

SALUTICA BERHAD

(Company No. 1024781-T)

(Incorporated in Malaysia)

The Board of Directors of Salutica Berhad (“**Salutica**” or the “**Company**”) (“**Board**”) is pleased to announce the following unaudited consolidated results for the second quarter and financial period ended (“**FPE**”) 31 DECEMBER 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2017

	Note	Current quarter 3 months ended		Cumulative 6 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue	A9	87,554	90,795	171,353	163,863
Profit from operations		8,066	13,898	16,661	21,648
Finance costs		(28)	(94)	(73)	(206)
Profit before taxation		8,038	13,804	16,588	21,442
Income tax expense	B5	(2,024)	(3,194)	(4,121)	(5,315)
Profit for the period	B1	6,014	10,610	12,467	16,127
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive income for the period		6,014	10,610	12,467	16,127
Profit and total comprehensive income attributable to:					
Owners of the Company		6,014	10,610	12,467	16,127
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		6,014	10,610	12,467	16,127
Earnings per share					
Basic (Sen)	B15	1.55	2.73	3.21	4.16

Note:

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is unaudited and should be read in conjunction with the audited financial statements of the Company for the financial year ended (“**FYE**”) 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

SALUTICA BERHAD

(Company No. 1024781-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	As at 31.12.2017 RM'000 (Unaudited)	As at 30.6.2017 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		43,813	45,589
Intangible assets		2,041	2,392
Other investments		119	119
		45,973	48,100
Current assets			
Inventories		60,272	39,399
Trade and other receivables		60,065	30,913
Derivative financial instruments		318	-
Current tax assets		-	1,160
Short term investment		22,946	43,034
Deposits, bank and cash balances		40,617	40,051
		184,218	154,557
TOTAL ASSETS		230,191	202,657
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Reserves		81,032	73,221
Total equity attributable to owners of the Company		172,834	165,023
Non-controlling interests		-	-
TOTAL EQUITY		172,834	165,023
Non-current liabilities			
Borrowings	B10	456	854
Deferred Tax Liability		1,266	1,715
		1,722	2,569
Current liabilities			
Payables and accruals		53,422	32,533
Derivative financial instruments		-	15
Borrowings	B10	1,035	2,517
Current tax liabilities		1,178	-
		55,635	35,065
TOTAL LIABILITIES		57,357	37,634
TOTAL EQUITY AND LIABILITIES		230,191	202,657
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		44.54	42.53

Note:

The Condensed Consolidated Statement of Financial Position is unaudited and should be read in conjunction with the audited financial statements of the Company for FYE 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



SALUTICA BERHAD

(Company No. 1024781-T)

(Incorporated in Malaysia under the Companies Act, 1965)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2017

	<----- Attributable to owners of the Company ----->			<- Distributable ->	
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2017	91,802	-	16	73,205	165,023
Total comprehensive income for the year	-	-	-	12,467	12,467
Dividends	-	-	-	(4,656)	(4,656)
At 31 December 2017	91,802	-	16	81,016	172,834
At 1 July 2016	38,800	53,002	16	63,163	154,981
Total comprehensive income for the year	-	-	-	16,127	16,127
Dividends	-	-	-	(4,656)	(4,656)
At 31 December 2016	38,800	53,002	16	74,634	166,452

Note:

The Condensed Consolidated Statement of Changes in Equity is unaudited and should be read in conjunction with the audited financial statements of the Company for FYE 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM53,002,368 for purposes as set out in Sections 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Accordingly, the share premium account of RM53,002,368 has been reclassified to share capital account.



SALUTICA BERHAD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2017

	Note	Current Period Ended 31.12.2017 RM'000	Preceding year corresponding Period ended 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial period		12,467	16,127
Adjustments for:			
Property, plant and equipment			
- depreciation		3,795	3,196
- gains on disposal		(1)	(6)
- write off		-	5
Capitalisation of development costs		(713)	-
Amortisation of development costs		1,064	548
Short term investment			
- Gain on disposal		(70)	(38)
- Fair value gain		(412)	(783)
Finance costs		73	206
Interest income		(744)	(726)
Inventories			
- Allowance / (reversal) for slow moving		(9)	3
Provision		16	25
Unrealised (gain)/loss on foreign exchange		728	(90)
Fair value (gain)/loss on derivative financial instruments		(333)	371
Taxation (income)/expenses		4,121	5,315
Operating profit before changes in working capital		19,982	24,153
Changes in working capital:			
Inventories		(20,864)	(1,515)
Trade and other receivables		(30,982)	(2,895)
Trade and other payables		23,096	(1,902)
Cash generated from operations		(8,768)	17,841
Income tax paid		(2,232)	(574)
Income tax refund		-	-
Net cash generated from operating activities		(11,000)	17,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(3,131)	(6,975)
Proceeds from disposal of plant and equipment		1	5
Interest income received		744	726
(Placement)/uplift of deposit with bank with maturity period of more than three months		(23,200)	(10,000)
Purchase of short term investment		(40,520)	(9,600)
Proceeds from sale of short term investment		61,090	22,338
Acquisition of other investment		-	-
Net investing cash flow		(5,016)	(3,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,656)	(4,656)
Repayment of hire-purchase creditor		(500)	(466)
Repayment of term loans		(1,380)	(1,700)
Uplift of deposits with bank as security		-	5,000
Interest paid		(73)	(206)
Net cash from/(used in) financing activities		(6,609)	(2,028)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2017

	Note	Current Period Ended 31.12.2017 RM'000	Preceding year corresponding Period ended 31.12.2016 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(22,625)	11,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		30,051	35,163
Effect of change in foreign currency exchange rates		(9)	25
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		7,417	46,921
Cash and cash equivalents comprise:			
Short-term deposits with licensed banks		6,000	27,700
Cash and bank balances		1,417	19,221
		7,417	46,921
Deposits with maturity more than 3 months		33,200	10,000
		40,617	56,921

Note:

The Condensed Consolidated Cash Flows Statement is unaudited and should be read in conjunction with the audited financial statements of the Company for FYE 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING AND THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”)

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Listing Requirements.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Company for FYE 30 June 2017 and the accompanying explanatory notes therein. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of Salutica and its subsidiary (“Group”) since the FYE 30 June 2017.

A2 Changes in accounting policies

The significant accounting policies adopted in these quarterly financial statements are consistent with those adopted as disclosed in the audited financial statements of the Group for FYE 30 June 2017.

New standards, amendments to published standards and Issue Committee (“IC”) interpretations to existing standards that are applicable to the group and are effective

There are no new standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group for the current financial period.

New standards early adopted by the Group

There are no standards early adopted by the Group.

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to published standards and IC interpretations in the following financial period:

Effective for the financial year beginning on/after 1 July 2016

- Amendments to MFRS 127 “Separate Financial Statements – Equity Accounting in Separate Financial Statements”
- Amendments to MFRS 101 “Presentation of Financial Statements – Disclosure Initiative”
- Annual Improvements to MFRSs 2012 – 2014 Cycle (Amendments to MFRS 5 “Non-current Assets Held for sale and Discontinued Operations”, MFRS 7 “Financial Instruments: Disclosures” and MFRS 134 “Interim Financial Reporting”)



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

A2 Changes in accounting policies (cont'd)

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

Effective for the financial year beginning on/after 1 July 2017

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"

Effective for the financial year beginning on/after 1 July 2018

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- Annual Improvements to MFRSs 2014 – 2016 Cycle (Amendments to MFRS 128 "Investments in Associates and Joint Ventures")
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

Effective for the financial year beginning on/after 1 July 2019

- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

The initial application of the above mentioned standards and amendments are not expected to have any material financial impacts to the current and prior periods' financial statements of the Group except as the mentioned below:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The Group is currently assessing the financial impact that may arise from the adoption of these new standards, amendments and IC interpretations.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 30 June 2017 was not subject to any qualification.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

A4 Seasonal or cyclical factors

The operations of the Group during the current quarter as compared to the preceding quarter are also subject to seasonal factors due to the increase in demand for consumer electronic products during the year-end holiday period in many countries globally.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A6 Changes in estimates

There were no material changes in estimates of amounts reported in prior interim period or financial year that have a material effect in the current quarter.

A7 Changes in debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

A8 Dividends paid

The following dividend was paid during the FPE 31 December 2017:

	FPE 31.12.2017 RM'000
In respect of the FYE 30 June 2018:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 22 August 2017 and paid on 29 September 2017 (based on 388,000,000 shares)	2,328
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 23 November 2017 and paid on 22 December 2017 (based on 388,000,000 shares)	2,328
	<hr/> 4,656 <hr/>

In addition, the dividend paid for the previous FPE 31 December 2016 is as follows:

	FPE 31.12.2016 RM'000
In respect of the FYE 30 June 2017:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 15 August 2016 and paid on 30 September 2016 (based on 388,000,000 shares)	2,328
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 24 November 2016 and paid on 23 December 2016 (based on 388,000,000 shares)	2,328
	<hr/> 4,656 <hr/>



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

A9 Operating segments

The Group operates in Malaysia under one operating segment – Consumer Electronics. Operating segment information has therefore not been prepared as the Group’s revenue and operating profit before taxation are mainly confined to this operating segment.

The principal activities of the Group comprises vertical integration processes covering product design and development, and manufacturing of mobile communication products, wireless electronics and lifestyle devices.

In presenting information on the operating segment, an analysis of the revenue by geographical region is shown below where revenue is based on geographical markets where the goods are delivered rather than the origin of the customers:

Regions	Current quarter				Cumulative quarter			
	3 months ended				6 months ended			
	31.12.2017		31.12.2016		31.12.2017		31.12.2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
North America	61,336	70.1	72,642	80.0	117,272	68.4	130,249	79.5
Asia (excluding Malaysia)	16,381	18.7	8,169	9.0	28,229	16.5	16,116	9.8
Europe	8,121	9.3	8,838	9.7	22,429	13.1	15,056	9.2
Australia (including New Zealand, Oceania)	1,138	1.3	765	0.9	2,268	1.3	1,482	0.9
Malaysia	574	0.6	375	0.4	1,149	0.7	952	0.6
Africa (including Middle East)	4	^	6	^	6	^	8	^
Total	87,554	100	90,795	100	171,353	100	163,863	100

^ negligible

Exports to Asia in particular China has increased for the current quarter although North America region continues to be the top export market for the Group with 70.1% of products delivered to that region.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

A10 Valuation of property, plant and equipment

There were no valuations of property, plant and equipment during the current quarter under review.

A11 Material events subsequent to the end of the current quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in these interim financial statements.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A14 Capital commitments

Capital commitments in respect of property, plant and equipment not provided for in the financial statements are as follows:

	As at 31.12.2017 RM'000
Contracted	599
Authorised but not contracted	22,308
	<u>22,907</u>

A15 Significant related party transactions

	6 months ended 31.12.2017 RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	19
	<u>19</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

Current quarter vs. corresponding quarter

The Group recorded revenue of approximately RM87.6 million for the current quarter ended 31 December 2017, a decrease of approximately 3.5% compared to the previous corresponding quarter of approximately RM90.8 million.

The Bluetooth headsets revenue contribution for the current quarter ended 31 December 2017 was approximately RM86.3 million of total revenue. Non-Bluetooth products and in-house brand FOBO made up the balance of RM1.3 million.

Profit before taxation (“**PBT**”) for current quarter ended 31 December 2017 was approximately RM8.0 million compared to the corresponding quarter ended 31 December 2016 of approximately RM13.8 million. This represents a decrease of approximately 42.0% or RM5.8 million.

The main reasons affecting the PBT for current quarter were as follows:

1. Change in product mix.
2. Higher learning curve due to product complexities for cable-less product resulting in working on public holidays and incurring overtime to fulfil sales orders.
3. Spending on research and development activities for products at development stage. This relates to our in-house brand FOBO and also customers’ products.

Current year-to-date vs. corresponding period

The Group recorded revenue of approximately RM171.4 million for the 6-month FPE 31 December 2017, an increase of approximately 4.6% compared to the previous 6-month FPE 31 December 2016 of approximately RM163.9 million. This increase was mainly contributed by Bluetooth headsets.

Despite the increase in revenue, the PBT for the FPE 31 December 2017 decreased from RM21.4 million in FPE 31 December 2016 to approximately RM16.6 million in FPE 31 December 2017 for reasons as explained above.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B2 Comment on material change in profit before taxation (“PBT”)

	Current Quarter 31.12.2017 RM'000	Preceding Quarter 30.09.2017 RM'000	Variance RM'000	%
Revenue	87,554	83,799	3,755	4.5%
PBT	8,038	8,550	(512)	-6.0%

The Group recorded higher revenue for the current quarter as compared to the revenue in the preceding quarter by approximately RM3.7 million due to continuous order for the holiday seasons. Current quarter PBT was approximately RM8.0 million, a decrease by approximately RM0.5 million compared to the preceding quarter.

B3 Prospects

Our Group has maintained and continue to strive to meet our customers' expectations and working in tandem with their requirements to further improve our product and service offering. Our Group's growth strategy will focus on, amongst others, keeping abreast with the latest technology and process know-how by proprietary solutions and improving process technology. The Group has taken initiatives to identify additional production processes suitable for automation to enhance productivity.

The touch enabling functionality application to other various industry segments such as automotive and electronic appliances will be one of the segment which our Group will continue to focus in order to generate additional revenue stream, albeit at a slower pace. Meanwhile, the development of healthcare related products under in-house brand FOBO is still ongoing.

Premised on the above, the Board is of the view that the Group's prospect remains favourable.

B4 Variance between actual profit and forecast profit

The Group has not provided any revenue or profit forecast in any public documents and announcements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B5 Taxation

	3 months ended		6 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	2,093	3,495	4,570	3,661
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,093	3,495	4,570	3,661
Deferred tax				
Current year	(69)	(301)	(449)	1,654
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,024	3,194	4,121	5,315

Income tax is calculated at the Malaysia statutory tax rate of 24% of the estimated assessable profit for the current quarter and current financial year.

The effective tax rate of the Group for the current quarter was slightly higher than the Malaysia statutory tax rate due mainly to certain expenses being non-deductible for tax purposes.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current quarter.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current quarter.

B8 Status of corporate proposals

There is no corporate proposal announced but pending completion as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B9 Utilisation of proceeds from the IPO

Based on the IPO price of RM0.80, the gross proceeds arising from the public issue amounting to RM62.4 million is intended to be utilised in the following manner:

Details of utilisation	Intended utilisation RM'000	Actual utilisation as at 31.12.2017 RM'000	Deviation RM'000	Balance RM'000	Intended timeframe for utilisation (from date of listing)
Repayment of bank borrowing	8,500	8,500	-	-	Within 6 months
Capital expenditure	25,000	10,277	-	14,723	Within 24 months
R&D expenditure	8,200	7,238	-	962	Within 24 months
Working capital	16,700	16,700	-	-	Within 24 months
Estimated listing expenses	4,000	4,000	-	-	Within 3 months
Total	62,400	46,715	-	15,685	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2016.

B10 Borrowings and debt securities

The Group's loans and borrowings as at 31 December 2017 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	790	18	808
<u>Unsecured</u>			
Term loans	245	438	683
	1,035	456	1,491

All the borrowings are denominated in Ringgit Malaysia.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B11 Derivative financial instruments

As at the date of the statement of financial position 31 December 2017, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional Amount (RM'000)	Fair value Net gain / (loss) (RM'000)
Currency forward contracts: Less than 1 year	8,839	318

For the current quarter, there is no change to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Foreign currency forward contracts are entered into by the Group in currencies other than its functional currency to manage exposure to the fluctuations in foreign currency exchange rates.

B12 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of the current quarter to the date of the interim financial report.

B13 Material litigation

As at the date of this report, there is no litigation involving the Group which has a material effect on the financial position of the Group and the Board is not aware of any material litigation or any proceedings pending or threatened.

B14 Proposed dividend

The Board has on 9 February 2018 declared a third interim single tier tax-exempt dividend in respect of the financial year ending 30 June 2018 of 0.6 sen per share on 388 million ordinary shares amounting to RM2.328 million. The entitlement date will be on 28 February 2018 and payment date on 15 March 2018.

B15 Earnings per Share ("EPS")

BASIC EPS	3 months ended		6 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to owners of the Company (RM'000)	6,014	10,610	12,467	16,127
Weighted average number of ordinary shares in issue ('000)	388,000	388,000	388,000	388,000
Basic EPS (sen)	1.55	2.73	3.21	4.16

There was no dilution in the EPS as there was no potential diluted ordinary share outstanding as at the end of the current period under review.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2017

B16 Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits / (loss) of the Group:		
Realised	64,379	57,331
Unrealised	(1,376)	(710)
	<hr/> 63,003	<hr/> 56,621
Add: Consolidation adjustments	18,013	18,013
Total	<hr/> 81,016	<hr/> 74,634

B17 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2017 RM'000	6 months ended 31.12.2017 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance / (Reversal) for slow moving inventories	(2)	(9)
Property, plant & equipment:		
- depreciation	1,893	3,795
- gains on disposal	-	(1)
Provision for warranty	7	16
Rental expenses:		
- Hostel/premise	32	58
- equipment/machinery	11	22
Finance costs	28	73
Net foreign exchange (gains)/losses:		
- realised	326	276
- unrealised	317	728
Fair value (gains)/losses on derivative financial instruments	(236)	(333)
Interest income	(382)	(744)
Short term investments:		
- gains on disposal	(19)	(70)
- fair value gains	(182)	(412)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements are not applicable.

B18 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 9 February 2018.