

INTERIM REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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	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 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	
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
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Effective for annual periods commencing on or after 1 Jan 2015

MFRS 9 Financial Instruments

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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 September 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 September 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		PROFIT BEFORE TAX	
	3 months	9 months	3 months	9 months
	ended	ended	ended	ended
	30.9.2013	30.9.2013	30.9.2013	30.9.2013
OPERATING SEGMENTS	RM'000	RM'000	RM'000	RM'000
Maintenance	158,571	349,365	33,590	68,448
Construction	15,698	31,223	1,404	2,516
Engineering Services	18,797	46,304	4,767	7,124
Trading & Manufacturing	44,470	121,739	832	2,317
Education	12,971	36,415	246	450
Property Development	8,868	17,479	2,562	3,765
Others & Eliminations	(8,394)	(20,813)	(13,012)	(14,636)
GROUP	250,981	581,712	30,389	69,984

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, there were no material events subsequent to the end of the current quarter up to 21 November 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. Employees' Share Scheme ("ESS")

On 1 October 2013, AmInvestment Bank on behalf of the Board of PB announced that the shareholders of the Company has passed all resolutions in respect of the proposed ESS at an Extraordinary General Meeting held on the same day.

On 4 October 2013, AmInvestment Bank on behalf of the Board of PB announced that the implementation of the ESS is effective immediately after the Company has obtained all required approvals and complied with the requirements pertaining to the ESS.

On 11 November 2013 and 14 November 2013, a total of 1,744,600 new ordinary shares of RM0.50 each were listed pursuant to the ESS.

10. Changes in Composition of the Group

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

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11. Contingent Liabilities

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>30.9.2013</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	719	497
Performance guarantee extended to third parties	19,815	8,063

12. Capital Commitments

	<u>As at</u> <u>30.9.2013</u> RM'000
Approved and contracted for	286
Approved but not contracted for	<u>6,882</u>
	<u>7,168</u>

13. Dividend

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

	RM'000
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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13. Dividend (Cont'd)

In respect of the financial year ending 31 December 2013, the Board of Directors has declared an interim single tier dividend of 4 sen per ordinary share amounted to RM12.436 million, computed based on the issued and paid up capital as at 30 September 2013 (excluding treasury shares) of 310,909,490 ordinary shares, and will be payable on 2 January 2014 to all shareholders whose names appear on the Register of Members on 18 December 2013.

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

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 nine months period ended 30 September 2013, the Group recorded turnover of RM582 million, representing a growth of 20% compared to RM484 million registered in the same period last year. The increase was contributed by all business segments of the Group.

The profit before tax for the nine months period of current year is slightly lower due to higher direct costs and operating expenses, as compared to the same period of last year. However, the net profit of the Group is RM32.8 million, a 7% higher as compared to the results of the nine months period of the previous year. This was due to lesser non-controlling interest portion on the profit.

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

i) Maintenance

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	158,572	349,365	141,014	294,548
Profit Before Tax	33,590	68,448	36,904	70,373

Turnover for the current year-to-date had increased by 19%, as compared to the corresponding period last year, mainly due to additional work orders received. However, profit before tax was lower by 3% as compared to corresponding period last year, due to higher operating expenses.

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ii) Construction

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	15,698	31,223	6,627	28,924
Profit / (Loss) Before Tax	1,404	2,516	669	(5,201)

This segment recorded a higher turnover and profit due to the commencement of new road projects secured in the previous quarter.

iii) Engineering Services

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	18,797	46,304	12,002	42,678
Profit Before Tax	4,767	7,124	(2,025)	2,888

Engineering Services segment recorded higher revenue and profit as more engineering works are completed and recognized as revenue, especially on geotechnical and pavement evaluation which give a better profit margin.

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iv) Trading

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	44,470	121,739	31,508	83,076
Profit Before Tax	832	2,317	1,574	1,908

As this segment supports the Maintenance, Construction and Property Development segments of the Group, its revenue and profits continued to increase in line with the better performance in these segments.

v) Education

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	12,971	36,415	12,324	31,771
Profit Before Tax	246	450	1,542	640

Infrastructure University Kuala Lumpur has exceeded its target for new students intakes for March and June semesters of this year. It recorded a higher revenue, but its profit before tax is lower due to higher operating costs.

vi) Property Development

	Qtr ended 30.9.2013 RM'000	Y-T-D ended 30.9.2013 RM'000	Qtr ended 30.9.2012 RM'000	Y-T-D ended 30.9.2012 RM'000
Revenue	8,868	17,479	2,426	3,047
Profit Before Tax	2,562	3,765	(356)	892

Turnover and profit of this segment for this year are from the mixed development project, De Centrum, which has started late last year. As at 3rd quarter 2013, 100% of shop lots, 90% of apartments and 53% of SOHO units had been sold.

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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

On 23 October 2013, the Group has increased its book order with the award of a project with a value of up to RM578.5 million to construct 1,680 apartment units in the Federal Territory of Putrajaya under the 1Malaysia Civil Servants Housing Programme (PPA1M). The project is expected to contribute positively to the future earnings of the Group.

Maintenance segment will continue to be the major contributor to the Group's results, coupled with the improving performance of the property development segment.

Barring unforeseen circumstances, the Board of Directors remain positive of its overall performance in 2013 and future years.

17. Profit Forecast or Profit Guarantee

Not applicable.

INTERIM REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013**18. Taxation**

	<u>3 months</u> <u>ended</u> <u>30.9.2013</u> RM'000	<u>9 months</u> <u>ended</u> <u>30.9.2013</u> RM'000
Current provision	8,582	21,213
Deferred taxation	-	-
Total	<u>8,582</u>	<u>21,213</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 21 November 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 30 September 2013, the periods to complete the due diligence and to obtain all conditions precedent are extended to 31 March 2014.

On 9 October 2013, AmInvestment Bank on behalf of the Board of PB announced that the value of the Block Securities, which is to secure the deposit of RM50.0 million paid in relation to the Proposed Acquisition, is approximately RM51.05 million.

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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	31,533	Within 24 months	1,100	3.3	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>30.9.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Short term borrowings:		
Secured	43,344	37,968
Long term borrowings:		
Secured	4,021	4,325
Total borrowings	<u>47,365</u>	<u>42,293</u>

23. Short Term Investment

	<u>As at</u> <u>30.9.2013</u> RM'000	<u>As at</u> <u>31.12.2012</u> RM'000
Investment in money market funds	<u>7,256</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.

On 19 July 2013, 7,431,380 ordinary shares of 50 sen each were issued pursuant to a private placement at an issue price of RM1.14 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 25 November 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 25 November 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> 30.9.2013	<u>9 months</u> <u>ended</u> 30.9.2013
Net profit attributable to ordinary shareholders (RM'000)	13,006	32,768
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	310,909	305,402
Basic earnings per ordinary share (sen)	4.18	10.73

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 30.9.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits		
- Realised	266,037	246,057
- Unrealised	<u>(8,034)</u>	<u>(8,034)</u>
	258,003	238,023
Total share of retained profits of associate	1,650	1,650
Less : Consolidation adjustments	<u>(74,917)</u>	<u>(75,565)</u>
Total Group Retained Profits	<u><u>184,736</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 28 November 2013.