

## 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 fourth quarter and financial year ended (“**FYE**”) 30 JUNE 2018.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 30 JUNE 2018

	Note	Current quarter 3 months ended		Cumulative 12 months ended	
		30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
<b>Revenue</b>	<b>A9</b>	<b>42,084</b>	<b>51,698</b>	<b>261,474</b>	<b>247,091</b>
(Loss) / Profit from operations		(1,310)	2,965	15,207	25,678
Finance costs		(16)	(62)	(110)	(345)
<b>(Loss) / Profit before taxation</b>		<b>(1,326)</b>	<b>2,903</b>	<b>15,097</b>	<b>25,333</b>
Income tax credit / (expense)	B5	337	(529)	(3,735)	(5,979)
<b>(Loss) / Profit for the period</b>	<b>B1</b>	<b>(989)</b>	<b>2,374</b>	<b>11,362</b>	<b>19,354</b>
Other comprehensive income, net of taxation		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(989)</b>	<b>2,374</b>	<b>11,362</b>	<b>19,354</b>
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the Company		(989)	2,374	11,362	19,354
Non-controlling interest		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(989)</b>	<b>2,374</b>	<b>11,362</b>	<b>19,354</b>
<b>(Loss) / Earnings per share</b>					
Basic (Sen)	<b>B15</b>	<b>(0.25)</b>	<b>0.61</b>	<b>2.93</b>	<b>4.99</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 30 JUNE 2018

	Note	As at 30.06.2018 RM'000 (Unaudited)	As at 30.6.2017 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		41,446	45,589
Intangible assets		1,044	2,392
Other investments		119	119
		42,609	48,100
<b>Current assets</b>			
Inventories		33,366	39,399
Trade and other receivables		24,781	30,913
Current tax assets		1,173	1,160
Short term investment		60,863	43,034
Deposits, bank and cash balances		30,249	40,051
		150,432	154,557
<b>TOTAL ASSETS</b>		<b>193,041</b>	<b>202,657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		91,802	91,802
Reserves		75,271	73,221
Total equity attributable to owners of the Company		167,073	165,023
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>167,073</b>	<b>165,023</b>
<b>Non-current liabilities</b>			
Borrowings	<b>B10</b>	313	854
Deferred Tax Liability		1,000	1,715
		1,313	2,569
<b>Current liabilities</b>			
Payables and accruals		23,926	32,533
Derivative financial instruments		188	15
Borrowings	<b>B10</b>	541	2,517
		24,655	35,065
<b>TOTAL LIABILITIES</b>		<b>25,968</b>	<b>37,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>193,041</b>	<b>202,657</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		43.06	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 FYE 30 JUNE 2018

	<----- Attributable to owners of the Company ----->				
	<----- Non Distributable Reserve ----->		<- Distributable ->		
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 July 2017</b>	91,802	-	16	73,205	<b>165,023</b>
Total comprehensive income for the year	-	-	-	11,362	<b>11,362</b>
Dividends	-	-	-	(9,312)	<b>(9,312)</b>
<b>At 30 June 2018</b>	<b>91,802</b>	<b>-</b>	<b>16</b>	<b>75,255</b>	<b>167,073</b>
<b>At 1 July 2016</b>	38,800	53,002	16	63,163	<b>154,981</b>
Total comprehensive income for the year	-	-	-	19,354	<b>19,354</b>
Transition to no-par value regime on 31 January 2017 *	53,002	(53,002)	-	-	<b>-</b>
Dividends	-	-	-	(9,312)	<b>(9,312)</b>
<b>At 30 June 2017</b>	<b>91,802</b>	<b>-</b>	<b>16</b>	<b>73,205</b>	<b>165,023</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 FYE 30 JUNE 2018

	Note	12 months ended 30.06.2018 RM'000	12 months ended 30.06.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the financial period		11,362	19,354
Adjustments for:			
Property, plant and equipment			
- depreciation		7,285	6,688
- gains on disposal		(49)	(28)
- write off		6	20
Capitalisation of development costs		(891)	(1,888)
Amortisation of development costs		2,240	1,687
Short term investment			
- Gain on disposal		(217)	(97)
- Fair value gain		(1,106)	(1,491)
Finance costs		110	345
Interest income		(1,328)	(1,431)
Inventories			
- Allowance / (reversal) for slow moving		(12)	3
Provision		34	49
Unrealised (gain)/loss on foreign exchange		(79)	110
Fair value (gain)/loss on derivative financial instruments		173	82
Taxation (income)/expenses		3,735	5,979
Operating profit before changes in working capital		<b>21,263</b>	<b>29,382</b>
Changes in working capital:			
Inventories		6,044	(5,113)
Trade and other receivables		6,539	(3,941)
Trade and other payables		(7,975)	(9,210)
Cash generated from operations		25,871	11,118
Income tax paid		(4,464)	(5,252)
Income tax refund		-	21
Net cash generated from operating activities		<b>21,407</b>	<b>5,887</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	B6	(4,145)	(9,712)
Proceeds from disposal of plant and equipment		49	45
Interest income received		1,328	1,431
(Placement)/uplift of deposit with bank with maturity period of more than three months		(19,200)	(10,000)
Purchase of short term investment		(108,380)	(44,410)
Proceeds from sale of short term investment		91,874	60,697
Net investing cash flow		<b>(38,474)</b>	<b>(1,949)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(9,312)	(9,312)
Repayment of hire-purchase creditor		(1,017)	(949)
Repayment of term loans		(1,500)	(3,452)
Uplift of deposits with bank as security		-	5,000
Interest paid		(110)	(345)
Net cash from/(used in) financing activities		<b>(11,939)</b>	<b>(9,058)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(29,006)</b>	<b>(5,120)</b>



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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FYE 30 JUNE 2018

	12 months ended 30.06.2018 RM'000	12 months ended 30.06.2017 RM'000
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	30,051	35,163
Effect of change in foreign currency exchange rates	4	8
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>1,049</b>	<b>30,051</b>
<b>Cash and cash equivalents comprise:</b>		
Short-term deposits with licensed banks	-	25,500
Cash and bank balances	1,049	4,551
	<b>1,049</b>	<b>30,051</b>
Deposits with maturity more than 3 months	29,200	10,000
	<b>30,249</b>	<b>40,051</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 FOURTH QUARTER ENDED 30 JUNE 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***

The new accounting standards, amendments and improvements to published standards and IC interpretations to existing standards that are effective for the Group’s and Company’s financial year beginning on 1 July 2017 are as follows:

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

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities from financing activities. Other than that, the adoption of these amendments did not have any significant financial impact on the current financial year or any prior financial period and is not likely to affect future financial periods.

##### ***New standards early adopted by the Group***

There are no new standards, amendments to published standards and IC interpretations to existing standards early adopted by the Group.



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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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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 and not early adopted*

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 1 July 2018

- MFRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers”
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”

Effective for the financial year beginning 1 July 2019

- MFRS 16 “Leases”
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to MFRS 9 “Prepayment Feature with Negative Compensation”
- Annual Improvements to MFRSs 2015-2017 Cycle: Amendments to MFRS 3 “Business Combinations”, Amendments to MFRS 112 “Income Taxes” and Amendments to MFRS 123 “Borrowing Costs”

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:

- MFRS 9 “Financial Instruments” (effective from 1 January 2019) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.
- MFRS 15 “Revenue from contracts with customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 11 “Construction Contracts” and related interpretations.
- MFRS 16 “Leases” (effective from 1 January 2019) supersedes MFRS 117 “Leases” and the related interpretations.
- IC Interpretation 23 “Uncertainty over Tax Treatments” (effective from 1 January 2019). IC Interpretation 23 will be applied retrospectively.
- Amendments to MFRS 9 “Prepayment feature with Negative Compensation” (effective from 1 January 2019). The amendments shall be applied retrospectively.
- Annual Improvements to MFRSs 2015 – 2017 Cycle: Amendments to MFRS 3 “Business Combinations”, Amendments to MFRS 112 “Income Taxes” and Amendments to MFRS 123 “Borrowing Costs”.

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



## **SALUTICA BERHAD**

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### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018**

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#### **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.

#### **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.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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#### A8 Dividends paid

The following dividend was paid during the FYE 30 June 2018:

	<b>FYE 30.06.2018 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
Fourth interim single-tier tax exempt dividend of 0.6 sen per share declared on 22 May 2018 and paid on 26 June 2018 (based on 388,000,000 shares)	2,328
	<hr/> <b>9,312</b> <hr/>

In addition, the dividend paid for the previous FYE 30 June 2017 is as follows:

	<b>FYE 30.06.2017 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 20 February 2017 and paid on 31 March 2017 (based on 388,000,000 shares)	2,328
Fourth interim single-tier tax exempt dividend of 0.6 sen per share declared on 29 May 2017 and paid on 30 June 2017 (based on 388,000,000 shares)	2,328
	<hr/> <b>9,312</b> <hr/>

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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

#### 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				12 months ended			
	30.06.2018		30.06.2017		30.06.2018		30.06.2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
North America	21,703	51.6	34,103	66.0	161,746	61.9	187,169	75.7
Asia (excluding Malaysia)	10,683	25.4	5,072	9.8	48,079	18.4	24,632	10.0
Europe	8,389	19.9	11,138	21.5	46,634	17.9	30,998	12.5
Australia (including New Zealand, Oceania)	669	1.6	44	0.1	2,979	1.1	1,578	0.6
Malaysia	541	1.3	1,327	2.6	1,928	0.7	2,690	1.2
Africa (including Middle East)	99	0.2	14	^	108	^	24	^
<b>Total</b>	<b>42,084</b>	<b>100</b>	<b>51,698</b>	<b>100</b>	<b>261,474</b>	<b>100</b>	<b>247,091</b>	<b>100</b>

^ negligible

For FYE 30 June 2018, the Group revenue was mainly derived from North America, of which more than 80% of revenue was attributable to the United States of America.

#### 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.



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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#### 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>30.06.2018</b> RM'000
Contracted	853
Authorised but not contracted	20,935
	<u>21,788</u>

#### A15 Significant related party transactions

	<b>12 months ended 30.06.2018</b> RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	56
	<u>56</u>

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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

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

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

For the quarter ended 30 June 2018, the Group recorded revenue of approximately RM42.1 million, a decrease of approximately 18.6% compared to the previous quarter ended 30 June 2017 of approximately RM51.7 million. The decrease in revenue for the current quarter ended 30 June 2018 was due to the decrease in the sales order volume for the Bluetooth headsets.

The Group's revenue for the FYE 30 June 2018 was RM261.5 million, an increase of 5.8% compared to the previous FYE 30 June 2017 of approximately RM247.1 million. The increase was mainly contributed by Bluetooth headsets which represented approximately 98% of the total revenue while the balance was from in-house brand FOBO and non-Bluetooth products.

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

For the current quarter ended 30 June 2018, the Group's LBT was approximately RM1.3 million as compared to PBT of approximately RM2.9 million in the previous quarter ended 30 June 2017, whilst the Group's PBT for the FYE 30 June 2018 was approximately RM15.1 million compared to RM25.3 million in the corresponding FYE 30 June 2017.

The lower PBT by RM10.2 million for FYE 30 June 2018 compared to FYE 30 June 2017 was mainly due to the following:-

- 1) Different product mix – maiden venture into cable-less headset product (cordless) compared to corded headset product. We have spent approximately RM 2.3 million on additional manpower costs (more headcount, overtime and working on public holidays) due to higher learning curve to comply with stricter design parameter compared to corded headset product.
- 2) Raw materials cost percentage over revenue have increased by approximately 4% (approximately RM 10.5 million).
- 3) Marketing and research activities of approximately RM1.7 million for in-house brand FOBO and with a European design partner to co-develop the latest generation Bluetooth-related product.
- 4) Imposition of levy and insurance scheme (EIS) on employers starting in January 2018 and the unscheduled public holidays in 2018 of approximately RM 0.6 million.

The full impact of the unexpected costs above has been partially off-set by savings arising from efficiency improvements in the Group's operation due to the management's continuous effort to remain competitive.



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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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

	Current Quarter 30.06.2018 RM’000	Preceding Quarter 31.03.2018 RM’000	Variance RM’000	%
Revenue	42,084	48,037	(5,953)	-12.4%
(LBT) / PBT	(1,326)	(165)	(1,161)	-703.6%

The Group recorded lower revenue for the current quarter by approximately RM6.0 million as compared to the revenue in the preceding quarter because of lower order volume for one headset model approaching end of life. This has also affected the margin for the current quarter by RM1.2 million compared to the preceding quarter.

#### B3 Prospects

The Group will continue to focus on innovation in new products and new processes (including automation) as well as developing new business and customers to drive revenue and profit.

To off-set against increase in raw materials and other costs, we have embarked on automation processes to improve yield, cycle time and manpower requirement. The continuous efforts by the Group to improve process efficiencies through automation and prudent cost management are expected to continue to mitigate the impact of the costs mentioned above.

The co-development project with a design partner in Europe for the latest generation Bluetooth-related product has reached its final stage of development. We anticipate that it will start contributing to the Group’s revenue by the second quarter of the financial year 2019.

Our development of healthcare related products under in-house brand FOBO is still ongoing. We believe the expansion of the FOBO brand and the improvements in product features will drive the business forward while broadening our customers’ base. The sales of FOBO Tire to a well-known local car brand owner is expected to improve as the distribution and marketing channels have been established country-wide.

Efforts are on-going to improve the sales of FOBO Ultra (tire pressure monitoring system for multi-axle vehicles) in both the local and overseas markets such as collaboration with distributors for road shows and marketing events including on-going field test.

Premised on the above, the Board is of the view that the Group’s prospects remain 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 FOURTH QUARTER ENDED 30 JUNE 2018

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#### B5 Taxation

	3 months ended		12 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	(16)	400	4,455	4,092
Prior year	-	-	(5)	-
	(16)	400	4,450	4,092
Deferred tax				
Current year	(321)	129	(715)	1,887
Prior year	-	-	-	-
	<b>(337)</b>	<b>529</b>	<b>3,735</b>	<b>5,979</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 FOURTH QUARTER ENDED 30 JUNE 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 30.06.2018 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	11,631	-	13,369	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>49,031</b>	<b>-</b>	<b>13,369</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 **30 June 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	291	-	291
<b><u>Unsecured</u></b>			
Term loans	250	313	563
	<b>541</b>	<b>313</b>	<b>854</b>

All the borrowings are denominated in Ringgit Malaysia.



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2018

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#### B11 Derivative financial instruments

As at the date of the statement of financial position 30 June 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	9,919	(188)

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 28 August 2018 declared a first interim single tier tax-exempt dividend in respect of the financial year ending 30 June 2019 of 0.6 sen per share on 388 million ordinary shares amounting to RM2.328 million. The entitlement date will be on 18 September 2018 and payment date on 28 September 2018.

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

BASIC EPS	3 months ended		12 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
(Loss) / Profit attributable to owners of the Company (RM'000)	(989)	2,374	11,362	19,354
Weighted average number of ordinary shares in issue ('000)	388,000	388,000	388,000	388,000
Basic EPS (sen)	(0.25)	0.61	2.93	4.99

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 FOURTH QUARTER ENDED 30 JUNE 2018

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

	<b>3 months ended 30.06.2018 RM'000</b>	<b>12 months ended 30.06.2018 RM'000</b>
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance / (Reversal) for slow moving inventories	(3)	(12)
Write-off inventories	489	4,834
Claim made for obsolete materials	(568)	(4,890)
Property, plant & equipment:		
- depreciation	1,650	7,285
- gains on disposal	(18)	(49)
Provision for warranty	7	34
Rental expenses:		
- Hostel/premise	42	134
- equipment/machinery	11	43
Finance costs	16	110
Net foreign exchange (gains)/losses:		
- realised	(461)	387
- unrealised	(129)	(79)
Fair value loss on derivative financial instruments	548	173
Short term investments:		
- gains on disposal	(25)	(217)
- fair value gains	(510)	(1,106)

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 28 August 2018.