2020.

The trial has been partially completed on the 5th, 6th and 7th October 2020. The KL High Court has fixed 13 January 2021 for continued trial. Due to the Movement Control Order imposed by the Government of Malaysia, the continued trial which was fixed on 13 January 2021 has been vacated. The KL High Court has further fixed 11 October 2021 for continued Full Trial.

The Full Trial for the legal proceeding has been concluded on 11 October 2021. The Court has fixed 17 February 2022 for oral submission/clarification before the Court Judge. At the conclusion of the oral submission/clarification, the Legal Proceeding is fixed for Decision on 30 March 2022.

(iv) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant

TNB had, vide an agreement dated 13 July 2015 ("TNB Agreement"), appointed KISB to carry out construction works known as "The Construction and Commission of Retention Pond at Gelugor Power Station" ("Project") whereby the scope of works includes amongst others designing flow system improvements, drainage system expansion and replacing U-drain size from 600mm to 750mm in Loji Kuala Gelugor ("Works").

KISB had in turn, vide a Letter of Award dated 26 May 2015 ("LOA"), appointed Qemudi Nekad Resources as sub-contractor ("Sub-Contractor"):

- i) to identify the utilities within the Project site and further prepared a utility mapping to be approved by TNB; and
- ii) to carry out the entire Works.

TNB alleged that upon KISB carried out the drain breaking for the existing U-drain, the workers of KISB had carried out the picking up of the surplus and remnants debris of the broken U-drain left in the drain by using a backhoe ("Picking up the U-drain surplus and remnants works").

TNB further alleged that due to the picking up the U-drain surplus and remnants works by KISB, the same had caused the TNB's cable 2 ("TNB's Cable") destroyed. It was alleged that the bucket of the backhoe had caused damage on TNB's Cable. Subsequent to that, TNB lodged a police report on the said damage. TNB then terminated KISB's permit to work certificate and issued a stop-work order on KISB on the reason that the damage caused by KISB is a breach under Section 37(11) (b) and/or 37(12) (a) of the Electricity Supply Act 1990 ("Act").

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23. Material Litigations (Cont'd)

(iv) High Court of Malaya at Penang (“Penang High Court”) Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad (“TNB”) as Plaintiff against Kumpulan Ikram Sdn Bhd (“KISB”) as the Defendant (Cont'd)

TNB had managed to recover RM150,000.00 only from the Construction All Risks Insurance taken by KISB for this Project from TNB's panel insurance company, QBE Insurance (Malaysia) Berhad. The policy limit is RM150,000.00 only. The said insurance does not have “principal existing property” cover which will protect the insured against loss or damage to property located on or surrounding the site belonging to or held in care, custody or control by the insured.

In view thereof, TNB filed a suit against KISB pursuant to Section 41(1) of the Act under the strict liability tort on the reason that KISB's workers have neglected during the carrying out of the picking up the U-drain surplus and remnants works and caused damage on the TNB's cable. The damage on the TNB's Cable had caused the followings: -

- i) a power outage to TNB's customers hence, TNB suffered loss of income during the period of the power outage; and
- ii) rectification cost incurred to rectify the damage and replace the new cable.

TNB further alleged that TNB had issued a Notice of Claim for damages by way of letter dated 23 March 2016 and also a Letter of Demand dated 11 January 2018 to KISB to inform on the damage and to claim on the rectification cost amounting to RM6,799,961.83.

TNB's claims are as follows: -

- 1) General damages to be assessed;
- 2) Special damages amounting to RM6,799,961.83;
- 3) General damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 4) Economic damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 5) Interest of 5% per annum on the sum of RM6,799,961.83 calculated from the date of the filing of the writ until full settlement;
- 6) Aggravated and exemplary damages;
- 7) Cost; and
- 8) Any other relief court deems fit.

KISB had filed its Defence on 2 October 2020. TNB had filed its Reply on 9 November 2020. The Mediation which was fixed on 6 April 2021 was unsuccessful as the parties have failed to reach a settlement. The Case Management date which was fixed on 15 December 2021 was postponed to a further date.

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23. Material Litigations (Cont'd)

- (iv) **High Court of Malaya at Penang (“Penang High Court”) Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad (“TNB”) as Plaintiff against Kumpulan Ikram Sdn Bhd (“KISB”) as the Defendant (Cont'd)**

KISB had on 25 January 2022 filed an application for the discovery of the Project documents from TNB pursuant to Order 24, Rules 12, 13 and 16 of the Rules of Court 2022 (“Discovery Application”).

The Court has fixed 18 March 2022 as Case Management date to set further direction on the Suit and to set a hearing date for the Discovery Application.

Notwithstanding the above litigation, the claim amount has been fully impaired in the financial year ended 31 December 2020.

24. Earnings Per Share

The basic earnings per share of the Group is calculated by dividing the profit attributable to the owners of the Company over the weighted average number of ordinary shares in issue, excluding treasury shares.

	<u>3 months</u> <u>ended</u> 31.12.2021	<u>12 months</u> <u>ended</u> 31.12.2021
Net profit for the financial quarter / year-to-date (RM'000)	6,768	16,227
Weighted average number of ordinary shares in issue ('000)	481,740	481,740
Adjustment for assumed exercise of warrants ('000)	106,051	106,051
Adjusted weighted average number of ordinary shares issued and issuable ('000)	<u>587,791</u>	<u>587,791</u>
Basic earnings per share (sen)	<u>1.40</u>	<u>3.37</u>
Fully diluted earnings per share (sen)	<u>1.15</u>	<u>2.76</u>

25. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 24 February 2022.