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 first quarter and financial period ended ("**FPE**") 30 SEPTEMBER 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2019

		Current quarter 3 months ended		Cumulative 3 months ended	
	Note	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Revenue	**A9**	**32,350**	**56,716**	**32,350**	**56,716**
(Loss) / Profit from operations		(3,178)	3,029	(3,178)	3,029
Finance costs		(15)	(10)	(15)	(10)
(Loss) / Profit before taxation		**(3,193)**	**3,019**	**(3,193)**	**3,019**
Income tax credit / (expense)	B5	806	(684)	806	(684)
(Loss) / Profit for the period	**B1**	**(2,387)**	**2,335**	**(2,387)**	**2,335**
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive (loss) / income for the period		**(2,387)**	**2,335**	**(2,387)**	**2,335**
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the Company		(2,387)	2,335	(2,387)	2,335
Non-controlling interest		-	-	-	-
Total comprehensive (loss) / income for the period		**(2,387)**	**2,335**	**(2,387)**	**2,335**
(Loss) / Earnings per share					
Basic (Sen)	**B15**	**(0.62)**	**0.60**	**(0.62)**	**0.60**

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 2019 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 SEPTEMBER 2019

	Note	As at 30.09.2019 RM'000 (Unaudited)	As at 30.6.2019 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		44,052	42,842
Intangible assets		1,430	1,606
Right-Of-Use Assets		172	0
Deferred tax assets		703	0
		46,357	44,448
Current assets			
Inventories		42,500	34,301
Trade and other receivables		22,499	8,769
Derivative financial instruments		8	13
Current tax assets		3,260	2,790
Short term investment		43,311	54,588
Deposits, bank and cash balances		25,631	27,078
		137,209	127,539
TOTAL ASSETS		**183,566**	**171,987**
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Treasury shares		(991)	(300)
Reserves		60,722	65,419
Total equity attributable to owners of the Company		151,533	156,921
Non-controlling interests		-	-
TOTAL EQUITY		**151,533**	**156,921**
Non-current liabilities			
Lease Liability	**B10**	158	48
Deferred Tax Liability		0	103
		158	151
Current liabilities			
Payables and accruals		31,469	14,622
Derivative financial instruments		139	28
Borrowings	**B10**	248	265
Lease Liability		19	0
		31,875	14,915
TOTAL LIABILITIES		**32,033**	**15,066**
TOTAL EQUITY AND LIABILITIES		**183,566**	**171,987**
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		39.36	40.49

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 2019 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 FIRST QUARTER AND FPE 30 SEPTEMBER 2019

	<-------------------- Attributable to owners of the Company			-------------------->	
	<--------------- Non Distributable Reserve		--------------->	<- Distributable ->	
	Share capital and premium(*)	Treasury Shares(#)	Fair value reserve(^)	Retained Profits(^)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At **1 July 2019**	91,802	(300)	-	65,419	**156,921**
Total comprehensive loss for the year	-	-	-	(2,387)	**(2,387)**
Buy-back of shares	-	(691)	-	-	**(691)**
Dividends	-	-	-	(2,310)	**(2,310)**
At **30 September 2019**	91,802	(991)	-	60,722	**151,533**
At **1 July 2018**	91,802	-	16	75,255	**167,073**
Total comprehensive income for the year	-	-	-	2,335	**2,335**
Dividends	-	-	-	(2,328)	**(2,328)**
At **30 September 2018**	91,802	-	16	75,262	**167,080**

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

* As at 31January 2019, the share premium account of RM53,002,368 has been transferred to share capital account.
# The Company did share buy back in July 2019 for 2,195,000 shares worth RM691,435.86.
^ In accordance with the transitional provisions provided under MFRS 9 “Financial Instruments”, the Fair value reserve arising from the golf membership amounting to RM16,000 was reclassified to retained profits.

SALUTICA BERHAD

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

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2019

	Note	Current Quarter Ended 30.09.2019 RM'000	Preceding year corresponding quarter ended 30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the financial period		(2,387)	2,335
Adjustments for:			
Property, plant and equipment			
- depreciation		1,245	1,369
- gains on disposal		(2)	-
- write off		*	2
Right-of-use assets depreciation		22	-
Bad debts written off		-	9
Reversal of loss allowance for trade receivables		(58)	-
Capitalisation of intangible assets		-	(42)
Amortisation of intangible assets		176	81
Short term investment			
- Gain on disposal		(30)	(20)
- Fair value gain		(383)	(526)
Finance costs		15	10
Interest income		(224)	(270)
Inventories			
- Reversal of slow moving		-	(790)
Provision		3	8
Unrealised loss on foreign exchange		28	35
Fair value loss on derivative financial instruments		116	8
Taxation (income)/expenses		(806)	684
Operating profit before changes in working capital		**(2,285)**	**2,893**
Changes in working capital:			
Inventories		(8,200)	(6,240)
Trade and other receivables		(13,615)	(11,704)
Trade and other payables		15,880	17,621
Cash generated from operations		(8,220)	2,570
Income tax paid		(471)	(949)
Income tax refund		1	-
Net cash generated from/(used in) operating activities		**(8,690)**	**1,621**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(1,571)	(666)
Proceeds from disposal of plant and equipment		2	0
Interest income received		224	270
Purchase of short term investment		(8,550)	(12,160)
Proceeds from sale of short term investment		20,240	14,090
Net investing cash flow		**10,345**	**1,534**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		(691)	-
Dividend paid		(2,310)	(2,328)
Repayment of hire-purchase creditor		-	(216)
Repayment of term loans		(65)	(61)
Repayment of lease liability		(18)	-
Interest paid		(15)	(10)
Net cash from/(used in) financing activities		**(3,099)**	**(2,615)**

SALUTICA BERHAD

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

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2019

	Note	Current Quarter Ended 30.09.2019 RM'000	Preceding year corresponding quarter ended 30.09.2018 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,444)	540
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		2,878	1,049
Effect of change in foreign currency exchange rates		(3)	7
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**1,431**	**1,596**
Cash and cash equivalents comprise:			
Short-term deposits with licensed banks		-	-
Cash and bank balances		1,431	1,596
		1,431	**1,596**
Deposits with maturity more than 3 months		24,200	29,200
		25,631	**30,796**

* Amount is less than RM100

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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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 2019 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 2019.

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 2019.

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 2019 are as follows:

- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 9 "Prepayment Feature with Negative Compensation"
- Annual Impairments to MFRS 2015-2017 Cycle: Amendments to MFRS 3 "Business Combinations", Amendments to MFRS 12 "Income Taxes" and Amendments to MFRS 13 "Borrowing Costs"

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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:-

<u>MFRS 16: Leases</u>
MFRS 16 "Leases" (effective from 1 January 2019) supersedes MFRS 117 "Leases" and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company have set up a project team to review the Group's and the Company's leasing arrangements over the last year in the light of the new lease accounting rules in MFRS 16. The standard will affect primarily the accounting for the Group's and the Company's operating leases.

The Group and the Company will apply the standard from its mandatory adoption date of 1 July 2019. The Group and the Company intend to apply the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Currently, the Group and the Company do not have any activities as a lessor.

The Group's and the Company's activities as a lessee are not material and have assessed their leasing arrangements in accordance with the new lease accounting rules in MFRS 16.

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)

IC Interpretation 23: Uncertainty over Income Tax Treatments
IC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 9 "Prepayment Features with Negative Compensation" (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.

Annual Improvements to MFRSs 2015 – 2017 Cycle:
Amendments to MFRS 3 "Business Combinations" (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

Amendments to MFRS 112 "Income Taxes" (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

Amendments to MFRS 123 "Borrowing Costs" (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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)

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.

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

Financial year beginning on 1 July 2020

Amendments to MFRS 3 "Definition of a business" (effective from 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

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 years of initial application and none of these is expected to have a significant effect on the financial statements of the Group.

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 2019 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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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 the following share buy-back:

Date of buy back	Total no. of shares purchased	Total consideration paid (RM)
1 July 2019	1,227,900	385,928.97
2 July 2019	967,100	305,506.89
TOTAL	**2,195,000**	**691,435.86**

The Company have retained the purchased shares as Treasury shares.

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 30 September 2019:

	FPE 30.09.2019 RM'000
In respect of the FYE 30 June 2020:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 20 August 2019 and paid on 30 September 2019 (based on 384,990,000 shares)	2,310
	2,310

In addition, the dividend paid for the previous FPE 30 September 2018 is as follows:

	FPE 30.09.2018 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
	2,328

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 3 months ended				Cumulative quarter 3 months ended			
	30.09.2019		30.09.2018		30.09.2019		30.09.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	20,916	64.7	40,177	70.8	20,916	64.7	40,177	70.8
Asia (excluding Malaysia)	7,490	23.1	10,124	17.9	7,490	23.1	10,124	17.9
Europe	3,263	10.1	5,537	9.8	3,263	10.1	5,537	9.8
Australia (including New Zealand and Oceania)	491	1.5	705	1.2	491	1.5	705	1.2
Malaysia	189	0.6	171	0.3	189	0.6	171	0.3
Africa (including Middle East)	1	^	2	^	1	^	2	^
Total	**32,350**	**100**	**56,716**	**100**	**32,350**	**100**	**56,716**	**100**

^ negligible

For FPE 30 September 2019 the Group revenue was mainly derived from America, of which, more than 90% of revenue was attributable to the United States of America. The second country is from China, contributing more than 60% to the Asia region.

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 **30.09.2019** **RM'000**
Contracted	5,558
Authorised but not contracted	10,693
	16,251

A15 Significant related party transactions

There was no consultancy fee paid or payable to a person connected with the directors of the Company for the current quarter.

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

Total revenue for the first quarter ended 30 September 2019 was RM32.3 million, a drop of approximately RM24.4 million from RM56.7 million in the preceding year corresponding quarter. This was primarily attributable to the lower sales volume from the current running products and the new generation headsets. The forecast volume for the new generation headsets have increased but order fulfilment is constraint by material lead time. The situation is expected to normalise in the next quarter.

(ii) (Loss) / Profit Before Taxation ("(LBT)" / "PBT")

The Group's LBT for the first quarter ended 30 September 2019 was RM3.2 million, a decline of RM6.2 million from PBT of RM3.0 million in the preceding year corresponding quarter.

There were several new project developments in the pipeline that have yet to generate revenue but have already contributed to the significant costs increased in the current quarter. Amongst others, were spending on travelling, new production line setup, product development costs, hiring of new indirect headcounts and increased fixed costs due to upfront capital investments totalling approximately RM0.7 million.

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

	Current Quarter 30.09.2019 RM'000	Preceding Quarter 30.06.2019 RM'000	Variance RM'000	%
Revenue	32,350	16,009	16,341	102.1%
LBT	(3,193)	(1,077)	(2,116)	-196.5%

The Group's revenue for the current FPE 30 September 2019 has increased by approximately 102.1% compared to the preceding quarter ended 30 June 2019 while the LBT was at RM3.2 million compared to LBT of RM1.1 million for the immediate preceding quarter. The current quarter LBT was attributed to higher costs spent on development of ongoing and future projects.

B3 Prospects

The Group together with its European design partner have set a clear technology roadmap to embark on hearable devices with focus on micro-electronics encapsulation and miniaturisation. It is important that the Group have set this strategic roadmap to ensure continuity in terms of innovative product offerings to the market, highly capable resources and high end processes to successfully adapt to the challenging development of miniaturised products that can incorporate additional components for wider applications. In this regard, the Group have scouted critical talents to help bring the products from development stage to mass production stage within the shortest time possible.

In the meantime, the Group is diversifying into non-headsets products and broadening its customer base.

The Group will continue to be mindful of its costs management and be prudent in its spending and expansion plan.

Premised on the above, the Board is of the view that the Group's prospect is 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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B5 Taxation

	3 months ended		3 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income tax				
Current year	*	591	*	591
Prior year	-	-	-	-
	*	591	*	591
Deferred tax				
Current year	(806)	93	(806)	93
Prior year	-	-	-	-
	(806)	**684**	**(806)**	**684**

* Amount is less than RM100

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 Group's effective tax rate was lower mainly due to utilisation of current year tax loss on certain taxable income.

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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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 30.09.2019 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	20,144	-	4,856	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**	**57,544**	**-**	**4,856**		

* 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 September 2019** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Unsecured			
Term loan	248	-	248
	248	-	248

Term loan borrowings are denominated in Ringgit Malaysia.

B11 Derivative financial instruments

As at the date of the statement of financial position 30 September 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	15,388	(131)

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 November 2019 declared a second interim single tier tax-exempt dividend in respect of the financial year ending 30 June 2020 of 0.6 sen per share on 384,990,000 ordinary shares (excluding 3,010,000 Treasury shares) amounting to RM2,309,940.00. The entitlement date will be on 9 December 2019 and payment date on 18 December 2019.

B15 Earnings per Share ("EPS")

	3 months ended		3 months ended	
BASIC EPS	**30.09.2019**	**30.09.2018**	**30.09.2019**	**30.09.2018**
(Loss) / Profit attributable to owners of the Company (RM'000)	(2,387)	2,335	(2,387)	2,335
Weighted average number of ordinary shares in issue ('000)	385,001	388,000	385,001	388,000
Basic EPS (sen)	(0.62)	0.60	(0.62)	0.60

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.

B16 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2019 RM'000	3 months ended 30.09.2019 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Reversal of loss allowance of trade receivables	(58)	(58)
Write-off inventories	24	24
Claim made for obsolete materials	(44)	(44)
Property, plant & equipment:		
- Depreciation	1,245	1,245
- gains on disposal	(2)	(2)
Right-of-use asset depreciation	22	22
Provision for warranty	3	3
Rental expenses:		
- Hostel/premise	46	46
Finance costs	15	15
Net foreign exchange (gains)/losses:		
- Realised	1	1
- Unrealised	28	28
Fair value (gains)/loss on derivative financial instruments	116	116
Interest Income	(224)	(224)
Short term investments:		
- gains on disposal	(30)	(30)
- fair value gains	(383)	(383)

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 November 2019.