



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

	30/06/2024	31/12/2023
	RM'000	RM'000
Assets		
Property, plant and equipment	51,915	43,903
Right-of-use assets	15,917	14,690
Intangible assets	29,227	23,015
Investment properties	8,060	8,060
Investment in associate	-	-
Investment in joint ventures	29,823	29,664
Other investments	43,844	37,783
Deferred tax assets	12,750	12,720
Trade and other receivables	16,894	17,816
Total non-current assets	<u>208,430</u>	<u>187,651</u>
Trade and other receivables	40,673	44,244
Contract assets	115,758	59,189
Inventories	113,733	113,002
Other investment	10,330	11,239
Current tax assets	3,270	4,017
Assets classified as held for sale	445	445
Cash and cash equivalents	154,702	155,793
Total current assets	<u>438,911</u>	<u>387,929</u>
Total assets	<u><u>647,341</u></u>	<u><u>575,580</u></u>
Equity		
Ordinary share capital	458,630	458,276
Reserves	(6,192)	(6,418)
Accumulated losses	(54,212)	(62,783)
Total equity attributable to owners of the Company	<u>398,226</u>	<u>389,075</u>
Non-controlling interests	8,444	7,520
Total equity	<u>406,670</u>	<u>396,595</u>
Liabilities		
Trade and other payables	6,244	5,199
Loans and borrowings	17,475	15,360
Lease liabilities	1,499	4,099
Deferred tax liabilities	10,580	11,603
Total non-current liabilities	<u>35,798</u>	<u>36,261</u>
Trade and other payables	149,180	96,862
Contract liabilities	652	1,117
Lease liabilities	4,025	1,477
Loans and borrowings	50,550	42,974
Current tax liabilities	466	294
Total current liabilities	<u>204,873</u>	<u>142,724</u>
Total liabilities	<u>240,671</u>	<u>178,985</u>
Total equity and liabilities	<u><u>647,341</u></u>	<u><u>575,580</u></u>
Net assets per share (RM)	0.39	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.



SALCON BERHAD [200201026133 (593796-T)]

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Todate	Preceding Year Corresponding Period
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Revenue	97,496	22,538	145,131	58,811
Cost of sales	(89,218)	(23,733)	(131,676)	(52,213)
Gross Profit	8,278	(1,195)	13,455	6,598
Other income	5,720	7,139	12,822	12,514
Other expenses	(25)	(7,290)	(403)	(8,632)
Distribution expenses	(499)	(321)	(782)	(631)
Administrative expenses	(9,213)	(9,321)	(18,442)	(18,267)
Profit/(Loss) from operating activities	4,261	(10,988)	6,650	(8,418)
Finance costs	(871)	(721)	(1,688)	(1,438)
Finance income	1,022	1,049	2,093	1,811
Share of profit of equity-accounted associate/ joint ventures, net of tax	965	1,059	2,158	4,591
Profit/(loss) before tax	5,377	(9,601)	9,213	(3,454)
Tax expense	(145)	384	(302)	(407)
Profit/(Loss) from continuing operations	5,232	(9,217)	8,911	(3,861)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	-	(6)	-	(6)
Profit/(Loss) for the period	5,232	(9,223)	8,911	(3,867)
Profit/(Loss) attributable to:				
Owners of the Company	4,131	(6,435)	8,571	(1,619)
Non-controlling interests	1,101	(2,788)	340	(2,248)
Profit/(Loss) for the period	5,232	(9,223)	8,911	(3,867)
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.41	(0.64)	0.85	(0.16)
- from discontinued operations	-	-	-	-
Total	0.41	(0.64)	0.85	(0.16)

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 JUNE 2024– UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Profit/(Loss) for the period	5,232	(9,223)	8,911	(3,867)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(450)	2,042	226	2,229
Total other comprehensive (expense)/income	(450)	2,042	226	2,229
Total comprehensive income/(expense) for the period	4,782	(7,181)	9,137	(1,638)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	3,681	(4,393)	8,797	610
Non-controlling interests	1,101	(2,788)	340	(2,248)
Total comprehensive income/(expense) for the period	4,782	(7,181)	9,137	(1,638)

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 JUNE 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	
At 1 January 2023	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 non-controlling interest	-	-	-	-	-	(80)	(80)
At 30 June 2023	458,276	6,565	683	(43,967)	421,557	20,271	441,828
At 1 January 2024	458,276	(6,347)	(71)	(62,783)	389,075	7,520	396,595
Total comprehensive income for the period	-	226	-	8,571	8,797	340	9,137
Acquisition of preference shares in a subsidiary	-	-	-	-	-	150	150
Issuance of shares - exercise of Warrants	354	-	-	-	354	-	354
Acquisition of subsidiaries	-	-	-	-	-	434	434
At 30 June 2024	458,630	(6,121)	(71)	(54,212)	398,226	8,444	406,670

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 JUNE 2024 - UNAUDITED**

	6 months Ended 30/06/2024 RM'000	6 months Ended 30/06/2023 RM'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax		
- continuing operations	9,213	(3,454)
- discontinued operations	-	(6)
	<u>9,213</u>	<u>(3,460)</u>
Adjustments for :		
- Non-cash items	(10,321)	(2,213)
- Non-operating items	(406)	(373)
Operating loss before changes in working capital	<u>(1,514)</u>	<u>(6,046)</u>
Changes in working capital	<u>(1,513)</u>	<u>14,585</u>
Cash (used in)/generated from operations	<u>(3,027)</u>	<u>8,539</u>
Interest paid	(363)	(313)
Income taxes paid	(137)	(311)
Net cash (used in)/generated from operating activities	<u>(3,527)</u>	<u>7,915</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	900	-
- Proceeds from disposal of investment properties	-	587
- Proceeds from disposal of other investments	4,664	5,409
- Net cash inflow from dilution of interest in subsidiaries	-	6
- Acquisition of preference shares in a subsidiary	150	-
- Acquisition of other investments	-	(20,614)
- Acquisition of property, plant and equipment	(3,782)	(5,791)
- Acquisition of subsidiaries, net of cash acquired	(7,003)	-
- Distribution income from fund investments	-	(80)
- Redemption of fund investments	908	-
- Dividends received from :		
- Associates/joint ventures	2,000	8,000
- Other investments	76	102
- Interest received	2,093	1,811
Net cash from/(used in) investing activities	<u>6</u>	<u>(10,570)</u>
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	-	(4,084)
- Proceed from exercise of warrants	354	-
- Drawdown from borrowings	5,319	6,418
- Interest paid	(1,324)	(1,125)
- Repayment of borrowings	(614)	(1,232)
- Dividends paid to non-controlling interests	-	(80)
- Repayment of lease liabilities	(565)	(355)
- Repayment of finance lease liabilities	(1,193)	(1,562)
Net cash from/(used in) financing activities	<u>1,977</u>	<u>(2,020)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,544)</u>	<u>(4,675)</u>
Cash and cash equivalents at beginning of period	155,763	140,020
Exchange differences on translation of the financial statements of foreign entities	453	7,615
Cash and cash equivalents at end of period	<u>154,672</u>	<u>142,960</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 JUNE 2024 – UNAUDITED**

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

	6 months Ended 30/06/2024 RM'000	6 months Ended 30/06/2023 RM'000
Cash and bank balances	45,898	32,740
Deposits placed with licensed banks	108,804	110,250
	154,702	142,990
Bank overdrafts	-	-
Pledged deposits	(30)	(30)
	154,672	142,960

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 JUNE 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 June 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 June 2024.

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7. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 30 June 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)	11,941	1,723	(175)	3,355	(420)	16,424
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	119,073	21,846	443	3,769	-	145,131
Share of profit of associate	-	-	-	-	-	-
Share of profit of joint venture	276	-	-	1,882	-	2,158
<i>Not included in the measure of segment profit but provided to CODM:</i>						
Depreciation and amortization	(653)	(1,863)	(60)	(949)	(142)	(3,667)
Finance costs	(639)	(251)	(18)	(166)	(614)	(1,688)
Finance income	2,074	2	-	4	13	2,093
Income tax expense	(15)	15	-	(95)	(207)	(302)
Segment assets	397,617	35,017	14,748	91,125	108,834	647,341
<i>Included in the measure of segment assets are:</i>						
Investment in associate	-	-	-	-	-	-
Investment in joint venture	6,678	-	-	23,145	-	29,823
Additions to non-current assets other than financial instruments and deferred tax assets	1,561	508	7,384	3,220	-	12,673



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

	RM'000
Profit or loss	
Total profit or loss for reportable segments	16,424
Depreciation and amortisation	(3,667)
Finance costs	(1,688)
Finance income	2,093
Unrealised/ realised foreign exchange gain/(loss)	472
Unallocated expenses:	
Corporate expenses	(4,421)
Consolidated profit/(loss) before tax	<u>9,213</u>

8. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 30 June 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 15 August 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.

11. Changes in Contingent Liabilities/Contingent Assets

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

	RM'000
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>32,154</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	398,226
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.39</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 30/06/2024 RM'000	Cumulative Quarter To-date 30/06/2024 RM'000
Continuing operations		
Malaysia - current period	(138)	(357)
- prior years	-	40
- deferred tax	(7)	15
	<u>(145)</u>	<u>(302)</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 15 August 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 June 2024 are as follows:

	As at 2nd quarter ended 2024		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	3,699	8,026	11,725
<i>Finance lease liabilities</i>	11,494	3,311	14,805
Unsecured			
<i>Term loans</i>	2,282	360	2,642
<i>Bankers' Acceptance</i>	-	3,653	3,653
<i>Revolving Credit</i>	-	35,200	35,200
	17,475	50,550	68,025

	As at 2nd quarter ended 2023		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	672	5,146	5,818
<i>Finance lease liabilities</i>	10,367	1,990	12,357
Unsecured			
<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

For the year-to-date financial quarter under review, the Group recorded borrowings of RM68.03 million, compared to RM37.61 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 15 August 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 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 %
	30/06/2024	31/03/2024	
Revenue	97,496	47,635	105%
Operating Profit/(Loss)	4,261	2,389	78%
Profit/(Loss) Before Interest and Tax	6,248	4,653	117%
Profit/(Loss) Before Tax	5,377	3,836	34%
Profit/(Loss) For The Period	5,232	3,679	42%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,131	4,440	-7%

For the current quarter, the Group's revenue increased by 105%, reaching RM97.50 million. The Group recorded a profit before tax of RM5.38 million, compared to RM3.84 million in the immediate preceding quarter, mainly due to a higher gross profit margin in the current quarter.

Revenue in the Constructions Division was higher by 123%, an increase from RM36.79 million to RM82.21 million compared to the immediate preceding quarter, driven by higher recognition of work completed in the current quarter. The division recorded a profit before tax of RM762,000 in the current quarter, compared to a loss before tax of RM346,000 in the immediate preceding quarter, attributed by a higher gross profit margin.

The Glove Manufacturing Division's revenue increased by 67%, rising from RM8.18 million to RM13.67 million compared to the immediate preceding quarter. The division recorded a profit before



tax of RM569,000 in the current quarter, compared to a loss before tax of RM956,000 in the immediate preceding quarter, primarily due to higher sales and gross profit margin.

In the Property Development Division, the loss before tax increased marginally by 2% to RM587,000 in the current quarter, compared to a loss before tax of RM575,000 in the immediate preceding quarter.

For the Trading and Services Division, revenue decreased by 56% in the current quarter, from RM2.62 million to RM1.14 million. Nevertheless, the division recorded a profit before tax of RM1.56 million in the current quarter, compared to RM682,000 in the immediate preceding quarter, due to lower operating expenses in the current quarter.

The Group's new Healthcare Division recorded revenue of RM443,000 and a loss before tax of RM227,000 in the current quarter. The loss before tax was primarily due to professional costs incurred in relation to the recent acquisition.

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	
	30/06/2024	30/06/2023		30/06/2024	30/06/2023	
Revenue	97,496	22,538	333%	145,131	58,811	147%
Operating Profit/(Loss)	4,261	(10,994)	139%	6,650	(8,418)	179%
Profit/(Loss) Before Interest and Tax	6,248	(8,886)	170%	10,901	(2,016)	641%
Profit/(Loss) Before Tax	5,377	(9,607)	156%	9,213	(3,454)	367%
Profit/(Loss) For The Period	5,232	(9,223)	157%	8,911	(3,867)	330%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,131	(6,435)	164%	8,571	(1,619)	629%

For the current quarter under review, the Group achieved higher revenue of RM97.50 million, compared to RM22.54 million in the corresponding quarter of the preceding year, marking an increase of 333%. This growth was primarily driven by the higher completion of projects in the Constructions Division. A profit before tax of RM5.38 million was recorded in the current quarter, compared to a loss before tax of RM9.61 million in the corresponding quarter of the preceding year, largely due to impairment losses on investments in joint ventures and an associate company in the preceding year's corresponding quarter.

In the Constructions Division, revenue for the current quarter was RM82.21 million, representing a 581% increase compared to RM12.08 million in the corresponding quarter of the preceding year. The division recorded a profit before tax of RM762,000 in the current quarter, compared to a loss before tax of RM10.42 million in the corresponding quarter of the preceding year, which was primarily due to impairment losses on investments in joint ventures and an associate.



In the Glove Manufacturing Division, revenue increased by 79%, from RM7.64 million to RM13.67 million, compared to the corresponding quarter of the preceding year. The division recorded a profit before tax of RM569,000 in the current quarter, compared to a loss before tax of RM2.54 million in the corresponding quarter of the preceding year, mainly due to higher sales and an improved gross profit margin in the current quarter.

The Property Development Division reported a reduced loss before tax of RM587,000 in the current quarter, compared to a loss before tax of RM926,000 in the corresponding quarter of the preceding year, due to lower operating expenses in the current quarter.

In the Trading and Services Division, revenue decreased by 58%, from RM2.74 million to RM1.14 million, compared to the corresponding quarter of the preceding year. Nevertheless, the division recorded a higher profit before tax of RM1.56 million in the current quarter, compared to a profit before tax of RM451,000 in the corresponding quarter of the preceding year, mainly due to a higher gross profit margin and lower operating expenses.

In the Healthcare Division, revenue and loss before tax for the current financial quarter were RM443,000 and RM253,000 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 RM145.13 million, representing a 147% increase compared to RM58.81 million in the preceding year's cumulative quarter. The Group also achieved a profit before tax of RM9.21 million in the current year cumulative quarter, compared to a loss before tax of RM3.45 million in the preceding year's cumulative quarter.

In the Construction Division, revenue increased by 225% compared to the preceding year's cumulative quarter. The division recorded a profit before tax of RM416,000, compared to a loss before tax of RM5.59 million in the preceding year's cumulative quarter, primarily due to impairment losses on investments in joint ventures and an associate company in the preceding period.

In the Glove Manufacturing Division, revenue increased by 35%, from RM16.20 million to RM21.85 million, compared to the preceding year's cumulative quarter. The division recorded a loss before tax of RM388,000 in the current year cumulative quarter, compared to a loss before tax of RM4.10 million in the preceding year's cumulative quarter, mainly due to lower selling prices and higher average production costs in the preceding period.

The Property Development Division reported a reduced loss before tax of RM1.16 million in the current year cumulative quarter, compared to a loss before tax of RM1.41 million in the preceding year's cumulative quarter, due to lower operating expenses.

The Trading and Services Division recorded revenue of RM3.77 million in the current year cumulative quarter, compared to RM5.89 million in the preceding year's cumulative quarter. The division achieved a profit before tax of RM2.24 million in the current year cumulative quarter, compared to a profit before tax of RM1.48 million in the preceding year's cumulative quarter, primarily due to lower operating expenses and higher contributions from the share of profit from a joint venture in the current period.

In the Healthcare Division, revenue and loss before tax recorded in the current cumulative quarter were RM443,000 and RM253,000, respectively. As this division was formed in the current financial year, there are no comparable figures available.



7. Prospects

The Group continues to tender for water and wastewater projects in Malaysia and overseas to undertake water and wastewater infrastructure projects. As the country moves into a post pandemic phase, coupled with the budget 2024 announcement, a budget of RM11.8 billion is set aside for 33 high priority flood mitigation projects. The Group positions itself to be ready to seize the opportunities and will continue to leverage on our proven track to secure new contracts. Progress of existing contracts are on-going and construction activities are expected to pick up towards the year end.

The Group has also diversified into healthcare, namely the dental industry, seeking opportunities for growth.

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 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	Comparative Quarter Ended	Cumulative Quarter To-date	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Profit/(loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	4,131	(6,435)	8,571	(1,613)
- discontinued operations	-	-	-	(6)
	<u>4,131</u>	<u>(6,435)</u>	<u>8,571</u>	<u>(1,619)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	1,012,091	1,007,614	1,012,091	1,007,614
Effect of shares repurchased during the period ('000)	-	(19,903)	-	(11,974)
Effect of shares distributed as dividend during the period ('000)	-	24,677	-	24,677
Weighted average number of ordinary shares ('000)	<u>1,012,091</u>	<u>1,012,388</u>	<u>1,012,091</u>	<u>1,020,317</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	0.41	(0.64)	0.85	(0.16)
- discontinued operations	-	-	-	(0.00)
Total	<u>0.41</u>	<u>(0.64)</u>	<u>0.85</u>	<u>(0.16)</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 30/06/2024 RM'000	Cumulative Quarter Ended 30/06/2024 RM'000
Net realised foreign exchange gain/(loss)	(19)	123
Net unrealised foreign exchange gain/(loss)	(236)	349
Depreciation and amortization	(2,277)	(3,667)
	<u>(2,352)</u>	<u>(3,195)</u>

Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 August 2024.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
22 August 2024