

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS 139)
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 2011. 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 2011.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011 except for the adoption of the following new/revised Financial Reporting Standards (FRSs): Amendments to FRSs and IC Interpretations which are applicable for the Group's financial year from 1 January 2012.

IC Interpretation 9 Extinguishing Financial Liabilities with Equity Instruments Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)

Disclosures – Transfers of Financial Assets (Amendments to MFRS 7)

Deferred Tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2013

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurements

MFRS 119 Employee Benefits (as amended in June 2011)

MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)

MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)

IC Interpretation 20 Stripping costs in the Production Phase of a Surface Mine

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

Effective for annual periods commencing on or after 1 July 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012

2. Changes in Accounting Policies (Continued)

Effective for annual periods commencing on or after 1 July 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs are still being assessed due to complexity of these new MFRSs and Amendments to MFRSs, and their proposed challenges.

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 Dec 2012 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 quarter ended 31 Dec 2012.

6. Changes in estimates

There were no major changes in estimates that have had a material effect in the current quarter.

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
7. Segmental Information

OPERATING SEGMENT	REVENUE		OPERATING RESULTS	
	3 months ended	12 months ended	3 months ended	12 months ended
	31.12.2012	31.12.2012	31.12.2012	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Construction Contracts	236,130	559,602	33,757	99,465
Engineering Services	16,733	56,877	(2,902)	(85)
Trading	31,299	122,391	(871)	1,684
Education & Training	12,717	48,538	705	2,243
Property Development	2,328	5,375	109	1,001
Others & Eliminations	(3,868)	(13,416)	1,072	1,326
GROUP	295,339	779,367	31,870	105,634
Less : Finance Cost			(87)	(2,083)
Profit Before Tax			31,783	103,551

Note : Analysis on segmental performance is presented in Note 14 below in accordance to the amendments to Main Market Listing Requirements in relation to disclosure and other obligations and corporate disclosure guide effective from financial year ended 31 Dec 2011.

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

Save for the following, there were no material events subsequent to the end of the current quarter up to 14 February 2013, being the last practicable date from the date of the issue of this report that are expected to have an operational impact on the Group: -

Private Placement

On 4 January 2013, AmlInvestment Bank Berhad ("AmlInvestment Bank") on behalf of the Board of Directors ("Board") of Protasco Berhad ("PB") has announced that the Company proposed to undertake a private placement of new ordinary shares of RM0.50 each in the Company ("PB Shares") of up to 10% of the issued and paid-up share capital of PB ("Proposed Private Placement").

On 16 January 2013, AmlInvestment Bank on behalf of the Board of PB announced that the application in respect of the listing of and quotation for the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
9. Subsequent events (cont'd)

On 25 January 2013, AmlInvestment Bank on behalf of the Board of PB announced that Bursa Securities had approved the listing of up to 29,666,420 new ordinary shares of RM0.50 each in PB to be issued pursuant to the Proposed Private Placement.

On 4 February 2013, AmlInvestment Bank on behalf of the Board of PB announced that the Board of PB has fixed the issue price for the placement of 20,833,210 ordinary shares of RM0.50 each in PB, to be issued pursuant to the first tranche of the Proposed Private Placement at an issue price of RM1.10 per PB Share.

On 14 February 2013, 20,833,210 PB Shares issued pursuant to the Proposed Private Placement were listed and quoted on Bursa Securities.

10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the interim period ended 31 Dec 2012.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>31.12.2012</u> (RM'000)	<u>As at</u> <u>31.12.2011</u> (RM'000)
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	271,670	227,326
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	24,700	11,700
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	713	591
Performance guarantee extended to third parties	16,063	7,709

12. Capital Commitments

	<u>As at</u> <u>31.12.2012</u> RM'000
Approved and contracted for	1,657
Approved but not contracted for	14,293
	<u>15,950</u>

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012

13. Dividend

In respect of the financial year ending 31 December 2011, dividends paid were as follows;

	<u>RM'000</u>
Interim single tier dividend of 4 sen per ordinary share paid on 9 January 2012	11,867
Final single tier dividend of 4 sen per ordinary share paid on 12 July 2012	11,867

In respect of the financial year ending 31 December 2012, dividends paid were as follows;

Interim single tier dividend of 4 sen per ordinary share paid on 28 December 2012	11,867
Special interim single tier dividend of 6 sen per ordinary share paid on 28 December 2012	17,799

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INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APP'X 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD BURSA
14. Analysis of Unaudited Performance of the Group by Operating Segment

During the year ended 31 Dec 2012, the Group recorded turnover of RM779 million, representing a growth of 12% compared to RM696 million registered in last year. The increase was largely contributed by higher revenue from construction contracts segment.

Due to improve operating margins, particularly in the construction contracts segment, the Group's operating profit and profit after tax registered growth of 42.2% and 42.3% respectively compared to the same period in previous year.

Analysis of results by Operating Segment (nett of inter-segment sales) are as follows;

i) Construction Contracts

	Qtr ended 31.12.2012 RM'000	Y-T-D ended 31.12.2012 RM'000	Qtr ended 31.12.2011 RM'000	Y-T-D ended 31.12.2011 RM'000
Revenue	236,130	559,602	179,084	441,815
Operating Profit / (Loss)	33,757	99,465	15,681	47,909

Turnover for current year-to-date had increased by 26.6% as compared to last year-to-date, mainly due to additional work orders awarded to operating subsidiary in Sarawak. The revised rates for the periodic road maintenance had further enhanced the revenue for this segment in the reporting period. Consequently, operating profit recorded RM99.4 million, or 107.6% higher than previous year.

ii) Engineering Services

	Qtr ended 31.12.2012 RM'000	Y-T-D ended 31.12.2012 RM'000	Qtr ended 31.12.2011 RM'000	Y-T-D ended 31.12.2011 RM'000
Revenue	16,733	56,877	24,258	89,909
Operating Profit / (Loss)	(2,902)	(85)	5,842	16,605

Turnover for the segment declined by 36.7% or RM33 million for the year ended 31 Dec 2012 as compared to previous year. The significant drop was mainly due to the expiration of the 15 years concession granted to Kumpulan Ikram Sdn Bhd last year. Consequently operating profit for the segment had resulted in a loss of RM0.08 million compared to profit of RM16.6 million in last year.

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
iii) Trading

	Qtr ended 31.12.2012 RM'000	Y-T-D ended 31.12.2012 RM'000	Qtr ended 31.12.2011 RM'000	Y-T-D ended 31.12.2011 RM'000
Revenue	31,229	122,391	28,416	129,194
Operating Profit / (Loss)	(871)	1,684	(658)	3,681

Turnover for this segment declined by 5.5% compared to last year due to lower demand for bitumen in the market. Average gross margin has also declined and consequently, the operating profit for the segment dropped by 54.2% compared to last year.

iv) Education & Training

	Qtr ended 31.12.2012 RM'000	Y-T-D ended 31.12.2012 RM'000	Qtr ended 31.12.2011 RM'000	Y-T-D ended 31.12.2011 RM'000
Revenue	12,717	48,538	15,754	48,467
Operating Profit / (Loss)	705	2,243	2,149	2,898

The total students population of Infrastructure University Kuala Lumpur (IUKL) for 2012 was slightly lower than 2011, resulting in a lower turnover for IUKL. However, this was off-set by an increase in skills training revenue due to higher students enrollment. The total turnover for this segment had slightly increased by RM71k as compared to RM48.4 million in previous year. On the other hand, the operating profit had decreased by RM655k as compared to RM2.9 million in previous year due to increased operational costs of IUKL.

v) Property Development

	Qtr ended 31.12.2012 RM'000	Y-T-D ended 31.12.2012 RM'000	Qtr ended 31.12.2011 RM'000	Y-T-D ended 31.12.2011 RM'000
Revenue	2,328	5,375	972	16,281
Operating Profit / (Loss)	109	1,001	(194)	1,278

The results of current year-to-date and the previous year's corresponding period for this segment are not comparable due to the physical completion of Tower B, Unipark Suria condominium project in the beginning of this year. The other significant mixed development project, De Centrum, is currently at its preliminary stage and is expected to contribute to the bottom line with effect from Year 2013.

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

There were no material changes in the current quarter as compared to the preceding quarter.

16. Commentary on Prospects

The Group's Business segments are expected to continue operating in a challenging environment in 2013. The Property Development is expected to contribute positively to Group's performance with the official sales launch of its De Centrum project in early 2013.

The Group also will strive to maintain its Engineering Services segment by having a better synergy with other business segments of the Group, especially the Construction segment.

During the period under review, the road maintenance division had received additional work orders from the public sector. The additional works is expected to be completed by early 2013.

The Group is also exploring new business opportunities to complement the existing business segments.

Barring unforeseen circumstances, the Board of Directors is reasonably optimistic that the Group will be able to improve its performance in the next financial year.

17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

	<u>3 months</u> <u>ended</u> <u>31.12.2012</u>	<u>12 months</u> <u>ended</u> <u>31.12.2012</u>
	RM'000	RM'000
Current provision	13,495	34,883
Deferred taxation	-	-
Total	13,495	34,883

The effective tax rates for the current year were 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 due to non-allowable expenses incurred.

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
19. Sale of Unquoted Investments and Properties

There were no sale of unquoted securities and properties during the current quarter.

20. Quoted Securities

There was no purchase or sale of quoted securities during the current quarter.

21. Corporate Proposals

Save for the following and the Proposed Private Placement mentioned in Note 9, there was no other corporate proposal announced but not completed in the current quarter up to 14 February 2013, being the last practicable date from the date of the issue of this report: -

Proposed Acquisition

On 28 December 2012, AmInvestment Bank Berhad ("AmInvestment Bank") on behalf of the Board of Directors of Protasco Berhad ("PB") has announced that PB had on 28 December 2012 entered into a conditional sale and purchase agreement with PT Anglo Slavic Utama 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.

22. Borrowings and Debt Securities

	<u>As at</u> <u>31.12.2012</u> RM'000	<u>As at</u> <u>31.12.2011</u> RM'000
Short term borrowings:		
Secured	37,405	36,509
Long term borrowings:		
Secured	4,889	3,961
Total borrowings	<u>42,294</u>	<u>40,470</u>

23. Short Term Investments

	<u>As at</u> <u>31.12.2012</u> RM'000	<u>As at</u> <u>31.12.2011</u> RM'000
Investments in money market funds	<u>6,376</u>	<u>30,901</u>

There were no material profits/ losses arise from the sale of the above investment as the capital value is preserved.

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
24. Off Balance Sheet Financial Instruments

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

25. Material Litigations

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

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 arising from two judgements in default (of appearance) which was entered against them for the sum of RM507,661.78 in Shah Alam High Court Suit No: 22-1558-2010 and the sum of RM9,960,492.17 in Shah Alam High Court Suit No: 22-1559-2010 respectively. Both judgments were entered on 11 July 2011.

The judgement for RM507,661.78 is premised an 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 judgement for RM9,960,492.17 is allegedly due to Menuju Asas Sdn Bhd, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah arising from HCM pursuant to the termination of the Settlement Agreement dated 6 May 2010 entered into between the said parties and HCM.

HCM has engaged a firm of solicitors to set aside both the judgments and resist any attempt to file a winding up petition premised on the said judgments which HCM contend is without merit. At the hearing on 17 October 2012, HCM's setting aside application for both Shah Alam High Court Suit No: 22-1558-2010 and Shah Alam High Court Suit No: 22-1559-2010 were allowed with costs of RM3,000.00 (in total for both suits) to be paid by HCM to the Plaintiff, Menuju Asas Sdn Bhd. Since the setting aside application is allowed, HCM's application for a stay of execution is rendered academic and therefore the stay application was withdrawn with no order as to costs.

The Court has further directed HCM to file its Statement of Defence for both suits within 14 days from 17 October 2012. Pursuant to the said direction, HCM has filed its Statement of Defence for both suits in Court on 22 October 2012 and it was also served on the Plaintiff on the same day.

26. Earning Per Share

Basic	<u>3 months</u> <u>ended</u> 31.12.2012	<u>12 months</u> <u>ended</u> 31.12.2012
Net profit attributable to ordinary shareholders (RM'000)	5,155	35,888
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	296,664	296,664
Basic earnings per ordinary share (sen)	1.74	12.10

INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012
27. Realised and unrealised profit/losses disclosure

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

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required. Pursuant to the directive, the breakdown of the retained profits of the Group as at 31 December 2012, into realised and unrealised profits are as follows:

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Total retained Profits		
- Realised	247,805	255,092
- Unrealised	(8,149)	(8,692)
	<u>239,656</u>	<u>246,400</u>
Less : Share of retained profits of associate	(1,636)	(1,676)
Less : Consolidation adjustments	(75,529)	(76,555)
Total Group Retained Profits	<u><u>162,491</u></u>	<u><u>168,169</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 Accountant 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 19 February 2012.