



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2014 - UNAUDITED**

	31/03/2014 RM'000	31/12/2013 RM'000
Assets		
Property, plant and equipment	81,219	83,112
Intangible assets	3,683	3,683
Investment properties	8,446	8,446
Investment in associate	28,664	27,850
Other investments	0	0
Deferred tax assets	5,673	5,673
Total non-current assets	127,685	128,764
Trade and other receivables, including derivatives	217,414	242,581
Inventories	24,287	26,067
Current tax assets	749	1,037
Assets classified as held for sale	131,085	660,733
Cash and cash equivalents	372,327	147,398
Total current assets	745,862	1,077,816
Total assets	873,547	1,206,580
Equity		
Share capital	306,708	304,152
Reserves	84,009	103,025
Retained earnings	115,660	99,242
Total equity attributable to owners of the Company	506,377	506,419
Non-controlling interests	139,424	213,937
Total equity	645,801	720,356
Liabilities		
Loans and borrowings	18,663	20,917
Deferred tax liabilities	4,210	4,209
Total non-current liabilities	22,873	25,126
Trade and other payables, including derivatives	108,044	167,505
Loans and borrowings	15,693	10,374
Current tax liabilities	1,312	1,215
Liabilities classified as held for sale	79,824	282,004
Total current liabilities	204,873	461,098
Total liabilities	227,746	486,224
Total equity and liabilities	873,547	1,206,580
Net assets per share (RM)	0.83	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 FIRST QUARTER ENDED 31 MARCH 2014 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Continuing operations				
Revenue	40,422	36,214	40,422	36,214
Cost of sales	(33,136)	(29,103)	(33,136)	(29,103)
Gross Profit	7,286	7,111	7,286	7,111
Other income	107	503	107	503
Tendering and distribution costs	(980)	(541)	(980)	(541)
Administrative expenses	(8,512)	(7,158)	(8,512)	(7,158)
Loss from operations	(2,099)	(85)	(2,099)	(85)
Interest expense	(396)	(1,629)	(396)	(1,629)
Interest income	1,531	303	1,531	303
Share of profit after tax and minority interest of associates	815	748	815	748
Loss before tax	(149)	(663)	(149)	(663)
Taxation	(1,240)	(919)	(1,240)	(919)
Loss from continuing operations	(1,389)	(1,582)	(1,389)	(1,582)
Discontinued operations				
Profit from discontinued operations	32,399	9,323	32,399	9,323
Profit for the period	31,010	7,741	31,010	7,741
Profit attributable to:				
Owners of the Company	16,393	2,423	16,393	2,423
Non-controlling interests	14,617	5,318	14,617	5,318
Profit for the period	31,010	7,741	31,010	7,741
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.53)	(0.49)	(0.53)	(0.49)
- from discontinued operations	3.22	0.95	3.22	0.95
Total	2.69	0.46	2.69	0.46
Diluted (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.52)	-	(0.52)	-
- from discontinued operations	3.16	-	3.16	-
Total	2.64	-	2.64	-

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.



**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Todate	Preceding Year Corresponding Period
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Profit for the period	31,010	7,741	31,010	7,741
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(19,630)	4,842	(19,630)	4,842
Total other comprehensive income/(expense)	(19,630)	4,842	(19,630)	4,842
Total comprehensive income for the period	11,380	12,583	11,380	12,583
Total comprehensive income attributable to:				
Owners of the Company	(2,827)	3,873	(2,827)	3,873
Non-controlling interests	14,207	8,710	14,207	8,710
Total comprehensive income for the period	11,380	12,583	11,380	12,583

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 FIRST QUARTER ENDED 31 MARCH 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	Total		
	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	-	-	-	1,450	-	2,423	3,873	8,710	12,583
Share-based payment transactions	-	-	-	-	59	-	59	-	59
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	6,493	6,493
At 31 March 2013	260,869	36,627	22,150	14,759	3,968	82,114	420,487	240,693	661,180
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	-	-	-	(19,220)	-	16,393	(2,827)	14,207	11,380
Share-based payment transactions	-	-	-	-	41	-	41	-	41
Issuance of shares - exercise of Warrants 2007/2014	1	1	-	-	-	-	2	-	2
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	3	3
Change in ownership interest in a subsidiary	-	-	-	-	-	25	25	(23)	2
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(88,411)	(88,411)
Share option exercised	2,555	162	-	-	-	-	2,717	-	2,717
Dividends to shareholders	-	-	-	-	-	-	-	-	-
Dividends to minority interest	-	-	-	-	-	-	-	(289)	(289)
At 31 March 2014	306,708	47,118	22,150	11,309	3,432	115,660	506,377	139,424	645,801

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 FIRST QUARTER ENDED 31 MARCH 2014 – UNAUDITED**

	3 months Ended 31/03/2014 RM'000	3 months Ended 31/03/2013 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax from:		
- continuing operations	(149)	(663)
- discontinued operations	<u>32,399</u>	<u>10,756</u>
	32,250	10,093
Adjustments for :		
- Non-cash items	(33,087)	1,365
- Non-operating items	<u>(1,090)</u>	<u>1,132</u>
Operating profit before changes in working capital	<u>(1,927)</u>	<u>12,590</u>
Changes in working capital	<u>(2,919)</u>	<u>(22,132)</u>
Cash used in operations	<u>(4,846)</u>	<u>(9,542)</u>
Income taxes paid	(291)	(2,688)
Interest paid	<u>(448)</u>	<u>(5,365)</u>
Net cash used in operating activities	<u>(5,585)</u>	<u>(17,595)</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	38	-
- Acquisition of property, plant and equipment	1,307	(731)
- Acquisition of concession intangible assets	-	(2,717)
- Disposal of discontinued operation		
- Proceeds from disposal, net of cash and cash equivalents	<u>224,400</u>	<u>-</u>
- Interest received	<u>1,538</u>	<u>481</u>
Net cash from/(used in) investing activities	<u>227,283</u>	<u>(2,967)</u>
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	2,719	-
- Proceeds from issuance of equity shares in subsidiaries to non-controlling interests	3	6,493
- Proceeds from bank borrowings	3,708	45,910
- Repayments of bank borrowings	(3,514)	(23,596)
- Dividends paid to non-controlling interests	(289)	(1,273)
- Payment of hire purchase liabilities	<u>(1,104)</u>	<u>(1,192)</u>
Net cash from financing activities	<u>1,523</u>	<u>26,342</u>
Net decrease in cash and cash equivalents	223,221	5,780
Cash and cash equivalents at beginning of period	146,427	110,406
Exchange differences on translation of the financial statements of foreign entities	<u>(22,692)</u>	<u>9,046</u>
Cash and cash equivalents at end of period	<u>346,956</u>	<u>125,232</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.



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

	3 months Ended 31/03/2014 RM'000	3 months Ended 31/03/2013 RM'000
Cash and bank balances	115,029	88,552
Deposits placed with licensed banks	257,298	41,559
Bank overdrafts	(5,371)	(477)
	366,956	129,634
Less: Amount placed with debts service reserve accounts	-	(4,402)
	366,956	125,232

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 FIRST QUARTER ENDED 31 MARCH 2014

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).

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 first quarter ended 31 March 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 current quarter ended 31 March 2014 other than:

- a) the issuance of 5,111,300 new ordinary shares of RM0.50 each pursuant to the Employee's Share Option Scheme, and
- b) the issuance of 2,000 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 quarter ended 31 March 2014.



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8. Segmental Reporting

The segmental revenue and results of the Group for the quarter ended 31 March 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	30,855	298	3,773	5,496	40,422	8,302	48,724
Share of profit of associate	-	815	-		815	-	815
Segment profit/(loss)	(1,657)	1,103	(460)	760	(254)	29,834	29,580
Depreciation and amortization	(286)	-	(569)	(22)	(877)	(874)	(1,751)
Finance costs	5	-	(401)	-	(396)	(52)	(448)
Finance income	678	2	814	37	1,531	6	1,537
Income tax expense	(1,159)	-	(75)	(6)	(1,240)	-	(1,240)
Profit/(Loss) after tax	(2,419)	1,104	(690)	769	(1,236)	32,246	31,010
Segment assets	308,418	29,008	343,491	44,201	725,118	148,429	873,547
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	28,664	-	-	28,664	-	28,664
Additions to non-current assets other than financial instruments and deferred tax assets	5	-	7	-	12	1,225	1,237

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter ended 31 March 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 16 May 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.



12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 31 March 2014 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	176,913
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	506,377
No. of shares	<u>613,416</u>
NA per share (RM)	<u>0.83</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 31/03/2014 RM'000	Cumulative Quarter To-date 31/03/2014 RM'000
Continuing operations		
Malaysian - current period	1,240	1,240
	<u>1,240</u>	<u>1,240</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 status of the utilisation of the proceeds as at 16 May 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	-	Within 12 months	Nil	Nil	Not Completed
Working capital	10,397	(2,611)	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	(122,152)		-	-	-



3. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2014 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	11,538	11,538
Finance lease creditors	7,125	-	7,125
	<u>7,125</u>	<u>11,538</u>	<u>18,663</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	5,371	5,371
Revolving credits	-	-	-
Bankers acceptances	-	494	494
Term loan	3,708	1,785	5,493
Finance lease creditors	4,335	-	4,335
	<u>8,043</u>	<u>7,650</u>	<u>15,693</u>
Total Group Borrowings	<u>15,168</u>	<u>19,188</u>	<u>34,356</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	10,397
Short Term Borrowings (Unsecured)	<u>3,399</u>	<u>1,785</u>

4. Changes in Material Litigation

There was no material update as at 16 May 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 and profit before tax was lower by 69% and 4% respectively as compared with the immediate preceding quarter.

In the Constructions Division, revenue and loss before tax was lower by 62% and 91% respectively as compared with the immediate preceding quarter. Higher operating expenses in the preceding quarter has resulted higher loss before tax of RM14.05 million as compared to loss before tax of RM1.26 million in the same period of the current quarter.

In the Concessions Division, no variances in the revenue were recorded and the profit before tax decreased slightly by 4% due to higher operating expenses during the current quarter.

Lower revenue and profit before tax were recorded in the discontinued concessions operations by 88% and 39% in the current quarter due to the disposal of its subsidiaries in the immediate preceding quarter.

In the Property Development Division, revenue was recorded for the first time in the current quarter amounting to RM5.50 million and profit before tax of RM0.77 million as compared to loss before tax of RM1.94 million in the immediate preceding quarter.



For the Others Division, revenue was lower by 31%. This Division has incurred loss before tax of RM0.62 million as compared to loss before tax of RM4.07 million as a result of assets written off amounting to RM2.77 million 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 revenue amounting to RM40.42 million compared to RM36.21 million for the same period in the preceding year.

Loss before tax for the current financial quarter under review was lower by 78% compared to the same period in the preceding year due to higher interest income.

The revenue and profit before tax in the Concessions Division for the current financial quarter increased by 9% due higher gross profit when compared to the same period in the preceding year.

In the Constructions Division, revenue recorded in the current financial quarter was higher by 27% as compared to the same period in the preceding year. The loss before tax for the current financial quarter has increased by 100% due to higher operating expenses.

In Others Division, revenue increased by 19% as compared to the same period in the preceding year. This division recorded higher losses before tax by 96% due to higher operating expenses.

Lower revenue was recorded in the discontinued concessions operations by 81%. However, profit before tax has increased by 222% as compared with the immediate preceding quarter due to the gain from the disposal of its subsidiaries.

7. Prospects

The securing of Langat 2 Water Treatment Plant gives a boost to the order book of the Group. Besides that, it also marks the achievement of the Group for being the leading partner to undertake the construction of one of the largest water treatment plants in the region.

The Group is also positive on few water and waste water tenders which have been participated in locally and overseas in Sri Lanka.

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 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	63	63



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 31/03/2014	Comparative Quarter Ended 31/03/2013	Cumulative Quarter To-date	
			31/03/2014	31/03/2013
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,253)	(2,550)	(3,253)	(2,550)
- discontinued operations	19,646	4,973	19,646	4,973
	<u>16,393</u>	<u>2,423</u>	<u>16,393</u>	<u>2,423</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)	1,873	-	1,873	-
Weighted average number of ordinary shares ('000)	<u>610,178</u>	<u>521,738</u>	<u>610,178</u>	<u>521,738</u>
Basic (loss)/earnings per share (sen)				
- continuing operations	(0.53)	(0.49)	(0.53)	(0.49)
- discontinued operations	3.22	0.95	3.22	0.95
Total	<u>2.69</u>	<u>0.46</u>	<u>2.69</u>	<u>0.46</u>



SALCON BERHAD (Company No: 593796-T)

Diluted earnings per share

	Current Quarter Ended 31/03/2014	Comparative Quarter Ended 31/03/2013	Cumulative Quarter To-date 31/03/2014	31/03/2013
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,253)	(2,550)	(3,253)	(2,550)
- discontinued operations	19,646	4,973	19,646	4,973
	<u>16,393</u>	<u>2,423</u>	<u>16,393</u>	<u>2,423</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	610,178	521,738	610,178	521,738
Effect of approved unexercised ESOS ('000)	11,362	22,183	11,362	22,183
Weighted average number of ordinary shares (diluted)	<u>621,540</u>	<u>543,921</u>	<u>621,540</u>	<u>543,921</u>
Diluted (loss)/earnings per share (sen)				
- continuing operations	(0.52)	*	(0.52)	*
- discontinued operations	3.16	*	3.16	*
Total	<u>2.64</u>	<u>*</u>	<u>2.64</u>	<u>*</u>

* Note: Anti-dilutive

11. Realised and Unrealised Profits

	As at 31/03/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	212,079	157,832
- Unrealised	1,357	7,842
	<u>213,436</u>	<u>165,674</u>
Total share of retained profits from associated company:		
- Realised	6,865	6,050
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	<u>221,797</u>	<u>173,220</u>
Less: Consolidation adjustments	(106,137)	(73,978)
Total Group retained earnings as per consolidated accounts	<u>115,660</u>	<u>99,242</u>



12. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 31/03/2014 RM'000	Cumulative Quarter To-date 31/03/2014 RM'000
Foreign Exchange Gain	51	51
Foreign Exchange Loss	(121)	(121)
Depreciation and amortization	(340)	(340)
	<u>(410)</u>	<u>(410)</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 23 May 2014.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
23 May 2014