



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 - UNAUDITED**

	31/12/2012 RM'000	31/12/2011 RM'000 Restated	01/01/2011 RM'000 Restated
Assets			
Property, plant and equipment	80,422	28,842	8,467
Intangible assets	14,881	15,293	15,705
Concession intangible assets	124,465	119,767	99,368
Trade and other receivables	509,201	376,555	274,959
Investment properties	8,446	5,104	3,443
Investment in associate	28,330	28,650	30,690
Other investments	86	86	86
Deferred tax assets	2,420	2,420	2,420
Total non-current assets	<u>768,251</u>	<u>576,717</u>	<u>435,138</u>
Trade and other receivables, including derivatives	304,324	286,603	272,404
Inventories	26,121	2,940	5,421
Current tax assets	1,445	717	143
Assets classified as held for sale	-	-	653
Cash and cash equivalents	109,401	214,531	145,230
Total current assets	<u>441,291</u>	<u>504,791</u>	<u>423,851</u>
Total assets	<u>1,209,542</u>	<u>1,081,508</u>	<u>858,989</u>
Equity			
Share capital	260,869	237,154	236,774
Reserves	70,781	76,009	59,373
Retained earnings	79,548	76,235	26,958
Total equity attributable to owners of the Company	<u>411,198</u>	<u>389,398</u>	<u>323,105</u>
Non-controlling interests	<u>230,857</u>	<u>159,032</u>	<u>89,362</u>
Total equity	<u>642,055</u>	<u>548,430</u>	<u>412,467</u>
Liabilities			
Loans and borrowings	98,506	52,571	40,276
Deferred tax liabilities	3,863	402	79
Total non-current liabilities	<u>102,369</u>	<u>52,973</u>	<u>40,355</u>
Trade and other payables, including derivatives	215,444	227,768	205,519
Loans and borrowings	245,485	250,614	195,911
Current tax liabilities	4,189	1,723	4,737
Total current liabilities	<u>465,118</u>	<u>480,105</u>	<u>406,167</u>
Total liabilities	<u>567,487</u>	<u>533,078</u>	<u>446,522</u>
Total equity and liabilities	<u>1,209,542</u>	<u>1,081,508</u>	<u>858,989</u>
Net assets per share (RM)	0.79	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 FOURTH QUARTER ENDED 31 DECEMBER 2012 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	Todate	Period
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	111,081	180,426	343,909	472,462
Cost of sales	(86,824)	(152,291)	(272,747)	(392,713)
Gross Profit	24,257	28,135	71,162	79,749
Other income	11,994	4,594	28,133	13,156
Other expenses	(1,484)	(914)	(1,484)	(953)
Tendering and distribution costs	(1,278)	(6,261)	(4,902)	(9,638)
Administrative expenses	(14,009)	(16,056)	(51,351)	(52,775)
Profit from operations	19,480	9,498	41,558	29,539
Interest expense	(5,075)	(8,734)	(18,425)	(15,134)
Interest income	5,596	10,760	13,470	11,756
Share of profit after tax and minority interest of associates	1,015	684	3,484	2,892
Profit before tax	21,016	12,208	40,087	29,053
Taxation	(3,104)	(1,438)	(7,047)	(3,698)
Profit for the period	17,912	10,770	33,040	25,355
Profit attributable to:				
Owners of the Company	7,963	6,779	11,139	14,645
Non-controlling interests	9,949	3,991	21,901	10,710
Profit for the period	17,912	10,770	33,040	25,355
Basic earnings per ordinary share (sen)	1.17	1.43	2.18	3.09
Diluted earnings per ordinary share (sen)	1.12	1.36	2.09	2.94

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 FOURTH QUARTER ENDED 31 DECEMBER 2012 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Profit for the period	17,912	10,770	33,040	25,355
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	6,207	13,110	(10,254)	26,155
Other comprehensive income/(loss) for the period, net of tax	6,207	13,110	(10,254)	26,155
Total comprehensive income for the period	24,119	23,880	22,786	51,510
Total comprehensive income attributable to:				
Owners of the Company	12,334	16,767	4,347	29,530
Non-controlling interests	11,785	7,113	18,439	21,980
Total comprehensive income for the period	24,119	23,880	22,786	51,510

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.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 2012 – UNAUDITED**

	Attributable to Owners of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non – distributable				Distributable					
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2011	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)	-	-	-
At 1 January 2011, restated	236,774	36,445	22,150	-	778	-	26,958	323,105	89,362	412,467
Total comprehensive income for the period	-	-	-	14,885	-	-	14,645	29,530	21,980	51,510
Share option exercised	380	53	-	-	-	-	-	433	-	433
Share-based payment transactions	-	-	-	-	1,698	-	-	1,698	-	1,698
Transfer to share premium for share options exercised	-	129	-	-	(129)	-	-	-	-	-
Acquisition by non- controlling interests	-	-	-	-	-	-	41,747	41,747	51,228	92,975
Dividends to shareholders	-	-	-	-	-	-	(7,115)	(7,115)	-	(7,115)
Dividends to minority interest	-	-	-	-	-	-	-	-	(3,538)	(3,538)
At 31 December 2011, restated	237,154	36,627	22,150	14,885	2,347	-	76,235	389,398	159,032	548,430
At 1 January 2012	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)	-	-	-
At 1 January 2012, restated	237,154	36,627	22,150	14,885	2,347	-	76,235	389,398	159,032	548,430
Total comprehensive income for the period	-	-	-	(6,792)	-	-	11,139	4,347	18,439	22,786
Share-based payment transactions	-	-	-	-	1,564	-	-	1,564	-	1,564
Issuance of shares - private placement	23,715	-	-	-	-	-	-	23,715	-	23,715
Acquisition by non- controlling interests	-	-	-	-	-	-	-	-	57,526	57,526
Dividends to shareholders	-	-	-	-	-	-	(7,826)	(7,826)	-	(7,826)
Dividends to minority interest	-	-	-	-	-	-	-	-	(4,140)	(4,140)
At 31 December 2012	260,869	36,627	22,150	8,093	3,911	-	79,548	411,198	230,857	642,055

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 FOURTH QUARTER ENDED 31 DECEMBER 2012 – UNAUDITED**

	12 months Ended 31/12/2012 RM'000	12 months Ended 31/12/2011 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	40,087	29,053
Adjustments for :		
- Non-cash items	(942)	7,845
- Non-operating items	4,955	3,378
Operating profit before changes in working capital	<u>44,100</u>	<u>40,276</u>
Changes in working capital	<u>(56,549)</u>	<u>(74,194)</u>
Cash generate from operations	(12,449)	(33,918)
Income taxes paid	(5,333)	(15,134)
Interest paid	(16,291)	(7,221)
Net cash used in operating activities	<u>(34,073)</u>	<u>(56,273)</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	698	117
- Proceeds from disposal of assets classified as held for sale	-	653
- Proceeds from disposal of investment properties	-	1,502
- Acquisition of property, plant and equipment	(54,241)	(3,934)
- Acquisition of concession intangible assets	(8,052)	(21,916)
- Acquisition of land held for property development	(1,690)	-
- Acquisition of subsidiary, net of cash acquired	(44,991)	(16,122)
- Acquisition of investment properties	-	(3,791)
- Dividends received from		
- Associated company	3,804	4,932
- Interest received	3,582	11,756
- Fund placed with debts service reserve account	(2,201)	(2,201)
Net cash used in investing activities	<u>(103,091)</u>	<u>(29,004)</u>
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	23,715	433
- acquisition of non-controlling interest	-	994
- Proceeds from issuing of equity shares in a subsidiary to non-controlling interests	15,165	91,981
- Proceeds from bank borrowings	101,753	129,179
- Repayments of bank borrowings	(77,723)	(62,362)
- Dividends paid to shareholders of Salcon Berhad	(7,826)	(7,115)
- Dividends paid to non-controlling interests	(3,146)	(3,538)
- Payment of hire purchase liabilities	(4,957)	(2,660)
Net cash generated from financing activities	<u>46,981</u>	<u>146,912</u>
Net decrease in cash and cash equivalents	(90,183)	61,635
Cash and cash equivalents at beginning of period	210,827	139,400
Exchange differences on translation of the financial statements of foreign entities	(16,252)	7,591
Cash and cash equivalents at end of period	<u>104,392</u>	<u>208,626</u>

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

	12 months Ended 31/12/2012 RM'000	12 months Ended 30/12/2011 RM'000
Cash and bank balances	65,929	82,814
Deposits placed with licensed banks	43,472	131,717
Bank overdrafts	(607)	(1,503)
	108,794	213,028
Less: Amount placed with debts service reserve accounts	(4,402)	(4,402)
	104,392	208,626

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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 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, 30 September 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 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:



Reconciliation of equity as at 1 January 2011

	FRS as at 01/01/2011 RM'000	Reclassifications RM'000	MFRS as at 01/01/2011 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 31 December 2011

	FRS as at 31/12/2011 RM'000	Reclassifications RM'000	MFRS as at 31/12/2011 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 prepared under FRS 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 31 December 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 31 December 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

The dividend paid for the cumulative quarter ended 31 December 2012 is as follows:-

First and final single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2011 was paid on 20 July 2012

**Cumulative
Quarter To-date
31/12/12
RM'000**

7,826



8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 31 December 2012 are as follows:-

	Constructions RM'000	Concessions RM'000	Others RM'000	Total RM'000
Revenue from external customers	141,894	188,966	13,049	343,909
Share of profit of associate	-	3,484	-	3,484
Segment profit	(11,025)	59,671	4,011	52,657
Depreciation and amortization	(1,278)	(4,115)	(2,222)	(7,615)
Finance costs	(127)	(17,262)	(1,036)	(18,425)
Finance income	2,271	11,177	22	13,470
Income tax expense	(1,309)	(5,491)	(247)	(7,047)
Profit/(Loss) after tax	(11,468)	43,980	528	33,040
Segment assets	294,230	817,497	89,360	1,201,087
<i>Included in the measure of segment assets are:</i>				
Investment in associate	-	28,330	-	28,330
Additions to non-current assets other than financial instruments and deferred tax assets	98	157,308	55,467	212,873

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 December 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 20 February 2013 (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.
- (vi) Salcon Development Sdn. Bhd. (“SDSB”), a wholly-owned subsidiary of Salcon, had on 14 September 2012 acquired 2 Ordinary Shares of RM1.00 each, representing 100% equity interest in Nusantara Megajuta Sdn. Bhd. (Company No. 980648-A) (“NMSB”), a shelf company incorporated in Malaysia, for a total cash consideration of RM2.00 (“the Acquisition”). Subsequent to the Acquisition, NMSB shall become a wholly-owned subsidiary of SDSB, which in turn is a wholly-owned subsidiary of the Company. The intended principal activity of NMSB is property development. On 15 October 2012, SDSB and Kembar Makmur Sdn Bhd had each subscribed additional 4,999 ordinary shares of RM1.00 each. Subsequent to the subscriptions, NMSB became 50.01% subsidiary of SDSB.

12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 31 December 2012 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	110,297
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	411,198
No. of shares	<u>521,738</u>
NA per share (RM)	<u>0.79</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 31/12/2012 RM'000	Cumulative Quarter To-date 31/12/2012 RM'000
Malaysian - current period	1,377	2,464
- prior years	(797)	(797)
Overseas - current period	2,524	5,380
	<u>3,104</u>	<u>7,047</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 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 20 February 2013 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
Repayment of existing borrowings	23,515	(12,500)	Within 24 months	Nil	Nil	Not completed
Estimated expenses for the placement	200	(200)	Within 3 months	Nil	Nil	Completed
Total	23,715	(12,700)		-	-	-



3. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2012 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	86,540	86,540
Finance lease creditors	11,966	-	11,966
	<u>11,966</u>	<u>86,540</u>	<u>98,506</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	607	607
Term loan	-	240,414	240,414
Finance lease creditors	4,464	-	4,464
	<u>4,464</u>	<u>241,021</u>	<u>245,485</u>
Total Group Borrowings	<u>16,430</u>	<u>327,561</u>	<u>343,991</u>

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

	Foreign currency RMB'000	Equivalent RM'000
Short Term Borrowings (Unsecured)	<u>442,242</u>	<u>217,094</u>

4. Changes in Material Litigation

There was no material update as at 20 February 2013 (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 higher by 32% and 259% respectively as compared with the immediate preceding quarter.

In the Concessions Division, revenue in the current financial quarter slightly declined by 7% as compared with the immediate preceding quarter. However, the profit before tax recorded was 231% higher as compared with the immediate preceding quarter due to gain in bargain purchased on an acquisition of subsidiaries.

In the Constructions Division, the losses before tax were increased by 74% as compared to the immediate preceding quarter. Higher losses recorded as a result of higher cost of sales even though the revenue recorded an increase of 107% as compared with immediate the preceding quarter.

For the Others Division, revenue declined slightly as compared to the immediate preceding quarter by 8%. This Division incurred a loss before tax amounting to RM250,000 as compared to profit before tax of RM314,000 in the immediate preceding quarter due to allowances made on impairment losses on trade receivables.



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 RM111.08 million as compared to RM180.43 million for the same period in the preceding year or a decrease of 38%. Profit before taxation increased to RM21.02 million from RM12.21 million for the corresponding period in the preceding year attributed by the gain in bargain purchased on an acquisition of a subsidiary.

The revenue in the Concessions Division for the current financial quarter decreased by 57% due to lower revenue recognised on the construction of water treatment plants. The profit before tax has increased by 147% due to gain in bargain purchased on an acquisition of subsidiaries when compared to the same period in the preceding year.

In the Constructions Division, revenue recorded in the current financial quarter was lower by 7% as compared to the same period in the preceding year mainly due to lower order book. However, the losses for the current financial quarter was RM3.25 million as compared to profit before tax of RM2.59 million in the same period of the preceding year due to lower construction margin.

In Others Division, no material changes in revenue as compared to the same period in the preceding year. This division recorded lower losses before tax by 20% due to lower financing cost.

For the cumulative quarter to date, the Group recorded revenue and profit before tax of RM343.91 million and RM40.09 million as compared to RM472.46 million and RM29.05 million respectively for the corresponding cumulative quarter in the preceding year.

The Concessions Division recorded a higher profit before tax of RM49.47 million during the current cumulative quarter as compared to RM23.02 million for the same period in the preceding year which was attributed by the gain in bargain purchased on an acquisition of a subsidiary and the higher installation income.

In the Constructions Division, revenue was 47% 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 RM10.16 million during the current cumulative quarter as compared to profit before tax of RM5.90 million for the same period in the preceding year.

The Others Division recorded a higher profit before tax of RM776,000 attributed to the transportation services as compared to profit before tax of RM137,000 for the same period in the preceding year.

7. Prospects

The Group proposed diversification into property development, its first venture project in Selayang is ready for sales launching during the 2nd quarter of 2013.

In the construction division, the Group increases the order book by RM139 million through a number of sewerage contracts.

8. Variance of Profit Forecast / Profit Guarantee

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



9. Proposed Dividend

The Board of Directors intend to propose a final dividend of 1 sen (single tier tax exempt) per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2012 for the approval of the shareholders at the Tenth Annual General Meeting.

10. Financial instruments - derivatives

As at 31 December 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 RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	70	70

11. Earnings Per Share

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

Basic earnings per share

	Current Quarter Ended 31/12/2012	Comparative Quarter Ended 31/12/2011	Cumulative Quarter To-date	
			31/12/2012	31/12/2011
Profit attributable to equity holders of the parent (RM'000)	<u>6,119</u>	<u>6,779</u>	<u>11,139</u>	<u>14,645</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>47,430</u>	<u>760</u>	<u>36,415</u>	<u>647</u>
Weighted average number of ordinary shares ('000)	<u>521,738</u>	<u>474,308</u>	<u>510,723</u>	<u>474,195</u>
Basic earnings per share (sen)	1.17	1.43	2.18	3.09



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Diluted earnings per share

	Current Quarter Ended 31/12/2012	Comparative Quarter Ended 31/12/2011	Cumulative Quarter To-date	
			31/12/2012	31/12/2011
Profit attributable to equity holders of the parent (RM'000)	<u>6,119</u>	<u>6,779</u>	<u>11,139</u>	<u>14,645</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	<u>521,738</u>	<u>474,308</u>	<u>510,723</u>	<u>474,161</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>545,028</u>	<u>498,480</u>	<u>534,013</u>	<u>498,333</u>
Diluted earnings per share (sen)	1.12	1.36	2.09	2.94

12. Realised and Unrealised Profits

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	91,596	108,811
- Unrealised	(6,831)	2,075
	<u>84,765</u>	<u>110,886</u>
Total share of retained profits from associated company:		
- Realised	10,334	6,850
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	<u>96,595</u>	<u>119,232</u>
Less: Consolidation adjustments	(17,047)	(34,489)
Total Group retained earnings as per consolidated accounts	<u>79,548</u>	<u>84,743</u>



13. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 31/12/2012 RM'000	Cumulative Quarter To-date 31/12/2012 RM'000
Foreign Exchange Gain	204	939
Foreign Exchange Loss	(89)	(758)
Depreciation and amortization	(1,855)	(7,615)
	<u>(1,740)</u>	<u>(7,434)</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 27 February 2013.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
27 February 2013