

## **INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

### **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 2015. 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 2015.

#### **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 2015, except for the adoption of the Amendments and Annual Improvements to Standards effective as of 1 January 2015.

The Group has adopted the following Amendments to Standards, with a date of initial application of 1 January 2015.

Amendments to FRS 119      Employee Benefits – Defined Benefit Plans: Employee Contributions

Annual Improvements to FRSs 2010 - 2012 Cycle

Annual Improvements to FRSs 2011 - 2013 Cycle

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

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### 2. Changes in Accounting Policies (Cont'd)

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
Amendments to FRS 11	Joint Arrangements Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 101	Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities - Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in July 2014)	1 January 2018
Annual Improvements to FRSs 2012 - 2014 Cycle		1 January 2016

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncement other than described below.

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

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### 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 31 March 2016 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 31 March 2016.

### 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 31.03.2016	3 months ended 31.03.2015	3 months ended 31.03.2016	3 months ended 31.03.2015
<b>OPERATING SEGMENTS</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maintenance	59,993	94,781	9,883	17,111
Construction	96,791	45,870	4,856	1,293
Property Development	10,388	25,019	3,852	2,586
Engineering Services	13,966	18,413	1,450	2,213
Trading & Manufacturing	24,287	35,860	678	761
Education	13,236	14,509	17	(631)
Others & Eliminations	(91,564)	(15,396)	2,408	3,515
<b>GROUP</b>	<b>127,097</b>	<b>219,056</b>	<b>23,144</b>	<b>26,848</b>

## INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

### 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.

### 9. Subsequent events

There was no event subsequent to the end of the current quarter up to 20 May 2016, being the last practicable date from the date of the issue of this report that are expected to have a material impact on the Group other than the issuance of 1,063,600 ordinary shares of RM0.50 each pursuant to the exercise of the Company's Employees Share Scheme.

### 10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the financial period ended 31 March 2016.

### 11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	As at 31.03.2016 (RM'000)	As at 31.12.2015 (RM'000)
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	447,828	349,705
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	21,850	21,850
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	3,600	3,560

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**12. Capital Commitments**

	<u>As at</u> <u>31.03.2016</u> RM'000
Approved and contracted for	488
Approved but not contracted for	<u>19,787</u>
	<u>20,275</u>

**13. Dividend**

(i) In respect of the financial year ended 31 December 2015 :-

- (a) At the forthcoming Annual General Meeting, The Board of Directors recommend a final dividend of 5 sen per ordinary share amounting to approximately RM16.796 million, computed based on the issued and paid up capital as at 31 December 2015 of 335,932,090 ordinary shares of RM0.50 each.

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

(b) Dividends paid were as follows:

	RM'000
- First interim dividend of 4 sen per ordinary share paid on 1 July 2015	13,373
- Second interim dividend of 4 sen per ordinary share paid on 12 January 2016	<u>13,437</u>

**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**
**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 31 March 2016, the Group recorded RM127.1 million of revenue, 42.0% decline as compared to the preceding period corresponding quarter of RM219.1 million.

Profit after taxation attributable to the Group however, recorded an increase of 1.9% mainly contributed by Construction and Property Development segments.

Analysis of segmental results is as follows:

**i) Maintenance**

	<b>Qtr ended 31.03.2016 RM'000</b>	<b>Qtr ended 31.03.2015 RM'000</b>	<b>Y-T-D ended 31.03.2016 RM'000</b>	<b>Y-T-D ended 31.03.2015 RM'000</b>
Revenue	59,993	94,781	59,993	94,781
Profit Before Tax ("PBT")	9,883	17,111	9,883	17,111

Road maintenance segment recorded a drop in revenue and its PBT by 37% and 42% respectively, resulted from the following:-

- (a) A 7-years state road maintenance contract ended since 31 December 2015; and
- (b) A federal road maintenance concession has been extended for another 10 years effective from 17 February 2016. The work orders for road slowed down prior to the renewal.

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**ii) Construction**

	<b>Qtr ended</b> <b>31.03.2016</b> RM'000	<b>Qtr ended</b> <b>31.03.2015</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2016</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2015</b> RM'000
Revenue	96,791	45,870	96,791	45,870
Profit Before Tax ("PBT")	4,856	1,293	4,856	1,293

Construction segment recorded more than 100% increase in revenue and PBT mainly due to the contribution from 'Perumahan Penjawat Awam 1Malaysia' (PPA1M) Phase 1 project. As at the current quarter, PPA1M Phase 1 project was 70% completed.

**iii) Property Development**

	<b>Qtr ended</b> <b>31.03.2016</b> RM'000	<b>Qtr ended</b> <b>31.03.2015</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2016</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2015</b> RM'000
Revenue	10,388	25,019	10,388	25,019
Profit Before Tax ("PBT")	3,852	2,586	3,852	2,586

The revenue contributed from Property segment decrease by 58% due to the completion of De Centrum Phase 1 project at the end of financial year 2015. Phase 2A project continues to be the main contributor to the PBT which had registered an improvement of 49% compared to the same quarter of preceding year. As at end of the financial year, Phase 2A was 58% completed.

**iv) Engineering Services**

	<b>Qtr ended</b> <b>31.03.2016</b> RM'000	<b>Qtr ended</b> <b>31.03.2015</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2016</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2015</b> RM'000
Revenue	13,966	18,413	13,966	18,413
Profit Before Tax ("PBT")	1,450	2,213	1,450	2,213

The revenue and PBT decrease by 24% and 35% respectively due to lesser geotechnical and pavement works done and higher operating costs incurred.

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**v) Trading and Manufacturing**

	<b>Qtr ended</b> <b>31.03.2016</b> RM'000	<b>Qtr ended</b> <b>31.03.2015</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2016</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2015</b> RM'000
Revenue	24,287	35,860	24,287	35,860
Profit Before Tax ("PBT")	678	761	678	761

The turnover and PBT for this segment decline by 32% and 11% respectively as compared to the preceding year corresponding quarter due to lower demand for bitumen products and pavement materials and higher operating costs.

**vi) Education**

	<b>Qtr ended</b> <b>31.03.2016</b> RM'000	<b>Qtr ended</b> <b>31.03.2015</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2016</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>31.03.2015</b> RM'000
Revenue	13,236	14,509	13,236	14,509
Profit Before Tax	17	(631)	17	(631)

Infrastructure University Kuala Lumpur (IUKL) recorded 9% decrease in revenue due to lower new students intake in March 2016 semester. The PBT however, increase due to cost savings.

The students population as at the end of the financial period stood at 3,284.

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

There were no material changes in the current quarter as compared to the preceding quarter.



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**16. Commentary on Prospects**

The Board of Directors anticipate that the Group's earnings will remain sustainable with the main contributions coming from Maintenance, Construction, Property Development and Engineering Services segments.

The Maintenance segment will continue to give steady income to the Group with the extension of the federal roads maintenance contract for another 10 years.

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

**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.

**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**
**19. Profit after Taxation**

	<u>Current</u> <u>Period To Date</u> 31.03.2016 RM'000	<u>Corresponding</u> <u>Period To Date</u> 31.03.2015 RM'000
Profit for the financial period is arrived at after (crediting) / charging:		
Depreciation of property, plant and equipment	3,708	3,434
Interest expense	2,146	1,858
Unrealised loss/(gain) on foreign exchange	252	(303)
Loss on disposal of property, plant and equipment	112	5
Interest income	(955)	(633)

**20. Corporate Proposals**

Save for the following, there was no other corporate proposal announced but not completed in the current quarter up to 20 May 2016, being the last practicable date from the date of the issue of this report, except for:-

New Issuance of Securities

On 24 November 2015, AmInvestment Bank Berhad on behalf of the Board of the Directors of Protasco Berhad ("PB") announced that PB has proposed to undertake a proposed private placement of new ordinary shares of RM0.50 each of up to ten percent (10%) of the issued and paid up share capital of PB ("Proposed Private Placement").

On 7 December 2015, Bursa Malaysia Securities Berhad has granted its approval for the listing of and quotation for up to 34,069,409 new ordinary shares of RM0.50 each pursuant to the Proposed Private Placement.

The Proposed Private Placement is pending for completion at the date of this report.

**21. Borrowings and Debt Securities**

	<u>As at 31.03.2016</u> RM'000	<u>As at 31.12.2015</u> RM'000
Secured :		
Short term borrowings	57,576	54,131
Long term borrowings	344,574	268,329
Bank overdrafts	15,140	14,345
Total borrowings	417,290	336,805

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There is no borrowing denominated in foreign currency.

**22. Share Capital**

	As at 31.03.2016	
	Number of Shares '000	RM'000
Issued and fully paid up:		
At 01.01.2016	337,379	168,690
Issue of shares pursuant to:		
- Employees Shares Scheme Options	506	253
As at 31 March 2016	<u>337,885</u>	<u>168,943</u>

During the financial period, the issued and paid up share capital increased from 337,379,090 to 337,885,490 pursuant to the Employees' Share Scheme.

**23. Treasury Shares**

	Average Price (RM)	RM'000
As at 1 January 2016		2,360
Purchase of 349,500 units	1.39	487
As at 31 March 2016		<u>2,847</u>

**24. Cash and Bank Balances**

Included in cash and bank balances of the Group is a sum of RM25.31 million (2015: RM13.31 million) held under a Housing Development Account pursuant to Section 7A of the Housing Developer (Control & Licensing) Act 1966.

**25. Off Balance Sheet Financial Instruments**

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

## **INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

### **26. Material Litigations**

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

- (i) *Protasco Berhad v PT Anglo Slavic Utama (“1<sup>st</sup> Defendant”), Tey Por Yee (“2<sup>nd</sup> Defendant”) and Ooi Kok Aun (“3<sup>rd</sup> Defendant”)*

On 28 December 2012, the Company 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 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. With the execution of the Restated SPA, the Company acquired 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 (RM68,393,170). 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 within 6 months from the date of the Restated SPA (Conditional Period):-

- (i) Consent of Pertamina;
- (ii) Extension of the PMP Agreement for a further ten (10) year period; and
- (iii) Issuance of SKT Migas licence by the Ministry of Energy and Mineral Resources’ General of Oil and Gas Indonesia to PT Haseba.

In January 2014, the Company paid the balance of purchase consideration of RM18,393,170 to PT ASU. The Company also made an advance of RM16,250,000 for the working capital of PT ASI. The total purchase consideration paid to PT ASU and advance made to PT ASI amounted to RM84,643,170.

On 5 August 2014, the Company announced that the Conditions Subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Condition Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014.

## INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

### 26. Material Litigations (Cont'd)

- (i) *Protasco Berhad v PT Anglo Slavic Utama ("1<sup>st</sup> Defendant"), Tey Por Yee ("2<sup>nd</sup> Defendant") and Ooi Kok Aun ("3<sup>rd</sup> Defendant") (cont'd)*

On 22 September 2014, the Company filed a legal suit against PT ASU and two former directors of the Company for the refund of the purchase consideration and advance.

The total amount claimed against PT ASU and the two former directors ("Defendants") are as follows:

#### Against PT ASU

- i. A payment of USD22 million;
- ii. Pre-judgement interest on USD22 million 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 million 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 two former directors

- 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-judgement interest on USD27 million 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 million 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 following are updates of this litigation:-

#### *PT ASU Stay of Proceeding:*

PT ASU's application for a stay of proceeding and to refer the legal suit to arbitration was dismissed by the High Court on 11 August 2015. PT ASU had appealed to the Court of Appeal and the appeal was allowed on 25 February 2016. As such, the legal suit against PT ASU at the High Court has been stayed pending arbitration proceedings between the Company and PT ASU.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

### **26. Material Litigations (Cont'd)**

- (i) *Protasco Berhad v PT Anglo Slavic Utama ("1<sup>st</sup> Defendant"), Tey Por Yee ("2<sup>nd</sup> Defendant") and Ooi Kok Aun ("3<sup>rd</sup> Defendant") (cont'd)*

*Company's Committal Proceeding:*

The Company has filed an application for Contempt of Court against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant and one Mr. Gideon Tan from Messrs. Gideon Tan Razali Zaini, Advocates & Solicitors, the previous Solicitor for the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant, for attempted to pervert and/or obstruct the course of justice by interfering with the evidence of a key witness of the Company in this Suit. It has been fixed for Case Management on 20 May 2016.

*2<sup>nd</sup> and 3<sup>rd</sup> Defendant and Gideon's Application to Set Side Committal Proceeding:*

The 2<sup>nd</sup> and 3<sup>rd</sup> Defendant and Gideon Tan have filed an application to set aside the Company's Committal proceeding. It has been fixed for Case Management on 20 May 2016.

*Company's Discovery Proceeding:*

The Company has filed an application for discovery (to inspect and make copies) of the bank account records of the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant and few other companies related to this Suit in accordance with Section 6 and/or Section 7 of Bankers' Book (Evidence) Act 1949 and/or in accordance with the inherent power of the Court under Order 92 Rule 4 of the Rules of Court 2012. Such inspection and copies of the records shall be used as evidence to prove that the Company had been made a victim of deception and fraud by the defendants. It has been fixed for Hearing on 20 May 2016.

*2<sup>nd</sup> and 3<sup>rd</sup> Defendant's Stay of Proceeding Pending Arbitration between the Company and PT ASU:*

Since the Suit against PT ASU has been stayed for arbitration, the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant has filed their stay application pending the disposal of the arbitration between PT ASU and the Company. It has been fixed for Hearing on 20 May 2016.

*Mareva Injunction Proceeding:*

On 31 March 2016, the Company has filed an ex-parte application for Mareva injunction against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant. On 1 April 2016, an ad interim order was granted by the Court until the disposal of the inter-parte Hearing which is fixed on 13 June 2016. The Mareva injunction will restrain the 2<sup>nd</sup> and 3<sup>rd</sup> defendant removing or disposing their assets from Malaysia.

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 previous financial year.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

### **26. Material Litigations (Cont'd)**

#### *(ii) Kingdom Seekers Ventures Sdn Bhd v Protasco Berhad and 7 others*

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 7<sup>th</sup> Defendant by virtue of the representative claim.

Kingdom Seekers has alleged that a director of PB has purportedly received financial gains through RS Maha Niaga Sdn Bhd, a company purportedly under the director's control, 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 former director, namely Tey Por Yee and is a substantial shareholder of PB.

The Company has on 22 January 2015 filed an application to strike out the Suit. The Court has, on 21 April 2015 allowed the Company and 7 others' application to strike out the Suit with costs of RM15,000.00 each.

Kingdom Seekers has filed an appeal at the Court of Appeal. The appeal has been dismissed on 21 October 2015 with costs of RM15,000 to be paid to the Company.

Kingdom Seekers has filed a notice of motion dated 20 November 2015 seeking leave to appeal to the Federal Court ("Motion") against the decision of the Court of Appeal dated 21 October 2015. The Motion which was originally fixed for Hearing on 28 April 2016 was adjourned and the new Hearing date will be fixed during the next Case Management.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

### **26. Material Litigations (Cont'd)**

#### *(iii) Protasco Trading Sdn Bhd vs PT Goldchild Integritas Abadi and Ooi Kock Aun*

Protasco Trading Sdn Bhd (“PTSB”), a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 (“the Agreement”) to undertake coal trades with PT Goldchild Integritas Abadi (“Goldchild”).

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit (“Deposit”) of USD5,161,290 or 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 or 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 22 September 2014, the Company filed a legal suit against Goldchild and one of the former directors when the Company uncovered that the former director has an undisclosed interest in Goldchild.

The following are updates of this litigation:-

#### *OKA Striking Out Proceeding:*

OKA has filed an application to strike out the legal suit against him and the application has been dismissed on 19 October 2015. OKA has filed an appeal against the High Court decision at the Court of Appeal. It has been fixed for Case Management on 2 June 2016.

#### *Goldchild Stay of Proceeding:*

Goldchild had filed an application to stay this legal proceeding pending arbitration and has been allowed on 19 October 2015. PTSB has filed an appeal against the High Court decision at the Court of Appeal. It has been fixed for Hearing on 28 July 2016.

#### *OKA Stay of Proceeding:*

Since the legal suit against Goldchild has been stayed for arbitration, OKA has filed an application for stay pending arbitration between PTSB and Goldchild and was allowed on 13 January 2016. PTSB has filed an appeal against the High Court decision at the Court of Appeal. It has been fixed for Hearing on 28 July 2016.

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the previous financial year.



**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**
**27. Earnings Per Share**

	<u>3 months</u> <u>ended</u> 31.03.2016
Net profit attributable to ordinary shareholders (RM'000)	13,350
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	335,821
Basic earnings per share (sen)	<u>3.98</u>

**28. Realised and unrealised retained profit**

	<b>Unaudited</b> As at 31.03.2016 RM'000	<b>Audited</b> As at 31.12.2015 RM'000
Total retained profits		
- Realised	250,459	237,637
- Unrealised	<u>(8,593)</u>	<u>(8,591)</u>
	241,866	229,046
Total share of retained profits of associates	(64)	(115)
Less : Consolidation adjustments	<u>(94,333)</u>	<u>(94,812)</u>
Total Group Retained Profits	<u><u>147,469</u></u>	<u><u>134,119</u></u>

**29. 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 May 2016.