



SALCON BERHAD [200201026133 (593796-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023 – UNAUDITED**

	30/09/2023	31/12/2022
	RM'000	RM'000
Assets		
Property, plant and equipment	63,832	55,051
Right-of-use assets	12,599	12,545
Intangible assets	33,085	33,924
Investment properties	8,073	9,078
Investment in associate	-	17,244
Investment in joint ventures	37,703	37,620
Inventories	108,831	108,831
Other investments	28,746	13,520
Deferred tax assets	11,923	11,548
Trade and other receivables	9,715	10,404
Total non-current assets	314,507	309,765
Trade and other receivables	35,526	69,151
Contract assets	57,634	52,145
Inventories	11,013	11,923
Other investment	10,209	6,070
Current tax assets	3,073	3,983
Assets classified as held for sale	445	1,075
Cash and cash equivalents	133,109	140,072
Total current assets	251,009	284,419
Total assets	565,516	594,184
Equity		
Share capital	458,276	458,276
Reserves	6,358	3,510
Accumulated losses	(48,571)	(36,755)
Total equity attributable to owners of the Company	416,063	425,031
Non-controlling interests	18,098	22,599
Total equity	434,161	447,630
Liabilities		
Loans and borrowings	15,331	6,737
Lease liabilities	695	671
Deferred tax liabilities	11,902	12,110
Total non-current liabilities	27,928	19,518
Trade and other payables	84,338	106,464
Contract liabilities	1,102	520
Lease liabilities	619	1,138
Loans and borrowings	17,192	18,800
Current tax liabilities	176	114
Total current liabilities	103,427	127,036
Total liabilities	131,355	146,554
Total equity and liabilities	565,516	594,184
Net assets per share (RM)	0.41	0.42

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Revenue	42,914	37,880	101,725	139,357
Cost of sales	(40,291)	(35,917)	(92,504)	(122,594)
Gross Profit	2,623	1,963	9,221	16,763
Other income	399	3,161	12,913	5,881
Other expenses	701	(425)	(7,931)	(1,915)
Distribution expenses	(371)	(499)	(1,002)	(1,123)
Administrative expenses	(11,263)	(9,795)	(29,530)	(29,772)
Profit/(Loss) from operating activities	(7,911)	(5,595)	(16,329)	(10,166)
Finance costs	(842)	(673)	(2,280)	(2,081)
Finance income	1,016	525	2,827	852
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	2,628	592	7,219	3,345
Profit/(Loss) before tax	(5,109)	(5,151)	(8,563)	(8,050)
Tax expense	(147)	(311)	(554)	(648)
Profit/(Loss) from continuing operations	(5,256)	(5,462)	(9,117)	(8,698)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	(1,519)	-	(1,525)	-
Profit/(Loss) for the period	(6,775)	(5,462)	(10,642)	(8,698)
Profit/(Loss) attributable to:				
Owners of the Company	(4,604)	(3,800)	(6,223)	(6,208)
Non-controlling interests	(2,171)	(1,662)	(4,419)	(2,490)
Profit/(Loss) for the period	(6,775)	(5,462)	(10,642)	(8,698)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	(0.30)	(0.38)	(0.46)	(0.61)
- from discontinued operations	(0.15)	-	(0.15)	-
Total	(0.45)	(0.38)	(0.61)	(0.61)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Profit/(Loss) for the period	(6,775)	(5,462)	(10,642)	(8,698)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(890)	(2,296)	1,339	(1,150)
Total other comprehensive income/(expense)	(890)	(2,296)	1,339	(1,150)
Total comprehensive income/(expense) for the period	(7,665)	(7,758)	(9,303)	(9,848)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	(5,494)	(6,096)	(4,884)	(7,358)
Non-controlling interests	(2,171)	(1,662)	(4,419)	(2,490)
Total comprehensive income/(expense) for the period	(7,665)	(7,758)	(9,303)	(9,848)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023 – UNAUDITED**

	← Attributable to Owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Translation reserve	Treasury shares	Retained losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	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)	-	-	-
At 30 September 2022	458,276	5,983	(598)	(18,633)	445,028	37,105	482,133
At 1 January 2023	458,276	4,336	(826)	(36,755)	425,031	22,599	447,630
Total comprehensive income for the period	-	1,339	-	(6,223)	(4,884)	(4,419)	(9,303)
Own shares acquired	-	-	(4,084)	-	(4,084)	-	(4,084)
Dividends to shareholders	-	-	5,593	(5,593)	-	-	-
Dividends to minority interest	-	-	-	-	-	(82)	(82)
At 30 September 2023	458,276	5,675	683	(48,571)	416,063	18,098	434,161

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023 - UNAUDITED**

	9 months Ended 30/09/2023 RM'000	9 months Ended 30/09/2022 RM'000
<u>Cash flows from operating activities</u>		
Loss before tax		
- continuing operations	(8,563)	(8,050)
- discontinued operations	(1,525)	-
	<u>(10,088)</u>	<u>(8,050)</u>
Adjustments for :		
- Non-cash items	(177)	2,610
- Non-operating items	(546)	1,229
Operating loss before changes in working capital	(10,811)	(4,211)
Changes in working capital	5,951	48,026
Cash (used in)/generated from operations	(4,860)	43,815
Interest paid	(959)	(76)
Income taxes paid	(166)	(5,142)
Net cash (used in)/generated from operating activities	<u>(5,985)</u>	<u>38,597</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	-	46
- Proceeds from disposal of investment properties	1,663	2,094
- Proceeds from disposal of other investments	6,157	-
- Acquisition of other investments	(20,614)	(5,010)
- Acquisition of property, plant and equipment	(6,402)	(8,227)
- Distribution income from fund investments	(139)	(469)
- Redemption of preference shares	10,024	-
- Placement of fund investments	-	(9,878)
- Dividends received from :		
- Associates/joint ventures	7,200	-
- Other investments	560	44
- Interest received	2,827	852
Net cash from/(used in) investing activities	<u>1,276</u>	<u>(20,548)</u>
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	(4,084)	(2,448)
- Drawdown from borrowings	2,426	-
- Interest paid	(1,321)	(2,004)
- Repayment of borrowings	(3,605)	(12,358)
- Dividends paid to non-controlling interests	(82)	-
- Repayment of lease liabilities	(196)	(1,058)
- Repayment of finance lease liabilities	(1,084)	(1,958)
Net cash used in financing activities	<u>(7,946)</u>	<u>(19,826)</u>
Net increase/(decrease) in cash and cash equivalents	(12,655)	(1,777)
Cash and cash equivalents at beginning of period	140,020	120,495
Exchange differences on translation of the financial statements of foreign entities	5,714	(529)
Cash and cash equivalents at end of period	<u>133,079</u>	<u>118,189</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023 – UNAUDITED**

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

	9 months Ended 30/09/2023 RM'000	9 months Ended 30/09/2022 RM'000
Cash and bank balances	23,546	22,326
Deposits placed with licensed banks	109,563	<u>96,552</u>
	133,109	118,878
Bank overdrafts	-	(659)
Pledged deposits	(30)	<u>(30)</u>
	133,079	<u>118,189</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2023**(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 2022 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 2022. The audited financial statements of the Group as at and for the year ended 31 December 2022 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 2022 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 2023.

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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 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.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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 2022 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 2023.

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 2023 other than:

a) Share buy-back

The Company repurchased 20,200,000 ordinary shares of its issued share capital from the open market, at an average costs of RM0.20 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 RM4,084,000 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 2023, the Company paid an interim dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2022. The total number of treasury shares distributed was 24,677,276 shares or equivalent to RM5.59 million.

The interim dividend was fully credited into the entitled depositors' securities accounts of the shareholders maintained with Bursa Malaysia Depository Sdn Bhd on 22 May 2023.

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8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2023 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/(loss)	(4,632)	(363)	5,040	(1,015)	(970)	(1,525)	(2,495)
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	65,156	27,532	9,037	-	101,725	-	101,725
Share of profit of associate	-	-	1,828	-	1,828	-	1,828
Share of profit of joint venture	3,066	-	2,325	-	5,391	-	5,391
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(831)	(4,092)	(2,596)	(213)	(7,732)	-	(7,732)
Finance costs	(563)	(414)	(392)	(911)	(2,280)	-	(2,280)
Finance income	2,803	-	6	18	2,827	-	2,827
Income tax expense	(180)	340	(426)	(288)	(554)	-	(554)
Segment assets	281,405	85,447	89,428	109,236	565,516	-	565,516
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	-	-	-	-	-
Investment in joint venture	14,370	-	23,333	-	37,703	-	37,703
Additions to non-current assets other than financial instruments and deferred tax assets	437	1,742	13,492	-	15,671	-	15,671

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

	RM'000
Profit or loss	
Total profit or loss for reportable segments	(970)
Depreciation and amortisation	(7,732)
Finance costs	(2,280)
Finance income	2,827
Unrealised/ realised foreign exchange gain/(loss)	5,700
Unallocated expenses:	
Corporate expenses	(6,108)
Consolidated profit/(loss) before tax from continuing operations	<u>(8,563)</u>
Loss from discontinued operations, net of tax	<u>(1,525)</u>
Consolidated profit/(loss) before tax	<u><u>(10,088)</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 2023. 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 16 November 2023 (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 1 January 2023, Salcon Petroleum Services (Labuan) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Petroleum Services (Labuan) Limited has been struck off the register of companies.
- (ii) On 6 January 2023, Kunci Sempurna Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Kunci Sempurna Sdn Bhd has been struck off the register of companies.
- (iii) On 30 May 2023, Salcon Xinlian Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Xinlian Sdn Bhd has been struck off the register of companies.
- (iv) On 15 September 2023, Salcon Water (Asia) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Water (Asia) Limited 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 2023 are as follows:-

	RM'000
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>30,530</u>
(ii) Claims related to breach of the contract by Aspen Glove Sdn Bhd	<u>173,980</u>

The details of the litigation are reported in Part B (Note 4).

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	416,063
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.41</u>

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

1. Taxation

The breakdown of tax charge is as follows:-

	Current Quarter Ended 30/09/2023 RM'000	Cumulative Quarter To-date 30/09/2023 RM'000
Continuing operations		
Malaysia - current period	(193)	214
- prior years	340	340
	<u>147</u>	<u>554</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

On 24 March 2023, Nusantara Megajuta Sdn Bhd ("NMSB" or "Landowner"), an indirect wholly-owned subsidiary of Salcon, entered into a Joint Venture Agreement with EXSIM Kebun Teh Sdn Bhd to undertake a multiple phased mixed-use development comprising of service apartments and retail units on 2 adjoining parcels of 99 years' leasehold land held under HSD 482930, PTB 22841 and HSD 482931, PTB 22842, Bandar Johor Bahru, Daerah Johor Bahru.

The status of the utilisation of the Landowner's Entitlement to be received of RM140.00 million as at 16 November 2023 is as follows: (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report):-

Purpose	Proposed Utilisation	Actual Utilisation	Estimated Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Repayment of bank borrowings	28,000	-	Within 12 months from the last collection date	-	-	Not Completed
Working capital	112,000	-	Within 12 months from the last collection date	-	-	Not Completed
Total	140,000	-		-	-	-

3. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2023 are as follows:

	As at 3rd quarter ended 2023		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	583	6,165	6,748
<i>Finance lease liabilities</i>	12,175	1,464	13,639
Unsecured			
<i>Term loans</i>	2,573	330	2,903
<i>Bankers' Acceptance</i>	-	4,071	4,071
<i>Revolving Credit</i>	-	4,000	4,000
<i>Bank overdrafts</i>	-	1,162	1,162
	15,331	17,192	32,523

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

For the year to-date financial quarter under review, the Group has recorded borrowings of RM32.52 million as compared to RM26.14 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed by new finance lease amounting to RM8.46 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 16 November 2023 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:-

- (i) **Aspen Glove Sdn Bhd (“AGSB” or “Plaintiff”) vs JR Engineering and Medical Technologies (M) Sdn Bhd (“JREMT” or “Defendant”)**

On 13 January 2021, JREMT had entered into a Sale and Distribution Agreement with AGSB ("Contract"), for the sale and purchase of gloves produced by AGSB in year 2021.

On 4 November 2022, JREMT served a letter of demand on the Plaintiff via its solicitors, Messrs Rosli Dahlan Saravana Partnership, to demand the sum of RM22,363,243.07, being unutilised funds under the Contract.

However, the Plaintiff had on 5 December 2022 filed an Originating Summons with the High Court of Malaya at Shah Alam, Selangor Darul Ehsan, Originating Summons No. BA24NCC-118-12/2022, ("Originating Summons") against the Defendant for the following reliefs :

- (i) a declaration that the letter of demand dated 4 November 2022 is invalid and void;
- (ii) an injunction restraining the Defendant whether by itself or through its agents or representatives from filing or presenting a winding up petition based on the notice of demand dated 4 November 2022 until the disposal of the Originating Summons;
- (iii) an injunction restraining the Defendant whether by itself or through its agents or representative from advertising a winding up petition based on the notice of demand dated 4 November 2022 until the disposal of the Originating Summons;
- (iv) costs; and
- (v) other reliefs the Court deems fit.

JREMT is advised by its solicitors that AGSB's Originating Summons is non-meritorious and JREMT will oppose to the Originating Summons without hesitant. In connection thereto, JREMT had on 19 December 2022 filed an Affidavit in Reply to oppose the Originating Summons, which includes a counterclaim, as follows:

- (a) That the Plaintiff do pay RM22,363,243.07.
- (b) Alternatively, declaration that the Plaintiff is liable to account to the Defendant for the sum of RM22,363,243.07 as a constructive trustee;
- (c) Pre-judgement interests pursuant to Section 11 of the Civil Law Act 1956;
- (d) Post-judgement interests;
- (e) Costs; and
- (f) Such further and/or other reliefs that this Honourable Court deems just and proper.

In relation to the Originating Summons (Summons No.: BA-24NCC-118-12/2022):

- (i) Further to the counterclaim filed by JREMT on 19 December 2022, JREMT had on 27 December 2022 filed an application for interim injunction to, amongst others, preserve the RM22,363,243.07 pending the disposal of JREMT's counterclaim ("Interim Injunction Application").
- (ii) On 20 January 2023, the court granted an ex-parte injunction order ("Ex-Parte Order") in favour of JREMT in the Interim Injunction Application.
- (iii) On 26 January 2023, AGSB filed an application to set-aside the Ex-Parte Order ("Setting Aside Application").
- (iv) On 31 January 2023, the court granted an interim injunction in the Originating Summons in favour of AGSB restraining JREMT from presenting a winding up petition against AGSB pending the disposal of the Originating Summons. The decision in respect of the Originating Summons is fixed on 20 February 2023.
- (v) Directions in respect of JREMT's counterclaim will also be given on 20 February 2023.
- (vi) On 10 February 2023, the court granted an ad-interim injunction order in favour of JREMT in the Interim Injunction Application, pending the disposal of the Interim Injunction Application (inter-partes) and the Setting Aside Application.
- (vii) Hearing and/or decision of the Interim Injunction Application and the Setting Aside Application are fixed on 24 February 2023.
- (viii) AGSB's originating summons was allowed on 20 February 2023.
- (ix) JREMT's application for interim conjunction to preserve the sum of RM22,363,243.07 was dismissed on 24.02.2023.

(x) AGSB’s application to set aside the ex-parte order dated 20 February 2023 was allowed on 24 February 2023.

Furthermore, Salcon also inform that on 25 January 2023, AGSB filed a writ against JREMT (Civil Suit No.: BA-22NCvC-41-01/2023)(“Suit”) endorsed with Statement of Claim. In the Suit, AGSB alleged that JREMT did not purchase one (1) billion pieces of gloves from AGSB as stated in the Contract and therefore JREMT was in breach of the Contract.

In this Suit, AGSB claims:

- (a) a declaration that JREMT breached the Contract;
- (b) an order that JREMT pays AGSB the sum of RM74,654,583.90, being loss of expenditure;
- (c) an order that JREMT pays AGSB the sum of RM99,325,563.00, being loss of profit;
- (d) damages for breach of contract;
- (e) compensation for breach of contract;
- (f) interest;
- (g) costs;
- (h) such further or other relief as the Court deems fit.

JREMT is advised by its solicitors that the Suit is non-meritorious and JREMT shall vigorously defend the Suit.

JREMT had on 31 January 2023 filed its Memorandum of Appearance. The parties of the Suit are now exchanging its pleadings

5. Material Changes in the Results of the Current Quarter compared to that of the Preceding Quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Changes %
	30/09/2023	30/06/2023	
Revenue	42,914	22,538	90%
Operating Profit/(Loss)	(7,911)	(10,994)	28%
Profit/(Loss) Before Interest and Tax	(4,267)	(8,886)	52%
Profit/(Loss) Before Tax	(5,109)	(9,607)	47%
Profit/(Loss) For The Period	(6,775)	(9,223)	27%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,604)	(6,435)	28%

For the current quarter, the Group revenue increased from RM22.54 million to RM42.91 million by 90% and has recorded a reduced loss before tax of RM5.11 million as compared to loss before tax of RM9.61 million in the immediate preceding quarter.

The revenue recorded in the Constructions Division was higher by 132%, an increase from RM12.08 million to RM27.98 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM876,000 in the current quarter as compared to loss before tax of RM10.42 million in the immediate preceding quarter due to impairment losses on investment in joint ventures and associates company in the preceding quarter.



The revenue recorded in the Healthcare Division was higher by 48%, an increase from RM7.64 million to RM11.33 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM773,000 in the current quarter as compared to loss before tax of RM2.54 million in the immediate preceding quarter. The decrease in the loss before tax is mainly due to lower production cost.

In the Property Development Division, it recorded a lower loss before tax of RM714,000 in the current quarter as compared to loss before tax of RM926,000 in the immediate preceding quarter due to lower operating expenses in the current quarter.

For the Trading and Services Division, revenue increased from RM2.74 million to RM3.14 million by 15%. The Division recorded loss before tax of RM1.25 million in the current quarter as compared to profit before tax of RM451,000 in the immediate preceding quarter due to higher operating expenses 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	
	30/09/2023	30/09/2022		30/09/2023	30/09/2022	
Revenue	42,914	37,880	13%	101,725	139,357	-27%
Operating Profit/(Loss)	(7,911)	(5,595)	-41%	(16,329)	(10,166)	-61%
Profit/(Loss) Before Interest and Tax	(4,267)	(4,478)	5%	(6,283)	(5,969)	-5%
Profit/(Loss) Before Tax	(5,109)	(5,151)	1%	(8,563)	(8,050)	-6%
Profit/(Loss) For The Period	(6,775)	(5,462)	-24%	(10,642)	(8,698)	-22%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,604)	(3,800)	-21%	(6,223)	(6,208)	0%

For the current year quarter under review, the Group achieved higher revenue amounting to RM42.91 million as compared to RM37.88 million in the preceding year corresponding quarter or an increase of 13% mainly due to higher completion of projects from Constructions Division. Loss before taxation of RM5.11 million was recorded in the current year quarter as compared to loss before tax of RM5.15 million in the preceding year corresponding quarter.

In the Constructions Division, revenue recorded in the current year quarter was higher by 31% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM876,000 in the current year quarter as compared to profit before tax of RM942,000 in the preceding year corresponding quarter substantially due to lower gross profit margin in the current year quarter.

In the Healthcare Division, revenue decreased from RM12.20 million to RM11.33 million by 7% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM773,000 in the current year quarter as compared to loss before tax of RM3.82 million in the preceding year corresponding quarter mainly due to lower production cost.



The Property Development Division has recorded a loss before tax of RM714,000 in the current year quarter as compared to loss before tax of RM660,000 million in the preceding year corresponding quarter.

In the Trading and Services Division, revenue decreased from RM4.35 million to RM3.14 million by 28% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM1.25 million in the current year quarter as compared to profit before tax of RM515,000 in the preceding year corresponding quarter due to lower gross profit margin in the current year quarter.

For the current year cumulative quarter, the Group recorded revenue of RM101.73 million or 27% decrease as compared to RM139.36 million in the preceding year cumulative quarter. Loss before tax of RM8.56 million was recorded in the current year cumulative quarter as compared to loss before tax of RM8.05 million in the preceding year cumulative quarter.

In the Construction Division, revenue was 22% lower as compared to the preceding year cumulative quarter. The Division loss before tax was RM6.46 million as compared to profit before tax of RM2.08 million in the preceding year cumulative quarter due to impairment losses on investment in joint ventures and associates company in the current year cumulative quarter.

In the Healthcare Division, revenue decreased from RM43.68 million to RM27.53 million by 37% as compared to the preceding year cumulative quarter. The Division recorded a loss before tax of RM4.87 million in the current year cumulative quarter as compared to loss before tax of RM4.97 million in the preceding year cumulative quarter mainly due to higher production cost.

The Property Development Division recorded loss before tax of RM2.12 million in the current year cumulative quarter as compared to loss before tax of RM1.84 million in the preceding year cumulative quarter.

The Trading and Services Division recorded a revenue of RM9.04 million in the current year cumulative quarter as compared to RM12.56 million in the preceding year cumulative quarter. The Division recorded a profit before tax of RM230,000 in the current year cumulative quarter as compared to a profit before tax of RM4.07 million in the preceding year cumulative quarter due to lower gross profit margin in the current year cumulative quarter.

7. Prospects

The Group continues to tender for water and wastewater projects in Malaysia and overseas and have identified strategic partners to jointly undertake water and wastewater infrastructure projects. These strategic partnerships will strengthen our capabilities and enable us to bring our expertise and innovative solutions and services to our clients. The Group will continue to leverage on our proven track to secure new contracts. Progress of existing contracts are on-going and construction activities are expected to pick up towards the year end.

In a competitive landscape, the Group's Healthcare Division has increased marketing activities in new markets whilst placing concerted efforts in Research & Development to meet client demand. The Healthcare Division is also focusing on the production of specialty gloves at its manufacturing facility. Currently, the division runs 3 out of 4 production lines focused solely on the production of specialty gloves which command higher margins.

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 2023, 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 shares

	Current Quarter Ended 30/09/2023	Comparative Quarter Ended 30/09/2022	Cumulative Quarter To-date	
			30/09/2023	30/09/2022
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(3,085)	(3,800)	(4,698)	(6,208)
- discontinued operations	(1,519)	-	(1,525)	-
	<u>(4,604)</u>	<u>(3,800)</u>	<u>(6,223)</u>	<u>(6,208)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>1,007,614</u>	<u>995,376</u>	<u>1,007,614</u>	<u>995,376</u>
Effect of shares repurchased during the period ('000)	(20,200)	(8,591)	(14,746)	(7,105)
Effect of shares distributed as dividend during the period ('000)	<u>24,677</u>	<u>24,677</u>	<u>24,677</u>	<u>24,677</u>
Weighted average number of ordinary shares ('000)	<u>1,012,091</u>	<u>1,011,462</u>	<u>1,017,545</u>	<u>1,012,948</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	(0.30)	(0.38)	(0.46)	(0.61)
- discontinued operations	(0.15)	-	(0.15)	-
Total	<u>(0.45)</u>	<u>(0.38)</u>	<u>(0.61)</u>	<u>(0.61)</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 30/09/2023 RM'000	Cumulative Quarter Ended 30/09/2023 RM'000
Net realised foreign exchange gain/(loss)	(1)	(444)
Net unrealised foreign exchange gain/(loss)	16	6,143
Depreciation and amortization	(3,118)	(7,732)
	<u>(3,103)</u>	<u>(2,033)</u>

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 23 November 2023.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
23 November 2023