



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 30 SEPTEMBER 2007**

	30/09/2007 RM'000	31/12/2006 RM'000
<b>Assets</b>		
Property, plant and equipment	160,875	120,492
Goodwill	11,276	11,239
Prepaid lease payments	14,679	15,423
Investment properties	2,318	2,318
Investment in associates	59,662	55,440
Other investments	11,079	11,079
Deferred tax assets	6,421	6,421
<b>Total non-current assets</b>	<u>266,310</u>	<u>222,412</u>
Prepaid lease payments	515	527
Receivables, deposits and prepayments	110,526	87,208
Inventories	2,065	1,457
Current tax assets	1,181	2,089
Cash and cash equivalents	88,522	22,196
<b>Total current assets</b>	<u>202,809</u>	<u>113,477</u>
<b>Total assets</b>	<u><u>469,119</u></u>	<u><u>335,889</u></u>
<b>Equity</b>		
Share capital	212,600	106,023
Reserves	30,202	19,005
Accumulated losses	(12,300)	(12,281)
<b>Total equity attributable to shareholders of the Company</b>	<u>230,502</u>	<u>112,747</u>
<b>Minority interests</b>	<u>38,997</u>	<u>37,735</u>
<b>Total equity</b>	<u><u>269,499</u></u>	<u><u>150,482</u></u>
<b>Liabilities</b>		
Loans and borrowings	<u>107,792</u>	<u>79,625</u>
Payables and accruals	79,682	78,311
Loans and borrowings	11,541	26,806
Taxation	401	461
Dividend payable	204	204
<b>Total current liabilities</b>	<u>91,828</u>	<u>105,782</u>
<b>Total liabilities</b>	<u>199,620</u>	<u>185,407</u>
<b>Total equity and liabilities</b>	<u><u>469,119</u></u>	<u><u>335,889</u></u>
Net assets per share (RM)	0.54	0.53

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD/CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2007**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>30/09/2007 RM'000</b>	30/09/2006 RM'000	<b>30/09/2007 RM'000</b>	30/09/2006 RM'000
<b>Revenue</b>	<b>25,263</b>	30,653	<b>80,981</b>	98,692
Cost of sales	<b>(20,084)</b>	(24,174)	<b>(60,462)</b>	(79,707)
<b>Gross Profit</b>	<b>5,179</b>	6,479	<b>20,519</b>	18,985
Other income	<b>189</b>	321	<b>533</b>	1,292
Distribution costs	<b>(672)</b>	(706)	<b>(1,927)</b>	(2,169)
Administrative expenses	<b>(6,814)</b>	(5,794)	<b>(20,262)</b>	(17,942)
<b>Profit/(Loss) from operations</b>	<b>(2,118)</b>	300	<b>(1,137)</b>	166
Interest expense	<b>(1,206)</b>	(1,071)	<b>(4,149)</b>	(3,330)
Interest income	<b>1,074</b>	33	<b>1,637</b>	156
Share of profit after tax of jointly controlled entity	<b>746</b>	-	<b>746</b>	1,200
Share of profit after tax and minority interest of associates	<b>1,119</b>	1,047	<b>4,221</b>	3,144
<b>Profit/(Loss) before tax</b>	<b>(385)</b>	309	<b>1,318</b>	1,336
Taxation	<b>625</b>	(935)	<b>(407)</b>	(1,535)
<b>Profit/(Loss) for the period</b>	<b>240</b>	(626)	<b>911</b>	(199)
Attributable to:				
Equity holders of the parent	<b>(207)</b>	(672)	<b>(19)</b>	(489)
Minority interests	<b>447</b>	46	<b>930</b>	290
<b>Profit/(Loss) for the period</b>	<b>240</b>	(626)	<b>911</b>	(199)
Basic loss per ordinary share (sen)	<b>(0.049)</b>	(0.317)	<b>(0.006)</b>	(0.231)
Diluted earnings per ordinary share (sen)	-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

	←		Attributable to Equity Holders of the Parent		→		Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	(Accumulated losses) RM'000	Distributable Retained Profits/ Losses) RM'000	→			
<b>At 1 January 2006</b>									
As previously stated	106,023	19,011	114	(17,289)		107,859	21,051	128,910	
Prior year adjustments	-	-	(38)	38		-	-	-	
- effects of adopting FRS 121									
<b>At 1 January 2006 (restated)</b>	<b>106,023</b>	<b>19,011</b>	<b>76</b>	<b>(17,251)</b>		<b>107,859</b>	<b>21,051</b>	<b>128,910</b>	
Foreign currency translation	-	-	119	-		119	-	119	
Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	-	-		-	-	-	
Net gains recognised directly in equity	-	-	119	-		119	-	119	
Profit for the period	-	-	-	(489)		(489)	(127)	(616)	
Total recognised income and expense for the period	-	-	119	(489)		(370)	(127)	(497)	
<b>At 30 September 2006</b>	<b>106,023</b>	<b>19,011</b>	<b>195</b>	<b>(17,740)</b>		<b>107,489</b>	<b>20,924</b>	<b>128,413</b>	



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2007 (continued)**

	← Attributable to Equity Holders of the Parent →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits/ (Accumulated losses) RM'000			
<b>At 1 January 2007</b>	106,023	19,011	(24)	18	(12,281)	112,747	37,735	150,482
Foreign currency translation	-	-	(2,009)	-	-	(2,009)	-	(2,009)
Net gains recognised directly in equity	-	-	(2,009)	-	-	(2,009)	-	(2,009)
Profit for the period	-	-	-	-	(19)	(19)	930	911
Total recognised income and expense for the period	-	-	(2,009)	-	(19)	(2,028)	930	(1,098)
Issuance of shares								
- rights issue	106,022	14,844	-	-	-	120,866	-	120,866
- exercise of Warrants 2007/2014	555	278	-	-	-	833	-	833
Rights issue expenses	-	(1,906)	-	-	-	(1,906)	-	(1,906)
Exercise of warrants 2007/2014 expenses	-	(10)	-	-	-	(10)	-	(10)
Issuance of shares by a subsidiary to minority shareholders	-	-	-	-	-	-	641	641
Dividends to minority interest	-	-	-	-	-	-	(309)	(309)
<b>At 30 September 2007</b>	<b>212,600</b>	<b>32,217</b>	<b>(2,033)</b>	<b>18</b>	<b>(12,300)</b>	<b>230,502</b>	<b>38,997</b>	<b>269,499</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASHFLOW STATEMENT  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

	<b>9 months Ended 30/09/2007 RM'000</b>	<b>9 months Ended 30/09/2006 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	1,318	1,336
Adjustments for :		
- Non-cash items	(332)	(1,960)
- Non-operating items	2,512	3,174
Operating profit before changes in working capital	<u>3,498</u>	<u>2,550</u>
Changes in working capital	<u>(21,570)</u>	<u>(7,283)</u>
Cash generate used in operations	<u>(18,072)</u>	<u>(4,733)</u>
Income taxes refund	440	2,174
Interest paid	<u>(4,149)</u>	<u>(3,330)</u>
<b>Net cash generate used in operating activities</b>	<b><u>(21,781)</u></b>	<b><u>(5,889)</u></b>
<b><u>Cash flows from investing activities</u></b>		
- Proceed from disposal of property, plant and equipment	73	235
- Acquisition of property, plant and equipment	(46,503)	(4,893)
- Acquisition of subsidiaries, net of cash acquired	(37)	-
- Prepayment of lease term	(103)	-
- Interest received	1,637	156
<b>Net cash used in investing activities</b>	<b><u>(44,933)</u></b>	<b><u>(4,502)</u></b>
<b><u>Cash flows from financing activities</u></b>		
- Net proceeds from issue of shares	118,960	-
- Proceeds from exercise of warrants	823	-
- Proceeds from issuing of equity shares in a subsidiary to minority shareholders	640	-
- Proceeds from bank borrowings	40,249	50,352
- Repayments of bank borrowings	(26,202)	(25,164)
- Dividends paid to minority shareholders	(309)	(618)
- Payment of hire purchase liabilities	(142)	(213)
<b>Net cash from financing activities</b>	<b><u>134,019</u></b>	<b><u>24,357</u></b>
Effects of exchange rate changes	867	108
Net increase in cash and cash equivalents	<u>68,172</u>	<u>14,074</u>
Cash and cash equivalents at beginning of period	<u>19,318</u>	<u>29,818</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>87,490</u></b>	<b><u>43,892</u></b>



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The cash and cash equivalents comprise the following balance sheet amounts :

	<b>9 months Ended 30/09/2007 RM'000</b>	9 months Ended 30/09/2006 RM'000
Cash and bank balances	<b>8,192</b>	37,896
Deposits placed with licensed banks	<b>80,330</b>	8,228
Bank overdrafts	<b>(1,032)</b>	(2,232)
	<b><u>87,490</u></b>	<u>43,892</u>

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The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

**A. EXPLANATORY NOTES PURSUANT TO FRS 134 – Interim Financial Reporting**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and with the explanatory notes attached herein. These explanatory notes 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 last audited financial statement for year ended 31 December 2006.

**1.1 Changes in Accounting Policies**

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2007:

FRS 6 Exploration for and Evaluation of Mineral Resources  
Amendment to FRS 119<sub>2004</sub> Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures  
FRS 124 Related Party Disclosures

The adoption of FRS 6 and FRS 119 are not applicable to the Group and the Company. Hence, no further disclosure is warranted. The adoption of FRS 124 does not have significant financial impact on the Group.

**2. Preceding Annual Financial Statement**

The audit report of the Group’s annual financial statements for the year ended 31 December 2006 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

The principal activities of the Group are not subject to any seasonal or cyclical changes.

**4. Unusual Items that Affect the Financial Statements**

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group for the cumulative quarter ended 30 September 2007.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**5. Material Changes in Estimates**

There were no changes in the estimates of amounts reported in prior financial years that have a material effect in the current interim period.

**6. Debt and Equity Securities**

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the cumulative quarter ended 30 September 2007.

**7. Dividends Paid**

There were no dividend paid for the cumulative quarter ended 30 September 2007.

**8. Segmental Reporting**

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2007 are as follows:-

	<b>Water</b>	<b>Wastewater</b>	<b>Trading Services</b>	<b>Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
External	50,285	24,615	6,081	-	-	80,981
Inter segment	-	-	-	397	(397)	-
	<u>50,285</u>	<u>24,615</u>	<u>6,081</u>	<u>397</u>	<u>(397)</u>	<u>80,981</u>
<b>Results</b>						
Profit/(Loss) from operations	3,469	1,657	424	(12)	-	5,538
Share of profit after tax of jointly controlled entity	-	746	-	-	-	746
Share of profit after tax and minority interest of associates	3,173	-	-	1,048	-	4,221
	<u>6,642</u>	<u>2,403</u>	<u>424</u>	<u>1,036</u>	<u>-</u>	<u>10,505</u>
Unallocated corporate expense						(6,675)
Net financing costs						(2,512)
Profit before taxation						<u>1,318</u>

**9. Valuations of Property, Plant and Equipment**

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 September 2007. The valuation of land and buildings have been brought forward without amendment from the previous annual audited report.





**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

## 10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period up to 20 November 2007 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report), that have not been reflected in the financial statement for the interim period except for the following:

- a) Settlement Agreement dated 5 October 2007 entered into between Casa Andaman Sdn Bhd (“CASB”), Ecofirst Consolidated Berhad (“ECB”) and Salcon Engineering Berhad (“SEB”), the parties thereto have agreed to settle the following subject matters:
- (i) the refund of a deposit sum of RM3,000,000.00 and an advance sum of RM1,339,594.51, being amount paid by SEB towards the account of purchase price under a Share Sale Agreement dated 13 April 2005 entered into between SEB and M.D. Construction Sdn Bhd for the sale and purchase of the shares in Wawasan R&R Builders Sdn Bhd;
  - (ii) the repayment of an aggregate sum of RM2,500,000.00, being advances made by SEB to CASB;
  - (iii) a sum of RM989,820.99 being debts due from ECB to SEB.

for a total settlement sum of RM2,550,000.00, which settlement sum shall be paid in kind by way of transfer or conveyance of unfettered beneficial interest, title and benefits in 8 units of service apartments.

## 11. Effect of Changes in the Composition of the Group

The change in the composition of the Group during the 9 month period ended 30 September 2007 was as follows:-

- (i) Salcon Berhad had on 8 June 2007, incorporated a wholly-owned subsidiary, Salcon Fujian (HK) Limited, a company incorporated in Hong Kong with a paid up capital of HK\$1.00 divided into 1 share of HK\$1.00 each. This change had no material impact on the earnings and net assets of the Group for the cumulative quarter.
- (ii) Salcon Berhad had on 12 September 2007, incorporated a wholly-owned subsidiary, Salcon Water International Pte. Ltd., a company incorporated in Singapore with a paid up capital of S\$1.00 divided into 1 share of S\$1.00 each. This change had no material impact on the earnings and net assets of the Group for the cumulative quarter.

## 12. Changes in Contingent Liabilities/Contingent Assets

The changes in contingent liabilities since the last annual balance sheet date as at 31 December 2006 to 20 November 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:-

	<b>Increase/ (Decrease) RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>52,294</u>



**SALCON BERHAD** (Company No: 593796-T)  
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**13. Net assets (NA) per share**

The NA per share is derived as follows:-

	<b>RM'000</b>
Shareholders funds	230,502
No. of shares	<u>425,200</u>
NA per share (RM)	<u>0.54</u>



**SALCON BERHAD** (Company No: 593796-T)  
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**B. ADDITIONAL DISCLOSURE PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**1. Taxation**

The breakdown of tax charge is as follows:-

	Current Quarter Ended 30/09/07 RM'000	Cumulative Quarter To-date 30/09/07 RM'000
Current period	623	1,655
Tax credit recognised	(1,248)	(1,248)
	<u>(625)</u>	<u>407</u>

The Group's disproportionate effective tax rate (excluding the results of associates and jointly controlled entity which are equity accounted net of tax) is mainly due to the group relief provision under s 44A of the ITA1967 which has not been fully affected.

During the quarter, the Group has recognized tax credit imputed to the holding company based on dividends paid by subsidiaries in previous years.

**2. Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments or properties during the cumulative quarter ended 30 September 2007.

**3. Purchase or Disposal of Quoted Investments**

There were no purchases or disposals of quoted investments during the cumulative quarter ended 30 September 2007. Total investments in quoted securities as at 30 September 2007 were as follows:

	RM'000
At cost	175
At book value	18
At market value	12

**4. Status of Corporate Proposals**

- i) The Renounceable Rights Issue of 212,045,402 new ordinary shares of RM0.50 each ("Rights Shares") with 106,022,701 free detachable warrants ("Warrants"), on the basis of two (2) Rights Shares with one (1) Warrant for every two (2) existing ordinary shares of RM0.50 each at an issue price of RM0.57 per rights share.

The exercise price of the Warrants had been fixed at RM0.75.

The above-mentioned corporate exercise was completed and the shares were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad on 23 May 2007.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

The status of the utilisation of the proceeds as at 20 November 2007 is as follows: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

	Proposed Revised Utilisation RM'000	Utilised RM'000	Unutilised/ (Over) RM'000
Working capital for the Sabah sewage system project	20,000	(16,131)	3,869
To finance the proposed acquisition of 74.165% of the share capital of Oriental Capital Assurance Berhad	35,000	(12,981)	22,019
General working capital for our Group	44,978	(2,348)	42,630
Repayment of bank borrowings	19,000	(19,000)	-
Estimated expenses relating to the Rights Issue with Warrants	1,888	(1,906)	(18)
	<u>120,866</u>	<u>(52,366)</u>	<u>68,500</u>

- ii) On 24 October 2007, the shareholders of Salcon Berhad have approved the following ordinary resolution at the Extraordinary General Meeting :
- (a) proposed acquisition of 74.165% of Oriental Capital Assurance Berhad ("Oriental") for a total cash consideration of RM129,805,536; and
- (b) proposed mandatory general offer for the remaining ordinary shares of RM1.00 each in Oriental which are not already owned by it for a cash consideration of RM1.75 for each share.
- iii) Salcon Engineering Berhad, a wholly-owned subsidiary of Salcon Berhad, entered into a sale and purchase agreement dated 3 July 2007 and a supplementary agreement dated 14 July 2007 with Blair's Finance Group to dispose of its 1,225 ordinary shares of USD1.00 each in Cross Continental Investment ("CCI"), representing 49% of the issued and paid-up capital of CCI; and to waive its 813,502 preference shares of INRs100/- each in Palm Tech India Limited ("Palm Tech"), a subsidiary company of CCI; and to assign and/or waive all advances to CCI and Palm Tech, for a total cash consideration of RM24,000,000.
- The sale and purchase agreement was completed on 11 October 2007.
- iv) Salcon Building Services Sdn. Bhd., a wholly-owned subsidiary of Bumi Tiga Enterprise Sdn. Bhd. which in turn is a wholly-owned subsidiary of Salcon Engineering Berhad ("SEB") and SEB is a wholly-owned subsidiary of Salcon Berhad had on 3 August 2007 entered into a Sale and Purchase Agreement ("the Agreement") with Amway (Malaysia) Sdn Bhd (Company No. 22062-P), in respect of the acquisition of property for a total consideration of RM13,500,000.00.

The acquisition was completed on 20 November 2007.



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**5. Group Borrowings and Debt Securities**

Total Group borrowings as at 30 September 2007 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	107,025	107,025
Hire purchase liabilities	767	-	767
	<u>767</u>	<u>107,025</u>	<u>107,792</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	1,032	1,032
Revolving credits	-	-	-
Bankers acceptances	-	1,374	1,374
Term loan	-	8,858	8,858
Hire purchase liabilities	277	-	277
	<u>277</u>	<u>11,264</u>	<u>11,541</u>
Total Group Borrowings	<u>1,044</u>	<u>118,289</u>	<u>119,333</u>

Included in the above Group borrowings are the following loans denominated in Chinese Renminbi (RMB) :

	Foreign currency RMB'000	Equivalent RM'000
Long Term Borrowings (Unsecured)	125,626	57,025
Short Term Borrowings (Unsecured)	<u>8,500</u>	<u>3,858</u>

**6. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 20 November 2007 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**7. Changes in Material Litigation**

There was no material update as at 20 November 2007 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**8. Material Changes in the Results of the Current Quarter compared to that of the Preceding Quarter**

For the current financial quarter, the Group revenue was lower by 11% and a loss before tax of RM0.39 million as compared to a profit before tax of RM0.92 million in the immediate preceding quarter. This was attributable to lower than expected contribution from new projects and some of the existing projects have been completed.



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**9. Review of Performance of the Company and its Principal Subsidiaries**

For the current financial quarter, the Group achieved revenues of RM25.26 million and pre-tax loss of RM0.39 million. Group revenue was lower by 18% as compared to the corresponding quarter in the preceding year due to lower recognition of construction income from water and wastewater sectors as some of the projects have been completed while the new projects have just commenced in works. The decrease in revenue has resulted a loss before tax of RM0.39 million for the current financial quarter as compared to a profit before tax of RM0.31 million in the corresponding quarter of the preceding year.

For the cumulative quarter to date, the Group recorded revenue and profit before tax of RM80.98 million and RM1.32 million respectively. Group revenue was lower by 18% as compared to the corresponding quarter in the preceding year due to lower recognition of construction income from water and wastewater sectors as some of the projects have been completed. However, Group pre-tax profit was only slightly lower than the corresponding quarter in the preceding year due to better contributions from associate companies.

**10. Prospects for the Current Year**

Since the 3<sup>rd</sup> quarter of this year, the Group increased its construction order book by RM345 million. These new projects have commenced, and are expected to contribute to the Group's profit from 4<sup>th</sup> quarter.

However, the Group is expected to incur an exceptional loss of approximately RM6.9 million on the divestment of the associate company as disclosed in Note B4(iii) above.

**11. Variance of Profit Forecast / Profit Guarantee**

Not applicable to the Group.

**12. Proposed Dividend**

No dividend has been declared nor recommended for the cumulative quarter ended 30 September 2007.

**13. Earnings Per Share**

The basic and diluted earnings per share have been calculated based on the consolidated net profit attributable to equity holders of the parent for the period and the weighted average number of ordinary shares outstanding during the period as follows:



**SALCON BERHAD** (Company No: 593796-T)  
(Incorporated in Malaysia)

**Basic earning per share**

	Current Quarter Ended 30/09/07	Comparative Quarter Ended 30/09/06	Cumulative Quarter To-date	
			30/09/07	30/09/06
Profit attributable to equity holders of the parent (RM'000)	<u>(207)</u>	<u>(672)</u>	<u>(19)</u>	<u>(489)</u>
<b><u>Weighted average number of ordinary shares</u></b>				
Issued ordinary shares at beginning of period ('000)	<u>212,045</u>	<u>212,045</u>	<u>212,045</u>	<u>212,045</u>
Effect of shares issued during the period ('000)	<u>213,156</u>	<u>-</u>	<u>100,576</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>425,201</u>	<u>212,045</u>	<u>312,621</u>	<u>212,045</u>
Basic loss per share (sen)	(0.049) *	(0.317) *	(0.006) *	(0.231) *

\* Note: Antidilutive

**Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2007.

**ON BEHALF OF THE BOARD**

**JAGGIT SINGH**  
Executive Director

Selangor Darul Ehsan  
27 November 2007