

INTERIM REPORT FOR THE FINANCIAL PERIOD 31 MARCH 2023

**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 2022. 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 2022.

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 2022, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting periods on or after 1 January 2023 as follows: -

| | |
|------------------------|--|
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9- Comparative Information |
| Amendments to MFRS 101 | Disclosure of Accounting Policies |
| Amendments to MFRS 108 | Definition of Accounting Estimates |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

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 2022 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the period ended 31 March 2023 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 period ended 31 March 2023.

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 | 3 months ended | 3 months ended | 3 months ended |
| | 31.3.2023 | 31.3.2022 | 31.3.2023 | 31.3.2022 |
| OPERATING SEGMENTS | RM'000 | RM'000 | RM'000 | RM'000 |
| Maintenance | 100,009 | 94,021 | 4,362 | 5,955 |
| Construction | 6,218 | - | (375) | (921) |
| Property | 3,953 | 628 | (2,705) | (1,518) |
| Hotel and Hospitality | 2,938 | 1,913 | (153) | (416) |
| Engineering & Consultancy | 15,418 | 2,972 | 1,110 | (664) |
| Trading & Manufacturing | 29,786 | 52,657 | (184) | 482 |
| Education | 6,095 | 5,809 | (2,673) | (2,956) |
| Clean Energy | 2,045 | 2,574 | (34) | 20 |
| Asset Management | 1,270 | 1,331 | 379 | 65 |
| Others & Eliminations | (5,138) | (4,772) | 572 | (2,155) |
| GROUP | 162,594 | 157,133 | 299 | (2,108) |

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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 period.

9. Subsequent Events

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

10. Changes in Composition of the Group

There were no material changes in the composition of the Group for the current financial period 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 31.3.2023</u> RM'000 |
|---|----------------------------------|
| Purchase of property, plant and equipment | <u>897</u> |

13. Dividend

No dividend was declared or paid for the financial period ended 31 March 2023.

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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 | | | Year-to-Date Ended | | |
|--|----------------|----------------|----------|--------------------|----------------|----------|
| | 31.3.2023 | 31.3.2022 | Variance | 31.3.2023 | 31.3.2022 | Variance |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | | | | | | |
| Maintenance | 100,009 | 94,021 | 6% | 100,009 | 94,021 | 6% |
| Construction | 6,218 | - | 100% | 6,218 | - | 100% |
| Property | 3,953 | 628 | 529% | 3,953 | 628 | 529% |
| Hotel and Hospitality | 2,938 | 1,913 | 54% | 2,938 | 1,913 | 54% |
| Engineering & Consultancy | 15,418 | 2,972 | 419% | 15,418 | 2,972 | 419% |
| Trading & Manufacturing | 29,786 | 52,657 | -43% | 29,786 | 52,657 | -43% |
| Education | 6,095 | 5,809 | 5% | 6,095 | 5,809 | 5% |
| Clean Energy | 2,045 | 2,574 | -21% | 2,045 | 2,574 | -21% |
| Asset Management | 1,270 | 1,331 | -5% | 1,270 | 1,331 | -5% |
| Others & Eliminations | (5,138) | (4,772) | -8% | (5,138) | (4,772) | -8% |
| GROUP | 162,594 | 157,133 | | 162,594 | 157,133 | |
| Profit/(Loss) Before Interest and Tax | | | | | | |
| Maintenance | 4,507 | 5,535 | -19% | 4,507 | 5,535 | -19% |
| Construction | 191 | (555) | 134% | 191 | (555) | 134% |
| Property | (1,967) | (1,069) | -84% | (1,967) | (1,069) | -84% |
| Hotel and Hospitality | 120 | (174) | 169% | 120 | (174) | 169% |
| Engineering & Consultancy | 1,200 | (628) | 291% | 1,200 | (628) | 291% |
| Trading & Manufacturing | 12 | 614 | -98% | 12 | 614 | -98% |
| Education | (2,342) | (2,723) | 14% | (2,342) | (2,723) | 14% |
| Clean Energy | 348 | 376 | -7% | 348 | 376 | -7% |
| Asset Management | 379 | 65 | 483% | 379 | 65 | 483% |
| Others & Eliminations | 867 | (1,735) | 150% | 867 | (1,735) | 150% |
| GROUP | 3,315 | (294) | | 3,315 | (294) | |
| Profit/(Loss) Before Taxation | | | | | | |
| Maintenance | 4,362 | 5,955 | -27% | 4,362 | 5,955 | -27% |
| Construction | (375) | (921) | 59% | (375) | (921) | 59% |
| Property | (2,705) | (1,518) | -78% | (2,705) | (1,518) | -78% |
| Hotel and Hospitality | (153) | (416) | 63% | (153) | (416) | 63% |
| Engineering & Consultancy | 1,110 | (664) | 267% | 1,110 | (664) | 267% |
| Trading & Manufacturing | (184) | 482 | -138% | (184) | 482 | -138% |
| Education | (2,673) | (2,956) | 10% | (2,673) | (2,956) | 10% |
| Clean Energy | (34) | 20 | -270% | (34) | 20 | -270% |
| Asset Management | 379 | 65 | 483% | 379 | 65 | 483% |
| Others & Eliminations | 572 | (2,155) | 127% | 572 | (2,155) | 127% |
| GROUP | 299 | (2,108) | | 299 | (2,108) | |

The Group revenue increased marginally from RM157.1 million to RM162.6 million due mainly to the following:

- (i) higher routine and periodic maintenance works awarded to the Maintenance segment;
- (ii) higher revenue from the Construction segment due to higher construction progress from roadwork project in Kulim Kedah;
- (iii) higher revenue from the Property segment due to revenue recognised for property development of Jade Hill, Tampin and Sentrío Pasir Gudang projects; and
- (iv) higher revenue from the Engineering segment due to higher construction, structural and pavement work services.

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

The Group posted a reversal from a loss before tax of RM2.1 million to a profit before tax of RM0.3 million mainly due to:

- (i) higher revenue from the Maintenance, Construction, Property, Engineering, Hotel and Hospitality and Education segments; and
- (ii) lower operating expenses.

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

1) Maintenance

Revenue increased by RM6.0 million (6%) from RM94.0 million to RM100.0 million due to higher routine and periodic maintenance works performed in the current quarter. Despite the increase in revenue, the profit before tax decreased by RM1.6 million (27%) from RM6.0 million to RM4.4 million due to higher cost of sales and staff costs.

2) Construction

Revenue increased significantly by RM6.2 million due to higher construction progress from upgrading roadwork projects in Kulim, Kedah. This has resulted in the decrease in loss before tax of RM0.9 million in the preceding corresponding quarter to RM0.4 million in the current quarter.

3) Property

Revenue increased significantly by RM3.4 million from RM0.6 million to RM4.0 million due to the property development progress of Jade Hill, Tampin and Sentries Pasir Gudang projects and better rental yield from investment properties. Despite the increase in revenue, the loss before tax increased by RM1.2 million (78%) from RM1.5 million in the preceding corresponding quarter to RM2.7 million in the current quarter due to increase in cost of sales, finance cost and decrease in other income.

4) Hotel and Hospitality

Revenue increased by 54% (RM1.0 million) from RM1.9 million to RM2.9 million due to higher occupancy rate and food & beverage (F&B) income in the current quarter. This has resulted in the decrease in loss before tax from RM0.4 million in the preceding corresponding quarter to RM0.2 million in the current quarter.

5) Engineering & Consultancy

Revenue increased significantly by RM12.4 million (419%) from RM3.0 million in the preceding corresponding quarter to RM15.4 million in the current quarter due to higher construction, pavement, structural and certification works. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM0.7 million to a profit before tax of RM1.1 million.

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

6) Trading and Manufacturing

Revenue decreased by RM22.9 million (43%) from RM52.7 million to RM29.8 million mainly due to the decrease in the sales of bitumen and quarry products. Consequently, there was a reversal from a profit before tax of RM0.5 million in the preceding corresponding quarter to a loss before tax of RM0.2 million in the current quarter.

7) Education

Revenue increased marginally by RM0.2 million (5%) from RM5.8 million to RM6.0 million due to the increase in tuition fees and franchise and related fees. The increase in revenue and decrease in cost of sales have resulted in the decrease in loss before tax from RM3.0 million in the preceding corresponding quarter to RM2.6 million in the current quarter.

8) Clean Energy

Revenue decreased by RM0.6 million (21%) from RM2.6 million to RM2.0 million mainly due to lower revenue from solar panel installation works and lower generation of solar supply to TNB in the current quarter. The decrease in revenue has resulted in the reversal from a profit before tax of RM20K in the preceding corresponding quarter to a loss before tax of RM34K in the current quarter.

9) Asset Management

Revenue decreased marginally mainly due to lower revenue from hostel and office rental and no service income from PPAM in the current quarter. The decreased costs and operating and administrative expenses have resulted in an increase in profit before tax from RM65K in the preceding corresponding quarter to RM0.4 million in the current quarter.

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

| Operating Segments | Quarter Ended | | Difference |
|--|----------------|-----------------|------------------|
| | 31.3.2023 | 31.12.2022 | |
| | RM'000 | RM'000 | RM'000 |
| Revenue | | | |
| Maintenance | 100,009 | 184,933 | (84,924) |
| Construction | 6,218 | 5,998 | 220 |
| Property | 3,953 | 5,163 | (1,210) |
| Hotel and Hospitality | 2,938 | 3,148 | (210) |
| Engineering & Consultancy | 15,418 | 18,445 | (3,027) |
| Trading & Manufacturing | 29,786 | 88,094 | (58,308) |
| Education | 6,095 | 6,024 | 71 |
| Clean Energy | 2,045 | 1,814 | 231 |
| Asset Management | 1,270 | 1,235 | 35 |
| Others and Eliminations | (5,138) | (6,592) | 1,454 |
| GROUP | 162,594 | 308,262 | (145,668) |
| Profit/(Loss) Before Interest and Tax | | | |
| Maintenance | 4,507 | 4,666 | (159) |
| Construction | 191 | (939) | 1,130 |
| Property | (1,967) | (1,588) | (379) |
| Hotel and Hospitality | 120 | 302 | (182) |
| Engineering & Consultancy | 1,200 | (5,770) | 6,970 |
| Trading & Manufacturing | 12 | 1,143 | (1,131) |
| Education | (2,342) | (6,118) | 3,776 |
| Clean Energy | 348 | (593) | 941 |
| Asset Management | 379 | 578 | (199) |
| Others and Eliminations | 867 | (6,921) | 7,788 |
| GROUP | 3,315 | (15,240) | 18,555 |
| Profit/(Loss) Before Taxation | | | |
| Maintenance | 4,362 | 5,080 | (718) |
| Construction | (375) | (2,896) | 2,521 |
| Property | (2,705) | (3,540) | 835 |
| Hotel and Hospitality | (153) | (71) | (82) |
| Engineering & Consultancy | 1,110 | (5,246) | 6,356 |
| Trading & Manufacturing | (184) | 737 | (921) |
| Education | (2,673) | (6,435) | 3,762 |
| Clean Energy | (34) | (1,128) | 1,094 |
| Asset Management | 379 | 578 | (199) |
| Others and Eliminations | 572 | (7,163) | 7,735 |
| GROUP | 299 | (20,084) | 20,383 |

The Group revenue decreased from RM308.3 million to RM162.6 million due to the decrease in revenue from the following segments:

- (i) Maintenance: lower routine and periodic maintenance works;
- (ii) Property: lower development progress of the Jade Hill, Tampin and Sentrico projects, and lower income from investment properties;
- (iii) Hotel and Hospitality: lower occupancy rate and F&B income;
- (iv) Engineering: Lower construction, pavement and certification works; and
- (v) Trading: lower demand for bitumen and quarry products;

Despite the decrease in revenue of RM145.7 million, the Group posted a reversal from the loss before tax of RM20.1 million in the immediate preceding quarter to a profit before tax of RM0.3 million in the current quarter due to lower operating expenses mainly from lower impairment of receivables and non-financial asset in the current quarter as compared to the immediate previous quarter

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16. Commentary on Prospects

Malaysia's economic growth is expected to expand in a range of 4% to 5% in 2023, underpinned mainly by strong domestic demand despite an expected slowdown in external demand.

The robust domestic demand is expected to boost certain business segments of the Group for the current financial year. Whilst the challenging business environment is expected to continue impacting certain business segments of the Group, the Group expects to return to profitability for the current financial year as the current projects are gaining momentum in-progress development.

The Group is actively and diligently pursuing other business opportunities to enhance shareholders' returns and will continue exercising caution amidst the challenging business environment in terms of mitigating risk exposures, strict cash management to preserve working capital, and costs optimisation.

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>31.3.2023</u> RM'000 | <u>Corresponding</u> <u>Year To Date</u> <u>31.3.2022</u> RM'000 |
|--|---|---|
| Loss after taxation for the financial period is arrived at after charging / (crediting): | | |
| Depreciation of property, plant and equipment | 3,465 | 3,205 |
| Depreciation of investment properties | 456 | 455 |
| Depreciation of right-of-use assets | 613 | 760 |
| Interest expense | 3,095 | 2,168 |
| Loss/(Gain) on disposal of property, plant and equipment | 167 | 22 |
| Interest income | (1,003) | (326) |
| Reversal of impairment losses on receivables | (1,617) | (17) |
| | <hr/> | <hr/> |

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20. Corporate Proposals

There was no corporate proposal announced but not completed in the current year up to 29 May 2023, being the last practicable date from the date of the issue of this report.

21. Borrowings and Debt Securities

| | <u>As at 31.3.2023</u> | <u>As at 31.3.2022</u> |
|-------------------------|------------------------|------------------------|
| | RM'000 | RM'000 |
| Secured: | | |
| - Short term borrowings | 116,779 | 118,840 |
| - Long term borrowings | 50,304 | 68,721 |
| - Bank overdrafts | 34,759 | 26,648 |
| Total borrowings | <u>201,842</u> | <u>214,209</u> |

The total borrowings decreased from RM214.2 million as at 31 March 2022 to RM201.8 million as at 31 March 2023. The term loans repayments for IUKL, student accommodation, Park Inn by Radisson Hotel, Trading, and Solar Park plant were off-set by the drawdown of new banking facility granted to DC Resort Homes Sdn Bhd for Jade Hill, Tampin project.

The Group net gearing ratio increased from 0.22 times as at 31 March 2022 to 0.32 times as at 31 March 2023 due to reduction in cash and cash equivalents from RM100.8 million in the preceding corresponding quarter to RM52.8 million in the current quarter.

There is no borrowing denominated in foreign currency. The effective interest rate ranges from 4.27% to 7.89% for the conventional borrowings and from 4.83% to 8.01% 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 31.3.2023</u> | <u>As at 31.3.2022</u> |
|--------------------|------------------------|------------------------|
| | RM'000 | RM'000 |
| Less than 6 months | 170,630 | 213,106 |
| 6 to 12 months | 10,531 | 8,641 |
| 1 to 2 years | 12,557 | 2,093 |
| More than 2 years | 1,338 | 4,512 |
| | <u>195,056</u> | <u>228,352</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: -

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. The Full Trial has been concluded on 12 May 2023. The Kuala Lumpur High Court has fixed 30 August 2023 for clarification and/or decision of the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014.

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.

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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)

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").

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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;

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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> <u>31.3.2023</u> | <u>3 months</u> <u>ended</u> <u>31.3.2022</u> |
|--|---|---|
| Net loss for the financial quarter (RM'000) | (1,747) | (5,473) |
| Weighted average number of ordinary shares in issue ('000) | 481,735 | 481,739 |
| Basic loss per share (sen) | <u>(0.36)</u> | <u>(1.14)</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 29 May 2023.