PROTASCO BERHAD (548078 H)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. 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 2016.

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 2016, 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 2017, as follows:-

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Clarification of the Scope of Standard (Annual Improvements to FRS Standards 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.

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 (IFRS 9 issued by IASB in July 2015)	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 10 and FRS 128 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 140	Transfer of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2012 - 2014 Cycles:		1 January 2018
• Amendments to FRS 1	Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to FRS 128	Measuring an Associate or Joint Venture at Fair Value	

The Group will adopt the above pronouncements once they become effective. The Group does not expect any material impact to the financial statements on the above pronouncements 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.

3. Declaration of Audit Qualification

The audited financial statements of the Group was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The Group's business operations for the quarter ended 31 December 2017 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 2017.

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 31.12.2017	12 months ended 31.12.2017	3 months ended 31.12.2017	12 months ended 31.12.2017
OPERATING SEGMENTS	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Maintenance	207,609	561,053	25,049	59,364
Construction	13,615	176,895	924	5,167
Property Development	578	4,424	(3,147)	485
Engineering Services	49,631	101,401	3,352	11,270
Trading & Manufacturing	95,289	194,316	1,725	3,824
Education	14,526	57,636	2,274	2,348
Others & Eliminations	(67,625)	(128,941)	(3,836)	(10,783)
GROUP	313,623	966,784	26,341	71,675

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 period up to 23 February 2018, 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

On 21 June 2017, Kumpulan Perangsang Selangor Berhad completed the subscription of additional 1,715,000 shares in KPS-HCM Sdn. Bhd. The subscription has resulted in the Group's indirect interests diluted from 70% to 49%, thereby ceased to be an indirect subsidiary of the Group.

On 14 September 2017, HCM Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in Sri Lanka known as H C M Builders Lanka (Private) Limited ("H C M Builders") with a registered capital of 100,000 Sri Lankan Rupee. The intended business activities of H C M Builders are mainly to undertake construction and infrastructure works in Sri Lanka.

On 9 October 2017, Kumpulan Ikram Sdn. Bhd., a wholly-owned subsidiary of the Company transferred its shareholding of its wholly-owned subsidiary, Ikram Greentech Sdn. Bhd. ("IGSB") to Protasco Berhad with total consideration of RM1.00. IGSB then acquired I2 Energy Sdn. Bhd. ("I2E") (formerly known as Ikram Infra Sdn. Bhd.) for a total consideration of RM2. I2E increased its paid up capital from RM2.00 to RM100,000, whereby IGSB held 51% equity interest in I2E.

Save as disclosed above, there was no material changes in the composition of the Group during the financial year ended 31 December 2017.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	As at 31.12.2017 (RM'000)	As at 31.12.2016 (RM'000)
Guarantees given to financial institutions for credit facilities granted to subsidiary companies	267,390	610,387
Corporate guarantees given to suppliers for credit facilities granted to a subsidiary	22,650	22,650
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	5,477	5,164
Guarantee given to private entities for services rendered	54,586	54,498

12. Capital Commitments

	As at 31.12.2017 RM'000
Approved and contracted for	316
Approved but not contracted for	4,781
	5,097

13. Dividend

i) In respect of the financial year ended 31 December 2017, first dividend of 3 sen per ordinary shares of RM12.726 million was paid on 26 January 2018.

ii) In respect of the financial year ended 31 December 2016, the following dividends were paid:-

	RM
First interim dividend of 3 sen per ordinary share, paid on 23 January 2017	12,726,342
Second dividend of 3 sen per ordinary share, paid on 6 July 2017	12,726,312

PROTASCO BERHAD (548078 H)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APP'X 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITES BERHAD

14. Analysis of Unaudited Performance of the Group by Operating Segment

For the financial year ended 31 December 2017, the Group recorded a total revenue of RM966.8 million, a decrease of RM143.4 million or 13% lower than the total revenue reported in the preceding year of RM1,110.2 million.

The decreased revenue has affected the profit after taxation attributable to the Group, which was reduced by RM12.2 million or 29% as compared to the preceding year.

Analysis of segmental results is as follows:

i) <u>Maintenance</u>

	Qtr ended 31.12.2017 RM'000	**Qtr ended 31.12.2016** RM'000	**Y-T-D ended 31.12.2017** RM'000	**Y-T-D ended 31.12.2016** RM'000
Revenue	207,609	187,744	561,053	489,024
Profit Before Tax ("PBT")	25,049	3,108	59,364	36,758

For the financial year ended 31 December 2017, Maintenance segment revenue increased by 15%, due to increased periodic works awarded during the financial year. For the financial year ended 31 December 2016, the periodic works awarded was affected by the renewal of the Federal Concession. The PBT also increased in line with the increase in revenue.

ii) <u>Construction</u>

	Qtr ended 31.12.2017 RM'000	**Qtr ended 31.12.2016** RM'000	**Y-T-D ended 31.12.2017** RM'000	**Y-T-D ended 31.12.2016** RM'000
Revenue	13,615	259,560	176,895	547,271
Profit Before Tax ("PBT")	924	12,274	5,167	31,716

Construction segment revenue and PBT decreased significantly for the financial year ended 31 December 2017, due to the completion of PPA1M Phase 1 in the first quarter of 2017, additional interest costs incurred on PPA1M Phase 1 from the completion date to full settlement of the financing, and cost overrun for certain ongoing projects. The PPA1M Phase 2 commenced in the 2nd quarter of 2017 and expected to contribute positively to the future earnings of this segment.

iii) Property Development

	Qtr ended 31.12.2017 RM'000	Qtr ended 31.12.2016 RM'000	Y-T-D ended 31.12.2017 RM'000	Y-T-D ended 31.12.2016 RM'000
Revenue	578	19,200	4,424	60,632
Profit Before Tax ("PBT")	(3,147)	(3,067)	485	7,523

For the financial year ended 31 December 2017, Property Development segment recorded lower revenue due to no new development launched during the financial year. PBT decreased due to lower revenue and interest costs incurred by its investment properties.

iv) Engineering Services

	Qtr ended 31.12.2017 RM'000	Qtr ended 31.12.2016 RM'000	Y-T-D ended 31.12.2017 RM'000	Y-T-D ended 31.12.2016 RM'000
Revenue	49,631	36,665	101,401	76,645
Profit Before Tax ("PBT")	3,352	(201)	11,270	2,476

Engineering Services segment recorded higher revenue & PBT for the financial year ended 31 December 2017, mainly due to increased revenue from highway and transportation as well as soil investigation services.

v) Trading and Manufacturing

	Qtr ended 31.12.2017 RM'000	Qtr ended 31.12.2016 RM'000	Y-T-D ended 31.12.2017 RM'000	Y-T-D ended 31.12.2016 RM'000
Revenue	95,289	52,109	194,316	171,729
Profit Before Tax ("PBT")	1,725	675	3,824	3,084

The revenue and PBT for this segment increase by 13% and 24% respectively for the financial year ended 31 December 2017, due to additional periodic works awarded to the maintenance segment, whereby this segment is the main supplier to the sub-contractors.

vi) Education

	Qtr ended 31.12.2017 RM'000	**Qtr ended 31.12.2016** RM'000	**Y-T-D ended 31.12.2017** RM'000	**Y-T-D ended 31.12.2016** RM'000
Revenue	14,526	13,902	57,636	57,941
Profit Before Tax ("PBT")	2,274	1,500	2,348	2,376

The Education segment maintained its revenue and PBT even though the student population as at the end of the financial year decreased from 3,976 to 3,517. This is due to better cost management.

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

Both revenue and Profit Before Tax for the current quarter ended 31 December 2017 increased by 4% and 18% respectively as compared to the preceding quarter.

The improvement in the financial results are mainly contributed by the Maintenance and Trading segments due to additional periodic works.

16. Commentary on Prospects

The Group expects the Maintenance segment to continue be the main revenue driver of the Group whilst the Construction segment will execute its current order book to deliver the segment's revenue and continuing to secure new order book for the financial year ending 31 December 2018.

The Group had launched its development project in Pasir Gudang, Johor in third quarter of 2017 with an estimated GDV of RM66 million and will launch its development project in Kota Bahru, Kelantan, named Telipot, with an estimated GDV of RM166 million in the second quarter of 2018.

Engineering and Consultancy segment will continue to contribute to the group's profit from the continuing demand of its consultancy services to the infrastructure projects in Malaysia.

Barring unforeseen circumstances, the Group is cautiously optimistic of its overall business performance for the financial year 2018 and hope to achieve business growth in the current economic conditions.

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 2017 was higher than the statutory tax rate principally due to losses of certain subsidiary companies where no group relief is granted and non-allowable expenses.

19. Profit after Taxation

	Current Year To Date 31.12.2017 RM'000	Corresponding Year To Date 31.12.2016 RM'000
Profit after taxation for the financial period is arrived at after charging / (crediting):		
Bad debts written off	-	135
Depreciation of property, plant and equipment	15,504	15,471
Depreciation of investment properties	1,821	1,157
Interest expense	17,100	7,161
Impairment loss on receivables	901	7,232
Property, plant and equipment written off	5	464
Gain on disposal of property, plant and equipment	(197)	(1,511)
Interest income	(1,832)	(2,916)
Waiver of debts	-	(152)
Write back of impairment losses on receivables	(287)	(3,371)

20. Corporate Proposals

There was no corporate proposal announced but not completed in the current quarter up to 23 February 2018, being the last practicable date from the date of the issue of this report other than the following:

On 17 January 2018, RHB Investment Bank Berhad announced that the Company is proposing to undertake the following:

i) Proposed bonus issue of up to 70,782,152 new ordinary shares in Protasco ("**Protasco Share**") ("**Bonus Share**") on the basis of 1 Bonus Share for every 6 existing Protasco Shares held on the entitlement date to be determined later ("**Proposed Bonus Issue of Shares**"); and;

(ii) Proposed bonus issue of up to 106,173,228 Warrants in Protasco ("**Warrants**") on the basis of 1 Warrants for every 4 existing Protasco Shares held on the same entitlement date as the Proposed Bonus Issue of Shares.

21. Borrowings and Debt Securities

	As at 31.12.2017	As at 31.12.2016
	RM'000	RM'000
Secured:		
- Short term borrowings	59,988	388,906
- Long term borrowings	85,516	95,089
- Bank overdrafts	17,247	39,694
Total Secured Borrowings	162,751	523,689
Unsecured:		
- Short term borrowings	46,930	32,980
Total Unsecured Borrowings	46,930	32,980
Total borrowings	209,681	556,669

The total borrowings decreased from RM557 million as at 31 December 2016 to RM210 million as at 31 December 2017 due to full settlement of the project financing for PPA1M Phase 1. As a result, the net gearing ratio improved from 0.97 times as at 31 December 2016 to 0.12 times as at 31 December 2017.

There is no borrowing denominated in foreign currency. The effective interest rate range from 2.63% to 8.47%.

22. Trade Receivables

The trade receivables ageing can be analysed as follows:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Less than 6 months	226,737	217,698
6 to 12 months	47,005	14,671
1 to 2 years	21,570	11,265
More than 2 years	9,380	23,657
	304,692	267,291

Normal credit terms range from 21 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

23. Share Capital

There is no movement in share capital during the financial year.

24. Treasury Shares

	Number of Shares '000	Average Price (RM)	RM'000
As at 1 January 2017	482		760
Purchase of 2,000 units	2	1.02	2
As at 31 December 2017	484		762

25. Cash and Bank Balances

Included in cash and bank balances of the Group is a sum of RM1.57 million (2016: RM29.87 million) held under a Housing Development Account pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.

26. Off Balance Sheet Financial Instruments

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

27. 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.

27. 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.

27. 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 granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal. The Court of Appeal had on 29 January 2018, allowed the Company appeal and remitted the case back to the High Court against the 2nd and 3rd Defendants. The Court of Appeal also ordered that the arbitration proceeding between the Company and PT ASU be stayed pending the disposal of the proceedings against the 2nd and 3rd Defendants. The High Court fixed 9 March 2018 for case management. No trial date is fixed yet by the KL High Court for this legal suit.

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.

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.

27. 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 struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 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 PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia ("BANI").

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

28. Earnings Per Share

	3 months ended 31.12.2017	12 months ended 31.12.2017
Net profit attributable to ordinary shareholders (RM'000)	8,677	30,162
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	424,211	424,211
Basic earnings per share (sen)	2.05	7.11

29. Realised and unrealised retained profit

	Unaudited As at 31.12.2017 RM'000	Audited As at 31.12.2016 RM'000
Total retained profits		
- Realised	254,001	250,286
- Unrealised	(8,568)	(8,630)
	245,433	241,656
Total share of retained profits of associates	537	(344)
Less : Consolidation adjustments	(95,172)	(95,223)
Total Group Retained Profits	150,798	146,089

30. 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 2018.