



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

	<b>30/06/2023</b>	31/12/2022
	<b>RM'000</b>	RM'000
<b>Assets</b>		
Property, plant and equipment	<b>66,031</b>	55,051
Right-of-use assets	<b>12,430</b>	12,545
Intangible assets	<b>33,431</b>	33,924
Investment properties	<b>8,086</b>	9,078
Investment in associate	<b>8,714</b>	17,244
Investment in joint ventures	<b>36,019</b>	37,620
Inventories	<b>108,831</b>	108,831
Other investments	<b>30,255</b>	13,520
Deferred tax assets	<b>11,798</b>	11,548
Trade and other receivables	<b>9,593</b>	10,404
<b>Total non-current assets</b>	<b><u>325,188</u></b>	<u>309,765</u>
Trade and other receivables	<b>38,280</b>	69,151
Contract assets	<b>45,536</b>	52,145
Inventories	<b>11,658</b>	11,923
Other investment	<b>5,150</b>	6,070
Current tax assets	<b>3,907</b>	3,983
Assets classified as held for sale	<b>1,424</b>	1,075
Cash and cash equivalents	<b>142,990</b>	140,072
<b>Total current assets</b>	<b><u>248,945</u></b>	<u>284,419</u>
<b>Total assets</b>	<b><u><u>574,133</u></u></b>	<u><u>594,184</u></u>
<b>Equity</b>		
Share capital	<b>458,276</b>	458,276
Reserves	<b>7,248</b>	3,510
Accumulated losses	<b>(43,967)</b>	(36,755)
<b>Total equity attributable to owners of the Company</b>	<b><u>421,557</u></b>	<u>425,031</u>
<b>Non-controlling interests</b>	<b><u>20,271</u></b>	<u>22,599</u>
<b>Total equity</b>	<b><u><u>441,828</u></u></b>	<u><u>447,630</u></u>
<b>Liabilities</b>		
Loans and borrowings	<b>13,602</b>	6,737
Lease liabilities	<b>848</b>	671
Deferred tax liabilities	<b>12,143</b>	12,110
<b>Total non-current liabilities</b>	<b><u>26,593</u></b>	<u>19,518</u>
Trade and other payables	<b>80,316</b>	106,464
Contract liabilities	<b>435</b>	520
Lease liabilities	<b>607</b>	1,138
Loans and borrowings	<b>24,003</b>	18,800
Current tax liabilities	<b>351</b>	114
<b>Total current liabilities</b>	<b><u>105,712</u></b>	<u>127,036</u>
<b>Total liabilities</b>	<b><u><u>132,305</u></u></b>	<u><u>146,554</u></u>
<b>Total equity and liabilities</b>	<b><u><u>574,133</u></u></b>	<u><u>594,184</u></u>
Net assets per share (RM)	<b>0.42</b>	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.



**SALCON BERHAD** [200201026133 (593796-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	Todate	Period
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>22,538</b>	53,974	<b>58,811</b>	101,477
Cost of sales	<b>(23,733)</b>	(43,700)	<b>(52,213)</b>	(86,677)
<b>Gross Profit</b>	<b>(1,195)</b>	10,274	<b>6,598</b>	14,800
Other income	<b>7,139</b>	1,448	<b>12,514</b>	2,720
Other expenses	<b>(7,296)</b>	(747)	<b>(8,632)</b>	(1,490)
Distribution expenses	<b>(321)</b>	(335)	<b>(631)</b>	(624)
Administrative expenses	<b>(9,321)</b>	(10,346)	<b>(18,267)</b>	(19,977)
<b>Profit/(Loss) from operating activities</b>	<b>(10,994)</b>	294	<b>(8,418)</b>	(4,571)
Finance costs	<b>(721)</b>	(708)	<b>(1,438)</b>	(1,408)
Finance income	<b>1,049</b>	229	<b>1,811</b>	327
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	<b>1,059</b>	1,139	<b>4,591</b>	2,753
<b>Profit/(Loss) before tax</b>	<b>(9,607)</b>	954	<b>(3,454)</b>	(2,899)
Tax expense	<b>384</b>	(553)	<b>(407)</b>	(337)
<b>Profit/(Loss) from continuing operations</b>	<b>(9,223)</b>	401	<b>(3,861)</b>	(3,236)
<b>Discontinued operations</b>				
Profit/(Loss) from discontinued operations, net of tax	<b>-</b>	-	<b>(6)</b>	-
<b>Profit/(Loss) for the period</b>	<b>(9,223)</b>	401	<b>(3,867)</b>	(3,236)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	<b>(6,435)</b>	170	<b>(1,619)</b>	(2,408)
Non-controlling interests	<b>(2,788)</b>	231	<b>(2,248)</b>	(828)
<b>Profit/(Loss) for the period</b>	<b>(9,223)</b>	401	<b>(3,867)</b>	(3,236)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	<b>(0.64)</b>	(0.02)	<b>(0.16)</b>	(0.24)
- from discontinued operations	<b>-</b>	-	<b>-</b>	-
<b>Total</b>	<b>(0.64)</b>	(0.02)	<b>(0.16)</b>	(0.24)

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 SECOND QUARTER ENDED 30 JUNE 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	<b>Current Year Quarter</b>	Preceding Year Corresponding Quarter	<b>Current Year ToDate</b>	Preceding Year Corresponding Period
	<b>30/06/2023 RM'000</b>	30/06/2022 RM'000	<b>30/06/2023 RM'000</b>	30/06/2022 RM'000
<b>Profit/(Loss) for the period</b>	<b>(9,223)</b>	401	<b>(3,867)</b>	(3,236)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	<b>2,042</b>	1,606	<b>2,229</b>	1,146
<b>Total other comprehensive income/(expense)</b>	<b>2,042</b>	1,606	<b>2,229</b>	1,146
<b>Total comprehensive income/(expense) for the period</b>	<b>(7,181)</b>	2,007	<b>(1,638)</b>	(2,090)
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	<b>(4,393)</b>	1,776	<b>610</b>	(1,262)
Non-controlling interests	<b>(2,788)</b>	231	<b>(2,248)</b>	(828)
<b>Total comprehensive income/(expense) for the period</b>	<b>(7,181)</b>	2,007	<b>(1,638)</b>	(2,090)

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 SECOND QUARTER ENDED 30 JUNE 2023 – UNAUDITED**

	← Attributable to Owners of the Company →				Total	Non- controlling interests	Total equity
	← Non – distributable →		Distributable				
	Share capital	Translation reserve	Treasury shares	Retained losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2022</b>	458,276	7,133	(3,744)	(6,831)	454,834	39,595	494,429
Total comprehensive income for the period	-	1,146	-	(2,408)	(1,262)	(828)	(2,090)
Own shares acquired	-	-	(1,943)	-	(1,943)	-	(1,943)
<b>At 30 June 2022</b>	<b>458,276</b>	<b>8,279</b>	<b>(5,687)</b>	<b>(9,239)</b>	<b>451,629</b>	<b>38,767</b>	<b>490,396</b>
<b>At 1 January 2023</b>	458,276	4,336	(826)	(36,755)	425,031	22,599	447,630
Total comprehensive income for the period	-	2,229	-	(1,619)	610	(2,248)	(1,638)
Own shares acquired	-	-	(4,084)	-	(4,084)	-	(4,084)
Dividends to shareholders	-	-	5,593	(5,593)	-	-	-
Dividends to minority interest	-	-	-	-	-	(80)	(80)
<b>At 30 June 2023</b>	<b>458,276</b>	<b>6,565</b>	<b>683</b>	<b>(43,967)</b>	<b>421,557</b>	<b>20,271</b>	<b>441,828</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE CUMULATIVE SECOND QUARTER ENDED 30 JUNE 2023 - UNAUDITED**

	<b>6 months Ended 30/06/2023 RM'000</b>	<b>6 months Ended 30/06/2022 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Loss before tax		
- continuing operations	(3,454)	(2,899)
- discontinued operations	(6)	-
	<u>(3,460)</u>	<u>(2,899)</u>
Adjustments for :		
- Non-cash items	(2,213)	1,276
- Non-operating items	(373)	1,082
Operating loss before changes in working capital	<u>(6,046)</u>	<u>(541)</u>
Changes in working capital	14,585	35,700
Cash generated from/(used in) operations	<u>8,539</u>	<u>35,159</u>
Interest paid	(313)	(76)
Income taxes paid	(311)	(857)
<b>Net cash from/(used in) operating activities</b>	<u><b>7,915</b></u>	<u><b>34,226</b></u>
<b><u>Cash flows from investing activities</u></b>		
- Proceeds from disposal of property, plant and equipment	-	48
- Proceeds from disposal of investment properties	587	1,463
- Proceeds from disposal of other investments	5,409	-
- Net cash inflow from dissolution of subsidiaries	6	-
- Acquisition of other investments	(20,614)	(5,010)
- Acquisition of property, plant and equipment	(5,791)	(9,943)
- Distribution income from fund investments	(80)	(218)
- Placement of fund investments	-	(4,378)
- Dividends received from :		
- Associates/joint ventures	8,000	-
- Other investments	102	40
- Interest received	1,811	327
<b>Net cash from/(used in) investing activities</b>	<u><b>(10,570)</b></u>	<u><b>(17,671)</b></u>
<b><u>Cash flows from financing activities</u></b>		
- Repurchase of treasury shares	(4,084)	(1,943)
- Drawdown from borrowings	6,418	1,983
- Interest paid	(1,125)	(1,332)
- Repayment of borrowings	(1,232)	(11,927)
- Dividends paid to non-controlling interests	(80)	-
- Repayment of lease liabilities	(355)	(810)
- Repayment of finance lease liabilities	(1,562)	(1,102)
<b>Net cash from/(used in) financing activities</b>	<u><b>(2,020)</b></u>	<u><b>(15,131)</b></u>
Net increase/(decrease) in cash and cash equivalents	<u><b>(4,675)</b></u>	<u>1,424</u>
Cash and cash equivalents at beginning of period	<u>140,020</u>	<u>120,495</u>
Exchange differences on translation of the financial statements of foreign entities	7,615	1,547
<b>Cash and cash equivalents at end of period</b>	<u><b>142,960</b></u>	<u><b>123,466</b></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 SECOND QUARTER ENDED 30 JUNE 2023 – UNAUDITED**

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

	<b>6 months Ended 30/06/2023 RM'000</b>	<b>6 months Ended 30/06/2022 RM'000</b>
Cash and bank balances	<b>32,740</b>	70,930
Deposits placed with licensed banks	<b>110,250</b>	52,616
	<b>142,990</b>	123,546
Bank overdrafts	-	(50)
Pledged deposits	<b>(30)</b>	(30)
	<b>142,960</b>	123,466

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 SECOND QUARTER ENDED 30 JUNE 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 June 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 June 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 June 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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



## 8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 June 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
<b>Segment profit/(loss)</b>	(3,721)	(1,304)	4,740	(669)	(954)	(6)	(960)
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	36,717	16,202	5,892	-	58,811	-	58,811
Share of profit of associate	-	-	1,685	-	1,685	-	1,685
Share of profit of joint venture	1,363	-	1,543	-	2,906	-	2,906
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(542)	(2,519)	(1,411)	(142)	(4,614)	-	(4,614)
Finance costs	(390)	(274)	(167)	(607)	(1,438)	-	(1,438)
Finance income	1,795	-	4	12	1,811	-	1,811
Income tax expense	(363)	236	(93)	(187)	(407)	-	(407)
<b>Segment assets</b>	<b>283,223</b>	<b>83,792</b>	<b>98,671</b>	<b>108,447</b>	<b>574,133</b>	<b>-</b>	<b>574,133</b>
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	8,714	-	8,714	-	8,714
Investment in joint venture	13,468	-	22,551	-	36,019	-	36,019
Additions to non-current assets other than financial instruments and deferred tax assets	131	1,332	12,793	-	14,256	-	14,256

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

	<b>RM'000</b>
<b>Profit or loss</b>	
Total profit or loss for reportable segments	(954)
Depreciation and amortisation	(4,614)
Finance costs	(1,438)
Finance income	1,811
Unrealised/ realised foreign exchange gain/(loss)	5,684
Unallocated expenses:	
Corporate expenses	(3,943)
Consolidated profit/(loss) before tax from continuing operations	(3,454)
Loss from discontinued operations, net of tax	(6)
Consolidated profit/(loss) before tax	(3,460)

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

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 June 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 17 August 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.

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

The contingent liabilities as at financial period ended 30 June 2023 are as follows:-

	<b>RM'000</b>
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	28,102
(ii) Claims related to breach of the contract by Aspen Glove Sdn Bhd	173,980

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:-

	<b>RM'000</b>
Shareholders funds	421,557
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 30/06/2022 RM'000	Cumulative Quarter To-date 30/06/2022 RM'000
Continuing operations		
Malaysian - current period	(384)	407
	<u>(384)</u>	<u>407</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 17 August 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
<b>Total</b>	<b>140,000</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>

### 3. Group Borrowings and Debt Securities

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

	As at 2nd quarter ended 2023		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
<b>Secured</b>			
<i>Term loans</i>	672	5,146	5,818
<i>Finance lease liabilities</i>	10,367	1,990	12,357
<b>Unsecured</b>			
<i>Term loans</i>	2,563	330	2,893
<i>Bankers' Acceptance</i>	-	9,537	9,537
<i>Revolving Credit</i>	-	7,000	7,000
	13,602	24,003	37,605

	As at 2nd quarter ended 2022		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
<b>Secured</b>			
<i>Term loans</i>	3,456	3,211	6,667
<i>Finance lease liabilities</i>	3,512	1,761	5,273
<b>Unsecured</b>			
<i>Term loans</i>	-	3,314	3,314
<i>Bankers' Acceptance</i>	-	6,499	6,499
<i>Revolving Credit</i>	-	7,000	7,000
<i>Bank overdrafts</i>	-	50	50
	6,968	21,835	28,803

For the year to-date financial quarter under review, the Group has recorded borrowings of RM37.61 million as compared to RM28.80 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 17 August 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 AGBS (“Contract”), for the sale and purchase of gloves produced by AGBS 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 %
	30/06/2023	31/03/2023	
Revenue	22,538	36,273	-38%
Operating Profit/(Loss)	(10,994)	2,576	-527%
Profit/(Loss) Before Interest and Tax	(8,886)	6,870	-229%
Profit/(Loss) Before Tax	(9,607)	6,153	-256%
Profit/(Loss) For The Period	(9,223)	5,356	-272%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(6,435)	4,816	-234%

For the current quarter, the Group revenue decreased from RM36.27 million to RM22.54 million by 38% and has recorded a loss before tax of RM9.61 million as compared to profit before tax of RM6.15 million in the immediate preceding quarter.

The revenue recorded in the Constructions Division was lower by 51%, a decrease from RM24.54 million to RM12.08 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM10.42 million in the current quarter as compared to profit before tax of RM4.83 million in the immediate preceding quarter due to impairment losses on investment in joint ventures and associate company.

The revenue recorded in the Healthcare Division was lower by 11%, a decrease from RM8.56 million to RM7.64 million as compared to the immediate preceding quarter. The Division recorded loss





before tax of RM2.54 million in the current quarter as compared to loss before tax of RM1.56 million in the immediate preceding quarter. The decrease in the profit before tax is mainly due to lower selling price and higher average production cost.

In the Property Development Division, it recorded a higher loss before tax of RM926,000 in the current quarter as compared to loss before tax of RM480,000 in the immediate preceding quarter due to higher operating expenses in the current quarter.

For the Trading and Services Division, revenue decreased from RM3.16 million to RM2.74 million by 13%. The Division recorded profit before tax of RM451,000 in the current quarter as compared to profit before tax of RM1.03 million 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 (2nd Quarter)		Changes %	6 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	
	30/06/2023	30/06/2022		30/06/2023	30/06/2022	
Revenue	22,538	53,974	-58%	58,811	101,477	-42%
Operating Profit/(Loss)	(10,994)	294	-3,839%	(8,418)	(4,571)	-84%
Profit/(Loss) Before Interest and Tax	(8,886)	1,662	-635%	(2,016)	(1,491)	-35%
Profit/(Loss) Before Tax	(9,607)	954	-1,107%	(3,454)	(2,899)	-19%
Profit/(Loss) For The Period	(9,223)	401	-2,400%	(3,867)	(3,236)	-19%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(6,435)	170	-3,885%	(1,619)	(2,408)	33%

For the current year quarter under review, the Group achieved lower revenue amounting to RM22.54 million as compared to RM53.97 million in the preceding year corresponding quarter or a decrease of 58% mainly due to lower completion of projects from Constructions Division. Loss before taxation of RM9.61 million was recorded in the current year quarter as compared to profit before tax of RM954,000 in the preceding year corresponding quarter substantially due to impairment losses on investment in joint ventures and associate company.

In the Constructions Division, revenue recorded in the current year quarter was lower by 67% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM10.42 million in the current year quarter as compared to profit before tax of RM2.93 million in the preceding year corresponding quarter substantially due to impairment losses on investment in joint ventures and associate company in the current year quarter.

In the Healthcare Division, revenue decreased from RM12.93 million to RM7.64 million by 41% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM2.54 million in the current year quarter as compared to profit before tax of RM286,000 in the preceding year corresponding quarter mainly due to lower selling price and higher average production cost.



The Property Development Division has recorded a loss before tax of RM926,000 in the current year quarter as compared to loss before tax of RM593,000 in the preceding year corresponding quarter.

In the Trading and Services Division, revenue decreased from RM3.93 million to RM2.74 million by 30% as compared to the preceding year corresponding quarter. The Division recorded a profit before tax of RM451,000 in the current year quarter as compared to profit before tax of RM1.41 million 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 RM58.81 million or 42% decrease as compared to RM101.48 million in the preceding year cumulative quarter. Loss before tax of RM3.45 million was recorded in the current year cumulative quarter as compared to loss before tax of RM2.90 million in the preceding year cumulative quarter.

In the Construction Division, revenue was 41% lower as compared to the preceding year cumulative quarter. The Division loss before tax was RM5.59 million as compared to profit before tax of RM1.14 million in the preceding year cumulative quarter to impairment losses on investment in joint ventures and associate company in the current year cumulative quarter.

In the Healthcare Division, revenue decreased from RM31.47 million to RM16.20 million by 49% as compared to the preceding year cumulative quarter. The Division recorded a loss before tax of RM4.10 million in the current year cumulative quarter as compared to loss before tax of RM1.15 million in the preceding year cumulative quarter mainly due to lower selling price and higher average production cost.

The Property Development Division recorded loss before tax of RM1.41 million in the current year cumulative quarter as compared to loss before tax of RM1.18 million in the preceding year cumulative quarter.

The Trading and Services Division recorded a revenue of RM5.89 million in the current year cumulative quarter as compared to RM8.21 million in the preceding year cumulative quarter. The Division recorded a profit before tax of RM1.48 million in the current year cumulative quarter as compared to a profit before tax of RM3.56 million in the preceding year cumulative quarter due to lower contributions from share of profit from joint venture in the current year cumulative quarter.

## **7. Prospects**

In the first half of 2023, the Group secured new contracts for both the Engineering & Construction Division as well as our Renewable Energy Division. In the Engineering & Construction Division, the Group secured Small Hydro Powerplant Project at the Sungai Selangor Dam at RM64.99 million and sewer reticulation works valued at RM20.66 million from Eco Horizon Sdn Bhd.

The Renewable Energy Division together with its consortium with KAB Smart Solar Energy Sdn Bhd was selected to develop a Solar Photovoltaic Plant with an export capacity of 7MW under the Corporate Green Power Programme ("CGPP") by the Energy Commission of Malaysia. Under the Malaysia Renewable Energy Roadmap, the government has committed to increasing RE capacity to 70 per cent by 2050. Securing this project under the CGPP initiative will add to Salcon's portfolio of renewable energy assets as it continues to venture into this foray.

These projects will contribute positively towards the earnings and net assets of Salcon Group.



## 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 June 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 30/06/2023	Comparative Quarter Ended 30/06/2022	Cumulative Quarter To-date 30/06/2023	Cumulative Quarter To-date 30/06/2022
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(6,435)	170	(1,613)	(2,408)
- discontinued operations	-	-	(6)	-
	<u>(6,435)</u>	<u>170</u>	<u>(1,619)</u>	<u>(2,408)</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)	(19,903)	(8,018)	(11,974)	(6,349)
Effect of shares distributed as dividend during the period ('000)	<u>24,677</u>	<u>-</u>	<u>24,677</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>1,012,388</u>	<u>987,358</u>	<u>1,020,317</u>	<u>989,027</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	(0.64)	0.02	(0.16)	(0.24)
- discontinued operations	-	-	-	-
Total	<u>(0.64)</u>	<u>0.02</u>	<u>(0.16)</u>	<u>(0.24)</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 30/06/2023 RM'000	Cumulative Quarter Ended 30/06/2023 RM'000
Net realised foreign exchange gain/(loss)	(2)	(443)
Net unrealised foreign exchange gain/(loss)	4,637	6,127
Depreciation and amortization	(2,811)	(4,614)
	<hr/> 1,824	<hr/> 1,070

**Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 August 2023.

**ON BEHALF OF THE BOARD**

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

Selangor Darul Ehsan  
24 August 2023