



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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 MARCH 2020 - UNAUDITED**

	<b>31/03/2020 RM'000</b>	31/12/2019 RM'000
<b>Assets</b>		
Property, plant and equipment	<b>20,893</b>	21,794
Intangible assets	<b>25,494</b>	25,597
Right-of-use assets	<b>12,199</b>	12,390
Investment properties	<b>9,924</b>	9,924
Investment in associate	<b>17,052</b>	17,052
Investment in joint ventures	<b>31,509</b>	32,344
Other investments	<b>8,040</b>	4,053
Deferred tax assets	<b>3,688</b>	3,698
<b>Total non-current assets</b>	<b>128,799</b>	126,852
Trade and other receivables, including derivatives	<b>131,479</b>	119,324
Contract assets	<b>77,070</b>	70,170
Inventories	<b>127,505</b>	131,763
Other investment	<b>3,206</b>	3,206
Current tax assets	<b>1,012</b>	1,138
Assets classified as held for sale	-	494
Cash and cash equivalents	<b>122,062</b>	121,344
<b>Total current assets</b>	<b>462,334</b>	447,439
<b>Total assets</b>	<b>591,133</b>	574,291
<b>Equity</b>		
Share capital	<b>424,465</b>	424,465
Reserves	<b>1,501</b>	2,617
Retained earnings	<b>(5,201)</b>	1,154
<b>Total equity attributable to owners of the Company</b>	<b>420,765</b>	428,236
<b>Non-controlling interests</b>	<b>22,190</b>	20,989
<b>Total equity</b>	<b>442,955</b>	449,225
<b>Liabilities</b>		
Loans and borrowings	<b>5,911</b>	5,773
Lease liabilities	<b>2,351</b>	2,359
Deferred tax liabilities	<b>6,590</b>	6,833
<b>Total non-current liabilities</b>	<b>14,852</b>	14,965
Trade and other payables, including derivatives	<b>97,621</b>	84,854
Contract liabilities	<b>7,041</b>	5,601
Lease liabilities	<b>1,448</b>	1,115
Loans and borrowings	<b>27,033</b>	18,329
Current tax liabilities	<b>183</b>	202
<b>Total current liabilities</b>	<b>133,326</b>	110,101
<b>Total liabilities</b>	<b>148,178</b>	125,066
<b>Total equity and liabilities</b>	<b>591,133</b>	574,291
Net assets per share (RM)	<b>0.50</b>	0.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>31/03/2020 RM'000</b>	31/03/2019 RM'000	<b>31/03/2020 RM'000</b>	31/03/2019 RM'000
<b>Revenue</b>	<b>47,821</b>	32,442	<b>47,821</b>	32,442
Cost of sales	<b>(40,218)</b>	(24,113)	<b>(40,218)</b>	(24,113)
<b>Gross Profit</b>	<b>7,603</b>	8,329	<b>7,603</b>	8,329
Other income	<b>3,573</b>	1,314	<b>3,573</b>	1,314
Other expenses	<b>(1,699)</b>	(41)	<b>(1,699)</b>	(41)
Distribution expenses	<b>(540)</b>	(601)	<b>(540)</b>	(601)
Administrative expenses	<b>(13,537)</b>	(11,057)	<b>(13,537)</b>	(11,057)
<b>Profit/(Loss) from operating activities</b>	<b>(4,600)</b>	(2,056)	<b>(4,600)</b>	(2,056)
Finance costs	<b>(562)</b>	(652)	<b>(562)</b>	(652)
Finance income	<b>575</b>	760	<b>575</b>	760
Share of profit of equity-accounted associate/ joint ventures, net of tax	<b>365</b>	1,074	<b>365</b>	1,074
<b>Profit/(Loss) before tax</b>	<b>(4,222)</b>	(874)	<b>(4,222)</b>	(874)
Tax expense	<b>(875)</b>	(927)	<b>(875)</b>	(927)
<b>Profit/(Loss) for the period</b>	<b>(5,097)</b>	(1,801)	<b>(5,097)</b>	(1,801)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	<b>(6,355)</b>	(1,830)	<b>(6,355)</b>	(1,830)
Non-controlling interests	<b>1,258</b>	29	<b>1,258</b>	29
<b>Profit/(Loss) for the period</b>	<b>(5,097)</b>	(1,801)	<b>(5,097)</b>	(1,801)
Basic (loss)/earnings per ordinary share (sen)	<b>(0.79)</b>	(0.22)	<b>(0.79)</b>	(0.22)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>31/03/2020 RM'000</b>	31/03/2019 RM'000	<b>31/03/2020 RM'000</b>	31/03/2019 RM'000
<b>Profit/(Loss) for the period</b>	<b>(5,097)</b>	(1,801)	<b>(5,097)</b>	(1,801)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	<b>3,582</b>	886	<b>3,582</b>	886
<b>Total other comprehensive income/(expense)</b>	<b>3,582</b>	886	<b>3,582</b>	886
<b>Total comprehensive income/(expense) for the period</b>	<b>(1,515)</b>	(915)	<b>(1,515)</b>	(915)
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	<b>(2,716)</b>	(933)	<b>(2,716)</b>	933
Non-controlling interests	<b>1,201</b>	18	<b>1,201</b>	18
<b>Total comprehensive income/(expense) for the period</b>	<b>(1,515)</b>	(915)	<b>(1,515)</b>	951

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020 – UNAUDITED**

	← Attributable to Owners of the Company →				Total	Non- controlling interests	Total equity
	← Non – distributable →		Distributable				
	Share capital	Translation reserve	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2019</b>	424,465	15,916	(7,375)	18,155	451,161	21,850	473,011
Total comprehensive income for the period	-	896	-	(1,849)	(953)	18	(935)
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>
<b>At 1 January 2020</b>	424,465	7,017	(4,400)	1,154	428,236	20,989	449,225
Total comprehensive income for the period	-	3,639	-	(6,355)	(2,716)	1,201	(1,515)
Own shares acquired	-	-	(4,755)	-	(4,755)	-	(4,755)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>424,465</b>	<b>10,656</b>	<b>(9,155)</b>	<b>(5,201)</b>	<b>420,765</b>	<b>22,190</b>	<b>442,955</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 2019 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020 - UNAUDITED**

	<b>3 months Ended 31/03/2020 RM'000</b>	<b>3 months Ended 31/03/2019 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit/(Loss) before tax	(4,222)	(874)
Adjustments for :		
- Non-cash items	4,533	(103)
- Non-operating items	(14)	(108)
Operating loss before changes in working capital	<u>297</u>	<u>(1,085)</u>
Changes in working capital	(2,540)	33,349
Cash generated from/(used in) operations	<u>(2,243)</u>	<u>32,264</u>
Income taxes paid	(1,002)	397
<b>Net cash from/(used in) operating activities</b>	<b><u>(3,245)</u></b>	<b><u>32,661</u></b>
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	64	53
- Proceeds from disposal of investment properties	1,416	-
- Acquisition of other investments	(4,987)	-
- Acquisition of property, plant and equipment	(87)	(38)
- Interest received	575	760
<b>Net cash from/(used in) investing activities</b>	<b><u>(3,019)</u></b>	<b><u>775</u></b>
<b><u>Cash flows from financing activities</u></b>		
- Repurchase of treasury shares	(4,755)	(334)
- Drawdown from borrowings	9,708	7,084
- Interest paid	(562)	(652)
- Repayment of borrowings	(279)	(18,307)
- Repayment of lease liabilities	(223)	-
- Repayment of finance lease liabilities	(587)	(1,494)
<b>Net cash from/(used in) financing activities</b>	<b><u>3,302</u></b>	<b><u>(13,703)</u></b>
Net increase/(decrease) in cash and cash equivalents	(2,962)	19,733
Cash and cash equivalents at beginning of period	120,118	113,687
Exchange differences on translation of the financial statements of foreign entities	3,680	899
<b>Cash and cash equivalents at end of period</b>	<b><u>120,836</u></b>	<b><u>134,319</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 2019 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020 – UNAUDITED**

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

	<b>3 months Ended 31/03/2020 RM'000</b>	3 months Ended 31/03/2019 RM'000
Cash and bank balances	<b>42,519</b>	53,517
Deposits placed with licensed banks	<b>79,543</b>	81,357
	<b>122,062</b>	134,874
Bank overdrafts	<b>(1,196)</b>	(525)
Pledged deposits	<b>(30)</b>	(30)
	<b>120,836</b>	134,319

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2020**

**(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 2019 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 2019. The audited financial statements of the Group as at and for the year ended 31 December 2019 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 2019 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 2020.

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020***

- 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

***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 1 January 2022***

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

***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 plans to apply the abovementioned accounting standards, interpretations and amendments:

- 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.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 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

## **2. Preceding Annual Financial Statement**

The audit report of the Group's annual financial statements prepared under MFRSs for the year ended 31 December 2019 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 2020.

## **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 2020 other than:

### a) Share buy-back

The Company repurchased 26,140,000 ordinary shares of its issued share capital from the open market, at an average costs of RM0.18 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 RM4,755,000 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 2020.



## 8. Segmental Reporting

The segmental revenue and results of the Group for the quarter ended 31 March 2020 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>	2,776	(1)	731	(268)	3,238
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	39,221	-	4,071	4,529	47,821
Share of profit of associate	-	(1)	1	-	-
Share of profit of joint venture	118	-	247	-	365
<i>Not included in the measure of segment profit but provided to Chief Operating Officer:</i>					
Depreciation and amortization	(400)	-	(1,076)	(57)	(1,533)
Finance costs	(236)	-	(164)	(162)	(562)
Finance income	548	-	-	27	575
Income tax expense	(783)	-	(72)	(20)	(875)
<b>Segment assets</b>	359,474	16,424	82,924	132,311	591,133
<i>Included in the measure of segment assets are:</i>					
Investment in associate	-	16,318	734	-	17,052
Investment in joint venture	14,798	-	16,711	-	31,509
Additions to non-current assets other than financial instruments and deferred tax assets	5	-	82	-	87



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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 or loss for reportable segments	3,238
Depreciation and amortisation	(1,533)
Finance costs	(562)
Finance income	575
Unrealised/ realised foreign exchange gain/(loss)	(3,078)
Unallocated expenses:	
Corporate expenses	(2,862)
Consolidated profit/(loss) before tax	<u>(4,222)</u>

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

There was no revaluation of property, plant and equipment during the quarter ended 31 March 2020. 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 June 2020 (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 2020 are as follows:-

	<b>RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>56,559</u>

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

The NA per share is derived as follows:-

	<b>RM'000</b>
Shareholders funds	420,765
No. of shares	<u>847,113</u>
NA per share (RM)	<u>0.50</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 31/03/2020 RM'000	Cumulative Quarter To-date 31/03/2020 RM'000
Continuing operations		
Malaysian - current period	875	875
- prior years	-	-
	875	875

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**

2.1) 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 16 June 2020 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	(176,195)	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>(326,189)</b>		<b>-</b>	<b>-</b>	<b>-</b>

- 2.2) The Share Sale and Purchase Agreement between Salcon Development Sdn Bhd and Fortune Quest Group Ltd for the disposal of entire 4,519,569 shares comprising 20 ordinary shares and 4,519,549 preference shares, representing 20% of the total issued share capital in Eco World-Salcon Y1 Pte Ltd for a total cash consideration of AUD4,519,569 (equivalent to approximately RM13,252,280) has been completed on 24 April 2019.

The status of the utilization of the proceeds as at 16 June 2020 arising from the disposal is as follow: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



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Purpose	Proposed Utilisation	Actual Utilisation	Estimated Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital	13,252	(13,252)	Within 12 months	Nil	Nil	Completed
Total	13,252	(13,252)		-	-	-

### 3. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2020 are as follows:

	As at 1st quarter ended 2020		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
<i>Term loans</i>	2,921	181	3,102
<i>Finance lease liabilities</i>	2,990	1,468	4,458
<b>Unsecured</b>			
<i>Term loans</i>	-	7,751	7,751
<i>Revolving credits</i>	-	7,000	7,000
<i>Bankers' Acceptance</i>	-	9,437	9,438
<i>Bank overdrafts</i>	-	1,196	1,196
	5,911	27,033	32,944

	As at 1st quarter ended 2019		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
<i>Term loans</i>	2,925	13,881	16,806
<i>Finance lease liabilities</i>	3,671	1,709	5,380
<b>Unsecured</b>			
<i>Bankers' Acceptance</i>	-	12,049	12,049
<i>Bank overdrafts</i>	-	525	525
	6,596	28,164	34,760

For the year to-date financial quarter under review, the Group has recorded borrowings of RM32.94 million as compared to RM34.76 million for corresponding period in the immediate preceding year.

There were no bank borrowings denominated in foreign currencies as at the reporting date.



#### 4. Changes in Material Litigation

There was no material update as at 16 June 2020 (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 %
	31/03/2020	31/12/2019	
Revenue	47,821	59,048	-19%
Operating Profit/(Loss)	(4,600)	(7,080)	35%
Profit/(Loss) Before Interest and Tax	(3,660)	5,912	-162%
Profit/(Loss) Before Tax	(4,222)	4,346	-197%
Profit/(Loss) For The Period	(5,097)	4,038	-226%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(6,355)	2,179	-392%

For the current financial quarter, the Group revenue decreased from RM59.05 million to RM47.82 million by 19% and has recorded a loss before tax of RM4.22 million as compared to profit before tax of RM4.35 million in the immediate preceding quarter substantially attributed by the unrealised loss on foreign exchange in the current financial quarter.

The revenue recorded in the Constructions Division was lower by 27%, a decrease from RM53.65 million to RM39.22 million as compared to the immediate preceding quarter. The Division recorded profit before tax of RM2.86 million as compared to profit before tax of RM12.32 million in the same period of the immediate preceding quarter due to lower share of profit from joint ventures in the current financial quarter.

In the Property Development Division, it recorded a lower loss before tax of RM460,000 in the current financial quarter as compared to loss before tax of RM1.54 million in the immediate preceding quarter due to higher interest expense on lease liabilities in the immediate preceding quarter.

In the Concessions Division, no revenue was recorded in the current financial quarter and in the immediate preceding quarter due to cessation of an operation and maintenance of a water treatment plant in the preceding year.

For the Trading and Services Division, revenue increased from RM3.25 million to RM4.07 million by 25%. The Division recorded loss before tax of RM509,000 as compared to loss before tax of RM3.44 million in the same period of the immediate preceding quarter due to higher cost of sales in the immediate preceding quarter.



**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	
	31/03/2020	31/03/2019		31/03/2020	31/03/2019	
Revenue	47,821	32,442	47%	47,821	32,442	47%
Operating Profit/(Loss)	(4,600)	(2,056)	-124%	(4,600)	(2,056)	-124%
Profit/(Loss) Before Interest and Tax	(3,660)	(222)	-1549%	(3,660)	(222)	-1549%
Profit/(Loss) Before Tax	(4,222)	(874)	-383%	(4,222)	(874)	-383%
Profit/(Loss) For The Period	(5,097)	(1,801)	-183%	(5,097)	(1,801)	-183%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(6,355)	(1,830)	-247%	(6,355)	(1,830)	-247%

For the current financial quarter under review, the Group achieved higher revenue amounting to RM47.82 million as compared to RM32.44 million for the same period in the preceding year or an increase of 47%. Loss before taxation of RM4.22 million was recorded in the current quarter as compared to loss before tax of RM874,000 for the same period in the preceding year substantially attributed by the unrealised loss on foreign exchange in the current financial quarter.

In the Constructions Division, revenue recorded in the current financial quarter was higher by 61% as compared to the same period in the preceding year. Dividend income received and gain from disposal of investment properties had resulted the Division to record a profit before tax of RM2.86 million as compared to profit before tax of RM527,000 for the same period in the preceding year.

The Property Development Division has recorded a loss before tax of RM460,000 as compared to loss before tax of RM1.25 million for the same period in the preceding year due to higher cost of sales in the current financial quarter.

In the Concessions Division, no revenue was recorded in the current financial quarter as compared to revenue of RM361,000 recorded for the same period in the preceding year due to cessation of an operation and maintenance of a water treatment plant in the preceding year.

In the Trading and Services Division, revenue was lower by 21% as compared to the same period in the preceding year. The Division recorded a loss before tax of RM509,000 as compared to loss before tax of RM332,000 for the same period in the preceding year due to lower gross profit margin in the current financial quarter.



**7. Prospects**

The Group's first quarter results remain challenging due delays in execution of contracts as a result of the COVID-19 pandemic. Project sites which stopped working during the Movement Control Order (MCO) period has since commenced operations, albeit not at full capacity. As part of the Group's strategy to pave the way for recovery and to ensure minimal disruption to our supply chain, the Group has put in place initiatives to make sure the adequate supply of raw materials and services. This is achieved through regular engagement and communication with our suppliers/sub-contractors to ensure cost optimisation, risk planning and assessment to better manage our resources. With these measures in place, we look to pick up pace towards second half of the year to recover lost ground.

Recognising the direct impact of COVID-19 on the business operations, the Group has undertaken various austerity measures including salary cuts across the board ranging from between 10% to 35%. The Group will also be actively exploring ways to diversify our income and create more revenue sources to grow long term shareholder value through various cost optimisation and portfolio rationalisation strategies.

**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 2020, 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	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(6,355)	(1,830)	(6,355)	(1,830)
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	819,925	819,925	819,925	819,925
Effect of shares repurchased during the period ('000)	(10,695)	(539)	(10,695)	(539)
Weighted average number of ordinary shares ('000)	<u>809,230</u>	<u>819,386</u>	<u>809,230</u>	<u>819,386</u>
Basic (loss)/earnings per share (sen)	(0.79)	(0.22)	(0.79)	(0.22)



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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 31/03/2020 RM'000	Cumulative Quarter Ended 31/03/2020 RM'000
Foreign Exchange Gain	505	505
Foreign Exchange Loss	(3,583)	(3,583)
Depreciation and amortization	(1,533)	(1,533)
	<u>(4,611)</u>	<u>(4,611)</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 June 2020.

**ON BEHALF OF THE BOARD**

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

Selangor Darul Ehsan  
23 June 2020