



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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 MARCH 2019 - UNAUDITED**

	<b>31/03/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Assets</b>		
Property, plant and equipment	<b>23,034</b>	33,419
Intangible assets	<b>26,190</b>	26,294
Right-of-use assets	<b>9,815</b>	-
Investment properties	<b>8,201</b>	8,201
Investment in associate	<b>39,387</b>	39,149
Investment in joint ventures	<b>40,851</b>	40,016
Other investments	<b>310</b>	238
Deferred tax assets	<b>3,698</b>	3,698
<b>Total non-current assets</b>	<b>151,486</b>	151,015
Trade and other receivables, including derivatives	<b>163,036</b>	202,505
Inventories	<b>135,790</b>	138,168
Current tax assets	<b>1,310</b>	2,575
Cash and cash equivalents	<b>134,874</b>	115,147
<b>Total current assets</b>	<b>435,010</b>	458,395
<b>Total assets</b>	<b>586,496</b>	609,410
<b>Equity</b>		
Share capital	<b>424,465</b>	424,465
Reserves	<b>9,103</b>	8,541
Retained earnings	<b>15,918</b>	18,155
<b>Total equity attributable to owners of the Company</b>	<b>449,486</b>	451,161
<b>Non-controlling interests</b>	<b>22,256</b>	21,850
<b>Total equity</b>	<b>471,742</b>	473,011
<b>Liabilities</b>		
Loans and borrowings	<b>2,925</b>	7,638
Lease liabilities	<b>4,086</b>	-
Deferred tax liabilities	<b>7,024</b>	6,943
<b>Total non-current liabilities</b>	<b>14,035</b>	14,581
Trade and other payables, including derivatives	<b>71,863</b>	80,360
Lease liabilities	<b>1,709</b>	-
Loans and borrowings	<b>26,455</b>	40,743
Current tax liabilities	<b>692</b>	715
<b>Total current liabilities</b>	<b>100,719</b>	121,818
<b>Total liabilities</b>	<b>114,754</b>	136,399
<b>Total equity and liabilities</b>	<b>586,496</b>	609,410
Net assets per share (RM)	<b>0.55</b>	0.67

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
<b>Revenue</b>	<b>32,442</b>	21,380	<b>32,442</b>	21,380
Cost of sales	<b>(24,113)</b>	(15,296)	<b>(24,113)</b>	(15,296)
<b>Gross Profit</b>	<b>8,329</b>	6,084	<b>8,329</b>	6,084
Other income	<b>1,314</b>	2,329	<b>1,314</b>	2,329
Other expenses	<b>(41)</b>	(68)	<b>(41)</b>	(68)
Distribution expenses	<b>(601)</b>	(737)	<b>(601)</b>	(737)
Administrative expenses	<b>(11,057)</b>	(16,985)	<b>(11,057)</b>	(16,985)
<b>Profit/(Loss) from operating activities</b>	<b>(2,056)</b>	(9,377)	<b>(2,056)</b>	(9,377)
Finance costs	<b>(652)</b>	(1,475)	<b>(652)</b>	(1,475)
Finance income	<b>760</b>	426	<b>760</b>	426
Share of profit of equity-accounted associate/ joint ventures, net of tax	<b>1,074</b>	1,754	<b>1,074</b>	1,754
<b>Profit/(Loss) before tax</b>	<b>(874)</b>	(8,672)	<b>(874)</b>	(8,672)
Tax expense	<b>(927)</b>	(966)	<b>(927)</b>	(966)
<b>Profit/(Loss) for the period</b>	<b>(1,801)</b>	(9,638)	<b>(1,801)</b>	(9,638)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	<b>(1,830)</b>	(7,672)	<b>(1,830)</b>	(7,672)
Non-controlling interests	<b>29</b>	(1,966)	<b>29</b>	(1,966)
<b>Profit/(Loss) for the period</b>	<b>(1,801)</b>	(9,638)	<b>(1,801)</b>	(9,638)
Basic (loss)/earnings per ordinary share (sen)	<b>(0.22)</b>	(1.14)	<b>(0.22)</b>	(1.14)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>31/03/2019 RM'000</b>	31/03/2018 RM'000	<b>31/03/2019 RM'000</b>	31/03/2018 RM'000
<b>Profit/(Loss) for the period</b>	<b>(1,801)</b>	(9,638)	<b>(1,801)</b>	(9,638)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	<b>886</b>	202	<b>886</b>	202
<b>Total other comprehensive income/(expense)</b>	<b>886</b>	202	<b>886</b>	202
<b>Total comprehensive income/(expense) for the period</b>	<b>(915)</b>	(9,436)	<b>(915)</b>	(9,436)
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	<b>(933)</b>	(7,322)	<b>(933)</b>	(7,322)
Non-controlling interests	<b>18</b>	(2,114)	<b>18</b>	(2,114)
<b>Total comprehensive income/(expense) for the period</b>	<b>(915)</b>	(9,436)	<b>(915)</b>	(9,436)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 – UNAUDITED**

	←——— Attributable to Owners of the Company ———→				→	Non- controlling interests	Total equity
	Share capital	Translation reserve	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	424,465	12,865	(1,943)	22,770	458,157	26,971	485,128
Total comprehensive income for the period	-	350	-	(7,672)	(7,322)	(2,114)	(9,436)
Own shares acquired	-	-	(32)	-	(32)	-	(32)
<b>At 31 March 2018</b>	<b>424,465</b>	<b>13,215</b>	<b>(1,975)</b>	<b>15,098</b>	<b>450,803</b>	<b>24,857</b>	<b>475,660</b>
<b>At 1 January 2019</b>	424,465	15,916	(7,375)	18,155	451,161	21,850	473,011
Adjustment on adoption of MFRS 16	-	-	-	(19)	(19)	-	(19)
<b>At 1 January 2019, restated</b>	424,465	15,916	(7,375)	18,136	451,142	21,850	472,992
Total comprehensive income for the period	-	896	-	(1,830)	(934)	18	(916)
Own shares acquired	-	-	(334)	-	(334)	-	(334)
Changes in ownership interest in subsidiaries	-	-	-	(388)	(388)	388	-
<b>At 31 March 2019</b>	<b>424,465</b>	<b>16,812</b>	<b>(7,709)</b>	<b>15,918</b>	<b>449,486</b>	<b>22,256</b>	<b>471,742</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 2018 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED**

	<b>3 months Ended 31/03/2019 RM'000</b>	<b>3 months Ended 31/03/2018 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit/(Loss) before tax	(874)	(8,672)
Adjustments for :		
- Non-cash items	(103)	1,548
- Non-operating items	(108)	1,049
Operating loss before changes in working capital	<u>(1,085)</u>	<u>(6,075)</u>
Changes in working capital	<u>33,349</u>	<u>(31,685)</u>
Cash generated from/(used in) operations	<u>32,264</u>	<u>(37,760)</u>
Income taxes paid	397	(665)
<b>Net cash from/(used in) operating activities</b>	<b><u>32,661</u></b>	<b><u>(38,425)</u></b>
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	53	23,130
- Acquisition of property, plant and equipment	(38)	(612)
- Dividends received from associated/joint ventures	-	4,452
- Interest received	760	426
<b>Net cash from/(used in) investing activities</b>	<b><u>775</u></b>	<b><u>27,396</u></b>
<b><u>Cash flows from financing activities</u></b>		
- Repurchase of treasury shares	(334)	(33)
- Drawdown from borrowings	7,084	5,535
- Interest paid	(652)	(1,475)
- Repayment of borrowings	(18,307)	(8,706)
- Repayment of finance lease liabilities	(1,494)	(246)
<b>Net cash from/(used in) financing activities</b>	<b><u>(13,703)</u></b>	<b><u>(4,925)</u></b>
Net increase/(decrease) in cash and cash equivalents	<b>19,733</b>	<b>(15,954)</b>
Cash and cash equivalents at beginning of period	<b>113,687</b>	<b>128,973</b>
Exchange differences on translation of the financial statements of foreign entities	<b>899</b>	<b>(3,637)</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>134,319</u></b>	<b><u>109,382</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 2018 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 – UNAUDITED**

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

	<b>3 months Ended 31/03/2019 RM'000</b>	3 months Ended 31/03/2018 RM'000
Cash and bank balances	<b>53,517</b>	34,085
Deposits placed with licensed banks	<b>81,357</b>	77,020
	<b>134,874</b>	111,105
Bank overdrafts	<b>(525)</b>	(1,688)
Pledged deposits	<b>(30)</b>	(35)
	<b>134,319</b>	109,382

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

**(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 2018 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 2018. The audited financial statements of the Group as at and for the year ended 31 December 2018 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 2018 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 2019.

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation\**
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement\**
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*  
Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*



***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for that marked with “\*\*\*” which is not applicable to the Group.
- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group, except as mentioned below:

**(i) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

**Cumulative Effect Transition Approach**

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 January 2019 as below:





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<b>Group</b>	<b>As reported at 31 December 2018 RM'000</b>	<b>Estimated adjustments due to adoption of MFRS 16 RM'000</b>	<b>Estimated adjusted opening balance at 1 January 2019 RM'000</b>
Property, plant and equipment	33,419	(9,532)	23,887
Prepaid lease payments	-	-	-
Right-of-use assets	-	9,948	9,948
Finance lease liabilities	6,874	(6,874)	-
Lease liabilities	-	7,309	7,309
Retained earnings	18,155	(19)	18,136

<b>Company</b>	<b>As reported at 31 December 2018 RM'000</b>	<b>Estimated adjustments due to adoption of MFRS 16 RM'000</b>	<b>Estimated adjusted opening balance at 1 January 2019 RM'000</b>
Property, plant and equipment	291	(291)	-
Prepaid lease payments	-	-	-
Right-of-use assets	-	291	291
Finance lease liabilities	299	(299)	-
Lease liabilities	-	299	299
Retained earnings	46,108	-	46,108

The new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

**2. Preceding Annual Financial Statement**

The audit report of the Group's annual financial statements prepared under MFRSs for the year ended 31 December 2018 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 quarter ended 31 March 2019.

**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 quarter ended 31 March 2019 other than:

a) Share buy-back

The Company repurchased 1,352,200 ordinary shares of its issued share capital from the open market, at an average costs of RM0.25 per share. The total consideration paid for the share buy-back including transaction costs during the current financial quarter and financial period to date amounted to RM334,000 and were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

**7. Dividends Paid**

There were no payment of dividend for the quarter ended 31 March 2019.



## 8. Segmental Reporting

The segmental revenue and results of the Group for the quarter ended 31 March 2019 are as follows:-

	<b>Constructions RM'000</b>	<b>Concessions RM'000</b>	<b>Trading &amp; Services RM'000</b>	<b>Property Development RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment profit</b>	661	1,197	416	(921)	1,353
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	24,377	361	5,153	2,551	32,442
Share of profit of associate	-	847	(80)	(528)	239
Share of profit of joint venture	798	-	37	-	835
<i>Not included in the measure of segment profit but provided to Chief Operating Officer:</i>					
Depreciation and amortization	(253)	-	(871)	-	(1,124)
Finance costs	(204)	-	(60)	(388)	(652)
Finance income	513	1	183	63	760
Income tax expense	(541)	-	(250)	(136)	(927)
<b>Segment assets</b>	315,338	29,004	73,925	168,229	586,496
<i>Included in the measure of segment assets are:</i>					
Investment in associate	-	28,215	(621)	11,793	39,387
Investment in joint venture	24,826	-	16,025	-	40,851
Additions to non-current assets other than financial instruments and deferred tax assets	28	-	10	-	38



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**Reconciliations of reportable segment profit or loss, assets and other material items**

	<b>RM'000</b>
<b>Profit</b>	
Total profit for reportable segments	1,353
Depreciation and amortisation	(1,124)
Finance costs	(652)
Finance income	760
Unrealised/ realised foreign exchange gain/(loss)	91
Unallocated expenses:	
Corporate expenses	(1,302)
Consolidated profit/(loss) before tax	<u>(874)</u>

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

There was no revaluation of property, plant and equipment during the quarter ended 31 March 2019. 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 17 May 2019 (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.

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

The contingent liabilities as at financial period ended 31 March 2019 are as follows:-

	<b>RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>61,251</u>

**13. Net assets (NA) per share**

The NA per share is derived as follows:-

	<b>RM'000</b>
Shareholders funds	449,486
No. of shares	<u>818,573</u>
NA per share (RM)	<u>0.55</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 31/03/2019 RM'000	Cumulative Quarter To-date 31/03/2019 RM'000
Continuing operations		
Malaysian - current period	927	927
- prior years	-	-
	927	927

The Group's higher effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) in the cumulative quarter to-date is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies.

**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.



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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.

Salcon Water had on 25 April 2016 mutually agreed with BEWG to proceed with the completion of the proposed disposals of the entire issued and paid-up share capital of Salcon Fujian (HK) Limited, Salcon Zhejiang (HK) Limited and Salcon Shandong (HK) Limited, in accordance with Clause 4.6 of SPA-B. Furthermore, in accordance with Clause 4.6 of SPA-B, the Company and Salcon Water had also on even date mutually agreed with BEWG to terminate the proposed disposal of the entire issued and paid-up share capital of Salcon Linyi (HK) Limited ("Given Up Target-B"), in view that certain Conditions-B in respect of Salcon Linyi (HK) Limited have not been fulfilled or waived. For information purposes, the disposal consideration in respect of the Given Up Target-B is RMB130 million.

The status of the utilisation of the proceeds as at 17 May 2019 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	Actual Utilisation	Estimated Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Future investments	230,000	(151,154)	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	(40,556)	Within 12 months	(10,556)	35	Completed
Working capital	10,397	(10,397)	Within 24 months	Nil	Nil	Completed
Defraying expenses incidental to the Proposed Disposal	1,437	(1,501)	Within 3 months	(64)	4	Completed
<b>Total</b>	<b>369,374</b>	<b>(301,148)</b>		<b>-</b>	<b>-</b>	<b>-</b>

### 3. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2019 are as follows:

	As at 1st quarter ended 2019		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
<b>Secured</b> <i>Term loan</i>	2,925	13,881	16,806
<b>Unsecured</b> <i>Bankers' Acceptance</i>	-	12,049	12,049
<i>Bank overdrafts</i>	-	525	525
	2,925	26,455	29,380

	As at 1st quarter ended 2018		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
<b>Secured</b> <i>Term loan</i>	590	37,103	37,693
<b>Unsecured</b> <i>Revolving credits</i>	-	8,000	8,000
<i>Bankers' Acceptance</i>	-	6,080	6,080
<i>Bank overdrafts</i>	-	1,689	1,689
	590	52,872	53,462

For the year to-date financial quarter under review, the Group has recorded borrowings of RM29.38 million as compared to RM53.46 million for corresponding period in the immediate preceding year. The reduction in the borrowings was substantially attributed by repayment of secured term loan of a subsidiary amounting to RM23.33 million.

### 4. Changes in Material Litigation

There was no material update as at 17 March 2019 (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**

	Current Quarter	Immediate Preceding Quarter	Changes %
	31/03/2019	31/12/2018	
Revenue	32,442	43,552	-26%
Operating Profit/(Loss)	(2,056)	(1,177)	-75%
Profit/(Loss) Before Interest and Tax	(222)	3,090	-107%
Profit/(Loss) Before Tax	(874)	3,167	-128%
Profit/(Loss) For The Period	(1,801)	3,001	-160%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,830)	7,348	-125%

For the current financial quarter, the Group revenue decreased from RM43.55 million to RM32.44 million by 26% and has recorded a loss before tax of RM875,000 as compared to profit before tax of RM3.17 million in the immediate preceding quarter.

The revenue recorded in the Constructions Division was lower by 29%, a decrease from RM34.30 million to RM24.38 million as compared to the immediate preceding quarter. The Division recorded profit before tax of RM727,000 as compared to profit before tax of RM3.20 million in the same period of the immediate preceding quarter due to lower revenue and higher operating expenses in the current financial quarter.

In the Property Development Division, it recorded a higher loss before tax of RM1.25 million in the current financial quarter as compared to loss before tax of RM209,000 in the immediate preceding quarter due to lower sales of properties in the current financial quarter.

In the Concessions Division, revenue was lower by 8% and profit before tax decreased from RM1.68 million to RM1.20 million by 28% due to lower contributions from the associated companies in the current financial quarter.

For the Trading and Services Division, revenue decreased from RM5.41 million to RM5.15 million by 5%. The Division recorded loss before tax of RM601,000 as compared to profit before tax of RM558,000 in the same period of the immediate preceding quarter due to losses from new venture.





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

	Individual Period (1st Quarter)		Changes %	3 Months Ended		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Quarter	
	31/03/2019	31/03/2018		31/03/2019	31/03/2018	
Revenue	32,442	21,380	52%	32,442	21,380	52%
Operating Profit/(Loss)	(2,056)	(9,377)	78%	(2,056)	(9,377)	78%
Profit/(Loss) Before Interest and Tax	(222)	(7,197)	97%	(222)	(7,197)	97%
Profit/(Loss) Before Tax	(874)	(8,672)	90%	(874)	(8,672)	90%
Profit/(Loss) For The Period	(1,801)	(9,638)	81%	(1,801)	(9,638)	81%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,830)	(7,672)	76%	(1,830)	(7,672)	76%

For the current financial quarter under review, the Group achieved higher revenue amounting to RM32.44 million as compared to RM21.38 million for the same period in the preceding year or an increase of 52%. Loss before taxation of RM875,000 was recorded in the current quarter as compared to loss before tax of RM8.67 million for the same period in the preceding year substantially attributed by the unrealised loss on foreign exchange in the preceding year corresponding quarter.

In the Constructions Division, revenue recorded in the current financial quarter was higher by 54% as compared to the same period in the preceding year. Higher revenue from projects had resulted the Division to record a profit before tax of RM727,000 as compared to loss before tax of RM1.17 million for the same period in the preceding year.

The Property Development Division has recorded a loss before tax of RM1.25 million as compared to loss before tax of RM4.67 million for the same period in the preceding year due to unrealised loss on foreign exchange in the preceding year corresponding quarter.

In the Concessions Division, revenue and profit before tax was RM361,000 and RM1.20 million as compared to RM348,000 and RM1.30 million respectively for the same period in the preceding year.

In the Trading and Services Division, revenue was lower by 1% as compared to the same period in the preceding year. The Division recorded a loss before tax of RM601,000 as compared to loss before tax of RM890,000 for the same period in the preceding year due to lower operating expenses in the current quarter.



**7. Prospects**

Since the start of the year, the Company has secured RM182.8 million worth of contracts namely a RM39.8 million works package from Pengurusan Aset Air Bhd (PAAB) to supply and install mild steel pipes for the Langat 2 Water Treatment Plant, RM124.7 million water treatment plant contract in Sabah for the capacity expansion of the Telibong II water treatment plant and a RM18.3 million wastewater subcontract work.

These projects has increased our outstanding order books to a healthy RM521 million as at 31 March 2019 which is expected to sustain us over the next 2 years. Based on our track record and expertise in the water and wastewater sector, we look forward to more positive news flows in replenishing our order books in the coming months.

**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 31 March 2019, the Group has no outstanding foreign currency forward contracts under derivative financial instruments.

**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 Quarter Ended	Comparative Quarter Ended	Cumulative Quarter To-date	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(1,830)	(7,672)	(1,830)	(7,672)
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	819,925	673,694	819,925	673,694
Effect of shares repurchased during the period ('000)	(539)	(22)	(539)	(22)
Weighted average number of ordinary shares ('000)	819,386	673,672	819,386	673,672
Basic (loss)/earnings per share (sen)	(0.22)	(1.14)	(0.22)	(1.14)



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

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

	Current Quarter Ended 31/03/2019 RM'000	Cumulative Quarter Ended 31/03/2019 RM'000
Foreign Exchange Gain	691	691
Foreign Exchange Loss	(782)	(782)
Depreciation and amortization	(465)	(465)
	<u>(556)</u>	<u>(556)</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 24 May 2019.

**ON BEHALF OF THE BOARD**

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

Selangor Darul Ehsan  
24 May 2019