



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 - UNAUDITED**

	30/09/2013	31/12/2012
	RM'000	RM'000
Assets		
Property, plant and equipment	89,852	81,219
Intangible assets	14,657	14,897
Concession intangible assets	144,051	123,807
Trade and other receivables	565,750	515,236
Investment properties	8,446	8,446
Investment in associate	30,641	28,329
Other investments	86	86
Deferred tax assets	2,420	2,420
Total non-current assets	855,903	774,440
Trade and other receivables, including derivatives	338,726	309,674
Inventories	33,014	26,404
Current tax assets	1,204	1,366
Cash and cash equivalents	162,718	115,392
Total current assets	535,662	452,836
Total assets	1,391,565	1,227,276
Equity		
Share capital	301,405	260,869
Reserves	113,902	75,995
Retained earnings	70,182	79,691
Total equity attributable to owners of the Company	485,489	416,555
Non-controlling interests	230,544	225,490
Total equity	716,033	642,045
Liabilities		
Loans and borrowings	290,376	263,078
Deferred tax liabilities	6,495	6,495
Total non-current liabilities	296,871	269,573
Trade and other payables, including derivatives	302,838	230,429
Loans and borrowings	72,783	80,582
Current tax liabilities	3,040	4,647
Total current liabilities	378,661	315,658
Total liabilities	675,532	585,231
Total equity and liabilities	1,391,565	1,227,276
Net assets per share (RM)	0.81	0.80

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2013 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Revenue	74,142	84,163	212,506	232,828
Cost of sales	(52,434)	(66,197)	(150,756)	(185,923)
Gross Profit	21,708	17,966	61,750	46,905
Other income	6,000	4,615	15,437	16,139
Tendering and distribution costs	(1,282)	(1,273)	(3,145)	(3,624)
Administrative expenses	(15,335)	(13,709)	(41,768)	(37,342)
Profit from operations	11,091	7,599	32,274	22,078
Interest expense	(5,493)	(3,975)	(15,730)	(13,350)
Interest income	4,528	1,361	12,997	7,874
Share of profit after tax and minority interest of associates	828	863	2,312	2,469
Profit before tax	10,954	5,848	31,853	19,071
Taxation	(2,561)	(1,091)	(7,322)	(3,943)
Profit for the period	8,393	4,757	24,531	15,128
Profit attributable to:				
Owners of the Company	590	418	4,328	3,176
Non-controlling interests	7,803	4,339	20,203	11,952
Profit for the period	8,393	4,757	24,531	15,128
Basic earnings per ordinary share (sen)	0.10	0.08	0.77	0.63
Diluted earnings per ordinary share (sen)	-	-	0.74	0.60

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2013 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Profit for the period	8,393	4,757	24,531	15,128
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	21,015	(15,068)	47,671	(16,461)
Total other comprehensive income	21,015	(15,068)	47,671	(16,461)
Total comprehensive income for the period	29,408	(10,311)	72,202	(1,333)
Total comprehensive income attributable to:				
Owners of the Company	14,562	(9,304)	34,032	(7,987)
Non-controlling interests	14,846	(1,007)	38,170	6,654
Total comprehensive income for the period	29,408	(10,311)	72,202	(1,333)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 THIRD QUARTER ENDED 30 SEPTEMBER 2013 – UNAUDITED**

	← Attributable to Owners of the Company →							Distributable	Non- controlling interests	Total equity
	← Non – distributable				Share					
	Share capital	Share premium	Warrant reserve	Translation reserve	Share option reserve	Revaluation reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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	-	-	-	(11,163)	-	-	3,176	(7,987)	6,654	(1,333)
Share-based payment transactions	-	-	-	-	1,180	-	-	1,180	-	1,180
Acquisition by non- controlling interests	-	-	-	-	-	-	-	-	46,976	46,976
Issuance of shares										
- private placement	23,715	-	-	-	-	-	-	23,715	-	23,715
Dividends to shareholders	-	-	-	-	-	-	(7,826)	(7,826)	-	(7,826)
Dividends to minority interest	-	-	-	-	-	-	-	-	(270)	(270)
At 30 September 2012, restated	260,869	36,627	22,150	3,722	3,527	-	71,585	398,480	212,392	610,872
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	-	-	-	29,704	-	-	4,328	34,032	38,170	72,202
Share-based payment transactions	-	-	-	-	3,209	-	-	3,209	-	3,209
Issuance of shares										
- private placement	27,013	4,592	-	-	-	-	-	31,605	-	31,605
Acquisition by non- controlling interests	-	-	-	-	-	-	-	-	6,493	6,493
Acquisition of the remaining interest from the non-controlling interest	-	-	-	-	-	-	(8,445)	(8,445)	(39,227)	(47,672)
Transfer to share premium for share options exercised	-	4,305	-	-	(4,305)	-	-	-	-	-
Share option exercised	13,523	402	-	-	-	-	-	13,925	-	13,925
Dividends to shareholders	-	-	-	-	-	-	(5,392)	(5,392)	-	(5,392)
Dividends to minority interest	-	-	-	-	-	-	-	-	(382)	(382)
At 30 September 2013	301,405	45,926	22,150	43,013	2,813	-	70,182	485,489	230,544	716,033

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2013 – UNAUDITED**

	9 months Ended 30/09/2013 RM'000	9 months Ended 30/09/2012 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	31,853	19,071
Adjustments for :		
- Non-cash items	7,904	4,843
- Non-operating items	2,732	5,477
Operating profit before changes in working capital	<u>42,489</u>	<u>29,391</u>
Changes in working capital	<u>(405)</u>	<u>(27,767)</u>
Cash generate from operations	42,084	1,624
Income taxes paid	(8,767)	(4,092)
Interest paid	<u>(15,730)</u>	<u>(13,350)</u>
Net cash from/(used in) operating activities	<u>17,587</u>	<u>(15,818)</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	10	359
- Acquisition of property, plant and equipment	(7,458)	(11,779)
- Acquisition of concession intangible assets	(13,990)	(45,029)
- Acquisition of subsidiary, net of cash acquired	-	(53,465)
- Acquisition of the remaining interest from the non-controlling interest	(47,672)	-
- Interest received	1,451	7,874
Net cash used in investing activities	<u>(67,659)</u>	<u>(102,040)</u>
<u>Cash flows from financing activities</u>		
- Net proceeds from issue of shares capital	45,530	23,715
- Proceeds from issuing of equity shares in a subsidiary to non-controlling interests	6,493	15,160
- Proceeds from bank borrowings	115,723	92,057
- Repayments of bank borrowings	(114,026)	(62,897)
- Dividends paid to shareholders of Salcon Berhad	(5,392)	(7,826)
- Dividends paid to non-controlling interests	(1,935)	(829)
- Payment of hire purchase liabilities	<u>(3,445)</u>	<u>(3,670)</u>
Net cash generated from financing activities	<u>42,948</u>	<u>55,710</u>
Net decrease in cash and cash equivalents	(7,124)	(62,148)
Cash and cash equivalents at beginning of period	110,406	208,626
Exchange differences on translation of the financial statements of foreign entities	53,282	(25,536)
Cash and cash equivalents at end of period	<u>156,564</u>	<u>120,942</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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:

	9 months Ended 30/09/2013 RM'000	9 months Ended 30/06/2012 RM'000
Cash and bank balances	75,458	69,144
Deposits placed with licensed banks	87,260	61,578
Bank overdrafts	(1,752)	(5,378)
	<u>160,966</u>	<u>125,344</u>
Less: Amount placed with debts service reserve accounts	(4,402)	(4,402)
	<u>156,564</u>	<u>120,942</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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 2012 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 2012. The audited financial statements of the Group as at and for the year ended 31 December 2012 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 2012 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 2013.

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*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*



- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will have no material impact on the financial statements of the Group.

At the date of authorization of these interim financial statements, the followings MFRSs, Amendments to MFRSs and IC Interpretations 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 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*

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)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

2. Preceding Annual Financial Statement

The audit report of the Group's annual financial statements prepared under FRS for the year ended 31 December 2012 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The principal activities of the Group are not subject to any seasonal or cyclical changes.

4. Unusual Items that Affect the Financial Statements

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the cumulative quarter ended 30 September 2013.

5. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect in the current interim period.



6. Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the cumulative quarter ended 30 September 2013 other than the issuance of 54,025,268 new ordinary shares of RM0.50 each pursuant to the placement of new ordinary shares at RM0.585 each and the issuance of 27,046,800 new ordinary shares of RM0.50 each pursuant to the Employee's Share Option Scheme.

7. Dividends Paid

The dividend paid for the cumulative quarter ended 30 September 2013 is as follows:-

	Cumulative Quarter To-date 30/09/13 RM'000
First and final single tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2012 was paid on 27 August 2013	5,392

8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2013 are as follows:-

	Constructions RM'000	Concessions RM'000	Others RM'000	Total RM'000
Revenue from external customers	68,097	134,703	9,706	212,506
Share of profit of associate	-	2,312	-	2,312
Segment profit	(8,308)	46,349	3,660	41,701
Depreciation and amortization	(951)	(4,489)	(1,675)	(7,115)
Finance costs	(555)	(14,510)	(665)	(15,730)
Finance income	836	12,070	91	12,997
Income tax expense	(1,634)	(5,425)	(263)	(7,322)
Profit/(Loss) after tax	(10,612)	33,995	1,148	24,531
Segment assets	294,887	968,694	127,984	1,391,565
<i>Included in the measure of segment assets are:</i>				
Investment in associate	-	30,641	-	30,641
Additions to non-current assets other than financial instruments and deferred tax assets	4,441	13,694	3,313	21,448



9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 September 2013. 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 November 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) Eco-Coach & Tours (M) Sdn Bhd (“ECT”), a 51.3% owned subsidiary of Salcon Capital Sdn Bhd, which in turn is a wholly-owned subsidiary of Salcon Berhad (“Salcon”), had on 26 June 2013 acquired 2 Ordinary Shares of RM1.00 each, representing 100% equity interest in Eco Tours Asia Sdn Bhd (Company No. 1049876-W) (“ETA”), a company incorporated in Malaysia, for a total cash consideration of RM2.00 (“the Acquisition”). Subsequent to the Acquisition, ETA shall become a wholly-owned subsidiary of ECT, which in turn is a subsidiary of the Salcon.
- (ii) Salcon Water International Pte. Ltd. (“SWIPL”), a wholly-owned subsidiary of Salcon Berhad (“Salcon”), which was incorporated in the Republic of Singapore and is dormant had been struck off from the Singapore’s Register of Companies effective 15 August 2013 pursuant to subsection (4) of Section 344 of the Singapore Companies Act as published in the Republic of Singapore Government Gazette dated 23 August 2013. The striking off of SWIPL does not have any material effect on the earnings and net assets of Salcon Group for the financial year ending 31 December 2013, and the share capital of the Company.

12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 30 September 2013 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	98,409
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	485,489
No. of shares	<u>602,810</u>
NA per share (RM)	<u>0.81</u>



B. ADDITIONAL DISCLOSURE PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

1. Taxation

The breakdown of tax charge is as follows:-

	Current Quarter Ended 30/09/2013 RM'000	Cumulative Quarter To-date 30/09/2013 RM'000
Malaysian - current period	264	2,047
- prior years	(196)	(196)
Overseas - current period	2,493	5,471
	<u>2,561</u>	<u>7,322</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 54,025,268 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 August 2013. The status of the utilisation of the proceeds as at 20 November 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
Working capital	15,752	(15,752)	Within 12 months	Nil	Nil	Completed
Repayment of existing borrowings	15,753	(15,753)	Within 9 months	Nil	Nil	Completed
Estimated expenses for the placement	100	(100)	Within 3 months	Nil	Nil	Completed
Total	31,605	(31,605)		-	-	-



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(ii) 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; 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

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

The Company has obtained shareholders’ approval pertaining to the above proposed disposals at the EGM held on 27 November 2013.

3. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2013 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	281,574	281,574
Finance lease creditors	8,802	-	8,802
	<u>8,802</u>	<u>281,574</u>	<u>290,376</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	1,752	1,752
Bankers acceptances	-	9,672	9,672
Term loan	-	56,626	56,626
Finance lease creditors	4,733	-	4,733
	<u>4,733</u>	<u>68,050</u>	<u>72,783</u>
Total Group Borrowings	<u>13,535</u>	<u>349,624</u>	<u>363,159</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)	396,597	211,147
Short Term Borrowings (Unsecured)	<u>56,373</u>	<u>30,013</u>

4. Changes in Material Litigation

There was no material update as at 20 November 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 increased by 10% and the profit before tax increased slightly by 1% as compared with the immediate preceding quarter.

In the Concessions Division, revenue and profit before tax increased by 6% and 18% respectively as compared to the immediate preceding quarter. Higher profit before tax is due to higher installation income as compared with the immediate preceding quarter.

The revenue recorded in the Constructions Division was higher by 19% as compared to the immediate preceding quarter. The higher construction revenue is the results of completion of various projects. However, higher operating expenses has resulted higher losses of RM5.35 million as compared to losses of RM3.00 in the same period of the preceding quarter.

For the Others Division, revenue and profit before tax was higher by 8% and 31% respectively as compared with the immediate preceding quarter. The better gross profit margin has resulted a higher profit before tax.

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 RM74.14 million as compared to RM84.16 million for the same period in the preceding year or a decrease of 12%. However, profit before taxation increased to RM10.95 million from RM5.85 million for the corresponding period in the preceding year.

The higher profit before tax was mainly attributable to the Concessions Division, whereby the gross profit recorded an increase of 22% as compared to the same period in the preceding year. The improvement arises from higher installation income.

In the Constructions Division, revenue recorded in the current financial quarter was lower by 18% as compared to the same period in the preceding year. Higher operating expenses has resulted the Division to incur losses of RM5.35 million as compared to losses of RM1.87 million in the same period of the preceding year.

In the Others Division, revenue was lower by 2% as compared to the same period in the preceding year. As a result of lower operating expenses this Division has recorded a higher profit before tax of 67% as compared to the corresponding period in the preceding year.

For the cumulative quarter to date, the Group recorded revenue and profit before tax of RM212.51 million and RM31.85 million as compared to RM232.83 million and RM19.07 million respectively to the corresponding cumulative quarter in the preceding year.

The Concessions Division recorded a higher profit before tax of RM39.42 million during the current cumulative quarter as compared to RM24.95 million for the same period in the preceding year which was attributed by the new acquisitions of Salcon Darco Environmental Pte. Ltd. and its' subsidiaries on 8 August 2012.

In the Constructions Division, revenue was 17% lower when compared to the corresponding cumulative quarter in the preceding year as a result of lower order book. Higher operating expenses has resulted the division to record a reduction in loss of RM8.98 million during the current cumulative quarter as compared to loss before tax of RM6.91 million for the same period in the preceding year.

The Others Division recorded a higher profit before tax of RM1.41 million due to lower operating expenses as compared to profit before tax of RM1.03 million for the same period in the preceding year.



7. Prospects

The Group expect the proposed divestment of China concessions exercise to be completed towards the end of Dec 2013.

8. Variance of Profit Forecast / Profit Guarantee

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

9. Financial instruments - derivatives

As at 30 September 2013, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM4.10 million:

Derivatives	Carrying Value RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	43	43

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 30/09/2013	Comparative Quarter Ended 30/09/2012	Cumulative Quarter To-date	
			30/09/2013	30/09/2012
Profit attributable to equity holders of the parent (RM'000)	<u>590</u>	<u>418</u>	<u>4,328</u>	<u>3,176</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>521,738</u>	<u>474,308</u>	<u>521,738</u>	<u>474,308</u>
Effect of shares issued during the period ('000)	<u>43,684</u>	<u>47,431</u>	<u>43,969</u>	<u>32,890</u>
Weighted average number of ordinary shares ('000)	<u>565,422</u>	<u>521,739</u>	<u>565,707</u>	<u>507,198</u>
Basic earnings per share (sen)	0.10	0.08	0.77	0.63



SALCON BERHAD (Company No: 593796-T)

Diluted earnings per share

	Current Quarter Ended 30/09/2013	Comparative Quarter Ended 30/09/2012	Cumulative Quarter To-date 30/09/2013	30/09/2012
Profit attributable to equity holders of the parent (RM'000)	<u>590</u>	<u>418</u>	<u>4,328</u>	<u>3,176</u>
<u>Weighted average number of ordinary shares (diluted)</u>				
Weighted average number of ordinary shares as above ('000)	<u>565,422</u>	<u>521,739</u>	<u>565,707</u>	<u>507,198</u>
Effect of approved unexercised ESOS ('000)	<u>22,832</u>	<u>23,290</u>	<u>22,832</u>	<u>23,290</u>
Weighted average number of ordinary shares (diluted)	<u>588,254</u>	<u>545,029</u>	<u>588,539</u>	<u>530,488</u>
Diluted earnings per share (sen)	*	*	0.74	0.60

* Note: Anti-dilutive

11. Realised and Unrealised Profits

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	114,394	117,303
- Unrealised	(4,300)	(4,476)
	<u>110,094</u>	<u>112,827</u>
Total share of retained profits from associated company:		
- Realised	8,841	6,529
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	<u>120,431</u>	<u>120,852</u>
Less: Consolidation adjustments	(50,249)	(41,161)
Total Group retained earnings as per consolidated accounts	<u>70,182</u>	<u>79,691</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 30/09/2013 RM'000	Cumulative Quarter To-date 30/09/2013 RM'000
Foreign Exchange Gain	68	203
Foreign Exchange Loss	(403)	(699)
Depreciation and amortization	(2,495)	(7,115)
	<u>(2,605)</u>	<u>(4,781)</u>

Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2013.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
27 November 2013