

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

**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 2023. 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 2023.

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 2023, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting periods on or after 1 January 2024 as follows: -

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Non-Current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 2023 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the period ended 30 June 2024 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 2024.

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	6 months ended	3 months ended	6 months ended
	30.6.2024	30.6.2024	30.6.2024	30.6.2024
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	133,267	229,233	8,435	10,890
Construction	11,414	19,279	445	(2,678)
Property	7,122	13,769	(1,785)	(2,830)
Asset Management	1,424	2,857	(520)	(1,022)
Hotel & Hospitality	2,489	5,035	(624)	(1,243)
Engineering & Consultancy	7,562	13,904	2,288	3,803
Trading & Manufacturing	77,100	118,488	901	848
Education	5,697	12,279	(3,362)	(5,147)
Clean Energy	11,799	13,331	2,496	1,962
Agriventure	109	143	(467)	(848)
Others & Eliminations	(5,320)	(11,668)	259	(1,013)
GROUP	252,663	416,650	8,066	2,722

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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 quarter.

9. Subsequent Events

There were no material events subsequent to the current period under review other than:-

Kumpulan Ikram Sdn. Bhd. (a wholly-owned subsidiary of Protasco Berhad), had on 19 July 2024 entered into a Share Sale Agreement (“SSA”) with Star Teenagers International Sdn. Bhd. to dispose of 20,000,000 of its ordinary shares in Ikram Education Sdn. Bhd. representing 100% equity interest in the Company, for a total cash consideration of RM30,000,000 in the manner as set out in the SSA.

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 period.

12. Capital Commitments

	<u>As at 30.6.2024</u>
	RM'000
Purchase of property, plant and equipment	<u>56</u>

13. Dividend

No dividend was declared or paid for the financial period ended 30 June 2024.

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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		
	30.6.2024	30.6.2023	Variance	30.6.2024	30.6.2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Maintenance	133,267	168,105	-21%	229,233	268,114	-15%
Construction	11,414	5,184	120%	19,279	11,402	69%
Property	7,122	2,751	159%	13,769	6,704	105%
Asset Management	1,424	1,043	37%	2,857	2,312	24%
Hotel & Hospitality	2,489	2,703	-8%	5,035	5,640	-11%
Engineering & Consultancy	7,562	12,688	-40%	13,904	28,107	-51%
Trading & Manufacturing	77,100	45,633	69%	118,488	75,419	57%
Education	5,697	4,823	18%	12,279	10,918	12%
Clean Energy	11,799	2,243	426%	13,331	4,288	211%
Agriventure	109	-	100%	143	-	100%
Others & Eliminations	(5,320)	(11,843)	55%	(11,668)	(16,980)	31%
GROUP	252,663	233,330		416,650	395,924	
Profit/(Loss) Before Interest and Tax						
Maintenance	8,453	10,328	-18%	11,398	14,834	-23%
Construction	1,149	79	1354%	(1,325)	270	-591%
Property	(1,132)	(1,958)	42%	(1,502)	(3,925)	62%
Asset Management	57	(119)	148%	167	(417)	140%
Hotel & Hospitality	(348)	108	-422%	(680)	228	-398%
Engineering & Consultancy	2,245	(447)	602%	3,797	753	404%
Trading & Manufacturing	1,391	629	121%	1,749	641	173%
Education	(2,884)	(3,658)	21%	(4,328)	(6,000)	28%
Clean Energy	2,907	62	4589%	2,768	410	575%
Agriventure	(325)	(150)	-117%	(558)	(156)	-258%
Others & Eliminations	(504)	(2,285)	78%	(2,594)	(734)	-253%
GROUP	11,009	2,589		8,892	5,904	
Profit/(Loss) Before Taxation						
Maintenance	8,435	10,471	-19%	10,890	14,832	-27%
Construction	445	(97)	559%	(2,678)	(472)	-467%
Property	(1,785)	(2,416)	26%	(2,830)	(5,121)	45%
Asset Management	(520)	(691)	25%	(1,022)	(1,546)	34%
Hotel & Hospitality	(624)	(161)	-288%	(1,243)	(314)	-296%
Engineering & Consultancy	2,288	(605)	478%	3,803	505	653%
Trading & Manufacturing	901	250	260%	848	66	1185%
Education	(3,362)	(4,107)	18%	(5,147)	(6,780)	24%
Clean Energy	2,496	(353)	807%	1,962	(387)	607%
Agriventure	(467)	(239)	-95%	(848)	(245)	-246%
Others & Eliminations	259	(1,771)	115%	(1,013)	42	-2512%
GROUP	8,066	281		2,722	580	

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

a) Current Quarter

The Group revenue increased from RM233.33 million to RM252.66 million mainly due to the following:

- (i) higher revenue from the Construction segment due to higher construction progress from roadwork project in Kulim, Kedah;
- (ii) higher revenue from the Property segment due to the recognition of revenue from the property development at Jade Hill, Tampin, and the sale of four (4) inventory units at Sentrio, Pasir Gudang;
- (iii) higher revenue from the Trading segment due to higher sales of bitumen and quarry products;
- (iv) higher revenue from the Education segment due to higher international student fees and franchise fees;
- (v) higher revenue from the Clean Energy segment mainly attributed from increased in solar panel installation works; and
- (vi) higher revenue from the Asset Management segment due to higher office rental.

However, these increases were impaired by the reduction in revenue from the Maintenance, Hotel and Hospitality and Engineering business segments.

The Group profit before tax increased by RM7.79 million from RM0.28 million to RM8.07 million mainly due to:

- (i) higher gross profit from the Construction, Property, Engineering, Trading, Education and Clean Energy segments; and
- (ii) higher other income from the Engineering and Education segments mainly from the reversal of impairment on receivables and the recognition of income for the completed NCER project respectively.

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

1) Maintenance

Revenue decreased by RM34.84 million (21%) from RM168.11 million to RM133.27 million due to lower periodic maintenance works performed. Consequently, the profit before tax decreased by RM2.03 million (19%) from RM10.47 million in the preceding corresponding quarter to RM8.44 million in the current quarter due to higher operating expenses.

2) Construction

Revenue increased significantly by RM6.23 million (120%) from RM5.18 million to RM11.41 million due to higher construction progress from upgrading roadwork in Kulim, Kedah and Jade Hill project. In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM0.09 million in the preceding corresponding quarter to a profit before tax of RM0.45 million in the current quarter.

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

a) Current Quarter (cont'd)

3) Property

Revenue increased by RM4.37 million (159%) from RM2.75 million to RM7.12 million due to the property development progress of Jade Hill, Tampin and sale of four (4) units of inventory at Sentrio, Pasir Gudang. In line with the increase in revenue, the loss before tax decreased by RM0.63 million (26%) from RM2.42 million in the preceding corresponding quarter to RM1.79 million in the current quarter due to a decrease in operating and administrative expenses.

4) Hotel & Hospitality

Revenue decreased by RM0.21 million (8%) from RM2.70 million to RM2.49 million due to a lower occupancy rate in the current quarter. Coupled with the increase in operating and administrative expenses, the loss before tax increased from RM0.16 million in the preceding corresponding quarter to RM0.62 million in the current quarter.

5) Engineering & Consultancy

Revenue decreased by RM5.13 million (40%) from RM12.69 million in the preceding corresponding quarter to RM7.56 million in the current quarter mainly due to lower construction, structural, pavement and certification works. Despite the decrease in revenue, this segment posted a reversal from a loss before tax of RM0.61 million in the preceding corresponding quarter to a profit before tax of RM2.29 million in the current quarter due to higher other income.

6) Trading & Manufacturing

Revenue increased by RM31.47 million (69%) from RM45.63 million to RM77.10 million mainly due to increase in the sales of bitumen and quarry products. Consequently, the profit before tax increased from RM0.25 million in the preceding corresponding quarter to RM0.90 million in the current quarter.

7) Education

Revenue increased by RM0.88 million (18%) from RM4.82 million to RM5.70 million due to the higher international student fees, franchise fees and lower discounts allowed. The increase in gross profit and other income have resulted in the loss before tax decreased from RM4.11 million in the preceding corresponding quarter to RM3.36 million in the current quarter.

8) Clean Energy

Revenue increased significantly from RM2.24 million to RM11.80 million mainly due to higher revenue from solar panel installation works in the current quarter. The increase in revenue and the decrease in operating and administrative expenses have resulted in a reversal from a loss before tax of RM0.35 million in the preceding corresponding quarter to a profit before tax of RM2.50 million in the current quarter.

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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 RM0.38 million (37%) from RM1.04 million to RM1.42 million in the current quarter mainly due to higher revenue from office rentals. The loss before tax decreased from RM0.69 million in the corresponding quarter of the previous year to RM0.52 million in the current quarter.

10) Agriventure

Revenue achieved was RM0.11 million and the loss before tax increased from RM0.24 million in the corresponding quarter of the previous year to RM0.47 million in the current quarter. This increase was mainly due to higher operating and administrative expenses as the operation for the sale of durian paste commenced in the current quarter.

b) Year-to-Date

The Group recorded a revenue of RM416.65 million, an increase of RM20.73 million as compared to RM395.92 million mainly attributed to the following:

- (i) higher construction progress from upgrading roadwork project in Kulim, Kedah and Jade Hill Tampin project from the Construction segment;
- (ii) higher property development progress of Jade Hill, Tampin project, sale of seven (7) units of inventory at Sentrío Pasir Gudang and higher occupancy rate of student accommodation from the Property segment;
- (iii) higher sales of bitumen and quarry products from the Trading segment;
- (iv) higher international student fees and franchise fees from the Education segment;
- (v) higher solar panel installation works from the Clean Energy segment; and
- (vi) higher office rental income from the Asset Management segment.

The Group recorded a higher profit before tax of RM2.72 million as compared to the prior year's corresponding quarter of RM0.58 million. This was mainly achieved by the higher gross profit and other income.

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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 below:

1) Maintenance

Revenue was RM229.23 million as compared to RM268.11 million due to lower periodic works awarded. The decrease in revenue has resulted in lower gross profit. Coupled with the higher staff costs and administrative expenses, the profit before tax decreased to RM10.89 million as compared to RM14.83 million in the previous corresponding quarter.

2) Construction

Revenue was RM19.28 million as compared to RM11.40 million due to higher construction progress from upgrading roadwork in Kulim, Kedah and construction of Jade Hill, Tampin. Despite the increase in revenue, the loss before tax increased from RM0.47 million to RM2.68 million due to lower gross profit from the Tampin project, as well as increased operating and administrative expenses and finance costs.

3) Property

Revenue was RM13.77 million as compared to RM6.70 million due to higher property development progress from the Jade Hill, Tampin, sale of seven (7) units of inventory at Sentrío Pasir Gudang projects and the spill over effect from the revised rental rates for student accommodation.

The loss before tax decreased from RM5.12 million to RM2.83 million mainly due to higher gross profit and lower operating and administrative expenses.

4) Hotel & Hospitality

Revenue was RM5.04 million as compared to RM5.64 million mainly due to lower average occupancy and room rates. This segment recorded a loss before tax of RM1.24 million in the current year as compared to RM0.31 million in the corresponding period of the prior year, due to lower gross profit, as well as increased in operating and administrative expenses and finance costs.

5) Engineering & Consultancy

Revenue decreased by 51% from RM28.11 million to RM13.90 million due to lower construction, structural and civil works, pavement and certification services performed.

Despite the decrease in revenue, profit before tax increased from RM0.51 million in the corresponding period of the prior year to RM3.80 million in the current year, driven by higher other income from the reversal of impairment on receivables and gain on disposal of a subsidiary company.

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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 & Manufacturing

Revenue decreased by 57% from RM75.42 million to RM118.49 million due to higher sales of bitumen and quarry product.

In line with the increase in revenue, the profit before tax increased from RM0.07 million to RM0.85 million.

7) Education

Revenue increased by 12% (RM1.36 million), from RM10.92 million to RM12.28 million, mainly due to higher franchise fees and international student fees.

This segment's loss before tax decreased from RM6.78 million in the prior year's corresponding period to RM5.15 million in the current period. This improvement was driven by higher other income, mainly due to the recognition of income from the completed NCER project, as well as lower costs of sales.

8) Clean Energy

Revenue increased significantly by 211% (RM9.04 million) from RM4.29 million to RM13.33 million due to the increase in solar panel installation works.

In line with the increase in revenue, this segment posted a reversal from a loss before tax of RM 0.39 million to a profit before tax of RM1.96 million. This improvement was due to higher gross profit resulting from better revenue achieved and a decrease in administrative expenses and lower interest costs.

9) Asset Management

Revenue increased mainly due to higher office rental and maintenance income in the current period. The segment's loss before tax decreased at RM1.02 million as compared to RM1.55 million in the prior year's corresponding period due to lower operating expenses.

10) Agriventure

Revenue achieved was RM0.14 million and the loss before tax increased from RM0.25 million in the preceding corresponding period to RM0.85 million in the current period due to higher operating and administrative expenses and finance costs.

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

Operating Segments	Quarter Ended		Difference
	30.6.2024	31.3.2024	
	RM'000	RM'000	RM'000
Revenue			
Maintenance	133,267	95,966	37,301
Construction	11,414	7,865	3,549
Property	7,122	6,647	475
Asset Management	1,424	1,434	(10)
Hotel & Hospitality	2,489	2,546	(57)
Engineering & Consultancy	7,562	6,342	1,220
Trading & Manufacturing	77,100	41,388	35,712
Education	5,697	6,582	(885)
Clean Energy	11,799	1,532	10,267
Agriventure	109	34	75
Others and Eliminations	(5,320)	(6,349)	1,029
GROUP	252,663	163,987	88,676
Profit/(Loss) Before Interest and Tax			
Maintenance	8,453	2,945	5,508
Construction	1,149	(2,474)	3,623
Property	(1,132)	(370)	(762)
Asset Management	57	110	(53)
Hotel & Hospitality	(348)	(332)	(16)
Engineering & Consultancy	2,245	1,552	693
Trading & Manufacturing	1,391	358	1,033
Education	(2,884)	(1,444)	(1,440)
Clean Energy	2,907	(139)	3,046
Agriventure	(325)	(233)	(92)
Others and Eliminations	(504)	(2,090)	1,586
GROUP	11,009	(2,117)	13,126
Profit/(Loss) Before Taxation			
Maintenance	8,435	2,455	5,980
Construction	445	(3,123)	3,568
Property	(1,785)	(1,045)	(740)
Asset Management	(520)	(503)	(17)
Hotel & Hospitality	(624)	(618)	(6)
Engineering & Consultancy	2,288	1,516	772
Trading & Manufacturing	901	(53)	954
Education	(3,362)	(1,785)	(1,577)
Clean Energy	2,496	(534)	3,030
Agriventure	(467)	(381)	(86)
Others and Eliminations	259	(1,273)	1,532
GROUP	8,066	(5,344)	13,410

The Group revenue increased from RM163.99 million to RM252.66 million due to the increase in revenue from the following segments:

- (i) Maintenance: higher routine and periodic maintenance works;
- (ii) Construction: higher construction progress from roadwork project in Kulim, Kedah and Jade Hill, Tampin project;
- (iii) Property: higher take up rates and development progress at Jade Hill, Tampin project and sale of four (4) units of inventory at Sentrico Pasir Gudang;
- (iv) Engineering: higher pavement and geotechnical works;
- (v) Trading: higher demand for bitumen and quarry products; and
- (vi) Clean Energy: higher revenue from solar panel installation works.

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

The increased revenue of RM88.68 million resulted the Group reversing its position from a loss before tax of RM5.34 million in the immediate preceding quarter to a profit before tax of RM8.07 million in the current quarter. This turnaround was driven by several factors, including higher revenue, increased other income mainly from reversal of impairment of receivables, higher share of profit from associates, and lower operating expenses as compared to the immediate preceding quarter.

16. Commentary on Prospects

The Group achieved a net profit for the current quarter under review, marking a significant turnaround from the previous quarter's negative financial result. However, the Group is still in a net loss position for the current period under review.

The current quarter's net profit was driven by higher revenue, leading to an increase in gross profit compared to the preceding quarter. Additionally, the Group benefited from a higher recovery of impaired debts and lower finance costs, despite an uptick in business activities.

On 19 July 2024, the Group entered into a Share Sale Agreement to dispose of its entire equity interest in Ikram Education Sdn Bhd, an indirect wholly-owned subsidiary of Protasco Berhad, which operates a private university, namely the Infrastructure University Kuala Lumpur. Upon completion of the proposed disposal of this education segment, it is expected to generate a gain on disposal and the de-consolidation of this loss-making segment will boost the group's earnings.

Barring unforeseen circumstances, the Group expects to maintain its profit trajectory for the current financial year as the business activities are gaining momentum in-progress development. To further strengthen the financial performance of the Group, we will continue our adopted prudent financial and operating measures, which include but are not limited to:

- (i) Customer-oriented approach in business development and revenue generation;
- (ii) Cost-sensitivity awareness in the generation of income which will optimise operating and administrative expenses;
- (iii) Collective and improved efforts in the recovery of impaired trade receivables and reduce current-year impairments;
- (iv) Strategic collaborations or partnerships to strengthen the business models for the loss-making business units;
- (v) Divestment of non-core and non-performing assets to enhance returns to the Group; and
- (vi) Review and revise business strategies to optimise revenue and profits.

The Board remains confident of the medium and long-term business prospects and 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>30.6.2024</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>30.6.2023</u> RM'000
Loss after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	6,354	6,874
Depreciation of investment properties	911	911
Depreciation of right-of-use assets	1,327	1,054
Interest expense	6,570	5,949
(Gain)/Loss on disposal of property, plant and equipment	(33)	13
Interest income	(517)	(629)
Reversal of impairment losses on:		
- Receivables	(2,301)	(2,019)

20. Corporate Proposals

On 2 May 2024, the Group announced the proposed disposal of the entire equity interest in Ikram Education Sdn Bhd ("IESB") by Kumpulan Ikram Sdn Bhd ("KISB"), a wholly-owned subsidiary of Protasco Berhad, to Star Teenagers International Group Limited ("Purchaser"). The Purchaser has been changed from Star Teenagers International Group Limited to Star Teenagers International Sdn. Bhd. ("STISB").

Following this, on 19 July 2024 KISB entered into a Share Sale Agreement ("SSA") with STISB to dispose of its entire equity interest in IESB, for a total cash consideration of RM30.0 million in the manner as set out in the SSA.

Barring any unforeseen circumstances and subject to all relevant approvals being obtained the SSA is expected to be completed by 20 November 2024.

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21. Borrowings and Debt Securities

	<u>As at 30.6.2024</u>	<u>As at 30.6.2023</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	132,638	110,162
- Long term borrowings	34,226	45,492
- Bank overdrafts	51,690	49,577
Total borrowings	<u>218,554</u>	<u>205,231</u>

The total borrowings increased from RM205.23 million as at 30 June 2023 to RM218.55 million as at 30 June 2024. 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 by DC Resort Homes Sdn Bhd for Jade Hill, Tampin project.

The Group net gearing ratio increased from 0.27 times as at 30 June 2023 to 0.40 times as at 30 June 2024 due to decrease in cash and cash equivalents from RM55.78 million in the preceding financial period to RM16.82 million in the current financial period.

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 30.6.2024</u>	<u>As at 30.6.2023</u>
	RM'000	RM'000
Less than 6 months	216,301	201,520
6 to 12 months	63,285	29,488
1 to 2 years	27,328	19,787
More than 2 years	1,863	1,266
	<u>308,777</u>	<u>252,061</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.

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

23. Material Litigations (Cont'd)

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

On 5 August 2014, our Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. Our Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, our Company filed a legal suit against PT ASU and the two former Directors, namely the 2nd and the 3rd defendant for, among others, the refund of the Purchase Consideration and Advance.

The total amount claimed against PT ASU and the two former Directors (“**2nd and 3rd Defendants**”) are as follows: -

Against PT ASU

- i. A payment of USD22,000,000;
- ii. Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- iv. Damages for the breach of the Restated SPA.

Against the 2nd and 3rd Defendants

- i. A payment of USD27,000,000 (including the Advance);
- ii. Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- iv. Damages for fraud and conspiracy; and
- v. General damages, aggravated and exemplary.

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

23. Material Litigations (Cont'd)

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (cont'd)**

The status of this suit is as follows: -

The Full Trial for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 commenced from 15 October 2021 and continued on various dates. The Full Trial is scheduled to continue on 25 and 26 April 2023 and on 12 May 2023. 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.

The Kuala Lumpur High Court Judge had on 30 August 2023 delivered the following judgement (“**Judgement**”) 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 (“**Judgement 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 **Judgement 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 **Judgement** of the Kuala Lumpur High Court on 30 August 2023. The **Appeal** has been fixed for Hearing on 13 November 2024.

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 **Judgement** 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 **Judgement** 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 PERIOD 30 JUNE 2024

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 Judgement 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 Judgement 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.

The 2nd and 3rd Defendants have filed their respective applications to set aside the said Bankruptcy Notices on 26 January 2024. In this regard, the Shah Alam High Court fixed the date for hearing the said applications by the 2nd and 3rd Defendants on 8 May 2024.

The Shah Alam High Court had on 8 May 2024 dismissed their applications to set aside the Bankruptcy Notice with costs of RM400.00 to be paid to the Company by each of them. Consequently, it was also held that the 2nd and 3rd Defendants had committed an act of bankruptcy on 8 May 2024. Hence the final date for filing creditor's petition against the 2nd and 3rd Defendants is on 7 November 2024.

The 2nd and 3rd Defendants have filed an appeal at the High Court and the appeal has been fixed for Hearing on 23 January 2025.

On 6 May 2024, both the 2nd and 3rd Defendants have filed their respective applications via Summons in Chambers to set aside the Bankruptcy Notices and to stay the entire bankruptcy proceedings (“**new applications**”). In this regard, the Shah Alam High Court fixed the date for decision of the new applications filed by both the 2nd and 3rd Defendants on 3 July 2024.

The Shah Alam High Court had on 3 July 2024, dismissed the new applications with costs of RM400.00 per application to be paid to the Company by each of them.

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

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)**

Meanwhile, the Company has presented a creditor petition to the High Court at Malaya in Shah Alam on 24 May 2024, following an act of bankruptcy by the 2nd and 3rd Defendants on 8 May 2024. The date for the creditor petition hearing is fixed on 26 August 2024.

Prior to the hearing of the creditor petition, both the 2nd and 3rd Defendants had on 19 and 21 August 2024, filed their respective applications via Summons in Chambers to stay the creditor petition and the entire bankruptcy proceedings pending their appeal at the Court of Appeal (“**Stay Applications**”). In this regard, the Shah Alam High Court fixed the date for decision of the Stay Applications filed by both the 2nd and 3rd Defendants on 27 September 2024.

A hearing date for the creditor petition and/or further directions will be given by the Shah Alam High Court on 27 September 2024 after the decision of the Stay Applications.

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 2024

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"):

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

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) 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: -

- 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.

INTERIM REPORT FOR THE FINANCIAL PERIOD 30 JUNE 2024

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'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 2023 has been concluded. The Penang High Court has fixed 3 July 2024 for oral submission. The parties had on 16 July 2024 reached a settlement and recorded a Consent Judgement for the full and final settlement of the claim wherein KISB shall pay to TNB a settlement sum of RM3,000,000.00 and costs of RM5,000.00.

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 JUNE 2024

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>30.6.2024</u>	<u>6 months</u> <u>ended</u> <u>30.6.2024</u>
Net Profit/(loss) for the financial quarter / period (RM'000)	1,014	(5,194)
Weighted average number of ordinary shares in issue ('000)	481,735	481,735
	<hr/>	<hr/>
Basic earnings/(loss) per share (sen)	<u>0.21</u>	<u>(1.08)</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 August 2024.