



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024 – UNAUDITED**

	30/09/2024 RM'000	31/12/2023 RM'000
Assets		
Property, plant and equipment	53,337	43,903
Right-of-use assets	18,001	14,690
Intangible assets	29,064	23,015
Investment properties	8,058	8,060
Investment in associate	-	-
Investment in joint ventures	30,945	29,664
Other investments	48,626	37,783
Deferred tax assets	12,803	12,720
Trade and other receivables	17,005	17,816
Total non-current assets	217,839	187,651
Trade and other receivables	51,240	44,244
Contract assets	85,838	59,189
Inventories	114,270	113,002
Other investment	7,376	11,239
Current tax assets	3,418	4,017
Assets classified as held for sale	445	445
Cash and cash equivalents	150,071	155,793
Total current assets	412,658	387,929
Total assets	630,497	575,580
Equity		
Ordinary share capital	465,184	458,276
Reserves	(7,461)	(6,418)
Accumulated losses	(59,660)	(62,783)
Total equity attributable to owners of the Company	398,063	389,075
Non-controlling interests	7,065	7,520
Total equity	405,128	396,595
Liabilities		
Trade and other payables	6,651	5,199
Loans and borrowings	15,394	15,360
Lease liabilities	3,210	4,099
Deferred tax liabilities	10,597	11,603
Total non-current liabilities	35,852	36,261
Trade and other payables	140,332	96,862
Contract liabilities	188	1,117
Lease liabilities	4,574	1,477
Loans and borrowings	44,031	42,974
Current tax liabilities	392	294
Total current liabilities	189,517	142,724
Total liabilities	225,369	178,985
Total equity and liabilities	630,497	575,580
Net assets per share (RM)	0.38	0.38

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Revenue	69,423	42,914	214,554	101,725
Cost of sales	(62,525)	(40,291)	(194,201)	(92,504)
Gross Profit	6,898	2,623	20,353	9,221
Other income	4,712	399	17,534	12,913
Other expenses	(233)	701	(636)	(7,931)
Distribution expenses	(426)	(371)	(1,208)	(1,002)
Administrative expenses	(18,545)	(11,263)	(36,987)	(29,530)
Profit/(Loss) from operating activities	(7,594)	(7,911)	(944)	(16,329)
Finance costs	(1,267)	(842)	(2,955)	(2,280)
Finance income	1,132	1,016	3,225	2,827
Share of profit of equity-accounted associate/ joint ventures, net of tax	1,125	2,628	3,283	7,219
Profit/(loss) before tax	(6,604)	(5,109)	2,609	(8,563)
Tax expense	(189)	(147)	(491)	(554)
Profit/(Loss) from continuing operations	(6,793)	(5,256)	2,118	(9,117)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	-	(1,519)	-	(1,525)
Profit/(Loss) for the period	(6,793)	(6,775)	2,118	(10,642)
Profit/(Loss) attributable to:				
Owners of the Company	(5,447)	(4,604)	3,124	(6,223)
Non-controlling interests	(1,346)	(2,171)	(1,006)	(4,419)
Profit/(Loss) for the period	(6,793)	(6,775)	2,118	(10,642)
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	(0.53)	(0.30)	0.31	(0.47)
- from discontinued operations	-	(0.15)	-	(0.15)
Total	(0.53)	(0.45)	0.31	(0.62)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024– UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Profit/(Loss) for the period	(6,793)	(6,775)	2,118	(10,642)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	818	(890)	1,044	1,339
Total other comprehensive (expense)/income	818	(890)	1,044	1,339
Total comprehensive income/(expense) for the period	(5,975)	(7,665)	3,162	(9,303)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	(4,629)	(5,494)	4,168	(4,884)
Non-controlling interests	(1,346)	(2,171)	(1,006)	(4,419)
Total comprehensive income/(expense) for the period	(5,975)	(7,665)	3,162	(9,303)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024 – UNAUDITED**

	Attributable to Owners of the Company				Total	Non-controlling interests	Total equity
	Non – distributable		Distributable				
	Ordinary share capital	Translation reserve	Treasury shares	Accumulated losses			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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 non-controlling interest	-	-	-	-	-	(82)	(82)
At 30 September 2023	458,276	5,675	683	(48,571)	416,063	18,098	434,161
At 1 January 2024	458,276	(6,347)	(71)	(62,783)	389,075	7,520	396,595
Total comprehensive income for the period	-	(1,044)	-	3,124	2,080	(1,006)	1,074
Acquisition of preference shares in a subsidiary	-	-	-	-	-	150	150
Issuance of shares - exercise of Warrants	6,908	-	-	-	6,908	-	6,908
Acquisition of subsidiaries	-	-	-	-	-	434	434
Dividends to Non-controlling interest	-	-	-	-	-	(33)	(33)
At 30 September 2024	465,184	(7,391)	(71)	(59,659)	398,063	7,065	405,128

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024 - UNAUDITED**

	9 months Ended 30/09/2024 RM'000	9 months Ended 30/09/2023 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax		
- continuing operations	2,609	(8,563)
- discontinued operations	-	(1,525)
	<u>2,609</u>	<u>(10,088)</u>
Adjustments for :		
- Non-cash items	(5,792)	(177)
- Non-operating items	(270)	(546)
Operating loss before changes in working capital	<u>(3,453)</u>	<u>(10,811)</u>
Changes in working capital	8,288	5,951
Cash (used in)/generated from operations	<u>4,835</u>	<u>(4,860)</u>
Interest paid	(363)	(959)
Income taxes paid	(584)	(166)
Net cash generated from/(used in) operating activities	<u>3,888</u>	<u>(5,985)</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	900	-
- Proceeds from disposal of investment properties	-	1,663
- Proceeds from disposal of other investments	4,664	6,157
- Acquisition of preference shares in a subsidiary	150	-
- Acquisition of other investments	-	(20,614)
- Acquisition of property, plant and equipment	(7,697)	(6,402)
- Acquisition of subsidiaries, net of cash acquired	(7,003)	-
- Distribution income from fund investments	-	(139)
- Redemption of fund investments	3,862	-
- Redemption of preference shares	-	10,024
- Dividends received from :		
- Associates/joint ventures	2,000	7,200
- Other investments	76	560
- Interest received	3,225	2,827
Net cash from/(used in) investing activities	<u>177</u>	<u>1,276</u>
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	-	(4,084)
- Proceed from exercise of warrants	6,908	-
- Drawdown from borrowings	74	2,426
- Interest paid	(2,592)	(1,321)
- Repayment of borrowings	(1,819)	(3,605)
- Dividends paid to non-controlling interests	(33)	(82)
- Repayment of lease liabilities	(820)	(196)
- Repayment of finance lease liabilities	(3,343)	(1,084)
Net cash from/(used in) financing activities	<u>(1,625)</u>	<u>(7,946)</u>
Net increase/(decrease) in cash and cash equivalents	2,440	(12,655)
Cash and cash equivalents at beginning of period	155,763	140,020
Exchange differences on translation of the financial statements of foreign entities	(8,162)	5,714
Cash and cash equivalents at end of period	<u>150,041</u>	<u>133,079</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024 – UNAUDITED**

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

	9 months Ended 30/09/2024 RM'000	9 months Ended 30/09/2023 RM'000
Cash and bank balances	39,544	23,546
Deposits placed with licensed banks	110,527	109,563
	150,071	133,109
Bank overdrafts	-	-
Pledged deposits	(30)	(30)
	150,041	133,079

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE CUMULATIVE SECOND QUARTER ENDED 30 SEPTEMBER 2024**(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 2023 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 2023. The audited financial statements of the Group as at and for the year ended 31 December 2023 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 2023 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 2024.

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*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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 2023 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 quarter ended 30 September 2024.

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 quarter ended 30 September 2024 other than:

a) Warrants

During the financial period, the Company has issued a total of 23,026,903 new ordinary shares pursuant to the exercise of Warrants 2018/2025 at the exercise price of RM0.30 per share.

As a result of the exercise of warrants, the Company's issued and paid-up share capital has increased by RM6,908,000 and the total number of shares outstanding has increased to 1,035,118,000. The proceeds from the warrant exercise will be used for general corporate purposes, including future capital expenditure and working capital requirements.

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7. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 September 2024 are as follows:-

	Constructions	Glove Manufacturing	Healthcare	Trading & Services	Property Development	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss)	14,267	2,630	(33)	6,367	(649)	22,581
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	171,936	29,885	2,240	10,492	-	214,554
Share of profit of associate	-	-	-	2	-	2
Share of profit of joint venture	308	-	-	2,973	-	3,281
<i>Not included in the measure of segment profit but provided to CODM:</i>						
Depreciation and amortization	(964)	(2,555)	(402)	(1,957)	(213)	(6,091)
Finance costs	(1,235)	(322)	(120)	(358)	(921)	(2,955)
Finance income	3,197	3	-	5	19	3,225
Income tax expense	(26)	63	-	(213)	(314)	(491)
Segment assets	376,316	34,553	20,949	91,204	107,475	630,497
<i>Included in the measure of segment assets are:</i>						
Investment in associate	-	-	-	-	-	-
Investment in joint venture	6,710	-	-	24,235	-	30,945
Additions to non-current assets other than financial instruments and deferred tax assets	1,600	834	12,550	3,740	-	18,725



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

	RM'000
Profit or loss	
Total profit or loss for reportable segments	22,581
Depreciation and amortisation	(6,091)
Finance costs	(2,955)
Finance income	3,225
Unrealised/ realised foreign exchange gain/(loss)	(7,536)
Unallocated expenses:	
Corporate expenses	(6,614)
Consolidated profit/(loss) before tax	<u>2,609</u>

8. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 September 2024. The valuation of land and buildings have been brought forward without amendment from the previous annual audited report.

9. 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 14 November 2024 (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.

10. 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) The Group incorporated several subsidiaries as part of its ongoing expansion strategy in the Healthcare Division. These incorporations were not material to the Group and did not have a significant impact on the Group's consolidated financial position or results for the current period.

A total of 15 subsidiaries were incorporated, all of which are involved in businesses related to provision of healthcare, wellness, and its related activities. The effective ownership interest in each subsidiary varied, with the total consideration for these incorporations amounting to RM551.

As these incorporations are not material, their impact on the Group's financial position and results is not separately disclosed, but they are consolidated into the Group's financial statements as of their respective incorporation dates.

- (ii) Bloom Healthcare Group Sdn Bhd (formerly known as Salcon Smile Sdn Bhd) ("Bloom Healthcare Group"), a 90%-owned subsidiary of Salcon, had on 27 April 2024, entered into a conditional share sale agreement with Dr. Harveen Kaur Boparoy A/P Jasbir Singh and Prakash A/L Sinnappu for the proposed acquisition by Bloom Healthcare Group of 35,000 ordinary shares in SPH Dental Sdn Bhd ("SPH Dental"), representing 70% equity interest in SPH Dental, for a purchase consideration of RM7,280,000, to be satisfied entirely in cash. Following the acquisition, SPH Dental became a 63% indirect-owned subsidiary of the Company.

The principal business activity of SPH Dental is the provision of dental services.



- (ii) SPH Healthcare & Wellness Sdn Bhd (“SPHHW”), a 63% indirect-owned subsidiary of Salcon, had on 2 August 2024, entered into a conditional share sale agreement with Arete Group Sdn Bhd for the proposed acquisition by SPHHW of 70 ordinary shares (“Shares”) in Kee Vee Dental Laboratory Sdn Bhd (“Kee Vee Dental”), representing 70% equity interest in Kee Vee Dental, for a purchase consideration of RM520,000, to be satisfied entirely in cash. Subsequently, upon completion of the transaction, the Shares are in the process of being transferred to Bloom Healthcare Dental (Northern) Sdn Bhd, a 76.50% indirect-owned subsidiary of the Company. Upon completion of the transfer, Kee Vee Dental will become a 53.55% indirect-owned subsidiary of the Company.

The principal business activities of Kee Vee Dental include manufacture of medical and dental instrument and supplies.

- (iii) SPH Healthcare & Wellness Sdn Bhd (“SPHHW”), a 63% indirect-owned subsidiary of Salcon, had on 2 August 2024, entered into a conditional share sale agreement with LYC Dental Group Sdn Bhd for the proposed acquisition by SPHHW of 600 ordinary shares (“Shares”) in Sigma Dental Laboratory Sdn Bhd (“Sigma Dental”), representing 60% equity interest in Sigma Dental, for a purchase consideration of RM380,000, to be satisfied entirely in cash. Subsequently, upon completion of the transaction, the Shares were transferred to Bloom Healthcare Group Sdn Bhd, a 90%-owned subsidiary of the Company, on 7 November 2024. Following the transfer, Sigma Dental became a 54% indirectly-owned subsidiary of the Company.

The principal business activities of Sigma Dental are to operate a dental laboratory business and its related services.

- (iv) On 10 July 2024, Integrated Water Services (M) Sdn Bhd, a 51%-owned subsidiary of the Company, has been dissolved and the name of Integrated Water Services (M) Sdn Bhd has been struck off the register of companies.

11. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 30 September 2024 are as follows:-

	RM'000
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>36,141</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).

12. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	398,063
No. of shares	<u>1,035,118</u>
NA per share (RM)	<u>0.38</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 30/09/2024 RM'000	Cumulative Quarter To-date 30/09/2024 RM'000
Continuing operations		
Malaysia - current period	(189)	(546)
- prior years	-	40
- deferred tax	-	15
	<u>(189)</u>	<u>(491)</u>

The Group's lower 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 primarily attributed to certain unrealised gains that are not subject to taxation.

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 14 November 2024 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 2024 are as follows:

	As at 3rd quarter ended 2024		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	3,680	6,936	10,616
<i>Finance lease liabilities</i>	9,521	3,134	12,655
Unsecured			
<i>Term loans</i>	2,193	360	2,553
<i>Bankers' Acceptance</i>	-	2,401	2,401
<i>Revolving Credit</i>	-	31,200	31,200
	15,394	44,031	59,425

	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

For the year-to-date financial quarter under review, the Group recorded borrowings of RM59.43 million, compared to RM32.53 million for the corresponding period in the immediate preceding year. The increase in borrowings was substantially attributed to the drawdown of revolving credit amounting to RM27.20 million and the acquisition of a subsidiary with loans amounting to RM4.90 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 14 November 2024 (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 %
	30/09/2024	30/06/2024	
Revenue	69,423	97,496	-29%
Operating Profit/(Loss)	(7,594)	4,261	-278%
Profit/(Loss) Before Interest and Tax	(5,377)	6,248	-185%
Profit/(Loss) Before Tax	(6,604)	5,377	-223%
Profit/(Loss) For The Period	(6,793)	5,232	-230%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(5,447)	4,131	-232%

For the current quarter, the Group’s revenue decreased by 29% to RM69.42 million. The Group reported a loss before tax of RM6.60 million, compared to a profit before tax of RM5.38 million in the immediately preceding quarter. This decline was primarily due to unrealised foreign exchange losses incurred in the current quarter.

Revenue in the Construction Division decreased by 36%, from RM82.21 million to RM52.86 million, compared to the immediate preceding quarter. This decline was primarily due to a higher recognition of work completed in the preceding quarter. The division recorded a loss before tax of RM2.72 million in the current quarter, compared to a profit before tax of RM762,000 in the previous quarter, mainly attributed to a lower gross profit margin.



The Glove Manufacturing Division's revenue decreased by 41%, from RM13.67 million to RM8.04 million, compared to the immediate preceding quarter. The division recorded a loss before tax of RM26,000 in the current quarter, compared to a profit before tax of RM569,000 in the previous quarter. This decline was primarily due to lower sales and a reduced gross profit margin in the current quarter.

In the Property Development Division, the loss before tax increased marginally by 2% to RM601,000 in the current quarter, compared to a loss before tax of RM587,000 in the immediate preceding quarter.

In the Trading and Services Division, revenue increased by 488% in the current quarter, rising from RM1.14 million to RM6.72 million. The surge in revenue was primarily due to a portion of the revenue from the immediate preceding quarter being recognised in the current quarter. The division recorded a profit before tax of RM1.81 million, compared to RM1.56 million in the previous quarter, driven by higher revenue and gross profit recognised in the current quarter.

The Group's Healthcare Division recorded higher revenue of RM1.80 million, compared to RM443,000 in the immediate preceding quarter. As the acquisition was completed on 27 May 2024, revenue recognition for this division only commenced on 1 June 2024. The division recorded a higher loss before tax of RM301,000 in the current quarter, compared to a loss before tax of RM253,000 in the previous quarter. This increase in loss was primarily due to higher operating costs incurred 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	
	30/09/2024	30/09/2023		30/09/2024	30/09/2023	
Revenue	69,423	42,914	62%	214,554	101,725	111%
Operating Profit/(Loss)	(7,594)	(7,911)	-4%	(944)	(16,329)	-94%
Profit/(Loss) Before Interest and Tax	(5,337)	(4,267)	25%	5,564	(6,283)	-189%
Profit/(Loss) Before Tax	(6,604)	(5,109)	29%	2,609	(8,563)	-130%
Profit/(Loss) For The Period	(6,793)	(6,775)	0%	2,118	(10,642)	-120%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(5,447)	(4,604)	18%	3,124	(6,223)	-150%

For the current quarter under review, the Group achieved higher revenue of RM69.42 million, compared to RM42.91 million in the corresponding quarter of the preceding year, representing an increase of 62%. This growth was primarily driven by a higher completion of projects in the Construction Division. However, the Group recorded a loss before tax of RM6.60 million in the current quarter, compared to a loss before tax of RM5.11 million in the same quarter of the preceding year. The increase in loss was mainly attributed to unrealised foreign exchange losses incurred amounting to RM7.42 million in the current quarter.



In the Construction Division, revenue for the current quarter was RM52.86 million, representing a 89% increase compared to RM27.98 million in the corresponding quarter of the preceding year. The division recorded a higher loss before tax of RM2.72 million in the current quarter, compared to a loss before tax of RM893,000 in the same quarter of the preceding year. This increase in loss was primarily due to higher operating expenses incurred during the current quarter.

In the Glove Manufacturing Division, revenue decreased by 29%, from RM11.33 million to RM8.04 million, compared to the corresponding quarter of the preceding year. Nevertheless, the division recorded a smaller loss before tax of RM26,000 in the current quarter, compared to a loss before tax of RM773,000 in the same quarter of the preceding year. This improvement was mainly due to a higher gross profit margin in the current quarter.

The Property Development Division reported a reduced loss before tax of RM601,000 in the current quarter, compared to a loss before tax of RM714,000 in the corresponding quarter of the preceding year, due to lower operating expenses in the current quarter.

In the Trading and Services Division, revenue increased by 114%, from RM3.14 million to RM6.72 million, compared to the corresponding quarter of the preceding year, primarily due to the inclusion of revenue from the second quarter of 2024. The division recorded a profit before tax of RM1.81 million in the current quarter, compared to a loss before tax of RM2.77 million in the same quarter of the preceding year, which was mainly attributed to a loss from the dissolution of a subsidiary.

In the Healthcare Division, revenue and loss before tax for the current financial quarter were RM1.80 million and RM301,000 respectively. As this division was formed in the current financial year, there are no comparable figures available.

For the current year cumulative quarter, the Group recorded higher revenue of RM214.55 million, representing a 111% increase compared to RM101.73 million in the corresponding cumulative quarter of the preceding year. The Group also achieved a profit before tax of RM2.61 million in the current year cumulative quarter, compared to a loss before tax of RM8.56 million in the same period of the preceding year.

In the Construction Division, revenue increased by 166% compared to the corresponding cumulative quarter of the preceding year. The division recorded a lower loss before tax of RM2.31 million, compared to a loss before tax of RM6.48 million in the same period of the preceding year which was mainly attributed to impairment losses on investments in joint ventures and an associate company.

In the Glove Manufacturing Division, revenue increased by 9%, from RM27.53 million to RM29.89 million, compared to the preceding year's cumulative quarter. The division recorded a lower loss before tax of RM414,000 in the current year cumulative quarter, compared to a loss before tax of RM4.87 million in the preceding year's cumulative quarter, mainly due to stabilizing selling prices and a gradual increase in glove demand during the current period.

The Property Development Division reported a reduced loss before tax of RM1.76 million in the current year cumulative quarter, compared to a loss before tax of RM2.12 million in the preceding year's cumulative quarter, due to lower operating expenses.

The Trading and Services Division recorded higher revenue of RM10.49 million in the current year cumulative quarter, compared to RM9.07 million in the corresponding quarter of the preceding year. The division achieved a profit before tax of RM4.06 million in the current year cumulative quarter, compared to a loss before tax of RM1.29 million in the same period of the preceding year. This difference was primarily due to lower gross profit margins and the loss from the dissolution of a subsidiary, which affected the corresponding period in the preceding year.



In the Healthcare Division, revenue and loss before tax recorded in the current cumulative quarter were RM2.24 million and RM555,000, respectively. As this division was formed in the current financial year, there are no comparable figures available.

7. Prospects

The Group remains optimistic about its growth prospects, supported by the recently announced Malaysia Budget 2025, which allocates RM3 billion for flood mitigation projects. This presents significant opportunities for our construction and infrastructure divisions, where we aim to leverage our expertise to secure new contracts.

The Budget also allocated significant funding for regional development, particularly in water supply and energy infrastructure, areas in which the Group is well-positioned to participate and contribute.

In addition, our recent diversification into the healthcare sector, specifically the dental industry, is expected to positively impact the Group's performance in the coming years.

With these opportunities, the Group is confident in driving growth and delivering value to shareholders by capitalizing on both established sectors and new business ventures.

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 2024, 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 30/09/2024	Comparative Quarter Ended 30/09/2023	Cumulative Quarter To-date 30/09/2024	Cumulative Quarter To-date 30/09/2023
Profit/(loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(5,447)	(3,085)	3,124	(4,698)
- discontinued operations	-	(1,519)	-	(1,525)
	<u>(5,447)</u>	<u>(4,604)</u>	<u>3,124</u>	<u>(6,223)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>1,012,091</u>	<u>1,007,614</u>	<u>1,012,091</u>	<u>1,007,614</u>
Effect of shares repurchased during the period ('000)	-	(20,200)	-	(14,746)
Effect of warrants exercised during the period ('000)	14,438	-	4,849	(14,746)
Effect of shares distributed as dividend during the period ('000)	-	24,677	-	24,677
Weighted average number of ordinary shares ('000)	<u>1,026,529</u>	<u>1,012,091</u>	<u>1,016,940</u>	<u>1,002,799</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	(0.53)	(0.30)	0.31	(0.47)
- discontinued operations	-	(0.15)	-	(0.15)
Total	<u>(0.53)</u>	<u>(0.45)</u>	<u>0.31</u>	<u>(0.62)</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 30/09/2024 RM'000	Cumulative Quarter Ended 30/09/2024 RM'000
Net realised foreign exchange gain/(loss)	(1)	122
Net unrealised foreign exchange gain/(loss)	(8,007)	(7,658)
Depreciation and amortization	(2,425)	(6,092)
	<u>(10,433)</u>	<u>(13,628)</u>



SALCON BERHAD [200201026133 (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 21 November 2024.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
21 November 2024