

**SALUTICA BERHAD**

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

The Board of Directors of Salutica Berhad (“Salutica” or the “Company”) (“Board”) is pleased to announce the following unaudited consolidated results for the second quarter and financial period ended (“FPE”) 31 DECEMBER 2019.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2019**

	Note	Current quarter 3 months ended		Cumulative 6 months ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>Revenue</b>	<b>A9</b>	<b>54,998</b>	<b>46,867</b>	<b>87,348</b>	<b>103,583</b>
Profit / (Loss) from operations		143	1,258	(3,035)	4,287
Finance costs		(6)	(8)	(21)	(18)
<b>Profit / (Loss) before taxation</b>		<b>137</b>	<b>1,250</b>	<b>(3,056)</b>	<b>4,269</b>
Income tax (expenses) / credit	B5	(82)	(254)	724	(938)
<b>Profit / (Loss) for the period</b>	<b>B1</b>	<b>55</b>	<b>996</b>	<b>(2,332)</b>	<b>3,331</b>
Other comprehensive income, net of taxation		-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>55</b>	<b>996</b>	<b>(2,332)</b>	<b>3,331</b>
Profit / (Loss) and total comprehensive income attributable to:					
Owners of the Company		55	996	(2,332)	3,331
Non-controlling interest		-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>55</b>	<b>996</b>	<b>(2,332)</b>	<b>3,331</b>
<b>Earnings / (Loss) per share</b>					
Basic (Sen)	<b>B15</b>	<b>0.01</b>	<b>0.26</b>	<b>(0.61)</b>	<b>0.86</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 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 31 DECEMBER 2019

	Note	As at 31.12.2019 RM'000 (Unaudited)	As at 30.6.2019 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		50,075	42,842
Intangible assets		1,370	1,606
Right-Of-Use Assets		167	-
Deferred tax assets		703	-
		<b>52,315</b>	<b>44,448</b>
<b>Current assets</b>			
Inventories		38,019	34,301
Trade and other receivables		25,945	8,769
Derivative financial instruments		116	13
Current tax assets		2,486	2,790
Short term investment		35,220	54,588
Deposits, bank and cash balances		29,951	27,078
		<b>131,737</b>	<b>127,539</b>
<b>TOTAL ASSETS</b>		<b>184,052</b>	<b>171,987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		91,802	91,802
Treasury shares		(991)	(300)
Reserves		58,467	65,419
Total equity attributable to owners of the Company		149,278	156,921
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>149,278</b>	<b>156,921</b>
<b>Non-current liabilities</b>			
Lease Liability		153	48
Deferred Tax Liability		-	103
		<b>153</b>	<b>151</b>
<b>Current liabilities</b>			
Payables and accruals		34,420	14,622
Derivative financial instruments		-	28
Borrowings	<b>B10</b>	182	265
Lease Liability		19	-
		<b>34,621</b>	<b>14,915</b>
<b>TOTAL LIABILITIES</b>		<b>34,774</b>	<b>15,066</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>184,052</b>	<b>171,987</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		38.77	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 SECOND QUARTER AND FPE 31 DECEMBER 2019

	<----- Attributable to owners of the Company ----->		<----- Non Distributable Reserve ----->		<- Distributable ->	
	Share capital and premium(*) RM'000	Treasury Shares(#) RM'000	Fair value reserve(^) RM'000	Retained Profits(^) RM'000	Total RM'000	
<b>At 1 July 2019</b>	91,802	(300)	-	65,419	<b>156,921</b>	
Total comprehensive loss for the year	-	-	-	(2,332)	<b>(2,332)</b>	
Buy-back of shares	-	(691)	-	-	<b>(691)</b>	
Dividends	-	-	-	(4,620)	<b>(4,620)</b>	
<b>At 31 December 2019</b>	<b>91,802</b>	<b>(991)</b>	<b>-</b>	<b>58,467</b>	<b>149,278</b>	
<b>At 1 July 2018</b>	91,802	-	16	75,255	<b>167,073</b>	
Total comprehensive income for the year	-	-	-	3,331	<b>3,331</b>	
Buy-back of shares	-	(300)	-	-	<b>(300)</b>	
Dividends	-	-	-	(4,656)	<b>(4,656)</b>	
<b>At 31 December 2018</b>	<b>91,802</b>	<b>(300)</b>	<b>16</b>	<b>73,930</b>	<b>165,448</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 2019 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 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)  
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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2019

	Note	Current Quarter Ended 31.12.2019 RM'000	Preceding year corresponding quarter ended 31.12.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / profit for the financial period		(2,332)	3,331
Adjustments for:			
Property, plant and equipment			
- depreciation		2,732	2,746
- gains on disposal		(42)	-
- write off		*	2
Right-of-use assets depreciation		28	-
Bad debts written off		-	9
Provision of loss allowance for trade receivables		102	-
Capitalisation of intangible assets		(62)	(75)
Amortisation of intangible assets		298	167
Short term investment			
- Gain on disposal		(64)	(108)
- Fair value gain		(671)	(1,033)
Finance costs		21	18
Interest income		(441)	(545)
Inventories			
- Reversal of slow moving		-	(790)
Provision		3	16
Unrealised loss on foreign exchange		67	134
Fair value gain on derivative financial instruments		(131)	(187)
Taxation (income)/expenses		(724)	938
Operating profit before changes in working capital		<b>(1,216)</b>	<b>4,623</b>
Changes in working capital:			
Inventories		(3,718)	1,643
Trade and other receivables		(17,536)	7,657
Trade and other payables		15,171	(1,566)
Cash generated from operations		(7,299)	12,357
Income tax paid		(628)	(1,581)
Income tax refund		849	-
Net cash generated from/(used in) operating activities		<b>(7,078)</b>	<b>10,776</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	B6	(5,083)	(1,964)
Proceeds from disposal of plant and equipment		42	-
Interest income received		441	545
Purchase of short term investment		(22,200)	(34,210)
Proceeds from sale of short term investment		42,304	34,688
Net investing cash flow		<b>15,504</b>	<b>(941)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for shares bought back		(691)	(300)
Dividend paid		(4,620)	(4,656)
Repayment of hire-purchase creditor		-	(273)
Repayment of term loans		(131)	(123)
Repayment of lease liability		(22)	-
Interest paid		(21)	(18)
Net cash from/(used in) financing activities		<b>(5,485)</b>	<b>(5,370)</b>



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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2019

	Current Quarter Ended 31.12.2019 RM'000	Preceding year corresponding quarter ended 31.12.2018 RM'000
	Note	
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,941	4,465
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	2,878	1,049
<b>Effect of change in foreign currency exchange rates</b>	(68)	(36)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>5,751</b>	<b>5,478</b>
<b>Cash and cash equivalents comprise:</b>		
Short-term deposits with licensed banks	-	-
Cash and bank balances	5,751	5,478
	<b>5,751</b>	<b>5,478</b>
Deposits with maturity more than 3 months	24,200	29,200
	<b>29,951</b>	<b>34,678</b>

\* 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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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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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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## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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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:-

##### MFRS 16: Leases

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 had applied the standard from its mandatory adoption date of 1 July 2019. The Group and the Company applied the simplified transition approach and did 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.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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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)*

##### 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.





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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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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)*

##### *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.

Interest Rate Benchmark Reform - Amendments to MFRS 9 “Financial Instruments”, MFRS 139 “Financial Instruments: Recognition and Measurement” and MFRS 7 “Financial Instruments: Disclosures” (effective from 1 January 2020).

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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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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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
<b>TOTAL</b>	<b>2,195,000</b>	<b>691,435.86</b>

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 31 December 2019:

	<b>FPE 31.12.2019 RM'000</b>
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
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 22 November 2019 and paid on 18 December 2019 (based on 384,990,000 shares)	2,310
	<hr/> <b>4,620</b> <hr/>

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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

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

	<b>FPE 31.12.2018 RM'000</b>
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
	<b><u>4,656</u></b>

#### A9 Operating segments

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

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

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

Regions	Current quarter				Cumulative quarter			
	3 months ended				6 months ended			
	31.12.2019		31.12.2018		31.12.2019		31.12.2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	38,341	69.7	25,282	54.0	59,257	67.8	65,459	63.2
Asia (excluding Malaysia)	5,827	10.6	13,268	28.3	13,317	15.3	23,392	22.6
Europe	9,068	16.5	7,658	16.3	12,331	14.1	13,195	12.7
Australia (including New Zealand and Oceania)	1,169	2.1	589	1.3	1,660	1.9	1,294	1.3
Malaysia	589	1.1	68	0.1	778	0.9	239	0.2
Africa (including Middle East)	4	^	2	^	5	^	4	^
<b>Total</b>	<b>54,998</b>	<b>100</b>	<b>46,867</b>	<b>100</b>	<b>87,348</b>	<b>100</b>	<b>103,583</b>	<b>100</b>

^ negligible

For FPE 31 December 2019 the Group revenue was mainly derived from America, of which, approximately 99% of revenue was attributable to the United States of America. The second country is from Netherlands, contributing more than 95% to the Europe region.



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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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#### A10 Valuation of property, plant and equipment

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

#### A11 Material events subsequent to the end of the current quarter

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

#### A12 Changes in the composition of the Group

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

#### A13 Contingent liabilities or contingent assets

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

#### A14 Capital commitments

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

	As at <b>31.12.2019</b> <b>RM'000</b>
Contracted	2,355
Authorised but not contracted	8,132
	<u>10,487</u>

#### A15 Significant related party transactions

	<b>6 months</b> <b>ended</b> <b>31.12.2019</b> <b>RM'000</b>
Consultancy fee paid/payable	
- to a person connected with directors of the Company	15
	<u>15</u>

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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

##### B1 Review of performance

###### (i) Revenue

The Group achieved revenue of approximately RM55.0 million for current quarter ended 31 December 2019, a 17.3% increase quarter-on-quarter, following steady increase in volume for the mouse products. Revenue for six months period ended 31 December 2019 fell approximately 15.7% to RM87.3 million from RM103.6 million recorded in the corresponding period last year. Bluetooth headsets continue to be the main revenue contributor although the percentage contribution to total revenue is now lower compared to the mouse products.

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

The Group’s PBT came in at RM0.1 million, a drop of approximately 89.0% against the same quarter last year of RM1.2 million. This was mainly attributed to the change in the sales mix of different products. In tandem with the lower PBT for the current quarter, the Group recorded a LBT of RM3.0 million compared to PBT of RM4.3 million in the same period last year.

The Group continue to spend on project development and new line setup costs for new products.

##### B2 Comment on material change in PBT / (LBT)

	Current Quarter 31.12.2019 RM’000	Preceding Quarter 30.09.2019 RM’000	Variance RM’000	%
Revenue	54,998	32,350	22,648	70.0%
PBT / (LBT)	137	(3,193)	3,330	104.3%

The Group’s revenue for the current quarter ended 31 December 2019 has increased by approximately 70.0% compared to the preceding quarter ended 30 September 2019 while the PBT was at RM0.1 million compared to LBT of RM3.2 million for the immediate preceding quarter. The current quarter PBT has improved due to higher revenue.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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#### B3 Prospects

The global and local economic outlook remains subdued and is filled with uncertainties. Furthermore, with the Covid-19 Virus outbreak, the Group has experienced temporary constraint in its supply chain and has taken all necessary measures to mitigate the impact of such constraint.

In the interest of the Group's future, all efforts for the continuous development of the Group's critical process and technology will continue despite of the current economic outlook in order to achieve the Group's medium to long term goals.

The Group continues to co-develop hearable devices with its European design partner and such developments are progressing on its intended timeline. In addition, the Group foresees 2 of its current product development project to achieve its mass production timeline by the fourth quarter of this fiscal year.

With growth and product expansion plans in place, the Board expects that the overall prospect for the Group remain positive.

#### 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		6 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	82	179	82	770
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	82	179	82	770
Deferred tax				
Current year	-	75	(806)	168
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>82</b>	<b>254</b>	<b>(724)</b>	<b>938</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 Group's effective tax rate was lower mainly due to utilisation of current year tax loss on certain taxable income.

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## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 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.

#### B9 Utilisation of proceeds from the IPO

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

Details of utilisation	Intended utilisation RM'000	Actual utilisation as at 31.12.2019 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	25,000	-	-	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>62,400</b>	-	-		

The Group has fully utilised the IPO proceeds.

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

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## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

#### B10 Borrowings and debt securities

The Group's loans and borrowings as at 31 December 2019 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Unsecured</u>			
Term loan	182	-	182
	182	-	182

Term loan borrowings are denominated in Ringgit Malaysia.

#### B11 Derivative financial instruments

As at the date of the statement of financial position 31 December 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	5,854	116

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 24 February 2020 declared a third 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 10 March 2020 and payment date on 27 March 2020.





## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2019

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#### B15 Earnings per Share (“EPS”)

BASIC EPS	3 months ended		6 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit / (Loss) attributable to owners of the Company (RM’000)	55	996	(2,332)	3,331
Weighted average number of ordinary shares in issue (’000)	384,990	387,876	384,995	387,938
Basic EPS (sen)	0.01	0.26	(0.61)	0.86

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 31.12.2019 RM’000	6 months ended 31.12.2019 RM’000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Provision for loss allowance of trade receivables	160	102
Write-off inventories	423	447
Claim made for obsolete materials	(693)	(737)
Property, plant & equipment:		
- Depreciation	1,487	2,732
- gains on disposal	(40)	(42)
Right-of-use asset depreciation	6	28
Provision for warranty	*	3
Rental expenses:		
- Hostel/premise	56	102
Finance costs	6	21
Net foreign exchange (gains)/losses:		
- Realised	2	3
- Unrealised	39	67
Fair value gains on derivative financial instruments	(247)	(131)
Interest Income	(217)	(441)
Short term investments:		
- gains on disposal	(34)	(64)
- fair value gains	(288)	(671)

\* amount less than RM500.00

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 24 February 2020.