

INTERIM REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014
PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS 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 FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. 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 2013.

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 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to FRS 10	Consolidated Financial Statement: Investment Entities
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to FRS 127	Separate Financial Statements: Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The above new amendments to standard do not have financial impact on the results of the Group as these changes only affect disclosures.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 9*	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009) To be announced by Malaysian Accounting Standards Board (“MASB”)
FRS 9*	Financial Instruments (IFRS 9 issued by IASB in October 2010) To be announced by MASB

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2. Changes in Accounting Policies (Cont'd)

Description		Effective for financial periods beginning on or after
FRS 9*	Financial Instruments: Mandatory Effective Date of FRS 9 and Transition Disclosures (Amendments to FRS 9 and FRS 7)	To be announced by MASB
FRS 9*	Financial Instruments (Hedge Accounting and Amendments to FRS9, FRS7 and FRS 139)	To be announced by MASB
FRS 14	Regulatory Deferral Accounts	1 January 2016
FRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to FRS 11	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments FRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle		1 July 2014

* On 24 July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. This standard will come into effect on 1 January 2018, with early application permitted.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2015.

3. Declaration of audit qualification

The preceding audited financial statements of the Company were reported without any qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the quarter ended 30 September 2014 were not materially affected by significant seasonal or cyclical fluctuations.

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5. Unusual Items Due to their Nature, Size or Incidence

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 30 September 2014 except for:

- i. deconsolidation of investment in PT Anglo Slavic Indonesia ("PT ASI") as receivables, pursuant to the termination of proposed acquisition as disclosed in Note 20; and
- ii. impairment on the purchase consideration due from PT Anglo Slavic Utama ("PT ASU") and the advance made to PT ASI totaling USD27 million (equivalent to RM84.643 million).

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 BEFORE TAX	
	3 months ended	9 months ended	3 months ended	9 months ended
	30.9.2014	30.9.2014	30.9.2014	30.9.2014
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	168,899	311,698	12,018	47,828
Construction	21,943	74,266	16,932	21,064
Property Development	69,963	113,002	6,565	13,281
Engineering & Consultancy	27,192	65,064	1,662	7,233
Trading & Manufacturing	36,802	102,522	981	2,652
Education	16,593	43,467	674	1,801
Others & Eliminations	(22,407)	(42,353)	(90,369)	(94,501)
GROUP	318,985	667,666	(51,537)	(642)

8. Valuation of property, plant and equipment

The Group did not carry out any valuation on property, plant and equipment during the current quarter under review.

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9. Subsequent events

There was no material event subsequent to the end of the current quarter up to 20 November 2014, being the last practicable date from the date of the issue of this report that are expected to have an operational impact on the Group other than the issuance of 654,000 new ordinary shares of RM0.50 each arising from the exercise of Employees' Share Scheme.

10. Changes in Composition of the Group

During the interim period ended 30 September 2014, investment in PT ASI has been deconsolidated from the Group.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>30.9.2014</u> (RM'000)	<u>As at</u> <u>31.12.2013</u> (RM'000)
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	175,115	307,670
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	31,800	53,900
Guarantee given to Government of Malaysia for repayment of advance payment	8,700	8,700
Guarantee given to Government of Malaysia for performance bond for services rendered	11,262	3,662
Performance guarantee extended to third parties	35,944	7,689

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12. Capital Commitments

	<u>As at</u> <u>30.9.2014</u> RM'000
Approved and contracted for	1,025
Approved but not contracted for	<u>7,145</u>
	<u>8,170</u>

13. Dividend

- (i) In respect of the financial year ended 31 December 2013, dividends paid were as follows:

	RM'000
Interim single tier dividend of 4 sen per ordinary share paid on 2 January 2014	12,595
Final single tier dividend of 6 sen per ordinary share paid on 11 July 2014	20,073

- (ii) In respect of the financial year ending 31 December 2014, the Board of Directors declared an interim single tier dividends of 5 sen per ordinary shares amounted to approximately RM16.757 million, computed based on the issued and paid up capital as at 16 October 2014 (excluding treasury shares) of 335,142,090.

The financial statements for the current financial period do not reflect this proposed dividend.

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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

During the quarter ended 30 September 2014, the Group has recorded RM319.0 million of revenue, an improvement of 27.1% over the preceding year corresponding quarter of RM251.0 million. The improvement was contributed mainly from property development, construction and also engineering and consultancy services segments.

The Group's profit from operation registered a growth of 9.3% as compared to the same period in previous year. However, due to the impairment as disclosed in the Note 5, the Group registered a pre-tax loss of RM51.537 million.

Analysis of segmental results is as follows:

i) Maintenance

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	168,899	158,571	311,698	349,365
Profit Before Tax	12,018	33,590	47,828	68,448

Maintenance segment recorded a decrease in revenue for the period ended 30 September 2014 by 10.8% due to additional periodic maintenance works awarded in 2013. This segment comprised of routine and periodic maintenance works. During the period under review, the revenue increased by 6.5%. However, profit was lower due to more periodic works awarded, which yield a lower profit margin.

ii) Construction

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	21,943	15,698	74,266	31,223
Profit Before Tax	16,932	1,404	21,064	2,516

Construction revenue increased by more than 100% from RM31.2 million to RM74.3 million, mainly due to on-going projects that were secured in mid-2013 and the recognition of revenue from the Perumahan Penjawat Awam 1Malaysia ("PPA1M") project. As a result, the profit before tax had also increased more than 100% to RM21.1 million.

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iii) Property Development

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	69,963	8,868	113,002	17,497
Profit Before Tax	6,565	2,562	13,281	3,765

The accelerated development from the mix development project, De Centrum, has contributed to the improved revenue and pre-tax profit of the property development segment. As at 30 September 2014, Phase 1 of the project was 43% completed. Meanwhile, Phase 2A of the project, which was launched last quarter, has started to contribute towards the segment's result.

iv) Engineering & Consultancy Services

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	27,192	18,797	65,064	46,304
Profit Before Tax	1,662	4,767	7,233	7,124

This segment recorded revenue of RM65.1 million, which was mainly contributed by consultancy services on geotechnical and pavement evaluation, as compared to RM46.3 million in the preceding year corresponding period. Pre-tax profit had increased by only 1.5% due to higher direct and operating costs.

v) Trading

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	36,802	44,470	102,522	121,739
Profit Before Tax	981	832	2,652	2,317

Turnover declined by 15.8% due to lower demand for bitumen products. However, profit before tax increased by 14.5% as compared to the same period last year due to cost savings in operating expenses.

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vi) Education

	Qtr ended 30.9.2014 RM'000	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2014 RM'000	Y-T-D ended 30.9.2013 RM'000
Revenue	16,593	12,971	43,467	36,415
Profit Before Tax	674	246	1,801	450

Infrastructure University Kuala Lumpur has exceeded its targeted students number during the quarter. As at to-date, the total population stood at 4,149 students. As a result, the revenue and profit of this segment improved as compared to the corresponding period of last year.

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

As disclosed in Note 5, full impairment on the amount due from PT ASI and PT ASU has resulted in a pre-tax loss of RM51.537 million in the current quarter.

16. Commentary on Prospects

Maintenance, Construction and Property Development segments are expected to steadily contribute to Group's revenue and profits. The PPA1M project, with total value of almost RM600 million, have started to be contribute its revenue and profits in the current quarter and this will continue for the next two years as the project progresses.

Property Development segment will doubled its contributions in the coming quarters as the newly launched Phase 2A has started its development, together with the on-going Phase 1 project.

The Group will also continue to explore other business opportunities, both locally and internationally, to further enhance the shareholders' value.

Barring unforeseen circumstances, the Board of Directors remain positive of its overall performance in 2014.

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17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

Taxation represents current period provision.

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to losses of certain subsidiary companies that cannot be offset against taxable profits made by the other subsidiaries and non-allowable expenses incurred.

19. Profit after Taxation

	<u>9 months</u> <u>Current</u> <u>Quarter To Date</u> <u>30.9.14</u>	<u>9 months</u> <u>Corresponding</u> <u>Quarter To Date</u> <u>30.9.13</u>
	RM'000	RM'000

Profit for the period is arrived at after (crediting) / charging:

Interest income	(1,613)	(1,621)
Other income including investment income	(5,972)	(4,404)
Interest expenses	3,575	1,699
Depreciation and amortisation	10,512	10,828
Foreign exchange loss	-	204
Impairment on receivables	84,643	-

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20. Corporate Proposals

a. Status of proposal

Save for the following, there was no other corporate proposal announced but not completed in the current quarter up to 20 November 2014, being the last practicable date from the date of the issue of this report: -

i. Proposed Acquisition

On 28 December 2012, AmInvestment Bank Berhad on behalf of the Board of Directors of Protasco Berhad ("PB") announced that PB had on 28 December 2012 entered into a conditional sale and purchase agreement ("Conditional SPA") with PT Anglo Slavic Utama ("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 USD55.0 million.

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 Haseba has 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 ("KST Field") from 14 December 2004.

On 29 January 2014, the 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. The Restated SPA entails the Company acquiring 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 USD22.0 million ("Purchase Price"). The purchase consideration was paid by off-setting the deposit of RM50.0 million and the balance was paid by cash.

The Restated SPA is subject to, amongst others, the following conditions subsequent to the completion of the Restated SPA ("Conditions Subsequent"):-

- (a) Consent of PT Pertamina EP ("Pertamina"), a state-owned entity in Indonesia;
- (b) Extension of the Production Management Partnership ("PMP") Agreement made between Pertamina and PT Hase Bumou Aceh ("PT Haseba"), a sub-subsubsidiary of PT ASI, beyond its expiry on 14 December 2014 for a further ten (10) years; and
- (c) Issuance of SKT Migas license by the Ministry of Energy and Mineral Resources' Director General of Oil and Gas Indonesia to PT Haseba.

On 5 August, the Company announced that the Conditions Subsequent pursuant to the Restated SPA have not been fulfilled by PT ASU within the Condition Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company had also discussed with PT ASU for the return of the Purchase Price.

On 22 September, the Company announced that it has filed a legal suit against PT ASU and two directors of the Company for the refund of the Purchase Price. The details of the legal suit are stated in Note 25(ii).

The Purchase Price is reflected as receivables and has been fully impaired and shown in the Statement of Profit or Loss as other non-operating expenses.

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20. Corporate Proposals (Cont'd)

ii. New Issue of Securities

On 12 December 2013, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that PB proposes to undertake the following: -

(a) proposed private placement of up to 50,000,000 new ordinary shares of RM0.50 each in PB ("Placement Shares") together with up to 100,000,000 new detachable warrants ("Warrants") on the basis of two (2) Warrants for every one (1) Placement Shares ("Proposed Private Placement"); and

(b) proposed bonus issue of up to 33,546,259 free Warrants on the basis of one (1) free Warrant for every ten (10) existing PB shares.

(collectively referred to as the "Proposals")

On 13 January 2014, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the application in relation to the: -

(a) admission to the Official List and listing of and quotation of up to 133,546,259 new Warrants to be issued pursuant to the Proposals; and

(b) the listing for up to 50,000,000 new PB Shares pursuant to the Proposed Private Placement and up to 133,546,259 new PB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

On 30 January 2014, the shareholders of PB had at the Extraordinary General Meeting passed all the resolutions in respect of the Proposals.

On 26 June 2014, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that Bursa Securities had granted the extension of time until 9 January 2015 for the completion of the proposal.

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21. Borrowings and Debt Securities

	<u>As at</u> <u>30.9.2014</u> RM'000	<u>As at</u> <u>31.12.2013</u> RM'000
Secured :		
Short term borrowings	78,928	44,500
Long term borrowings	3,611	3,400
Bank overdrafts	57,170	11,927
Total borrowings	<u>139,709</u>	<u>59,827</u>

There is no borrowing denominated in foreign currency.

22. Share Capital

During the financial period, the issued and paid up share capital increased from 332,225,390 to 334,898,090 pursuant to the Employees' Share Scheme.

23. Treasury Shares

	Average Price (RM)	RM'000
As at 1 January 2014		18,329
Sale of 17,355,100 units	1.43	(18,329)
Purchase of 1,000 units	1.58	2
As at 30 September 2014		<u>2</u>

24. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at the date of this announcement.

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25. Material Litigations

Other than stated below, there were no changes in material litigation since the last annual balance sheet date:

- (i) *Menuju Asas Sdn Bhd, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah v HCM Engineering Sdn Bhd*

HCM Engineering Sdn. Bhd. (“HCM”), a wholly owned subsidiary of Protasco Berhad, received a winding up notice pursuant to Section 218(2) of the Companies Act, 1965 on 25 October 2011 each from Menuju Asas Sdn Bhd (“MASB”) for the sum of RM507,661.78 in Shah Alam High Court Suit No: 22-1558-2010 and from MASB, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah (“MASB & Anors”) for the sum of RM9,960,492.17 in Shah Alam High Court Suit No: 22-1559-2010, respectively, arising from two judgments in default (of appearance) which was entered against HCM in both suits. Both judgments were entered on 11 July 2011.

The judgement for RM507,661.78 is premised an alleged wrongful deductions from payments due to Menuju Asas Sdn Bhd in relation to “Projek Pembinaan Kem Group Gerak Khas - Fasa 1” in Mersing, Johor.

The judgment for RM9,960,492.17 is allegedly due to MASB & Anors arising from HCM pursuant to the termination of the Settlement Agreement dated 6 May 2010 entered into between the said parties and HCM.

HCM has engaged a firm of solicitors to set aside both the judgments and resist any attempt to file a winding up petition premised on the said judgments which HCM contend are without merit. On 17 October 2012, HCM has successfully set aside both judgments in default of appearance and has filed its Statement of Defence on 22 October 2012. On 13 June 2013 HCM proceeded to file an application to strike out both abovementioned suits (“Striking out application”).

On 12 August 2014, HCM’s Striking out application for both suits were allowed with costs of RM6,000.00 (in total for both suits) to be paid by each MASB and MASB & Anors’ to HCM. The MASB & Anors’ Amendment Application was also dismissed with costs of RM3,000.00 to be paid by MASB & Anors’ to HCM.

On 8 September 2014, HCM was served with 3 notices of appeal by both MASB and MASB & Anors’ appealing against the decisions delivered by the High Court. Hearing date for the appeals has been fixed on 13 January 2015.

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25. Material Litigations (Cont'd)

(ii) Protasco Berhad v PT Anglo Slavic Utama, Tey Por Yee and Ooi Kok Aun

Arising from the termination of the Restated SPA as disclosed in Note 20(a), Protasco Berhad ("PB") has, on 22 September 2014, filed a legal suit at the Kuala Lumpur High Court ("Court") against PT ASU ("1st Defendant") and two of its directors, namely Tey Por Yee ("2nd Defendant") and Ooi Kock Aun ("3rd Defendant") ("Legal Proceeding").

PB's claim against the 1st Defendant is for the refund of the Purchase Price paid under the Restated SPA and/or damages and/or for damages arising from the breach of contract.

PB's claim against the 2nd Defendant and the 3rd Defendant is premised on the breach of their fiduciary and statutory duties including the duty to disclose their interest in the transaction as set out in the Restated SPA, conspiracy to defraud PB and the making of secret profit. PB is seeking damages against the 2nd Defendant and the 3rd Defendant.

Total amount of claims against the Defendants:

Against the 1st Defendant

- i. A payment of USD22 million;
- ii. Pre-judgment interest on USD22 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the Writ of Summons until the date of judgment at an interest rate of 5% per annum;
- iii. Post judgment interest on USD22 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgment till 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 million (including an advance of USD5.0 million to PT ASI for the purpose of exploration, wells re-activation and/or construction of wells);
- ii. Pre-judgment interest on USD27 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the Writ of Summons until the date of judgment at an interest rate of 5% per annum;
- iii. Post judgment interest on USD27 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgment till 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.

On 3 October 2014, the Court has directed the 2nd Defendant and the 3rd Defendant to enter appearance by 16 October 2014 and to file their Statement of Defence by 30 October 2014. The 2nd Defendant and the 3rd Defendant had, on 28th October 2014 filed their Statement of Defence. The 1st Defendant has entered its appearance on 10 October 2014.

On 21 November 2014, a new case management date is fixed on 28 November 2014 before the Judge for further directions.

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25. Material Litigations (Cont'd)

(ii) Protasco Berhad v PT Anglo Slavic Utama, Tey Por Yee and Ooi Kok Aun (cont'd)

It has come to PB's knowledge that the 2nd Defendant and the 3rd Defendant and their lawyer, one, Mr. Gideon Tan ("Gideon Tan") of M/s Gideon Tan Razali Zaini, Advocates and Solicitors, who acts for the 2nd Defendant and the 3rd Defendant had attempted to pervert and or obstruct the course of justice by interfering with the evidence of a key witness of PB in this suit.

In this respect, PB obtained the statutory declarations of the key witness and his Indonesian lawyers relating to the interference.

Consequently, PB has filed committal proceedings against the 2nd Defendant, the 3rd Defendant and Gideon Tan on 13 November 2014.

PB has obtained leave of Court on the 18 November 2014 to initiate committal proceedings against the 2nd Defendant, the 3rd Defendant and Gideon Tan and to Show Cause as to why the 2nd Defendant, the 3rd Defendant and Gideon Tan should not be fined and or be committed to imprisonment for contempt of Court for attempting to pervert and or obstruct the course of justice by interfering with the evidence of a key witness of PB in respect of this suit.

The Court has fixed 8 December 2014 as the date for the Court to hear the committal proceedings.

Notwithstanding the above litigation and being prudent, the Board of Directors has decided for full impairment on the Purchase Price and the advance given to PT ASI.

(iii) Kingdom Seekers Ventures Sdn Bhd v Protasco Berhad

PB had on 28 October 2014, been served with a derivative action by Kingdom Seekers Ventures Sdn Bhd ("Kingdom Seekers") suing in a representative capacity for and on behalf of PB and/or for the benefit of PB. PB is named as the 7th Defendant by virtue of the representative claim.

Kingdom Seekers has alleged that Dato' Sri Chong Ket Pen has purportedly received financial gains through RS Maha Niaga Sdn Bhd, a company purportedly under the control and/or the alter ego of Dato' Sri Chong Ket Pen, from PB's oil and gas dealings with an Indonesian party, PT Anglo Slavic Utama and from PB's wholly owned subsidiary namely, Protasco Trading Sdn Bhd's ("PTSB") coal/bitumen dealings with another Indonesian party, PT Goldchild Integritas Abadi ("Goldchild").

Kingdom Seekers is a company controlled by one of PB's director, namely Mr. Tey Por Yee and is a substantial shareholder of PB.

The Court has fixed 11 November 2014 as the first Case Management date for all parties to obtain further directions from the Court.

A new case management date for the legal proceedings initiated by Kingdom Seekers wherein PB is named as the 7th Defendant is now fixed on 12 January 2015 for parties to comply with directions given by the court.

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25. Material Litigations (Cont'd)
(iv) Protasco Berhad vs PT Goldchild Integritas Abadi and Ooi Kock Aun

On 4 February 2013, PTSB, a wholly owned subsidiary of PB, had entered into an 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 was paid by PTSB to Goldchild. The Deposit is to be deducted in stages against future coal trades.

Reference is made to Note 25(ii) whereas PB had filed a legal suit against PT Anglo Slavic Utama, and two (2) of PB's director, namely Tey Por Yee and Ooi Kock Aun (the "1st Legal Proceeding").

Subsequent to the 1st Legal Proceeding, PB has further uncovered that both Ooi Kock Aun and Tey Por Yee have interest in Goldchild. This interest was not disclosed by Ooi Kock Aun to PB. Ooi Kock Aun is PB's Director at the time of the entry into the Agreement between PTSB and Goldchild and is obliged to disclose his personal interest in the transaction. Based on legal advice received, Ooi Kock Aun's failure to make a disclosure of his personal interest contravenes Section 132E of the Companies Act, 1965 therefore rendering the Agreement void and Ooi Kock Aun personally liable to account to PB for any gain which he had made directly or indirectly from the Agreement and/or to indemnify the company for losses and/or damages suffered.

On 21 November 2014, PB has filed a legal suit at the KL High Court against Goldchild and Ooi Kock Aun. PB's claim against Goldchild and Ooi Kock Aun is inter alia for a declaration that the Agreement is void and in breach of the Companies Act, 1965 and for a refund of the Deposit paid.

The aforesaid legal proceeding has no significant immediate adverse impact to the current financial position of PB.

26. Earnings Per Share

Basic	<u>3 months</u> <u>ended</u> 30.9.2014	<u>9 months</u> <u>ended</u> 30.9.2014
Net loss attributable to ordinary shareholders (RM'000)	69,180	42,375
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	334,749	332,240
Loss per share (sen)		
- Basic	(20.67)	(12.75)
- Fully diluted	N/A	N/A

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27. Realised and unrealised profit/losses disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) had issued a directive to all listed issuers to disclose a breakdown of the unappropriated profits or losses into realised and unrealised profit or loss.

The breakdown of the retained profits of the Group as at reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Unaudited	Audited
	As at	As at
	30.9.2014	31.12.2013
	RM'000	RM'000
Total retained profits		
- Realised	203,035	266,725
- Unrealised	(8,514)	(8,854)
	<u>194,521</u>	<u>257,871</u>
Total share of retained profits of associates	(12)	(12)
Less : Consolidation adjustments	<u>(79,153)</u>	<u>(80,055)</u>
Total Group Retained Profits	<u><u>115,356</u></u>	<u><u>177,804</u></u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No 1, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

28. 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 25 November 2014.