

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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 September 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 September 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 30.9.2023	9 months ended 30.9.2023	3 months ended 30.9.2023	9 months ended 30.9.2023
<b>OPERATING SEGMENTS</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maintenance	152,007	420,121	6,270	21,104
Construction	3,254	14,657	567	95
Property	9,469	16,173	(1,090)	(6,211)
Hotel and Hospitality	3,936	9,576	229	(85)
Engineering & Consultancy	6,491	34,597	1,487	1,992
Trading & Manufacturing	134,292	209,711	1,754	1,820
Education	6,733	17,651	(2,378)	(9,158)
Clean Energy	1,818	6,106	118	(269)
Asset Management	1,543	3,856	727	1,288
Others & Eliminations	2,265	(14,716)	(97)	(2,409)
<b>GROUP</b>	<b>321,808</b>	<b>717,732</b>	<b>7,587</b>	<b>8,167</b>

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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**

For the current financial quarter under review, the Company, through its wholly-owned subsidiary, acquired a 51% equity shares in Tenggara Food Industries Sdn Bhd for a cash consideration of RM255,000. The principal activity of Tenggara Food Industries Sdn Bhd is in the processing and distributing all kinds of fruits juice.

**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 30.9.2023</u>
	RM'000
Purchase of property, plant and equipment	130
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**13. Dividend**

No dividend was declared or paid for the financial period ended 30 September 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		
	30.9.2023	30.9.2022	Variance	30.9.2023	30.9.2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>						
Maintenance	152,007	124,539	22%	420,121	375,026	12%
Construction	3,254	7,230	-55%	14,657	7,420	98%
Property	9,469	2,407	293%	16,173	3,859	319%
Hotel and Hospitality	3,936	3,099	27%	9,576	7,510	28%
Engineering & Consultancy	6,491	18,010	-64%	34,597	34,003	2%
Trading & Manufacturing	134,292	26,322	410%	209,711	136,944	53%
Education	6,733	6,650	1%	17,651	18,214	-3%
Clean Energy	1,818	2,894	-37%	6,106	6,639	-8%
Asset Management	1,543	1,132	36%	3,856	3,334	16%
Others & Eliminations	2,265	(4,770)	147%	(14,716)	(17,268)	15%
<b>GROUP</b>	<b>321,808</b>	<b>187,513</b>		<b>717,732</b>	<b>575,681</b>	
<b>Profit/(Loss) Before Interest and Tax</b>						
Maintenance	6,322	6,590	-4%	21,156	22,882	-8%
Construction	937	734	28%	1,207	(1,050)	215%
Property	(482)	(1,302)	63%	(4,407)	(4,713)	6%
Hotel and Hospitality	539	657	-18%	767	723	6%
Engineering & Consultancy	1,302	2,660	-51%	2,055	5,746	-64%
Trading & Manufacturing	2,459	(330)	845%	3,100	793	291%
Education	(1,926)	(2,259)	15%	(7,926)	(8,416)	6%
Clean Energy	529	91	481%	939	1,075	-13%
Asset Management	727	399	82%	1,288	399	223%
Others & Eliminations	(130)	(2,530)	95%	(1,998)	(7,398)	73%
<b>GROUP</b>	<b>10,277</b>	<b>4,710</b>		<b>16,181</b>	<b>10,041</b>	
<b>Profit/(Loss) Before Taxation</b>						
Maintenance	6,270	6,527	-4%	21,104	23,292	-9%
Construction	567	881	-36%	95	(1,708)	106%
Property	(1,090)	(1,848)	41%	(6,211)	(6,186)	0%
Hotel and Hospitality	229	378	-39%	(85)	(47)	-81%
Engineering & Consultancy	1,487	2,580	-42%	1,992	5,639	-65%
Trading & Manufacturing	1,754	(586)	399%	1,820	189	863%
Education	(2,378)	(2,592)	8%	(9,158)	(9,262)	1%
Clean Energy	118	(180)	166%	(269)	90	-399%
Asset Management	727	399	82%	1,288	399	223%
Others & Eliminations	(97)	(2,078)	95%	(2,409)	(7,672)	69%
<b>GROUP</b>	<b>7,587</b>	<b>3,481</b>		<b>8,167</b>	<b>4,734</b>	

**a) Current Quarter**

The Group revenue increased from RM187.5 million to RM321.8 million due mainly to the following:

- (i) higher routine and periodic maintenance works awarded to the Maintenance segment;
- (ii) higher revenue from the Property segment due to property development progress of Jade Hill, Tampin project, one-off disposal of vacant land at Pasir Gudang and higher occupancy rate from student accommodation;
- (iii) higher revenue from the hotel and hospitality segment due to higher occupancy rate and food and beverages income;
- (iv) higher revenue from the Trading segment due to increase in sales of bitumen, building materials and quarry products; and
- (v) higher revenue from the Asset Management segment due to higher office rental income.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

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

#### **a) Current Quarter (cont'd)**

The Group profit before tax increased from RM3.5 million to RM7.6 million mainly due to:

- (i) higher revenue from the Property, Trading and Asset management segments;
- (ii) higher other income mainly from one-off architectural document services from the Construction segment and write-back of impairment from the Engineering and Clean Energy segments; and
- (iii) lower operating and administrative expenses from the Property, Engineering and Education segments.

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

#### **1) Maintenance**

Revenue increased by RM27.5 million (22%) from RM124.5 million to RM152.0 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 RM0.2 million (4%) from RM6.5 million to RM6.3 million due to higher subcontractor costs and increase in material expenses.

#### **2) Construction**

Revenue decreased by RM3.9 million (55%) from RM7.2 million to RM3.3 million due to lower construction progress from upgrading roadwork project in Kulim, Kedah. The commencement of operations for new subsidiary namely Ikram Build BIM Sdn Bhd, has led to an increase in operating and administrative expenses. As a result, the profit before tax has decreased from RM0.9 million in the preceding corresponding quarter to RM0.6 million in the current quarter.

#### **3) Property**

Revenue increased significantly by RM7.1 million from RM2.4 million to RM9.5 million due to the property development progress of Jade Hill, Tampin, one-off disposal of vacant land at Pasir Gudang and higher occupancy rate from student accommodation. In line with the increase in revenue and the decrease in operating expenses and finance costs, the loss before tax decreased by RM0.7 million (41%) from RM1.8 million in the preceding corresponding quarter to RM1.1 million in the current quarter.

#### **4) Hotel and Hospitality**

Revenue increased by 27% (RM0.8 million) from RM3.1 million to RM3.9 million due to higher occupancy rate, average room rate and F&B income in the current quarter. Despite the increase in revenue, the profit before tax decreased from RM0.4 million in the preceding corresponding quarter to RM0.2 million in the current quarter mainly due to increase in hotel room costs, F&B costs, administrative expenses, and finance costs.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

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

**a) Current Quarter (cont'd)**

**5) Engineering and Consultancy**

Revenue decreased by RM11.5 million (64%) from RM18.0 million in the preceding corresponding quarter to RM6.5 million in the current quarter due to lower pavement, geotechnical works and certification services performed. In line with the decrease in revenue, the profit before tax decreased from RM2.6 million in the preceding corresponding quarter to RM1.5 million in the current quarter. This decline attributed from the increase in the cost of sales from pavement and structural works in the current quarter, as well as higher operating expenses.

**6) Trading and Manufacturing**

Revenue increased significantly by RM108.0 million from RM26.3 million to RM134.3 million mainly due to the increase in supply of bitumen, building materials and quarry products. In line with the increase in revenue, this segment posted a reversal from the loss before tax of RM0.6 million in the preceding corresponding quarter to the profit before tax of RM1.8 million in the current quarter.

**7) Education**

Revenue increased marginally by 1% from RM6.6 million to RM6.7 million due to the increase in franchise fees. The loss before tax decreased from RM2.6 million in the preceding corresponding quarter to RM2.4 million in the current quarter due to increase in revenue and lower cost of sales and operating expenses.

**8) Clean Energy**

Revenue decreased by RM1.1 million (37%) from RM2.9 million to RM1.8 million mainly due to lower solar panel installation works. Despite the decrease in revenue, this segment posted a reversal from a loss before tax of RM180K in the preceding corresponding quarter to a profit before tax of RM118K in the current quarter. This reversal attributed from higher other income, a decrease in subcontractor costs, and lower operating and administrative expenses.

**9) Asset Management**

Revenue increased by RM0.4 million (36%) from RM1.1 million to RM1.5 million mainly due to higher office rental and miscellaneous income in the current quarter. The decrease in cost of sales mainly from building maintenance expenses, and lower administrative expenses have resulted in the increase in profit before tax from RM0.4 million in the preceding corresponding quarter to RM0.7 million in the current quarter.

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

**b) Year-to-Date**

The Group recorded a revenue of RM717.7 million, an increase of RM142.0 million as compared to RM575.7 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, one-off disposal of vacant land at Pasir Gudang and higher occupancy rate of student accommodation from the Property segment;
- (iv) higher occupancy rate and food and beverages income from the Hotel and Hospitality segment;
- (v) higher recognition of structural, pavement and construction works from the Engineering segment;
- (vi) higher supplies of bitumen, building materials and quarry products from the Trading segment; and
- (vii) higher office rental and miscellaneous income from the Asset Management segment.

The Group recorded a higher profit before tax of RM8.2 million as compared to the prior year's corresponding quarter of RM4.7 million. This was mainly caused by the higher revenue, share of profit from associate and lower operating and administrative expenses.

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

**1) Maintenance**

Revenue was RM420.1 million as compared to RM375.0 million due to higher routine and periodic works. The profit before tax decreased to RM21.1 million as compared to RM23.3 million due to higher cost of sales, primarily from subcontractors cost and overhead expenses, coupled with rising operating expenses.

**2) Construction**

Revenue was RM14.7 million as compared to RM7.4 million due to higher construction progress from upgrading roadwork project in Kulim, Kedah. In line with the increase in revenue, this segment posted a reversal from the loss before tax of RM1.7 million to a profit before tax RM95K due to the higher contribution from revenue recognition and other income.

**3) Property**

Revenue was RM16.2 million as compared to RM3.9 million due to higher property development progress from the Jade Hill, Tampin, Sentrico Pasir Gudang projects, one-off disposal of a vacant land at Pasir Gudang and better occupancy rate from student accommodation.

The loss before tax increased marginally from RM6.1 million to RM6.2 million mainly due to lower other income and increase in finance costs.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

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

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

**4) Hotel and Hospitality**

Revenue was RM9.6 million as compared to RM7.5 million due to higher average occupancy rate, average room rate and food and beverages income. This segment recorded loss before tax of RM85K as compared to a loss before tax of RM47K in prior year's corresponding period.

**5) Engineering and Consultancy**

Revenue increased by 2% from RM34.0 million to RM34.6 million due to higher structural, pavement and construction works performed.

Despite the increase in revenue, the profit before tax decreased from RM 5.6 million to RM2.0 million due to higher cost of sales, operating and administrative expenses.

**6) Trading and Manufacturing**

Revenue increased by 53% from RM136.9 million to RM209.7 million due to higher sales of bitumen, building materials, quarry and project RF products.

In line with the increase in revenue, the profit before tax increased from RM0.2 million to RM1.8 million.

**7) Education**

Revenue decreased by 3% (RM0.6 million) from RM18.2 million to RM17.6 million was mainly due to a decrease in the student population.

This segment recorded a marginal decrease in a loss before tax from RM9.3 million in the prior year's corresponding period to RM9.2 million in the current year due to the lower cost of sales and a decrease in operating and administrative expenses.

**8) Clean Energy**

Revenue decreased by 8% (RM0.5 million) from RM6.6 million to RM6.1 million due to the decrease in solar panel installation works performed. In line with the decrease in revenue, this segment posted a reversal from a profit before tax of RM90K to a loss before tax of RM0.3 million due to the increase in operating and administrative expenses and finance costs.

**9) Asset Management**

Revenue increased mainly due to higher office rental and miscellaneous income in the current period. The segment's profit before tax improved at RM1.3 million compared to RM0.4 in the prior year's corresponding quarter, as a result of a lower cost of sales.



**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**
**15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

Operating Segments	Quarter Ended		Difference
	30.9.2023	30.6.2023	
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Maintenance	152,007	168,105	(16,098)
Construction	3,254	5,184	(1,930)
Property	9,469	2,751	6,718
Hotel and Hospitality	3,936	2,703	1,233
Engineering & Consultancy	6,491	12,688	(6,197)
Trading & Manufacturing	134,292	45,633	88,659
Education	6,733	4,823	1,910
Clean Energy	1,818	2,243	(425)
Asset Management	1,543	1,043	500
Others and Eliminations	2,265	(11,843)	14,108
<b>GROUP</b>	<b>321,808</b>	<b>233,330</b>	<b>88,478</b>
<b>Profit/(Loss) Before Interest and Tax</b>			
Maintenance	6,322	10,328	(4,006)
Construction	937	79	858
Property	(482)	(1,958)	1,476
Hotel and Hospitality	539	108	431
Engineering & Consultancy	1,302	(447)	1,749
Trading & Manufacturing	2,459	629	1,830
Education	(1,926)	(3,658)	1,732
Clean Energy	529	62	467
Asset Management	727	182	545
Others and Eliminations	(130)	(2,736)	2,606
<b>GROUP</b>	<b>10,277</b>	<b>2,589</b>	<b>7,688</b>
<b>Profit/(Loss) Before Taxation</b>			
Maintenance	6,270	10,471	(4,201)
Construction	567	(97)	664
Property	(1,090)	(2,416)	1,326
Hotel and Hospitality	229	(161)	390
Engineering & Consultancy	1,487	(605)	2,092
Trading & Manufacturing	1,754	250	1,504
Education	(2,378)	(4,107)	1,729
Clean Energy	118	(353)	471
Asset Management	727	182	545
Others and Eliminations	(97)	(2,883)	2,786
<b>GROUP</b>	<b>7,587</b>	<b>281</b>	<b>7,306</b>

The Group revenue increased from RM233.3 million to RM321.8 million due to the increase in revenue from the following segments:

- (i) Property: higher property development progress from the Jade Hill, Tampin project, one-off disposal of a vacant land at Pasir Gudang and better occupancy rate from student accommodation;
- (ii) Hotel & Hospitality: higher occupancy rate and food beverages income;
- (iii) Trading: higher demand for quarry, bitumen and building materials;
- (iv) Education: higher franchise and tuition fees; and
- (v) Asset Management: higher office rental, maintenance and security income.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

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

The Group posted a higher profit before tax of RM7.6 million in the current quarter as compared to the immediate preceding quarter of RM0.3 million. This was mainly attributed by higher revenue and other income coupled with lower operating and administrative expenses.

### **16. Commentary on Prospects**

The Malaysian economy experienced a 3.3% growth in gross domestic product (GDP) during the third quarter of 2023 driven primarily by an increase in domestic demand, an improvement in labour market conditions, a pick-up in tourism activities, and increased construction activity. The Bank Negara Malaysia predicts the GDP growth for this year to be around 4% and expects the economy to expand by 4% to 5% in 2024.

During the current quarter, the Group achieved positive financial results and managed to reduce losses for the current financial period. With the expected growth momentum of this year's economic growth forecast, the Group expects further business growth and anticipates barring unforeseen circumstances further improvement in its financial performance for the remaining period of the financial year. This improvement is primarily attributed to certain business units within the Group that are projected to generate higher revenues and profits due to increased physical work, higher progress billings, new contract commencements, and improved occupancy rates.

Looking ahead to 2024, as the economy is expected to continue with its growth trajectory, the Group remains committed to its business strategy of boosting revenue growth and implementing cost optimisation programs to enhance profitability. To ensure effective performance management and value generation, the Group closely monitors the development of its strategic business plans.

Additionally, the Group actively and diligently pursues other business opportunities to enhance shareholders' returns. It also exercises caution in mitigating risk exposures, maintaining strict cash management to preserve working capital, and optimising costs amidst the challenging business environment.

### **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 PERIOD 30 SEPTEMBER 2023

### 19. Profit after Taxation

	<u>Current</u> <u>Year To Date</u> <u>30.9.2023</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>30.9.2022</u> RM'000
Profit/(Loss) after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	10,122	10,286
Depreciation of investment properties	1,367	1,367
Depreciation of right-of-use assets	1,875	2,481
Interest expense	9,367	6,647
(Gain)/Loss on disposal of property, plant and equipment	(64)	207
Interest income	(932)	(1,086)
Reversal of impairment losses on receivables	(6,381)	(298)
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### 20. Corporate Proposals

There was no corporate proposal announced but not completed in the current year up to 28 November 2023, being the last practicable date from the date of the issue of this report.

### 21. Borrowings and Debt Securities

	<u>As at 30.9.2023</u> RM'000	<u>As at 30.9.2022</u> RM'000
Secured:		
- Short term borrowings	126,231	113,599
- Long term borrowings	45,797	58,016
- Bank overdrafts	45,231	36,484
Total borrowings	<hr/> 217,259	<hr/> 208,099

The total borrowings increased from RM208.1 million as at 30 September 2022 to RM217.3 million as at 30 September 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 0.34 times as at 30 September 2022 to 0.35 times as at 30 September 2023 due to reduction in cash and cash equivalents from RM60.1 million in the preceding corresponding quarter to RM46.5 million in the current quarter.

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### 21. Borrowings and Debt Securities (Cont'd)

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.

### 22. Trade Receivables

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

	<u>As at 30.9.2023</u>	<u>As at 30.9.2022</u>
	RM'000	RM'000
Less than 6 months	278,500	131,783
6 to 12 months	25,987	54,120
1 to 2 years	21,218	13,384
More than 2 years	2,607	4,857
	<u>328,312</u>	<u>204,144</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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> 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.

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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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

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.

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 2<sup>nd</sup> and the 3<sup>rd</sup> defendant for, among others, the refund of the Purchase Consideration and Advance.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

**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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

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 2<sup>nd</sup> and 3<sup>rd</sup> 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.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**

**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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

The Kuala Lumpur High Court Judge had on 30 August 2023 delivered the following judgment (“**Judgment**”) in favour of the Company:

- i. The Company has established its claim for breach of fiduciary duties, breach of Sections 131 and 132E of the Companies Act 1965, fraud and conspiracy to defraud on the part of the 2nd and 3rd Defendants.
- ii. The Company’s claim for a declaration that the 2nd and 3rd Defendants have acted in breach of their fiduciary duties as directors of the Company has been allowed.
- iii. The 2nd and 3rd Defendants are adjudged to pay a sum of RM84,643,170.00 to the Company (“**Judgment Sum**”) with interest of 5% per annum to be calculated from 22 September 2014 (the date of filing of the Writ of Summons) until full and final settlement of the Judgment Sum.
- iv. Costs in the sum of RM650,000.00 has been awarded in favour of the Company to be paid by 2nd and 3rd Defendants.

The 2nd and 3rd Defendants had on 8 September 2023 filed an appeal (“**Appeal**”) at the Court of Appeal to appeal against the Judgment of the Kuala Lumpur High Court on 30 August 2023. The Appeal has been fixed for Case Management on 7 December 2023.

The 2nd and 3rd Defendants had on 4 September 2023 filed an application for a stay of proceeding (“**Stay Application**”) at the Kuala Lumpur High Court to stay the execution of the Judgment delivered by the Kuala Lumpur High Court on 30 August 2023. The Stay Application was dismissed by the High Court on 17 October 2023 with costs of RM4,500.00 to be paid to the Company.

The 2nd and 3rd Defendants had on 23 October 2023 filed a notice of motion for a stay of proceeding (“**Stay Motion**”) at the Court of Appeal to stay the execution of the Judgment dated 30 August 2023. The Stay Motion has been fixed for hearing on 22 November 2023 and the Court of Appeal has dismissed the stay of execution.

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.



**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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**

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.

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.



**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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**

TNB had, vide an agreement dated 13 July 2015 (“TNB Agreement”), appointed KISB to carry out construction works known as “The Construction and Commission of Retention Pond at Gelugor Power Station” (“Project”) whereby the scope of works includes amongst others designing flow system improvements, drainage system expansion and replacing U-drain size from 600mm to 750mm in Loji Kuala Gelugor (“Works”). KISB had in turn, vide a Letter of Award dated 26 May 2015 (“LOA”), appointed Qemudi Nekad Resources as sub-contractor (“Sub-Contractor”):

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

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

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

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: -

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 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**

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

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

TNB's claims are as follows: -

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

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 full trial fixed on 29 and 30 August 2023 and on 25 and 26 October by the Penang High Court has been concluded. The Penang High Court has fixed 22 February 2024 for decision.

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

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2023**
**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>30.9.2023</u>	<u>9 months</u> <u>ended</u> <u>30.9.2023</u>
Net Profit/(loss) for the financial quarter (RM'000)	3,127	(4,898)
Weighted average number of ordinary shares in issue ('000)	481,735	481,735
Basic earning/(loss) per share (sen)	<u>0.65</u>	<u>(1.02)</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 28 November 2023.