



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2021 - UNAUDITED**

	31/12/2021 RM'000	31/12/2020 RM'000
Assets		
Property, plant and equipment	54,150	17,891
Intangible assets	43,803	23,740
Right-of-use assets	9,808	11,192
Investment properties	10,547	9,924
Investment in associate	16,965	17,341
Investment in joint ventures	41,490	29,415
Other investments	9,901	8,932
Deferred tax assets	1,410	3,688
Trade and other receivables	11,440	12,130
Total non-current assets	199,514	134,253
Trade and other receivables, including derivatives	140,532	129,846
Contract assets	46,729	65,288
Inventories	121,783	110,096
Other investment	7,567	9,404
Current tax assets	2,777	2,524
Assets classified as held for sale	2,712	-
Cash and cash equivalents	136,362	142,836
Total current assets	458,462	459,994
Total assets	657,976	594,247
Equity		
Share capital	458,276	458,276
Reserves	3,388	4,023
Accumulated losses	(6,735)	(16,785)
Total equity attributable to owners of the Company	454,929	445,514
Non-controlling interests	39,678	22,249
Total equity	494,607	467,763
Liabilities		
Loans and borrowings	2,307	5,057
Lease liabilities	297	1,507
Deferred tax liabilities	12,322	5,818
Total non-current liabilities	14,926	12,382
Trade and other payables, including derivatives	104,040	77,358
Contract liabilities	1,314	7,174
Lease liabilities	2,172	1,311
Loans and borrowings	35,814	27,008
Current tax liabilities	5,103	1,251
Total current liabilities	148,443	114,102
Total liabilities	163,369	126,484
Total equity and liabilities	657,976	594,247
Net assets per share (RM)	0.45	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 FOURTH QUARTER ENDED 31 DECEMBER 2021 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Revenue	58,298	61,582	434,782	194,148
Cost of sales	(48,203)	(61,168)	(379,562)	(179,645)
Gross Profit	10,095	414	55,220	14,503
Other income	1,389	10,829	6,697	21,488
Other expenses	(1,088)	(3,568)	(3,745)	(5,436)
Distribution expenses	(197)	(160)	(804)	(1,108)
Administrative expenses	(13,663)	(8,245)	(39,025)	(36,436)
Profit/(Loss) from operating activities	(3,464)	(730)	18,343	(6,989)
Finance costs	(1,137)	(592)	(3,900)	(2,464)
Finance income	155	620	901	2,142
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	2,086	94	12,312	(1,439)
Profit/(Loss) before tax	(2,360)	(608)	27,656	(8,750)
Tax expense	(933)	351	(8,577)	(995)
Profit/(Loss) from continuing operations	(3,293)	(257)	19,079	(9,745)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	(2,129)	(626)	(2,124)	1,688
Profit/(Loss) for the period	(5,422)	(883)	16,955	(8,057)
Profit/(Loss) attributable to:				
Owners of the Company	(4,800)	171	12,065	(6,067)
Non-controlling interests	(622)	(1,054)	4,890	(1,990)
Profit/(Loss) for the period	(5,422)	(883)	16,955	(8,057)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.27)	0.08	1.41	(0.88)
- from discontinued operations	(0.21)	(0.06)	(0.21)	0.18
Total	(0.48)	0.02	1.20	(0.70)

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 FOURTH QUARTER ENDED 31 DECEMBER 2021 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Profit/(Loss) for the period	(5,422)	(883)	16,955	(8,057)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(4,207)	(14,507)	(239)	6,154
Total other comprehensive income/(expense)	(4,207)	(14,507)	(239)	6,154
Total comprehensive income/(expense) for the period	(9,629)	(15,390)	16,716	(1,903)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	(9,007)	(14,336)	11,826	(686)
Non-controlling interests	(622)	(1,054)	4,890	(1,217)
Total comprehensive income/(expense) for the period	(9,629)	(15,390)	16,716	(1,903)

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.



SALCON BERHAD (Company No: 593796-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 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	-	5,381	-	(6,067)	(686)	(1,217)	(1,903)
Issue of ordinary shares	33,811	-	-	-	33,811	-	33,811
Own shares acquired	-	-	(5,385)	-	(5,385)	-	(5,385)
Changes in ownership interest in subsidiaries	-	(5,026)	-	(5,436)	(10,462)	4,477	(5,985)
Disposal of interest in subsidiaries	-	-	-	-	-	(2,000)	(2,000)
Dividends to shareholders	-	-	6,436	(6,436)	-	-	-
At 31 December 2020	458,276	7,372	(3,349)	(16,785)	445,514	22,249	467,763
At 1 January 2021	458,276	7,372	(3,349)	(16,785)	445,514	22,249	467,763
Total comprehensive income for the period	-	(239)	-	12,065	11,826	4,890	16,716
Own shares acquired	-	-	(4,138)	-	(4,138)	-	(4,138)
Acquisition of subsidiaries	-	-	-	-	-	16,558	16,558
Changes in ownership interest in subsidiaries	-	-	-	1,727	1,727	(1,727)	-
Issuance of shares to non-controlling interests	-	-	-	-	-	83	83
Dividends to shareholders	-	-	3,742	(3,742)	-	-	-
Dividends to minority interest	-	-	-	-	-	(2,375)	(2,375)
At 31 December 2021	458,276	7,133	(3,745)	(6,735)	454,929	39,678	494,607

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 FOURTH QUARTER ENDED 31 DECEMBER 2021 - UNAUDITED**

	12 months Ended 31/12/2021 RM'000	12 months Ended 31/12/2020 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax		
- continuing operations	27,656	(8,750)
- discontinued operations	(2,124)	1,688
	25,532	(7,062)
Adjustments for :		
- Non-cash items	1,017	4,483
- Non-operating items	2,999	322
Operating loss before changes in working capital	29,548	(2,257)
Changes in working capital	4,531	(1,098)
Cash generated from/(used in) operations	34,079	(3,355)
Interest paid	(76)	(160)
Income taxes paid	(2,566)	(2,337)
Net cash from/(used in) operating activities	31,437	(5,852)
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	262	22
- Proceeds from disposal of right-of-use assets	35	-
- Proceeds from disposal of investment properties	986	-
- Proceeds from disposal of other investments	8,783	16,549
- Proceeds from disposal of assets held for sale	-	1,416
- 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	115	-
- Acquisition of other investments	(8,049)	(23,518)
- Acquisition of property, plant and equipment	(9,079)	(496)
- Acquisition of investment properties	(967)	-
- Acquisition of non-controlling interest	-	(6,500)
- Acquisition of subsidiaries, net of cash acquired	(17,255)	-
- Reinvestment of distribution income from Fund Investments	(163)	-
- Redemption of investments from Fund Investments	2,000	-
- Capital reduction in a subsidiary	-	515
- Net cash outflow from disposal of subsidiaries, net of cash and cash equivalents disposed of	-	(32)
- Dividends received from :		
- Associates/joint ventures	-	800
- Other investments	164	58
- Interest received	901	2,142
Net cash from/(used in) investing activities	(22,242)	(9,044)
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	(4,138)	(5,385)
- Drawdown from borrowings	14,487	14,803
- Interest paid	(3,824)	(2,304)
- Proceed from issue of share capital	-	33,811
- Repayment of borrowings	(13,686)	(5,112)
- Dividends paid to non-controlling interests	(2,375)	(700)
- Repayment of lease liabilities	(1,205)	(2,045)
- Repayment of finance lease liabilities	(2,090)	(1,393)
Net cash from/(used in) financing activities	(12,831)	31,675
Net increase/(decrease) in cash and cash equivalents	(3,636)	16,779
Cash and cash equivalents at beginning of period	142,076	119,884
Exchange differences on translation of the financial statements of foreign entities	(2,119)	5,413
Cash and cash equivalents at end of period	136,321	142,076

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 FOURTH QUARTER ENDED 31 DECEMBER 2021 – UNAUDITED**

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

	12 months Ended 31/12/2021 RM'000	12 months Ended 31/12/2020 RM'000
Cash and bank balances	82,521	79,066
Deposits placed with licensed banks	53,841	63,770
	136,362	142,836
Bank overdrafts	(11)	(730)
Pledged deposits	(30)	(30)
	136,321	142,076
Less: Amount placed with debts service reserve accounts	-	-
	136,321	142,076

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 FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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 31 December 2021 other than:

a) Share buy-back

The Company repurchased 18,771,900 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 RM4,138,000 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 31 December 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 31 December 2021 are as follows:-

	Constructions RM'000	Healthcare RM'000	Trading & Services RM'000	Property Development RM'000	Total Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Segment profit	21,342	21,434	5,754	(1,262)	47,268	(2,124)	45,144
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	136,299	281,911	14,395	2,177	434,782	-	434,782
Share of profit of associate	-	-	237	-	237	(69)	168
Share of profit of joint venture	9,941	-	2,133	-	12,074	-	12,074
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(1,303)	(1,692)	(3,520)	-	(6,515)	-	(6,515)
Finance costs	(773)	(1,065)	(876)	(1,186)	(3,900)	-	(3,900)
Finance income	888	3	-	10	901	-	901
Income tax expense	(2,436)	(5,436)	(537)	(168)	(8,577)	-	(8,577)
Segment assets	357,592	98,201	92,618	109,565	657,976	-	657,976
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	16,965	-	16,965	-	16,965
Investment in joint venture	21,910	-	19,580	-	41,490	-	41,490
Additions to non-current assets other than financial instruments and deferred tax assets	148	408	8,542	-	9,098	-	9,098



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

	RM'000
Profit	
Total profit or loss for reportable segments	47,268
Depreciation and amortisation	(6,515)
Finance costs	(3,900)
Finance income	901
Unrealised/ realised foreign exchange gain/(loss)	1,531
Unallocated expenses:	
Corporate expenses	(11,629)
Consolidated profit/(loss) before tax from continuing operations	<u>27,656</u>
Loss from discontinued operations, net of tax	(2,124)
Consolidated profit/(loss) before tax	<u><u>25,532</u></u>

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 December 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 20 February 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 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 31 December 2021 are as follows:-

	RM'000
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>49,920</u>

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	454,929
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.45</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 31/12/2021 RM'000	Cumulative Quarter To-date 31/12/2021 RM'000
Continuing operations		
Malaysian - current period	1,276	8,780
- prior years	<u>(343)</u>	<u>(203)</u>
	<u>933</u>	<u>8,577</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 20 February 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 31 December 2021 are as follows:

	As at 4th quarter ended 2021		
	Long term RM'000 denomination	Short term RM'000 denomination	Total borrowings RM'000 denomination
<u>Secured</u>			
Term loans	130	9,296	9,426
Finance lease liabilities	2,177	2,501	4,678
<u>Unsecured</u>			
Term loans	-	3,331	3,331
Invoice Financing	-	7,055	7,055
Bankers' Acceptance	-	8,620	8,620
Revolving Credits	-	5,000	5,000
Bank overdrafts	-	11	11
	<u>2,307</u>	<u>35,814</u>	<u>38,121</u>



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	As at 4th quarter ended 2020		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	3,008	76	3,084
<i>Finance lease liabilities</i>	2,049	1,968	4,017
Unsecured			
<i>Invoice Financing</i>	-	17,806	17,806
<i>Bankers' Acceptance</i>	-	6,427	6,427
<i>Bank overdrafts</i>	-	731	731
	5,057	27,008	32,065

For the year to-date financial quarter under review, the Group has recorded borrowings of RM38.12 million as compared to RM32.07 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed by drawdown of revolving credits amounting to RM5.00 million and new loan facility of a subsidiary amounting to RM3.33 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 20 February 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	
	31/12/2021	30/09/2021	
Revenue	58,298	73,366	-21%
Operating Profit/(Loss)	(3,464)	1,867	-286%
Profit/(Loss) Before Interest and Tax	(1,223)	11,296	-111%
Profit/(Loss) Before Tax	(2,360)	10,337	-123%
Profit/(Loss) For The Period	(5,422)	8,199	-166%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,800)	8,265	-158%

For the current quarter, the Group revenue decreased from RM73.37 million to RM58.30 million by 21% and has recorded a loss before tax of RM2.36 million as compared to profit before tax of RM10.34 million in the immediate preceding quarter.

The revenue recorded in the Construction Division was lower by 15%, a decrease from RM32.70 million to RM27.95 million, compared to the immediate preceding quarter. The Division recorded profit



before tax of RM5.91 million in the current quarter as compared to RM10.11 million in the immediate preceding quarter due to higher operating expenses.

The revenue recorded in the Healthcare Division was lower by 25%, a decrease from RM35.75 million to RM26.97 million, compared to the immediate preceding quarter. The Division recorded loss before tax of RM481,000 in the current quarter as compared to profit before tax of RM3.92 million in the immediate preceding quarter. The decrease in the revenue and profit before tax is mainly due to decline in average selling price.

In the Property Development Division, a higher loss before tax of RM719,000 is recorded in the current quarter as compared to loss before tax of RM569,000 in the immediate preceding quarter due to higher operating expenses.

For the Trading and Services Division, revenue decreased from RM4.84 million to RM3.37 million by 30%. The Division recorded loss before tax of RM1.23 million in the current quarter as compared to profit before tax of RM774,000 in the immediate preceding quarter due to lower gross profit margin.

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

	Individual Period (4th Quarter)		Changes %	12 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	
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
Revenue	58,298	61,582	-5%	434,782	194,148	124%
Operating Profit/(Loss)	(3,464)	(730)	-375%	18,343	(6,989)	362%
Profit/(Loss) Before Interest and Tax	(1,223)	(16)	-7,544%	31,556	(6,286)	602%
Profit/(Loss) Before Tax	(2,360)	(608)	-288%	27,656	(8,750)	416%
Profit/(Loss) For The Period	(5,422)	(883)	-514%	16,955	(8,057)	310%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,800)	171	-2,907%	12,065	(6,067)	299%

For the current year quarter under review, the Group achieved lower revenue of RM58.30 million, compared to RM61.58 million for the preceding year corresponding quarter or a decrease of 5%; loss before taxation of RM2.36 million was recorded in the current year quarter as compared to loss before tax of RM608,000 in the preceding year corresponding quarter.

In the Construction Division, revenue recorded in the current year quarter was lower by 49% as compared to the preceding year corresponding quarter. However, the Division recorded profit before tax of RM5.91 million in the current year quarter as compared to loss before tax of RM3.49 million in the preceding year corresponding quarter due to higher gross profit margin.

In the Healthcare Division, revenue and loss before tax recorded in the current year quarter were RM26.97 million and RM481,000 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 RM719,000 in the current year quarter as compared to loss before tax of RM893,000 in the preceding year corresponding quarter.

In the Trading and Services Division, revenue decreased from RM3.82 million to RM3.37 million by 12% as compared to the preceding year corresponding quarter. The Division recorded a lower loss before tax of RM1.23 million in the current year quarter as compared to loss before tax of RM2.22 million in the preceding year corresponding quarter due to lower operating expenses.

For the current year cumulative quarter, the Group recorded revenue of RM434.78 million or 124% increase as compared to RM194.15 million in the preceding year cumulative quarter. Profit before tax of RM27.66 million was recorded in the current year cumulative quarter as compared to loss before tax of RM8.75 million in the preceding year cumulative quarter attributed by the new addition of Healthcare Division.

In the Construction Division, revenue was 11% lower due to a halt in the construction activities during the MCO imposed by the Malaysian Government. The Division profit before tax was RM22.84 million as compared to loss before tax of RM5.68 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 RM281.91 million and RM18.68 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 RM2.44 million in the current year cumulative quarter as compared to loss before tax of RM4.86 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 RM14.40 million as compared to RM16.79 million in the preceding year cumulative quarter. The Division recorded a profit before tax of RM1.14 million as compared to a loss before tax of RM478,000 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

The Engineering & Construction division successfully completed several water related contracts locally and internationally, namely Vietnam and Sri Lanka in FY 2021. Looking forward, the Group looks to leverage on its operational performance to secure more water and wastewater projects locally and regionally in the coming years. Prospects remains robust as the federal government continues to make huge investments to improve the water quality and services in the country. Under the Twelfth Malaysia Plan (12MP), a total of RM 26 billion has been allocated 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%). The Group is expected to potentially benefit from the 12 MP with its proven track record and experienced management. As country borders open up, we will participate more actively in international water infrastructure bids.

Whilst ASPs for gloves have declined from their peak, prospects of the Group's Healthcare division is 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. According to Malaysian Rubber Glove Manufacturers Association (MARGMA), the demand for gloves in 2022 and 2023 will be 10% to 15% higher than the pre-Covid 19 level spurred by the global spread of the Covid-19 Omicron variant. Moving forward, the Board is confident of



delivering sustainable growth and building a stable earnings stream for its shareholders; and bringing value to all stakeholders of the Group.

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%, the Group is optimistic of its future prospects given the strong fundamentals, track record, and the demonstrated capability, dedication and team spirit of our employees, management and the Board.

8. Variance of Profit Forecast / Profit Guarantee

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

9. Proposed Dividend

The Board of Directors proposed a final dividend of one (1) treasury share for every forty (40) existing ordinary shares held in the company in respect of the financial year ended 31 December 2021 for the approval of the shareholders at the Nineteenth Annual General Meeting.

10. Financial instruments - derivatives

As at 31 December 2021, the Group has no outstanding foreign currency forward contracts under derivative financial instruments.



11. Earnings Per Share

The basic and diluted earnings per share have been calculated based on the consolidated net profit attributable to equity holders of the parent for the period and the weighted average number of ordinary shares outstanding during the period as follows:

Basic earnings per share

	Current Quarter Ended	Comparative Quarter Ended	Cumulative Quarter To-date	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(2,671)	796	14,189	(7,601)
- discontinued operations	<u>(2,129)</u>	<u>(625)</u>	<u>(2,124)</u>	<u>1,534</u>
	<u>(4,800)</u>	<u>171</u>	<u>12,065</u>	<u>(6,067)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>992,227</u>	<u>828,554</u>	<u>992,227</u>	<u>828,554</u>
Effect of shares repurchased during the period ('000)	(9,862)	(29,290)	(5,605)	(23,448)
Effect of private placement of shares during the period ('000)	-	122,627	-	30,824
Effect of shares distributed as dividend during the period ('000)	<u>21,922</u>	<u>27,664</u>	<u>21,922</u>	<u>27,664</u>
Weighted average number of ordinary shares ('000)	<u>1,004,287</u>	<u>949,555</u>	<u>1,008,544</u>	<u>863,594</u>
Basic (loss)/earnings per share (sen)				
* Note: Antidilutive				
- continuing operations	(0.27)	0.08	1.41	(0.88)
- discontinued operations	<u>(0.21)</u>	<u>(0.06)</u>	<u>(0.21)</u>	<u>0.18</u>
Total	<u>(0.48)</u>	<u>0.02</u>	<u>1.20</u>	<u>(0.70)</u>

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended	Cumulative Quarter Ended
	31/12/2021	31/12/2021
	RM'000	RM'000
Net realised foreign exchange gain/(loss)	(6)	(16)
Net unrealised foreign exchange gain/(loss)	224	1,547
Depreciation and amortization	<u>(1,699)</u>	<u>(6,515)</u>
	<u>(1,481)</u>	<u>(4,984)</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 27 February 2022.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
27 February 2022