

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 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 30 June 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 30 June 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 30.6.2023	6 months ended 30.6.2023	3 months ended 30.6.2023	6 months ended 30.6.2023
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	168,105	268,114	10,471	14,832
Construction	5,184	11,402	(97)	(472)
Property	2,751	6,704	(2,416)	(5,121)
Hotel and Hospitality	2,703	5,640	(161)	(314)
Engineering & Consultancy	12,688	28,107	(605)	505
Trading & Manufacturing	45,633	75,419	250	66
Education	4,823	10,918	(4,107)	(6,780)
Clean Energy	2,243	4,288	(353)	(387)
Asset Management	1,043	2,312	182	561
Others & Eliminations	(11,843)	(16,980)	(2,883)	(2,310)
GROUP	233,330	395,924	281	580

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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 30.6.2023</u> RM'000
Purchase of property, plant and equipment	<u>1,238</u>

13. Dividend

No dividend was declared or paid for the financial period ended 30 June 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		
	30.6.2023	30.6.2022	Variance	30.6.2023	30.6.2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Maintenance	168,105	156,466	7%	268,114	250,488	7%
Construction	5,184	190	2628%	11,402	190	5901%
Property	2,751	824	234%	6,704	1,452	362%
Hotel and Hospitality	2,703	2,497	8%	5,640	4,411	28%
Engineering & Consultancy	12,688	13,021	-3%	28,107	15,993	76%
Trading & Manufacturing	45,633	57,965	-21%	75,419	110,622	-32%
Education	4,823	5,755	-16%	10,918	11,564	-6%
Clean Energy	2,243	1,171	92%	4,288	3,745	14%
Asset Management	1,043	871	20%	2,312	2,202	5%
Others & Eliminations	(11,843)	(7,725)	-53%	(16,980)	(12,499)	-36%
GROUP	233,330	231,035		395,924	388,168	
Profit/(Loss) Before Interest and Tax						
Maintenance	10,328	10,757	-4%	14,834	16,292	-9%
Construction	79	(1,229)	106%	270	(1,784)	115%
Property	(1,958)	(2,341)	16%	(3,925)	(3,410)	-15%
Hotel and Hospitality	108	240	-55%	228	66	245%
Engineering & Consultancy	(447)	3,714	-112%	753	3,086	-76%
Trading & Manufacturing	629	509	24%	641	1,123	-43%
Education	(3,658)	(3,434)	-7%	(6,000)	(6,157)	3%
Clean Energy	62	608	-90%	410	984	-58%
Asset Management	182	(65)	380%	561	-	0%
Others & Eliminations	(2,736)	(3,134)	13%	(1,868)	(4,869)	62%
GROUP	2,589	5,625		5,904	5,331	
Profit/(Loss) Before Taxation						
Maintenance	10,471	10,810	-3%	14,832	16,765	-12%
Construction	(97)	(1,668)	94%	(472)	(2,589)	82%
Property	(2,416)	(2,819)	14%	(5,121)	(4,337)	-18%
Hotel and Hospitality	(161)	(9)	-1689%	(314)	(425)	26%
Engineering & Consultancy	(605)	3,723	-116%	505	3,059	-83%
Trading & Manufacturing	250	293	-15%	66	775	-91%
Education	(4,107)	(3,714)	-11%	(6,780)	(6,670)	-2%
Clean Energy	(353)	250	-241%	(387)	270	-243%
Asset Management	182	(65)	380%	561	-	0%
Others & Eliminations	(2,883)	(3,440)	16%	(2,310)	(5,595)	59%
GROUP	281	3,361		580	1,253	

a) Current Quarter

The Group revenue increased from RM231.0 million to RM233.3 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 upgrading roadwork project in Kulim Kedah;
- (iii) higher revenue from the Property segment due to property development progress of Jade Hill, Tampin and Sentrion Pasir Gudang projects;
- (iv) higher revenue from the hotel and hospitality segment due to higher average occupancy rate;
- (v) higher revenue from the Clean Energy segment mainly attributed from increased in solar supply to TNB and solar panel installation works; and
- (vi) higher revenue from the Asset Management segment due to higher office rental, maintenance and security income.

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

a) Current Quarter (cont'd)

The Group profit before tax decreased from RM3.4 million to RM0.3 million mainly due to:

- (i) higher cost of sales from the Maintenance, Construction, Property, Engineering and Clean Energy segments;
- (ii) higher operating and administrative expenses; and
- (iii) higher finance costs.

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

1) Maintenance

Revenue increased by RM11.6 million (7%) from RM156.5 million to RM168.1 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 RM0.3 million (3%) from RM10.8 million to RM10.5 million due to higher cost of sales and administrative expenses.

2) Construction

Revenue increased by RM5.0 million from RM0.2 million to RM5.2 million due to higher construction progress from upgrading roadwork project in Kulim, Kedah. This has resulted in the decrease in loss before tax of RM1.7 million in the preceding corresponding quarter to RM0.1 million in the current quarter.

3) Property

Revenue increased by RM2.0 million from RM0.8 million to RM2.8 million due to the property development progress of Jade Hill, Tampin and Sentrio Pasir Gudang projects and higher occupancy rate from student accommodation. In line with the increased in revenue and the decrease in administrative expenses and finance costs, the loss before tax decreased by RM0.4 million (14%) from RM2.8 million in the preceding corresponding quarter to RM2.4 million in the current quarter.

4) Hotel and Hospitality

Revenue increased by 8% (RM0.2 million) from RM2.5 million to RM2.7 million due to higher average occupancy rate in the current quarter. Despite the increase in revenue, the loss before tax increased from RM9K in the preceding corresponding quarter to RM0.2 million in the current quarter due to increase in operating, administrative expenses and finance costs.

5) Engineering and Consultancy

Revenue decreased by RM0.3 million (3%) from RM13.0 million in the preceding corresponding quarter to RM12.7 million in the current quarter due to lower construction works. The decrease in revenue has resulted in a reversal from a profit before tax of RM3.7 million to a loss before tax of RM0.6 million due to the increase in cost of sales, operating expenses and finance charges.

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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 decreased by RM12.3 million (21%) from RM57.9 million to RM45.6 million mainly due to the decrease in supply of bitumen and quarry products. Despite the decrease in revenue, gross profit increased by 24% due to better profit margins from the main products. The profit before tax decreased marginally from RM293K in the preceding corresponding quarter to RM250K in the current quarter due to higher administrative expenses and interest costs.

7) Education

Revenue decreased by RM0.9 million (16%) from RM5.7 million to RM4.8 million due to the decrease in tuition fees and franchise fees. The decrease in revenue and increase in finance costs have resulted in the increase in loss before tax from RM3.7 million in the preceding corresponding quarter to RM4.1 million in the current quarter.

8) Clean Energy

Revenue increased by RM1.0 million (92%) from RM1.2 million to RM2.2 million mainly due to higher solar panel installation works and higher generation of solar supply to TNB in the current quarter. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM250K in the preceding corresponding quarter to a loss before tax of RM353K in the current quarter due to the increase in cost of sales and operating and administrative expenses.

9) Asset Management

Revenue increased by RM0.1 million (20%) from RM0.9 million to RM1.0 million mainly due to higher office rental, maintenance and security income in the current quarter. The decrease in cost of sales and operating expenses have resulted in a reversal from a loss before tax of RM65K in the preceding corresponding quarter to a profit before tax of RM0.2 million in the current quarter.

b) Year-to-Date

The Group recorded a revenue of RM395.9 million, an increase of RM7.7 million as compared to RM388.2 million mainly attributed to the followings:

- (i) higher routine and periodic maintenance works awarded to the Maintenance segment;
- (ii) higher construction progress from upgrading roadwork project in Kulim, Kedah from the Construction segment;
- (iii) higher property development progress of Jade Hill, Tampin and Sentrico Pasir Gudang projects and higher occupancy rate of student accommodation from the Property segment;
- (iv) higher average occupancy rate from the Hotel and Hospitality segment;
- (v) higher soil investigation, structural and civil, construction works and consultancy works from the Engineering segment;
- (vi) higher solar panel installation works from the Clean Energy segment; and
- (vii) higher office rental and maintenance income from the Asset Management segment.

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

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

The Group, however, recorded a lower profit before tax of RM0.6 million as compared to the prior year's corresponding quarter of RM1.3 million. This was mainly caused by the lower other income, higher cost of sales and finance costs.

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

1) Maintenance

Revenue was RM268.1 million as compared to RM250.5 million due to higher routine and periodic works. The profit before tax decreased to RM14.8 million as compared to RM16.8 million due to higher cost of sales and operating expenses.

2) Construction

Revenue was RM11.4 million as compared to RM0.2 million due to higher construction progress from upgrading roadwork project in Kulim, Kedah. The loss before tax decreased from RM2.6 million to RM0.5 million following the higher contribution from revenue recognition, other income and favourable share of results from associates.

3) Property

Revenue was RM6.7 million as compared to RM1.4 million due to higher property development progress from the Jade Hill, Tampin and Sentrico Pasir Gudang projects and better occupancy rate from student accommodation.

The loss before tax increased from RM4.3 million to RM5.1 million mainly due to lower other income, higher cost of sales and operating expenses.

4) Hotel and Hospitality

Revenue was RM5.6 million as compared to RM4.4 million due to higher average occupancy rate, average room rate and food and beverages income. This segment recorded loss before tax of RM0.3 million as compared to a loss before tax of RM0.4 million in prior year's corresponding period.

5) Engineering and Consultancy

Revenue increased by 76% from RM16.0 million to RM28.1 million due to higher construction, structural and civil works, pavement and certification services performed.

Despite the increase in revenue, the profit before tax decreased from RM 3.1 million to RM0.5 million due to lower gross profit and higher operating and administrative expenses.

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

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

6) Trading and Manufacturing

Revenue decreased by 32% from RM110.6 million to RM75.4 million due to lower sales of bitumen, quarry and bridge joint product.

Despite the decrease in revenue, gross profit increased by 13% due to better profit margins from the main products. The profit before tax decreased by 91% (RM0.7 million) from RM0.8 million to RM66K due to higher operating, administrative and finance costs.

7) Education

Revenue decreased by 6% (RM0.6 million) from RM11.5 million to RM10.9 million was mainly due to a decrease in the student population.

In tandem with the decrease in revenue, the segment recorded loss before tax of RM6.8 million as compared to RM6.7 million in prior year's corresponding period.

8) Clean Energy

Revenue increased by 14% (RM0.6 million) from RM3.7 million to RM4.3 million due to the increase in solar panel installation works performed. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM 0.3 million to a loss before tax of RM0.4 million due to the increase in cost of sales, operating and administrative expenses and finance costs.

9) Asset Management

Revenue increased marginally mainly due to higher revenue from office rental, maintenance and security income in the current period. The segment's profit before tax improved substantially at RM0.6 million compared to RM0 in the prior year's corresponding quarter, as a result of a lower cost of sales, operating and administrative expenses.

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

Operating Segments	Quarter Ended		Difference
	30.6.2023	31.3.2023	
	RM'000	RM'000	RM'000
Revenue			
Maintenance	168,105	100,009	68,096
Construction	5,184	6,218	(1,034)
Property	2,751	3,953	(1,202)
Hotel and Hospitality	2,703	2,938	(235)
Engineering & Consultancy	12,688	15,418	(2,730)
Trading & Manufacturing	45,633	29,786	15,847
Education	4,823	6,095	(1,272)
Clean Energy	2,243	2,045	198
Asset Management	1,043	1,270	(227)
Others and Eliminations	(11,843)	(5,138)	(6,705)
GROUP	233,330	162,594	70,736
Profit/(Loss) Before Interest and Tax			
Maintenance	10,328	4,507	5,821
Construction	79	191	(112)
Property	(1,958)	(1,967)	9
Hotel and Hospitality	108	120	(12)
Engineering & Consultancy	(447)	1,200	(1,647)
Trading & Manufacturing	629	12	617
Education	(3,658)	(2,342)	(1,316)
Clean Energy	62	348	(286)
Asset Management	182	379	(197)
Others and Eliminations	(2,736)	867	(3,603)
GROUP	2,589	3,315	(726)
Profit/(Loss) Before Taxation			
Maintenance	10,471	4,362	6,109
Construction	(97)	(375)	278
Property	(2,416)	(2,705)	289
Hotel and Hospitality	(161)	(153)	(8)
Engineering & Consultancy	(605)	1,110	(1,715)
Trading & Manufacturing	250	(184)	434
Education	(4,107)	(2,673)	(1,434)
Clean Energy	(353)	(34)	(319)
Asset Management	182	379	(197)
Others and Eliminations	(2,883)	572	(3,455)
GROUP	281	299	(18)

The Group revenue increased from RM162.6 million to RM233.3 million due to the increase in revenue from the following segments:

- (i) Maintenance: higher periodic maintenance works;
- (ii) Trading: higher demand for quarry, bitumen and building materials; and
- (iii) Clean Energy: higher solar supply to TNB and solar panel installation works performed.

The Group however posted a slightly lower profit before tax of RM0.28 million in the current quarter as compared to the immediate preceding quarter of RM0.29 million. This was mainly caused by the lower gross profit, higher operating and administrative expenses.

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16. Commentary on Prospects

The Malaysian projected gross domestic product (“GDP”) growth for 2023 varies from 4.0% to 5.0% amidst moderating GDP growth of 2.9% year-on-year in the second quarter of 2023 following a strong 5.6% growth rate in the first quarter of 2023. The slower second-quarter growth mainly resulted from tepid consumer sentiments, slower external demands, and weaker business confidence.

The second quarter's challenging business environment and margin compression as a result of higher material and finance costs had an impact on some of the Group's business divisions increasing net losses compared to the first quarter of the financial year.

Despite the losses, the Group, barring unforeseen circumstances, expects to improve its financial performance in the second half of the financial year due mainly to certain business units of the Group are expected to record higher revenues and profits as a result of the increase in government budget allocations and higher progress billings, thus driving business growth.

The Group is still dedicated to pursuing its business strategy to boost revenue growth and implement costs optimisation programmes to increase and promote profitability. In order to make sure that our goals of effective performance management and value generation are met, the group monitors the development of our strategic business plans.

Concurrently, the Group is also 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.

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19. Profit after Taxation

	<u>Current</u> <u>Year To Date</u> <u>30.6.2023</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>30.6.2022</u> RM'000
Loss after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	6,874	6,443
Depreciation of investment properties	911	910
Depreciation of right-of-use assets	1,054	1,628
Interest expense	5,949	4,411
Loss/(Gain) on disposal of property, plant and equipment	13	(16)
Interest income	(629)	(736)
Reversal of impairment losses on receivables	(2,019)	(126)
	205,231	209,017

20. Corporate Proposals

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

21. Borrowings and Debt Securities

	<u>As at 30.6.2023</u> RM'000	<u>As at 30.6.2022</u> RM'000
Secured:		
- Short term borrowings	110,162	114,871
- Long term borrowings	45,492	62,116
- Bank overdrafts	49,577	32,030
Total borrowings	205,231	209,017

The total borrowings decreased from RM209.0 million as at 30 June 2022 to RM205.2 million as at 30 June 2023. The term loans repayments for IUUKL, 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 0.25 times as at 30 June 2022 to 0.27 times as at 30 June 2023 due to reduction in cash and cash equivalents from RM92.2 million in the preceding corresponding quarter to RM55.8 million in the current quarter.

There is no borrowing denominated in foreign currency. The effective interest rate ranges from 4.52% to 8.14% for the conventional borrowings and from 5.08% to 8.26% for the Islamic borrowings.

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22. Trade Receivables

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

	<u>As at 30.6.2023</u>	<u>As at 30.6.2022</u>
	RM'000	RM'000
Less than 6 months	201,520	181,527
6 to 12 months	29,488	46,329
1 to 2 years	19,787	12,209
More than 2 years	1,266	2,290
	<u>252,061</u>	<u>242,355</u>

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

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.

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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 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.

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.

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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)**

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.

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.

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2023

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) 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 PERIOD 30 JUNE 2023

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 PERIOD 30 JUNE 2023

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>30.6.2023</u>	<u>6 months</u> <u>ended</u> <u>30.6.2023</u>
Net loss for the financial quarter (RM'000)	(6,278)	(8,025)
Weighted average number of ordinary shares in issue ('000)	481,735	481,735
Basic loss per share (sen)	<u>(1.30)</u>	<u>(1.67)</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 August 2023.