

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 new and amendments to accounting standards that are relevant and effective for accounting periods on or after 1 January 2016, as follows:-

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements to FRSs 2012 - 2014 Cycle	

The adoption of the above new and revised accounting standards 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
FRS 9	Financial Instruments	1 January 2018
FRS 107	Disclosure Initiative	1 January 2017
FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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 30 September 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 30 September 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	9 months ended	3 months ended	9 months ended
	30.09.2016	30.09.2016	30.09.2016	30.09.2016
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	112,846	301,280	8,924	33,650
Construction	73,208	287,711	925	19,442
Property Development	14,317	41,432	6,210	10,590
Engineering Services	8,332	39,980	33	2,677
Trading & Manufacturing	55,806	119,620	886	2,409
Education	16,987	44,039	825	876
Others & Eliminations	21,282	(7,943)	2,338	4,530
GROUP	302,778	826,119	20,141	74,174

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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 quarter under review.

9. Subsequent Events

There was no event subsequent to the end of the current quarter up to 17 November 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.

10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the financial period ended 30 September 2016.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	As at 30.09.2016 <u>(RM'000)</u>	As at 31.12.2015 <u>(RM'000)</u>
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	631,511	349,705
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	22,150	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	<u>3,597</u>	<u>3,560</u>

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
12. Capital Commitments

	<u>As at</u> <u>30.09.2016</u> RM'000
Approved and contracted for	2,661
Approved but not contracted for	4,691
	<u>7,352</u>

13. Dividend

- (i) In respect of the financial year ending 31 December 2016, the Board of Directors has declared an interim dividend of 3 sen net per ordinary shares amounted to approximately RM12.7 million, computed based on the enlarged issued and paid up capital as at 24 November 2016 (excluding treasury shares) of 424,221,414 units.
- (ii) In respect of the financial year ended 31 December 2015, the dividend was paid as follows:-

	RM'000
- First interim dividend of 4 sen per ordinary share paid on 1 July 2015	13,374
- Second interim dividend of 4 sen per ordinary share paid on 12 January 2016	13,437
- Final dividend of 5 sen per ordinary share paid on 29 June 2016	<u>16,874</u>

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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 period under review, the Group recorded a total revenue of RM826.1 million, a decrease of RM7.4 million or 0.9% lower than the total revenue reported in the preceding year corresponding quarter of RM833.5 million. The reduction in revenue is mainly due to the non-renewal of two state road maintenance contracts and completion of a property development project at the end of the previous financial year.

As a result, profit after taxation attributable to the Group reduced by RM4.2 million or 9.1% as compared to the same period in the preceding year.

Analysis of segmental results is as follows:

i) Maintenance

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	112,846	154,855	301,280	405,694
Profit Before Tax ("PBT")	8,924	26,804	33,650	63,148

Road maintenance segment registered lower revenue and PBT by 26% and 47% respectively.

Decrease in revenue was resulted from the non-renewal of two state road maintenance contracts during the year and at the end of the previous financial year respectively, and lesser periodic maintenance work awarded for existing contracts.

PBT decrease significantly due to higher operating and overhead costs compared to the previous year corresponding quarter.

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ii) Construction

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	73,208	62,644	287,711	185,388
Profit Before Tax ("PBT")	925	182	19,442	12,707

Construction segment recorded 55% and 53% growth in revenue and PBT respectively, mainly due to the contribution from 'Perumahan Penjawat Awam 1Malaysia' (PPA1M) Phase 1 project.

As at the current period, PPA1M Phase 1 project was 96% completed.

iii) Property Development

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	14,317	26,020	41,432	81,100
Profit Before Tax ("PBT")	6,210	2,213	10,590	9,864

The revenue contributed from Property Development segment decrease by 49% due to the completion of De Centrum Phase 1 project at the end of financial year 2015. However, PBT recorded was higher due to some costs adjustments on the completed Phase 1 and the on-going De Centrum Phase 2 projects.

As at end of the current period, De Centrum Phase 2A was 81% completed.

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iv) Engineering Services

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	8,332	16,986	39,980	52,465
Profit Before Tax ("PBT")	33	74	2,677	3,155

Engineering services revenue and PBT decrease by 24% and 15% respectively due to lesser geotechnical and soil investigation works awarded.

v) Trading and Manufacturing

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	55,806	32,511	119,620	97,292
Profit Before Tax ("PBT")	886	540	2,409	1,999

The revenue and PBT for this segment increase by 23% and 21% respectively due to higher demand for quarry products.

vi) Education

	Qtr ended 30.09.2016 RM'000	Qtr ended 30.09.2015 RM'000	Y-T-D ended 30.09.2016 RM'000	Y-T-D ended 30.09.2015 RM'000
Revenue	16,987	14,284	44,039	42,451
Profit Before Tax ("PBT")	825	196	876	295

Infrastructure University Kuala Lumpur (IUKL) recorded an increase in revenue and PBT by 4% and more than 100% respectively due to the effective cost control measure implemented in the current period.

The students population as at the end of the financial period stood at 3,986.

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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.

16. Commentary on Prospects

The overall business prospect remains moderate due to the current global uncertainty and the country's projected growth, which is in line with the slow economic growth for this year and next.

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

The Board of Directors is cautiously optimistic of its overall performance in 2016.

17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

Taxation represents current period provision.

The effective tax rate for the current quarter was lower than the statutory tax rate due to overprovision of tax in previous year.

The effective tax rate for the financial period ended 30 September 2016 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>Current</u> <u>Period To Date</u> <u>30.09.2016</u> RM'000	<u>Corresponding</u> <u>Period To Date</u> <u>30.09.2015</u> RM'000
Profit for the financial period is arrived at after (crediting) / charging:		
Depreciation of property, plant and equipment	11,154	10,007
Interest expense	5,610	5,130
Property, plant and equipment written off	-	2
Unrealised (gain)/loss on foreign exchange	(442)	590

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19. Profit after Taxation (Cont'd)

	<u>Current</u> <u>Period To Date</u> <u>30.09.2016</u> RM'000	<u>Corresponding</u> <u>Period To Date</u> <u>30.09.2015</u> RM'000
Gain on disposal of property, plant and equipment	(1,055)	(324)
Interest income	<u>(1,631)</u>	<u>(1,513)</u>

20. Corporate Proposals

Save for the following, there was no other corporate proposal announced but not completed in the current quarter up to 17 November 2016, being the last practicable date from the date of the issue of this report, except for:-

(i) New Issuance of Securities

On 24 November 2015, AmlInvestment 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.

On 2 June 2016, Bursa Malaysia Securities Berhad has granted an extension of time of six (6) months from 7 June 2016 up till 6 December 2016 for the completion of the Proposed Private Placement.

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

(ii) Proposed Bonus Issue

On 27 September 2016, RHB Investment Bank on behalf of the Board of the Directors has submitted the proposal of bonus issue of up to 84,962,172 new ordinary shares of RM0.50 each in PB to be credited as fully paid-up on the basis of 1 bonus share for every 4 existing PB shares held on the entitlement date.

On 7 October 2016, Bursa Malaysia Securities Berhad has approved the listing of 84,962,172 bonus shares subject to certain conditions to be complied with.

The shareholders of PB have approved the Bonus Issue proposal at the Extraordinary General Meeting held on 9 November 2016. On the same day, PB has announced that the entitlement for the Bonus Issue is fixed on 24 November 2016, at 5pm.

The Proposed Bonus Issue is pending for completion at the date of this report.

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21. Borrowings and Debt Securities

	<u>As at 30.09.2016</u>	<u>As at 31.12.2015</u>
	RM'000	RM'000
Secured :		
- Short term borrowings	44,969	35,495
- Long term borrowings	488,878	268,329
- Bank overdrafts	20,374	14,086
Total Secured Borrowings	<u>554,221</u>	<u>317,910</u>
Unsecured :		
- Short term borrowings	16,670	18,636
- Bank overdrafts	1,367	259
Total Unsecured Borrowings	<u>18,037</u>	<u>18,895</u>
Total borrowings	<u>572,258</u>	<u>336,805</u>

Included in the long term borrowings as at the current quarter is an amount of RM381 million for financing of a construction project, which will be repayable as follows:

- (a) upon receipt of sale proceeds and proceeds from project facilitation funds; and/or
- (b) through a final bullet payment of the balance of loan or up to the facility's limit of RM400 million on the 42nd month of loan drawdown.

There is no borrowing denominated in foreign currency.

22. Share Capital

	Number of Shares '000	RM'000
Issued and fully paid up:		
At 1 January 2016	337,379	168,690
Issue of shares pursuant to:		
- Employees Shares Scheme Options	2,470	1,234
As at 30 September 2016	<u>339,849</u>	<u>169,924</u>

During the financial period, the issued and paid up share capital increased from 337,379,090 units to 339,848,690 units pursuant to the Employees' Share Scheme.

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23. Treasury Shares

	Number of Shares '000	Average Price (RM)	RM'000
As at 1 January 2016	1,447		2,360
Purchase of 349,500 units	350	1.39	487
As at 30 September 2016	<u>1,797</u>		<u>2,847</u>

On 18 October 2016, the Company resold its treasury shares of 1,325,000 units for a sale proceeds of approximately RM2.15 million.

The proceeds from the resale of treasury shares will be utilised as working capital.

24. Cash and Bank Balances

Included in cash and bank balances of the Group is a sum of RM19.12 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.

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26. 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, our 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.

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26. 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 our 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.

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26. 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:-

PT ASU’s application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya (“**Court of Appeal**”) which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2nd and 3rd Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been fixed for decision on 20 December 2016.

There are however, several other interlocutory applications files by the parties. These interlocutory applications are procedural in nature. None of these interlocutory applications will finally dispose of the suit against the PT ASU nor the 2nd or 3rd Defendants without going for trial during which the allegations will be heard on its merits.

The KL High Court has fixed 20 December 2016 for case management but no trial date is fixed yet by the KL High Court for this legal suit.

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.

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26. Material Litigations (Cont'd)

- (ii) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-3504-10/2014 between Kingdom Seekers Ventures Sdn Bhd (“Kingdom Seekers”) as plaintiff against Protasco Berhad (“Company”) and 7 others**

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

Kingdom Seekers has alleged that a director of the Company has purportedly received financial gains through RS Maha Niaga Sdn Bhd, a company purportedly under the director's control, from the Company's oil and gas dealings with an Indonesian party, PT Anglo Slavic Utama and from the Company'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 the Company's former director, namely Tey Por Yee and was a substantial shareholder of the Company.

The Company has on 22 January 2015 filed an application to strike out the Suit. The KL High Court has, on 21 April 2015 allowed the Company and 7 others' application to strike out the Suit with costs of RM15,000 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. It has been fixed for Hearing on 24 August 2016. The Motion has been dismissed on 24 August 2016.

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26. Material Litigations (Cont'd)

(iii) High Court of Malaya at Shah Alam (“SA High Court”) Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd (“PTSB”) as plaintiff against PT Goldchild Integritas Abadi (“Goldchild”) and Ooi Kock Aun (“OKA”) as defendants

PTSB, a wholly owned subsidiary of our Company, had entered into an agreement dated 4 February 2013 (“**Agreement**”) to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit (“**Deposit**”) of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former directors of our Company, OKA, when our Company uncovered that OKA has an undisclosed interest in Goldchild.

The status of this suit is as follows:-

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA’s appeal has been fixed for case management by the Court of Appeal on 11 January 2017.

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 fixed for Hearing by the Federal Court on 11 January 2017.

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.

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27. Earnings Per Share

	<u>3 months</u> <u>ended</u> 30.09.2016	<u>9 months</u> <u>ended</u> 30.09.2016
Net profit attributable to ordinary shareholders (RM'000)	14,293	42,007
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	337,839	336,952
Basic earnings per share (sen)	<u>4.23</u>	<u>12.47</u>

28. Realised and unrealised retained profit

	Unaudited As at 30.09.2016 RM'000	Audited As at 31.12.2015 RM'000
Total retained profits		
- Realised	261,757	237,637
- Unrealised	<u>(8,574)</u>	<u>(8,591)</u>
	253,183	229,046
Total share of retained profits of associates	(121)	(115)
Less : Consolidation adjustments	<u>(93,810)</u>	<u>(94,812)</u>
Total Group Retained Profits	<u>159,252</u>	<u>134,119</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 24 November 2016.