



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2014 - UNAUDITED**

	30/06/2014 RM'000	31/12/2013 RM'000
Assets		
Property, plant and equipment	80,506	83,112
Intangible assets	7,890	3,683
Investment properties	8,446	8,446
Investment in associate	29,534	27,850
Deferred tax assets	5,673	5,673
Total non-current assets	132,049	128,764
Trade and other receivables, including derivatives	230,390	242,581
Inventories	25,131	26,067
Current tax assets	466	1,037
Assets classified as held for sale	130,729	660,733
Cash and cash equivalents	381,498	147,398
Total current assets	768,214	1,077,816
Total assets	900,263	1,206,580
Equity		
Share capital	334,951	304,152
Reserves	91,991	103,025
Retained earnings	110,327	99,242
Total equity attributable to owners of the Company	537,269	506,419
Non-controlling interests	133,870	213,937
Total equity	671,139	720,356
Liabilities		
Loans and borrowings	17,378	20,917
Deferred tax liabilities	4,555	4,209
Total non-current liabilities	21,933	25,126
Trade and other payables, including derivatives	129,577	167,505
Loans and borrowings	16,110	10,374
Current tax liabilities	1,341	1,215
Liabilities classified as held for sale	60,163	282,004
Total current liabilities	207,191	461,098
Total liabilities	229,124	486,224
Total equity and liabilities	900,263	1,206,580
Net assets per share (RM)	0.80	0.83

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2014 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Continuing operations				
Revenue	33,274	14,977	73,696	51,191
Cost of sales	(26,926)	(8,879)	(60,062)	(37,982)
Gross Profit	6,348	6,098	13,634	13,209
Other income	101	31	208	534
Tendering and distribution costs	(610)	(534)	(1,590)	(1,075)
Administrative expenses	(9,789)	(8,875)	(18,301)	(16,033)
Loss from operations	(3,950)	(3,280)	(6,049)	(3,365)
Interest expense	(539)	(1,561)	(935)	(3,190)
Interest income	870	400	2,401	703
Share of profit after tax and minority interest of associates	869	736	1,684	1,484
Loss before tax	(2,750)	(3,705)	(2,899)	(4,368)
Taxation	(1,228)	(864)	(2,468)	(1,783)
Loss from continuing operations	(3,978)	(4,569)	(5,367)	(6,151)
Discontinued operations				
Profit/(Loss) from discontinued operations	(845)	12,966	31,554	22,289
Profit/(Loss) for the period	(4,823)	8,397	26,187	16,138
Profit/(Loss) attributable to:				
Owners of the Company	(4,733)	1,316	11,660	3,739
Non-controlling interests	(90)	7,081	14,527	12,399
Profit/(Loss) for the period	(4,823)	8,397	26,187	16,138
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.60)	(1.02)	(1.14)	(1.50)
- from discontinued operations	(0.15)	1.27	3.01	2.21
Total	(0.75)	0.25	1.87	0.71
Diluted (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.60)	(0.96)	(1.13)	(1.41)
- from discontinued operations	(0.14)	1.19	2.99	2.08
Total	(0.74)	0.23	1.86	0.67

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2014 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Profit for the period	(4,823)	8,397	26,187	16,138
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(7,409)	21,814	(27,039)	26,656
Total other comprehensive income/(expense)	(7,409)	21,814	(27,039)	26,656
Total comprehensive income for the period	(12,232)	30,211	(852)	42,794
Total comprehensive income attributable to:				
Owners of the Company	(9,322)	15,597	(12,149)	19,470
Non-controlling interests	(2,910)	14,614	11,297	23,324
Total comprehensive income for the period	(12,232)	30,211	(852)	42,794

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2014 – UNAUDITED**

	←————— Attributable to Owners of the Company —————→						Distributable	Non- controlling interests	Total equity
	←————— Non – distributable			—————→					
	Share capital	Share premium	Warrant reserve	Translation reserve	Share option reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2013	260,869	36,627	22,150	13,309	3,909	79,691	416,555	225,490	642,045
Total comprehensive income for the period	-	-	-	15,732	-	3,738	19,470	23,324	42,794
Share option exercised	6,430	-	-	-	-	-	6,430	-	6,430
Share-based payment transactions	-	-	-	-	1,251	-	1,251	-	1,251
Transfer to share premium for share options exercised	-	1,985	-	-	(1,985)	-	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	6,493	6,493
At 30 June 2013	267,299	38,612	22,150	29,041	3,175	83,429	443,706	255,307	699,013
At 1 January 2014	304,152	46,955	22,150	30,529	3,391	99,242	506,419	213,937	720,356
Total comprehensive income for the period	-	-	-	(23,809)	-	11,660	(12,149)	11,297	(852)
Share-based payment transactions	-	-	-	-	81	-	81	-	81
Issuance of shares - exercise of Warrants 2007/2014	24,605	34,452	(22,150)	-	-	-	36,907	-	36,907
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	396	396
Change in ownership interest in a subsidiary	-	-	-	-	-	(575)	(575)	(23)	(598)
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(91,448)	(91,448)
Share option exercised	6,194	2,344	-	-	(1,952)	-	6,586	-	6,586
Dividends to shareholders	-	-	-	-	-	-	-	-	-
Dividends to minority interest	-	-	-	-	-	-	-	(289)	(289)
At 30 June 2014	334,951	83,751	-	6,720	1,520	110,327	537,269	133,870	671,139

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2014 – UNAUDITED**

	6 months Ended 30/06/2014 RM'000	6 months Ended 30/06/2013 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax from:		
- continuing operations	(2,898)	(4,368)
- discontinued operations	31,554	25,267
	28,656	20,899
Adjustments for :		
- Non-cash items	(33,038)	4,303
- Non-operating items	(1,373)	1,768
Operating profit before changes in working capital	(5,755)	26,970
Changes in working capital	(10,626)	(32,758)
Cash used in operations	(16,381)	(5,788)
Income taxes paid	(2,781)	(5,313)
Interest paid	(1,049)	(10,237)
Net cash used in operating activities	(20,211)	(21,338)
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	85	10
- Acquisition of property, plant and equipment	(167)	(4,333)
- Acquisition of concession intangible assets	-	(9,318)
- Acquisition of subsidiary, net of cash acquired	(1,232)	-
- Disposal of discontinued operation		
- Proceeds from disposal, net of cash and cash equivalents	216,806	-
- Interest received	2,422	934
Net cash from/(used in) investing activities	217,914	(12,707)
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	43,493	6,430
- Proceeds from issuance of equity shares in subsidiaries to non-controlling interests	3	6,493
- Proceeds from bank borrowings	4,889	65,081
- Repayments of bank borrowings	(4,029)	(60,950)
- Dividends paid to non-controlling interests	(569)	(1,552)
- Payment of hire purchase liabilities	(2,127)	(2,315)
Net cash from financing activities	41,660	13,187
Net increase/(decrease) in cash and cash equivalents	239,363	(20,858)
Cash and cash equivalents at beginning of period	146,427	110,406
Exchange differences on translation of the financial statements of foreign entities	(9,349)	33,513
Cash and cash equivalents at end of period	376,441	123,061

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



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

	6 months Ended 30/06/2014 RM'000	6 months Ended 30/06/2013 RM'000
Cash and bank balances	251,443	106,762
Deposits placed with licensed banks	130,055	24,058
Bank overdrafts	(5,057)	(3,357)
	<u>376,441</u>	<u>127,463</u>
Less: Amount placed with debts service reserve accounts	-	(4,402)
	<u>376,441</u>	<u>123,061</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2014

(i) 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).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. The audited financial statements of the Group as at and for the year ended 31 December 2013 were prepared under Malaysian Financial Reporting Standards (MFRSs).

1.1 Significant 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 2013 except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC Interpretations by the Group with effect from 1 January 2014.

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*



- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for IC Interpretation 21 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

(i) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(ii) MFRS 132, Financial Instruments: Presentation

The amendments to MFRS 132 clarify the criteria for offsetting financial assets and financial liabilities.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 132.



2. Preceding Annual Financial Statement

The audit report of the Group's annual financial statements prepared under FRS for the year ended 31 December 2013 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 2014.

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 2014 other than:

- a) the issuance of 12,387,500 new ordinary shares of RM0.50 each pursuant to the Employee's Share Option Scheme, and
- b) the issuance of 49,209,700 new ordinary shares of RM0.50 each arising from the exercise of Warrants 2007/2014 at the subscription price of RM0.75 per share.

7. Dividends Paid

There were no payment of dividend for the cumulative quarter ended 30 June 2014.



8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 June 2014 are as follows:-

	Constructions RM'000	Concessions RM'000	Others RM'000	Property Development RM'000	Total		Consolidated RM'000
					Continuing Operations RM'000	Discontinued Operations RM'000	
Revenue from external customers	57,222	593	7,906	7,975	73,696	17,459	91,155
Share of profit of associate	-	1,684	-	-	1,684	-	1,684
Segment profit/(loss)	(6,132)	2,257	153	1,112	(2,610)	33,513	30,903
Depreciation and amortization	(579)	-	(1,132)	(44)	(1,755)	(1,866)	(3,621)
Finance costs	(10)	-	(925)	-	(935)	(114)	(1,049)
Finance income	1,345	3	980	73	2,401	21	2,422
Income tax expense	(1,993)	-	(463)	(12)	(2,468)	-	(2,468)
Profit/(Loss) after tax	(7,369)	2,260	(1,387)	1,129	(5,367)	31,554	26,187
Segment assets	331,694	30,171	355,925	51,744	769,534	130,729	900,263
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	29,534	-	-	29,534	-	29,534
Additions to non-current assets other than financial instruments and deferred tax assets	19	-	148	-	167	2,749	2,916

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 June 2014. 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 20 August 2014 (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:-



SALCON BERHAD (Company No: 593796-T)

- (i) Salcon had on 7th May 2014 subscribed for 200,000 ordinary shares of RM1.00 each in Volksbahn Technologies Sdn Bhd (Company No. 1038873-H) ("VTSB") for a total cash consideration of RM18.5 million, representing approximately 49.9999% of the total issued and paid-up capital of VTSB.

On the even date, Salcon entered into a Share Sale Agreement with Dato' Mohammad Hakim Low Bin Abdullah ("DMHL") to acquire 1 ordinary share of RM1.00 each in VTSB from DMHL for a cash consideration of RM5.0 million.

- (ii) The Board of Directors of Salcon Berhad ("Salcon" of "the Company") wishes to announce that Eagle Metalizing & Coatings Company Sdn Bhd ("EMCC"), a 60% indirect subsidiary of Salcon Engineering Berhad, which in turn is a wholly owned subsidiary of Salcon, had on 19 May 2014 received a Notice of Striking Off pursuant to Section 308(4) of the Companies Act, 1965 from the Companies Commission of Malaysia informing that EMCC has been struck off from the register of the Companies Commission of Malaysia.

EMCC is a dormant company and was incorporated on 13 May 1991. The striking off of EMCC has no material effect on the earnings per share and net assets per share of Salcon Group for the financial year ending 31 December 2014, and the share capital of the Company.

12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 30 June 2014 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	176,180
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:-

	RM'000
Shareholders funds	537,269
No. of shares	<u>669,902</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 Quarter Ended 30/06/2014 RM'000	Cumulative Quarter To-date 30/06/2014 RM'000
Continuing operations		
Malaysian - current period	1,228	2,468
	<u>1,228</u>	<u>2,468</u>

The Group's higher effective tax rate (excluding the results of associates which is equity accounted net of tax) is mainly due to non-eligible of transferring the Group relief to the losses subsidiaries.

2. Status of Corporate Proposals

Salcon Berhad ("Salcon") had on 12 September 2013 entered into the following agreements:

- a) conditional sale and purchase agreement between Salcon and Beijing Enterprises Water Group Limited ("**BEWG**") for the proposed disposals by Salcon of the entire equity interests held in Salcon Darco Environmental Pte Ltd and Salcon Jiangsu (HK) Limited to BEWG ("SPA-A"); and
- b) conditional sale and purchase agreement between Salcon, Salcon Water (Asia) Limited, a 60%-owned subsidiary of Salcon ("**Salcon Water**") and BEWG for the proposed disposals by Salcon and Salcon Water of the entire equity interests held in Salcon Fujian (HK) Limited, Salcon Zhejiang (HK) Limited, Salcon Linyi (HK) Limited and Salcon Shandong (HK) Limited to BEWG ("SPA-B")

for a total cash consideration of RMB955.0 million (equivalent to approximately RM518.28 million) ("**Proposed Disposals**").

The Company has obtained shareholders' approval pertaining to the above Proposed Disposals at the EGM held on 27 November 2013.

Salcon and BEWG had on 20 December 2013 by way of exchange of letter agreed to the variation/modification of certain term of the SPA-A ("**Letter-A**"). On the same date, Salcon, Salcon Water and BEWG by way of exchange of letter agreed to the variation/modification of certain term of SPA-B ("**Letter-B**") (hereinafter the Letter-A and Letter-B are collectively referred to as "**Letters**"). The rationale for the Letters is to facilitate the completion of the Proposed Disposals in stages and allow the Company to partially complete the Proposed Disposals ahead of 15 January 2014.

The proposed disposals of the entire issued and paid-up share capital of Salcon Darco Environmental Pte. Ltd. and Salcon Jiangsu (HK) Limited pursuant to the SPA-A which is and Letter-A are deemed to be completed on 23 December 2013.

The Company and BEWG had on 13 January 2014 mutually agreed to an extension of 45 days, from 15 January 2014 to 1 March 2014 for the fulfillment of the Conditions-B of the SPA-B.



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The Company and BEWG had on 28 February 2014 mutually agreed to an extension of 60 days to 30 April 2014 for the fulfillment of the Conditions-B of the SPA-B.

The Company and BEWG had on 30 April 2014 mutually agreed to an extension of 60 days to 29 June 2014 for the fulfillment of the Conditions-B of the SPA-B.

The Company and BEWG had on 28 June 2014 mutually agreed to an extension of 60 days to 28 August 2014 for the fulfillment of the Conditions-B of the SPA-B.

The status of the utilisation of the proceeds as at 20 August 2014 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 Utilisation RM'000	Actual Utilisation RM'000	Estimated Timeframe for Utilisation	Deviation RM'000	%	Explanation
Future investments	230,000	(20,500)	Within 24 months	Nil	Nil	Not Completed
Repayment of borrowings	97,540	(97,540)	Within 6 months	Nil	Nil	Completed
Distribution to shareholders	30,000	(20,230)	Within 12 months	Nil	Nil	Not Completed
Working capital	10,397	(5,201)	Within 24 months	Nil	Nil	Not Completed
Defraying expenses incidental to the Proposed Disposals	1,437	(1,501)	Within 3 months	(64)	4	Completed
Total	369,374	(144,972)		-	-	-



3. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2014 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	11,347	11,347
Finance lease creditors	6,031	-	6,031
	<u>6,031</u>	<u>11,347</u>	<u>17,378</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	5,057	5,057
Revolving credits	-	-	-
Bankers acceptances	-	-	-
Term loan	4,889	1,758	6,647
Finance lease creditors	4,406	-	4,406
	<u>9,295</u>	<u>6,815</u>	<u>16,110</u>
Total Group Borrowings	<u>15,326</u>	<u>18,162</u>	<u>33,488</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)	19,800	10,241
Short Term Borrowings (Unsecured)	<u>3,399</u>	<u>1,758</u>

4. Changes in Material Litigation

There was no material update as at 20 August 2014 (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 declined by 18% and has recorded a loss before tax of RM2.75 million as compared to loss before tax of RM149,000 of the immediate preceding quarter.

The revenue recorded in the Constructions Division was lower by 15% as compared to the immediate preceding quarter. Lower construction revenue has resulted the loss before tax of RM3.96 million as compared to loss before tax of RM1.26 million in the same period of the preceding quarter.

In the Property Development Division, revenue and profit before tax decreased by 55% and 53% respectively as compared to the immediate preceding quarter due to slower work progress during the current quarter.

In the Concessions Division, revenue decreased marginally by 1% and profit before tax increased by 5% as compared with the immediate preceding quarter. Higher profit before tax is due to better performances from the associated company in Vietnam.

For the Others Division, revenue increased by 10%, however the profit before tax was lower by 50% as compared with the immediate preceding quarter due to lower interest income in the current quarter.



Higher revenue was recorded in the discontinued concessions operations by 10% and profit before tax was lower by 103% in the current quarter due to the gain from the disposal of its subsidiaries in the immediate preceding quarter.

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

For the current financial quarter under review, the Group achieved higher revenue amounting to RM33.27 million as compared to RM14.98 million for the same period in the preceding year or an increased of 122%. Loss before taxation of RM2.75 million was recorded in the current quarter as compared to loss before tax of RM3.71 million for the same period in the preceding year.

In the Constructions Division, revenue recorded in the current financial quarter was higher by 32% as compared to the same period in the preceding year. However, higher operating expenses had resulted the Division to incurred losses of RM3.96 million as compared to losses of RM3.00 million for the same period in the preceding year.

In the Property Development Division, revenue and profit before tax was RM2.48 million and RM366,000 in the current financial quarter under review. No revenue was recorded for the same period in the preceding year.

In the Concessions Division, revenue and profit before tax was RM295,000 and RM869,000 as compared to RM283,000 and RM735,000 respectively for the same period in the preceding year.

In the Others Division, revenue was higher by 32% as compared to the same period in the preceding year. However, the Division recorded loss before tax of RM309,000 as compared to losses of RM348,000 for the same period in the preceding year due to higher operating costs and finance costs.

Lower revenue was recorded in the discontinued concessions operations by 79% and loss before tax was RM846,000 as compared to profit before tax of RM13.17 million due to disposal of its subsidiaries in the immediate preceding quarter and in the previous financial year.

For the cumulative quarter to date, the Group recorded revenue and loss before tax of RM73.70 million and RM2.90 million as compared to RM51.19 million and RM4.37 million respectively to the corresponding cumulative quarter in the preceding year.

In the Constructions Division, revenue was 29% higher when compared to the corresponding cumulative quarter in the preceding year. Higher operating costs has resulted the loss before tax of RM5.22 million as compared to loss before tax of RM3.63 million for the same period in the preceding quarter.

In the Property Development Division, revenue and profit before tax was RM7.97 million and RM1.14 million in the current cumulative quarter under review. No revenue was recorded for the same period in the preceding year.

The Concessions Division recorded revenue and profit before tax of RM593,000 and RM1.68 million as compared to RM557,000 and RM1.48 million respectively to the corresponding cumulative quarter in the preceding year.

The Others Division recorded a higher revenue of RM7.91 million in the cumulative quarter to date. However, the Division recorded loss before tax of RM924,000 as compared to loss before tax of RM662,000 for the same period in the preceding year due to higher operating costs and finance costs.

Lower revenue was recorded in the discontinued concessions operations by 80% due to disposal of its subsidiaries in the immediate preceding quarter and in the previous financial year. However, the Division



recorded a profit before tax of RM31.40 million or an increased of 35% due to the gain from the disposal of its subsidiaries.

7. Prospects

Works on Langat 2 Water Treatment Plant project has commenced and the packages of site clearing and earthworks jobs been awarded.

Volksbahn Technologies Sdn Bhd, a 50.0001% owned subsidiary of the Company, which provides integrated technology services using exclusive right of way of Prasarana is finalizing the award of fiber optic laying works to the qualified contractors and the works is expected to be completed by the 4th quarter of 2014.

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 2014, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM4.06 million:

Derivatives	Carrying Value RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	120	120

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:



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Basic earnings per share

	Current Quarter Ended 30/06/2014	Comparative Quarter Ended 30/06/2013	Cumulative Quarter To-date	
			30/06/2014	30/06/2013
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,815)	(5,318)	(7,068)	(7,868)
- discontinued operations	(918)	6,634	18,728	11,607
	<u>(4,733)</u>	<u>1,316</u>	<u>11,660</u>	<u>3,739</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	608,305	521,738	608,305	521,738
Effect of shares issued during the period ('000)	25,323	2,300	13,726	2,300
Weighted average number of ordinary shares ('000)	<u>633,628</u>	<u>524,038</u>	<u>622,031</u>	<u>524,038</u>
Basic (loss)/earnings per share (sen)				
- continuing operations	(0.60)	(1.02)	(1.14)	(1.50)
- discontinued operations	(0.15)	1.27	3.01	2.21
Total	<u>(0.75)</u>	<u>0.25</u>	<u>1.87</u>	<u>0.71</u>

Diluted earnings per share

	Current Quarter Ended 30/06/2014	Comparative Quarter Ended 30/06/2013	Cumulative Quarter To-date	
			30/06/2014	30/06/2013
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,815)	(5,318)	(7,068)	(7,868)
- discontinued operations	(918)	6,634	18,728	11,607
	<u>(4,733)</u>	<u>1,316</u>	<u>11,660</u>	<u>3,739</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	633,628	524,038	622,031	524,038
Effect of approved unexercised ESOS ('000)	4,966	32,505	4,966	32,505
Weighted average number of ordinary shares (diluted)	<u>638,594</u>	<u>556,543</u>	<u>626,997</u>	<u>556,543</u>
Diluted (loss)/earnings per share (sen)				
- continuing operations	(0.60)	(0.96)	(1.13)	(1.41)
- discontinued operations	(0.14)	1.19	2.99	2.08
Total	<u>(0.74)</u>	<u>0.23</u>	<u>1.86</u>	<u>0.67</u>



11. Realised and Unrealised Profits

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	210,622	157,832
- Unrealised	1,008	7,842
	211,630	165,674
Total share of retained profits from associated company:		
- Realised	7,734	6,050
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	220,860	173,220
Less: Consolidation adjustments	(110,533)	(73,978)
Total Group retained earnings as per consolidated accounts	110,327	99,242

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 30/06/2014 RM'000	Cumulative Quarter To-date 30/06/2014 RM'000
Foreign Exchange Gain	66	117
Foreign Exchange Loss	(997)	(1,118)
Depreciation and amortization	(336)	(676)
	(1,267)	(1,677)



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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 August 2014.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
27 August 2014