



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

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

	<b>31/03/2012</b>	31/12/2011	01/01/2011
	<b>RM'000</b>	RM'000	RM'000
		Restated	Restated
<b>Assets</b>			
Property, plant and equipment	<b>40,837</b>	28,842	8,467
Intangible assets	<b>15,190</b>	15,293	15,705
Concession intangible assets	<b>135,950</b>	119,767	99,368
Trade and other receivables	<b>376,898</b>	376,555	274,959
Investment properties	<b>5,104</b>	5,104	3,443
Investment in associate	<b>29,464</b>	28,650	30,690
Other investments	<b>86</b>	86	86
Deferred tax assets	<b>2,420</b>	2,420	2,420
<b>Total non-current assets</b>	<b><u>605,949</u></b>	<u>576,717</u>	<u>435,138</u>
Trade and other receivables, including derivatives	<b>277,636</b>	286,603	272,404
Inventories	<b>4,141</b>	2,940	5,421
Current tax assets	<b>683</b>	717	143
Assets classified as held for sale	<b>-</b>	-	653
Cash and cash equivalents	<b>217,205</b>	214,531	145,230
<b>Total current assets</b>	<b><u>499,665</u></b>	<u>504,791</u>	<u>423,851</u>
<b>Total assets</b>	<b><u><u>1,105,614</u></u></b>	<u><u>1,081,508</u></u>	<u><u>858,989</u></u>
<b>Equity</b>			
Share capital	<b>260,869</b>	237,154	236,774
Reserves	<b>66,725</b>	76,009	59,373
Retained earnings	<b>78,742</b>	76,235	26,958
<b>Total equity attributable to owners of the Company</b>	<b><u>406,336</u></b>	<u>389,398</u>	<u>323,105</u>
<b>Non-controlling interests</b>	<b><u>163,708</u></b>	<u>159,032</u>	<u>89,362</u>
<b>Total equity</b>	<b><u><u>570,044</u></u></b>	<u><u>548,430</u></u>	<u><u>412,467</u></u>
<b>Liabilities</b>			
Loans and borrowings	<b>60,462</b>	52,571	40,276
Deferred tax liabilities	<b>79</b>	402	79
<b>Total non-current liabilities</b>	<b><u>60,541</u></b>	<u>52,973</u>	<u>40,355</u>
Trade and other payables, including derivatives	<b>218,955</b>	227,768	205,519
Loans and borrowings	<b>253,596</b>	250,614	195,911
Current tax liabilities	<b>2,478</b>	1,723	4,737
<b>Total current liabilities</b>	<b><u>475,029</u></b>	<u>480,105</u>	<u>406,167</u>
<b>Total liabilities</b>	<b><u><u>535,570</u></u></b>	<u><u>533,078</u></u>	<u><u>446,522</u></u>
<b>Total equity and liabilities</b>	<b><u><u>1,105,614</u></u></b>	<u><u>1,081,508</u></u>	<u><u>858,989</u></u>
Net assets per share (RM)	<b>0.78</b>	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 FIRST QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>31/03/2012 RM'000</b>	31/03/2011 RM'000	<b>31/03/2012 RM'000</b>	31/03/2011 RM'000
<b>Revenue</b>	<b>78,941</b>	110,437	<b>78,941</b>	110,437
Cost of sales	<b>(64,409)</b>	(92,606)	<b>(64,409)</b>	(92,606)
<b>Gross Profit</b>	<b>14,532</b>	17,831	<b>14,532</b>	17,831
Other income	<b>5,080</b>	1,256	<b>5,080</b>	1,256
Tendering and distribution costs	<b>(1,018)</b>	(867)	<b>(1,018)</b>	(867)
Administrative expenses	<b>(11,265)</b>	(10,403)	<b>(11,265)</b>	(10,403)
<b>Profit from operations</b>	<b>7,329</b>	7,817	<b>7,329</b>	7,817
Interest expense	<b>(4,582)</b>	(1,954)	<b>(4,582)</b>	(1,954)
Interest income	<b>3,271</b>	238	<b>3,271</b>	238
Share of profit after tax and minority interest of associates	<b>814</b>	559	<b>814</b>	559
<b>Profit before tax</b>	<b>6,832</b>	6,660	<b>6,832</b>	6,660
Taxation	<b>(1,122)</b>	(1,195)	<b>(1,122)</b>	(1,195)
<b>Profit for the period</b>	<b>5,710</b>	5,465	<b>5,710</b>	5,465
<b>Profit attributable to:</b>				
Owners of the Company	<b>2,507</b>	4,293	<b>2,507</b>	4,293
Non-controlling interests	<b>3,203</b>	1,172	<b>3,203</b>	1,172
<b>Profit for the period</b>	<b>5,710</b>	5,465	<b>5,710</b>	5,465
Basic earnings per ordinary share (sen)	<b>0.52</b>	0.91	<b>0.52</b>	0.91
Diluted earnings per ordinary share (sen)	<b>0.50</b>	0.86	<b>0.50</b>	0.86

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 FIRST QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>31/03/2012 RM'000</b>	31/03/2011 RM'000	<b>31/03/2012 RM'000</b>	31/03/2011 RM'000
<b>Profit for the period</b>	<b>5,710</b>	5,465	<b>5,710</b>	5,465
<b>Other comprehensive (loss)/income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>(11,651)</b>	(2,727)	<b>(11,651)</b>	(2,727)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(11,651)</b>	(2,727)	<b>(11,651)</b>	(2,727)
<b>Total comprehensive (loss)/income for the period</b>	<b>(5,941)</b>	2,738	<b>(5,941)</b>	2,738
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	<b>(7,160)</b>	2,329	<b>(7,160)</b>	2,329
Non-controlling interests	<b>1,219</b>	409	<b>1,219</b>	409
<b>Total comprehensive (loss)/income for the period</b>	<b>(5,941)</b>	2,738	<b>(5,941)</b>	2,738

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.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2012 – UNAUDITED**

	Attributable to Owners of the Company								Total	Non-controlling interests	Total equity
	Non – distributable					Distributable					
	Share capital	Share premium	Warrant reserve	Translation reserve	Share option reserve	Capital 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	RM'000	
<b>At 1 January 2011</b>	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)	-	-	-
<b>At 1 January 2011, restated</b>	236,774	36,445	22,150	-	778	-	-	26,958	323,105	89,362	412,467
Total comprehensive income for the period	-	-	-	(1,963)	-	-	-	4,292	2,329	409	2,738
Share option exercised	380	53	-	-	-	-	-	-	433	-	433
Transfer to share premium for share options exercised	-	129	-	-	(129)	-	-	-	-	-	-
Acquisition by non-controlling interests	-	-	-	-	-	57,615	-	-	57,615	51,208	108,823
<b>At 31 March 2011, restated</b>	<b>237,154</b>	<b>36,627</b>	<b>22,150</b>	<b>(1,963)</b>	<b>649</b>	<b>57,615</b>	<b>-</b>	<b>31,250</b>	<b>383,482</b>	<b>140,979</b>	<b>524,461</b>
<b>At 1 January 2012</b>	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)	-	-	-
<b>At 1 January 2012, restated</b>	237,154	36,627	22,150	14,885	2,347	-	-	76,235	389,398	159,032	548,430
Total comprehensive income for the period	-	-	-	(9,667)	-	-	-	2,507	(7,160)	1,219	(5,941)
Share-based payment transactions	-	-	-	-	383	-	-	-	383	-	383
Issuance of shares - private placement	23,715	-	-	-	-	-	-	-	23,715	-	23,715
Acquisition by non-controlling interests	-	-	-	-	-	-	-	-	-	3,457	3,457
<b>At 31 March 2012</b>	<b>260,869</b>	<b>36,627</b>	<b>22,150</b>	<b>5,218</b>	<b>2,730</b>	<b>-</b>	<b>-</b>	<b>78,742</b>	<b>406,336</b>	<b>163,708</b>	<b>570,044</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 2011 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2012 – UNAUDITED**

	<b>3 months Ended 31/03/2012 RM'000</b>	<b>3 months Ended 31/03/2011 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	6,832	6,660
Adjustments for :		
- Non-cash items	1,711	3,789
- Non-operating items	1,312	1,716
Operating profit before changes in working capital	<u>9,855</u>	<u>12,165</u>
Changes in working capital	<u>(10,760)</u>	<u>(35,916)</u>
Cash generate from operations	<u>(905)</u>	<u>(23,751)</u>
Income taxes paid	<u>(654)</u>	<u>(1,379)</u>
Interest paid	<u>(4,583)</u>	<u>(1,954)</u>
<b>Net cash used in operating activities</b>	<b><u>(6,142)</u></b>	<b><u>(27,084)</u></b>
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	359	25
- Proceeds from disposal of assets classified as held for sale	-	653
- Proceeds from disposal of investment properties	-	279
- Disposal of subsidiary, net of cash disposed	-	107,847
- Acquisition of property, plant and equipment	<u>(12,502)</u>	<u>(24,044)</u>
- Acquisition of concession intangible assets	<u>(21,097)</u>	-
- Acquisition of subsidiary, net of cash acquired	-	32
- Prepayment of lease term	-	(1,225)
- Interest received	<u>3,271</u>	<u>238</u>
<b>Net cash generated (used in)/from investing activities</b>	<b><u>(29,969)</u></b>	<b><u>83,805</u></b>
<b><u>Cash flows from financing activities</u></b>		
- Net proceeds from issue of shares capital	23,715	433
- Proceeds from issuing of equity shares in a subsidiary to non-controlling interests	3,457	-
- Proceeds from bank borrowings	29,747	29,363
- Repayments of bank borrowings	<u>(16,675)</u>	<u>(11,437)</u>
- Dividends paid to non-controlling interests	<u>(279)</u>	-
- Payment of hire purchase liabilities	<u>(1,254)</u>	<u>(373)</u>
<b>Net cash generated from financing activities</b>	<b><u>38,711</u></b>	<b><u>17,986</u></b>
Exchange differences on translation of the financial statements of foreign entities	<u>(5,026)</u>	<u>(1,252)</u>
Net decrease in cash and cash equivalents	<u>(2,426)</u>	73,455
Cash and cash equivalents at beginning of period	<u>208,626</u>	<u>139,400</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>206,200</u></b>	<b><u>212,855</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 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:

	<b>3 months Ended 31/03/2012 RM'000</b>	3 months Ended 31/03/2011 RM'000
Cash and bank balances	<b>107,420</b>	103,154
Deposits placed with licensed banks	<b>109,785</b>	114,425
Bank overdrafts	<b>(6,603)</b>	(2,523)
	<b>210,602</b>	215,056
Less: Amount placed with debts service reserve accounts	<b>(4,402)</b>	(2,201)
	<b>206,200</b>	212,855

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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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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, 31 March 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 March 2011: 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:



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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 March 2011

	FRS as at 31/03/2011 RM'000	Reclassifications RM'000	MFRS as at 31/03/2011 RM'000
Equity			
Revaluation reserve	150	(150)	-
Translation reserve	(8,658)	8,658	-
Retained earnings	39,758	(8,508)	31,250

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 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 quarter ended 31 March 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 current quarter ended 31 March 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**

There were no payment of dividend for the quarter ended 31 March 2012.



## 8. Segmental Reporting

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

	Constructions RM'000	Concessions RM'000	Others RM'000	Total RM'000
Revenue from external customers	38,070	37,661	3,210	78,941
Share of profit of associate	-	814	-	814
Segment profit	901	7,755	1,581	10,237
Depreciation and amortization	(343)	(1,195)	(556)	(2,094)
Finance costs	(685)	(3,548)	(349)	(4,582)
Finance income	636	2,631	3	3,271
Income tax expense	(449)	(673)	-	(1,122)
Profit after tax	60	4,971	679	5,710
Segment assets	442,551	661,607	1,456	1,105,614
<i>Included in the measure of segment assets are:</i>				
Investment in associate	-	29,464	-	29,464
Additions to non-current assets other than financial instruments and deferred tax assets	15	16,440	13,181	29,636

## 9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter ended 31 March 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 15 May 2012 (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 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



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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).

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

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

	<b>RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	107,887
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:-

	<b>RM'000</b>
Shareholders funds	406,336
No. of shares	<u>521,738</u>
NA per share (RM)	<u>0.78</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 31/03/2012 RM'000	Cumulative Quarter To-date 31/03/2012 RM'000
Malaysian - current period	496	496
Overseas - current period	626	626
	<u>1,122</u>	<u>1,122</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. Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments during the quarter ended 31 March 2012.

**3. Purchase or Disposal of Quoted Investments**

There were no purchases or disposals of quoted investments during the quarter ended 31 March 2012.

**4. Status of Corporate Proposals**

- (i) The status of the utilisation of the proceeds arising from the disposal of 40% equity interest in Salcon Water (Asia) Limited to Challenger Emerging Market Infrastructure Fund Pte. Ltd. as at 15 May 2012 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 Revised Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation		Explanation
				RM'000	%	
Future investments	84,380	(53,810)	24 months	Nil	Nil	Not completed
Repayment of bank borrowings	10,000	(10,000)	12 months	Nil	Nil	Completed
Defraying estimated expenses relating to the Disposal	1,200	(1,200)	3 months	Nil	Nil	Completed
<b>Total</b>	<b>95,580</b>	<b>(65,010)</b>				



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- (ii) 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 15 May 2012 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	(4,000)	Within 24 months	Nil	Nil	Not completed
Estimated expenses for the placement	200	(96)	Within 3 months	Nil	Nil	Payment in progress
<b>Total</b>	<b>23,715</b>	<b>(4,096)</b>		<b>-</b>	<b>-</b>	<b>-</b>

**5. Group Borrowings and Debt Securities**

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

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	-	46,000	46,000
Finance lease creditors	14,462	-	14,462
	<u>14,462</u>	<u>46,000</u>	<u>60,462</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	6,603	6,603
Term loan	-	242,514	242,514
Finance lease creditors	4,479	-	4,479
	<u>4,479</u>	<u>249,117</u>	<u>253,596</u>
<b>Total Group Borrowings</b>	<u><u>18,941</u></u>	<u><u>295,117</u></u>	<u><u>314,058</u></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><u>467,976</u></u>	<u><u>227,903</u></u>



**6. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 15 May 2012 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**7. Changes in Material Litigation**

There was no material update as at 15 May 2012 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**8. 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 56% and 44% respectively as compared with the immediate preceding quarter.

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

For the current financial quarter under review, the Group achieved revenues amounting to RM78.94 million compared to RM110.44 million for the same period in the preceding year; or a decrease of 29%. This is due to lower construction revenue as a result of lower order book.

Profit before taxation for the current financial quarter under review was higher by 3% compared to the same period in the preceding year due to higher installation income recorded by a China concessionaire.

**10. Prospects**

The acquisition of 60% in Darco Environmental Pte. Ltd. ("Darco") which owns 2 operating water treatment plants in Deqing County will further increase the recurring income from China concessions. In addition, the partnership would allow Salcon to penetrate into industrial wastewater market via Darco's proven expertise in integrated engineering and knowledge-based industrial wastewater treatment solutions.

**11. Variance of Profit Forecast / Profit Guarantee**

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

**12. Financial instruments - derivatives**

As at 31 March 2012, the Group has the following outstanding foreign currency forward contracts under derivative financial instruments with the notional value of RM8.82 million:

Derivatives	Carrying Value RM'000	Fair Value RM'000
Foreign currency forward contracts – less than one year	267	267



### 13. 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 31/03/2012	Comparative Quarter Ended 31/03/2011	Cumulative Quarter To-date 31/03/2012	Cumulative Quarter To-date 31/03/2011
Profit attributable to equity holders of the parent (RM'000)	<u>2,507</u>	<u>4,293</u>	<u>2,507</u>	<u>4,293</u>
<b><u>Weighted average number of ordinary shares</u></b>				
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>5,733</u>	<u>347</u>	<u>5,733</u>	<u>347</u>
Weighted average number of ordinary shares ('000)	<u>480,041</u>	<u>473,895</u>	<u>480,041</u>	<u>473,895</u>
Basic earnings per share (sen)	0.52	0.91	0.52	0.91

#### **Diluted earnings per share**

	Current Quarter Ended 31/03/2012	Comparative Quarter Ended 31/03/2011	Cumulative Quarter To-date 31/03/2012	Cumulative Quarter To-date 31/03/2011
Profit attributable to equity holders of the parent (RM'000)	<u>2,507</u>	<u>4,293</u>	<u>2,507</u>	<u>4,293</u>
<b><u>Weighted average number of ordinary shares (diluted)</u></b>				
Weighted average number of ordinary shares as above ('000)	<u>480,041</u>	<u>473,895</u>	<u>480,041</u>	<u>473,895</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>503,331</u>	<u>498,067</u>	<u>503,331</u>	<u>498,067</u>
Diluted earnings per share (sen)	0.50	0.86	0.50	0.86



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**14. Realised and Unrealised Profits**

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	111,484	108,811
- Unrealised	(6,419)	(6,433)
	105,065	102,378
Total share of retained profits from associated company:		
- Realised	7,664	6,850
Total share of retained profits from jointly controlled entities:		
- Realised	1,496	1,496
	114,225	110,724
Less: Consolidation adjustments	(35,483)	(34,489)
Total Group retained earnings as per consolidated accounts	78,742	76,235

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

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

	Current Quarter Ended 31/03/2012 RM'000	Cumulative Quarter To-date 31/03/2012 RM'000
Foreign Exchange Gain	733	733
Foreign Exchange Loss	(87)	(87)
Depreciation and amortization	(2,094)	(2,094)
	(1,448)	(1,448)





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**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 22 May 2012.

**ON BEHALF OF THE BOARD**

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

Selangor Darul Ehsan  
22 May 2012