SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
(Incorporated in Malaysia)

The Board of Directors of Salutica Berhad ("**Salutica**" or the "**Company**") ("**Board**") is pleased to announce the following unaudited consolidated results for the fourth quarter and financial year ended ("**FYE**") 30 JUNE 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 30 JUNE 2020

		Current quarter 3 months ended		**Cumulative 12 months ended**	
	Note	**30.06.2020 RM'000**	**30.06.2019 RM'000**	**30.06.2020 RM'000**	**30.06.2019 RM'000**
Revenue	**A9**	**37,335**	**16,009**	**160,990**	**138,972**
Loss from operations		(3,344)	(1,072)	(10,529)	(906)
Finance costs		(34)	(5)	(70)	(29)
Loss before taxation		**(3,378)**	**(1,077)**	**(10,599)**	**(935)**
Income tax credit	B5	1,224	264	2,539	385
Loss for the period	**B1**	**(2,154)**	**(813)**	**(8,060)**	**(550)**
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive loss for the period		**(2,154)**	**(813)**	**(8,060)**	**(550)**
Loss and total comprehensive income attributable to:					
Owners of the Company		(2,154)	(813)	(8,060)	(550)
Non-controlling interest		-	-	-	-
Total comprehensive loss for the period		**(2,154)**	**(813)**	**(8,060)**	**(550)**
Loss per share					
Basic (Sen)	**B14**	**(0.56)**	**(0.21)**	**(2.09)**	**(0.14)**

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. 201201040303) (1024781-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	As at 30.06.2020 RM'000 (Unaudited)	As at 30.6.2019 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		51,044	42,842
Right-Of-Use Assets		156	-
Intangible assets		2,436	1,606
Deferred tax assets		2,436	-
		56,072	44,448
Current assets			
Inventories		57,888	34,301
Trade and other receivables		24,820	8,769
Derivative financial instruments		60	13
Current tax assets		2,568	2,790
Short term investment		46,250	54,588
Deposits, bank and cash balances		3,836	27,078
		135,422	127,539
TOTAL ASSETS		**191,494**	**171,987**
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Treasury shares		(991)	(300)
Reserves		50,429	65,419
Total equity attributable to owners of the Company		141,240	156,921
Non-controlling interests		-	-
TOTAL EQUITY		**141,240**	**156,921**
Non-current liabilities			
Lease Liability		143	48
Borrowings	**B9**	1,421	-
Deferred Tax Liability		-	103
		1,564	151
Current liabilities			
Payables and accruals		47,823	14,622
Derivative financial instruments		35	28
Borrowings	**B9**	812	265
Lease Liability		20	-
		48,690	14,915
TOTAL LIABILITIES		**50,254**	**15,066**
TOTAL EQUITY AND LIABILITIES		**191,494**	**171,987**
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		36.69	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 FYE 30 JUNE 2020

	<-------------------- 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	-	-	-	(8,060)	**(8,060)**
Buy-back of shares	-	(691)	-	-	**(691)**
Dividends	-	-	-	(6,930)	**(6,930)**
At **30 June 2020**	91,802	(991)	-	50,429	**141,240**
At **1 July 2018**	91,802	-	16	75,255	**167,073**
Total comprehensive loss for the year	-	-	-	(550)	**(550)**
Buy-back of shares	-	(300)	-	-	**(300)**
Transition on Impact of MFRS 9	-	-	(16)	16	-
Dividends	-	-	-	(9,302)	**(9,302)**
At **30 June 2019**	91,802	(300)	-	65,419	**156,921**

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

SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FYE 30 JUNE 2020

	Note	12 months ended 30.06.2020 RM'000	12 months ended 30.06.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the financial period		(8,060)	(550)
Adjustments for:			
Property, plant and equipment			
- depreciation		5,757	5,422
- gains on disposal		(53)	(99)
- write off		*	2
Right-of-use assets depreciation		39	-
Bad debts written off		4	9
Allowance for Impairment of trade receivables		99	62
Capitalisation of intangible assets		(1,319)	(957)
Amortisation of intangible assets		489	514
Short term investment			
- Gain on disposal		(93)	(166)
- Fair value gain		(1,292)	(1,975)
Finance costs		70	29
Interest income		(623)	(1,091)
Inventories – Provision for slow moving		19	21
(Write back) / Provision		7	(80)
Unrealised gain on foreign exchange		(325)	(2)
Fair value gain on derivative financial instruments		(40)	(173)
Taxation income		(2,539)	(385)
Operating loss before changes in working capital		**(7,860)**	**581**
Changes in working capital:			
Inventories		(23,606)	(956)
Trade and other receivables		(16,469)	15,604
Trade and other payables		33,334	(8,897)
Cash generated from operations		(14,601)	6,332
Income tax paid		(628)	(2,141)
Income tax refund		850	12
Net cash generated from/(used in) operating activities		**(14,379)**	**4,203**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(11,771)	(6,773)
Proceeds from disposal of plant and equipment		53	99
Interest income received		623	1,091
Uplift of deposit with bank with maturity period of more than three months		24,200	5,000
Purchase of short term investment		(60,580)	(58,660)
Proceeds from sale of short term investment		70,303	67,076
Net investing cash flow		**22,828**	**7,833**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		(691)	(300)
Dividend paid		(6,930)	(9,302)
Repayment of hire-purchase creditor		(212)	(291)
Repayment of term loans		(266)	(250)
Repayment of lease liability		(32)	-
Interest paid		(70)	(29)
Drawdown of hire-purchase		732	-
Net cash from/(used in) financing activities		**(7,469)**	**(10,172)**

SALUTICA

SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FYE 30 JUNE 2020

	Note	12 months ended 30.06.2020 RM'000	12 months ended 30.06.2019 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		980	1,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		2,878	1,049
Effect of change in foreign currency exchange rates		(22)	(35)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**3,836**	**2,878**
Cash and cash equivalents comprise:			
Short-term deposits with licensed banks		-	-
Cash and bank balances		3,836	2,878
		3,836	**2,878**
Deposits with maturity more than 3 months		-	24,200
		3,836	**27,078**

* 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 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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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

<u>Financial year beginning on 1 July 2020</u>

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).

Covid-19-Related Rent Concessions - Amendments to MFRS 16 "Lease" (effective from 1 June 2020)

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

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" (effective from 1 January 2022).

Reference to the Conceptual Framework - Amendments to MRFS 3 "Business Combinations" (effective from 1 January 2022).

Property, Plant and Equipment – Proceeds before Intended Use – Amendments to MFRS 116 "Property, Plant and Equipment (effective from 1 January 2022).

Onerous Contract – Cost of Fulfilling a Contract – Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" (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.

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A3 Auditors' report on preceding annual financial statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 30 June 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.

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 30 June 2020, the number of treasury shares held were 3,010,000 ordinary shares.

A8 Dividends paid

The following dividend was paid during the FYE 30 June 2020:

	FYE 30.06.2020 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
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
	6,930

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A8 Dividends paid (cont'd)

In addition, the dividend paid for the previous FYE 30 June 2019 is as follows:

In respect of the FYE 30 June 2019:	FYE 30.06.2019 RM'000
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
Fourth interim single-tier tax exempt dividend of 0.6 sen per share declared on 27 May 2019 and paid on 28 June 2019 (based on 387,185,000 shares)	2,323
	9,302

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 12 months ended			
	30.06.2020		30.06.2019		30.06.2020		30.06.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	33,502	89.7	9,628	60.1	120,579	74.9	85,020	61.2
Asia (excluding Malaysia)	946	2.5	3,838	24.0	18,582	11.6	34,289	24.6
Europe	2,264	6.1	1,730	10.8	18,091	11.2	17,185	12.4
Australia (including New Zealand and Oceania)	356	1.0	177	1.1	2,431	1.5	1,478	1.1
Malaysia	267	0.7	632	4.0	1,301	0.8	991	0.7
Africa (including Middle East)	*	^	4	^	6	^	9	^
Total	**37,335**	**100**	**16,009**	**100**	**160,990**	**100**	**138,972**	**100**

* amount less than RM500
^ negligible

For FYE 30 June 2020 the Group revenue was mainly derived from America region, of which, approximately 99% of revenue was attributable to the United States of America. The second country is from Netherlands, contributing approximately 96% 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

On 7 June 2020, the Prime Minister announced the recovery phase known as the Recovery MCO ("RMCO") which is to end on 31 August 2020.
The Group has resumed to full capacity since 29 April 2020 and all efforts were made 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.

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 **30.06.2020** **RM'000**
Contracted	423
Authorised but not contracted	6,070
	6,493

A15 Significant related party transactions

	12 months ended 30.06.2020 **RM'000**
Consultancy fee paid/payable	
- to a person connected with directors of the Company	19
	19

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

For the current quarter ended 30 June 2020, revenue was approximately RM37.3 million compared to approximately RM16.0 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, representing approximately 65% of the current quarter revenue.

For the financial year ended 30 June 2020, the Group recorded total revenue of RM161.0 million compared to RM139.0 million in the preceding year, an increase of RM22.0 million or 15.8%. Bluetooth headsets revenue contributed approximately 58% while computer peripherals products contributed approximately 36% of the total revenue for the year with the balance 6% contributed by in-house brand FOBO and other non-Bluetooth products such as smart home controller/switches, light guides and camera sub-parts.

The increase in revenue for the current quarter and current financial year compared to the corresponding quarter and financial period last year was mainly contributed by the increase in volume for computer peripherals products.

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

The Group posted LBT of approximately RM3.4 million for the current quarter under review compared to LBT of approximately RM1.1 million in the corresponding quarter last year, an increase in loss of RM2.3 million. The loss was mainly attributed to change in sales mix with higher revenue from lower margin products.

For the current financial year under review, the Group recorded LBT of approximately RM10.6 million compared to LBT of approximately RM0.9 million in the preceding period last year. The loss, amongst others, was mainly attributed to the following:

- Change in sales mix with lower margin product contributing more to the revenue compared to previous year;
- Impact from minimum wage implemented by the Malaysia government since 1 February 2020;
- The Group had halted its operation during the MCO period from 18 March 2020 to 4 April 2020, and only started operation at 50% capacity upon MITI's approval on 5 April 2020. During this MCO period, the Group's idle production costs amounted to approximately RM3.2 mil. The Group resumed full operation from 29 April 2020 onwards;
- Compliance costs for working during MCO period as per Ministry of Health ("MOH") standard operating procedures ("SOP") guidelines such as factory sanitisation, social distancing setup, provision of mask to all employees. The Group also provided packet free meals to employees during the MCO period to avoid them mingling in crowded places; and
- The change in demand cycles and pause in economic activities globally due to the Covid-19 pandemic have affected development phases and product launches.

B2 Comment on material change in PBT / (LBT)

	Current Quarter 30.06.2020 RM'000	Preceding Quarter 31.03.2020 RM'000	Variance RM'000	%
Revenue	37,335	36,307	1,028	2.8%
LBT	(3,378)	(4,165)	787	18.9%

The Group's revenue for the current quarter ended 30 June 2020 has increased to RM37.3 million compared to RM36.3 million for the preceding quarter ended 31 March 2020. In tandem with the higher revenue, the LBT was lower at approximately RM3.4 million compared to LBT of approximately RM4.2 million for the preceding quarter.

B3 Prospects

The Group reported a loss position for financial year ended 30 June 2020 amidst the Covid-19 pandemic affecting many countries around the world. Besides cost controls efforts, the management have also taken steps to ensure the Group's financial sustainability and continue to maintain in a strong position to compete and deliver innovative products to our customers. This is achieved by applying utmost fiscal prudence to all aspects of our operations. The Board believe this will enhance the Group's resilience and ability to achieve strategic aims.

The Group will continue to pursue its product development plan aggressively to achieve its product launches milestones to catch up for the delays caused by the Covid-19 outbreak.

The Board will take proactive steps to plan with appropriate financial mitigation to improve the Group's financial resilience, however, the Board expects that the overall prospect for the Group to be challenging arising from the Covid-19 pandemic affecting the global economy.

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		12 months ended	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax				
Current year	-	73	-	273
Prior year	-	239	-	239
	-	312	-	512
Deferred tax				
Current year	(1,224)	(576)	(2,539)	(897)
Prior year	-	-	-	-
	(1,224)	**(264)**	**(2,539)**	**(385)**

Income tax is calculated at the Malaysia statutory tax rate of 24% of the estimated assessable profit for the current quarter and current financial year.

The effective tax rate of the Group for the current quarter and current period was lower than the Malaysian statutory tax rate was mainly due to certain revenue expenses and qualifying capital expenditure being deductible for tax purposes. The Group incurred loss which had resulted in a tax credit for the FYE 30 June 2020.

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 **30 June 2020** are as follows:

	Payable within 12 months RM'000	**Payable after 12 months RM'000**	**Total RM'000**
Secured			
Hire Purchase	765	1,421	2,186
Unsecured			
Term loan	47	-	47
	812	1,421	2,233

All the borrowings are denominated in Ringgit Malaysia.

B10 Derivative financial instruments

As at the date of the statement of financial position 30 June 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	6,465	25

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")

	3 months ended		12 months ended	
BASIC EPS	**30.06.2020**	**30.06.2019**	**30.06.2020**	**30.06.2019**
(Loss) / Profit attributable to owners of the Company (RM'000)	(2,154)	(813)	(8,060)	(550)
Weighted average number of ordinary shares in issue ('000)	384,990	387,185	384,993	387,565
Basic EPS (sen)	(0.56)	(0.21)	(2.09)	(0.14)

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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B15 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2020 RM'000	12 months ended 30.06.2020 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance for Impairment of trade receivables	153	99
Allowance for slow moving inventories	19	19
Write-off inventories	3	1,475
Claim made for obsolete materials	(10)	(1,880)
Property, plant & equipment:		
- Depreciation	1,474	5,757
- gains on disposal	(7)	(53)
Right-of-use asset depreciation	5	39
Provision for warranty	3	7
Rental of hostels	57	210
Finance costs	34	70
Net foreign exchange (gains)/losses:		
- Realised	32	(400)
- Unrealised	(213)	(325)
Fair value gains on derivative financial instruments	(335)	(40)
Interest Income	(32)	(623)
Short term investments:		
- gains on disposal	(12)	(93)
- fair value gains	(328)	(1,292)

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 24 August 2020.