



**SALCON BERHAD** (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012 - UNAUDITED**

|   | <b>30/06/2012</b>              | 31/12/2011              | 01/01/2011            |
|---|--------------------------------|-------------------------|-----------------------|
|   | <b>RM'000</b>                  | RM'000                  | RM'000                |
|   |                                | Restated                | Restated              |
| <b>Assets</b>   |                                |                         |                       |
| Property, plant and equipment                             | <b>32,938</b>                  | 28,842                  | 8,467                 |
| Intangible assets   | <b>21,880</b>                  | 15,293                  | 15,705                |
| Concession intangible assets                              | <b>163,874</b>                 | 119,767                 | 99,368                |
| Trade and other receivables                               | <b>394,594</b>                 | 376,555                 | 274,959               |
| Investment properties                                     | <b>8,424</b>                   | 5,104                   | 3,443                 |
| Investment in associate                                   | <b>30,256</b>                  | 28,650                  | 30,690                |
| Other investments   | <b>86</b>                      | 86                      | 86                    |
| Deferred tax assets                                       | <b>2,420</b>                   | 2,420                   | 2,420                 |
| <b>Total non-current assets</b>                           | <b><u>654,472</u></b>          | <u>576,717</u>          | <u>435,138</u>        |
| Trade and other receivables, including derivatives        | <b>282,812</b>                 | 286,603                 | 272,404               |
| Inventories   | <b>5,459</b>                   | 2,940                   | 5,421                 |
| Current tax assets  | <b>659</b>                     | 717                     | 143                   |
| Assets classified as held for sale                        | <b>-</b>                       | -                       | 653                   |
| Cash and cash equivalents                                 | <b>150,721</b>                 | 214,531                 | 145,230               |
| <b>Total current assets</b>                               | <b><u>439,651</u></b>          | <u>504,791</u>          | <u>423,851</u>        |
| <b>Total assets</b>                                       | <b><u><u>1,094,123</u></u></b> | <u><u>1,081,508</u></u> | <u><u>858,989</u></u> |
| <b>Equity</b>   |                                |                         |                       |
| Share capital   | <b>260,869</b>                 | 237,154                 | 236,774               |
| Reserves  | <b>75,334</b>                  | 76,009                  | 59,373                |
| Retained earnings   | <b>78,993</b>                  | 76,235                  | 26,958                |
| <b>Total equity attributable to owners of the Company</b> | <b><u>415,196</u></b>          | <u>389,398</u>          | <u>323,105</u>        |
| <b>Non-controlling interests</b>                          | <b><u>173,068</u></b>          | <u>159,032</u>          | <u>89,362</u>         |
| <b>Total equity</b>                                       | <b><u><u>588,264</u></u></b>   | <u><u>548,430</u></u>   | <u><u>412,467</u></u> |
| <b>Liabilities</b>  |                                |                         |                       |
| Loans and borrowings                                      | <b>55,465</b>                  | 52,571                  | 40,276                |
| Deferred tax liabilities                                  | <b>481</b>                     | 402                     | 79                    |
| <b>Total non-current liabilities</b>                      | <b><u>55,946</u></b>           | <u>52,973</u>           | <u>40,355</u>         |
| Trade and other payables, including derivatives           | <b>215,106</b>                 | 227,768                 | 205,519               |
| Loans and borrowings                                      | <b>232,172</b>                 | 250,614                 | 195,911               |
| Current tax liabilities                                   | <b>2,635</b>                   | 1,723                   | 4,737                 |
| <b>Total current liabilities</b>                          | <b><u>449,913</u></b>          | <u>480,105</u>          | <u>406,167</u>        |
| <b>Total liabilities</b>                                  | <b><u><u>505,859</u></u></b>   | <u><u>533,078</u></u>   | <u><u>446,522</u></u> |
| <b>Total equity and liabilities</b>                       | <b><u><u>1,094,123</u></u></b> | <u><u>1,081,508</u></u> | <u><u>858,989</u></u> |
| Net assets per share (RM)                                 | <b>0.80</b>                    | 0.82                    | 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 2011 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2012 - UNAUDITED**

|   | Individual Quarter |                | Cumulative Quarter |                |
|---|--------------------|----------------|--------------------|----------------|
|   | <b>Current</b>     | Preceding Year | <b>Current</b>     | Preceding Year |
|   | <b>Year</b>        | Corresponding  | <b>Year</b>        | Corresponding  |
|   | <b>Quarter</b>     | Quarter        | <b>Todate</b>      | Period         |
|   | <b>30/06/2012</b>  | 30/06/2011     | <b>30/06/2012</b>  | 30/06/2011     |
|   | <b>RM'000</b>      | RM'000         | <b>RM'000</b>      | RM'000         |
| <b>Revenue</b>  | <b>69,724</b>      | 100,553        | <b>148,665</b>     | 210,990        |
| Cost of sales   | <b>(55,317)</b>    | (81,769)       | <b>(119,726)</b>   | (174,375)      |
| <b>Gross Profit</b>   | <b>14,407</b>      | 18,784         | <b>28,939</b>      | 36,615         |
| Other income  | <b>6,444</b>       | 2,841          | <b>11,524</b>      | 4,097          |
| Other expenses  | -                  | (39)           | -                  | (39)           |
| Tendering and distribution costs                              | <b>(1,333)</b>     | (1,313)        | <b>(2,351)</b>     | (2,180)        |
| Administrative expenses                                       | <b>(12,368)</b>    | (14,516)       | <b>(23,633)</b>    | (24,919)       |
| <b>Profit from operations</b>                                 | <b>7,150</b>       | 5,757          | <b>14,479</b>      | 13,574         |
| Interest expense  | <b>(4,793)</b>     | (1,763)        | <b>(9,375)</b>     | (3,717)        |
| Interest income   | <b>3,242</b>       | 319            | <b>6,513</b>       | 557            |
| Share of profit after tax and minority interest of associates | <b>792</b>         | 852            | <b>1,606</b>       | 1,411          |
| <b>Profit before tax</b>                                      | <b>6,391</b>       | 5,165          | <b>13,223</b>      | 11,825         |
| Taxation  | <b>(1,730)</b>     | (1,527)        | <b>(2,852)</b>     | (2,722)        |
| <b>Profit for the period</b>                                  | <b>4,661</b>       | 3,638          | <b>10,371</b>      | 9,103          |
| <b>Profit attributable to:</b>                                |                    |                |                    |                |
| Owners of the Company   | <b>251</b>         | 369            | <b>2,758</b>       | 4,662          |
| Non-controlling interests                                     | <b>4,410</b>       | 3,269          | <b>7,613</b>       | 4,441          |
| <b>Profit for the period</b>                                  | <b>4,661</b>       | 3,638          | <b>10,371</b>      | 9,103          |
| Basic earnings per ordinary share (sen)                       | <b>0.05</b>        | 0.08           | <b>0.55</b>        | 0.98           |
| Diluted earnings per ordinary share (sen)                     | -                  | 0.07           | <b>0.53</b>        | 0.94           |

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2012 - UNAUDITED**

|   | Individual Quarter                  |  | Cumulative Quarter                 |   |
|---|-------------------------------------|--|------------------------------------|---|
|   | <b>Current<br/>Year<br/>Quarter</b> | Preceding Year<br>Corresponding<br>Quarter | <b>Current<br/>Year<br/>ToDate</b> | Preceding Year<br>Corresponding<br>Period |
|   | <b>30/06/2012<br/>RM'000</b>        | 30/06/2011<br>RM'000                       | <b>30/06/2012<br/>RM'000</b>       | 30/06/2011<br>RM'000                      |
| <b>Profit for the period</b>  | <b>4,661</b>                        | 3,638                                      | <b>10,371</b>                      | 9,103                                     |
| <b>Other comprehensive (loss)/income,<br/>net of tax</b>                |                                     |  |                                    |   |
| Foreign currency translation differences for<br>foreign operations      | <b>10,258</b>                       | (148)                                      | <b>(1,393)</b>                     | (2,875)                                   |
| <b>Other comprehensive (loss)/income for the<br/>period, net of tax</b> | <b>10,258</b>                       | (148)                                      | <b>(1,393)</b>                     | (2,875)                                   |
| <b>Total comprehensive (loss)/income<br/>for the period</b>             | <b>14,919</b>                       | 3,490                                      | <b>8,978</b>                       | 6,228                                     |
| <b>Total comprehensive (loss)/income<br/>attributable to:</b>           |                                     |  |                                    |   |
| Owners of the Company   | <b>8,477</b>                        | 391  | <b>1,317</b>                       | 2,720                                     |
| Non-controlling interests   | <b>6,442</b>                        | 3,099                                      | <b>7,661</b>                       | 3,508                                     |
| <b>Total comprehensive (loss)/income<br/>for the period</b>             | <b>14,919</b>                       | 3,490                                      | <b>8,978</b>                       | 6,228                                     |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2012 – UNAUDITED**

|   | Attributable to Owners of the Company |               |                 |                     |                      |                 |                     | Distributable     |                | Non-controlling interests | Total equity   |
|---|---------------------------------------|---------------|-----------------|---------------------|----------------------|-----------------|---------------------|-------------------|----------------|---------------------------|----------------|
|   | Non – distributable                   |               |                 |                     | Share                |                 |                     | Retained earnings | Total          |                           |                |
|   | Share capital                         | Share premium | Warrant reserve | Translation reserve | Share option reserve | Capital reserve | Revaluation reserve |                   |                |                           |                |
| RM'000  | RM'000                                | RM'000        | RM'000          | RM'000              | RM'000               | RM'000          | RM'000              | RM'000            | RM'000         | RM'000                    |                |
| <b>At 1 January 2011</b>                              | 236,774                               | 36,445        | 22,150          | (8,658)             | 778                  | -               | 150                 | 35,466            | 323,105        | 89,362                    | 412,467        |
| - effect of adopting MFRSs                            | -                                     | -             | -               | 8,658               | -                    | -               | (150)               | (8,508)           | -              | -                         | -              |
| <b>At 1 January 2011, restated</b>                    | 236,774                               | 36,445        | 22,150          | -                   | 778                  | -               | -                   | 26,958            | 323,105        | 89,362                    | 412,467        |
| Total comprehensive income for the period             | -                                     | -             | -               | (1,941)             | -                    | -               | -                   | 4,662             | 2,721          | 3,507                     | 6,228          |
| Share option exercised                                | 380                                   | 53            | -               | -                   | 869                  | -               | -                   | -                 | 1,302          | -                         | 1,302          |
| Transfer to share premium for share options exercised | -                                     | 129           | -               | -                   | (129)                | -               | -                   | -                 | -              | -                         | -              |
| Acquisition by non-controlling interests              | -                                     | -             | -               | -                   | -                    | 41,768          | -                   | -                 | 41,768         | 51,208                    | 92,976         |
| Dividends to minority interest                        | -                                     | -             | -               | -                   | -                    | -               | -                   | -                 | -              | (314)                     | (314)          |
| <b>At 30 June 2011, restated</b>                      | <b>237,154</b>                        | <b>36,627</b> | <b>22,150</b>   | <b>(1,941)</b>      | <b>1,518</b>         | <b>41,768</b>   | <b>-</b>            | <b>31,620</b>     | <b>368,896</b> | <b>143,763</b>            | <b>512,659</b> |
| <b>At 1 January 2012</b>                              | 237,154                               | 36,627        | 22,150          | 6,227               | 2,347                | -               | 150                 | 84,743            | 389,398        | 159,032                   | 548,430        |
| - effect of adopting MFRSs                            | -                                     | -             | -               | 8,658               | -                    | -               | (150)               | (8,508)           | -              | -                         | -              |
| <b>At 1 January 2012, restated</b>                    | 237,154                               | 36,627        | 22,150          | 14,885              | 2,347                | -               | -                   | 76,235            | 389,398        | 159,032                   | 548,430        |
| Total comprehensive income for the period             | -                                     | -             | -               | (1,441)             | -                    | -               | -                   | 2,758             | 1,317          | 7,661                     | 8,978          |
| Share-based payment transactions                      | -                                     | -             | -               | -                   | 766                  | -               | -                   | -                 | 766            | -                         | 766            |
| Issuance of shares - private placement                | 23,715                                | -             | -               | -                   | -                    | -               | -                   | -                 | 23,715         | -                         | 23,715         |
| Acquisition by non-controlling interests              | -                                     | -             | -               | -                   | -                    | -               | -                   | -                 | -              | 6,375                     | 6,375          |
| <b>At 30 June 2012</b>                                | <b>260,869</b>                        | <b>36,627</b> | <b>22,150</b>   | <b>13,444</b>       | <b>3,113</b>         | <b>-</b>        | <b>-</b>            | <b>78,993</b>     | <b>415,196</b> | <b>173,068</b>            | <b>588,264</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 2011 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2012 – UNAUDITED**

|   | <b>6 months<br/>Ended<br/>30/06/2012<br/>RM'000</b> | <b>6 months<br/>Ended<br/>30/06/2011<br/>RM'000</b> |
|---|---|---|
| <b><u>Cash flows from operating activities</u></b>                                    |   |   |
| Profit before tax   | 13,223  | 11,825  |
| Adjustments for :   |   |   |
| - Non-cash items  | 3,644   | 8,703   |
| - Non-operating items   | 2,863   | 3,161   |
| Operating profit before changes in working capital                                    | <u>19,730</u>                                       | <u>23,689</u>                                       |
| Changes in working capital  | <u>(34,331)</u>                                     | <u>(26,272)</u>                                     |
| Cash generate from operations   | <u>(14,601)</u>                                     | <u>(2,583)</u>                                      |
| Income taxes paid   | (1,803)   | (2,599)   |
| Interest paid   | <u>(9,375)</u>                                      | <u>(3,717)</u>                                      |
| <b>Net cash used in operating activities</b>  | <b><u>(25,779)</u></b>                              | <b><u>(8,899)</u></b>                               |
| <b><u>Cash flows from investing activities</u></b>                                    |   |   |
| - Proceeds from disposal of property, plant and equipment                             | 359   | 28  |
| - Proceeds from disposal of assets classified as held for sale                        | -   | 653   |
| - Proceeds from disposal of investment properties                                     | -   | 1,215   |
| - Disposal of subsidiary, net of cash disposed  | -   | 92,001  |
| - Acquisition of property, plant and equipment  | (5,614)   | (51,327)  |
| - Acquisition of concession intangible assets   | <u>(44,607)</u>                                     | -   |
| - Acquisition of subsidiary, net of cash acquired                                     | <u>(7,189)</u>                                      | <u>(15,065)</u>                                     |
| - Prepayment of lease term  | -   | (1,505)   |
| - Interest received   | <u>6,513</u>  | <u>557</u>  |
| <b>Net cash generated (used in)/from investing activities</b>                         | <b><u>(50,538)</u></b>                              | <b><u>26,557</u></b>                                |
| <b><u>Cash flows from financing activities</u></b>                                    |   |   |
| - Net proceeds from issue of shares capital   | 23,715  | 433   |
| - Proceeds from issuing of equity shares in a subsidiary to non-controlling interests | 5,968   | -   |
| - Proceeds from bank borrowings   | 31,379  | 75,844  |
| - Repayments of bank borrowings   | (48,795)  | (33,278)  |
| - Dividends paid to non-controlling interests   | (559)   | (314)   |
| - Payment of hire purchase liabilities  | <u>(2,463)</u>                                      | <u>(759)</u>  |
| <b>Net cash generated from financing activities</b>                                   | <b><u>9,245</u></b>                                 | <b><u>41,926</u></b>                                |
| Exchange differences on translation of the financial statements of foreign entities   | <u>(2,111)</u>                                      | <u>(3,302)</u>                                      |
| Net decrease in cash and cash equivalents   | <u>(69,183)</u>                                     | <u>56,282</u>                                       |
| Cash and cash equivalents at beginning of period                                      | <u>208,626</u>                                      | <u>139,400</u>                                      |
| <b>Cash and cash equivalents at end of period</b>                                     | <b><u>139,443</u></b>                               | <b><u>195,682</u></b>                               |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



**SALCON BERHAD** (Company No: 593796-T)

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

|   | <b>6 months<br/>Ended<br/>30/06/2012<br/>RM'000</b> | <b>6 months<br/>Ended<br/>30/06/2011<br/>RM'000</b> |
|---|---|---|
| Cash and bank balances                                  | <b>82,422</b>                                       | 112,900   |
| Deposits placed with licensed banks                     | <b>68,299</b>                                       | 86,479  |
| Bank overdrafts   | <b>(6,876)</b>                                      | (1,496)   |
|   | <b>143,845</b>                                      | 197,883   |
| Less: Amount placed with debts service reserve accounts | <b>(4,402)</b>                                      | (2,201)   |
|   | <b>139,443</b>                                      | 195,682   |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2012**

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

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. It also complies with IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 statements for year ended 31 December 2011. The audited financial statements of the Group as at and for the year ended 31 December 2011 were prepared under Financial Reporting Standards (FRSs).

**1.1 Significant Accounting Policies**

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited financial statements of the Group as at and for the year ended 31 December 2011.

a) Property, plant and equipment

Under FRS, freehold lands and buildings were revalued in December 2007 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRs. The revaluation reserve of RM150,000 at 1 January 2011, 31 March 2011 and 31 December 2011 was reclassified to retained earnings.

b) Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. The cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM8,658,000 (31 March 2011: RM8,658,000; 31 December 2011: RM8,658,000) were adjusted to retained earnings.

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:



**SALCON BERHAD** (Company No: 593796-T)

Reconciliation of equity as at 1 January 2011

|                     | FRS as at<br>01/01/2011<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>01/01/2011<br>RM'000 |
|---------------------|-----------------------------------|-----------------------------|------------------------------------|
| Equity              |                                   |                             |                                    |
| Revaluation reserve | 150                               | (150)                       | -                                  |
| Translation reserve | (8,658)                           | 8,658                       | -                                  |
| Retained earnings   | 35,466                            | (8,508)                     | 26,958                             |

Reconciliation of equity as at 30 June 2011

|                     | FRS as at<br>31/03/2011<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>31/03/2011<br>RM'000 |
|---------------------|-----------------------------------|-----------------------------|------------------------------------|
| Equity              |                                   |                             |                                    |
| Revaluation reserve | 150                               | (150)                       | -                                  |
| Translation reserve | (8,658)                           | 8,658                       | -                                  |
| Retained earnings   | 40,128                            | (8,508)                     | 31,620                             |

Reconciliation of equity as at 31 December 2011

|                     | FRS as at<br>31/12/2011<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>31/12/2011<br>RM'000 |
|---------------------|-----------------------------------|-----------------------------|------------------------------------|
| Equity              |                                   |                             |                                    |
| Revaluation reserve | 150                               | (150)                       | -                                  |
| Translation reserve | (8,658)                           | 8,658                       | -                                  |
| Retained earnings   | 84,743                            | (8,508)                     | 76,235                             |

At the date of authorization of these interim financial statements, the followings MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012***

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*





- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015***

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)

**2. Preceding Annual Financial Statement**

The audit report of the Group's annual financial statements for the year ended 31 December 2011 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 30 June 2012.

**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 June 2012 other than the issuance of 47,430,780 new ordinary shares of RM0.50 each pursuant to the placement of new ordinary shares at RM0.50 each.

**7. Dividends Paid**

There were no payment of dividend for the cumulative quarter ended 30 June 2012.



## 8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 June 2012 are as follows:-

|  | Constructions<br>RM'000 | Concessions<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-----------------------|------------------|-----------------|
| Revenue from external customers  | 53,356                  | 88,883                | 6,426            | 148,665         |
| Share of profit of associate   | -                       | 1,606                 | -                | 1,606           |
| Segment profit   | (5,488)                 | 23,506                | 2,345            | 20,363          |
| Depreciation and amortization  | (662)                   | (2,498)               | (1,117)          | (4,277)         |
| Finance costs  | (48)                    | (8,802)               | (525)            | (9,375)         |
| Finance income   | 1,164                   | 5,341                 | 8                | 6,513           |
| Income tax expense   | (705)                   | (2,147)               | -                | (2,852)         |
| Profit after tax   | (5,739)                 | 15,400                | 711              | 10,372          |
| Segment assets   | 334,839                 | 675,083               | 84,201           | 1,094,123       |
| <i>Included in the measure of segment assets are:</i>                                    |                         |                       |                  |                 |
| Investment in associate  | -                       | 30,256                | -                | 30,256          |
| Additions to non-current assets other than financial instruments and deferred tax assets | 43                      | 30,409                | 6,122            | 36,574          |

## 9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 June 2012. 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 9 August 2012 (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 Engineering Berhad, a wholly-owned subsidiary of Salcon Berhad, had on 8 March 2012 acquired 2 ordinary shares of RM1.00 each, representing 100% equity interest in Tanjung Jutaria Sdn Bhd (Company No. 979463-U) ("Tanjung Jutaria"), a shelf company incorporated in Malaysia, for a total consideration of RM2.00. Tanjung Jutaria was incorporated on 23 February 2012 in



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Malaysia. The authorised share capital of Tanjung Jutaria is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each while its issued share capital consists of 2 ordinary shares of RM1.00 each which have been fully paid. The intended business activity of Tanjung Jutaria is design and construction of water and waste water facilities.

- (ii) Salcon Berhad (“Salcon”) had on 22 March 2012 acquired 2 ordinary shares of RM1.00 each, representing 100% equity interest in Salcon Development Sdn Bhd, a company incorporated in Malaysia, from Salcon Engineering Berhad which is a wholly owned subsidiary of Salcon, for a total cash consideration of RM2.00.
- (iii) On 28 March 2012, Salcon Development Sdn Bhd, a wholly-owned subsidiary of Salcon Berhad, had entered into several Share Sale Agreements with Wong Yoon Kim, Png Chiew Chuan and Mepro Holdings Berhad to acquire 500,001 ordinary shares of RM1.00 each representing 50% plus one (1) share of the issued and paid up share capital of Azitin Venture Sdn Bhd (Company No. 500677-T) (“AVSB”). The principal activity of AVSB is a property development company. The total cash consideration for the acquisition will amount to RM7,200,000.00
- (iv) On 21 May 2012, Salcon Berhad had entered into a Sale and Purchase Agreement with Darco Water Technologies Ltd (Registration No. 200106732C) for the acquisition of 15,461,076 ordinary shares of S\$1.00 each in Darco Environmental Pte Ltd (Registration No. 200107899E) (“Darco Environmental”) representing 60% of the issued and paid up share capital of Darco Environmental for a cash purchase consideration of RMB95,830,690.00 (equivalent to RM47,474,524).
- (v) Salcon Berhad (“Salcon”) had on 23 May 2012 acquired three (3) shelf companies namely Gerbang Mawar Sdn Bhd (“Gerbang Mawar”), Kencana Kesuma Sdn Bhd (“Kencana Kesuma”) and Satria Megajuta Sdn (“Satria Megajuta”). Gerbang Mawar, Kencana Kesuma and Satria Megajuta each has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. The intended principal activity of Gerbang Mawar, Kencana Kesuma and Satria Megajuta is renewal energy.

**12. Changes in Contingent Liabilities/Contingent Assets**

The contingent as at financial period ended 30 June 2012 are as follows:-

|   | <b>RM'000</b> |
|---|---------------|
| Bank guarantees given to third parties relating to performance, tenders and advance payment bonds | 110,180       |
| 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:-

|                    | <b>RM'000</b>  |
|--------------------|----------------|
| Shareholders funds | 415,196        |
| No. of shares      | <u>521,738</u> |
| NA per share (RM)  | <u>0.80</u>    |



**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<br>Quarter<br>Ended<br>30/06/2012<br>RM'000 | Cumulative<br>Quarter<br>To-date<br>30/06/2012<br>RM'000 |
|----------------------------|---|--|
| Malaysian - current period | 255   | 751  |
| Overseas - current period  | 1,475   | 2,101  |
|                            | <u>1,730</u>  | <u>2,852</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**

- (i) The status of the utilisation of the proceeds arising from the disposal of 40% equity interest in Salcon Water (Asia) Limited to Challenger Emerging Market Infrastructure Fund Pte. Ltd. as at 9 August 2012 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<br>Revised<br>Utilisation<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Intended<br>Timeframe<br>for<br>Utilisation | Deviation |     | Explanation |
|---|--|---------------------------------|---|-----------|-----|-------------|
|   |  |                                 |   | RM'000    | %   |             |
| Future investments                                    | 84,380                                       | (84,380)                        | 24 months                                   | Nil       | Nil | 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   |
| <b>Total</b>  | <b>95,580</b>                                | <b>(95,580)</b>                 |   |           |     |             |

- (ii) The placement of 47,430,780 new ordinary shares of RM0.50 was completed and the shares were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad on 20 March 2012. The status of the utilisation of the proceeds as at 9 August 2012 is as follows: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



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| Purpose                              | Proposed Utilisation<br>RM'000 | Actual Utilisation<br>RM'000 | Estimated Timeframe<br>for<br>Utilisation | Deviation<br>RM'000 | %        | Explanation   |
|--------------------------------------|--------------------------------|------------------------------|---|---------------------|----------|---------------|
| Repayment of existing borrowings     | 23,515                         | (6,000)                      | Within 24 months                          | Nil                 | Nil      | Not completed |
| Estimated expenses for the placement | 200                            | (200)                        | Within 3 months                           | Nil                 | Nil      | Completed     |
| <b>Total</b>                         | <b>23,715</b>                  | <b>(6,200)</b>               |   | <b>-</b>            | <b>-</b> | <b>-</b>      |

### 3. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2012 are as follows:

|                               | Secured<br>RM'000    | Unsecured<br>RM'000   | Total<br>RM'000       |
|-------------------------------|----------------------|-----------------------|-----------------------|
| <u>Long Term Borrowings</u>   |                      |                       |                       |
| Term loan                     | -                    | 42,000                | 42,000                |
| Finance lease creditors       | 13,465               | -                     | 13,465                |
|                               | <u>13,465</u>        | <u>42,000</u>         | <u>55,465</u>         |
| <u>Short Term Borrowings</u>  |                      |                       |                       |
| Bank overdrafts               | -                    | 6,876                 | 6,876                 |
| Term loan                     | -                    | 221,023               | 221,023               |
| Finance lease creditors       | 4,273                | -                     | 4,273                 |
|                               | <u>4,273</u>         | <u>227,899</u>        | <u>232,172</u>        |
| <b>Total Group Borrowings</b> | <u><u>17,738</u></u> | <u><u>269,899</u></u> | <u><u>287,637</u></u> |

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

|                                   | Foreign currency<br>RMB'000 | Equivalent<br>RM'000 |
|-----------------------------------|-----------------------------|----------------------|
| Short Term Borrowings (Unsecured) | <u>413,009</u>              | <u>205,969</u>       |

### 4. Changes in Material Litigation

There was no material update as at 9 August 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 revenue and profit before tax was lower by 12% and 6% respectively as compared with the immediate preceding quarter.

In the Concessions Division, revenue and profit before tax recorded in the current financial quarter was higher by 3% and 59% respectively as compared with the immediate preceding quarter. The profit recorded was higher due to higher installation income.

However, the revenue recorded in the Constructions Division was lower by 33% as compared to the immediate preceding quarter. Lower construction revenue as a result of lower order book has resulted the losses of RM4.33 million as compared to losses of RM702,000 in the same period of the preceding quarter.

For the Others Division, no material changes in revenue as compared to the immediate preceding quarter. However, this Division incurred a loss before tax amounting to RM54,000 as compared to profit before tax of RM765,000 in the immediate preceding quarter as a result of higher operating expenses in a new business venture.

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

For the current financial quarter under review, the Group achieved lower revenues amounting to RM69.72 million as compared to RM100.55 million for the same period in the preceding year or a decrease of 31%. However, profit before taxation increased to RM6.39 million from RM5.17 million for the corresponding period in the preceding year.

The higher profit before tax was mainly attributed by the Concessions Division, whereby the revenue and profit before tax has increased by 69% and 51% respectively as compared to the same period in the preceding year. The improvement arises from higher installation income and finance income.

In the Constructions Division, revenue recorded in the current financial quarter was lower by 68% as compared to the same period in the preceding year mainly due to lower order book. As a result, the losses has increased to RM4.33 million as compared to losses of RM1.99 million in the same period of the preceding year.

In the Others Division, revenue was lower by 49% as compared to the same period in the preceding year as a result of the completion in supplying engineering materials. Hence, the Other Division recorded a loss before tax of RM54,000 as compared to profit before tax of RM26,000 in the preceding year.

For the cumulative quarter to date, the Group recorded revenue and profit before tax of RM148.67 million and RM13.22 million as compared to RM210.99 million and RM11.83 million respectively to the corresponding cumulative quarter in the preceding year.

The Concessions Division recorded a higher profit before tax of RM17.55 million during the current cumulative quarter as compared to RM10.52 million for the same period in the preceding year which was attributed by the higher installation income and finance income.

In the Constructions Division, revenue was 66% lower when compared to the corresponding cumulative quarter in the preceding year as a result of lower order book. As a result, the division recorded a loss of RM5.03 million during the current cumulative quarter as compared to profit before tax of RM1.37 million for the same period in the preceding year.



The Others Division recorded a higher profit before tax of RM711,000 due to new venture in transportation services as compared to loss before tax of RM67,000 for the same period in the preceding year.

**7. Prospects**

Despite the improving profit contribution from the Concessions Division, the Group is experiencing a diminishing construction order book due to fewer water work projects being tendered in Malaysia. Hence, the Group is aggressively exploring diversification into other sectors including green renewal energy to improve the Group's overall profit.

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

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

**9. Financial instruments - derivatives**

As at 30 June 2012, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM3.99 million:

| Derivatives  | Carrying Value<br>RM'000 | Fair Value<br>RM'000 |
|--|--------------------------|----------------------|
| Foreign currency forward contracts<br>– less than one year | 24                       | 24                   |

**10. 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<br>Quarter<br>Ended<br>30/06/2012 | Comparative<br>Quarter<br>Ended<br>30/06/2011 | Cumulative<br>Quarter<br>To-date |                |
|--|---|---|----------------------------------|----------------|
|  |   |   | 30/06/2012                       | 30/06/2011     |
| Profit attributable to equity holders of the parent (RM'000) | <u>251</u>                                | <u>369</u>                                    | <u>2,758</u>                     | <u>4,662</u>   |
| <u>Weighted average number of ordinary shares</u>            |   |   |                                  |                |
| Issued ordinary shares at beginning of period ('000)         | <u>474,308</u>                            | <u>473,548</u>                                | <u>474,308</u>                   | <u>473,548</u> |
| Effect of shares issued during the period ('000)             | <u>47,431</u>                             | <u>1,100</u>                                  | <u>26,061</u>                    | <u>547</u>     |
| Weighted average number of ordinary shares ('000)            | <u>521,739</u>                            | <u>474,648</u>                                | <u>500,369</u>                   | <u>474,095</u> |
| Basic earnings per share (sen)                               | 0.05                                      | 0.08  | 0.55                             | 0.98           |



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**Diluted earnings per share**

|  | Current<br>Quarter<br>Ended<br>30/06/2012 | Comparative<br>Quarter<br>Ended<br>30/06/2011 | Cumulative<br>Quarter<br>To-date |                |
|--|---|---|----------------------------------|----------------|
|  |   |   | 30/06/2012                       | 30/06/2011     |
| Profit attributable to equity holders of the parent (RM'000) | <u>251</u>                                | <u>369</u>                                    | <u>2,758</u>                     | <u>4,662</u>   |
| <u>Weighted average number of ordinary shares (diluted)</u>  |   |   |                                  |                |
| Weighted average number of ordinary shares as above ('000)   | <u>521,739</u>                            | <u>474,648</u>                                | <u>500,369</u>                   | <u>474,095</u> |
| Effect of approved unexercised ESOS ('000)                   | <u>23,290</u>                             | <u>24,172</u>                                 | <u>23,290</u>                    | <u>24,172</u>  |
| Weighted average number of ordinary shares (diluted)         | <u>545,029</u>                            | <u>498,820</u>                                | <u>523,659</u>                   | <u>498,267</u> |
| Diluted earnings per share (sen)                             | -   | 0.07  | 0.53                             | 0.94           |

**11. Realised and Unrealised Profits**

|   | As at<br>30/06/2012<br>RM'000 | As at<br>31/12/2011<br>RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained earnings/(accumulated losses) of the Company and its subsidiaries: |                               |                               |
| - Realised  | 112,083                       | 108,811                       |
| - Unrealised  | (6,538)                       | (6,433)                       |
|   | <u>105,545</u>                | <u>102,378</u>                |
| Total share of retained profits from associated company:                          |                               |                               |
| - Realised  | 8,456                         | 6,850                         |
| Total share of retained profits from jointly controlled entities:                 |                               |                               |
| - Realised  | 1,496                         | 1,496                         |
|   | <u>115,497</u>                | <u>110,724</u>                |
| Less: Consolidation adjustments   | (36,504)                      | (34,489)                      |
| Total Group retained earnings as per consolidated accounts                        | <u>78,993</u>                 | <u>76,235</u>                 |





**12. Notes to the Condensed Consolidated Statement of Comprehensive Income**

Profit before tax arrived at after (charging)/crediting the followings items:

|                               | Current<br>Quarter<br>Ended<br>30/06/2012<br>RM'000 | Cumulative<br>Quarter<br>To-date<br>30/06/2012<br>RM'000 |
|-------------------------------|---|--|
| Foreign Exchange Gain         | -   | 721  |
| Foreign Exchange Loss         | (212)   | (287)  |
| Depreciation and amortization | <u>(2,121)</u>                                      | <u>(4,215)</u>   |
|                               | <u>(2,333)</u>                                      | <u>(3,781)</u>   |

**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 16 August 2012.

**ON BEHALF OF THE BOARD**

**TAN SRI DATO' TEE TIAM LEE**  
**Executive Deputy Chairman**

Selangor Darul Ehsan  
16 August 2012