



**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 30 SEPTEMBER 2009**

	<b>30/09/2009</b>	31/12/2008
	<b>RM'000</b>	RM'000
<b>Assets</b>		
Property, plant and equipment	208,113	189,626
Intangible assets	13,581	13,854
Prepaid lease payments	28,402	29,037
Investment properties	6,005	4,720
Investment in associate	32,492	29,541
Other investments	86	2,086
Deferred tax assets	4,921	4,921
<b>Total non-current assets</b>	<b>293,600</b>	<b>273,785</b>
Receivables, deposits and prepayments	299,362	236,138
Inventories	4,874	1,752
Current tax assets	121	354
Assets classified as held for sale	0	7,500
Cash and cash equivalents	129,999	185,628
<b>Total current assets</b>	<b>434,356</b>	<b>431,372</b>
<b>Total assets</b>	<b>727,956</b>	<b>705,157</b>
<b>Equity</b>		
Share capital	233,860	233,860
Reserves	69,727	67,721
Retained profits/(Accumulated losses)	1,207	(11,298)
<b>Total equity attributable to shareholders of the Company</b>	<b>304,794</b>	<b>290,283</b>
<b>Minority interest</b>	<b>63,085</b>	<b>57,935</b>
<b>Total equity</b>	<b>367,879</b>	<b>348,218</b>
<b>Liabilities</b>		
Loans and borrowings	84,248	74,165
<b>Total non-current liabilities</b>	<b>84,248</b>	<b>74,165</b>
Payables and accruals	244,928	194,205
Loans and borrowings	26,563	88,041
Current tax liabilities	4,234	318
Dividend payable	104	210
<b>Total current liabilities</b>	<b>275,829</b>	<b>282,774</b>
<b>Total liabilities</b>	<b>360,077</b>	<b>356,939</b>
<b>Total equity and liabilities</b>	<b>727,956</b>	<b>705,157</b>
Net assets per share (RM)	0.65	0.62

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD/CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2009**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>30/09/2009 RM'000</b>	30/09/2008 RM'000	<b>30/09/2009 RM'000</b>	30/09/2008 RM'000
<b>Revenue</b>	<b>109,539</b>	64,537	<b>300,951</b>	171,781
Cost of sales	<b>(90,486)</b>	(49,856)	<b>(246,508)</b>	(131,918)
<b>Gross Profit</b>	<b>19,053</b>	14,681	<b>54,443</b>	39,863
Other income	<b>1,218</b>	929	<b>3,307</b>	3,679
Other expenses	<b>(400)</b>	(1,000)	<b>(2,400)</b>	(1,000)
Distribution costs	<b>(901)</b>	(962)	<b>(2,562)</b>	(2,743)
Administrative expenses	<b>(8,158)</b>	(9,139)	<b>(26,369)</b>	(26,637)
<b>Profit from operations</b>	<b>10,812</b>	4,509	<b>26,419</b>	13,162
Interest expense	<b>(1,062)</b>	(2,368)	<b>(5,639)</b>	(6,861)
Interest income	<b>266</b>	814	<b>1,387</b>	3,179
Share of profit after tax and minority interest of associates	<b>962</b>	657	<b>2,950</b>	1,866
<b>Profit before tax</b>	<b>10,978</b>	3,612	<b>25,117</b>	11,346
Taxation	<b>(2,127)</b>	(925)	<b>(5,426)</b>	(2,133)
<b>Profit for the period</b>	<b>8,851</b>	2,687	<b>19,691</b>	9,213
Attributable to:				
Equity holders of the parent	<b>7,139</b>	1,853	<b>16,796</b>	7,325
Minority interests	<b>1,712</b>	834	<b>2,895</b>	1,888
<b>Profit for the period</b>	<b>8,851</b>	2,687	<b>19,691</b>	9,213
Basic earnings per ordinary share (sen)	<b>1.526</b>	0.396	<b>3.591</b>	1.594

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

	←————— Attributable to Equity Holders of the Parent —————→						Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000			
<b>At 31 December 2007, as restated/ 1 January 2008</b>	212,600	10,058	22,150	(1,461)	170	(20,122)	223,395	38,142	261,537
Foreign exchange translation differences	-	-	-	10,446	-	-	10,446	4,780	15,226
Realisation of property, plant and equipment	-	-	-	-	(20)	2	(18)	-	(18)
Net gains recognised directly in equity	-	-	-	10,446	(20)	2	10,428	4,780	15,208
Profit for the year	-	-	-	-	-	8,822	8,822	3,067	11,889
Total recognised income and expense for the year	-	-	-	10,446	(20)	8,824	19,250	7,847	27,097
Issuance of shares									
- private placement	21,260	25,087	-	-	-	-	46,347	-	46,347
Private placement expenses	-	(78)	-	-	-	-	(78)	-	(78)
Acquisition of subsidiary	-	-	-	-	-	-	-	17,038	17,038
Realisation of reserves on disposal of subsidiary	-	-	-	1,369	-	-	1,369	(4,333)	(2,964)
Dividends to minority interest	-	-	-	-	-	-	-	(759)	(759)
<b>At 31 December 2008</b>	<b>233,860</b>	<b>35,067</b>	<b>22,150</b>	<b>10,354</b>	<b>150</b>	<b>(11,298)</b>	<b>290,283</b>	<b>57,935</b>	<b>348,218</b>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2009 (continued)**

	←————— Attributable to Equity Holders of the Parent —————→						—————→		
	←————— Non – distributable			—————→ Distributable					
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
<b>At 1 January 2009</b>	233,860	35,067	22,150	10,354	150	(11,298)	290,283	57,935	348,218
Foreign exchange translation differences	-	-	-	2,006	-	-	2,006	-	2,006
Net gains recognised directly in equity	-	-	-	2,006	-	-	2,006	-	2,006
Profit for the year	-	-	-	-	-	16,796	16,796	2,895	19,691
Total recognised income and expense for the year	-	-	-	2,006	-	16,796	18,802	2,895	21,697
Issuance of shares by a subsidiary to minority shareholders	-	-	-	-	-	-	-	2,578	2,578
Dividends to shareholders	-	-	-	-	-	(4,291)	(4,291)	-	(4,291)
Dividends to minority interest	-	-	-	-	-	-	-	(323)	(323)
<b>At 30 September 2009</b>	<b>233,860</b>	<b>35,067</b>	<b>22,150</b>	<b>12,360</b>	<b>150</b>	<b>1,207</b>	<b>304,794</b>	<b>63,085</b>	<b>367,879</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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED CASHFLOW STATEMENT  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

	<b>9 months Ended 30/09/2009 RM'000</b>	<b>9 months Ended 30/09/2008 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	25,117	11,346
Adjustments for :		
- Non-cash items	8,465	5,909
- Non-operating items	4,252	3,682
Operating profit before changes in working capital	<u>37,834</u>	<u>20,937</u>
Changes in working capital	(7,964)	(1,264)
Cash generate from operations	<u>29,870</u>	<u>19,673</u>
Income taxes paid	(1,276)	(2,115)
Interest paid	(5,639)	(6,861)
<b>Net cash generate from operating activities</b>	<b><u>22,955</u></b>	<b><u>10,697</u></b>
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	170	6,896
- Acquisition of property, plant and equipment	(24,799)	(9,499)
- Acquisition of investment properties	(1,285)	-
- Prepayment of lease term	(683)	(417)
- Interest received	1,387	3,179
<b>Net cash generated (used in)/from investing activities</b>	<b><u>(25,210)</u></b>	<b><u>159</u></b>
<b><u>Cash flows from financing activities</u></b>		
- Net proceeds from issue of shares	-	46,269
- Proceeds from issuing of equity shares in a subsidiary to minority shareholders	2,578	-
- Proceeds from bank borrowings	24,937	25,648
- Repayments of bank borrowings	(80,915)	(23,376)
- Dividends paid to shareholders	(4,291)	-
- Dividends paid to minority shareholders	(429)	(703)
- Payment of hire purchase liabilities	(551)	(420)
<b>Net cash from (used in)/from financing activities</b>	<b><u>(58,671)</u></b>	<b><u>47,418</u></b>
Effects of exchange rate changes	1,695	(1,897)
Net increase in cash and cash equivalents	<u>(59,231)</u>	<u>56,377</u>
Cash and cash equivalents at beginning of period	<u>184,707</u>	<u>116,306</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>125,476</u></b>	<b><u>172,683</u></b>



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

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

	<b>9 months Ended 30/09/2009 RM'000</b>	9 months Ended 30/09/2008 RM'000
Cash and bank balances	<b>62,802</b>	63,074
Deposits placed with licensed banks	<b>67,197</b>	111,786
Bank overdrafts	<b>(4,523)</b>	(2,177)
	<b><u>125,476</u></b>	<u>172,683</u>

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The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

**EXPLANATORY NOTES PURSUANT TO FRS 134 – Interim Financial Reporting**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 statement for year ended 31 December 2008.

**1.1 Changes in 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 2008.

**2. Preceding Annual Financial Statement**

The audit report of the Group's annual financial statements for the year ended 31 December 2008 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 2009.

**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 2009.



**7. Dividends Paid**

The dividend paid for the cumulative quarter ended 30 September 2009 is as follows:-

**Cumulative  
Quarter To-date  
30/09/09  
RM'000**

First and final dividend of 1 sen per share which comprises 0.67 sen per share, tax exempt and 0.33 sen per share less 25% income tax in respect of the financial year ended 31 December 2008 was paid on 23 July 2009

4,291

**8. Segmental Reporting**

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2009 are as follows:-

	<b>Construction</b>	<b>Concessions</b>	<b>Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External	229,129	65,665	6,157	-	300,951
Inter segment	-	-	267	(267)	-
	<u>229,129</u>	<u>65,665</u>	<u>6,424</u>	<u>(267)</u>	<u>300,951</u>
<b>Results</b>					
Profit from operations	20,450	16,399	717	-	37,566
Share of profit after tax and minority interest of associates	-	2,950	-	-	2,950
	<u>20,450</u>	<u>19,349</u>	<u>717</u>	<u>-</u>	<u>40,516</u>
Unallocated corporate expense					(11,147)
Net financing costs					<u>(4,252)</u>
Profit before taxation					<u><u>25,117</u></u>

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

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 September 2009. 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 18 November 2009 (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**

The changes in the composition of the Group during the 9 month period ended 30 September 2009 was as follows:-

Salcon Engineering Vietnam Company Limited (“SEV”) was incorporated in Vietnam on 20 January 2009. The legal capital of SEV is USD250,000 and its principal activity is construction. SEV is a wholly-owned subsidiary of Salcon Engineering Berhad, a wholly-owned subsidiary of the Company. The incorporation of SEV will not have any material effect on the earnings or net assets of Salcon Group for the financial year ending 31 December 2009, and the share capital of the Company.

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

The changes in contingent liabilities since the last annual balance sheet date as at 31 December 2008 to 18 November 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:-

	<b>Increase/ (Decrease) RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>34,911</u>

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

The NA per share is derived as follows:-

	<b>RM'000</b>
Shareholders funds	304,794
No. of shares	<u>467,720</u>
NA per share (RM)	<u>0.65</u>

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**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 30-09-09 RM'000	Cumulative Quarter To-date 30-09-09 RM'000
Malaysian - current period	1,960	5,259
- prior years	85	85
Overseas - current period	82	82
	<u>2,127</u>	<u>5,426</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 or properties during the cumulative quarter ended 30 September 2009.

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

There were no purchases or disposals of quoted investments during the cumulative quarter ended 30 September 2009.

**4. Status of Corporate Proposals**

- i) The Renounceable Rights Issue was completed and the shares were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad on 23 May 2007. The status of the utilisation of the proceeds as at 18 November 2009 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	Intended Timeframe for Utilisation	Deviation		Explanation
				RM'000	%	
Working capital for the Sabah sewage system project	20,000	(16,131)	24 months	Nil	Nil	Not applicable
General working capital for Salcon Berhad and its subsidiaries	79,978	(54,208)	24 months	Nil	Nil	Not applicable
Repayment of bank borrowings	19,000	(19,000)	3 months	Nil	Nil	Completed



Estimated expenses relating to the Rights Issue with Warrants	1,888	(1,913)	3 months	(25)	0%	Completed
<b>Total</b>	<b>120,866</b>	<b>(91,252)</b>				

## 5. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2009 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long Term Borrowings</u>			
Term loan	6,565	74,850	81,415
Hire purchase liabilities	2,833	-	2,833
	<u>9,398</u>	<u>74,850</u>	<u>84,248</u>
<u>Short Term Borrowings</u>			
Bank overdrafts	-	4,523	4,523
Revolving credits	-	-	-
Bankers acceptances	-	6,360	6,360
Term loan	1,540	13,037	14,577
Hire purchase liabilities	1,103	-	1,103
	<u>2,643</u>	<u>23,920</u>	<u>26,563</u>
<b>Total Group Borrowings</b>	<b><u>12,041</u></b>	<b><u>98,770</u></b>	<b><u>110,811</u></b>

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)	147,080	74,850
Short Term Borrowings (Unsecured)	25,617	13,037

## 6. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 18 November 2009 (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 18 November 2009 (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 was slightly lower but profit before tax was higher by 14% as compared with the immediate preceding quarter.

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

For the current quarter under review, the Group achieved revenue and profit before taxation of RM109.54 and RM10.98 million representing 70% and 204% higher respectively as compared with the corresponding quarter in the preceding year. Higher revenue and profits were mainly attributable to the construction activities as well as the concessionaire in China.

For the cumulative quarter to date, the Group recorded revenue and profit before tax of RM300.95 million and RM25.12 million representing 75% and 121% higher respectively as compared to the corresponding quarter in the preceding year.

**10. Prospects**

The Group continued to achieve good results with improved revenue and profit as compared to preceding years. With the setting up and running of the offices in India, Indonesia and Vietnam, the Group is bullish on securing more construction projects in these countries. In concession investments, the Group currently owns water and waste water assets with total combined capacity of 865 MLD in China and will continue to source for good investment projects in China as well as other countries.

In line with Malaysian Government's drive towards embracing a high income economy, the Group sees exciting opportunities in environmental friendly green technology projects and seeks to expand its core business to these areas which have high growth potential.

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

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

**12. Proposed Dividend**

No dividend has been declared nor proposed for the cumulative quarter ended 30 September 2009.



### 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 9/30/2009	Comparative Quarter Ended 9/30/2008	Cumulative Quarter To-date 9/30/2009	9/30/2008
Profit attributable to equity holders of the parent (RM'000)	<u>7,139</u>	<u>1,853</u>	<u>16,796</u>	<u>7,325</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>467,720</u>	<u>425,201</u>	<u>467,720</u>	<u>425,201</u>
Effect of shares issued during the period ('000)	<u>-</u>	<u>42,520</u>	<u>-</u>	<u>34,295</u>
Weighted average number of ordinary shares ('000)	<u>467,720</u>	<u>467,721</u>	<u>467,720</u>	<u>459,496</u>
Basic earnings per share (sen)	1.526 *	0.396 *	3.591 *	1.594 *

\* Note: Antidilutive

#### 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 25 November 2009.

#### ON BEHALF OF THE BOARD

**JAGGIT SINGH**  
Executive Director

Selangor Darul Ehsan  
25 November 2009