

## INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 and FRS 14               | Accounting for Acquisitions of Interests in Joint Operations<br>Regulatory Deferral Accounts |
| 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.

## INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 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 Statement of Cash Flows - Disclosure Initiative                         | 1 January 2017                                     |
| FRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017                                     |
| Annual Improvements to FRS Standards 2014 -2016 Cycle                           | 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.

## INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 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 December 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 year ended 31 December 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 | 12 months ended  | 3 months ended    | 12 months ended |
|                           | 31.12.2016     | 31.12.2016       | 31.12.2016        | 31.12.2016      |
| <b>OPERATING SEGMENTS</b> | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b>     | <b>RM'000</b>   |
| Maintenance               | 186,183        | 487,464          | 2,427             | 36,077          |
| Construction              | 10,909         | 298,620          | 6,993             | 26,435          |
| Property Development      | 19,195         | 60,627           | (3,356)           | 7,235           |
| Engineering Services      | 32,488         | 72,468           | 3,019             | 5,697           |
| Trading & Manufacturing   | 51,974         | 171,593          | 1,104             | 3,513           |
| Education                 | 16,501         | 60,540           | 738               | 1,614           |
| Others & Eliminations     | (54,397)       | (62,340)         | (5,214)           | (686)           |
| <b>GROUP</b>              | <b>262,853</b> | <b>1,088,972</b> | <b>5,711</b>      | <b>79,885</b>   |

## INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 8. Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on property, plant and equipment during the current financial year.

### 9. Subsequent Events

There was no event subsequent to the end of the current financial year up to 22 February 2017, 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 year ended 31 December 2016.

### 11. Contingent Liabilities

The changes in contingent liabilities are as follows:

|  | As at<br>31.12.2016<br><u>(RM'000)</u> | As at<br>31.12.2015<br><u>(RM'000)</u> |
|--|--|--|
| Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies | 612,772                                | 349,705                                |
| Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies              | 22,650                                 | 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                       | 5,165                                  | 2,156                                  |
| Guarantee given to private entities for services rendered  | <u>9,714</u>                           | <u>10,041</u>                          |

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**12. Capital Commitments**

|                                 | As at<br>31.12.2016<br>RM'000 |
|---------------------------------|-------------------------------|
| Approved and contracted for     | 1,138                         |
| Approved but not contracted for | 1,539                         |
|                                 | <u>2,677</u>                  |

**13. Dividend**

- (i) In respect of the financial year ended 31 December 2016, interim dividend of 3 sen net per ordinary shares of RM12.726 million was paid on 23 January 2017.
- (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> |

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year, the Group recorded revenue of RM1.09 billion, a decrease of RM216.1 million or 16.6% lower than the preceding year of RM1.3 billion. The reduction in revenue is mainly due to the non-renewal of road maintenance contracts and lesser work order on maintenance work, and completion of property development projects.

The drop in revenue has affected the profit after taxation attributable to the Group, which significantly reduced by RM22.4 million or 33.5% as compared to the preceding year.

Analysis of segmental results is as follows:

**i) Maintenance**

|                           | <b>Qtr ended<br/>31.12.2016<br/>RM'000</b> | <b>Qtr ended<br/>31.12.2015<br/>RM'000</b> | <b>Y-T-D<br/>ended<br/>31.12.2016<br/>RM'000</b> | <b>Y-T-D<br/>ended<br/>31.12.2015<br/>RM'000</b> |
|---------------------------|--|--|--|--|
| Revenue                   | 186,183                                    | 270,505                                    | 487,464  | 676,199  |
| Profit Before Tax ("PBT") | 2,427                                      | 17,003                                     | 36,077   | 80,151   |

Road maintenance segment registered reduction in annual revenue and PBT by 28% and 55% respectively.

The revenue and PBT of this segment were impacted from the non-renewal of road maintenance contracts in two (2) states which occurred during the end of the preceding year and the first quarter of the current year. Even though the Maintenance segment managed to secure the extension of a federal road maintenance concession in the first quarter, work orders for the project were only began to flow in the subsequent quarters.

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**ii) Construction**

|                           | <b>Qtr ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Qtr ended</b><br><b>31.12.2015</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2015</b><br>RM'000 |
|---------------------------|---|---|---|---|
| Revenue                   | 10,909  | 62,364  | 298,620   | 247,752   |
| Profit Before Tax ("PBT") | 6,993   | 16,087  | 26,435  | 28,794  |

Construction segment recorded 20.5% growth in annual revenue compared to the preceding year mainly due to the contribution from Perumahan Penjawat Awam 1Malaysia (PPA1M) Phase 1 project.

However, the PBT decreased by RM2.4 million or 8.2% since the PPA1M Phase 1 project is at its tail-end, and also due to completion of other construction projects. As at current period, the PPA1M Phase 1 project was 97% completed.

Phase 2 of PPA1M project is expected to contribute revenue in 2017.

**iii) Property Development**

|                            | <b>Qtr ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Qtr ended</b><br><b>31.12.2015</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2015</b><br>RM'000 |
|----------------------------|---|---|---|---|
| Revenue                    | 19,195  | 68,947  | 60,627  | 150,047   |
| (Loss) / Profit Before Tax | (3,356)   | 2,990   | 7,235   | 12,854  |

The annual revenue and profit before taxation for Property Development segment decreased by 59.6% and 43.7% respectively in the current financial year. De Centrum Phase 2A project was fully completed in early current quarter. The Group has yet to launch new project due to the softening of property market.

Besides from the property development activities, the segment also focuses on property investment activities with the De Centrum Mall. As at current date, the occupancy rate in the mall is more than 50%.

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**iv) Engineering Services**

|                            | <b>Qtr ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Qtr ended</b><br><b>31.12.2015</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2015</b><br>RM'000 |
|----------------------------|---|---|---|---|
| Revenue                    | 32,488  | 10,077  | 72,468  | 62,542  |
| Profit / (Loss) Before Tax | 3,019   | (495)   | 5,697   | 2,660   |

The annual revenue and profit before taxation for Engineering services segment increased by 16% and more than 100% respectively mainly resulted from data collection works.

**v) Trading and Manufacturing**

|                           | <b>Qtr ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Qtr ended</b><br><b>31.12.2015</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2015</b><br>RM'000 |
|---------------------------|---|---|---|---|
| Revenue                   | 51,974  | 57,915  | 171,593   | 155,207   |
| Profit Before Tax ("PBT") | 1,104   | 902   | 3,513   | 2,901   |

The annual revenue and PBT for this segment increased by 11% and 21% respectively due to higher demand for quarry and bitumen products.

**vi) Education**

|                           | <b>Qtr ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Qtr ended</b><br><b>31.12.2015</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2016</b><br>RM'000 | <b>Y-T-D</b><br><b>ended</b><br><b>31.12.2015</b><br>RM'000 |
|---------------------------|---|---|---|---|
| Revenue                   | 16,501  | 15,588  | 60,540  | 58,039  |
| Profit Before Tax ("PBT") | 738   | 1,166   | 1,614   | 1,461   |

Infrastructure University Kuala Lumpur (IUKL) recorded growth in annual revenue and PBT of 4% and 11% respectively resulted from their continuous effort on cost control and cost optimisation measures which were implemented in the current financial year.

The students population as at the end of the financial year stood at 3,976.



**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**15. Material Changes in Profit Before Taxation (PBT) for the Current Quarter as Compared to the Preceding Quarter**

The Group recorded PBT of RM5.7 million and RM20.1 million in the current quarter and preceding quarter, respectively. The decrease was mainly due to data collection works required by road maintenance, overheads on an expired road maintenance contracts and completion of a property development project, coupled with higher costs incurred on property investment activities.

**16. Commentary on Prospects**

The slow growth in domestic demand and moderating economic growth of Malaysia's trading partners had affected global economy which present a challenging business environment to the Group.

The Group will remain focus on its core businesses and continue to source for other business opportunities, both locally and internationally, to further enhance shareholders' value.

**17. Profit Forecast or Profit Guarantee**

Not applicable.

**18. Taxation**

Taxation represents current year provision.

The effective tax rate for the financial year ended 31 December 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.

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**19. Profit after Taxation**

|   | <u>Current</u><br><u>Year To Date</u><br><u>31.12.2016</u><br>RM'000 | <u>Corresponding</u><br><u>Year To Date</u><br><u>31.12.2015</u><br>RM'000 |
|---|--|--|
| Profit for the financial year is arrived at after (crediting) / charging: |  |  |
| Bad debts written off   | 2,101  | 506  |
| Impairment losses on receivables  | 2,038  | 3,984  |
| Depreciation of property, plant and equipment                             | 15,559   | 15,923   |
| Depreciation of investment property                                       | 1,223  | -  |
| Interest expense  | 21,857   | 10,105   |
| Property, plant and equipment written off                                 | -  | 23   |
| Loss on disposal of land held for property development                    | -  | 49   |
| Unrealised gain on foreign exchange                                       | (13)   | (165)  |
| Gain on disposal of property, plant and equipment                         | (1,165)  | (1,328)  |
| Interest income   | (2,476)  | (1,497)  |
| Income from short-term investments  | (1,035)  | (535)  |
| Write back of impairment losses on:                                       |  |  |
| - trade and other receivables   | (1,473)  | (7,592)  |
|   | <hr/>  | <hr/>  |

**20. Corporate Proposals**

Save for the following, there was no other corporate proposal announced but not completed in the current financial year up to 22 February 2017, 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 six (6) months extension of time granted by Bursa Malaysia Securities Berhad for the completion of the Proposed Private Placement has lapsed on 6 December 2016.

The Board of Directors of PB decided not to proceed with the Private Placement exercise.

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**21. Borrowings and Debt Securities**

|                            | <u>As at 31.12.2016</u> | <u>As at 31.12.2015</u> |
|----------------------------|-------------------------|-------------------------|
|                            | RM'000                  | RM'000                  |
| Secured :                  |                         |                         |
| - Short term borrowings    | 68,033                  | 35,495                  |
| - Long term borrowings     | 427,239                 | 268,329                 |
| - Bank overdrafts          | 39,693                  | 14,086                  |
| Total Secured Borrowings   | <u>534,965</u>          | <u>317,910</u>          |
| Unsecured :                |                         |                         |
| - Short term borrowings    | 21,792                  | 18,636                  |
| - Bank overdrafts          | -                       | 259                     |
| Total Unsecured Borrowings | <u>21,792</u>           | <u>18,895</u>           |
| Total borrowings           | <u>556,757</u>          | <u>336,805</u>          |

Included in the long term borrowings as at the current financial year is an amount of RM334 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 42<sup>nd</sup> month of loan drawdown.

There is no borrowing denominated in foreign currency.

**22. Share Capital**

|                                   | Number of Shares<br>'000 | Amount<br>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            |
| - Bonus Shares                    | 84,844                   | 42,422           |
| As at 31 December 2016            | <u>424,693</u>           | <u>212,346</u>   |

During the financial year, the issued and paid up share capital increased from 337,379,090 units to 424,692,914 units pursuant to the Employees' Share Scheme options and issuance of 1 bonus share for every 4 existing shares.

**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**23. Treasury Shares**

|                           | Number of Shares<br>'000 | Average Price<br>(RM) | RM'000     |
|---------------------------|--------------------------|-----------------------|------------|
| As at 1 January 2016      | 1,447                    |                       | 2,360      |
| Purchase of 359,500 units | 360                      | 1.43                  | 500        |
| Sale of 1,325,000 units   | (1,325)                  | 1.63                  | (2,100)    |
| As at 31 December 2016    | <u>482</u>               |                       | <u>760</u> |

**24. Cash and Bank Balances**

Included in cash and bank balances of the Group is a sum of RM29.87 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 YEAR ENDED 31 DECEMBER 2016

### 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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> 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.

## INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> 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 2<sup>nd</sup> and the 3<sup>rd</sup> defendant for, among others, the refund of the Purchase Consideration and Advance.

The total amount claimed against PT ASU and the two former directors (“**2<sup>nd</sup> and 3<sup>rd</sup> 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 2<sup>nd</sup> and 3<sup>rd</sup> 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 YEAR ENDED 31 DECEMBER 2016**

**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 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> 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 2<sup>nd</sup> and 3<sup>rd</sup> Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal and the Court of Appeal has fixed for Case Management on 7 March 2017.

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 2<sup>nd</sup> or 3<sup>rd</sup> Defendants without going for trial during which the allegations will be heard on its merits.

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.

## **INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

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

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

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

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

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

The status of this suit is as follows:-

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been fixed for case management by the Court of Appeal on 8 May 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 dismissed by the Federal Court on 11 January 2017. Pursuant to the decision of the Federal Court, the action against OKA is now stayed pending the referral of the matter to arbitration in Jakarta 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 previous financial year.



**INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**
**27. Earnings Per Share**

|  | <u>3 months</u><br><u>ended</u><br>31.12.2016 | <u>12 months</u><br><u>ended</u><br>31.12.2016 |
|--|---|--|
| Net profit attributable to ordinary shareholders (RM'000)                          | 2,364   | 44,371   |
| Weighted average number of ordinary shares in issue<br>less Treasury Shares ('000) | 372,328                                       | 345,844  |
| Basic earnings per share (sen)   | <u>0.63</u>                                   | <u>12.83</u>                                   |

**28. Realised and unrealised retained profit**

|   | <b>Unaudited</b><br>As at<br>31.12.2016<br>RM'000 | <b>Audited</b><br>As at<br>31.12.2015<br>RM'000 |
|---|---|---|
| Total retained profits                        |   |   |
| - Realised                                    | 249,701   | 237,637   |
| - Unrealised                                  | <u>(8,566)</u>                                    | <u>(8,591)</u>                                  |
|   | 241,135   | 229,046   |
| Total share of retained profits of associates | (110)   | (115)   |
| Less : Consolidation adjustments              | <u>(92,220)</u>                                   | <u>(94,812)</u>                                 |
| Total Group Retained Profits                  | <u>148,805</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 27 February 2017.