



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 - UNAUDITED**

	31/12/2011 RM'000	31/12/2010 RM'000 Restated
Assets		
Property, plant and equipment	29,281	8,467
Intangible assets	15,294	15,705
Concessions Intangible assets	150,361	99,368
Financial assets	339,168	274,959
Prepaid lease payments	-	-
Investment properties	5,104	3,443
Investment in associate	28,650	30,690
Other investments	86	86
Deferred tax assets	1,470	2,420
Total non-current assets	569,414	435,138
Trade and other receivables, including derivatives	288,911	272,404
Inventories	4,072	5,421
Current tax assets	796	143
Assets classified as held for sale	-	653
Cash and cash equivalents	214,554	145,230
Total current assets	508,333	423,851
Total assets	1,077,747	858,989
Equity		
Share capital	237,154	236,774
Reserves	64,366	64,498
Capital reserves	150	-
Retained earnings	83,576	21,833
Total equity attributable to owners of the Company	385,246	323,105
Non-controlling interests	159,236	89,362
Total equity	544,482	412,467
Liabilities		
Loans and borrowings	71,303	40,276
Deferred tax liabilities	79	79
Total non-current liabilities	71,382	40,355
Trade and other payables, including derivatives	227,250	205,519
Loans and borrowings	231,932	195,911
Current tax liabilities	2,142	4,737
Dividend payable	559	-
Total current liabilities	461,883	406,167
Total liabilities	533,265	446,522
Total equity and liabilities	1,077,747	858,989
Net assets per share (RM)	0.81	0.68

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH/CUMULATIVE QUARTER ENDED 31 DECEMBER 2011 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	31/12/2011 RM'000	31/12/2010 RM'000 Restated	31/12/2011 RM'000	31/12/2010 RM'000 Restated
Revenue	180,727	151,509	472,763	549,879
Cost of sales	(151,871)	(137,347)	(392,293)	(472,360)
Gross Profit	28,856	14,162	80,470	77,519
Other income	4,284	1,333	11,921	11,760
Foreign Exchange Gain	307	2,421	1,232	2,425
Foreign Exchange Loss	(909)	(634)	(1,962)	(757)
Other expenses	-	(95)	-	(95)
Provision for bad & doubtful debts	(320)	(1,013)	(359)	(1,013)
Provision for write off of inventories	(73)	-	(73)	-
Depreciation and amortization	(850)	(811)	(3,006)	(2,827)
Tendering and distribution costs	(6,623)	(1,424)	(10,000)	(5,167)
Administrative expenses	(15,159)	(10,538)	(48,669)	(40,335)
Profit from operations	9,513	3,401	29,554	41,510
Interest expense	(8,750)	(335)	(15,150)	(6,747)
Interest income	10,792	1,692	11,788	5,658
Share of profit after tax and minority interest of associates	684	983	2,892	3,643
Profit before tax	12,239	5,741	29,084	44,064
Taxation	(2,489)	(2,775)	(4,749)	(8,602)
Profit for the period	9,750	2,966	24,335	35,462
Profit attributable to:				
Owners of the Company	5,612	1,552	13,478	26,793
Non-controlling interests	4,138	1,414	10,857	8,669
Profit for the period	9,750	2,966	24,335	35,462
Basic earnings per ordinary share (sen)	1.18	0.33	2.84	5.72
Diluted earnings per ordinary share (sen)	1.13	0.32	2.70	5.49

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH/CUMULATIVE QUARTER ENDED 31 DECEMBER 2011 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2011 RM'000	30/12/2010 RM'000	31/12/2011 RM'000	30/12/2010 RM'000
Profit for the period	9,750	2,966	24,335	35,462
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	10,366	5,175	23,227	(17,047)
Other comprehensive (loss)/income for the period, net of tax	10,366	5,175	23,227	(17,047)
Total comprehensive income for the period	20,116	8,141	47,562	18,415
Total comprehensive (loss)/income attributable to:				
Owners of the Company	12,800	(887)	25,378	8,295
Non-controlling interests	7,316	9,028	22,184	10,120
Total comprehensive income for the period	20,116	8,141	47,562	18,415

he Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 2011 – UNAUDITED**

	12 months Ended 31/12/2011 RM'000	12 months Ended 31/12/2010 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	29,084	37,129
Adjustments for :		
- Non-cash items	21,254	4,259
- Non-operating items	3,362	4,219
Operating profit before changes in working capital	<u>53,700</u>	45,607
Changes in working capital	<u>1,251</u>	<u>(31,428)</u>
Cash (used in)/ generate from operations	54,951	14,179
Income taxes paid	(7,305)	(6,464)
Interest paid	(15,150)	(5,278)
Net cash generated from operating activities	<u>32,496</u>	<u>2,437</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	719	19,559
- Proceeds from disposal of assets classified as held for sale	653	1,170
- Proceeds from disposal of investment properties	1,502	518
- Disposal of subsidiary, net of cash disposed	91,981	-
- Acquisition of property, plant and equipment	(81,416)	(119,725)
- Acquisition of subsidiary, net of cash acquired	(15,020)	(22,558)
- Acquisition of investment properties	(3,791)	(54)
- Prepayment of lease term	(7,152)	(3,344)
- Dividends received	4,932	5,081
- Interest received	7,623	1,059
Net cash generated from/(used in) investing activities	<u>31</u>	<u>(118,294)</u>
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	433	3,321
- Proceeds from issuing of equity shares in a subsidiary to minority shareholders	-	9,412
- Proceeds from bank borrowings	113,996	219,079
- Repayments of bank borrowings	(74,606)	(101,159)
- Dividends paid to shareholders of Salcon Berhad	(7,115)	(7,015)
- Dividends paid to minority shareholders	(3,259)	(5,329)
- Payment of hire purchase liabilities	(2,681)	(1,629)
Net cash generated from financing activities	<u>26,768</u>	<u>116,680</u>
Exchange differences on translation of the financial statements of foreign entities	12,155	(6,534)
Net increase in cash and cash equivalents	<u>71,450</u>	<u>(5,711)</u>
Cash and cash equivalents at beginning of period	137,199	145,111
Cash and cash equivalents at end of period	<u>208,649</u>	<u>139,400</u>



SALCON BERHAD (Company No: 593796-T)

The cash and cash equivalents comprise the following balance sheet amounts

	12 months Ended 31/12/2011 RM'000	12 months Ended 30/09/2010 RM'000
Cash and bank balances	87,423	56,467
Deposits placed with licensed banks	127,131	88,763
Bank overdrafts	(1,503)	(3,629)
	213,051	141,601
Less: Amount placed with debts service reserve accounts	(4,402)	(2,201)
	208,649	139,400

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 2011

(i) **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 2010 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 2010.

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 2010 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Issues Committee (IC) Interpretation and Amendments to FRSs and IC Interpretations by the Group with effect from 1 January 2011.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment Transactions*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)



IC Interpretation 17 and IC Interpretation 18 are not applicable to the Group and the Company.

The adoption of the abovementioned new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations do not have any significant impact on the financial statements of the Group except for the following:

a) FRS 127, *Consolidated and Separate Financial Statements* (revised) ("FRS 127")

FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interest to be absorbed by the non-controlling interest instead of by the parent. The term minority interest was replaced by the term non-controlling interest.

b) IC Interpretation 12, *Service Concession Agreements* ("IC 12")

The interpretation requires the Group to records its concession assets as intangible assets at cost less amortisation. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the interpretation and has no effect on the reported profit equity. The following comparative figures have been restated following the adoption of the IC 12:

	As previously reported RM'000	Adoption of IC 12 RM'000	As restated RM'000
Property, plant and equipment	340,703	(332,236)	8,467
Concession intangible assets	-	99,368	99,368
Financial assets	-	274,959	274,959
Prepaid lease payment	23,642	(23,642)	-
Retained earnings	21,833	13,633	35,466
Minority interest	84,546	4,816	89,362

2. Preceding Annual Financial Statement

The audit report of the Group's annual financial statements for the year ended 31 December 2010 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 cash flows of the Group for the cumulative quarter ended 31 December 2011.

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 31 December 2011 other than the issuance of 759,500 new ordinary shares of RM0.50 each pursuant to the exercise of the Employees' Share Option Scheme (ESOS) at the option price of RM0.57.

7. Dividends Paid

The dividend paid for the cumulative quarter ended 31 December 2011 is as follows:-

	Cumulative Quarter To-date 31/12/11 RM'000
First and final single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2010 was paid on 22 July 2011	7,115

8. Segmental Reporting

The segmental revenue and results of the Group for the quarter ended 31 December 2011 are as follows:-

	Constructions RM'000	Concessions RM'000	Trading RM'000	Total RM'000
Revenue from external customers	240,200	218,590	13,973	472,763
Share of profit of associate	-	2,892	-	2,892
Segment profit	13,995	32,528	2,123	48,646
Depreciation and amortization	(1,425)	(14,031)	(744)	(16,200)
Finance costs	(8,645)	(5,424)	(1,082)	(15,150)
Finance income	1,537	10,238	13	11,788
Income tax expense	(3,065)	(1,291)	(391)	(4,747)
Profit after tax	2,395	23,692	(81)	24,335
Segment assets	432,838	638,388	6,521	1,077,747



SALCON BERHAD (Company No: 593796-T)

Included in the measure of segment assets are:

Investment in associate	-	28,650	-	28,650
Additions to non-current assets other than financial instruments and deferred tax assets	703	97,146	22,126	119,975

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 December 2011. The valuation of land and buildings have been brought forward without amendment from the previous annual audited report.

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 21 February 2011 (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.

11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the following:-

- (i) Salcon Capital Sdn. Bhd., a wholly owned subsidiary of Salcon Berhad (“the Company”), had on 14 January 2011 entered into a Shares Subscription Agreement with Eco-Tours Sdn. Bhd. (“Eco-Tours”) and Eco NGT Sdn. Bhd. (Existing Sole Shareholders of Eco-Tours) to subscribe for 1,026,000 new ordinary shares of RM1.00 each in the issued and paid-up share capital of Eco-Tours which represents 51.3% of the share capital of 2,000,000 ordinary shares of RM1.00 each. The principal activity of Eco-Tours is in the business of transportation services. The acquisition will not have any material effect on the earnings and net assets of the Group, and the share capital of the Company.
- (ii) Further to the announcement on 21 March 2011 on the execution of Concession Agreement between SCHK and Changzhou City Tian Ning District Diao Zhuang Street Office (“CCTNDDZSO”) and the execution of Asset Transfer Agreement between Salcon Changzhou (HK) Limited (“SCHK”) and Changzhou Southeast Industrial Wastewater Treatment Plant whereby a new company will be incorporated in People’s Republic of China to carry out the obligations and responsibilities of SCHK, Salcon Berhad (“Salcon” or “Company”) wishes to announce that SCHK Limited had on 20 April 2011 incorporated a new wholly-owned subsidiary company in People’s Republic of China, details of which are set out below:

1.	Name of Company	Changzhou Salcon Wastewater Treatment Co. Ltd. (“CSWT”)
2.	Principal Activities	Wastewater operation and treatment
3.	Registered share capital	USD5.07 million (equivalent to approximately RM15,236,100)
4.	Paid up capital	As at the date of incorporation, there is no paid up capital. The proposed paid up capital is USD5.07 million
5.	Mr. Tey Thiam Huat has been nominated as the legal representative of CSWT	



The incorporation of CSWT will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2011.

- (iii) Salcon Power Sdn Bhd, a wholly-owned subsidiary of Salcon Engineering Berhad which in turn is a wholly-owned subsidiary of Salcon Berhad (“Salcon” or “the Company”) had on 15 September 2011 subscribed for 10,000 ordinary shares of £1.00 each, representing the entire issued and paid-up share capital of Salcon Green Energy (UK) Limited (“SGNUK”), a company incorporated in United Kingdom, for a total cash consideration of £10,000 (“Subscription”). Subsequent to the Subscription, SGNUK shall become a wholly-owned subsidiary of Salcon Power Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company. The principal activity of SGNUK is to carry on the business of renewal energy. The Subscription will not have any material effect on the earnings and net assets of the Company for the financial year ending 31 December 2011 and also the share capital of the Company.

12. Changes in Contingent Liabilities/Contingent Assets

The contingent as at financial period ended 31 December 2011 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	120,373
Guarantees given in favour of third parties	<u>10,918</u>

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	385,246
No. of shares	<u>474,308</u>
NA per share (RM)	<u>0.81</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



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 31/12/2011 RM'000	Cumulative Quarter To-date 31/12/2011 RM'000
Malaysian - current period	1,855	4,164
- prior years	-	(637)
Overseas - current period	634	1,222
	<u>2,489</u>	<u>4,749</u>

The Group's lower effective tax rate (excluding the results of associates which is equity accounted net of tax) is mainly due to certain overseas income is exempted from tax.

2. Status of Corporate Proposals

On 22 November 2010, Salcon Berhad ("Salcon" or the "Company") entered into a Conditional Sale and Purchase Agreement ("SPA") with Challenger Emerging Market Infrastructure Fund Pte. Ltd. ("EMIF") in relation to the proposed disposal by the Company of 40% of the entire issued and paid-up share capital of Salcon Water (Asia) Limited ("Salcon Asia") to EMIF for a total cash consideration of Renminbi ("RMB") 238 million (or an equivalent of Hong Kong dollar ("HKD") 278.46 million or RM112.26 million based on an exchange rate of RMB1.00 : HKD1.17 and RM1.00 : RMB2.12 respectively) ("Proposed Disposal").

To facilitate, inter-alia, the Proposed Disposal, Salcon shall undertake a proposed internal restructuring involving its wholly-owned subsidiary company, namely, Salcon Asia (currently a dormant investment holding company), and five (5) other wholly-owned subsidiary companies of the Company, namely, Salcon Services (HK) Limited, Salcon Shandong (HK) Limited, Salcon Linyi (HK) Limited, Salcon Zhejiang (HK) Limited and Salcon Fujian (HK) Limited (collectively referred to as the "HK Subsidiaries") (which are principally involved in water treatment, sewage treatment, raw water supply/transfer activities) whereby the HK Subsidiaries will become approximately 99.99%-owned subsidiary companies of Salcon Asia ("Proposed Internal Restructuring").

The Proposed Internal Restructuring is to be completed prior to the Proposed Disposal.

On 21 January 2011, the ordinary resolution set out in the Notice of Extraordinary General Meeting regarding the Proposed Disposal was duly passed by the shareholders of the Company.

On 28 February 2011, the disposal of 40% equity interest in Salcon Asia to EMIF ("Disposal") was deemed completed by the Board following the completion of the conditions precedent of the Sale and Purchase Agreement dated 22 November 2010 relating to the Disposal ("SPA"). Concurrent with the completion of the Disposal, Salcon had on even date entered into a Shareholders' Agreement ("SA") with EMIF.

The SA governs matters relating to the ownership, management, control and operation of the Salcon Asia Group as well as the relationship between Salcon and EMIF.



SALCON BERHAD (Company No: 593796-T)

On 29 April 2011, the consideration for the Disposal of RMB238 million (or equivalent to approximately RM112.26 million based on the exchange rate of RM1.00 : RMB2.12 as at 6 January 2011) had been adjusted to RMB202.62 million (or equivalent of RM95.58 million based on an exchange rate of RM1.00: RMB2.12 as at 6 January 2011) pursuant to Clause 3 and Schedule 5 of the SPA. Accordingly, Salcon had on 29 April 2011 refunded RMB35.38 million (or equivalent of RM16.69 million based on an exchange rate of RM1.00: RMB2.12 as at 6 January 2011) in cash to EMIF.

Both Salcon and EMIF have mutually agreed to the value of the said adjusted Disposal consideration.

The status of the utilisation of the proceeds as at 21 February 2012 arising from the disposal is as follows: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

Purpose	Proposed Revised Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation		Explanation
				RM'000	%	
Future investments	84,380	(33,810)	24 months	Nil	Nil	Not completed
Repayment of bank borrowings	10,000	(10,000)	12 months	Nil	Nil	Completed
Defraying estimated expenses relating to the Disposal	1,200	(1,200)	3 months	Nil	Nil	Completed
Total	95,580	(45,010)				

3. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	56,746	56,746
Finance lease creditors	14,557	-	14,557
	<u>14,557</u>	<u>56,746</u>	<u>71,303</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	1,503	1,503
Revolving credits	-	3,564	3,564
Bankers acceptances	-	-	-
Term loan	-	222,200	222,200
Finance lease creditors	4,665	-	4,665
	<u>4,665</u>	<u>227,267</u>	<u>231,932</u>
Total Group Borrowings	<u><u>19,222</u></u>	<u><u>284,013</u></u>	<u><u>303,235</u></u>



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

	Foreign currency RMB'000	Equivalent RM'000
Short Term Borrowings (Unsecured)	<u>430,886</u>	<u>216,907</u>

4. Changes in Material Litigation

There was no material update as at 21 February 2012 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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

For the current financial quarter, the Group's revenue and profit before tax was higher by 123% and 144% respectively as compared with the immediate preceding quarter.

6. Review of Performance of the Company and its Principal Subsidiaries

IC Interpretation 12, Service Concession Agreements, requires revenues to be recognized during the construction of water treatment plants.

Accordingly, during the quarter under review, the Group achieved revenues of RM180.73 million, inclusive of RM75.46 million attributable to IC12 adjustments. Similarly, revenues for the preceding corresponding quarter, was RM151.51 million, inclusive of IC 12 adjustments of RM32.93 million.

In a similar manner, profit before taxation for the present quarter was RM12.24 million, inclusive of RM4.99 million of IC 12 adjustments as compared to preceding corresponding quarter of RM5.74 million with IC 12 adjustments of RM1.73 million.

Excluding the impact of IC12 adjustments, the Group recorded a higher profit before taxation for the quarter under review arising from cost saving of construction projects

For the cumulative quarter to-date, the Group recorded revenues of RM472.76 million, inclusive of RM75.46 million IC12 adjustments as compared to preceding corresponding cumulative quarter of RM549.87 million IC 12 adjustments of RM131.72 million.

In a similar manner, profit before taxation for the current cumulative quarter was RM29.08 million, inclusive of RM4.99 million of IC 12 adjustments as compared to preceding corresponding cumulative quarter of RM44.06 million with IC 12 adjustments of RM6.94 million.

Excluding the impact of IC12 adjustments, the Group recorded a lower profit before taxation for the cumulative quarter arising from higher tendering and distribution costs and loss on disposal of assets.

7. Prospects

In the Construction segment, the Group is replenishing its order book by aggressively tendering for the Engineering, Procurement, Constructions and Commissioning (EPCC) contracts locally and in the emerging market overseas.



In concession investments, the Group expects higher earnings contribution from China with the completion of two projects during the first half of next year.

In addition, the Group expects to conclude the acquisition of two new water projects in China during the 2nd quarter of next year.

8. Variance of Profit Forecast / Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

9. Proposed Dividend

The Board of Directors intend to propose a final dividend of 1.5 sen (single tier tax exempt) per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2011 for the approval of the shareholders at the Ninth Annual General Meeting.

10. Financial instruments - derivatives

As at 31 December 2011, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM21.15 million:

Derivatives	Carrying Value RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	232	232

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



11. 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:

Basic earnings per share

	Current Quarter Ended 31/12/2011	Comparative Quarter Ended 31/12/2010	Cumulative Quarter To-date 31/12/2011	Cumulative Quarter To-date 31/12/2010
Profit/loss attributable to equity holders of the parent (RM'000)	<u>5,612</u>	<u>1,552</u>	<u>13,478</u>	<u>26,793</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>473,548</u>	<u>467,720</u>	<u>473,548</u>	<u>467,720</u>
Effect of shares issued during the period ('000)	<u>760</u>	<u>2,606</u>	<u>648</u>	<u>658</u>
Weighted average number of ordinary shares ('000)	<u>474,308</u>	<u>470,326</u>	<u>474,196</u>	<u>468,378</u>
Basic earnings per share (sen)	1.18	0.33	2.84	5.72

Diluted earnings per share

	Current Quarter Ended 31//2011	Comparative Quarter Ended 31/12/2010	Cumulative Quarter To-date 31//2011	Cumulative Quarter To-date 31/12/2010
Profit attributable to equity holders of the parent (RM'000)	<u>5,612</u>	<u>1,552</u>	<u>13,478</u>	<u>26,793</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	<u>474,308</u>	<u>470,326</u>	<u>474,196</u>	<u>468,378</u>
Effect of approved unexercised ESOS ('000)	<u>24,172</u>	<u>20,103</u>	<u>24,172</u>	<u>20,103</u>
Weighted average number of ordinary shares (diluted)	<u>498,480</u>	<u>490,429</u>	<u>498,368</u>	<u>488,481</u>
Diluted earnings per share (sen)	1.13	0.32	2.70	5.48

* Note: Antidilutive



12. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	101,973	59,116
- Unrealised	16,525	118
	<hr/>	<hr/>
	118,498	59,234
Total share of retained profits from associated company:		
- Realised	11,782	8,890
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	<hr/>	<hr/>
	131,776	69,620
Less: Consolidation adjustments	(48,200)	(47,787)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 83,576	<hr/> <hr/> 21,833

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 28 February 2012.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
28 February 2012