

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2013. 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 2013.

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 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to FRS 10	Consolidated Financial Statement: Investment Entities
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to FRS 127	Separate Financial Statements: Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting

The above new amendments to standard do not have 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 (IFRS 9 issued by International Accounting Standards Board (IASB) in July 2014)	1 January 2018
FRS 14	Regulatory Deferral Accounts	1 January 2016
FRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to FRS 11	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments FRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle		1 July 2014

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2017.

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 2014 were not materially affected by significant seasonal or cyclical fluctuations.

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

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2014 except for:

	RM'million
i) Impairment losses made for the coal trade deposit and advance in Protasco Trading Sdn Bhd, a wholly owned subsidiary of the Company amounted to USD6.06 million	18.904
ii) Impairment on the purchase consideration due from PT Anglo Slavic Utama and the advance made to PT Anglo Slavic Indonesia amounted to USD27 million	84.643
	103.547

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 31.12.2014	12 months ended 31.12.2014	3 months ended 31.12.2014	12 months ended 31.12.2014
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	233,897	545,595	26,574	74,402
Construction	21,501	139,469	3,485	31,571
Property Development	27,409	82,028	4,175	9,961
Engineering & Consultancy	34,368	99,432	7,716	14,949
Trading & Manufacturing	52,316	154,838	890	3,542
Education	15,741	59,208	1,207	3,008
Others & Eliminations *	(9,952)	(37,624)	(27,604)	(121,632)
GROUP	375,280	1,042,946	16,443	15,801

* Include the impairment losses made on investment in oil and gas and trade coal deposit and advance amounted to RM104 million.

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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 18 February 2014, 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 2014.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>31.12.2014</u> (RM'000)	<u>As at</u> <u>31.12.2013</u> (RM'000)
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	179,769	307,670
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	33,800	53,900
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	11,239	3,662
Performance guarantee extended to third parties	14,650	7,689

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12. Capital Commitments

	<u>As at</u> <u>31.12.2014</u> RM'000
Approved and contracted for	679
Approved but not contracted for	<u>5,202</u>
	<u><u>5,881</u></u>

13. Dividend

(i) In respect of the financial year ended 31 December 2013, dividends paid were as follows:

	RM'000
Interim single tier dividend of 4 sen per ordinary share paid on 2 January 2014	12,595
Final single tier dividend of 6 sen per ordinary share paid on 11 July 2014	20,073

(ii) In respect of the financial year ended 31 December 2014, dividends paid were as follows:

	RM'000
Interim single tier dividend of 5 sen per ordinary share paid on 15 January 2015	16,764

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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 quarter ended 31 December 2014, the Group has recorded RM375.3 million of revenue, a decline of 3.3% over the preceding year corresponding quarter of RM388.0 million. This was mainly due to the completion of several construction projects undertaken by the Group.

As compared to the same period in the previous year, the Group's profit from operation increased by 3.4%. However, the pre-tax loss declined by 52.7% due to the impairment losses incurred on coal trade deposit and advance in trading segment.

Analysis of segmental results is as follows:

i) Maintenance

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	233,897	180,785	545,595	530,150
Profit Before Tax ("PBT")	26,574	17,854	74,402	86,302

Maintenance segment recorded an increase in revenue for the year ended 31 December 2014 by 2.9% due to additional work orders received. However, the PBT was lower by 13.8% due to more periodic works awarded, which yield a lower profit margin.

ii) Construction

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	21,501	124,191	139,469	155,414
Profit Before Tax ("PBT")	3,485	2,100	31,571	4,616

Construction revenue decreased by 10.3% from RM155.4 million to RM139.5 million due to the completion of several construction projects. PBT was contributed by road projects in Johor, Kedah and Sarawak, and Perumahan Penjawat Awam 1Malaysia ("PPA1M") project. It increased by more than 100% due to additional costs incurred in 2013 for projects completed in 2012.

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iii) Property Development

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	27,409	17,343	82,028	34,822
Profit Before Tax ("PBT")	4,175	2,337	9,961	6,102

The Group's mix development projects, De Centrum Phase 1 and Phase 2A, have contributed to the improved revenue and PBT of the property development segment.

As at 31 December 2014, Phase 1 was 55% completed and Phase 2A was 14% completed.

iv) Engineering & Consultancy Services

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	34,368	19,544	99,432	65,848
Profit Before Tax ("PBT")	7,716	4,740	14,949	11,864

This segment continue to record higher revenue and profit in the current quarter mainly due to increased contribution from geotechnical and pavement evaluation works which yield a better profit margin.

v) Trading and Manufacturing

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	52,316	44,799	154,838	166,538
Profit Before Tax ("PBT")	890	1,600	3,542	3,917

Turnover for the year declined by 7% due to lower demand for bitumen products and concentration of higher margin products. PBT decreased marginally due to higher operating expenses incurred despite higher margin achieved.

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vi) Education

	Qtr ended 31.12.2014 RM'000	Qtr ended 31.12.2013 RM'000	Y-T-D ended 31.12.2014 RM'000	Y-T-D ended 31.12.2013 RM'000
Revenue	15,741	16,046	59,208	52,461
Profit Before Tax ("PBT")	1,207	2,333	3,008	2,783

Infrastructure University Kuala Lumpur has recorded an improvement of 12.9% and 8.1% in its revenue and PBT respectively as compared to the previous year. Its students population as at year end stood at 4,105 or an increase of 11.9% in students population.

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

There is no material changes in the current quarter results other than as disclosed in Note 5.

16. Commentary on Prospects

The Group anticipate that the three main segments, Maintenance, Construction and Property Development, will continue to be the Group's main contributor to its revenue and profits in 2015.

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

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic that the Group will continue to improve its overall performance in 2015.

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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 that cannot be offset against taxable profits made by the other subsidiaries and non-allowable expenses incurred.

19. Profit/(Loss) after Taxation

	<u>Current</u> <u>Year To Date</u> <u>30.12.2014</u>	<u>Corresponding</u> <u>Year To Date</u> <u>31.12.2013</u>
	RM'000	RM'000
Profit/(Loss) for the financial year is arrived at after (crediting) / charging:		
Amortisation of development cost	-	330
Bad debts written off	61	25
Bad debts recovered	-	(1,887)
Depreciation of property, plant and equipment	14,135	14,322
(Gain)/Loss on disposal of property, plant and equipment	(743)	564
Impairment losses on:		
- Investment in associates	-	1
- Trade and other receivables	106,565	4,894
Interest expense	4,642	2,426
Interest income	(2,519)	(1,746)
Inventories written off	-	56
Other income including investment income	(7,430)	(9,294)
Unrealised gain on foreign exchange	-	(1,791)
Write-back of impairment losses on:		
- Long term investments	-	(30)
- Trade and other receivables	-	(2,251)

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20. Corporate Proposals

a. Status of proposal

Save for the following, there was no other corporate proposal announced but not completed in the current quarter up to 18 February 2014, being the last practicable date from the date of the issue of this report: -

i. Proposed Acquisition

On 28 December 2012, AmInvestment Bank Berhad on behalf of the Board of Directors of Protasco Berhad ("PB") announced that PB had on 28 December 2012 entered into a conditional sale and purchase agreement ("Conditional SPA") with PT Anglo Slavic Utama ("PT ASU") to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia ("PT ASI"), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55.0 million.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti ("PT FAS") which in turn holds 70% equity interest in PT Hase Bumou Aceh ("PT Haseba") ("PT ASI Group"). PT Haseba has a 10 year production management partnership agreement ("PMP Agreement") with PT Pertamina (PERSERO) ("Pertamina") to develop and to produce oil and gas in the Kuala Simpang Timur Field ("KST Field") from 14 December 2004.

On 29 January 2014, the Company entered into an amended and restated sale and purchase agreement ("Restated SPA") with PT ASU to amend, vary and restate, in its entirety, the Conditional SPA. The Restated SPA entails the Company acquiring 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22.0 million ("Purchase Price"). The purchase consideration was paid by off-setting the deposit of RM50.0 million and the balance was paid by cash.

The Restated SPA is subject to, amongst others, the following conditions subsequent to the completion of the Restated SPA ("Conditions Subsequent"):-

- (a) Consent of PT Pertamina EP ("Pertamina"), a state-owned entity in Indonesia;
- (b) Extension of the Production Management Partnership ("PMP") Agreement made between Pertamina and PT Hase Bumou Aceh ("PT Haseba"), a sub-subsidiary of PT ASI, beyond its expiry on 14 December 2014 for a further ten (10) years; and
- (c) Issuance of SKT Migas license by the Ministry of Energy and Mineral Resources' Director General of Oil and Gas Indonesia to PT Haseba.

On 5 August 2014, the Company announced that the Conditions Subsequent pursuant to the Restated SPA have not been fulfilled by PT ASU within the Condition Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company had also discussed with PT ASU for the return of the Purchase Price.

On 22 September 2014, the Company announced that it has filed a legal suit against PT ASU and two former directors of the Company for the refund of the Purchase Price. The details of the legal suit are stated in Note 25(ii).

The Purchase Price is reflected as receivables and has been fully impaired in the preceding quarter and shown in the Statement of Profit or Loss as other non-operating expenses.

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20. Corporate Proposals (Cont'd)

ii. New Issue of Securities

On 12 December 2013, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that PB proposes to undertake the following: -

(a) proposed private placement of up to 50,000,000 new ordinary shares of RM0.50 each in PB ("Placement Shares") together with up to 100,000,000 new detachable warrants ("Warrants") on the basis of two (2) Warrants for every one (1) Placement Shares ("Proposed Private Placement"); and

(b) proposed bonus issue of up to 33,546,259 free Warrants on the basis of one (1) free Warrant for every ten (10) existing PB shares.

(collectively referred to as the "Proposals")

On 13 January 2014, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the application in relation to the: -

(a) admission to the Official List and listing of and quotation of up to 133,546,259 new Warrants to be issued pursuant to the Proposals; and

(b) the listing for up to 50,000,000 new PB Shares pursuant to the Proposed Private Placement and up to 133,546,259 new PB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

On 30 January 2014, the shareholders of PB had at the Extraordinary General Meeting passed all the resolutions in respect of the Proposals.

On 26 June 2014, AmInvestment Bank Berhad on behalf of the Board of Directors of PB announced that Bursa Securities had granted the extension of time until 9 January 2015 for the completion of the proposal.

On 12 December 2014, PB has decided to abort the proposed private placement and bonus issue warrants.

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21. Borrowings and Debt Securities

	<u>As at</u> <u>31.2.2014</u> RM'000	<u>As at</u> <u>31.12.2013</u> RM'000
Secured :		
Short term borrowings	164,056	44,500
Long term borrowings	3,759	3,400
Bank overdrafts	18,865	11,927
Total borrowings	<u>186,680</u>	<u>59,827</u>

There is no borrowing denominated in foreign currency.

22. Share Capital

During the financial year, the issued and paid up share capital increased from 334,898,090 to 335,272,090 pursuant to the Employees' Share Scheme.

23. Treasury Shares

	Average Price (RM)	RM'000
As at 1 January 2014		18,329
Sale of 17,355,100 units	1.43	(18,329)
Purchase of 2,000 units	1.58	3
As at 31 December 2014		<u>3</u>

24. 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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25. Material Litigations

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

- (i) *Menuju Asas Sdn Bhd, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah v HCM Engineering Sdn Bhd*

HCM Engineering Sdn. Bhd. ("HCM"), a wholly owned subsidiary of Protasco Berhad, received a winding up notice pursuant to Section 218(2) of the Companies Act, 1965 on 25 October 2011 each from Menuju Asas Sdn Bhd ("MASB") for the sum of RM507,661.78 in Shah Alam High Court Suit No: 22-1558-2010 and from MASB, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah ("MASB & Anors") for the sum of RM9,960,492.17 in Shah Alam High Court Suit No: 22-1559-2010, respectively, arising from two judgments in default (of appearance) which was entered against HCM in both suits. Both judgments were entered on 11 July 2011.

The judgement for RM507,661.78 is premised on alleged wrongful deductions from payments due to Menuju Asas Sdn Bhd in relation to "Projek Pembinaan Kem Group Gerak Khas - Fasa 1" in Mersing, Johor.

The judgment for RM9,960,492.17 is allegedly due to MASB & Anors arising from HCM pursuant to the termination of the Settlement Agreement dated 6 May 2010 entered into between the said parties and HCM.

On 17 October 2012, HCM has successfully set aside both judgments in default of appearance and has filed its Statement of Defence on 22 October 2012. On 13 June 2013 HCM proceeded to file an application to strike out both abovementioned suits ("Striking out application").

On 12 August 2014, HCM's Striking out application for both suits were allowed with costs of RM6,000.00 (in total for both suits) to be paid by each MASB and MASB & Anors' to HCM. The MASB & Anors' Amendment Application was also dismissed with costs of RM3,000.00 to be paid by MASB & Anors' to HCM.

On 8 September 2014, HCM was served with 3 notices of appeal by both MASB and MASB & Anors' appealing against the decisions delivered by the High Court. The appeals have been fixed for further hearing on 13 March 2015.

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25. Material Litigations (Cont'd)

(ii) Protasco Berhad v PT Anglo Slavic Utama, Tey Por Yee and Ooi Kok Aun

Arising from the termination of the Restated SPA as disclosed in Note 20(a), Protasco Berhad ("PB") has, on 22 September 2014, filed a legal suit at the Kuala Lumpur High Court ("Court") against PT ASU ("1st Defendant") and two of its former directors, namely Tey Por Yee ("2nd Defendant") and Ooi Kock Aun ("3rd Defendant") ("Legal Proceeding").

PB's claim against the 1st Defendant is for the refund of the Purchase Price paid under the Restated SPA and/or damages and/or for damages arising from the breach of contract.

PB's claim against the 2nd Defendant and the 3rd Defendant is premised on the breach of their fiduciary and statutory duties including the duty to disclose their interest in the transaction as set out in the Restated SPA, conspiracy to defraud PB and the making of secret profit. PB is seeking damages against the 2nd Defendant and the 3rd Defendant.

Total amount of claims against the Defendants:

Against the 1st Defendant

- i. A payment of USD22 million;
- ii. Pre-judgment interest on USD22 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the Writ of Summons until the date of judgment at an interest rate of 5% per annum;
- iii. Post judgment interest on USD22 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgment till 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 million (including an advance of USD5.0 million to PT ASI for the purpose of exploration, wells re-activation and/or construction of wells);
- ii. Pre-judgment interest on USD27 million pursuant to Section 11 of the Civil Law Act 1956 from the date of the Writ of Summons until the date of judgment at an interest rate of 5% per annum;
- iii. Post judgment interest on USD27 million pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgment till 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.

On 3 October 2014, the Court has directed the 2nd Defendant and the 3rd Defendant to enter appearance by 16 October 2014 and to file their Statement of Defence by 30 October 2014. The 2nd Defendant and the 3rd Defendant had, on 28th October 2014 filed their Statement of Defence. The 1st Defendant has entered its appearance on 10 October 2014.

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25. Material Litigations (Cont'd)

(ii) Protasco Berhad v PT Anglo Slavic Utama, Tey Por Yee and Ooi Kok Aun (cont'd)

As an update:

Challenge Warrant to Act Proceeding

PB has filed an application to challenge the Warrant to Act of the Solicitor acting for the 1st Defendant, Messrs. Rashid Zulkifli on the premise that there's no proper and/or valid resolution and/or power of attorney. It has been fixed for hearing on 27 February 2015.

Stay of Proceeding

The Defendants have filed an application for a Stay of Proceeding and refer the Suit to Arbitration pursuant to Clause 21.3 of the Restated SPA. It has been fixed for hearing on 18 March 2015.

Contempt Proceeding

PB has filed an application for Contempt of Court against the 2nd and 3rd Defendant and one Mr. Gideon Tan from Messrs. Gideon Tan Razali Zaini, Advocates & Solicitors, the previous Solicitor for the 2nd and 3rd Defendant for attempted to pervert and or obstruct the course of justice by interfering with the evidence of a key witness of PB in this Suit. It has been fixed for Hearing on 19 March 2015.

Bank Account Discovery Proceeding

PB has filed an application for discovery (to inspect and make copies) of the bank account records of the 1st Defendant and few other companies related to this Suit in accordance with Section 6 and/or Section 7 of Bankers' Book (Evidence) Act 1949 and/or in accordance with the inherent power of the Court under Order 92 Rule 4 of the Rules of Court 2012. Such inspection and copies of the records shall be used as evidence to prove that PB had been made a victim of deception and fraud by the defendants. It has been fixed for Hearing on 1 April 2015.

Full Trial

The Court has fixed 27 until 30 April 2015 for the Full Trial of this Suit.

Notwithstanding the above litigation, the Board of Directors has decided in the preceding quarter to impair in full the Purchase Price and the advance given to PT ASI.

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25. Material Litigations (Cont'd)

(iii) Kingdom Seekers Ventures Sdn Bhd v Protasco Berhad and 7 others

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

Kingdom Seekers has alleged that Dato' Sri Chong Ket Pen has purportedly received financial gains through RS Maha Niaga Sdn Bhd, a company purportedly under the control and/or the alter ego of Dato' Sri Chong Ket Pen, from PB's oil and gas dealings with an Indonesian party, PT Anglo Slavic Utama and from PB's wholly owned subsidiary namely, Protasco Trading Sdn Bhd's ("PTSB") coal/bitumen dealings with another Indonesian party, PT Goldchild Integritas Abadi ("Goldchild").

Kingdom Seekers is a company controlled by one of PB's former director, namely Mr. Tey Por Yee and is a substantial shareholder of PB.

As an update:

- i. Defence – PB has filed its Defence on 2 December 2014.
- ii. Striking Out Proceeding – PB has on 22 January 2015 filed an application to strike out the Suit and the parties have been directed by the Court to file their respective affidavits in reply to the striking out application.
- iii. Case Management - The Court has fixed 11 March 2015 as Case Management date.

(iv) Protasco Trading Sdn Bhd vs PT Goldchild Integritas Abadi and Ooi Kock Aun

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

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

Reference is made to Note 25(ii) whereas PB had filed a legal suit against PT Anglo Slavic Utama, and two (2) of PB's former director, namely Tey Por Yee and Ooi Kock Aun (the "1st Legal Proceeding").

Subsequent to the 1st Legal Proceeding, PB has further uncovered that both Ooi Kock Aun and Tey Por Yee have interest in Goldchild. This interest was not disclosed by Ooi Kock Aun to PB. Ooi Kock Aun is PB's Director at the time of the entry into the Agreement between PTSB and Goldchild and is obliged to disclose his personal interest in the transaction. Based on legal advice received, Ooi Kock Aun's failure to make a disclosure of his personal interest contravenes Section 132E of the Companies Act, 1965 therefore rendering the Agreement void and Ooi Kock Aun personally liable to account to PTSB for any gain which he had made directly or indirectly from the Agreement and/or to indemnify PTSB for losses and/or damages suffered.

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25. Material Litigations (Cont'd)

(iv) Protasco Trading Sdn Bhd vs PT Goldchild Integritas Abadi and Ooi Kock Aun (cont'd)

On 21 November 2014, PTSB has filed a legal suit at the KL High Court against Goldchild and Ooi Kock Aun. PTSB's claim against Goldchild and Ooi Kock Aun is inter alia for a declaration that the Agreement is void and in breach of the Companies Act, 1965 and for a refund of the Deposit paid.

As an update:

Defence

Ooi Kock Aun has filed its Defence on 14 January 2015.

Reply to Defence

PTSB has filed its Reply to Ooi Kock Aun's Defence on 29 January 2015.

Writ of Summons on Goldchild

PTSB has yet to serve the Writ to Goldchild since Goldchild is a company incorporated in Jakarta, Indonesia. As such, PTSB has on 29 January 2015 filed an application to Court for a 'leave' to serve the Writ out of jurisdiction.

Case Management

The Suit has been fixed for Case Management on 9 March 2015.

Notwithstanding the above litigation, the Board of Directors has decided to impair in full the coal trade deposit paid to Goldchild.

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26. Earnings Per Share

	<u>3 months</u> <u>ended</u> 31.12.2014	<u>12 months</u> <u>ended</u> 31.12.2014
Net loss attributable to ordinary shareholders (RM'000)	5,485	47,860
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	335,180	332,954
Basic loss per share (sen)	1.64	14.37

27. Realised and unrealised profit/losses disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") had issued a directive to all listed issuers to disclose a breakdown of the unappropriated profits or losses into realised and unrealised profit or loss.

The breakdown of the retained profits of the Group as at reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Unaudited As at 31.12.2014 RM'000	Audited As at 31.12.2013 RM'000
Total retained profits		
- Realised	182,667	266,725
- Unrealised	<u>(8,515)</u>	<u>(8,854)</u>
	174,152	257,871
Total share of retained profits of associates	1,650	(12)
Less : Consolidation adjustments	<u>(82,694)</u>	<u>(80,055)</u>
Total Group Retained Profits	<u><u>93,108</u></u>	<u><u>177,804</u></u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No 1, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

28. 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 26 February 2015.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Quarter 31.12.14 RM'000	Corresponding Quarter 31.12.13 RM'000	Current Year To Date 31.12.14 RM'000	Corresponding Year To Date 31.12.13 RM'000
Revenue	7	375,280	387,994	1,042,946	969,706
Cost of sales		(301,330)	(313,501)	(799,180)	(755,145)
Gross profit		73,950	74,493	243,766	214,561
Other operating income		2,404	4,743	9,989	11,040
Operating expenses		(40,182)	(44,262)	(130,511)	(118,454)
Profit from operation		36,172	34,974	123,244	107,147
Other non-operating expenses	5	(18,904)	-	(103,547)	-
Finance costs		(825)	(238)	(3,896)	(2,427)
Share of profit in associated company		-	15	-	15
Profit before taxation	7	16,443	34,751	15,801	104,735
Taxation	18	(11,629)	(10,493)	(35,286)	(31,706)
Profit/(Loss) after taxation	19	4,814	24,258	(19,485)	73,029
Other Comprehensive Income/(Expenses) Items that will be reclassified subsequently to profit or loss:					
Currency translation differences		(1,660)	1,587	(2,602)	(2,042)
Total comprehensive income/(expenses)		3,154	25,845	(22,087)	70,987
Profit/(Loss) attributable to:					
Equity holders of the Company		(5,485)	15,405	(47,860)	48,173
Non-controlling Interests		10,299	8,853	28,375	24,856
		4,814	24,258	(19,485)	73,029
Total comprehensive income/(expenses) attributable to:					
Equity holders of the Company		(4,652)	16,860	(47,970)	46,570
Non-controlling Interests		7,806	8,985	25,883	24,417
		3,154	25,845	(22,087)	70,987
Earnings/(Loss) per share attributable to equity holders of the parent (sen)					
- Basic	26	(1.64)	4.93	(14.37)	15.64

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Unaudited as at <u>31.12.14</u> RM'000	<u>Audited</u> as at <u>31.12.13</u> RM'000
ASSETS		
Non-current Assets		
Investment in associated companies	110	110
Property, plant & equipment	175,475	174,997
Investment property	35,058	14,099
Land held for property development	31,655	2,082
Goodwill on Consolidation	36	36
Long term investments	190	225
Deferred tax assets	44	44
	242,568	191,593
Current Assets		
Inventories	1,436	1,288
Property development costs	4,638	16,383
Amount owing by contract customers	20,641	1,109
Trade receivables	328,246	308,487
Other receivables	48,336	115,835
Amount owing by associates	5,936	3,483
Tax recoverable	680	2,908
Short term investments	891	16,009
Deposits with licenced banks	188,319	155,951
Cash and bank balances	93,704	66,901
	692,827	688,354
TOTAL ASSETS	935,395	879,947

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

		Unaudited as at <u>31.12.14</u> RM'000	<u>Audited</u> as at <u>31.12.13</u> RM'000
	Note		
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	22	167,634	166,113
Share premium		73,716	64,363
Treasury shares, at cost	23	(3)	(18,329)
Other reserves		(2,553)	(1,470)
Retained profits		93,108	177,804
		<hr/> 331,902	<hr/> 388,481
Non-controlling Interests		37,599	37,511
Total equity		<hr/> 369,501	<hr/> 425,992
Non-current liabilities			
Trade payables		-	2,112
Long term borrowings	21	3,759	3,400
Deferred taxation		8,429	8,769
		<hr/> 12,188	<hr/> 14,281
Current Liabilities			
Trade payables		293,133	292,552
Other payables		53,211	67,096
Dividend Payable	13	16,764	12,595
Taxation		7,677	11,004
Short term borrowings	21	164,056	44,500
Bank overdrafts	21	18,865	11,927
		<hr/> 553,706	<hr/> 439,674
Total Liabilities		<hr/> 565,894	<hr/> 453,955
TOTAL EQUITY AND LIABILITIES		<hr/> 935,395	<hr/> 879,947
Net assets per share (RM)		1.00	1.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital	Treasury shares	Share premium	Foreign Exchange reserve	Employee Share Option reserve	Capital reserve	Retained profits	Attributable to owner of the Company	Non-controlling interests	Total equity
	RM' 000	RM'000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
At 1 January 2013	150,000	(2,835)	43,531	(9,440)	-	8,600	164,108	353,964	46,552	400,516
Net profit for the financial year	-	-	-	-	-	-	48,173	48,173	24,856	73,029
Other comprehensive income for the financial year										
- Foreign currency translation	-	-	-	(1,603)	-	-	-	(1,603)	(439)	(2,042)
Total comprehensive income for the financial year	-	-	-	(1,603)	-	-	48,173	46,570	24,417	70,987
Contributions by and distributions to owners of the Company										
- Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(20)	(20)
- Recognition of share-based payments	-	-	-	-	1,729	-	-	1,729	-	1,729
- Issuance of shares	16,113	-	20,176	-	-	-	-	36,289	-	36,289
- Share issuance cost	-	-	(100)	-	-	-	-	(100)	-	(100)
- Transfer to share premium upon exercise of share option	-	-	756	-	(756)	-	-	-	-	-
- Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	343	343
- Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	(9,743)	(9,743)	9,743	-
- Treasury shares acquired	-	(15,494)	-	-	-	-	-	(15,494)	-	(15,494)
- Dividends:										
- by the Company	-	-	-	-	-	-	(24,734)	(24,734)	-	(24,734)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(43,524)	(43,524)
Total transaction with owners of the Company	16,113	(15,494)	20,832	-	973	-	(34,477)	(12,053)	(33,458)	(45,511)
At 31 December 2013	166,113	(18,329)	64,363	(11,043)	973	8,600	177,804	388,481	37,511	425,992
At 1 January 2014	166,113	(18,329)	64,363	(11,043)	973	8,600	177,804	388,481	37,511	425,992
Net (loss)/profit for the financial year	-	-	-	-	-	-	(47,860)	(47,860)	28,375	(19,485)
- Foreign currency translation	-	-	-	(110)	-	-	-	(110)	(2,492)	(2,602)
Total comprehensive (expense)/income for the financial year	-	-	-	(110)	-	-	(47,860)	(47,970)	25,883	(22,087)
Contributions by and distributions to owners of the Company										
- Issuance of share capital	1,521	-	2,040	-	-	-	-	3,561	-	3,561
- Treasury shares acquired	-	(3)	-	-	-	-	-	(3)	-	(3)
- Treasury shares sold	-	18,329	6,340	-	-	-	-	24,669	-	24,669
- Transfer to share premium upon exercise of share option	-	-	973	-	(973)	-	-	-	-	-
- Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(40)	(40)
- Dividends:										
- by the Company	-	-	-	-	-	-	(36,836)	(36,836)	-	(36,836)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(25,755)	(25,755)
At 31 December 2014	167,634	(3)	73,716	(11,153)	-	8,600	93,108	331,902	37,599	369,501

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Unaudited For the Financial Year Ended 31.12.2014 RM' 000	Audited For the Financial Year Ended 31.12.2013 RM' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,801	104,735
Adjustments for:		
Amortisation of development cost	-	330
Bad debts written off	-	25
Expenses recognised in respect of share based payment	-	1,729
Impairment losses on :		
- trade and other receivables	106,565	4,894
- investment in associates	-	1
Receivables written off	61	-
Depreciation of property , plant and equipment	14,135	14,322
Interest expense	4,642	2,426
Inventories written off	-	56
Property, plant and equipment written off	25	112
(Gain)/Loss on disposal of property, plant and equipment	(743)	564
Interest income	(2,519)	(1,746)
Writeback of impairment losses on:		
- long term investments	-	(30)
- trade and other receivables	-	(2,251)
Bad debts recovered	-	(1,887)
Share on profit in associates	-	(15)
Tax exempt dividends received from investment in unit trusts	(99)	(540)
Unrealised gain on foreign exchange	-	(1,791)
Operating profit before working capital changes	<u>137,868</u>	<u>120,934</u>
Increase in inventories	(148)	(139)
Increase in property development cost	(11,523)	(8,482)
Increase in investment property	(20,960)	-
Decrease in amount owing by contract customer	-	3,277
Increase in receivables	(72,131)	(81,402)
(Decrease)/Increase in payables	(24,382)	125,482
Increase in amount owing by associates	(686)	(3,483)
CASH FROM OPERATIONS	<u>8,038</u>	<u>156,187</u>
Interest paid	(4,642)	(2,426)
Tax paid	<u>(34,296)</u>	<u>(33,925)</u>
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	<u>(30,900)</u>	<u>119,836</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Unaudited For the Financial Year Ended 31.12.2014 RM' 000	Audited For the Financial Year Ended 31.12.2013 RM' 000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD	(30,900)	119,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from associates	-	2,664
Interest received	2,519	1,746
Net cash inflow on acquisition of a subsidiary	-	213
Placement of deposits pledged with licensed banks	(12,800)	(110)
Proceeds from disposal of property, plant and equipment	10,794	7,830
Proceeds from disposal of investments	12,445	-
Purchase of property, plant and equipment	(19,893)	(17,508)
Purchase of investment property	(29,654)	(12,666)
Purchase of short term investment	-	(9,632)
Sale/(Purchase) of treasury shares	18,325	(15,494)
Tax-exempt dividends received from investment in unit trusts	99	540
Net cash used in investing activities	<u>(18,165)</u>	<u>(42,417)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(16,764)	(12,139)
Dividend paid to Non-controlling Interests	(25,755)	(43,524)
Proceed from issuance of new shares	10,875	36,189
Proceed from issuance of new shares to non-controlling interests	-	343
Repayment of hire purchase obligations	(499)	(2,548)
Repayment of term loans	(63)	(59)
Net drawdown of short-term borrowings	119,329	6,716
Net cash generated from/(used in) financing activities	<u>87,123</u>	<u>(15,022)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	38,058	62,397
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	226	31
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	207,410	144,982
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>245,694</u>	<u>207,410</u>

Cash and cash equivalents at the end of financial year comprise the following:

	For the Financial Year Ended 31.12.2014 RM' 000	For the Financial Year Ended 31.12.2013 RM' 000
Cash and bank balances	93,704	66,901
Deposits with licensed banks	188,319	155,951
Bank overdrafts	(18,865)	(11,927)
	<u>263,158</u>	<u>210,925</u>
Less : Deposits pledged to licensed banks	(17,464)	(3,515)
	<u>245,694</u>	<u>207,410</u>