

## 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 third quarter and financial period ended (“**FPE**”) 31 MARCH 2018.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FPE 31 MARCH 2018

	Note	Current quarter 3 months ended		Cumulative 9 months ended	
		31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
<b>Revenue</b>	<b>A9</b>	<b>48,037</b>	<b>31,530</b>	<b>219,390</b>	<b>195,393</b>
(Loss) / Profit from operations		(144)	1,065	16,517	22,713
Finance costs		(21)	(77)	(94)	(283)
<b>(Loss) / Profit before taxation</b>		<b>(165)</b>	<b>988</b>	<b>16,423</b>	<b>22,430</b>
Income tax credit / (expense)	B5	49	(135)	(4,072)	(5,450)
<b>(Loss) / Profit for the period</b>	<b>B1</b>	<b>(116)</b>	<b>853</b>	<b>12,351</b>	<b>16,980</b>
Other comprehensive income, net of taxation		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(116)</b>	<b>853</b>	<b>12,351</b>	<b>16,980</b>
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the Company		(116)	853	12,351	16,980
Non-controlling interest		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(116)</b>	<b>853</b>	<b>12,351</b>	<b>16,980</b>
<b>(Loss) / Earnings per share</b>					
Basic (Sen)	<b>B15</b>	<b>(0.03)</b>	<b>0.22</b>	<b>3.18</b>	<b>4.38</b>

**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 MARCH 2018

	Note	As at 31.03.2018 RM'000 (Unaudited)	As at 30.6.2017 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,791	45,589
Intangible assets		1,579	2,392
Other investments		119	119
		<b>44,489</b>	<b>48,100</b>
<b>Current assets</b>			
Inventories		39,890	39,399
Trade and other receivables		14,836	30,913
Derivative financial instruments		360	-
Current tax assets		42	1,160
Short term investment		56,890	43,034
Deposits, bank and cash balances		33,258	40,051
		<b>145,276</b>	<b>154,557</b>
<b>TOTAL ASSETS</b>		<b>189,765</b>	<b>202,657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		91,802	91,802
Reserves		78,588	73,221
Total equity attributable to owners of the Company		170,390	165,023
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>170,390</b>	<b>165,023</b>
<b>Non-current liabilities</b>			
Borrowings	<b>B10</b>	377	854
Deferred Tax Liability		1,321	1,715
		<b>1,698</b>	<b>2,569</b>
<b>Current liabilities</b>			
Payables and accruals		16,879	32,533
Derivative financial instruments		-	15
Borrowings	<b>B10</b>	798	2,517
Current tax liabilities		-	-
		<b>17,677</b>	<b>35,065</b>
<b>TOTAL LIABILITIES</b>		<b>19,375</b>	<b>37,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>189,765</b>	<b>202,657</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		43.91	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 THIRD QUARTER AND FPE 31 MARCH 2018

	<----- Attributable to owners of the Company ----->				Total RM'000
	<----- Non Distributable Reserve ----->		<- Distributable ->		
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 July 2017</b>	91,802	-	16	73,205	<b>165,023</b>
Total comprehensive income for the year	-	-	-	12,351	<b>12,351</b>
Dividends	-	-	-	(6,984)	<b>(6,984)</b>
<b>At 31 March 2018</b>	<b>91,802</b>	<b>-</b>	<b>16</b>	<b>78,572</b>	<b>170,390</b>
<b>At 1 July 2016</b>	38,800	53,002	16	63,163	<b>154,981</b>
Total comprehensive income for the year	-	-	-	16,980	<b>16,980</b>
Transition to no-par value regime on 31 January 2017 *	53,002	(53,002)	-	-	<b>-</b>
Dividends	-	-	-	(6,984)	<b>(6,984)</b>
<b>At 31 March 2017</b>	<b>91,802</b>	<b>-</b>	<b>16</b>	<b>73,159</b>	<b>164,977</b>

**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 THIRD QUARTER AND FPE 31 MARCH 2018

	Note	Current Period Ended 31.03.2018 RM'000	Preceding year corresponding Period ended 31.03.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the financial period		12,351	16,980
Adjustments for:			
Property, plant and equipment			
- depreciation		5,635	4,858
- gains on disposal		(31)	(9)
- write off		6	5
- work-in-progress		-	(203)
Capitalisation of development costs		(839)	(827)
Amortisation of development costs		1,652	961
Short term investment			
- Gain on disposal		(192)	(68)
- Fair value gain		(596)	(1,151)
Finance costs		94	283
Interest income		(1,063)	(1,076)
Inventories			
- Allowance / (reversal) for slow moving		(9)	2
Provision		27	34
Unrealised (gain)/loss on foreign exchange		50	88
Fair value (gain)/loss on derivative financial instruments		(375)	68
Taxation (income)/expenses		4,072	5,450
Operating profit before changes in working capital		<b>20,782</b>	<b>25,395</b>
Changes in working capital:			
Inventories		(482)	1,755
Trade and other receivables		15,919	12,328
Trade and other payables		(15,016)	(24,352)
Cash generated from operations		21,203	15,126
Income tax paid		(3,348)	(2,430)
Income tax refund		-	15
Net cash generated from operating activities		<b>17,855</b>	<b>12,711</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	B6	(3,365)	(8,246)
Proceeds from disposal of plant and equipment		31	39
Interest income received		1,063	1,076
(Placement)/uplift of deposit with bank with maturity period of more than three months		(13,200)	(10,000)
Purchase of short term investment		(91,620)	(24,350)
Proceeds from sale of short term investment		78,552	38,598
Acquisition of other investment		-	-
Net investing cash flow		<b>(28,539)</b>	<b>(2,883)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(6,984)	(6,984)
Repayment of hire-purchase creditor		(756)	(705)
Repayment of term loans		(1,440)	(2,570)
Uplift of deposits with bank as security		-	5,000
Interest paid		(94)	(283)
Net cash from/(used in) financing activities		<b>(9,274)</b>	<b>(5,542)</b>



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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE THIRD QUARTER AND FPE 31 MARCH 2018

Note	Current Period Ended 31.03.2018 RM'000	Preceding year corresponding Period ended 31.03.2017 RM'000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(19,958)	4,286
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	30,051	35,163
Effect of change in foreign currency exchange rates	(35)	(64)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>10,058</b>	<b>39,385</b>
<b>Cash and cash equivalents comprise:</b>		
Short-term deposits with licensed banks	6,000	30,700
Cash and bank balances	4,058	8,685
	<b>10,058</b>	<b>39,385</b>
Deposits with maturity more than 3 months	23,200	10,000
	<b>33,258</b>	<b>49,385</b>

**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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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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#### 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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#### 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"
- Amendments to MFRS 119 "Employee Benefits"

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.



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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#### 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 decrease in demand for consumer electronic products after 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 March 2018:

	<b>FPE 31.03.2018 RM'000</b>
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
Third interim single-tier tax exempt dividend of 0.6 sen per share declared on 9 February 2018 and paid on 15 March 2018 (based on 388,000,000 shares)	2,328
	<hr/> <b>6,984</b> <hr/>

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

#### A8 Dividends paid (cont'd)

In addition, the dividend paid for the previous FPE 31 March 2017 is as follows:

	<b>FPE 31.03.2017 RM'000</b>
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
Third interim single-tier tax exempt dividend of 0.6 sen per share declared on 26 February 2017 and paid on 31 March 2017 (based on 388,000,000 shares)	2,328
	<b><u>6,984</u></b>

#### 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				9 months ended			
	31.03.2018		31.03.2017		31.03.2018		31.03.2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
North America	22,771	47.4	22,817	72.4	140,043	63.8	153,066	78.3
Europe	15,815	32.9	4,804	15.2	38,244	17.4	19,860	10.2
Asia (excluding Malaysia)	9,167	19.1	3,444	10.9	37,396	17.1	19,560	10.0
Australia (including New Zealand, Oceania)	42	0.1	52	0.2	2,310	1.1	1,534	0.8
Malaysia	239	0.5	411	1.3	1,388	0.6	1,363	0.7
Africa (including Middle East)	3	^	2	^	9	^	10	^
<b>Total</b>	<b>48,037</b>	<b>100</b>	<b>31,530</b>	<b>100</b>	<b>219,390</b>	<b>100</b>	<b>195,393</b>	<b>100</b>

^ negligible

The Group revenue was mainly derived from North America. In the 9-month FPE 31 March 2018, more than 80% of revenue was attributable to the United States of America.



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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#### 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 <b>31.03.2018</b> <b>RM'000</b>
Contracted	59
Authorised but not contracted	22,024
	<u>22,083</u>

#### A15 Significant related party transactions

	<b>9 months ended 31.03.2018</b> RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	73
	<u>73</u>

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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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#### **B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS**

##### **B1 Review of performance**

###### **(i) Revenue**

For the quarter ended 31 March 2018, the Group recorded revenue of approximately RM48.0 million, an increase of approximately 52.4% compared to the previous quarter ended 31 March 2017 of approximately RM31.5 million, whilst the Group's revenue for the 9-month FPE 31 March 2018 was RM219.4 million, an increase of 12.3% compared to the previous 9-month FPE 31 March 2017 of approximately RM195.4 million.

The increase in revenue for the current quarter ended 31 March 2018 was due to the increase in the sales order volume for the headsets.

###### **(ii) (Loss)/Profit Before Taxation (“(LBT)” / “PBT”)**

For the current quarter ended 31 March 2018, the Group's LBT was approximately RM0.2 million as compared to PBT of approximately RM1.0 million in the previous quarter ended 31 March 2017, whilst the Group's PBT for the 9-month FPE 31 March 2018 was approximately RM16.4 million as compared to RM22.4 million in the corresponding 9-month FPE 31 March 2017.

The LBT for the current quarter ended 31 March 2018 was mainly attributed to the following:-

- 1) increased spending on research activities to enhance our service offerings for existing and potential customers;
- 2) design and marketing expenses for in-house brand FOBO;
- 3) spending on research activities on personal healthcare products under in-house brand FOBO; and
- 4) collaborative design expenses with a European design house to develop world-leading technology for high performance Bluetooth cable-less headset products.

Such spending is required to materialise future product launches starting in the second half of calendar year 2018.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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

	Current Quarter 31.03.2018 RM'000	Preceding Quarter 31.12.2017 RM'000	Variance RM'000	%
Revenue	48,037	87,554	(39,517)	-45.1%
(LBT) / PBT	(165)	8,038	(8,203)	-102.1%

The Group recorded lower revenue for the current quarter as compared to the revenue in the preceding quarter by approximately RM39.5 million due to seasonality factor.

The current quarter has a LBT of RM0.2 million due to lower sales volume which was not sufficient to absorb the fixed overheads and the increased spending on research activities.

#### B3 Prospects

The Group will continue to pursue growth and put effort in developing new products and new processes (including automation) through its research and development capabilities. Based on its years of experience in manufacturing small form factor and high precision plastic parts, the Group has a distinct competitive advantage in developing innovative products for both its existing customers and potential new customers alike.

Currently the Group is embarking on a co-development project with a design house in Europe for the latest generation Bluetooth-related product. This project has been earmarked for a customer. We envisaged the success of this co-development will strengthen our technology offering to the market.

Our development of healthcare related products under in-house brand FOBO is still ongoing. Meanwhile, the tire pressure monitoring system, FOBO Tire, has been adopted by a well-known local car brand owner as its after-market accessories sales kit.

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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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

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#### B5 Taxation

	3 months ended		9 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	(99)	31	4,471	3,692
Prior year	(5)	-	(5)	-
	(104)	31	4,466	3,692
Deferred tax				
Current year	55	104	(394)	1,758
Prior year	-	-	-	-
	<b>(49)</b>	<b>135</b>	<b>4,072</b>	<b>5,450</b>

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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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2018

#### 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 31.03.2018 RM'000	Deviation RM'000	Balance RM'000	Intended timeframe for utilisation (from date of listing)	Extended timeframe for utilisation
Repayment of bank borrowing	8,500	8,500	-	-	Within 6 months	-
Capital expenditure	25,000	11,217	-	13,783	Within 24 months	Additional 18 months (i.e. until 17 November 2019) *
R&D expenditure	8,200	8,200	-	-	Within 24 months	-
Working capital	16,700	16,700	-	-	Within 24 months	-
Estimated listing expenses	4,000	4,000	-	-	Within 3 months	-
<b>Total</b>	<b>62,400</b>	<b>48,617</b>	<b>-</b>	<b>13,783</b>		

\* The Group has yet to fully utilise the IPO proceeds. The Board has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked for the capital expenditure in relation to the acquisition of new machinery and equipment for an additional 18 months.

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 March 2018** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<b><u>Secured</u></b>			
Hire Purchase	552	-	552
<b><u>Unsecured</u></b>			
Term loans	246	377	623
	<u>798</u>	<u>377</u>	<u>1,175</u>

All the borrowings are denominated in Ringgit Malaysia.



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#### B11 Derivative financial instruments

As at the date of the statement of financial position 31 March 2018, 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	10,434	360

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 22 May 2018 declared a fourth 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 11 June 2018 and payment date on 26 June 2018.

#### B15 Earnings per Share ("EPS")

BASIC EPS	3 months ended		9 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
(Loss) / Profit attributable to owners of the Company (RM'000)	(116)	853	12,351	16,980
Weighted average number of ordinary shares in issue ('000)	388,000	388,000	388,000	388,000
Basic EPS (sen)	(0.03)	0.22	3.18	4.38

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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#### B16 Notes to the Statement of Comprehensive Income

	<b>3 months ended 31.03.2018 RM'000</b>	<b>9 months ended 31.03.2018 RM'000</b>
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance / (Reversal) for slow moving inventories	-	(9)
Write-off inventories	4,345	4,345
Claim made for obsolete materials	(4,322)	(4,322)
Property, plant & equipment:		
- depreciation	1,840	5,635
- gains on disposal	(30)	(31)
Provision for warranty	11	27
Rental expenses:		
- Hostel/premise	34	92
- equipment/machinery	10	32
Finance costs	21	94
Net foreign exchange (gains)/losses:		
- realised	572	848
- unrealised	(678)	50
Fair value gains on derivative financial instruments	(42)	(375)
Short term investments:		
- gains on disposal	(122)	(192)
- fair value gains	(184)	(596)

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

#### B17 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 22 May 2018.