

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 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FPE 31 MARCH 2019

	Note	Current quarter 3 months ended		Cumulative 9 months ended	
		31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Revenue	A9	19,380	48,037	122,963	219,390
(Loss) / Profit from operations		(4,121)	(144)	166	16,517
Finance costs		(6)	(21)	(24)	(94)
(Loss) / Profit before taxation		(4,127)	(165)	142	16,423
Income tax credit / (expense)	B5	1,059	49	121	(4,072)
(Loss) / Profit for the period	B1	(3,068)	(116)	263	12,351
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive (loss) / income for the period		(3,068)	(116)	263	12,351
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the Company		(3,068)	(116)	263	12,351
Non-controlling interest		-	-	-	-
Total comprehensive (loss) / income for the period		(3,068)	(116)	263	12,351
(Loss) / Earnings per share					
Basic (Sen)	B15	(0.79)	(0.03)	0.07	3.18

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 2018 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 2019

	Note	As at 31.03.2019 RM'000 (Unaudited)	As at 30.6.2018 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		42,078	41,446
Intangible assets		1,050	1,044
Other investments		119	119
		43,247	42,609
Current assets			
Inventories		32,857	33,366
Trade and other receivables		10,652	24,487
Derivative financial instruments		-	-
Current tax assets		2,871	1,173
Short term investment		54,580	60,863
Deposits, bank and cash balances		31,815	30,249
		132,775	150,138
TOTAL ASSETS		176,022	192,747
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Treasury shares		(300)	-
Reserves		68,555	75,271
Total equity attributable to owners of the Company		160,057	167,073
Non-controlling interests		-	-
TOTAL EQUITY		160,057	167,073
Non-current liabilities			
Borrowings	B10	116	313
Deferred Tax Liability		679	1,000
		795	1,313
Current liabilities			
Payables and accruals		14,904	23,632
Derivative financial instruments		5	188
Borrowings	B10	261	541
		15,170	24,361
TOTAL LIABILITIES		15,965	25,674
TOTAL EQUITY AND LIABILITIES		176,022	192,747
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		41.28	43.06

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 2018 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 2019

	<----- Attributable to owners of the Company ----->				<- Distributable ->
	Share capital and premium(*) RM'000	Treasury Shares(#) RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 July 2018	91,802	-	16	75,255	167,073
Total comprehensive income for the year	-	-	-	263	263
Buy-back of shares	-	(300)	-	-	(300)
Dividends	-	-	-	(6,979)	(6,979)
At 31 March 2019	91,802	(300)	16	68,539	160,057
At 1 July 2017	91,802	-	16	73,205	165,023
Total comprehensive income for the year	-	-	-	12,351	12,351
Dividends	-	-	-	(6,984)	(6,984)
At 31 March 2018	91,802	-	16	78,572	170,390

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

* As at 31 January 2019, the share premium account of RM53,002,368 has been transferred to share capital account.

The Company did a share buy back in December 2018 for 815,000 shares worth RM300,164.50.



SALUTICA BERHAD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE THIRD QUARTER AND FPE 31 MARCH 2019

	Note	Current Quarter Ended 31.03.2019 RM'000	Preceding year corresponding quarter ended 31.03.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial period		263	12,351
Adjustments for:			
Property, plant and equipment			
- depreciation		4,129	5,635
- gains on disposal		-	(31)
- write off		2	6
Bad debts written off		9	-
Capitalisation of development costs		(264)	(839)
Amortisation of development costs		258	1,652
Short term investment			
- Gain on disposal		(139)	(192)
- Fair value gain		(1,537)	(596)
Finance costs		24	94
Interest income		(817)	(1,063)
Inventories			
- Allowance / (reversal) for slow moving		(769)	(9)
Provision		23	27
Unrealised (gain)/loss on foreign exchange		(16)	50
Fair value (gain)/loss on derivative financial instruments		(182)	(375)
Taxation (income)/expenses		(121)	4,072
Operating profit before changes in working capital		863	20,782
Changes in working capital:			
Inventories		1,279	(482)
Trade and other receivables		13,817	15,919
Trade and other payables		(9,320)	(15,016)
Cash generated from operations		6,639	21,203
Income tax paid		(1,898)	(3,348)
Income tax refund		-	-
Net cash generated from/(used in) operating activities		4,741	17,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(4,196)	(3,365)
Proceeds from disposal of plant and equipment		23	31
Interest income received		817	1,063
(Placement)/uplift of deposit with bank with maturity period of more than three months		-	(13,200)
Purchase of short term investment		(43,110)	(91,620)
Proceeds from sale of short term investment		51,069	78,552
Net investing cash flow		4,603	(28,539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		(300)	-
Dividend paid		(6,979)	(6,984)
Repayment of hire-purchase creditor		(291)	(756)
Repayment of term loans		(186)	(1,440)
Interest paid		(24)	(94)
Net cash from/(used in) financing activities		(7,780)	(9,274)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE THIRD QUARTER AND FPE 31 MARCH 2019

	Current Quarter Ended 31.03.2019 RM'000	Preceding year corresponding quarter ended 31.03.2018 RM'000
Note		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,564	(19,958)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,049	30,051
Effect of change in foreign currency exchange rates	2	(35)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,615	10,058
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks	-	6,000
Cash and bank balances	2,615	4,058
	2,615	10,058
Deposits with maturity more than 3 months	29,200	23,200
	31,815	33,258

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

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 2018 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 2018.

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 2018.

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 2018 are as follows:

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” (effective from 1 January 2018)
- MFRS 9 “Financial Instruments” (effective from 1 January 2018) 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 111 “Construction Contracts” and related interpretations.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

A2 Changes in accounting policies (cont'd)

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

The initial application of the accounting standards, amendments or interpretations above does not have any material impact to the financial results of the Group for the current period, other than as disclosed below:-

MFRS 9: Financial Instruments

The Group have reviewed their financial assets and liabilities. The financial assets include short term investments in money market or cash funds and derivative financial instruments currently classified as “fair value through profit or loss” and this classification will remain unchanged. The other financial assets are debt instruments that are currently carried as “loans and receivables” and measured at amortised costs. These financial assets satisfies the conditions for classification at amortised costs under MFRS 9. Accordingly, there is no impact to the current classification and measurement of these financial assets to the Group.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at ‘fair value through profit or loss’ and the Group does not have any such liabilities. The derecognition rules have been transferred from MFRS 139 “Financial Instruments: Recognition and Measurement” and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial contracts.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations effective from 1 January 2018. MFRS 15 identified a new five-step process that applies revenue arising from contracts with customers.

The Group have performed an impact assessment on MFRS 9 and MFRS 15 and concluded that the adoption of the new standard did not have any significant impact to the Group’s interim financial statements.

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 THIRD QUARTER ENDED 31 MARCH 2019

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 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"

Effective for the financial year beginning 1 July 2020

- Amendments to MFRS 3 "Business Combinations"
- Amendments to MFRS 101 "Presentation of Financial Statements"
- Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS 134 "Interim Financial Reporting"
- Amendment to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets"
- Amendment to MFRS 138 "Intangible Assets"
- Amendment to IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Amendment to IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendment to IC Interpretation 132 "Intangible Assets – Web Site Costs"

The Group is currently assessing the financial impact that may arise from the adoption of these new standards, amendments and IC interpretations to existing standards on the financial statements of the Group in the financial year of initial application which will be effective from financial year beginning 1 July 2019 and thereafter.

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 2018 was not subject to any qualification.

A4 Seasonal or cyclical factors

The operations of the Group are affected by seasonal factors. Generally the demand for consumer electronic goods will increase before the year-end holiday season in many countries globally.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

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

The Company did a share buy-back of 815,000 shares for a total value of RM300,164.50 in December 2018.

Save for the above, 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 2019:

	FPE 31.03.2019 RM'000
In respect of the FYE 30 June 2019:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 28 August 2018 and paid on 28 September 2018 (based on 388,000,000 shares)	2,328
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 26 November 2018 and paid on 20 December 2018 (based on 388,000,000 shares)	2,328
Third interim single-tier tax exempt dividend of 0.6 sen per share declared on 25 February 2019 and paid on 29 March 2019 (based on 387,185,000 shares)	2,323
	<hr/> 6,979 <hr/>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

A8 Dividends paid (cont'd)

In addition, the dividend paid for the previous FPE 31 March 2018 is as follows:

	FPE 31.03.2018 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
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
	<u>6,984</u>

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			
	31.03.2019		31.03.2018		31.03.2019		31.03.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	9,933	51.3	22,771	47.4	75,392	61.3	140,043	63.8
Asia (excluding Malaysia)	7,059	36.4	9,167	19.1	30,451	24.8	37,396	17.1
Europe	2,260	11.7	15,815	32.9	15,455	12.5	38,244	17.4
Australia (including New Zealand and Oceania)	7	^	42	0.1	1,301	1.1	2,310	1.1
Malaysia	120	0.6	239	0.5	359	0.3	1,388	0.6
Africa (including Middle East)	1	^	3	^	5	^	9	^
Total	19,380	100	48,037	100	122,963	100	219,390	100

^ negligible

For FPE 31 March 2019 the Group revenue was mainly derived from America, of which, more than 80% of revenue was attributable to the United States of America. The second country is from China, contributing more than 60% to the Asia region.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

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 the current quarter ended 31 March 2019 are as follows:

	As at 31.03.2019 RM'000
Contracted	1,677
Authorised but not contracted	12,517
	<u>14,194</u>

A15 Significant related party transactions

	9 months ended 31.03.2019 RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	22
	<u>22</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

In the third quarter ended 31 March 2019, total revenue generated by the Group remained soft at RM19.4 million against the RM48.0 million recorded in the same quarter last year, a decline of RM28.6 million.

The complexity of the second generation cordless headset, with a few last remaining design changes and further field tests, continue to weigh on the Group's resources – where we are holding excess resources and yet unable to realise them in its original intended mass production timeline. We have since received approval to start mass production. However, the expected mass production and subsequent shipments in the coming months leading to the close of the financial year ending 30 June 2019 is inadequate to recover the revenue shortfall in earlier months.

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

In line with the declining revenue, the Group posted a current quarter loss before tax of approximately RM4.1 million compared to approximately RM0.2 million loss in the corresponding quarter ended 31 March 2018, an increase loss of approximately RM3.9 million. This was due to higher cost incurred for holding excess resources pending the mass production approval for the second generation cordless headset and low production volume of existing products.

For the current period under review, the Group recorded PBT of RM0.1 million compared to RM16.4 million in the preceding period, a decline of RM16.3 million.

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

	Current Quarter 31.03.2019 RM'000	Preceding Quarter 31.12.2018 RM'000	Variance RM'000	%
Revenue	19,380	46,867	(27,487)	-58.6%
(LBT) / PBT	(4,127)	1,250	(5,377)	-430.2%

The Group's revenue for the current quarter ended 31 March 2019 decreased by approximately 58.6% compared to the preceding quarter ended 31 December 2018. The delay in the mass production for the new cordless headset product continues to weigh down on the revenue and the lower volume of the existing products.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

B3 Prospects

Given the more subdued economic climate and the increase in competition, the Group expects the overall demand for its current products for the remaining months for the year ended 30 June 2019 to soften. The escalating trade tensions between US and China continues to cloud the global markets with uncertainties. Our existing customers have exercised caution in their product expansion plans and in their forecast which have affected the Group's current year financial performance. However, the Group continues to receive new business opportunities including those arising from the US-China trade tensions.

Premised on the above, the Board is of the opinion that the financial performance for the financial year ending 30 June 2019 will remain challenging.

B4 Variance between actual profit and forecast profit

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

B5 Taxation

	3 months ended		9 months ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	(565)	(99)	205	4,471
Prior year	(5)	(5)	(5)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
	(570)	(104)	200	4,466
Deferred tax				
Current year	(489)	55	(321)	(394)
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,059)	(49)	(121)	4,072

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 lower than the Malaysia statutory tax rate due mainly to certain revenue expenses and qualifying capital expenditure being deductible for tax purposes. The loss has resulted in a tax credit for the FPE 31 March 2019.

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 THIRD QUARTER ENDED 31 MARCH 2019

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 31.03.2019 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	16,391	-	8,609	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	-
Total	62,400	53,791	-	8,609		

* 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 2019** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Unsecured</u>			
Term loan	261	116	377
	<u>261</u>	<u>116</u>	<u>377</u>

Hire Purchases have been fully settled in the current quarter. The remaining borrowings are denominated in Ringgit Malaysia.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

B11 Derivative financial instruments

As at the date of the statement of financial position 31 March 2019, 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	3,674	(5)

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 27 May 2019 declared a fourth interim single tier tax-exempt dividend in respect of the financial year ending 30 June 2019 of 0.6 sen per share on 387,185,000 ordinary shares (excluding 815,000 Treasury shares) amounting to RM2,323,110.00. The entitlement date will be on 14 June 2019 and payment date on 28 June 2019.

B15 Earnings per Share ("EPS")

BASIC EPS	3 months ended		9 months ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
(Loss) / Profit attributable to owners of the Company (RM'000)	(3,068)	(116)	263	12,351
Weighted average number of ordinary shares in issue ('000)	387,185	388,000	387,691	388,000
Basic EPS (sen)	(0.79)	(0.03)	0.07	3.18

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.



SALUTICA BERHAD

(Company No. 1024781-T)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2019

B16 Notes to the Statement of Comprehensive Income

	3 months ended 31.03.2019 RM'000	9 months ended 31.03.2019 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance / (Reversal) for slow moving inventories	21	(769)
Write-off inventories	428	547
Claim made for obsolete materials	(497)	(655)
Property, plant & equipment:		
- depreciation	1,383	4,129
- gains on disposal	-	-
Provision for warranty	7	23
Rental expenses:		
- Hostel/premise	55	158
- equipment/machinery	9	27
Finance costs	6	24
Net foreign exchange (gains)/losses:		
- realised	57	(31)
- unrealised	(150)	(16)
Fair value (gains)/loss on derivative financial instruments	5	(182)
Interest Income	(272)	(817)
Short term investments:		
- gains on disposal	(31)	(139)
- fair value gains	(504)	(1,537)

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 27 May 2019.