

**INTERIM REPORT FOR THE QUARTER ENDED 30 JUNE 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 Statements: 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
IC Interpretation 21	Levies

The above new amendments to standard do not have financial impact on the results of the Group as these changes only affect disclosures.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

		Effective for annual periods beginning on or after
<i>Amendments to:</i>		
FRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2015

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**2. Changes in Accounting Policies (Cont'd)**

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 2015.

**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 2014 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 2014.

**6. Changes in estimates**

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

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**7. Segmental Information**

	<b>REVENUE</b>		<b>PROFIT BEFORE TAX</b>	
	3 months	6 months	3 months	6 months
	ended	ended	ended	ended
	30.6.2014	30.6.2014	30.6.2014	30.6.2014
<b>OPERATING SEGMENTS</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maintenance	92,013	142,799	19,078	35,810
Construction	23,757	52,323	1,690	4,132
Engineering & Consultancy	26,880	37,872	3,347	5,571
Trading & Manufacturing	32,975	65,720	538	1,671
Education	14,642	26,874	1,666	1,127
Property development	21,797	43,039	2,454	6,716
Others & Eliminations	(11,133)	(19,946)	416	(4,132)
<b>GROUP</b>	<b>200,931</b>	<b>348,681</b>	<b>29,189</b>	<b>50,895</b>

**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 material event subsequent to the end of the current quarter up to 22 August 2014, 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 except for the issuance of 69,000 new ordinary shares of RM0.50 each arising from the exercise of Employees' Share Scheme option.

**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 2014 other than the acquisition of 63% equity interests in PT Anglo Slavic Indonesia ("PT ASI") as disclosed in Note 20.

The mining reserve is the difference between the acquisition price and the fair value of net assets of PT ASI.

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**11. Contingent Liabilities**

The changes in contingent liabilities are as follows:

	<u>As at</u> <u>30.6.2014</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	83,557	307,670
Corporate guarantees given to suppliers for credit facilities granted to subsidiary companies	15,950	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	2,822	3,662
Performance guarantee extended to third parties	16,439	7,689

**12. Capital Commitments**

	<u>As at</u> <u>31.6.2014</u> RM'000
Approved and contracted for	1,035
Approved but not contracted for	<u>12,335</u>
	<u><u>13,370</u></u>

**13. Dividend**

No interim dividends were declared or paid for the financial period ended 30 June 2014.

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

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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 2014, the Group has recorded RM200.9 million of revenue, an improvement of 2.5% over the preceding year corresponding quarter of RM196.0 million. The improvement was contributed mainly from property development, construction and also engineering and consultancy services segments.

The Group's profit before taxation also registered a growth of 21.3% as compared to the same period in previous year.

Analysis of segmental results is as follows:

**i) Maintenance**

	<b>Qtr ended</b> <b>30.6.2014</b> RM'000	<b>Qtr ended</b> <b>30.6.2013</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>30.6.2014</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>30.6.2013</b> RM'000
Revenue	92,013	110,310	142,799	190,793
Profit Before Tax	19,078	15,533	35,810	34,470

Maintenance segment recorded a decline in revenue for the period ended 30 June 2014 by 25.2% due to additional periodic maintenance works awarded in 2013. Profit before tax, however, had increased by 3.9% due to lower operating costs.

**ii) Construction**

	<b>Qtr ended</b> <b>30.6.2014</b> RM'000	<b>Qtr ended</b> <b>30.6.2013</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>30.6.2014</b> RM'000	<b>Y-T-D</b> <b>ended</b> <b>30.6.2013</b> RM'000
Revenue	23,757	14,530	52,323	15,525
Profit Before Tax	1,690	3,456	4,132	1,500

Construction revenue increased from RM15.5 million to RM52.3 million. This was mainly due to on-going projects that were secured in mid-2013. As a result, the profit before tax had also increased by 175% to RM4.1 million.

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**Engineering & Consultancy Services**

	<b>Qtr ended 30.6.2014 RM'000</b>	<b>Qtr ended 30.6.2013 RM'000</b>	<b>Y-T-D ended 30.6.2014 RM'000</b>	<b>Y-T-D ended 30.6.2013 RM'000</b>
Revenue	26,880	18,931	37,872	27,507
Profit Before Tax	3,347	5,103	5,571	2,836

This segment registered revenue of RM37.9 million, which was mainly contributed by consultancy services on geotechnical and pavement evaluation, as compared to RM27.5 million in the preceding year corresponding period. Pre-tax profit had also improved from RM2.8 million to RM5.5 million in the first half of the year.

**iii) Trading**

	<b>Qtr ended 30.6.2014 RM'000</b>	<b>Qtr ended 30.6.2013 RM'000</b>	<b>Y-T-D ended 30.6.2014 RM'000</b>	<b>Y-T-D ended 30.6.2013 RM'000</b>
Revenue	32,975	45,284	65,720	77,269
Profit Before Tax	538	1,030	1,671	2,044

Turnover and profit for this segment to decline by 15% and 18.2% respectively as compared to the same period last year due to lower demand for bitumen products.

**iv) Education**

	<b>Qtr ended 30.6.2014 RM'000</b>	<b>Qtr ended 30.6.2013 RM'000</b>	<b>Y-T-D ended 30.6.2014 RM'000</b>	<b>Y-T-D ended 30.6.2013 RM'000</b>
Revenue	14,642	12,537	26,874	23,444
Profit Before Tax	1,666	744	1,127	212

Infrastructure University Kuala Lumpur recorded highest students population of more than 4,000 students during the quarter. As a results, the revenue and profit of this segment improved as compared to the corresponding period of last year.

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**v) Property Development**

	<b>Qtr ended 30.6.2014 RM'000</b>	<b>Qtr ended 30.6.2013 RM'000</b>	<b>Y-T-D ended 30.6.2014 RM'000</b>	<b>Y-T-D ended 30.6.2013 RM'000</b>
Revenue	21,797	3,818	43,039	8,611
Profit Before Tax	2,454	681	6,716	1,203

The accelerated development from the mix development project, De Centrum, has contributed to the improved revenue and pre-tax profit of the property development segment. As at 30 June 2014, the progress of the project was at 39%.

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

Revenue and profit before tax of the current quarter improved by 36% and 34% respectively as compared to the preceding quarter. Three segments, namely maintenance, engineering and consultancy, and education, had contributed to the improvements in the results. More work orders received and higher students intakes resulted in a better performance for the three segments.

**16. Commentary on Prospects**

Maintenance and Construction segments are expected to further contribute steadily to Group's revenue and profits. The profits from the 'Perumahan Penjawat Awam 1Malaysia' (PPA1M) project will be realized in the second half of the year as the project progresses.

Property Development segment will be able to maximize its revenue and profits as the properties under De Centrum Phase 1 are fully sold, and good response on the newly launched Phase 2A of the De Centrum City, comprising 320 units of apartments. in the second quarter of this year. Phase 2A is expected to generate a gross development value (GDV) of approximately RM220 million.

The termination of the acquisition of the oil and gas company, as described in Note 20, will not have any impact on the existing business activities.

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 remain positive of its overall performance in 2014.

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**17. Profit Forecast or Profit Guarantee**

Not applicable.

**18. Taxation**

Taxation represents current period 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 after Taxation**

	<u>6 months</u> <u>Current</u> <u>Quarter To Date</u> <u>30.6.14</u>  RM'000	<u>6 months</u> <u>Corresponding</u> <u>Quarter To Date</u> <u>30.6.13</u>  RM'000
Profit for the period is arrived at after (crediting) / charging;		
Interest income	(1,393)	(1,279)
Other income including investment income	(3,882)	(1,278)
Interest expenses	1,527	1,117
Depreciation and amortisation	6,986	7,142
Foreign exchange (gain)/loss	(2,665)	172



**INTERIM REPORT FOR THE QUARTER ENDED 30 JUNE 2014**

**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 22 August 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, 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 is in discussion with PT ASU for the Purchase Price to be returned via, amongst others: -

- (a) cash;
- (b) disposal of Secured Shares;

in accordance with the terms of the Restated SPA.

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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.

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**21. Borrowings and Debt Securities**

	<u>As at</u> <u>30.6.2014</u> RM'000	<u>As at</u> <u>31.12.2013</u> RM'000
Secured :		
Short term borrowings	69,029	44,500
Long term borrowings	3,800	3,400
Bank overdrafts	7,856	11,927
Total borrowings	<u>80,685</u>	<u>59,827</u>

There is no borrowing denominated in foreign currency.

**22. Share Capital**

During the financial period, the issued and paid up share capital increased from 332,225,390 to 334,549,090 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 1,000 units	1.58	2
As at 30 June 2014		<u>2</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:

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. 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").

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.

On 13 February 2014, parties attended Court for case management to file and exchange their written submission. The hearing for the striking out application and the Plaintiffs' Amendment Application proceeded on 14 May 2014 and has been fixed for continued hearing on 4 June 2014.

As also previously announced, the hearing for the striking out application and the Plaintiffs' Amendment Application proceeded on 14 May 2014 and was concluded on 25 June 2014.

On 12 August 2014, HCM's striking out application were allowed with costs of RM6,000.00 (in total for both suits) to be paid by the Plaintiff to HCM. The Plaintiff's Amendment Application was dismissed with costs of RM3,000.00 to be paid by the Plaintiff to HCM.

**INTERIM REPORT FOR THE QUARTER ENDED 30 JUNE 2014**
**26. Earnings Per Share**

<b>Basic</b>	<u>3 months</u> <u>ended</u> 30.6.2014	<u>6 months</u> <u>ended</u> 30.6.2014
Net profit attributable to ordinary shareholders (RM'000)	16,205	26,805
Weighted average number of ordinary shares in issue less Treasury Shares ('000)	334,160	330,965
Earnings per share (sen)		
- Basic	4.85	8.10
- Fully diluted	N/A	N/A

The diluted earnings per share were not presented as there is an anti-dilutive effect.

**27. Realised and unrealised profit/losses disclosure**

On 25 March 2010, Bursa Malaysia Securites 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:

	<b>Unaudited</b> As at 30.6.2014 RM'000	<b>Audited</b> As at 31.12.2013 RM'000
Total retained profits		
- Realised	281,127	266,725
- Unrealised	<u>(8,514)</u>	<u>(8,854)</u>
	272,613	257,871
Total share of retained profits of associates	(12)	(12)
Less : Consolidation adjustments	<u>(67,992)</u>	<u>(80,055)</u>
Total Group Retained Profits	<u><u>204,609</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.

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**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 29 August 2014.