



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2023 – UNAUDITED**

	31/12/2023	31/12/2022
	RM'000	RM'000
Assets		
Property, plant and equipment	45,080	55,051
Right-of-use assets	14,292	12,545
Intangible assets	20,407	33,924
Investment properties	7,810	9,078
Investment in associate	-	17,244
Investment in joint ventures	29,631	37,620
Inventories	108,831	108,831
Other investments	37,783	13,520
Deferred tax assets	10,943	11,548
Trade and other receivables	3,688	10,404
Total non-current assets	<u>278,465</u>	<u>309,765</u>
Trade and other receivables	56,276	69,151
Contract assets	58,993	52,145
Inventories	4,171	11,923
Other investment	11,239	6,070
Current tax assets	4,017	3,983
Assets classified as held for sale	445	1,075
Cash and cash equivalents	155,805	140,072
Total current assets	<u>290,946</u>	<u>284,419</u>
Total assets	<u>569,411</u>	<u>594,184</u>
Equity		
Share capital	458,276	458,276
Reserves	(5,806)	3,510
Accumulated losses	(63,704)	(36,755)
Total equity attributable to owners of the Company	<u>388,766</u>	<u>425,031</u>
Non-controlling interests	<u>7,369</u>	<u>22,599</u>
Total equity	<u>396,135</u>	<u>447,630</u>
Liabilities		
Loans and borrowings	15,407	6,737
Lease liabilities	1,865	671
Deferred tax liabilities	9,826	12,110
Total non-current liabilities	<u>27,098</u>	<u>19,518</u>
Trade and other payables	100,723	106,464
Contract liabilities	656	520
Lease liabilities	1,591	1,138
Loans and borrowings	42,914	18,800
Current tax liabilities	294	114
Total current liabilities	<u>146,178</u>	<u>127,036</u>
Total liabilities	<u>173,276</u>	<u>146,554</u>
Total equity and liabilities	<u>569,411</u>	<u>594,184</u>
Net assets per share (RM)	0.38	0.42

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



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Revenue	52,577	64,752	154,302	204,109
	(54,241)	(58,083)	(146,745)	(180,677)
Gross Profit	(1,664)	6,669	7,557	23,432
Other income	14,179	24,075	27,092	29,956
Other expenses	(40,249)	(63,655)	(48,180)	(65,570)
Distribution expenses	(422)	(651)	(1,424)	(1,774)
Administrative expenses	(9,785)	(10,849)	(39,315)	(40,621)
Profit/(Loss) from operating activities	(37,941)	(44,411)	(54,270)	(54,577)
Finance costs	(942)	(592)	(3,222)	(2,673)
Finance income	1,125	625	3,952	1,477
Share of profit/(loss) of equity-accounted associate/ joint ventures, net of tax	373	788	7,592	4,133
Profit/(Loss) before tax	(37,385)	(43,590)	(45,948)	(51,640)
Tax expense	1,976	10,968	1,422	10,320
Profit/(Loss) from continuing operations	(35,409)	(32,622)	(44,526)	(41,320)
Discontinued operations				
Profit/(Loss) from discontinued operations, net of tax	8,758	(6)	7,233	(6)
Profit/(Loss) for the period	(26,651)	(32,628)	(37,293)	(41,326)
Profit/(Loss) attributable to:				
Owners of the Company	(15,137)	(18,122)	(21,360)	(24,330)
Non-controlling interests	(11,514)	(14,506)	(15,933)	(16,996)
Profit/(Loss) for the period	(26,651)	(32,628)	(37,293)	(41,326)
Basic (loss)/earnings per ordinary share (sen)				
- from continuing operations	(2.36)	(1.80)	(2.81)	(2.40)
- from discontinued operations	0.86	-	0.71	-
Total	(1.50)	(1.80)	(2.10)	(2.40)

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 FOURTH QUARTER ENDED 31 DECEMBER 2023 – UNAUDITED**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year ToDate	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Profit/(Loss) for the period	(26,651)	(32,628)	(37,293)	(41,326)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(12,164)	(1,647)	(10,825)	(2,797)
Total other comprehensive income/(expense)	(12,164)	(1,647)	(10,825)	(2,797)
Total comprehensive income/(expense) for the period	(38,815)	(34,275)	(48,118)	(44,123)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	(27,301)	(19,769)	(32,185)	(27,127)
Non-controlling interests	(11,514)	(14,506)	(15,933)	(16,996)
Total comprehensive income/(expense) for the period	(38,815)	(34,275)	(48,118)	(44,123)

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.



SALCON BERHAD [200201026133 (593796-T)]

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE FOURTH QUARTER ENDED 31 DECEMBER 2023 – UNAUDITED**

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non – distributable →		Distributable				
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained losses 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	-	(2,797)	-	(24,330)	(27,127)	(16,996)	(44,123)
Own shares acquired	-	-	(2,676)	-	(2,676)	-	(2,676)
Dividends to shareholders	-	-	5,594	(5,594)	-	-	-
At 31 December 2022	458,276	4,336	(826)	(36,755)	425,031	22,599	447,630
At 1 January 2023	458,276	4,336	(826)	(36,755)	425,031	22,599	447,630
Total comprehensive income for the period	-	(10,825)	-	(21,360)	(32,185)	(15,933)	(48,118)
Own shares acquired	-	-	(4,084)	-	(4,084)	-	(4,084)
Acquisition of subsidiaries	-	-	-	-	-	300	300
Changes in ownership interest in subsidiaries	-	-	-	4	4	485	489
Dividends to shareholders	-	-	5,593	(5,593)	-	-	-
Dividends to minority interest	-	-	-	-	-	(82)	(82)
At 31 December 2023	458,276	(6,489)	683	(63,704)	388,766	7,369	396,135

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 FOURTH QUARTER ENDED 31 DECEMBER 2023 - UNAUDITED**

	12 months Ended 31/12/2023 RM'000	12 months Ended 31/12/2022 RM'000
<u>Cash flows from operating activities</u>		
Loss before tax		
- continuing operations	(45,947)	(51,640)
- discontinued operations	7,233	(6)
	<u>(38,714)</u>	<u>(51,646)</u>
Adjustments for :		
- Non-cash items	27,299	48,842
- Non-operating items	(730)	1,196
Operating loss before changes in working capital	<u>(12,145)</u>	<u>(1,608)</u>
Changes in working capital	20,834	48,217
Cash (used in)/generated from operations	<u>8,689</u>	<u>46,609</u>
Interest paid	(1,304)	(1,300)
Income taxes paid	(111)	(6,224)
Net cash (used in)/generated from operating activities	<u>7,274</u>	<u>39,085</u>
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	-	139
- Proceeds from disposal of investment properties	1,663	631
- Proceeds from disposal of other investments	6,157	-
- Proceeds from disposal of assets held for sale	-	2,712
- Proceeds from dilution of interest in subsidiaries	490	-
- Acquisition of other investments	(30,630)	(9,338)
- Acquisition of property, plant and equipment	(6,911)	(9,698)
- Subscription of shares in a subsidiary	300	-
- Distribution income from fund investments	(1,169)	(125)
- Redemption of preference shares	10,024	-
- Redemption of investment from fund investments	-	17,129
- Dividends received from :		
- Associates/joint ventures	5,760	-
- Other investments	599	83
- Interest received	3,952	1,477
Net cash from/(used in) investing activities	<u>(9,765)</u>	<u>3,010</u>
<u>Cash flows from financing activities</u>		
- Repurchase of treasury shares	(4,084)	(2,676)
- Drawdown from borrowings	28,434	205
- Interest paid	(1,918)	(1,373)
- Repayment of borrowings	(3,790)	(13,133)
- Dividends paid to non-controlling interests	(82)	-
- Repayment of lease liabilities	1,946	(2,022)
- Repayment of finance lease liabilities	(1,107)	(2,497)
Net cash used in financing activities	<u>19,399</u>	<u>(21,496)</u>
Net increase/(decrease) in cash and cash equivalents	16,908	20,599
Cash and cash equivalents at beginning of period	140,020	120,495
Exchange differences on translation of the financial statements of foreign entities	<u>(1,153)</u>	<u>(1,074)</u>
Cash and cash equivalents at end of period	<u>155,775</u>	<u>140,020</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 FOURTH QUARTER ENDED 31 DECEMBER 2023 – UNAUDITED**

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

	12 months Ended 31/12/2023 RM'000	12 months Ended 31/12/2022 RM'000
Cash and bank balances	20,290	23,564
Deposits placed with licensed banks	135,515	116,508
	155,805	140,072
Bank overdrafts	-	(22)
Pledged deposits	(30)	(30)
	155,775	140,020

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 FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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 31 December 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 31 December, the Company paid an interim dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2022. The total number of treasury shares distributed was 24,677,276 shares or equivalent to RM5.59 million.

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

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8. Segmental Reporting

The segmental revenue and results of the Group for the cumulative quarter ended 31 December 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)	(7,934)	(26,541)	7,190	(879)	(28,164)	7,233	(20,931)
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	102,484	38,535	13,283	-	154,302	-	154,302
Share of profit of associate	-	-	1,793	-	1,793	-	1,793
Share of profit of joint venture	3,045	-	2,754	-	5,799	-	5,799
<i>Not included in the measure of segment profit but provided to CODM:</i>							
Depreciation and amortization	(1,128)	(7,671)	(5,632)	(284)	(14,715)	-	(14,715)
Finance costs	(711)	(665)	(631)	(1,215)	(3,222)	-	(3,222)
Finance income	3,914	5	8	25	3,952	-	3,952
Income tax expense	573	1,700	(460)	(391)	1,422	-	1,422
Segment assets	321,599	53,239	87,149	107,424	569,411	-	569,411
<i>Included in the measure of segment assets are:</i>							
Investment in associate	-	-	-	-	-	-	-
Investment in joint venture	8,370	-	21,261	-	29,631	-	29,631
Additions to non-current assets other than financial instruments and deferred tax assets	442	3,399	12,340	-	16,181	-	16,181

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

	RM'000
Profit or loss	
Total profit or loss for reportable segments	(28,164)
Depreciation and amortisation	(14,715)
Finance costs	(3,222)
Finance income	3,952
Unrealised/ realised foreign exchange gain/(loss)	4,590
Unallocated expenses:	
Corporate expenses	(8,388)
Consolidated profit/(loss) before tax from continuing operations	(45,947)
Loss from discontinued operations, net of tax	7,233
Consolidated profit/(loss) before tax	(38,714)

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the cumulative quarter ended 31 December 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 21 February 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.

11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the followings: -

- (i) On 1 January 2023, Salcon Petroleum Services (Labuan) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Petroleum Services (Labuan) Limited has been struck off the register of companies.
- (ii) On 6 January 2023, Kunci Sempurna Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Kunci Sempurna Sdn Bhd has been struck off the register of companies.
- (iii) On 30 May 2023, Salcon Xinlian Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Xinlian Sdn Bhd has been struck off the register of companies.
- (iv) On 15 September 2023, Salcon Water (Asia) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Water (Asia) Limited has been struck off the register of companies.
- (v) On 20 October 2023, Salcon Water (HK) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Water (HK) Limited has been struck off the register of companies.



12. Changes in Contingent Liabilities/Contingent Assets

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

	RM'000
(i) Bank guarantees given to third parties relating to performance, tenders and advance payment bonds	<u>31,019</u>
(ii) Claims related to breach of the contract by Aspen Glove Sdn Bhd	<u>173,980</u>

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

13. Net assets (NA) per share

The NA per share is derived as follows:-

	RM'000
Shareholders funds	388,766
No. of shares	<u>1,012,413</u>
NA per share (RM)	<u>0.38</u>

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

1. Taxation

The breakdown of tax charge is as follows:-

	Current Quarter Ended 31/12/2023 RM'000	Cumulative Quarter To-date 31/12/2023 RM'000
Continuing operations		
Malaysia - current period	872	1,086
- prior years	(192)	148
- deferred tax	(2,656)	(2,656)
	<u>(1,976)</u>	<u>(1,422)</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 mainly due to recognition of deferred tax assets.

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 21 February 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 31 December 2023 are as follows:

	As at 4th quarter ended 2023		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	139	6,544	6,683
<i>Finance lease liabilities</i>	12,815	802	13,617
Unsecured			
<i>Term loans</i>	2,453	570	3,023
<i>Bankers' Acceptance</i>	-	3,498	3,498
<i>Revolving Credit</i>	-	31,500	31,500
<i>Bank overdrafts</i>	-	-	-
	15,407	42,914	58,321

	As at 4th quarter ended 2022		
	Long term	Short term	Total borrowings
	RM'000 denomination	RM'000 denomination	RM'000 denomination
Secured			
<i>Term loans</i>	445	4,368	4,813
<i>Finance lease liabilities</i>	3,270	2,184	5,454
Unsecured			
<i>Term loans</i>	3,022	620	3,642
<i>Bankers' Acceptance</i>	-	6,606	6,606
<i>Revolving Credit</i>	-	5,000	5,000
<i>Bank overdrafts</i>	-	22	22
	6,737	18,800	25,537

For the year to-date financial quarter under review, the Group has recorded borrowings of RM58.32 million as compared to RM25.54 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed by drawdown of revolving credit amounting to RM26.5 million and 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 21 February 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 %
	31/12/2023	30/09/2023	
Revenue	52,577	42,914	23%
Operating Profit/(Loss)	(37,941)	(7,911)	-380%
Profit/(Loss) Before Interest and Tax	(36,443)	(4,267)	-754%
Profit/(Loss) Before Tax	(37,385)	(5,109)	-632%
Profit/(Loss) For The Period	(26,651)	(6,775)	-293%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(15,137)	(4,604)	-229%

For the current quarter, the Group revenue increased from RM42.91 million to RM52.58 million by 23% and has recorded an increased loss before tax of RM37.38 million as compared to loss before tax of RM5.11 million in the immediate preceding quarter.

The revenue recorded in the Constructions Division was higher by 35%, an increase from RM27.98 million to RM37.89 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM2.26 million in the current quarter as compared to loss before tax of RM893,000 in the immediate preceding quarter due to higher operating expenses in the current quarter.



The revenue recorded in the Healthcare Division was lower by 3%, a decrease from RM11.33 million to RM11.00 million as compared to the immediate preceding quarter. The Division recorded loss before tax of RM30.00 million in the current quarter as compared to loss before tax of RM773,000 in the immediate preceding quarter. The increase in the loss before tax is mainly due to impairment losses on intangible assets and property, land and equipment.

In the Property Development Division, it recorded a lower loss before tax of RM232,000 in the current quarter as compared to loss before tax of RM714,000 in the immediate preceding quarter due to lower operating expenses in the current quarter.

For the Trading and Services Division, revenue increased from RM3.14 million to RM4.25 million by 35%. The Division recorded loss before tax of RM1.09 million in the current quarter as compared to loss before tax of RM1.25 million in the immediate preceding quarter due to lower operating expenses in the current quarter.

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

	Individual Period (4th Quarter)		Changes %	12 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	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
Revenue	52,577	64,752	-19%	154,302	204,109	-24%
Operating Profit/(Loss)	(37,941)	(44,411)	15%	(54,270)	(54,577)	1%
Profit/(Loss) Before Interest and Tax	(36,443)	(42,998)	15%	(42,726)	(48,967)	13%
Profit/(Loss) Before Tax	(37,385)	(43,590)	14%	(45,948)	(51,640)	11%
Profit/(Loss) For The Period	(26,651)	(32,628)	18%	(37,293)	(41,326)	10%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(15,137)	(18,122)	16%	(21,360)	(24,330)	12%

For the current year quarter under review, the Group achieved lower revenue amounting to RM52.58 million as compared to RM64.75 million in the preceding year corresponding quarter or a decrease of 19% mainly due to lower completion of projects from Constructions Division. Loss before taxation of RM37.38 million was recorded in the current year quarter as compared to loss before tax of RM43.59 million in the preceding year corresponding quarter.

In the Constructions Division, revenue recorded in the current year quarter was lower by 27% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM2.26 million in the current year quarter as compared to profit before tax of RM2.28 million in the preceding year corresponding quarter substantially due to higher operating expenses in the current year quarter.

In the Healthcare Division, revenue increased from RM8.59 million to RM11.00 million by 28% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM30.00 million in the current year quarter as compared to loss before tax of RM45.74 million in the



preceding year corresponding quarter mainly due to impairment losses on intangible assets and property, land and equipment.

The Property Development Division has recorded a loss before tax of RM232,000 in the current year quarter as compared to loss before tax of RM592,000 million in the preceding year corresponding quarter.

In the Trading and Services Division, revenue decreased from RM4.52 million to RM4.25 million by 6% as compared to the preceding year corresponding quarter. The Division recorded a loss before tax of RM1.09 million in the current year quarter as compared to profit before tax of RM403,000 in the preceding year corresponding quarter due to lower gross profit margin in the current year quarter.

For the current year cumulative quarter, the Group recorded revenue of RM154.30 million or 24% decrease as compared to RM204.11 million in the preceding year cumulative quarter. Loss before tax of RM45.95 million was recorded in the current year cumulative quarter as compared to loss before tax of RM51.64 million in the preceding year cumulative quarter.

In the Construction Division, revenue was 24% lower as compared to the preceding year cumulative quarter. The Division loss before tax was RM8.74 million as compared to profit before tax of RM4.36 million in the preceding year cumulative quarter due to impairment losses on investment in joint ventures and associates company in the current year cumulative quarter.

In the Healthcare Division, revenue decreased from RM52.27 million to RM38.53 million by 26% as compared to the preceding year cumulative quarter. The Division recorded a loss before tax of RM34.87 million in the current year cumulative quarter as compared to loss before tax of RM50.71 million in the preceding year cumulative quarter mainly due to impairment losses on intangible assets and property, land and equipment in the current year cumulative quarter.

The Property Development Division recorded loss before tax of RM2.35 million in the current year cumulative quarter as compared to loss before tax of RM2.43 million in the preceding year cumulative quarter.

The Trading and Services Division recorded a revenue of RM13.28 million in the current year cumulative quarter as compared to RM17.08 million in the preceding year cumulative quarter. The Division recorded a loss before tax of RM859,000 in the current year cumulative quarter as compared to a profit before tax of RM3.67 million in the preceding year cumulative quarter due to lower gross profit margin in the current year cumulative quarter.

7. Prospects

The Group continues to tender for water and wastewater projects in Malaysia and overseas 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.

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 December 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	Comparative Quarter Ended	Cumulative Quarter To-date	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Profit/(Loss) attributable to equity holders of the parent (RM'000)				
- continuing operations	(23,894)	(18,116)	(28,593)	(24,324)
- discontinued operations	8,757	(6)	7,233	(6)
	<u>(15,137)</u>	<u>(18,122)</u>	<u>(21,360)</u>	<u>(24,330)</u>
<u>Weighted average number of ordinary shares</u>				
Issued ordinary shares at beginning of period ('000)	1,007,614	995,376	1,007,614	995,376
Effect of shares repurchased during the period ('000)	(20,200)	(12,096)	(16,121)	(8,362)
Effect of shares distributed as dividend during the period ('000)	24,677	24,677	24,677	24,677
Weighted average number of ordinary shares ('000)	<u>1,012,091</u>	<u>1,007,957</u>	<u>1,016,170</u>	<u>1,011,691</u>
Basic earnings/(loss) per share (sen)				
* Note: Antidilutive				
- continuing operations	(2.36)	(1.80)	(2.81)	(2.40)
- discontinued operations	0.87	(0.00)	0.71	(0.00)
Total	<u>(1.50)</u>	<u>(1.80)</u>	<u>(2.10)</u>	<u>(2.40)</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 31/12/2023 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000
Net realised foreign exchange gain/(loss)	586	142
Net unrealised foreign exchange gain/(loss)	(1,695)	4,448
Depreciation and amortization	(6,983)	(14,715)
	<u>(8,092)</u>	<u>(10,125)</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 28 February 2024.

ON BEHALF OF THE BOARD

TAN SRI DATO' TEE TIAM LEE
Executive Deputy Chairman

Selangor Darul Ehsan
28 February 2024