

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

**PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD
(MFRS 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 MFRS 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 2017. 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 2017.

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 2017, 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 2018, as follows:-

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customer
MFRS 2	Clarification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
MFRS 140	Transfer of Investment Property (Amendments to MFRS 140)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new and revised accounting standards do not have any financial impact on the results of the Group, other than as disclosed below:

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2. Changes in Accounting Policies (Cont'd)

(i) MFRS 9 Financial Instruments

MFRS 9 is effective for annual periods beginning on or after 1 January 2018. MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 and has elected not to restate comparatives.

The adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the expected credit loss model on trade receivables.

The Group applied simplified approach and calculated expected credit losses based on lifetime expected losses on all trade receivables. The Group established a provision matrix that is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of receivables and the economic environment.

In summary, the impact of adopting MFRS 9 to opening balance are as below:

Statement of Financial Position

In RM'000	Impact of change in accounting policies		
	As previous reported	Retrospective adjustment MFRS 9	After adjustment
Assets			
Receivables	419,127	(21,257)	397,870
Equity			
Retained profits	148,699	(21,151)	127,548
Non-controlling interests	25,830	(106)	25,724

(ii) MFRS 15: Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group's financial statements.

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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 March 2018 were not materially affected by significant seasonal or cyclical fluctuations.

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2018.

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	3 months ended	3 months ended	3 months ended
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	95,795	50,429	10,165	4,797
Construction	32,521	70,958	(1,333)	5,142
Property Development	740	247	(2,620)	(960)
Engineering Services	16,831	20,024	1,924	568
Trading & Manufacturing	25,251	18,136	366	703
Education	12,900	14,046	(1,563)	6
Others & Eliminations	(26,568)	(41,668)	(2,593)	(3,532)
GROUP	157,470	132,172	4,346	6,724

8. Valuation of Property, Plant and Equipment

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

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9. Subsequent Events

There was no event subsequent to the end of the current financial period up to 24 May 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, other than:-

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 ("**Proposed Bonus Issue of Warrants**").

(Collectively referred to as "Proposals")

On 9 April 2018, the shareholders of the Company approved the Proposals. On 10 April 2018, RHB announced that Book Closure Date for the entitlement of the Bonus Shares shall be fixed on 24 April 2018 and the listing of the Bonus Shares will be on 25 April 2018.

On 10 April 2018, RHB also announced that the exercise price of the warrant be fixed at RM0.75.

The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants were completed on 25 April 2018 and 2 May 2018 respectively.

The Proposals have resulted in the increase in the issued share capital to 495,392,310 ordinary shares and outstanding warrants of 106,051,448.

10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the financial period ended 31 March 2018.

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11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	As at 31.3.2018 <u>(RM'000)</u>	As at 31.12.2017 <u>(RM'000)</u>
Guarantees given to financial institutions for credit facilities granted to subsidiary companies	279,010	267,389
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	5,477
Guarantee given to private entities for services rendered	<u>12,439</u>	<u>12,439</u>

12. Capital Commitments

	<u>As at 31.3.2018</u> RM'000
Purchase of property, plant and equipment	<u>202</u>

13. Dividend

- i) The Director's declared a second dividend of 2.5 sen per ordinary share amounting to approximately RM12,373,000 in respect of the financial year ended 31 December 2017 computed based on the enlarged issued share capital. The dividend will be paid on 3 July 2018.

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

- ii) First dividend of 3 sen per ordinary share amounting RM12,726,282 was paid on 26 January 2018.

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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

For the financial period ended 31 March 2018, the Group recorded a total revenue of RM157.5 million, an increase of RM25.3 million or 19% higher than the total revenue reported in the preceding year corresponding period of RM132.2 million.

The Group recorded a loss after taxation attributable to the Group of RM2.1 million, due to losses from the Property Development, Construction and Education segments.

Analysis of segmental results is as follows:

i) Maintenance

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	95,795	50,429	95,795	50,429
Profit Before Interest and Tax	10,165	4,797	10,165	4,797
Profit Before Tax ("PBT")	10,165	4,797	10,165	4,797

For the financial period ended 31 March 2018, Maintenance segment revenue increased, due to increased periodic works awarded during the financial quarter. In the previous year corresponding quarter, periodic works were awarded in July 2017, thus affecting the performance of this segment for the previous year corresponding quarter. PBT also increased in line with the increase in revenue.

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ii) Construction

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	32,521	70,958	32,521	70,958
(Loss)/Profit Before Interest and Tax	(1,213)	5,156	(1,213)	5,156
(Loss)/Profit Before Tax	(1,333)	5,142	(1,333)	5,142

For the financial period ended 31 March 2018, Construction segment revenue decreased due to the completion of Perumahan Penjawat Awam Phase 1 and slow progress in the building works in Perumahan Penjawat Awam Phase 2. As a result, this segment incurred a loss before tax of RM1.3 million. However, this segment is expected to contribute positively in the subsequent quarters as construction works for Perumahan Penjawat Awam Phase 2 will escalate.

iii) Property Development

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	740	247	740	247
Loss Before Interest and Tax	(1,701)	(664)	(1,701)	(664)
Loss Before Tax ("LBT")	(2,620)	(960)	(2,620)	(960)

No revenue were recorded in Property Development segment in the current quarter. The revenue derived only from rental of its investment properties. The loss is due to overheads and interest expenses on its investment properties.

This segment will launch the proposed mixed development project in Kota Bahru, Kelantan in the 2nd Quarter with an estimated Gross Development Value of RM160 million and it is expected to contribute to the future earnings of this segment.

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iv) Engineering Services

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	16,831	20,024	16,831	20,024
Profit Before Interest and Tax	1,956	607	1,956	607
Profit Before Tax ("PBT")	1,924	568	1,924	568

Engineering Services segment revenue decreased by 16% as compared to the preceding year corresponding quarter. However, PBT increased for the financial period ended 31 March 2018 due to income derived from consultancy services on projects secured by its associate and affiliated company.

v) Trading and Manufacturing

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	25,251	18,136	25,251	18,136
Profit Before Interest and Tax	537	756	537	756
Profit Before Tax ("PBT")	366	703	366	703

For Trading and Manufacturing segment, revenue increased by 39% and PBT decreased by 48% for the financial period ended 31 March 2018, due to lower profit margin for bitumen and cold mix products in line with the increase in petroleum price.

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vi) Education

	Qtr ended 31.3.2018 RM'000	Qtr ended 31.3.2017 RM'000	Y-T-D ended 31.3.2018 RM'000	Y-T-D ended 31.3.2017 RM'000
Revenue	12,900	14,046	12,900	14,046
(Loss)/Profit Before Interest and Tax	(1,177)	536	(1,177)	536
(Loss)/Profit Before Tax	(1,563)	6	(1,563)	6

The Education segment decrease in both revenue and PBT were due to low students intake in the current quarter. The student population at the end of the financial quarter decreased from 3,517 to 2,844. The students intake is expected to improved in May 2018 and November 2018 semesters.

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 March 2018 decreased by 45% and 83% respectively as compared to the preceding quarter.

The 4th quarter results of the Maintenance and Trading segments are normally higher due to additional periodic works.

16. Commentary on Prospects

The Group expects the Maintenance segment to continue to be the main revenue driver of the Group whilst the Engineering Services segment is also expected to contribute to the Group's overall profit.

For the Construction segment, the on-going works in Perumahan Penjawat Awam Phase 2 is expected to escalate in the subsequent quarters and Phase 4 of the project is also expected to commence contribution in the 4th quarter of 2018.

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

Barring unforeseen circumstances, the Group expects its overall business performance for the financial year 2018 to be challenging.

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17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

Taxation represents current year provision.

The effective tax rate for the current quarter 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

	<u>Current</u> <u>Period To Date</u> <u>31.3.2018</u> RM'000	<u>Corresponding</u> <u>Period To Date</u> <u>31.3.2017</u> RM'000
Profit after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	3,039	3,643
Depreciation of investment properties	455	510
Interest expense	1,878	2,097
Gain on disposal of property, plant and equipment	(2)	(25)
Interest income	(638)	(3,021)
Write back of impairment losses on receivables	(359)	(65)
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20. Corporate Proposals

There was no corporate proposal announced but not completed in the current quarter up to 24 May 2018, being the last practicable date from the date of the issue of this report.

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21. Borrowings and Debt Securities

	<u>As at 31.3.2018</u>	<u>As at 31.3.2017</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	69,159	388,520
- Long term borrowings	105,717	94,481
- Bank overdrafts	21,461	48,350
Total Secured Borrowings	<u>196,337</u>	<u>531,351</u>
Unsecured:		
- Short term borrowings	19,504	17,389
Total Unsecured Borrowings	<u>19,504</u>	<u>17,389</u>
Total borrowings	<u>215,841</u>	<u>548,740</u>

The total borrowings decreased from RM549 million as at 31 March 2017 to RM215 million as at 31 March 2018 due to full settlement of the project financing for Perumahan Penjawat Awam Phase 1. As a result, the net gearing ratio improved from 1.03 times as at 31 March 2017 to 0.36 times as at 31 March 2018.

There is no borrowing denominated in foreign currency. The effective interest rate range from 2.56% to 6.80% for the conventional borrowings. The effective profit rate for the Islamic borrowings range from 4.94% to 5.85%.

22. Trade Receivables

The trade receivables ageing, net of impairment and expected credit loss can be analysed as follows:

	<u>As at 31.3.2018</u>	<u>As at 31.3.2017</u>
	RM'000	RM'000
Less than 6 months	266,183	195,331
6 to 12 months	25,772	24,377
1 to 2 years	42,452	21,280
More than 2 years	24,159	40,181
	<u>358,566</u>	<u>281,169</u>

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

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23. Share Capital

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

24. Treasury Shares

There is no movement in share buy back during the financial period.

25. Cash and Bank Balances

Included in cash and bank balances of the Group is a sum of RM1.57 million (2017: RM1.57 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.

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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.

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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.

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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 2nd and 3rd Defendants had on 28 February 2018 respectively filed an application by way of motion for leave to appeal to the Federal Court (“2nd and 3rd Defendants’ Motion”). The 2nd and 3rd Defendants’ Motion are now fixed for Hearing on 24 July 2018. Meanwhile, PT ASU had filed an application to intervene the 2nd and 3rd Defendants’ Motion. PT ASU’s application to intervene the 2nd and 3rd Defendants’ Motion has been fixed for Hearing on 22 June 2018.

The KL High Court has fixed 18 February 2019 to 28 February 2019 and 1 March 2019 for trial. 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.

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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.

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28. Earnings Per Share

	<u>3 months</u> <u>ended</u> 31.3.2018	<u>3 months</u> <u>ended</u> 31.3.2017
Net (loss)/profit for the financial quarter (RM'000)	(2,141)	3,298
Weighted average number of ordinary shares in issue ('000)	424,209	424,211
Basic (loss)/earnings per share (sen)	<u>(0.50)</u>	<u>0.78</u>

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

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 30 May 2018.