

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 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 year ended 31 December 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 year ended 31 December 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	12 months ended	3 months ended	12 months ended
	<u>31.12.2023</u>	<u>31.12.2023</u>	<u>31.12.2023</u>	<u>31.12.2023</u>
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	284,403	704,524	26,972	48,075
Construction	9,187	23,845	(9,457)	(9,362)
Property	4,056	20,229	(2,458)	(8,669)
Hotel and Hospitality	3,848	13,424	374	289
Engineering & Consultancy	23,264	57,860	1,125	3,117
Trading & Manufacturing	80,664	290,375	1,439	3,259
Education	7,352	25,003	132	(9,026)
Clean Energy	4,902	11,008	355	86
Asset Management	1,331	5,186	591	1,879
Agriventure	40	40	(230)	(1,016)
Others & Eliminations	(5,208)	(19,923)	7,792	6,170
GROUP	413,839	1,131,571	26,635	34,802

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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 year.

9. Subsequent Events

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

10. Changes in Composition of the Group

There were no material changes in the composition of the Group for the current financial 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 31.12.2023</u> RM'000
Purchase of property, plant and equipment	<u>97</u>

13. Dividend

No dividend was declared or paid for the financial year ended 31 December 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		
	31.12.2023	31.12.2022	Variance	31.12.2023	31.12.2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Maintenance	284,403	184,933	54%	704,524	559,960	26%
Construction	9,187	5,998	53%	23,845	13,418	78%
Property	4,056	5,163	-21%	20,229	9,022	124%
Hotel and Hospitality	3,848	3,148	22%	13,424	10,658	26%
Engineering & Consultancy	23,264	18,445	26%	57,860	52,448	10%
Trading & Manufacturing	80,664	88,094	-8%	290,375	225,038	29%
Education	7,352	6,024	22%	25,003	24,238	3%
Clean Energy	4,902	1,814	170%	11,008	8,453	30%
Asset Management	1,331	1,235	8%	5,186	4,569	14%
Agriventure	40	-	100%	40	-	100%
Others & Eliminations	(5,208)	(6,592)	21%	(19,923)	(23,861)	17%
GROUP	413,839	308,262		1,131,571	883,943	
Profit/(Loss) Before Interest and Tax						
Maintenance	25,305	4,666	442%	46,461	27,547	69%
Construction	(8,810)	(939)	-838%	(7,603)	(1,989)	-282%
Property	(1,745)	(1,588)	-10%	(6,152)	(6,300)	2%
Hotel and Hospitality	730	302	142%	1,497	1,025	46%
Engineering & Consultancy	1,231	(5,770)	121%	3,286	(23)	14387%
Trading & Manufacturing	2,007	1,143	-76%	5,107	1,936	164%
Education	648	(6,118)	111%	(7,278)	(14,534)	50%
Clean Energy	773	(593)	230%	1,712	482	255%
Asset Management	617	578	7%	1,905	977	95%
Agriventure	(102)	-	-100%	(707)	-	-100%
Others & Eliminations	7,892	(6,921)	214%	6,499	(14,320)	145%
GROUP	28,546	(15,240)		44,727	(5,199)	
Profit/(Loss) Before Taxation						
Maintenance	26,972	5,080	431%	48,075	28,372	69%
Construction	(9,457)	(2,896)	-227%	(9,362)	(4,604)	-103%
Property	(2,458)	(3,540)	31%	(8,669)	(9,726)	11%
Hotel and Hospitality	374	(71)	627%	289	(118)	345%
Engineering & Consultancy	1,125	(5,246)	121%	3,117	393	693%
Trading & Manufacturing	1,439	737	95%	3,259	926	252%
Education	132	(6,435)	102%	(9,026)	(15,697)	42%
Clean Energy	355	(1,128)	131%	86	(1,038)	108%
Asset Management	591	578	2%	1,879	977	92%
Agriventure	(230)	-	-100%	(1,016)	-	-100%
Others & Eliminations	7,792	(7,163)	209%	6,170	(14,835)	142%
GROUP	26,635	(20,084)		34,802	(15,350)	

a) Current Quarter

The Group revenue increased from RM308.26 million to RM413.84 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 recognition of the road upgrading works (FT004 project) in Kulim, Kedah;
- (iii) higher revenue from the Hotel and Hospitality segment due to higher occupancy rates and food and beverages income;
- (iv) higher revenue from the Engineering segment due to higher revenue from pavement, geotechnical and construction works;

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

a) Current Quarter (cont'd)

- (v) higher revenue from the Education segment due to an increase in international student fees;
- (vi) higher revenue from the Clean Energy segment due to higher solar panel installation works; and
- (vii) higher revenue from the Asset Management segment due to higher office rental income.

The Group posted a reversal from a loss before tax of RM20.08 million to a profit before tax of RM26.64 million mainly due to:

- (i) higher revenue from the Maintenance, Construction, Hotel and Hospitality, Engineering, Education, Clean Energy and Asset Management segments;
- (ii) higher other income mainly from write-back of impairment from the Engineering and Clean Energy segments;
- (iii) Lower finance cost from the Maintenance, Construction, Property, Engineering and Clean Energy segments; and
- (iv) lower operating and administrative expenses from the Maintenance, Property, Engineering, Trading and Education segments.

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

1) Maintenance

Revenue increased by RM99.47 million (54%) from RM184.93 million to RM284.40 million due to higher periodic maintenance works performed in the current quarter. The profit before tax increased by RM21.89 million, rising from RM5.08 million to RM26.97 million due to lower operating expenses.

2) Construction

Revenue increased by RM3.20 million (53%) from RM5.99 million to RM9.19 million due to higher construction progress on the upgrading roadwork project in Kulim, Kedah. Despite the increase in revenue, this segment incurred a higher loss before tax, rising from RM2.90 million in the preceding corresponding quarter to RM9.46 million in the current quarter due to increase in cost of sales and operating expenses.

3) Property

Revenue decreased by RM1.10 million (21%) from RM5.16 million to RM4.06 million due to the lower recognition of property development progress of Jade Hill, Tampin and Sentrío Pasir Gudang project, coupled with a decrease in the occupancy rates of the mall. Despite the decrease in revenue, the loss before tax decreased by RM1.08 million (31%) from RM3.54 million in the preceding corresponding quarter to RM2.46 million in the current quarter due to lower finance costs and operating expenses.

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

a) Current Quarter (cont'd)

4) Hotel and Hospitality

Revenue increased by 22% (RM0.70 million) from RM3.15 million to RM3.85 million due to higher occupancy rate, average room rate and F&B income in the current quarter. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM0.07 million in the preceding corresponding quarter to a profit before tax of RM0.37 million in the current quarter mainly due to a decrease in operating expenses and finance costs.

5) Engineering and Consultancy

Revenue increased by RM4.81 million (27%) from RM18.45 million in the preceding corresponding quarter to RM23.26 million in the current quarter due to higher geotechnical works, construction and certification services performed. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM5.25 million in the preceding corresponding quarter to a profit before tax of RM1.13 million in the current quarter. This reversal was mainly attributed to an increase in other income resulting from the write-back of impaired receivables and a decrease in operating expenses.

6) Trading and Manufacturing

Revenue decreased by RM7.43 million (8%), a decline from RM88.09 million to RM80.66 million, mainly due to the reduced supply of bitumen, cold mix, bridge joint, and quarry products. Despite the decrease in revenue, the profit before tax increased from RM0.74 million in the preceding corresponding quarter to RM1.44 million in the current quarter, mainly due to lower operating expenses.

7) Education

Revenue increased by RM1.4 million (22%), rising from RM6.02 million to RM7.35 million, due to the increase in international student fees and lower discounts given. This segment posted a turnaround from a loss before tax of RM6.44 million in the preceding corresponding quarter to a profit before tax of RM0.13 million in the current quarter. This reversal was attributed to an increase in revenue and lower operating and administrative expenses.

8) Clean Energy

Revenue increased by RM3.09 million from RM1.81 million to RM4.90 million, mainly due to higher solar panel installation works. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM1.13 million in the preceding corresponding quarter to a profit before tax of RM0.36 million in the current quarter. This reversal is attributed from higher other income and lower administrative expenses.

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

a) Current Quarter (cont'd)

9) Asset Management

Revenue increased by RM0.09 million (8%) from RM1.24 million to RM1.33 million mainly due to higher office rentals in the current quarter. The decrease in administrative expenses has resulted in an increase in profit before tax from RM0.58 million in the preceding corresponding quarter to RM0.59 million in the current quarter.

10) Agriventure

Revenue achieved was RM0.04 million attributed to the acquisition of Tenggara Food Industries by HCM Kasturi Sdn Bhd on 1 September 2023. Loss before tax of RM0.23 million was incurred due to low revenue generated in the current quarter.

b) Year-to-Date

The Group recorded a revenue of RM1,131.57 million, an increase of RM247.63 million as compared to RM883.94 million mainly attributed to the following factors:

- (i) Higher periodic maintenance works awarded to the Maintenance segment;
- (ii) Higher construction progress from the upgrading roadwork project in Kulim, Kedah from the Construction segment;
- (iii) Higher property development progress of Jade Hill, Tampin and Sentrion Pasir Gudang projects, a one-off disposal of vacant land at Pasir Gudang, and higher occupancy rates of student accommodation from the Property segment;
- (iv) Higher occupancy rates and food and beverages income from the Hotel and Hospitality segment;
- (v) Higher recognition of geotechnical, structural and construction works from the Engineering segment;
- (vi) Higher supplies of bitumen, building materials and quarry products from the Trading segment;
- (vii) Higher international student fees, franchise fees and lower discounts given from the Education segment;
- (viii) Higher solar panel installation works from the Energy segment; and
- (ix) Higher office rental income from the Asset Management segment.

The Group recorded a reversal from a loss before tax of RM15.35 million in the prior year's corresponding quarter to a profit before tax of RM34.80 million in the current year. This was mainly driven by higher revenue, other income, share of profit from associates, and lower 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)

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

1) Maintenance

Revenue was RM704.52 million as compared to RM559.96 million due to higher routine and periodic maintenance works. The profit before tax increased to RM48.08 million, up from RM28.37 million, attributed to lower operating and administrative expenses.

2) Construction

Revenue increased to RM23.85 million as compared to RM13.42 million, due to higher construction progress on the upgrading roadwork project in Kulim, Kedah. Despite the increase in revenue, the loss before tax increased from RM4.60 million to RM9.36 million due to the higher administrative expenses, mainly from impairment losses on related companies.

3) Property

Revenue increased to RM20.23 million as compared to RM9.02 million, due to higher property development progress from the Jade Hill, Tampin, and Sentrio Pasir Gudang projects, a one-off disposal of vacant land at Pasir Gudang and improved occupancy rates in student accommodation.

The loss before tax decreased from RM9.73 million to RM8.67 million mainly due to lower operating and administrative expenses, as well as reduced finance costs.

4) Hotel and Hospitality

Revenue increased to RM13.42 million as compared to RM10.66 million due to higher average occupancy rates, average room rates, and food and beverages income. This segment recorded a reversal from a loss before tax of RM0.12 million to a profit before tax of RM0.29 million, due to lower operating expenses.

5) Engineering and Consultancy

Revenue increased by 10% from RM52.45 million to RM57.86 million due to higher structural, geotechnical and construction works performed.

In line with the increase in revenue, the profit before tax increased from RM0.39 million to RM3.12 million due to higher other income resulting from the write-back of impaired receivables, lower cost of sales and reduced operating and administrative expenses.

6) Trading and Manufacturing

Revenue increased by RM65.34 million from RM225.04 million to RM290.38 million due to higher sales of bitumen, building materials, quarry products, and project RF products.

In line with the increase in revenue, the profit before tax increased from RM0.93 million to RM3.26 million.

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

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

7) Education

Revenue increased by 3% (RM0.76 million) from RM24.24 million to RM25.00 million was mainly due to higher international student fees and franchise fees.

This segment recorded a decrease in a loss before tax from RM15.70 million in the prior year's corresponding period to RM9.03 million in the current year, attributed to lower cost of sales, mainly from lecturer fees, and a decrease in operating and administrative expenses.

8) Clean Energy

Revenue increased by 30% (RM2.56 million) rising from RM8.45 million to RM11.01 million, primarily due to the increase in solar panel installation works performed. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM1.04 million to a profit before tax of RM0.08 million. This turnaround was attributed to higher other income and a decrease in administrative expenses.

9) Asset Management

Revenue increased mainly due to higher office rental in the current year. The segment's profit before tax improved to RM1.88 million compared to RM0.98 million in the prior year's corresponding quarter, as a result of a lower operating and administrative expenses.

10) Agriventure

The Group acquired a 51% equity shares in Tenggara Food Industries Sdn Bhd for a total cash consideration of RM0.26 million. The loss before tax of RM1.02 million was mainly due to low revenue generated and goodwill on acquisition of RM0.44 million written off immediately upon acquisition.

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

Operating Segments	Quarter Ended		Difference
	31.12.2023	30.9.2023	
	RM'000	RM'000	RM'000
Revenue			
Maintenance	284,403	152,007	132,396
Construction	9,187	3,254	5,933
Property	4,056	9,469	(5,413)
Hotel and Hospitality	3,848	3,936	(88)
Engineering & Consultancy	23,264	6,491	16,773
Trading & Manufacturing	80,664	134,292	(53,628)
Education	7,352	6,733	619
Clean Energy	4,902	1,818	3,084
Asset Management	1,331	1,543	(212)
Agriventure	40	-	40
Others and Eliminations	(5,208)	2,265	(7,473)
GROUP	413,839	321,808	92,031
Profit/(Loss) Before Interest and Tax			
Maintenance	25,305	6,322	18,983
Construction	(8,810)	937	(9,747)
Property	(1,745)	(482)	(1,263)
Hotel and Hospitality	730	539	191
Engineering & Consultancy	1,231	1,302	(71)
Trading & Manufacturing	2,007	2,459	(452)
Education	648	(1,926)	2,574
Clean Energy	773	529	244
Asset Management	617	727	(110)
Agriventure	(102)	-	(102)
Others and Eliminations	7,892	(130)	8,022
GROUP	28,546	10,277	18,269
Profit/(Loss) Before Taxation			
Maintenance	26,972	6,270	20,702
Construction	(9,457)	567	(10,024)
Property	(2,458)	(1,090)	(1,368)
Hotel and Hospitality	374	229	145
Engineering & Consultancy	1,125	1,487	(362)
Trading & Manufacturing	1,439	1,754	(315)
Education	132	(2,378)	2,510
Clean Energy	355	118	237
Asset Management	591	727	(136)
Agriventure	(230)	-	(230)
Others and Eliminations	7,792	(97)	7,889
GROUP	26,635	7,587	19,048

The Group's revenue increased from RM321.81 million to RM413.84 million due to the increase in revenue from the following segments:

- (i) Maintenance: Higher periodic maintenance works awarded to the Maintenance segment;
- (ii) Construction: Higher recognition of road upgrading works (FT004 project) in Kulim, Kedah from the Construction segment;
- (iii) Engineering: Higher geotechnical, pavement and structural works from the Engineering segment;
- (iv) Education: Higher international student fees; and
- (v) Energy: Higher solar panel installation works from the Energy segment.

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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 RM26.64 million in the current quarter as compared to RM7.59 million in the immediate preceding quarter. This increase was mainly attributable to higher gross profit and other income.

16. Commentary on Prospects

The Group achieved a positive financial results in the financial year 2023 following an adverse result in 2022.

This favourable financial performance was made possible as a result of conducive business and economic climate, and prudent financial and operating measures taken including but not limited to:

- (i) Increase in government work orders which led to the increase in periodic maintenance works performed;
- (ii) Increase in tourists and consumers spending post Covid-19 resulted in improved occupancy and room rates and higher F&B income;
- (iii) Customer-oriented approach in business development and revenue generation;
- (iv) Continuing costs sensitivity awareness in generation of income which resulted in lower operating expenses; and
- (v) Collective and improved efforts resulting in the higher recovery of impaired trade receivables and reduced current year impairment of non-financial assets.

The Group expects to continue its positive financial performance in the next financial year in light of the following:

- (i) Favourable 2024 Budget allocations that may benefit some of our business units;
- (ii) Visa-free entry for Chinese and Indian tourists from 1 Dec 2023 to 31 Dec 2024 which is expected to boost tourism revenue;
- (iii) Continuing strategic collaborations to expand and strengthen the business models for certain business units;
- (iv) Continue with the business development, costs and collection strategies that help achieve the current year's positive financial performance; and
- (v) Review and revise business strategies to optimise revenue and profits.

The Board remains positive and confident of the medium and long-term business prospects. The Group is also actively and diligently pursuing other business opportunities to enhance shareholders' returns.

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17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

Taxation represents current year provision.

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

19. Profit after Taxation

	<u>Current</u> <u>Year To Date</u> <u>31.12.2023</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>31.12.2022</u> RM'000
Profit/(Loss) after taxation for the financial year is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	13,663	13,807
Depreciation of investment properties	1,823	1,823
Depreciation of right-of-use assets	2,489	2,375
Interest expense	13,164	10,868
Gain on disposal of property, plant and equipment	(30)	(68)
Interest income	(1,499)	(1,689)
Reversal of impairment losses on:		
- Receivables	6,728	12,700
- Property, plant and equipment	-	2,608
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20. Corporate Proposals

There was no corporate proposal announced but not completed in the current year up to 27 February 2024, being the last practicable date from the date of the issue of this report.

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21. Borrowings and Debt Securities

	<u>As at 31.12.2023</u>	<u>As at 31.12.2022</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	132,657	113,431
- Long term borrowings	42,095	55,200
- Bank overdrafts	41,812	39,557
Total borrowings	<u>216,564</u>	<u>208,188</u>

The total borrowings increased from RM208.19 million as at 31 December 2022 to RM216.56 million as at 31 December 2023. The term loans repayments for IUKL, student accommodation, Park Inn by Radisson Hotel, Trading, and Solar Park plant were off-set by the increase in bills payable and drawdown of banking facilities granted to DC Resort Homes Sdn Bhd for Jade Hill, Tampin project.

The Group net gearing ratio increased from 0.001 times as at 31 December 2022 to 0.103 times as at 31 December 2023 due to decrease in cash and cash equivalents from RM155.77 million in the preceding financial year to RM125.03 million in the current financial year.

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 31.12.2023</u>	<u>As at 31.12.2022</u>
	RM'000	RM'000
Less than 6 months	236,972	110,774
6 to 12 months	22,688	57,277
1 to 2 years	14,904	2,243
More than 2 years	2,698	520
	<u>277,262</u>	<u>170,814</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.

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.

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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 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.

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 YEAR 31 DECEMBER 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 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd 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. A new Case Management date shall be informed by the Court of Appeal.

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 with costs of RM10,000.00 to be paid to the Company.

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 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 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

Further to the Judgment obtained by the Company against the 2nd and 3rd Defendants on 30 August 2023 and the dismissal of the Stay Application and the Stay Motion, the Company has executed the Judgment by filing:

1. A Bankruptcy Notice against the 2nd Defendant in the Shah Alam High Court, Bankruptcy No.: BA-29NCC-3214-12/2023 on 13 December 2023 demanding the total sum of RM124,370,961.74 from the 2nd Defendant; and
2. A Bankruptcy Notice against the 3rd Defendant in the Shah Alam High Court, Bankruptcy No.: BA-29NCC-3213-12/2023 on 13 December 2023 demanding the same amount from the 3rd Defendant.

The respective sealed Bankruptcy Notices were extracted on 21 December 2023. The Court has fixed 12 March 2024 for Case Management of the Bankruptcy Notice against the 2nd Defendant and 13 March 2024 for Case Management of the Bankruptcy Notice against the 3rd Defendant.

The Bankruptcy Notices were personally served on the 2nd and 3rd Defendants on 16 January 2024. Both the 2nd and 3rd Defendants have filed an affidavit to set aside the Bankruptcy Notice. The bankruptcy proceedings are scheduled for Case Management on 12 and 13 March 2024, respectively.

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.

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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

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.

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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

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: -

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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)

- 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 postponed the decision fixed on 22 February to 5 March 2024.

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

INTERIM REPORT FOR THE FINANCIAL YEAR 31 DECEMBER 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>31.12.2023</u>	<u>12 months</u> <u>ended</u> <u>31.12.2023</u>
Net Profit for the financial quarter / year (RM'000)	11,375	6,477
Weighted average number of ordinary shares in issue ('000)	481,735	481,735
Basic earnings per share (sen)	<u>2.36</u>	<u>1.34</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 27 February 2024.