

INTERIM REPORT FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 June 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 30.6.2013	6 months ended 30.6.2013	3 months ended 30.6.2013	6 months ended 30.6.2013
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	110,310	190,793	15,533	34,470
Construction	14,530	15,525	3,456	1,500
Engineering Services	18,931	27,507	5,103	2,836
Trading & Manufacturing	45,284	77,269	1,030	2,044
Education	12,537	23,444	744	212
Property Development	3,818	8,611	681	1,203
Others & Eliminations	(9,392)	(12,419)	(1,820)	(1,239)
GROUP	196,018	330,730	24,727	41,026
Less : Finance Cost			(671)	(1,432)
Profit Before Tax			24,056	39,594

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

Save for the following and the final dividend paid as mentioned in Note 13, there were no material events subsequent to the end of the current quarter up to 23 August 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: -

a. Private Placement

On 12 July 2013, AmInvestment Bank Berhad ("AmInvestment Bank") on behalf of the Board of Directors ("Board") of Protasco Berhad ("PB") announced that the Board of PB has fixed the issue price for the placement of 7,431,380 ordinary shares of RM0.50 each in PB, to be issued pursuant to the second tranche of the Proposed Private Placement at an issue price of RM1.14 per PB Share.

On 15 July 2013, AmInvestment Bank on behalf of the Board of PB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the extension of time up to 22 January 2014 for PB to complete the Proposed Private Placement.

On 19 July 2013, 7,431,380 PB Shares issued pursuant to the Proposed Private Placement were listed and quoted on Bursa Securities.

b. Employees' Share Scheme

On 8 July 2013, AmInvestment Bank on behalf of the Board of PB announced that PB proposed to establish an employees' share scheme ("Proposed ESS") for the Directors and employees of PB and its subsidiaries.

On 20 August 2013, AmInvestment Bank on behalf of the Board of PB announced that the application in relation to the Proposed ESS had been submitted to Bursa Securities on 20 August 2013.

10. Changes in Composition of the Group

There was no material changes in the composition of the Group during the interim period ended 30 June 2013.

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11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>30.6.2013</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	17,715	8,063

12. Capital Commitments

	<u>As at</u> <u>30.6.2013</u> RM'000
Approved and contracted for	78
Approved but not contracted for	11,231
	<u>11,309</u>

13. Dividend

No interim dividends were declared or paid for the financial period ended 30 June 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
Special interim single tier dividend of 6 sen per ordinary share paid on 28 December 2012	17,800
Final single tier dividend of 4 sen per ordinary share paid on 15 July 2013	12,139

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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 30 June 2013, the Group recorded turnover of RM196 million, representing a growth of 24% compared to RM158 million registered in the corresponding quarter of last year. The increase was largely contributed by higher revenue from the maintenance, construction and trading segments.

Coupled with improved operating margins, the Group's operating profit and profit after tax registered growth of 10% and 30% respectively compared to the same period in previous year.

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

i) Maintenance

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	110,310	190,793	98,709	153,534
Operating Profit	15,533	34,470	26,439	37,820

Turnover for the current year-to-date had increased by 24%, as compared to the corresponding period last year, mainly due to additional work orders received. However, operating profit was lower by 9% as compared to corresponding period last year, due to higher operating expenses in the current quarter under review.

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ii) Construction

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	14,530	15,525	13,318	22,296
Operating (Loss) / Profit	3,456	1,500	(8,154)	(9,787)

Turnover for this segment declined by 30% in the first half year ended 30 June 2013 as compared to the same period last year. This was mainly due to lesser jobs in hand. However, the operating profit was better due to losses recognized for Libya project in the second quarter of last year.

Three (3) new road construction projects were secured during the current quarter in Sarawak, Kedah and Johor. However, the projects did not contribute any revenue as it will commence in the third quarter of the year.

iii) Engineering Services

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	18,931	27,507	16,035	31,721
Operating (Loss) / Profit	5,103	2,836	4,234	5,479

This segment recorded a lower revenue and operating profit in the first half of the year as compared to the same period last year. This was due to some spill-over works completed last year under the engineering concession which expired in end of 2011.

This segment shows an improvement in the current quarter as more engineering works are completed and recognized as revenue compared to the first quarter of this year.

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iv) Trading

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	45,284	77,269	24,675	56,646
Operating Profit	1,030	2,044	71	770

As this segment supports the Maintenance, Construction and Property Development segments of the Group, its revenue and profits had increased in line with the overall improvement in these segments.

v) Education

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	12,537	23,444	8,440	19,447
Operating (Loss) / Profit	744	212	(1,086)	(893)

Infrastructure University Kuala Lumpur has exceeded its target for new students intakes for March and June semesters of this year. Consequently, it recorded higher revenue and operating profit as compared to preceding quarter of this year and also the half yearly results of last year.

vi) Property Development

	Qtr ended 30.6.2013 RM'000	Y-T-D ended 30.6.2013 RM'000	Qtr ended 30.6.2012 RM'000	Y-T-D ended 30.6.2012 RM'000
Revenue	3,818	8,611	(827)	621
Operating Profit	681	1,203	1,231	1,248

Turnover and operating profits of this segment for this year are from the mixed development project, De Centrum, which has started late last year. As at 2nd quarter 2013, 100% of shop lots, 80% of apartments and 30% of SOHO units had been sold.

The operating profit for the first half is slightly lower compared to the same period of last year due to reversal of over-provision of development costs of the previous project.

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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 Maintenance segment to continue to be the major contributor to the Group's results. With the securing of three (3) new construction projects during the quarter under review, contribution from the Construction segment is also expected to increase.

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.

Barring unforeseen circumstances, the Board of Directors remains positive of its overall performance in 2013 and will focus on improving operational efficiency and productivity to ensure sustainability and profitability in the future.

17. Profit Forecast or Profit Guarantee

Not applicable.

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18. Taxation

	<u>3 months</u> <u>ended</u> <u>30.6.2013</u> RM'000	<u>6 months</u> <u>ended</u> <u>30.6.2013</u> RM'000
Current provision	6,306	12,630
Deferred taxation	-	-
Total	<u><u>6,306</u></u>	<u><u>12,630</u></u>

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. 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.

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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 23 August 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;
- (v) The completion of a legal, financial and operational due diligence on the PT ASI Group; and
- (vi) Extension of the PMP Agreement made between Pertamina and PT Haseba beyond its current expiry on 14 December 2014.

Based on announcement made by AmInvestment Bank on behalf of the Board of PB on 28 June 2013 and 1 August 2013, the periods to complete the due diligence and to obtain all conditions precedent are extended to 30 September 2013.

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21. Corporate Proposals (Cont'd)

 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	27,133	Within 24 months	5,500	16.8	N1
Estimated expenses in relation to the Proposed Private Placement	250	200	Within 6 months	50	20.0	N2

N1 Will be utilized when the need for working capital and/or business expansion arises.

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>30.6.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Short term borrowings:		
Secured	36,659	37,968
Long term borrowings:		
Secured	4,102	4,325
Total borrowings	40,761	42,293

23. Short Term Investments

	<u>As at</u> <u>30.6.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Investments in money market funds	20,785	6,377

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.

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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.

On 13 June 2013 HCM proceeded to file an application to strike out both abovementioned suits ("striking out application"). A case management date has been fixed on 12.09.2013. A date for parties to file in their written submission and a date for hearing of the striking out application will also be fixed by the Court during the next case management on 12.09.2013.

Meanwhile, Menuju Asas Sdn Bhd, Mohd Redzuan Mohanan bin Abdullah (t/a Menuju Asas Enterprise) and Mohd Redzuan Mohanan bin Abdullah ("Plaintiffs") have filed its Reply to HCM's Statement of Defence on both abovementioned suits on 17 July 2013 and it was also served on HCM's Solicitor on the same day.

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27. Earnings Per Share

Basic	<u>3 months</u> <u>ended</u> 30.6.2013	<u>6 months</u> <u>ended</u> 30.6.2013
Net profit attributable to ordinary shareholders (RM'000)	14,854	19,761
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	303,500	305,061
Basic earnings per ordinary share (sen)	4.89	6.48

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 30.6.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits		
- Realised	267,044	246,057
- Unrealised	<u>(8,034)</u>	<u>(8,034)</u>
	259,009	238,023
Total share of retained profits of associate	1,650	1,650
Less : Consolidation adjustments	<u>(76,791)</u>	<u>(75,565)</u>
Total Group Retained Profits	<u><u>183,869</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 30 Aug 2013.