



SALCON BERHAD [200201026133 (593796-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2023 - UNAUDITED**

	31/03/2023	31/12/2022
	RM'000	RM'000
Assets		
Property, plant and equipment	54,862	55,051
Right-of-use assets	12,731	12,545
Intangible assets	33,675	33,924
Investment properties	9,078	9,078
Investment in associate	18,929	17,244
Investment in joint ventures	38,267	37,620
Inventories	108,831	-
Other investments	13,951	13,520
Deferred tax assets	11,521	11,548
Trade and other receivables	9,106	10,404
Total non-current assets	<u>310,951</u>	<u>200,934</u>
Trade and other receivables	54,306	69,151
Contract assets	49,448	52,145
Inventories	11,871	120,754
Other investment	6,108	6,070
Current tax assets	3,495	3,983
Assets classified as held for sale	445	1,075
Cash and cash equivalents	147,702	140,072
Total current assets	<u>273,375</u>	<u>393,250</u>
Total assets	<u><u>584,326</u></u>	<u><u>594,184</u></u>
Equity		
Share capital	458,276	458,276
Reserves	853	3,510
Accumulated losses	(31,939)	(36,755)
Total equity attributable to owners of the Company	<u>427,190</u>	<u>425,031</u>
Non-controlling interests	<u>23,089</u>	<u>22,599</u>
Total equity	<u><u>450,279</u></u>	<u><u>447,630</u></u>
Liabilities		
Loans and borrowings	6,760	6,737
Lease liabilities	802	671
Deferred tax liabilities	12,125	12,110
Total non-current liabilities	<u>19,687</u>	<u>19,518</u>
Trade and other payables	89,145	106,464
Contract liabilities	2	520
Lease liabilities	775	1,138
Loans and borrowings	24,205	18,800
Current tax liabilities	233	114
Total current liabilities	<u>114,360</u>	<u>127,036</u>
Total liabilities	<u>134,047</u>	<u>146,554</u>
Total equity and liabilities	<u><u>584,326</u></u>	<u><u>594,184</u></u>
Net assets per share (RM)	0.42	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 FIRST QUARTER ENDED 31 MARCH 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Revenue	36,273	47,503	36,273	47,503
Cost of sales	(28,480)	(42,977)	(28,480)	(42,977)
Gross Profit	7,793	4,526	7,793	4,526
Other income	5,375	1,272	5,375	1,272
Other expenses	(1,336)	(743)	(1,336)	(743)
Distribution expenses	(310)	(289)	(310)	(289)
Administrative expenses	(8,946)	(9,631)	(8,946)	(9,631)
Profit/(Loss) from operating activities	2,576	(4,865)	2,576	(4,865)
Finance costs	(717)	(700)	(717)	(700)
Finance income	762	98	762	98
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	3,532	1,614	3,532	1,614
Profit/(Loss) before tax	6,153	(3,853)	6,153	(3,853)
Tax expense	(791)	216	(791)	216
Profit/(Loss) from continuing operations	5,362	(3,637)	5,362	(3,637)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	(6)	-	(6)	-
Profit/(Loss) for the period	5,356	(3,637)	5,356	(3,637)
Profit/(Loss) attributable to:				
Owners of the Company	4,816	(2,578)	4,816	(2,578)
Non-controlling interests	540	(1,059)	540	(1,059)
Profit/(Loss) for the period	5,356	(3,637)	5,356	(3,637)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	0.48	(0.27)	0.48	(0.27)
- from discontinued operations	-	-	-	-
Total	0.48	(0.27)	0.48	(0.27)

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 FIRST QUARTER ENDED 31 MARCH 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Profit/(Loss) for the period	5,356	(3,637)	5,356	(3,637)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	187	(460)	187	(460)
Total other comprehensive income/(expense)	187	(460)	187	(460)
Total comprehensive income/(expense) for the period	5,543	(4,097)	5,543	(4,097)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	5,003	(3,038)	5,003	(3,038)
Non-controlling interests	540	(1,059)	540	(1,059)
Total comprehensive income/(expense) for the period	5,543	(4,097)	5,543	(4,097)

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 FIRST QUARTER ENDED 31 MARCH 2023 – UNAUDITED**

	← Attributable to Owners of the Company →				Total	Non- controlling interests	Total equity
	← Non – distributable →		Distributable				
	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 2022	458,276	7,133	(3,744)	(6,831)	454,834	39,595	494,429
Total comprehensive income for the period	-	(460)	-	(2,578)	(3,038)	(1,059)	(4,097)
Own shares acquired	-	-	(1,943)	-	(1,943)	-	(1,943)
At 31 March 2022	458,276	6,673	(5,687)	(9,409)	449,853	38,536	488,389
At 1 January 2023	458,276	4,336	(826)	(36,755)	425,031	22,599	447,630
Total comprehensive income for the period	-	187	-	4,816	5,003	540	5,543
Own shares acquired	-	-	(2,844)	-	(2,844)	-	(2,844)
Dividends to minority interest	-	-	-	-	-	(50)	(50)
At 31 March 2023	458,276	4,523	(3,670)	(31,939)	427,190	23,089	450,279

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 FIRST QUARTER ENDED 31 MARCH 2023 - UNAUDITED**

	3 months Ended 31/03/2023 RM'000	3 months Ended 31/03/2022 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax		
- continuing operations	6,153	(3,853)
- discontinued operations	(6)	-
	<u>6,147</u>	<u>(3,853)</u>
Adjustments for :		
- Non-cash items	(4,115)	9
- Non-operating items	(44)	602
Operating loss before changes in working capital	<u>1,988</u>	<u>(3,242)</u>
Changes in working capital	<u>2,269</u>	<u>24,702</u>
Cash generated from/(used in) operations	<u>4,257</u>	<u>21,460</u>
Interest paid	(313)	(76)
Income taxes paid	(142)	(44)
Net cash from/(used in) operating activities	<u>3,802</u>	<u>21,340</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of investment properties	630	217
- Proceeds from disposal of other investments	5,409	-
- Net cash inflow from dissolution of subsidiaries	6	-
- Acquisition of other investments	(4,959)	(27,509)
- Acquisition of property, plant and equipment	(1,394)	(9,670)
- Distribution income from fund investments	(39)	(64)
- Redemption of investment fund from fund investments	-	24,500
- Dividends received from :		
- Other investments	16	25
- Interest received	762	98
Net cash from/(used in) investing activities	<u>431</u>	<u>(12,403)</u>
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	(2,844)	(1,943)
- Drawdown from borrowings	6,161	18
- Interest paid	(404)	(624)
- Repayment of borrowings	(103)	(11,576)
- Dividends paid to non-controlling interests	(50)	-
- Repayment of lease liabilities	(231)	(432)
- Repayment of finance lease liabilities	(996)	(706)
Net cash from/(used in) financing activities	<u>1,533</u>	<u>(15,263)</u>
Net increase/(decrease) in cash and cash equivalents	<u>5,766</u>	<u>(6,326)</u>
Cash and cash equivalents at beginning of period	140,020	120,495
Exchange differences on translation of the financial statements of foreign entities	1,498	(307)
Cash and cash equivalents at end of period	<u>147,284</u>	<u>113,862</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 FIRST QUARTER ENDED 31 MARCH 2023 – UNAUDITED**

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

	3 months Ended 31/03/2023 RM'000	3 months Ended 31/03/2022 RM'000
Cash and bank balances	22,822	81,522
Deposits placed with licensed banks	124,880	32,548
	147,702	114,070
Bank overdrafts	(388)	(178)
Pledged deposits	(30)	(30)
	147,284	113,862

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 FIRST QUARTER ENDED 31 MARCH 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 quarter ended 31 March 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 quarter ended 31 March 2023 other than:

- a) Share buy-back

The Company repurchased 14,821,800 ordinary shares of its issued share capital from the open market, at an average costs of RM0.19 per share. The total consideration paid for the share buy-back including transaction costs during the current financial quarter and financial period to date amounted to RM2,844,000 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



7. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 31 March 2023 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/(loss)	6,984	(550)	3,412	(111)	9,735	(6)	9,729
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	24,554	8,564	3,155	-	36,273	-	36,273
Share of profit of associate	614	-	1,685	-	1,685	-	1,685
Share of profit of joint venture	1,047	-	800	-	1,847	-	1,847
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(246)	(866)	(620)	(71)	(1,803)	-	(1,803)
Finance costs	(193)	(143)	(77)	(304)	(717)	-	(717)
Finance income	754	-	2	6	762	-	762
Income tax expense	(625)	(27)	(45)	(94)	(791)	-	(791)
Segment assets	292,158	86,377	97,007	108,784	584,326	-	584,326
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	18,929	-	18,929	-	18,929
Investment in joint venture	16,460	-	21,807	-	38,267	-	38,267
Additions to non-current assets other than financial instruments and deferred tax assets	49	1,332	13	-	1,394	-	1,394



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

	RM'000
Profit or loss	
Total profit or loss for reportable segments	9,735
Depreciation and amortisation	(1,803)
Finance costs	(717)
Finance income	762
Unrealised/ realised foreign exchange gain/(loss)	1,049
Unallocated expenses:	
Corporate expenses	(2,873)
Consolidated profit/(loss) before tax from continuing operations	<u>6,153</u>
Loss from discontinued operations, net of tax	(6)
Consolidated profit/(loss) before tax	<u><u>6,147</u></u>

8. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 March 2023. 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 18 May 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.

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) 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.

11. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 31 March 2023 are as follows:-

	RM'000
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>30,396</u>
(ii) Claims related to breach of the contract by Aspen Glove Sdn Bhd	<u><u>173,980</u></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	427,190
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.42</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



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 31/03/2022 RM'000	Cumulative Quarter To-date 31/03/2022 RM'000
Continuing operations		
Malaysian - current period	791	791
	791	791

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 18 May 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 31 March 2023 are as follows:

	As at 1st quarter ended 2023		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	986	5,227	6,213
<i>Finance lease liabilities</i>	3,041	1,416	4,457
Unsecured			
<i>Term loans</i>	2,733	330	3,063
<i>Bankers' Acceptance</i>	-	11,844	11,844
<i>Revolving Credit</i>	-	5,000	5,000
<i>Bank overdrafts</i>	-	388	388
	6,760	24,205	30,965

	As at 1st 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	5,985	9,441
<i>Finance lease liabilities</i>	3,466	2,204	5,670
Unsecured			
<i>Term loans</i>	-	3,349	3,349
<i>Bankers' Acceptance</i>	-	4,075	4,075
<i>Revolving Credit</i>	-	5,000	5,000
<i>Bank overdrafts</i>	-	178	178
	6,922	20,791	27,713

For the year to-date financial quarter under review, the Group has recorded borrowings of RM30.97 million as compared to RM27.71 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed drawdown of bankers' acceptance amounting to RM7.77 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 18 May 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 %
	31/03/2023	31/12/2022	
Revenue	36,273	64,752	-44%
Operating Profit/(Loss)	2,576	(44,411)	106%
Profit/(Loss) Before Interest and Tax	6,870	(42,998)	116%
Profit/(Loss) Before Tax	6,153	(43,590)	114%
Profit/(Loss) For The Period	5,356	(32,628)	116%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,816	(18,122)	127%

For the current quarter, the Group recorded revenue of RM36.27 million and has recorded a profit before tax of RM6.15 million as compared to loss before tax of RM43.59 million in the immediate preceding quarter.

The revenue recorded in the Constructions Division was lower by 52%, a decrease from RM51.60 million to RM24.54 million as compared to the immediate preceding quarter mainly due to delay in obtaining approval resulting in delay in progress. The Division recorded profit before tax of RM4.83 million in the current quarter as compared to profit before tax of RM2.28 million in the immediate preceding quarter due to higher gross profit margin in the current quarter.



The revenue recorded in the Healthcare Division was RM8.56 million in the current quarter. The Division recorded loss before tax of RM1.56 million in the current quarter as compared to loss before tax of RM45.74 million in the immediate preceding quarter. The decrease in the profit before tax is mainly due to higher production cost.

In the Property Development Division, it recorded a lower loss before tax of RM480,000 in the current quarter as compared to loss before tax of RM592,000 in the immediate preceding quarter due to lower operating expenses in the current quarter.

For the Trading and Services Division, revenue decreased from RM4.52 million to RM3.16 million by 30%. The Division recorded profit before tax of RM2.72 million in the current quarter as compared to loss before tax of RM300,000 in the immediate preceding quarter due to higher contributions from share of profit from associate company in the current quarter.

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

	Individual Period (1st Quarter)		Changes %	3 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	
	31/03/2023	31/03/2022		31/03/2023	31/03/2022	
Revenue	36,273	47,503	-24%	36,273	47,503	-24%
Operating Profit/(Loss)	2,576	(4,865)	153%	2,576	(4,865)	153%
Profit/(Loss) Before Interest and Tax	6,870	(3,153)	318%	6,870	(3,153)	318%
Profit/(Loss) Before Tax	6,153	(3,853)	260%	6,153	(3,853)	260%
Profit/(Loss) For The Period	5,356	(3,637)	247%	5,356	(3,637)	247%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,816	(2,578)	287%	4,816	(2,578)	287%

For the current year quarter under review, the Group achieved lower revenue amounting to RM36.27 million as compared to RM47.50 million for the preceding year corresponding quarter or a decrease of 24% mainly due to lower sales from Healthcare Division. Profit before taxation of RM6.15 million was recorded in the current year quarter as compared to loss before tax of RM3.85 million in the preceding year corresponding quarter substantially attributed by the unrealised gain on foreign exchange and fair value gain on other investments in the current year quarter.

In the Constructions Division, achieved lower revenue amounting to RM24.54 million as compared to RM24.66 million for the preceding year corresponding quarter. The Division recorded a profit before tax of RM4.83 million in the current year quarter as compared to loss before tax of RM1.80 million in the preceding year corresponding quarter due to higher gross profit margin in the current year quarter.

In the Healthcare Division, revenue decreased from RM18.54 million to RM8.56 million by 54% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of



RM1.56 million in the current year quarter as compared to loss before tax of RM1.44 million in the preceding year corresponding quarter mainly due to higher production cost.

The Property Development Division has recorded a loss before tax of RM480,000 in the current year quarter as compared to loss before tax of RM588,000 in the preceding year corresponding quarter due to lower operating expenses in the current year quarter.

In the Trading and Services Division, revenue decreased from RM4.28 million to RM3.16 million by 26% as compared to the preceding year corresponding quarter. The Division recorded a profit before tax of RM2.72 million in the current year quarter as compared to profit before tax of RM2.20 million in the preceding year corresponding quarter due to higher contributions from share of profit from associate company in the current year quarter.

7. Prospects

The Group started the year on a positive note recording an improved financial performance vis-à-vis the corresponding quarter of the previous year.

In the Engineering & Construction Division, the Group successfully secured a RM65 million contract for the Engineering, Procurement, Construction and Commissioning ("EPCC") of a 10.44MW Small Hydro Powerplant at Sungai Selangor Dam. The award of the project reflects the strong confidence and trust in the Group's capabilities by our clients.

As for prospects in the Healthcare Division, the average selling prices (ASPs) have normalised to their pre-pandemic levels amid an increasingly competitive operating landscape. Nevertheless, MARGMA projects that the supply-demand equilibrium may return in six to nine months with a 12-15% growth in the global demand for rubber gloves annually from 2023. In this challenging environment, the Group has taken proactive cost control measures and also invests in R&D to develop new glove products, ie specialised medical gloves with improved quality and function with a view of higher margins to expand the division's income stream.

Both Technology Services Division and Transportation Division are contributing positive and recurring income to the Group's performance.

We will continue to build on this positive financial performance and remain committed to pursuing new business opportunities, leveraging our strengths, and delivering value to our stakeholders.

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 31 March 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 31/03/2023	Comparative Quarter Ended 31/03/2022	Cumulative Quarter To-date 31/03/2023	Cumulative Quarter To-date 31/03/2022
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	4,822	(2,578)	4,822	(2,578)
- discontinued operations	(6)	-	(6)	-
	<u>4,816</u>	<u>(2,578)</u>	<u>4,816</u>	<u>(2,578)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	<u>1,007,614</u>	<u>955,376</u>	<u>1,007,614</u>	<u>955,376</u>
Effect of shares repurchased during the period ('000)	<u>(3,957)</u>	<u>(4,661)</u>	<u>(3,957)</u>	<u>(4,661)</u>
Weighted average number of ordinary shares ('000)	<u>1,003,657</u>	<u>950,715</u>	<u>1,003,657</u>	<u>950,715</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	0.48	(0.27)	0.48	(0.27)
- discontinued operations	-	-	-	-
Total	<u>0.48</u>	<u>(0.27)</u>	<u>0.48</u>	<u>(0.27)</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 31/03/2023 RM'000	Cumulative Quarter Ended 31/03/2023 RM'000
Net realised foreign exchange gain/(loss)	(441)	(441)
Net unrealised foreign exchange gain/(loss)	1,490	1,490
Depreciation and amortization	(1,803)	(1,803)
	<u>(754)</u>	<u>(754)</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 25 May 2023.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
25 May 2023