

**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 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FPE 31 MARCH 2020**

	Note	Current quarter 3 months ended		Cumulative 9 months ended	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
<b>Revenue</b>	<b>A9</b>	<b>36,307</b>	<b>19,380</b>	<b>123,655</b>	<b>122,963</b>
(Loss) / Profit from operations		(4,150)	(4,121)	(7,185)	166
Finance costs		(15)	(6)	(36)	(24)
<b>(Loss) / Profit before taxation</b>		<b>(4,165)</b>	<b>(4,127)</b>	<b>(7,221)</b>	<b>142</b>
Income tax credit / (expenses)	B5	591	1,059	1,315	121
<b>(Loss) / Profit for the period</b>	<b>B1</b>	<b>(3,574)</b>	<b>(3,068)</b>	<b>(5,906)</b>	<b>263</b>
Other comprehensive income, net of taxation		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(3,574)</b>	<b>(3,068)</b>	<b>(5,906)</b>	<b>263</b>
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the Company		(3,574)	(3,068)	(5,906)	263
Non-controlling interest		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(3,574)</b>	<b>(3,068)</b>	<b>(5,906)</b>	<b>263</b>
<b>(Loss) / Earnings per share</b>					
Basic (Sen)	<b>B15</b>	<b>(0.93)</b>	<b>(0.79)</b>	<b>(1.53)</b>	<b>0.07</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 MARCH 2020

	Note	As at 31.03.2020 RM'000 (Unaudited)	As at 30.6.2019 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		51,385	42,842
Intangible assets		1,302	1,606
Right-Of-Use Assets		161	-
Deferred tax assets		1,212	-
		<b>54,060</b>	<b>44,448</b>
<b>Current assets</b>			
Inventories		33,585	34,301
Trade and other receivables		22,553	8,769
Derivative financial instruments		-	13
Current tax assets		2,568	2,790
Short term investment		46,613	54,588
Deposits, bank and cash balances		18,001	27,078
		<b>123,320</b>	<b>127,539</b>
<b>TOTAL ASSETS</b>		<b>177,380</b>	<b>171,987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		91,802	91,802
Treasury shares		(991)	(300)
Reserves		52,583	65,419
Total equity attributable to owners of the Company		143,394	156,921
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>143,394</b>	<b>156,921</b>
<b>Non-current liabilities</b>			
Lease Liability		148	48
Borrowings		884	-
Deferred Tax Liability		-	103
		<b>1,032</b>	<b>151</b>
<b>Current liabilities</b>			
Payables and accruals		32,076	14,622
Derivative financial instruments		311	28
Borrowings	<b>B10</b>	548	265
Lease Liability		19	-
		<b>32,954</b>	<b>14,915</b>
<b>TOTAL LIABILITIES</b>		<b>33,986</b>	<b>15,066</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>177,380</b>	<b>171,987</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		37.25	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 THIRD QUARTER AND FPE 31 MARCH 2020

	<----- Attributable to owners of the Company ----->				Total
	<----- Non Distributable Reserve ----->		<- Distributable ->		
	Share capital and premium(*) RM'000	Treasury Shares(#) RM'000	Fair value reserve(^) RM'000	Retained Profits(^) RM'000	RM'000
<b>At 1 July 2019</b>	91,802	(300)	-	65,419	<b>156,921</b>
Total comprehensive loss for the year	-	-	-	(5,906)	<b>(5,906)</b>
Buy-back of shares	-	(691)	-	-	<b>(691)</b>
Dividends	-	-	-	(6,930)	<b>(6,930)</b>
<b>At 31 March 2020</b>	<b>91,802</b>	<b>(991)</b>	<b>-</b>	<b>52,583</b>	<b>143,394</b>
<b>At 1 July 2018</b>	91,802	-	16	75,255	<b>167,073</b>
Total comprehensive income for the year	-	-	-	263	<b>263</b>
Buy-back of shares	-	(300)	-	-	<b>(300)</b>
Dividends	-	-	-	(6,979)	<b>(6,979)</b>
<b>At 31 March 2019</b>	<b>91,802</b>	<b>(300)</b>	<b>16</b>	<b>68,539</b>	<b>160,057</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

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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE THIRD QUARTER AND FPE 31 MARCH 2020

	Note	Current Quarter Ended 31.03.2020 RM'000	Preceding year corresponding quarter ended 31.03.2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / profit for the financial period		(5,906)	263
Adjustments for:			
Property, plant and equipment			
- depreciation		4,283	4,129
- gains on disposal		(46)	-
- write off		*	2
Right-of-use assets depreciation		34	-
Bad debts written off		-	9
Loss reversal of trade receivables		(54)	-
Capitalisation of intangible assets		(90)	(264)
Amortisation of intangible assets		394	258
Short term investment			
- Gain on disposal		(81)	(139)
- Fair value gain		(964)	(1,537)
Finance costs		36	24
Interest income		(591)	(817)
Reversal of slow moving Inventories			(769)
Provision		4	23
Unrealised gain on foreign exchange		(112)	(16)
Fair value loss / (gain) on derivative financial instruments		295	(182)
Taxation income		(1,315)	(121)
Operating profit before changes in working capital		<b>(4,113)</b>	<b>863</b>
Changes in working capital:			
Inventories		716	1,279
Trade and other receivables		(12,800)	13,817
Trade and other payables		14,883	(9,320)
Cash generated from operations		(1,314)	6,639
Income tax paid		(628)	(1,898)
Income tax refund		849	-
Net cash generated from/(used in) operating activities		<b>(1,093)</b>	<b>4,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	B6	(9,972)	(4,196)
Proceeds from disposal of plant and equipment		46	23
Interest income received		591	817
Uplift of deposit with bank with maturity period of more than three months		14,700	-
Purchase of short term investment		(51,080)	(43,110)
Proceeds from sale of short term investment		60,101	51,069
Net investing cash flow		<b>14,386</b>	<b>4,603</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for shares bought back		(691)	(300)
Dividend paid		(6,930)	(6,979)
Repayment of hire-purchase creditor		(55)	(291)
Repayment of term loans		(198)	(186)
Repayment of lease liability		(27)	-
Interest paid		(36)	(24)
Net cash from/(used in) financing activities		<b>(7,937)</b>	<b>(7,780)</b>



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### CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE THIRD QUARTER AND FPE 31 MARCH 2020

Note	Current Quarter Ended 31.03.2020 RM'000	Preceding year corresponding quarter ended 31.03.2019 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,356	1,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,878	1,049
Effect of change in foreign currency exchange rates	267	2
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>8,501</b>	<b>2,615</b>
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks	-	-
Cash and bank balances	8,501	2,615
Deposits with maturity more than 3 months	9,500	29,200
	<b>18,001</b>	<b>31,815</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 THIRD QUARTER ENDED 31 MARCH 2020

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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 THIRD QUARTER ENDED 31 MARCH 2020

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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 THIRD QUARTER ENDED 31 MARCH 2020

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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.





## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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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).

Classification of Liabilities as Current or Non-current – Amendments to MFRS 101 “Presentation of Financial Statements” (effective from 1 January 2022).

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 THIRD QUARTER ENDED 31 MARCH 2020

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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**

There were no issuance, cancellation, repurchase, resale or repayment of debt and securities in the current quarter under review. As at 31 March 2020, the number of treasury shares held were 3,010,000 ordinary shares.

**A8 Dividends paid**

The following dividend was paid during the FPE 31 March 2020:

	<b>FPE 31.03.2020 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
Third interim single-tier tax exempt dividend of 0.6 sen per share declared on 24 February 2020 and paid on 27 March 2020 (based on 384,990,000 shares).	2,310
	<hr/> <b>6,930</b> <hr/>

In addition, the dividend paid for the previous FPE 31 March 2019 is as follows:

	<b>FPE 31.03.2019 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
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/> <b>6,979</b> <hr/>



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

#### 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			
	31.03.2020		31.03.2019		31.03.2020		31.03.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	27,820	76.6	9,933	51.3	87,077	70.4	75,392	61.3
Asia (excluding Malaysia)	4,319	11.9	7,059	36.4	17,636	14.3	30,451	24.8
Europe	3,496	9.7	2,260	11.7	15,827	12.8	15,455	12.5
Australia (including New Zealand and Oceania)	415	1.1	7	^	2,075	1.6	1,301	1.1
Malaysia	256	0.7	120	0.6	1,034	0.9	359	0.3
Africa (including Middle East)	1	^	1	^	6	^	5	^
<b>Total</b>	<b>36,307</b>	<b>100</b>	<b>19,380</b>	<b>100</b>	<b>123,655</b>	<b>100</b>	<b>122,963</b>	<b>100</b>

^ negligible

For FPE 31 March 2020 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 approximately 97% to the Europe 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

The Malaysian Prime Minister had announced on 16 March 2020 to implement the first Movement Control Order (“MCO”) on 18 March 2020 for two weeks until 31 March 2020. The MCO has since been extended to 9 June 2020. Fortunately the Group has received the approval from the Ministry of International Trade and Industry (“MITI”) to partially operate since 5 April 2020 and has resumed to full capacity since 29 April 2020. As such, the Group has since been making all possible efforts to meet its customers’ demand and forecast for the various products from computer peripherals to headsets.

Save for the above, there were no material events subsequent to the end of the current quarter that have not been reflected in these interim financial statements.



## SALUTICA BERHAD

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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

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

#### A13 Contingent liabilities or contingent assets

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

#### A14 Capital commitments

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

	As at <b>31.03.2020</b> <b>RM'000</b>
Contracted	777
Authorised but not contracted	6,849
	<u>7,626</u>

#### A15 Significant related party transactions

	<b>9 months ended 31.03.2020</b> <b>RM'000</b>
Consultancy fee paid/payable	
- to a person connected with directors of the Company	18
	<u>18</u>

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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

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

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

Revenue of approximately RM36.3 million for the current quarter ended 31 March 2020 was RM16.9 million or 87.1% higher as compared to approximately RM19.4 million for the corresponding quarter in 2019. The increase in revenue was mainly attributed to the increase in the sales volume for computer peripherals products.

For the current financial period under review, the Group recorded total revenue of approximately RM123.7 million, an increase of RM0.7 million or 0.6%, mainly from the increase in the computer peripherals products, as compared to approximately RM123.0 million recorded in the corresponding period in 2019.

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

As a result of the MCO, the Group had halt its production in the initial phase which resulted in more than 50% loss of production in the month of March 2020. The Group posted LBT of approximately RM4.2 million for the current quarter under review compared to LBT of approximately RM4.1 million in the corresponding quarter last year, a slight increase in loss of RM0.1 million.

For the current financial period 31 March 2020, the Group recorded a LBT of approximately RM7.2 million compared to a PBT of approximately RM0.1 million. The loss was mainly attributed to the change in the sales mix of different products with computer peripherals products contributing more to the revenue but with a lower profit margin compare to headsets. Coupled with the expenditure and expenses incurred in the financial period with the temporary cease of production at the initial phase of the MCO and the increase in minimum wage in February 2020, such expenses are not sufficiently covered by the lower output. These expenses were necessary for the product development preparation for new product models to be launched this year. The situation has affected the Group’s margin and resulted in loss for the current financial period.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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

	Current Quarter 31.03.2020 RM'000	Preceding Quarter 31.12.2019 RM'000	Variance RM'000	%
Revenue	36,307	54,998	(18,691)	-34.0%
(LBT) / PBT	(4,165)	137	(4,302)	-3,140.1%

The Group's revenue for the current quarter ended 31 March 2020 has decreased by approximately 34.0% compared to the preceding quarter ended 31 December 2019. The LBT was at approximately RM4.2 million compared to PBT of approximately RM0.1 million for the immediate preceding quarter. The current quarter LBT was affected by the low revenue, change in sales mix and also implementation of the MCO since 18 March 2020 which has affected the production volume.

#### B3 Prospects

The global economy continues to be weighed down by the Covid-19 outbreak where people are adjusting to the "new normal". With the change in spending habits of consumers, the Group is confident that the products of its business will continue to stay relevant in people's lives as it involves various aspects from work productivity, personal entertainment and automotive safety.

Against the Covid-19 economic backdrop, the Group will continue to strengthen its cash position to enable the Group to invest in new growth strategies. Focus will be broadening its customers' base but remain diligent and prudent in its cash management.

The co-development of hearable devices with its European design partner continues with slight change to its original timeline in view of the MCO or lockdown in major countries globally.

From the effect of the MCO and the Covid-19 pandemic, the Group does not foresee significant impact to its product development lifecycle for new products save for slight delays to its original timeline from the short period on non-operation prior to receiving the approval to operate at full capacity since 29 April 2020.

Therefore, in view of the unprecedented economic situation posed by the Covid-19 pandemic which has put uncertainty in the global business, the Board expects that the overall prospect for the Group to be 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.

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## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

#### B5 Taxation

	3 months ended		9 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	(82)	(565)	0	205
Prior year	-	(5)	-	(5)
	(82)	(570)	0	200
Deferred tax				
Current year	(509)	(489)	(1,315)	(321)
Prior year	-	-	-	-
	<b>(591)</b>	<b>(1,059)</b>	<b>(1,315)</b>	<b>(121)</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.

#### 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 Borrowings and debt securities

The Group's loans and borrowings as at **31 March 2020** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<b><u>Secured</u></b>			
Hire Purchase	433	884	1,317
<b><u>Unsecured</u></b>			
Term loan	115	-	115
	<b>548</b>	<b>884</b>	<b>1,432</b>

All the borrowings are denominated in Ringgit Malaysia.



## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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#### B10 Derivative financial instruments

As at the date of the statement of financial position 31 March 2020, 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	7,900	(311)

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.

#### B11 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.

#### B12 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.

#### B13 Proposed dividend

The Directors do not recommend any payment of dividend in respect of the current quarter.

#### B14 Earnings per Share ("EPS")

BASIC EPS	3 months ended		9 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
(Loss) / Profit attributable to owners of the Company (RM'000)	(3,574)	(3,068)	(5,906)	263
Weighted average number of ordinary shares in issue ('000)	384,990	387,185	384,994	387,691
Basic EPS (sen)	(0.93)	(0.79)	(1.53)	0.07

There was no dilution in the EPS as there was no potential diluted ordinary share outstanding as at the end of the current period under review.

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## SALUTICA BERHAD

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

### NOTES TO THE INTERIM FINANCIAL STATEMENTS THIRD QUARTER ENDED 31 MARCH 2020

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#### B15 Notes to the Statement of Comprehensive Income

	3 months ended 31.03.2020 RM'000	9 months ended 31.03.2020 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Loss reversal of trade receivables	(156)	(54)
Write-off inventories	1,025	1,472
Claim made for obsolete materials	(1,133)	(1,870)
Property, plant & equipment:		
- Depreciation	1,551	4,283
- gains on disposal	(4)	(46)
Right-of-use asset depreciation	6	34
Provision for warranty	1	4
Rental of hostels	51	153
Finance costs	15	36
Net foreign exchange (gains)/losses:		
- Realised	(435)	(432)
- Unrealised	(179)	(112)
Fair value gains on derivative financial instruments	426	295
Interest Income	(150)	(591)
Short term investments:		
- gains on disposal	(17)	(81)
- fair value gains	(293)	(964)

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

#### B16 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 18 May 2020.