



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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2022 - UNAUDITED**

	<b>30/09/2022</b>	31/12/2021
	<b>RM'000</b>	RM'000
<b>Assets</b>		
Property, plant and equipment	<b>59,366</b>	53,971
Right-of-use assets	<b>11,182</b>	11,733
Intangible assets	<b>42,969</b>	43,803
Investment properties	<b>9,840</b>	10,547
Investment in associate	<b>17,138</b>	16,963
Investment in joint ventures	<b>44,660</b>	41,490
Inventories	<b>108,831</b>	108,831
Other investments	<b>8,003</b>	4,901
Deferred tax assets	<b>1,063</b>	1,410
Trade and other receivables	<b>11,941</b>	9,859
<b>Total non-current assets</b>	<b>314,993</b>	303,508
Trade and other receivables	<b>95,522</b>	141,755
Contract assets	<b>38,260</b>	49,937
Inventories	<b>11,100</b>	12,961
Other investment	<b>35,421</b>	27,074
Current tax assets	<b>3,837</b>	2,777
Assets classified as held for sale	<b>1,248</b>	2,712
Cash and cash equivalents	<b>118,878</b>	120,536
<b>Total current assets</b>	<b>304,266</b>	357,752
<b>Total assets</b>	<b>619,259</b>	661,260
<b>Equity</b>		
Share capital	<b>458,276</b>	458,276
Reserves	<b>5,385</b>	3,389
Accumulated losses	<b>(18,633)</b>	(6,831)
<b>Total equity attributable to owners of the Company</b>	<b>445,028</b>	454,834
<b>Non-controlling interests</b>	<b>37,105</b>	39,595
<b>Total equity</b>	<b>482,133</b>	494,429
<b>Liabilities</b>		
Loans and borrowings	<b>6,438</b>	9,410
Lease liabilities	<b>957</b>	677
Deferred tax liabilities	<b>13,476</b>	12,322
<b>Total non-current liabilities</b>	<b>20,871</b>	22,409
Trade and other payables	<b>95,286</b>	102,849
Contract liabilities	<b>341</b>	4,482
Lease liabilities	<b>755</b>	1,967
Loans and borrowings	<b>19,705</b>	30,022
Current tax liabilities	<b>168</b>	5,102
<b>Total current liabilities</b>	<b>116,255</b>	144,422
<b>Total liabilities</b>	<b>137,126</b>	166,831
<b>Total equity and liabilities</b>	<b>619,259</b>	661,260
Net assets per share (RM)	<b>0.44</b>	0.45

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2022 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>30/09/2022 RM'000</b>	30/09/2021 RM'000	<b>30/09/2022 RM'000</b>	30/09/2021 RM'000
<b>Revenue</b>	<b>37,880</b>	73,366	<b>139,357</b>	376,484
Cost of sales	<b>(35,917)</b>	(62,640)	<b>(122,594)</b>	(331,359)
<b>Gross Profit</b>	<b>1,963</b>	10,726	<b>16,763</b>	45,125
Other income	<b>3,161</b>	240	<b>5,881</b>	5,308
Other expenses	<b>(425)</b>	(542)	<b>(1,915)</b>	(2,657)
Distribution expenses	<b>(499)</b>	155	<b>(1,123)</b>	(607)
Administrative expenses	<b>(9,795)</b>	(8,712)	<b>(29,772)</b>	(25,362)
<b>Profit/(Loss) from operating activities</b>	<b>(5,595)</b>	1,867	<b>(10,166)</b>	21,807
Finance costs	<b>(673)</b>	(959)	<b>(2,081)</b>	(2,763)
Finance income	<b>525</b>	129	<b>852</b>	746
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	<b>592</b>	9,300	<b>3,345</b>	10,226
<b>Profit/(Loss) before tax</b>	<b>(5,151)</b>	10,337	<b>(8,050)</b>	30,016
Tax expense	<b>(311)</b>	(3,589)	<b>(648)</b>	(7,644)
<b>Profit/(Loss) from continuing operations</b>	<b>(5,462)</b>	6,748	<b>(8,698)</b>	22,372
<b>Discontinued operations</b>				
Profit/(Loss) from discontinued operations, net of tax	<b>-</b>	1,451	<b>-</b>	5
<b>Profit/(Loss) for the period</b>	<b>(5,462)</b>	8,199	<b>(8,698)</b>	22,377
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	<b>(3,800)</b>	8,265	<b>(6,208)</b>	16,865
Non-controlling interests	<b>(1,662)</b>	(66)	<b>(2,490)</b>	5,512
<b>Profit/(Loss) for the period</b>	<b>(5,462)</b>	8,199	<b>(8,698)</b>	22,377
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	<b>(0.38)</b>	0.68	<b>(0.61)</b>	1.67
- from discontinued operations	<b>-</b>	0.14	<b>-</b>	-
<b>Total</b>	<b>(0.38)</b>	0.82	<b>(0.61)</b>	1.67



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

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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 2022 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>30/09/2022 RM'000</b>	30/09/2021 RM'000	<b>30/09/2022 RM'000</b>	30/09/2021 RM'000
<b>Profit/(Loss) for the period</b>	<b>(5,462)</b>	8,199	<b>(8,698)</b>	22,377
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	<b>(2,296)</b>	1,794	<b>(1,150)</b>	3,968
<b>Total other comprehensive income/(expense)</b>	<b>(2,296)</b>	1,794	<b>(1,150)</b>	3,968
<b>Total comprehensive income/(expense) for the period</b>	<b>(7,758)</b>	9,993	<b>(9,848)</b>	26,345
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	<b>(6,096)</b>	10,059	<b>(7,358)</b>	20,833
Non-controlling interests	<b>(1,662)</b>	(66)	<b>(2,490)</b>	5,512
<b>Total comprehensive income/(expense) for the period</b>	<b>(7,758)</b>	9,993	<b>(9,848)</b>	26,345

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2022 – 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
<b>At 1 January 2021</b>	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)
Issuance of shares to non-controlling interest	-	-	-	-	-	83	83
Acquisition of subsidiaries	-	-	-	-	-	8,371	8,371
Changes in ownership interest in subsidiaries	-	-	-	-	-	28	28
Dividends to shareholders	-	-	3,742	(3,742)	-	-	-
Dividends to non-controlling interest	-	-	-	-	-	(250)	(250)
<b>At 30 September 2021</b>	<b>458,276</b>	<b>11,340</b>	<b>(951)</b>	<b>(3,662)</b>	<b>465,003</b>	<b>35,993</b>	<b>500,996</b>
<b>At 1 January 2022</b>	458,276	7,133	(3,744)	(6,831)	454,834	39,595	494,429
Total comprehensive income for the period	-	(1,150)	-	(6,208)	(7,358)	(2,490)	(9,848)
Own shares acquired	-	-	(2,448)	-	(2,448)	-	(2,448)
Dividends to shareholders	-	-	5,594	(5,594)	-	-	-
<b>At 30 September 2022</b>	<b>458,276</b>	<b>5,983</b>	<b>(598)</b>	<b>(18,633)</b>	<b>445,028</b>	<b>37,105</b>	<b>482,133</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 2021 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 2022 - UNAUDITED**

	<b>9 months Ended 30/09/2022 RM'000</b>	<b>9 months Ended 30/09/2021 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit/(Loss) before tax		
- continuing operations	<b>(8,050)</b>	30,016
- discontinued operations	-	5
	<b>(8,050)</b>	30,021
Adjustments for :		
- Non-cash items	<b>2,610</b>	(5,092)
- Non-operating items	<b>1,229</b>	2,017
Operating loss before changes in working capital	<b>(4,211)</b>	26,946
Changes in working capital	<b>48,026</b>	9,568
Cash generated from/(used in) operations	<b>43,815</b>	36,514
Interest paid	<b>(76)</b>	(76)
Income taxes paid	<b>(5,142)</b>	1,073
<b>Net cash from/(used in) operating activities</b>	<b>38,597</b>	37,511
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	<b>46</b>	174
- Proceeds from disposal of right-of-use assets	-	35
- Proceeds from disposal of investment properties	<b>2,094</b>	-
- Proceeds from disposal of other investments	-	8,509
- 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	<b>(5,010)</b>	(8,174)
- Acquisition of property, plant and equipment	<b>(8,227)</b>	(9,671)
- Acquisition of right-of-use assets	-	-
- Acquisition of investment properties	-	(12)
- Acquisition of subsidiary, net of cash acquired	-	(20,226)
- Acquisition of the remaining interest from non-controlling interest	-	(2,856)
- Reinvestment of distribution income from Fund Investments	<b>(469)</b>	-
- Placement of fund investments	<b>(9,878)</b>	-
- Dividends received from :		
- Other investments	<b>44</b>	153
- Interest received	<b>852</b>	746
<b>Net cash from/(used in) investing activities</b>	<b>(20,548)</b>	(31,183)
<b><u>Cash flows from financing activities</u></b>		
- Repurchase of treasury shares	<b>(2,448)</b>	(1,344)
- Drawdown from borrowings	-	12,386
- Interest paid	<b>(2,004)</b>	(2,687)
- Repayment of borrowings	<b>(12,358)</b>	(18,934)
- Dividends paid to non-controlling interests	-	(250)
- Repayment of lease liabilities	<b>(1,058)</b>	(938)
- Repayment of finance lease liabilities	<b>(1,958)</b>	(1,486)
<b>Net cash from/(used in) financing activities</b>	<b>(19,826)</b>	(13,253)
Net increase/(decrease) in cash and cash equivalents	<b>(1,777)</b>	(6,925)
Cash and cash equivalents at beginning of period	<b>120,495</b>	142,075
Exchange differences on translation of the financial statements of foreign entities	<b>(529)</b>	2,109
<b>Cash and cash equivalents at end of period</b>	<b>118,189</b>	137,259

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2022 – UNAUDITED**

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

	<b>9 months Ended 30/09/2022 RM'000</b>	9 months Ended 30/09/2021 RM'000
Cash and bank balances	<b>22,326</b>	78,585
Deposits placed with licensed banks	<b>96,552</b>	59,643
	<b>118,878</b>	138,228
Bank overdrafts	<b>(659)</b>	(939)
Pledged deposits	<b>(30)</b>	(30)
	<b>118,189</b>	137,259

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**(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 2021 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 2021. The audited financial statements of the Group as at and for the year ended 31 December 2021 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 2021 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 2022.

***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 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

***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 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group and the Company.
- 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 and Amendments to MFRS 17 which are not applicable to the Group and the Company.

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 2021 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 2022.

## **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 2022 other than:

a) Share buy-back

The Company repurchased 11,240,800 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 RM2,448,000 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 2022, the Company paid the first and final dividend comprising a share dividend of one (1) treasury share for every forty (40) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2021. The total number of treasury shares distributed was 24,677,605 shares or equivalent to RM5.59 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 2022.

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## 8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2022 are as follows:-

	<b>Constructions RM'000</b>	<b>Healthcare RM'000</b>	<b>Trading &amp; Services RM'000</b>	<b>Property Development RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment profit/(loss)</b>	453	(3,746)	6,694	(740)	2,661
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	83,118	43,677	12,562	-	139,357
Share of profit of associate	-	-	175	-	175
Share of profit of joint venture	489	-	2,681	-	3,170
<i>Not included in the measure of segment profit but provided to CODM:</i>					
Depreciation and amortization	(899)	(757)	(2,175)	(213)	(4,044)
Finance costs	(406)	(491)	(283)	(901)	(2,081)
Finance income	817	22	-	13	852
Income tax expense	(350)	307	(425)	(180)	(648)
<b>Segment assets</b>	291,575	124,730	93,502	109,452	619,259
<i>Included in the measure of segment assets are:</i>					
Investment in associate	-	-	17,138	-	17,138
Investment in joint venture	22,399	-	22,261	-	44,660
Additions to non-current assets other than financial instruments and deferred tax assets	123	8,120	488	-	8,731



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

	<b>RM'000</b>
<b>Profit or loss</b>	
Total profit or loss for reportable segments	2,661
Depreciation and amortisation	(4,044)
Finance costs	(2,081)
Finance income	852
Unrealised/ realised foreign exchange gain/(loss)	700
Unallocated expenses:	
Corporate expenses	(6,138)
Consolidated profit/(loss) before tax	<u>(8,050)</u>

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

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 September 2022. 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 17 November 2022 (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 7 June 2022, Salcon Utilities Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Utilities Sdn Bhd has been struck off the register of companies.
- (ii) On 5 August 2022, Salcon Environmental Services Sdn Bhd, a wholly-owned subsidiary of Salcon Engineering Berhad which in turn a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Environmental Services Sdn Bhd has been struck off the register of companies.
- (iii) On 5 August 2022, Skeel Engineering Sdn Bhd, a wholly-owned subsidiary of Salcon Engineering Berhad which in turn a wholly-owned subsidiary of the Company, has been dissolved and the name of Skeel Engineering Sdn Bhd has been struck off the register of companies.

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

The contingent liabilities as at financial period ended 30 September 2022 are as follows:-

	<b>RM'000</b>
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>38,380</u>



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

The NA per share is derived as follows:-

	<b>RM'000</b>
Shareholders funds	445,028
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.44</u>



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

**1. Taxation**

The breakdown of tax charge is as follows:-

	Current Quarter Ended 30/09/2022 RM'000	Cumulative Quarter To-date 30/09/2022 RM'000
Continuing operations		
Malaysian - current period	274	1,099
- prior years	<u>37</u>	<u>(451)</u>
	<u><u>311</u></u>	<u><u>648</u></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 17 November 2022 (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 2022 are as follows:

	As at 3rd quarter ended 2022		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
<b><u>Secured</u></b>			
<i>Term loans</i>	3,456	3,354	6,810
<i>Finance lease liabilities</i>	2,982	1,435	4,417
<b><u>Unsecured</u></b>			
<i>Term loans</i>	-	3,223	3,223
<i>Bankers' Acceptance</i>	-	6,124	6,124
<i>Revolving Credits</i>	-	5,000	5,000
<i>Bank overdrafts</i>	-	569	569
	<u>6,438</u>	<u>19,705</u>	<u>26,143</u>

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

For the year to-date financial quarter under review, the Group has recorded borrowings of RM26.14 million as compared to RM35.41 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed repayment of bankers acceptance and term loans amounting to RM5.76 million and RM2.15 million respectively.

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 17 November 2022 (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	
	30/09/2022	30/06/2022	
Revenue	37,880	53,974	-30%
Operating Profit/(Loss)	(5,595)	294	-2,003%
Profit/(Loss) Before Interest and Tax	(4,478)	1,662	-369%
Profit/(Loss) Before Tax	(5,151)	954	-640%
Profit/(Loss) For The Period	(5,462)	401	-1,462%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,800)	170	-2,335%

For the current quarter, the Group revenue decreased from RM53.97 million to RM37.88 million by 30% and has recorded a loss before tax of RM5.15 million as compared to profit before tax of RM954,000 in the immediate preceding quarter.



The revenue recorded in the Construction Division was lower by 43%, a decrease from RM37.10 million to RM21.32 million as compared to the immediate preceding quarter. The Division recorded profit before tax of RM942,000 in the current quarter as compared to profit before tax of RM2.93 million in the immediate preceding quarter due to lower completion of projects in the current quarter.

The revenue recorded in the Healthcare Division was lower by 6%, a decrease from RM12.93 million to RM12.20 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM3.82 million in the current quarter as compared to profit before tax of RM286,000 in the immediate preceding quarter due to stocks written down.

In the Property Development Division, no revenue recorded due to no projects running. It recorded a higher loss before tax of RM660,000 in the current quarter as compared to loss before tax of RM593,000 in the immediate preceding quarter due to higher operating expenses in the current quarter.

For the Trading and Services Division, revenue increased from RM3.93 million to RM4.35 million by 11%. The Division recorded profit before tax of RM515,000 in the current quarter as compared to profit before tax of RM1.41 million in the immediate preceding quarter due to lower contributions from share of profit from joint venture in the current quarter.

## 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	
	30/09/2022	30/09/2021		30/09/2022	30/09/2021	
Revenue	37,880	73,366	-48%	139,357	376,484	-63%
Operating Profit/(Loss)	(5,595)	1,867	-400%	(10,166)	21,807	-147%
Profit/(Loss) Before Interest and Tax	(4,478)	11,296	-140%	(5,969)	32,779	-118%
Profit/(Loss) Before Tax	(5,151)	10,337	-150%	(8,050)	30,016	-127%
Profit/(Loss) For The Period	(5,462)	8,199	-167%	(8,698)	22,377	-139%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,800)	8,265	-146%	(6,208)	16,865	-137%

For the current year quarter under review, the Group achieved lower revenue amounting to RM37.88 million as compared to RM73.37 million in the preceding year corresponding quarter or a decrease of 48%. Loss before taxation of RM5.15 million was recorded in the current year quarter as compared to profit before tax of RM10.34 million in the preceding year corresponding quarter substantially attributed to significant contributions from the Construction and Healthcare Divisions.

In the Construction Division, revenue recorded in the current year quarter was lower by 35% as compared to the preceding year corresponding quarter. The Division recorded a profit before tax of RM942,000 in the current year quarter as compared to profit before tax of RM10.11 million in the preceding year corresponding quarter due to lower completion of projects in the current year quarter.



In the Healthcare Division, revenue decreased from RM35.75 million to RM12.20 million by 66% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM3.82 million in the current year quarter as compared to profit before tax of RM3.92 million in the preceding year corresponding quarter due to stocks written down of RM2.77 million.

The Property Development Division has recorded a loss before tax of RM660,000 in the current year quarter as compared to loss before tax of RM569,000 in the preceding year corresponding quarter.

In the Trading and Services Division, revenue decreased from RM4.84 million to RM4.35 million by 10% as compared to the preceding year corresponding quarter. The Division recorded a profit before tax of RM515,000 in the current year quarter as compared to profit before tax of RM774,000 in the preceding year corresponding quarter due to lower contributions from share of profit from joint venture in the current year quarter.

For the current year cumulative quarter, the Group recorded revenue of RM139.36 million or 63% decrease as compared to RM376.48 million in the preceding year cumulative quarter. Loss before tax of RM8.05 million was recorded in the current year cumulative quarter as compared to profit before tax of RM30.02 million in the preceding year cumulative quarter.

In the Construction Division, revenue was 23% lower as compared to the preceding year cumulative quarter. The Division profit before tax was RM2.08 million as compared to profit before tax of RM16.92 million in the preceding year cumulative quarter due to lower completion of projects in the current year cumulative quarter.

In the Healthcare Division, revenue decreased from RM254.95 million to RM43.68 million by 83% as compared to the preceding year cumulative quarter. The Division recorded a loss before tax of RM4.97 million in the current year cumulative quarter as compared to profit before tax of RM19.16 million in the preceding year cumulative quarter due to stocks written down of RM2.77 million and reduction of sales volume and decrease in average selling price.

The Property Development Division recorded loss before tax of RM1.84 million in the current year cumulative quarter as compared to loss before tax of RM1.72 million in the preceding year cumulative quarter.

The Trading and Services Division recorded a revenue of RM12.56 million in the current year cumulative quarter as compared to RM11.02 million in the preceding year cumulative quarter. The Division recorded a profit before tax of RM4.07 million in the current year cumulative quarter as compared to a profit before tax of RM2.38 million in the preceding year cumulative quarter due to higher contributions from share of profit from joint venture in the current year cumulative quarter.

## **7. Prospects**

The Group's Construction Division successfully secured a RM210 million contract ie Package 3 – Cadangan Reka dan Bina Sistem Pelupusan Enapcemar Untuk Loji Rawatan Air Langat 2 from Pengurusan Aset Air Berhad (PAAB). The project will contribute positively to the earnings and net assets of Salcon Group for the financial years ending 31 December 2023 to 2025. The Division is continuously tendering more water and wastewater projects in Malaysia and overseas.

The Group's Healthcare Division expects average selling price of gloves to be stabilised and raw material prices to gradually decline. The Division has been aggressively increasing marketing activities in new markets whilst investing in Research & Development to meet client demand for specialised gloves which command higher margins.





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The Group's Trading and Services Division was also awarded a contract to provide transportation services to Appraisal Property Management Sdn Bhd from 1 March 2023 till 31 December 2026 valued at RM9.08 million per annum. Newly secured contracts are expected to reflect positively towards the earnings and net assets of Salcon Group for the financial years ending 31 December 2023 to 31 December 2026.

**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 2022, 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 30/09/2022	Comparative Quarter Ended 30/09/2021	Cumulative Quarter To-date 30/09/2022	30/09/2021
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,800)	6,814	(6,208)	16,860
- discontinued operations	-	1,451	-	5
	<u>(3,800)</u>	<u>8,265</u>	<u>(6,208)</u>	<u>16,865</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	995,376	992,227	995,376	992,227
Effect of shares repurchased during the period ('000)	(8,591)	(5,782)	(7,105)	(4,171)
Effect of shares distributed as dividend during the period ('000)	24,678	21,922	24,678	21,922
Weighted average number of ordinary shares ('000)	<u>1,011,463</u>	<u>1,008,367</u>	<u>1,012,949</u>	<u>1,009,978</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	(0.38)	0.68	(0.61)	1.67
- discontinued operations	-	0.14	-	0.00
Total	<u>(0.38)</u>	<u>0.82</u>	<u>(0.61)</u>	<u>1.67</u>



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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 30/09/2022 RM'000	Cumulative Quarter Ended 30/09/2022 RM'000
Net realised foreign exchange gain/(loss)	(46)	(15)
Net unrealised foreign exchange gain/(loss)	398	715
Depreciation and amortization	252	(2,048)
	<hr/> 604	<hr/> (1,348)

**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 24 November 2022.

**ON BEHALF OF THE BOARD**

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

Selangor Darul Ehsan  
24 November 2022