

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

**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 2021. 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 2021.

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 2021, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting periods on or after 1 January 2022 as follows: -

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement to MFRS Standard 2018 - 2020	

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

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

3. Declaration of Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the year ended 31 December 2022 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 2022.

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/(LOSS) BEFORE TAX	
	3 months ended	12 months ended	3 months ended	12 months ended
	<u>31.12.2022</u>	<u>31.12.2022</u>	<u>31.12.2022</u>	<u>31.12.2022</u>
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	184,933	559,960	5,634	29,221
Construction	5,007	12,427	(3,787)	(5,790)
Property & Asset Management	8,593	12,987	(50)	(8,636)
Hotel and Hospitality	3,148	10,658	(649)	(696)
Engineering & Consultancy	17,680	52,524	(10,872)	(8,746)
Trading & Manufacturing	88,094	225,038	737	926
Education	6,024	24,238	(6,050)	(15,312)
Clean Energy	1,814	8,453	(1,128)	(1,038)
Others & Eliminations	(9,505)	(24,816)	(4,671)	(6,031)
GROUP	305,788	881,469	(20,836)	(16,102)

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

8. Valuation of Property, Plant and Equipment

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

9. Subsequent Events

There were no material events subsequent to the current 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 31.12.2022</u> RM'000
Purchase of property, plant and equipment	<u>1,030</u>

13. Dividend

No dividend was declared or paid for the financial year ended 31 December 2022.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022
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
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Maintenance	184,933	290,948	-36%	559,960	740,083	-24%
Construction	5,007	5,097	-2%	12,427	9,202	35%
Property & Asset Management	8,593	785	995%	12,987	3,454	276%
Hotel and Hospitality	3,148	2,686	17%	10,658	9,364	14%
Engineering & Consultancy	17,680	10,660	66%	52,524	28,643	83%
Trading & Manufacturing	88,094	94,443	-7%	225,038	309,129	-27%
Education	6,024	8,431	-29%	24,238	30,925	-22%
Clean Energy	1,814	2,548	-29%	8,453	7,835	8%
Others & Eliminations	(9,505)	(9,587)	1%	(24,816)	(25,789)	4%
GROUP	305,788	406,011		881,469	1,112,846	
Profit/(Loss) Before Interest and Tax						
Maintenance	5,471	20,404	-73%	28,215	58,069	-51%
Construction	(1,834)	6,854	-127%	(2,746)	9,426	-129%
Property & Asset Management	976	(2,407)	141%	(6,137)	(6,531)	6%
Hotel and Hospitality	(278)	770	-136%	445	2,029	-78%
Engineering & Consultancy	(10,584)	(5,003)	-112%	(7,161)	(5,088)	-41%
Trading & Manufacturing	1,143	1,436	-20%	1,936	4,309	-55%
Education	(5,550)	(2,345)	-137%	(13,966)	(4,893)	-185%
Clean Energy	(827)	1,022	-181%	248	1,824	-86%
Others & Eliminations	(5,178)	2,727	-290%	(7,454)	2,406	-410%
GROUP	(16,661)	23,458		(6,620)	61,551	
Profit/(Loss) Before Taxation						
Maintenance	5,634	22,153	-75%	29,221	60,530	-52%
Construction	(3,787)	6,313	-160%	(5,790)	7,424	-178%
Property & Asset Management	(50)	(2,895)	98%	(8,636)	(8,427)	-2%
Hotel and Hospitality	(649)	668	-197%	(696)	1,091	-164%
Engineering & Consultancy	(10,872)	(5,553)	-96%	(8,746)	(6,782)	-29%
Trading & Manufacturing	737	863	-15%	926	3,350	-72%
Education	(6,050)	(2,668)	-127%	(15,312)	(5,672)	-170%
Clean Energy	(1,128)	603	-287%	(1,038)	301	-445%
Others & Eliminations	(4,671)	3,162	-248%	(6,031)	2,566	-335%
GROUP	(20,836)	22,646		(16,102)	54,381	

a) Current Quarter
Group

The Group revenue decreased by RM100.2 million from RM406.0 million to RM305.8 million due mainly to the following:

- (i) lower periodic maintenance works awarded to the Maintenance segment;
- (ii) lower supply of road maintenance raw materials from the Trading segment due to the decrease in periodic and emergency works undertaken by the Maintenance segment;
- (iii) lower revenue from the Education segment due to a reduction in student population; and
- (iv) lower revenue from the Energy segment due to lower rate applied for excess energy supply to TNB, and lower solar installation works.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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

a) Current Quarter (cont'd)

The Group posted a reversal from a profit before tax of RM22.6 million to a loss before tax of RM20.8 million due to:

- (i) lower revenue from the Maintenance, Trading, Education and Energy business segments;
- (ii) lower other income;
- (iii) higher finance expenses; and
- (iv) higher impairment of receivables.

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

1) Maintenance

Revenue decreased by RM106.0 million (36%) from RM290.9 million to RM184.9 million due to lower periodic maintenance works performed in the current quarter. The decrease in revenue and increase in administrative expenses have resulted in the decrease of the profit before tax by RM16.5 million (75%) from RM22.1 million to RM5.6 million.

2) Construction

Revenue decreased marginally from RM5.1 million to RM5.0 million due to lower revenue from ongoing project in the current quarter. This segment posted a reversal from a profit before tax of RM6.3 million to a loss before tax of RM3.8 million in the current quarter due to lower other income, increase in finance expenses and lower share of profit of associates.

3) Property & Asset Management

Revenue increased significantly by RM7.8 million (995%) from RM0.8 million to RM8.6 million due to the property development of Jade Hill, Tampin project, sale of one (1) unit shop lot in Sentrio Pasir Gudang and better rental yield from investment properties. In line with the increase in revenue, the loss before tax decreased by RM2.8 million from RM2.9 million to RM50K.

4) Hotel and Hospitality

Revenue increased by 17% (RM0.4 million) from RM2.7 million to RM3.1 million due to higher average room rate and food & beverage (F&B) income in the current quarter. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM0.7 million to a loss before tax of RM0.6 million due to an increase in administrative and finance expenses.

5) Engineering & Consultancy

Revenue increased significantly by RM7.0 million (66%) from RM10.7 million to RM17.7 million due to higher construction, pavement and structural works. Despite the increase in revenue, the loss before tax increased by RM5.3 million from RM5.6 million to RM10.9 million due to the increase in impairment of receivables in the current quarter.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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

a) Current Quarter (cont'd)

6) Trading and Manufacturing

Revenue decreased by RM6.3 million (7%) from RM94.4 million to RM88.1 million mainly due to the decrease in the sales of building material, diesel and quarry products. The decrease in revenue has resulted in the profit before tax decreased by RM0.2 million from RM0.9 million to RM0.7 million.

7) Education

Revenue decreased by RM2.4 million (29%) from RM8.4 million to RM6.0 million due to a reduction in the student population. The decreased in revenue, higher operating expenses and finance cost have resulted the increase in loss before tax from RM2.7 million to RM6.1 million.

8) Clean Energy

Revenue decreased from RM2.5 million to RM1.8 million mainly due to lower revenue from solar panel installation works and lower rate applied for excess energy supply to TNB in the current quarter. The decreased in revenue has resulted in the reversal from a profit before tax of RM0.6 million to a loss before tax of RM1.1 million.

b) Year-to-Date

The Group recorded a revenue of RM881.5 million, a decrease of RM231.3 million as compared to RM1,112.8 million mainly attributed to the followings:

- (i) lower periodic works awarded from the Maintenance segment;
- (ii) lower revenue from the Trading segment due to the decrease in periodic works undertaken by the Maintenance segments; and
- (iii) lower student population from the Education segment.

The Group posted a reversal from a profit before tax of RM54.4 million to a loss before tax of RM16.1 million due to:

- (i) lower revenue from the Maintenance, Trading and Education business segments;
- (ii) lower other income;
- (iii) higher finance expenses; and
- (iv) higher impairment of receivables.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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

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

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

1) Maintenance

Revenue was RM560.0 million as compared to RM740.1 million due to lower periodic works undertaken in the current financial year. In line with the decrease in revenue and higher administrative expenses, the profit before tax decreased to RM29.2 million in the current financial year as compared to RM60.5 million in the preceding financial year.

2) Construction

Revenue was RM12.4 million as compared to RM9.2 million underpinned by higher construction progress from upgrading roadwork project in Kulim, Kedah. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM7.4 million to a loss before tax of RM5.8 million due to increase in operating expenses, finance cost and lower other income

3) Property & Asset Management

Revenue was RM13.0 million as compared to RM3.5 million due to the development progress on the ongoing Jade Hill, Tampin project, sale of one (1) unit shop lot in Sentrio Pasir Gudang and better rental income from properties investments.

Despite the increase in revenue, the loss before tax increased from RM8.4 million to RM8.6 million mainly due to increase in operating cost, finance cost and administrative expenses incurred in the property development and asset management segments.

4) Hotel & Hospitality

Revenue was RM10.7 million as compared to RM9.4 million due to higher food and beverage income in the current financial year. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM1.1 million to a loss before tax of RM0.7 million due to higher administrative expenses and finance cost.

5) Engineering Services

Revenue increased by 83% from RM28.6 million to RM52.5 million due to higher construction works, pavement, structural works and training services performed.

Despite the increase in revenue, the loss before tax increased from RM6.8 million to RM8.7 million mainly due to increase in impairment of receivables.

6) Trading and Manufacturing

Revenue decreased by 27% (RM84.1 million) from RM309.1 million to RM225.0 million due to lower periodic works undertaken by the Maintenance segment, whereby this segment is the main supplier to the sub-contractors for bitumen and quarry materials.

Consequently, profit before tax decreased by 72% (RM2.5 million) from RM3.4 million to RM0.9 million.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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

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

7) Education

Revenue decreased by 22% (RM6.7 million) from RM30.9 million to RM24.2 million due to a significant drop in the student population.

Consequently, coupled with higher discount allowed, operating expenses and finance cost, the loss before tax increased from RM5.7 million to RM15.3 million.

8) Clean Energy

Revenue increased by 8% (RM0.6 million) from RM7.8 million to RM8.4 million due to higher recognition of energy supply to TNB (Solar Photovoltaic), and increase in solar panel installation works performed. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM0.3 million to a loss before tax of RM1.0 million due to increase in operating and administrative expenses.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022
15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Operating Segments	Quarter Ended		Difference
	31.12.2022	30.9.2022	
	RM'000	RM'000	RM'000
Revenue			
Maintenance	184,933	124,539	60,394
Construction	5,007	7,230	(2,223)
Property & Asset Management	8,593	2,613	5,980
Hotel and Hospitality	3,148	3,099	49
Engineering & Consultancy	17,680	18,540	(860)
Trading & Manufacturing	88,094	26,322	61,772
Education	6,024	6,650	(626)
Clean Energy	1,814	2,894	(1,080)
Others and Eliminations	(9,505)	(4,374)	(5,131)
GROUP	305,788	187,513	118,275
Profit/(Loss) Before Interest and Tax			
Maintenance	5,471	6,553	(1,082)
Construction	(1,834)	772	(2,606)
Property & Asset Management	976	(1,829)	2,805
Hotel and Hospitality	(278)	657	(935)
Engineering & Consultancy	(10,584)	1,731	(12,315)
Trading & Manufacturing	1,143	(330)	1,473
Education	(5,550)	(2,259)	(3,291)
Clean Energy	(827)	91	(918)
Others and Eliminations	(5,178)	(676)	(4,502)
GROUP	(16,661)	4,710	(21,371)
Profit/(Loss) Before Taxation			
Maintenance	5,634	6,923	(1,289)
Construction	(3,787)	485	(4,272)
Property & Asset Management	(50)	(2,375)	2,325
Hotel and Hospitality	(649)	378	(1,027)
Engineering & Consultancy	(10,872)	1,266	(12,138)
Trading & Manufacturing	737	(586)	1,323
Education	(6,050)	(2,592)	(3,458)
Clean Energy	(1,128)	(180)	(948)
Others and Eliminations	(4,671)	162	(4,833)
GROUP	(20,836)	3,481	(24,317)

The Group revenue increased from RM187.5 million to RM305.8 million due to the increase in revenue from the following segments:

- (i) Maintenance: Higher periodic maintenance works;
- (ii) Property: Development progress of the Jade Hill, Tampin project, sale of one (1) unit shop lot in Sentrico Pasir Gudang; and
- (iii) Trading: Higher demand for bitumen and quarry products.

Despite the increase in revenue of RM118.3 million, the Group posted a reversal from the profit before tax of RM3.5 million to a loss before tax of RM20.8 million in the current quarter due to higher operating expenses mainly from impairment on receivables.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

16. Commentary on Prospects

During the financial year ended 2021, the Group had returned to profitability mainly as a result of the various countermeasures and cost optimisation adopted by the Board.

However, the more challenging business environment in the current financial year had affected the financial performance of certain business segments of the Group mainly due to the following:

- (i) governmental budget cuts;
- (ii) delay in commencement of projects due to rising cost of raw materials and labour shortage;
- (iii) margin squeeze as a result of rising input costs;
- (iv) slow property market recovery in the aftermath of Covid-19; and
- (v) rising funding cost.

The Group has taken a prudent approach in assessing the recoverability of its non-financial assets, receivables and disputed amounts and has accordingly provided the necessary impairments.

The Board will continue to exercise caution in managing the Group's businesses for the next financial year. While the Group expects short term setbacks in some of its business segments, the Board remain positive and confident of the medium and the long-term business prospects and the Group is also actively and diligently pursuing other business opportunities to enhance shareholders' return.

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.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022
19. Profit after Taxation

	<u>Current</u> <u>Year To Date</u> <u>31.12.2022</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>31.12.2021</u> RM'000
Profit/(Loss) after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	13,355	11,896
Depreciation of investment properties	1,823	1,823
Depreciation of right-of-use assets	3,420	3,215
Impairment losses on receivables	12,872	8,199
Interest expense	11,945	10,131
Loss/(Gain) on disposal of property, plant and equipment	206	(278)
Interest income	(1,497)	(2,234)
Reversal of impairment losses on:		
-trade receivables	(1,626)	(6,824)
-other receivables	-	(47)

20. Corporate Proposals

There was no corporate proposal announced but not completed in the current year up to 23 February 2023, being the last practicable date from the date of the issue of this report.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

21. Borrowings and Debt Securities

	<u>As at 31.12.2022</u>	<u>As at 31.12.2021</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	113,344	143,469
- Long term borrowings	54,929	68,896
- Bank overdrafts	38,719	28,392
Total borrowings	<u>206,992</u>	<u>240,757</u>

The total borrowings decreased from RM240.8 million as at 31 December 2021 to RM207.0 million as at 31 December 2022 due to term loans repayments for IUKL, student accommodation, Park Inn by Radisson Hotel, and Pasir Gudang vacant land and decrease in drawdown of Bankers Acceptances under the Trading segment.

The Group is considered financially stable due to its net gearing ratio decreased substantially from 0.13 times as at 31 December 2021 to NIL as at 31 December 2022 due to reduction in short-term and long-term borrowings (including term loans).

There is no borrowing denominated in foreign currency. The effective interest rate ranges from 4.27% to 8.17% for the conventional borrowings and from 4.83% 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 31.12.2022</u>	<u>As at 31.12.2021</u>
	RM'000	RM'000
Less than 6 months	160,949	210,357
6 to 12 months	31,802	16,973
1 to 2 years	4,099	12,467
More than 2 years	243	7,820
	<u>197,093</u>	<u>247,617</u>

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

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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: -

The Full Trial for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 commenced from 15 October 2021 and continued on various dates until 31 January 2023, being the latest practical date prior to this announcement. The Full Trial is scheduled to continue on 25 February 2023, 23 and 31 March 2023 and on 3 April 2023.

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.

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.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

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)

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) 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").

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

23. Material Litigations (Cont'd)

(iii) 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 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").

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;

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 2022

23. Material Litigations (Cont'd)

(iii) 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)

- 6) Aggravated and exemplary damages;
- 7) Cost; and
- 8) Any other relief court deems fit.

The status of this suit is as follows: -

KISB had filed its Defence on 2 October 2020. TNB had filed its Reply on 9 November 2020.

The Penang High Court had fixed the full trial on 18, 19 and 20 July 2023. The full trial has been rescheduled to 28, 29 and 30 August 2023.

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> 31.12.2022	<u>12 months</u> <u>ended</u> 31.12.2022
Net loss for the financial quarter/year-to-date (RM'000)	(20,763)	(30,626)
Weighted average number of ordinary shares in issue ('000)	481,735	481,737
Adjustment for assumed exercise of warrants ('000)	106,051	106,051
Adjusted weighted average number of ordinary shares issued and issuable ('000)	<u>587,786</u>	<u>587,788</u>
Basic loss per share (sen)	<u>(4.31)</u>	<u>(6.36)</u>
Fully diluted loss per share (sen)	<u>(3.53)</u>	<u>(5.21)</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 23 February 2023.