

INTERIM REPORT FOR THE QUARTER ENDED 31 MARCH 2013**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 MFRS134: 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 2012. 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 2012.

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 2012 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 2013.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	(Revised) Employee Benefits
MFRS 127 (2011)	Separate Financial Statements
MFRS 128 (2011)	Investments in Associates and Joint Ventures
Amendments to MFRS 1 (Revised): Government Loans	
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements	
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	

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 have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 Jan 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commencing on or after 1 Jan 2015

MFRS 9 Financial Instruments

Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures

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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 March 2013 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 March 2013.

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		OPERATING RESULTS	
	3 months ended	3 months ended	3 months ended	3 months ended
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
OPERATING SEGMENT	RM'000	RM'000	RM'000	RM'000
Construction Contracts	81,478	63,803	16,981	9,748
Engineering Services	7,750	14,042	(1,969)	796
Trading	31,985	31,971	1,014	699
Education & Training	11,733	12,651	(830)	642
Property Development	4,793	1,448	522	17
Others & Eliminations	(3,026)	(5,004)	581	156
GROUP	134,713	118,911	16,299	12,058
Less : Finance Cost			(761)	(499)
Profit Before Tax			15,538	11,559

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 December 2012.

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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 were no significant events subsequent to the end of current quarter under review.

10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the interim period ended 31 March 2013.

11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>31.3.2013</u> (RM'000)	<u>As at</u> <u>31.12.2012</u> (RM'000)
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	271,670	271,670
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	24,700	24,700
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	715	497
Performance guarantee extended to third parties	16,120	8,063

12. Capital Commitments

	<u>As at</u> <u>31.3.2013</u> RM'000
Approved and contracted for	126
Approved but not contracted for	16,216
	<u>16,342</u>

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13. Dividend

No interim dividends were declared or paid for the financial period ended 31 March 2013.

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	11,866
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Special interim single tier dividend of 6 sen per ordinary share paid on 28 December 2012	17,800
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At the forthcoming Annual General Meeting, the directors recommend a final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2012 to be paid to shareholders whose names appear in the Record of Depositors on 2 July 2013.

The financial statements for the financial period under review do not reflect the above dividend proposal.

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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 period ended 31 March 2013, the Group recorded turnover of RM135 million, representing a growth of 13% compared to RM119 million registered in the corresponding period of last year. Despite the drop in engineering services segment's revenue, overall performance by revenue was higher owing to higher contribution from construction and property development segments.

Coupled with improved operating margins, the Group's operating profit and profit after tax registered growth of 35% and 13% respectively compared to the same period in previous year.

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

i) Construction Contracts

	Qtr ended 31.3.2013 RM'000	Y-T-D ended 31.3.2013 RM'000	Qtr ended 31.3.2012 RM'000	Y-T-D ended 31.3.2012 RM'000
Revenue	81,478	81,478	63,803	63,803
Operating Profit	16,981	16,981	9,748	9,748

Additional work orders received had contributed to an increase of 28% in the turnover of Construction segment. Lower operating expenses had also resulted in an increase of operating profit by 74% as compared to first quarter of 2012.

ii) Engineering Services

	Qtr ended 31.3.2013 RM'000	Y-T-D ended 31.3.2013 RM'000	Qtr ended 31.3.2012 RM'000	Y-T-D ended 31.3.2012 RM'000
Revenue	7,750	7,750	14,042	14,042
Operating (Loss) / Profit	(1,969)	(1,969)	796	796

The lower revenue in the post-concession period under review had resulted in an operating loss for this segment. In the first quarter of 2012, there were spilled-over concession work orders from end of 2011 when the concession ended.

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iii) Trading

	Qtr ended 31.3.2013 RM'000	Y-T-D ended 31.3.2013 RM'000	Qtr ended 31.3.2012 RM'000	Y-T-D ended 31.3.2012 RM'000
Revenue	31,985	31,985	31,971	31,971
Operating Profit	1,014	1,014	699	699

Revenue for this segment increased marginally as compared to last year's first quarter. Lower operating expenses and sale of fully written off stocks had resulted in better operating profits for Trading segment.

iv) Education & Training

	Qtr ended 31.3.2013 RM'000	Y-T-D ended 31.3.2013 RM'000	Qtr ended 31.3.2012 RM'000	Y-T-D ended 31.3.2012 RM'000
Revenue	11,733	11,733	12,651	12,651
Operating (Loss) / Profit	(830)	(830)	642	642

Lower revenue from training for the first three (3) months of this year had contributed to lower revenue as compared to last year's first quarter. Higher education operating expenses had also contributed to operating loss for this segment.

v) Property Development

	Qtr ended 31.3.2013 RM'000	Y-T-D ended 31.3.2013 RM'000	Qtr ended 31.3.2012 RM'000	Y-T-D ended 31.3.2012 RM'000
Revenue	4,793	4,793	1,448	1,448
Operating Profit	522	522	17	17

This segment's results improved as its mixed development project, De Centrum, is currently progressing well. Revenue for the current quarter is from the sale of shop lots and service apartments.

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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 expects the construction and property development segments to be the main contributors to the Group's revenue and profits.

The commencement of Perak state road maintenance contract in early this year will bring better results to the construction segment. As for property development segment, De Centrum mix development project will also contribute a significant portion to the Group's revenue with encouraging sales of properties.

The Group is continuously exploring new business opportunities to increase its order book and also to complement the existing business segments.

Barring unforeseen circumstances, the Board of Directors remains positive of its overall performance in 2013 while striving to improve operational efficiency and productivity.

17. Profit Forecast or Profit Guarantee

Not applicable.

18. Taxation

	<u>3 months</u> <u>ended</u> <u>31.3.2013</u>	<u>3 months</u> <u>ended</u> <u>31.3.2012</u>
	RM'000	RM'000
Current provision	6,325	3,370
Deferred taxation	-	-
Total	6,325	3,370

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.

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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

a. Status of proposal

Save for the following, there was no other corporate proposal announced but not completed in the current quarter up to 20 May 2013, being the last practicable date from the date of the issue of this report: -

Proposed Acquisition

On 28 December 2012, AmInvestment Bank Berhad 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 ("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.

The Proposed Acquisition is on-going and has not been completed as at to-date. The completion is subject to amongst others, the following conditions precedent:-

- (i) Approvals from shareholders, Bursa Malaysia Securities Berhad, Bank Negara Malaysia and relevant authorities in Indonesia;
- (ii) Approvals from all financiers, contracting parties and any other relevant party of the PT ASI Group, and where applicable, by the vendor, PT ASU;
- (iii) Consent of Pertamina, a state-owned company of Indonesia;
- (iv) Approvals from the Board of Directors and/or the Board of Commissioners and shareholders of PT ASI and PT ASU; and
- (v) The completion of a legal, financial and operational due diligence on the PT ASI Group.

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 b. Status of utilisation of proceed from the Proposed Private Placement

Purpose	Proposed Utilisation (Up to)	Actual Utilisation	Intended Timeframe For Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Working capital and/or business expansion	32,633	22,917	Within 24 months	9,716	30.0	N1
Estimated expenses in relation to the Proposed Private Placement	250	200	Within 6 months	50	20.0	N2

N1 Pending further issuance of new shares in relation to the Proposed Private Placement at an assumed price of RM1.10 per share.

N2 Being expenses incurred in relation to the Proposed Private Placement which includes professional fees, fees payable to authorities and other miscellaneous expenses.

22. Borrowings and Debt Securities

	<u>As at</u> <u>31.3.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Short term borrowings:		
Secured	35,955	37,968
Long term borrowings:		
Secured	4,214	4,325
Total borrowings	<u>40,169</u>	<u>42,293</u>

23. Short Term Investments

	<u>As at</u> <u>31.3.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Investments in money market funds	<u>23,933</u>	<u>6,377</u>

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

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24. Share Capital

On 14 February 2013, 20,833,210 ordinary shares of 50 sen each were issued pursuant to a private placement at an issue price of RM1.10 per share.

25. Off Balance Sheet Financial Instruments

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

26. 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.

Menuju Asas Sdn Bhd has not filed its Reply and the time has lapsed.

On 24 April 2013, HCM has instructed its Solicitor to file an interlocutory application for the setting aside of Menuju Asas Sdn Bhd's claim.

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27. Earnings Per Share

Basic	<u>3 months ended 31.3.2013</u>
Net profit attributable to ordinary shareholders (RM'000)	4,906
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	306,638
Basic earnings per ordinary share (sen)	1.60

28. 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 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:

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits		
- Realised	250,176	246,057
- Unrealised	<u>(8,034)</u>	<u>(8,034)</u>
	242,142	238,023
Total share of retained profits of associate	1,650	1,650
Less : Consolidation adjustments	<u>(74,778)</u>	<u>(75,565)</u>
Total Group Retained Profits	<u><u>169,014</u></u>	<u><u>164,108</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.

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 27 May 2013.