



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021 - UNAUDITED**

	30/09/2021 RM'000	31/12/2020 RM'000
Assets		
Property, plant and equipment	39,805	17,891
Intangible assets	47,566	23,740
Right-of-use assets	9,470	11,192
Investment properties	10,242	9,924
Investment in associate	19,049	17,341
Investment in joint ventures	39,426	29,415
Other investments	6,207	8,932
Deferred tax assets	1,275	3,688
Trade and other receivables	11,915	12,130
Total non-current assets	184,955	134,253
Trade and other receivables, including derivatives	120,238	129,846
Contract assets	67,167	65,288
Inventories	122,604	110,096
Other investment	9,529	9,404
Current tax assets	2,591	2,524
Cash and cash equivalents	138,228	142,836
Total current assets	460,357	459,994
Total assets	645,312	594,247
Equity		
Share capital	458,276	458,276
Reserves	10,389	4,023
Accumulated losses	(3,662)	(16,785)
Total equity attributable to owners of the Company	465,003	445,514
Non-controlling interests	35,993	22,249
Total equity	500,996	467,763
Liabilities		
Loans and borrowings	17,055	5,057
Lease liabilities	746	1,507
Deferred tax liabilities	7,622	5,818
Total non-current liabilities	25,423	12,382
Trade and other payables, including derivatives	90,176	77,358
Contract liabilities	2,673	7,174
Lease liabilities	1,140	1,311
Loans and borrowings	18,357	27,008
Current tax liabilities	6,547	1,251
Total current liabilities	118,893	114,102
Total liabilities	144,316	126,484
Total equity and liabilities	645,312	594,247
Net assets per share (RM)	0.46	0.44

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2021 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Revenue	73,366	60,222	376,484	132,566
Cost of sales	(62,640)	(56,027)	(331,359)	(118,477)
Gross Profit	10,726	4,195	45,125	14,089
Other income	240	3,120	5,308	10,659
Other expenses	(542)	(569)	(2,657)	(1,868)
Distribution expenses	155	(302)	(607)	(948)
Administrative expenses	(8,712)	(9,218)	(25,362)	(28,191)
Profit/(Loss) from operating activities	1,867	(2,774)	21,807	(6,259)
Finance costs	(959)	(645)	(2,763)	(1,872)
Finance income	129	401	746	1,522
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	9,300	(2,219)	10,226	(1,533)
Profit/(Loss) before tax	10,337	(5,237)	30,016	(8,142)
Tax expense	(3,589)	(109)	(7,644)	(1,346)
Profit/(Loss) from continuing operations	6,748	(5,346)	22,372	(9,488)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	1,451	2,314	5	2,314
Profit/(Loss) for the period	8,199	(3,032)	22,377	(7,174)
Profit/(Loss) attributable to:				
Owners of the Company	8,265	(2,028)	16,865	(6,238)
Non-controlling interests	(66)	(1,004)	5,512	(936)
Profit/(Loss) for the period	8,199	(3,032)	22,377	(7,174)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	0.68	(0.51)	1.67	(1.02)
- from discontinued operations	0.14	0.26	-	0.26
Total	0.82	(0.25)	1.67	(0.76)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Profit/(Loss) for the period	8,199	(3,032)	22,377	(7,174)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	1,794	7,776	3,968	20,661
Total other comprehensive income/(expense)	1,794	7,776	3,968	20,661
Total comprehensive income/(expense) for the period	9,993	4,744	26,345	13,487
Total comprehensive income/(expense) attributable to:				
Owners of the Company	10,059	4,888	20,833	13,650
Non-controlling interests	(66)	(144)	5,512	(163)
Total comprehensive income/(expense) for the period	9,993	4,744	26,345	13,487

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2021 – UNAUDITED**

	← Attributable to Owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Translation reserve	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	424,465	7,017	(4,400)	1,154	428,236	20,989	449,225
Total comprehensive income for the period	-	19,888	-	(6,238)	13,650	(163)	13,487
Own shares acquired	-	-	(5,376)	-	(5,376)	-	(5,376)
Issuance of shares to non-controlling interests	-	-	-	-	-	40	40
Changes in ownership interest in subsidiaries	-	-	-	(5,436)	(5,436)	3,963	(1,473)
Disposal of interest in subsidiaries	-	-	-	-	-	(2,000)	(2,000)
Dilution of interest in subsidiaries	-	-	-	-	-	16	16
Dividends to shareholders	-	-	6,436	(6,436)	-	-	-
At 30 September 2020	424,465	26,905	(3,340)	(16,956)	431,074	22,845	453,919
At 1 January 2021	458,276	7,372	(3,349)	(16,785)	445,514	22,249	467,763
Total comprehensive income for the period	-	3,968	-	16,865	20,833	5,512	26,345
Own shares acquired	-	-	(1,344)	-	(1,344)	-	(1,344)
Acquisition of subsidiaries	-	-	-	-	-	8,371	8,371
Changes in ownership interest in subsidiaries	-	-	-	-	-	28	28
Issuance of shares to non-controlling interests	-	-	-	-	-	83	83
Dividends to shareholders	-	-	3,742	(3,742)	-	-	-
Dividends to minority interest	-	-	-	-	-	(250)	(250)
At 30 September 2021	458,276	11,340	(951)	(3,662)	465,003	35,993	500,996

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2021 - UNAUDITED**

	9 months Ended 30/09/2021 RM'000	9 months Ended 30/09/2020 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax		
- continuing operations	30,016	(8,142)
- discontinued operations	5	2,314
	30,021	(5,828)
Adjustments for :		
- Non-cash items	(5,092)	1,632
- Non-operating items	2,017	350
Operating loss before changes in working capital	26,946	(3,846)
Changes in working capital	9,568	(19,137)
Cash generated from/(used in) operations	36,514	(22,983)
Interest paid	(76)	-
Income taxes paid	1,073	(1,802)
Net cash from/(used in) operating activities	37,511	(24,785)
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	174	63
- Proceeds from disposal of right-of-use assets	35	-
- Proceeds from disposal of other investments	8,509	13,659
- Proceeds from disposal of assets classified as held for sale	-	-
- Proceeds from disposal of investment properties	-	1,416
- Proceeds from dilution of interest in subsidiaries	-	16
- Net cash inflow from disposal of equity accounted associate, net of cash and cash equivalents disposed off	25	-
- Net cash inflow from winding up of an associate company	114	-
- Acquisition of other investments	(8,174)	(14,271)
- Acquisition of property, plant and equipment	(9,671)	(273)
- Acquisition of right-of-use assets	-	(22)
- Acquisition of investment properties	(12)	-
- Acquisition of the remaining interest from non-controlling interest	(2,856)	(6,500)
- Acquisition of subsidiaries, net of cash acquired	(20,226)	-
- Dividends received - Other investments	153	-
- Interest received	746	1,522
Net cash from/(used in) investing activities	(31,183)	(4,390)
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	(1,344)	(5,376)
- Drawdown from borrowings	12,386	13,866
- Interest paid	(2,687)	(1,872)
- Repayment of borrowings	(18,934)	(1,466)
- Dividends paid to non-controlling interests	(250)	(700)
- Repayment of lease liabilities	(938)	(1,124)
- Repayment of finance lease liabilities	(1,486)	(1,675)
Net cash from/(used in) financing activities	(13,253)	1,653
Net increase/(decrease) in cash and cash equivalents	(6,925)	(27,522)
Cash and cash equivalents at beginning of period	142,075	119,884
Exchange differences on translation of the financial statements of foreign entities	2,109	25,586
Cash and cash equivalents at end of period	137,259	117,948

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021 – UNAUDITED**

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

	9 months Ended 30/09/2021 RM'000	9 months Ended 30/09/2020 RM'000
Cash and bank balances	78,585	106,339
Deposits placed with licensed banks	59,643	14,879
	138,228	121,218
Bank overdrafts	(939)	(3,240)
Pledged deposits	(30)	(30)
	137,259	117,948
Less: Amount placed with debts service reserve accounts	-	-
	137,259	117,948

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 2021

(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 2020 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 2020. The audited financial statements of the Group as at and for the year ended 31 December 2020 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 2020 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 2021.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- *Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts* and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- *Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- *Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)**
- *Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework*
- *Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- *Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)*
- *Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*



- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020.
- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for those marked with “*” which is not applicable to the Group.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 April 2021.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for those marked with “*” which is not applicable to the Group.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group.

The initial application of the abovementioned amendments are not expected to have any material financial impact to the current period and prior year 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 2020 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 2021.

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 2021 other than:

a) Share buy-back

The Company repurchased 6,026,200 ordinary shares of its issued share capital from the open market, at an average costs of RM0.22 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 RM1,344,000 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

During the cumulative quarter ended 30 September 2021, the Company paid the first and final dividend comprising a share dividend of one (1) treasury share for every forty-five (45) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2020. The total number of treasury shares distributed was 21,921,681 shares or equivalent to RM3.74 million.

The final dividend was fully credited into the entitled depositors' securities accounts of the shareholders maintained with Bursa Malaysia Depository Sdn Bhd on 12 July 2021.

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8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2021 are as follows:-

	Constructions	Healthcare	Trading & Services	Property Development	Total Continuing Operations	Discontinued Operations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	15,368	20,877	5,979	(829)	41,395	5	41,400
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	108,338	254,945	11,024	2,177	376,484	-	376,484
Share of profit of associate	-	-	216	-	216	(69)	147
Share of profit of joint venture	8,454	-	1,556	-	10,010	-	10,010
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(977)	(1,043)	(2,796)	-	(4,816)	-	(4,816)
Finance costs	(594)	(673)	(606)	(890)	(2,763)	-	(2,763)
Finance income	746	-	-	-	746	-	746
Income tax expense	(2,590)	(4,540)	(402)	(112)	(7,644)	-	(7,644)
Segment assets	343,626	93,383	98,974	109,329	645,312	-	645,312
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	19,049	-	19,049	-	19,049
Investment in joint venture	20,423	-	19,003	-	39,426	-	39,426
Additions to non-current assets other than financial instruments and deferred tax assets	71	-	8,112	-	8,183	-	8,183



Reconciliations of reportable segment profit or loss, assets and other material items

	RM'000
Profit	
Total profit or loss for reportable segments	41,395
Depreciation and amortisation	(4,816)
Finance costs	(2,763)
Finance income	746
Unrealised/ realised foreign exchange gain/(loss)	1,313
Unallocated expenses:	
Corporate expenses	(5,859)
Consolidated profit/(loss) before tax from continuing operations	<u>30,016</u>
Loss from discontinued operations, net of tax	5
Consolidated profit/(loss) before tax	<u><u>30,021</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 2021. 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 9 November 2021 (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 followings: -

- (i) On 12 November 2020, Nusantara Jasakita Sdn Bhd, a 90.00%-owned subsidiary of Salcon ("NJSB"), had entered into a share sale agreement with Ganesan A/L Subramaniam to acquire 1,020,000 ordinary shares in JR Engineering and Medical Technologies (M) Sdn Bhd ("JREMT"), representing 51.00% equity interest therein, for a cash consideration of RM28.56 million. The acquisition was completed on 12 March 2021. JREMT is principally involved in the business of manufacturing and trading of latex, nitrile and medical gloves, and provision of turnkey advisory and consultancy services for rubber glove players.

Subsequently on 10 May 2021, Salcon completed the acquisition for the remaining 10.00% equity interest in NJSB for a cash consideration of RM2.86 million. As such, NJSB has become a wholly-owned subsidiary of Salcon.

- (ii) On 1 February 2021, Wisdom Sports (M) Sdn Bhd ("WSSB"), a 23%-owned associate of Salcon, had convened its final meeting to conclude the member's voluntary winding-up of WSSB. The winding up has been conducted and the property of WSSB has been disposed off. An explanation of the account for the period from 8 November 2019 (commencement of winding up) to 1 February 2021 (Final Meeting) was provided.



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- (iii) On 11 February 2021, Salcon Changzhou (HK) Limited, a wholly-owned subsidiary of Salcon, has been dissolved and the name of Salcon Changzhou (HK) Limited has been struck off the register of companies.
- (iv) Salcon Berhad and Kunci Sempurna Sdn Bhd (“KSSB”) had on 29 June 2021 entered into a Sale and Purchase Agreement with the following:-
- a) Ahmad Hasbullah Bin Husain;
 - b) Mohd Sabri Bin Haji Ahmad;
 - c) Thomas Alexander Sjoberg;
 - d) Sven Tierney; and
 - e) Tan P Caine
- for the disposal of a total of 3,934,000 ordinary shares, representing the entire equity interest in Salcon Petroleum Services Sdn Bhd (“SPSSB”) by the Company and KSSB, for a total cash consideration of RM52,000 only. Following the disposal, SPSSB ceased to be an associate of the Company.
- (v) On 30 September 2021, Salcon Berhad had acquired 100 ordinary shares in Kunci Sempurna Sdn Bhd (“KSSB”) which 99 ordinary shares were acquired from Syed Feisal Alhady and 1 ordinary share was acquired from Rizalmanudin Bin Sukri, representing 100% equity interest therein, for a cash consideration of RM2 only.

12. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 30 September 2021 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>49,582</u>

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	465,003
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.46</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 30/06/2021 RM'000	Cumulative Quarter To-date 30/06/2021 RM'000
Continuing operations		
Malaysian - current period	3,226	7,504
- prior years	363	140
	<u>3,589</u>	<u>7,644</u>

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

There were no corporate proposals announced as at 9 November 2021 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

3. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2021 are as follows:

	As at 3rd quarter ended 2021		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
<u>Secured</u>			
<i>Term loans</i>	12,088	96	12,184
<i>Finance lease liabilities</i>	4,967	443	5,410
<u>Unsecured</u>			
<i>Bankers' Acceptance</i>	-	11,879	11,879
<i>Revolving Credits</i>	-	5,000	5,000
<i>Bank overdrafts</i>	-	939	939
	<u>17,055</u>	<u>18,357</u>	<u>35,412</u>

	As at 3rd quarter ended 2020		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	2,928	120	3,047
<i>Finance lease liabilities</i>	3,193	521	3,714
Unsecured			
<i>Invoice Financing</i>	-	15,872	15,872
<i>Revolving Credits</i>	-	4,000	4,000
<i>Bankers' Acceptance</i>	-	7,107	7,107
<i>Bank overdrafts</i>	-	3,240	3,240
	6,121	30,859	36,980

For the year to-date financial quarter under review, the Group has recorded borrowings of RM35.41 million as compared to RM36.98 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed by the acquisition of a subsidiary with borrowings amounting to RM10.21 million, and repayment of invoice financing amounting to RM15.87 million.

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 9 November 2021 (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	Changes %
	RM'000	Preceding Quarter	
	30/09/2021	30/06/2021	
Revenue	73,366	260,812	-72%
Operating Profit/(Loss)	1,867	19,408	-90%
Profit/(Loss) Before Interest and Tax	11,296	20,358	-45%
Profit/(Loss) Before Tax	10,337	19,311	-46%
Profit/(Loss) For The Period	8,199	14,348	-43%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	8,265	9,401	-12%

For the current quarter, the Group revenue decreased from RM260.81 million to RM73.37 million by 72% and has recorded a profit before tax of RM10.34 million as compared to profit before tax of RM19.31 million in the immediate preceding quarter.



The revenue recorded in the Construction Division was lower by 38%, a decrease from RM52.95 million to RM32.70 million, compared to the immediate preceding quarter. The Division recorded profit before tax of RM10.11 million in the current quarter as compared to RM7.01 million in the immediate preceding quarter due to higher contributions from share of profit from joint ventures.

The revenue recorded in the Healthcare Division was lower by 82%, a decrease from RM203.69 million to RM35.75 million, compared to the immediate preceding quarter. The Division recorded profit before tax of RM3.92 million in the current quarter as compared to RM12.99 million in the immediate preceding quarter. The decrease in the revenue and profit before tax is mainly due to decline in average selling price and a halt in business operation during Movement Control Order in the current quarter.

In the Property Development Division, a higher loss before tax of RM569,000 is recorded in the current quarter as compared to loss before tax of RM115,000 in the immediate preceding quarter due to the completion of sales of Res 280.

For the Trading and Services Division, revenue increased from RM3.67 million to RM4.84 million by 32%. The Division recorded profit before tax of RM774,000 in the current quarter as compared to profit before tax of RM1.71 million in the immediate preceding quarter due to lower gross profit margin.

6. Review of Performance of the Company and its Principal Subsidiaries

	Individual Period (3rd Quarter)		Changes %	9 Months Ended		Changes %
	Current Year Quarter RM'000	Preceding Year Corresponding Quarter RM'000		Current Year Cumulative Quarter RM'000	Preceding Year Cumulative Quarter RM'000	
	30/09/2021	30/09/2020		30/09/2021	30/09/2020	
Revenue	73,366	60,222	21%	376,484	132,566	184%
Operating Profit/(Loss)	1,867	(2,774)	167%	21,807	(6,259)	448%
Profit/(Loss) Before Interest and Tax	11,296	(4,592)	346%	32,779	(6,270)	623%
Profit/(Loss) Before Tax	10,337	(5,237)	297%	30,016	(8,142)	469%
Profit/(Loss) For The Period	8,199	(3,032)	370%	22,377	(7,174)	412%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	8,265	(2,028)	508%	16,865	(6,238)	370%

For the current year quarter under review, the Group achieved higher revenue of RM73.37 million, compared to RM60.22 million for the preceding year corresponding quarter or an increase of 21%; profit before taxation of RM10.34 million was recorded in the current year quarter as compared to loss before tax of RM5.24 million in the preceding year corresponding quarter.

In the Construction Division, revenue recorded in the current year quarter was lower by 30% as compared to the preceding year corresponding quarter. However, the Division recorded a profit before tax of RM10.11 million in the current year quarter as compared to loss before tax of RM3.67 million in the preceding year corresponding quarter due to higher contributions from share of profit from joint ventures.



In the Healthcare Division, revenue and profit before tax recorded in the current year quarter were RM35.75 million and RM3.92 million respectively. As it is a new Division during the current financial year there is no comparative available.

The Property Development Division has recorded a lower loss before tax of RM569,000 in the current year quarter as compared to loss before tax of RM1.31 million in the preceding year corresponding quarter.

In the Trading and Services Division, revenue increased from RM4.74 million to RM4.84 million by 2% as compared to the preceding year corresponding quarter. The Division recorded a lower profit before tax of RM774,000 in the current year quarter as compared to profit before tax of RM2.26 million in the preceding year corresponding quarter due to MCO lockdown resulting in lesser operations.

For the current year cumulative quarter, the Group recorded revenue of RM376.48 million or 184% increase as compared to RM132.57 million in the preceding year cumulative quarter. Profit before tax of RM30.02 million was recorded in the current year cumulative quarter as compared to loss before tax of RM8.14 million in the preceding year cumulative quarter attributed by the new addition of Healthcare Division.

In the Construction Division, revenue was 10% higher due to a halt in the construction activities during the MCO imposed by the Malaysian Government. The Division profit before tax was RM16.92 million as compared to loss before tax of RM2.19 million in the preceding year cumulative quarter due to higher contributions from share of profit from joint ventures in the current year cumulative quarter.

In the Healthcare Division, revenue and profit before tax recorded in the current year cumulative quarter were RM254.95 million and RM19.16 million respectively. As it is a new Division during the current year cumulative quarter there is no comparative available.

The Property Development Division recorded loss before tax of RM1.72 million in the current year cumulative quarter as compared to loss before tax of RM3.97 million in the preceding year cumulative quarter due to higher discount given in the preceding year cumulative quarter.

The Trading and Services Division recorded a revenue of RM11.02 million as compared to RM12.97 million in the preceding year cumulative quarter. The Division recorded a profit before tax of RM2.38 million as compared to a profit before tax of RM1.74 million in the preceding year cumulative quarter due to higher contributions from share of profit from joint ventures in the current year cumulative quarter.

7. Prospects

As the country enters the recovery phase under the National Recovery Plan (NRP), the Group's construction activities have picked up pace and is expected to end stronger towards the final quarter of the year. During the 3rd quarter of the year, the Group's Engineering & Construction Division successfully secured a RM 20.85mil sewerage systems contract with Gamuda Land (Botanic) Sdn Bhd and also tendered for the construction of the 700 million litres a day (MLD) Rasau water treatment plant, package 1, 2 and 3.

Following the 12 Malaysia Plan (12 MP) announced in September 2021, the government has allocated RM25.8 billion for water infrastructure projects to improve water supply coverage and services as well as to implement non-revenue water (NRW) reduction programmes to reduce NRW levels to 25% by 2050 (2020: 36.4%). This forms part of the Water Sector Transformation Agenda 2040 which has been introduced to ensure security and sustainability through the accelerated adoption of Integrated Water Resources Management (IWRM) between the Federal Government, state governments and local authorities. As such, prospects in the water and wastewater sector



remains promising as the federal government continues to make huge investments to improve the water quality and services in the country. The Group is set to benefit from the 12 MP with its proven track record and experienced management.

In the Healthcare Division, despite ASPs for gloves declining from their peak in the first half of the financial year, prospects of the Group's newly acquired Healthcare Division are expected to remain resilient as the sector is expected to experience a structural change. Beyond the Covid-19 pandemic, the demand for gloves will likely remain high due to increased healthcare standards in emerging economies, growing government expenditure on healthcare reform, increasing awareness of health-related issues and an ageing population in the developed and emerging economies. The Healthcare Division continues to thrive by receiving new enquiries and exploring new markets to cater to customers needs.

With Malaysia on track to revive its economy in 2022 through an expansionary budget, driven by strong economic performance with estimated growth of between 5.5% and 6.5%, along with the country's high vaccination rate, the Group is optimistic of its future prospects and will leverage on its operational performance to secure more projects in the coming quarters.

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 2021, 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 30/09/2021	Comparative Quarter Ended 30/09/2020	Cumulative Quarter To-date	
			30/09/2021	30/09/2020
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	6,814	(4,187)	16,860	(8,397)
- discontinued operations	1,451	2,159	5	2,159
	<u>8,265</u>	<u>(2,028)</u>	<u>16,865</u>	<u>(6,238)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	992,227	819,925	992,227	819,925
Effect of shares repurchased during the period ('000)	(5,782)	(27,481)	(4,171)	(21,487)
Effect of shares distributed as dividend during the period ('000)	21,922	27,664	21,922	27,664
Weighted average number of ordinary shares ('000)	<u>1,008,367</u>	<u>820,108</u>	<u>1,009,978</u>	<u>826,102</u>
Basic (loss)/earnings per share (sen)				
* Note: Antidilutive				
- continuing operations	0.68	(0.51)	1.67	(1.02)
- discontinued operations	0.14	0.26	0.00	0.26
Total	<u>0.82</u>	<u>(0.25)</u>	<u>1.67</u>	<u>(0.76)</u>

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 30/09/2021 RM'000	Cumulative Quarter Ended 30/09/2021 RM'000
Net realised foreign exchange gain/(loss)	6	(10)
Net unrealised foreign exchange gain/(loss)	(992)	1,323
Depreciation and amortization	(1,605)	(4,816)
	<u>(2,591)</u>	<u>(3,503)</u>



SALCON BERHAD (Company No: 593796-T)

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 16 November 2021.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
16 November 2021