



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 first quarter and financial period ended (“FPE”) 30 SEPTEMBER 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2020**

	Note	Current quarter 3 months ended		Cumulative 3 months ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue	A9	56,111	32,350	56,111	32,350
Loss from operations		(4,853)	(3,178)	(4,853)	(3,178)
Finance costs		(35)	(15)	(35)	(15)
Loss before taxation		(4,888)	(3,193)	(4,888)	(3,193)
Income tax credit	B5	1,150	806	1,150	806
Loss for the period	B1	(3,738)	(2,387)	(3,738)	(2,387)
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive loss for the period		(3,738)	(2,387)	(3,738)	(2,387)
Loss and total comprehensive income attributable to:					
Owners of the Company		(3,738)	(2,387)	(3,738)	(2,387)
Non-controlling interest		-	-	-	-
Total comprehensive loss for the period		(3,738)	(2,387)	(3,738)	(2,387)
Loss per share					
Basic (Sen)	B14	(0.97)	(0.62)	(0.97)	(0.62)

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

SALUTICA BERHAD
(Company No. 201201040303) (1024781-T)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Note	As at 30.09.2020 RM'000 (Unaudited)	As at 30.6.2020 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		45,596	45,832
Right-Of-Use Assets		5,343	5,368
Intangible assets		2,579	2,436
Deferred tax assets		3,586	2,436
		57,104	56,072
Current assets			
Inventories		47,311	57,888
Trade and other receivables		26,453	24,880
Current tax assets		2,702	2,568
Short term investment		40,497	46,250
Deposits, cash and bank balances		3,806	3,836
		120,769	135,422
TOTAL ASSETS		177,873	191,494
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Treasury shares		(991)	(991)
Reserves		46,691	50,429
Total equity attributable to owners of the Company		137,502	141,240
Non-controlling interests		-	-
TOTAL EQUITY		137,502	141,240
Non-current liabilities			
Borrowings	B9	1,360	1,564
		1,360	1,564
Current liabilities			
Payables and accruals		38,150	47,798
Provision for warranties		64	60
Borrowings	B9	797	832
		39,011	48,690
TOTAL LIABILITIES		40,371	50,254
TOTAL EQUITY AND LIABILITIES		177,873	191,494
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		35.72	36.69

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 2020 and the accompanying explanatory notes attached to the interim financial statements.



SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
(Incorporated in Malaysia under the Companies Act, 1965)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2020

<----- Attributable to owners of the Company ----->

<--- Non-distributable reserve --->

<- Distributable ->

	Share capital and premium(*) RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000
At 1 July 2020	91,802	(991)	50,429	141,240
Total comprehensive loss for the year	-	-	(3,738)	(3,738)
At 30 September 2020	91,802	(991)	46,691	137,502
At 1 July 2019	91,802	(300)	65,419	156,921
Total comprehensive loss for the year	-	-	(2,387)	(2,387)
Buy-back of shares	-	(691)	-	(691)
Dividends	-	-	(2,310)	(2,310)
At 30 September 2019	91,802	(991)	60,722	151,533

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 2020 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.



SALUTICA BERHAD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2020

	Note	Current Quarter Ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the financial period		(3,738)	(2,387)
Adjustments for:			
Property, plant and equipment			
- depreciation		1,398	1,245
- gains on disposal		-	(2)
- write off		*	*
Right-of-use assets depreciation		24	22
Loss allowance for impairment of trade receivables		(130)	(58)
Capitalisation of intangible assets		(237)	-
Amortisation of intangible assets		95	176
Short term investment			
- Gain on disposal		(14)	(30)
- Fair value gain		(207)	(383)
Finance costs		35	15
Interest income		(12)	(224)
Inventories – Reversal of slow moving		(1)	-
Provision		6	3
Unrealised (gain) / loss on foreign exchange		(15)	28
Fair value (gain) / loss on derivative financial instruments		(39)	116
Taxation income		(1,150)	(806)
Operating loss before changes in working capital		(3,985)	(2,285)
Changes in working capital:			
Inventories		10,578	(8,200)
Trade and other receivables		(1,590)	(13,615)
Trade and other payables		(9,592)	15,880
Cash generated from operations		(4,589)	(8,220)
Income tax paid		(134)	(471)
Income tax refund		-	1
Net cash generated from/(used in) operating activities		(4,723)	(8,690)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(1,018)	(1,571)
Proceeds from disposal of plant and equipment		-	2
Interest income received		12	224
Purchase of short term investment		(6,250)	(8,550)
Proceeds from sale of short term investment		12,224	20,240
Net investing cash flow		4,968	10,345
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		-	(691)
Dividend paid		-	(2,310)
Repayment of hire-purchase creditor		(187)	-
Repayment of term loans		(47)	(65)
Repayment of lease liability		(5)	(18)
Interest paid		(35)	(15)
Net cash from/(used in) financing activities		(274)	(3,099)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2020

	Note	Current Quarter Ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29)	(1,444)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		3,836	2,878
Effect of change in foreign currency exchange rates		(1)	(3)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		3,806	1,431
Cash and cash equivalents comprise:			
Short-term deposits with licensed banks		-	-
Cash and bank balances		3,806	1,431
Deposits with maturity more than 3 months		-	24,200
		3,806	25,631

* 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

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 2020 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 2020.

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 2020-.

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 2020 are as follows:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 3 ‘Definition of a Business’
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
- Amendments to MFRS 9, 139 and 7 ‘Interest Rate Benchmark Reform’
- Amendment to MFRS 16 ‘COVID-19-Related Rent Concessions’

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.

New standards early adopted by the Group

There are no new standards, amendments to published standards and IC interpretations to existing standards early adopted by the Group.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

A2 Changes in accounting policies (cont'd)

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted

Financial year beginning on 1 July 2021

- Interest rate benchmark Reform – Phase 2 (Amendments to MFRS 9, 139, 7, 4 and 16)

Financial year beginning on 1 July 2022

- Amendments to MFRS 116 Property, Plant and Equipment: 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Amendments to MFRS 3 Business Combinations: 'Reference to the Conceptual Framework'
- Annual Improvements to MFRSs 2018 – 2020: Amendments to Illustrative Example 13 accompanying MFRS 16 Leases: 'Lease Incentives' and Amendment to MFRS 9: 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'

Financial year beginning on 1 July 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' and deferment of effective date

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



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

A8 Dividends paid

No dividend was paid for the current quarter.

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				3 months ended			
	30.09.2020		30.09.2019		30.09.2020		30.09.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	47,300	84.3	20,916	64.7	47,300	84.3	20,916	64.7
Europe	4,586	8.2	3,263	10.1	4,586	8.2	3,263	10.1
Malaysia	1,990	3.5	189	0.6	1,990	3.5	189	0.6
Asia (excluding Malaysia)	1,331	2.4	7,490	23.1	1,331	2.4	7,490	23.1
Australia (including New Zealand and Oceania)	901	1.6	491	1.5	901	1.6	491	1.5
Africa (including Middle East)	3	^	1	^	3	^	1	^
Total	56,111	100	32,350	100	56,111	100	32,350	100

^ negligible

For FPE 30 September 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 was from Netherlands, contributing approximately 69% 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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

A11 Material events subsequent to the end of the current quarter

A number of our production workers have been tested positive for Covid-19. We have immediately closed the affected production areas for deep cleaning and sanitization. As a precautionary safety measures, the management has decided to allow employees to work from home (“WFH”) for two weeks.

The management will continue to adhere to standard operating procedures from relevant authorities to ensure the safety and well-being of our employees. Although the 2 weeks shut down from 21 November 2020 to 3 December 2020 will affect production run, we strive to make all possible efforts to meet customers’ demand and forecast once operation resumes.

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 30.09.2020 RM’000
Contracted	456
Authorised but not contracted	15,781
	<u>16,237</u>

A15 Significant related party transactions

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

The Group's revenue for the current quarter jumped 73.7% to approximately RM56.1 million compared to approximately RM32.3 million for the corresponding quarter in 2019. Computer peripherals contributed 67.0% to the revenue while Bluetooth headsets contributed 27% with the balance 6.0% contributed by in-house brand FOBO and other non-Bluetooth products such as plastic parts for light guides, fingerprint readers and camera sub-parts.

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

The Group posted LBT of approximately RM4.9 million for the current quarter under review compared to LBT of approximately RM3.2 million in the corresponding quarter last year, an increase in loss of RM1.7 million. The loss was mainly attributed to change in sales mix with higher revenue from lower margin products.

For the current quarter, the Group had incurred approximately RM0.9 million on products that are in various stages of product development compared to approximately RM0.2 million for the corresponding quarter last year. Meanwhile, a total of RM0.1 million was spent to comply with standard operating procedures ("SOP") guidelines from Ministry of Health ("MOH") and National Security Council ("NSC") to contain the Covid-19 outbreak. There was no similar SOP cost incurred in the corresponding quarter last year.

B2 Comment on material change in PBT / (LBT)

	Current Quarter 30.09.2020 RM'000	Preceding Quarter 30.06.2020 RM'000	Variance RM'000	%
Revenue	56,111	37,335	18,776	50.3%
LBT	(4,888)	(3,378)	(1,510)	-44.7%

The Group's revenue for the current quarter ended 30 September 2020 has increased to RM56.1 million compared to RM37.3 million for the preceding quarter ended 30 June 2020. LBT was RM4.9 million compared to LBT of RM3.4 million for the preceding quarter. This was mainly attributed by the lower margin products.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 30 SEPTEMBER 2020

B3 Prospects

The current Covid-19 situation has created an unprecedented challenge for businesses globally. The Group will continue to monitor closely the situation and mitigate its impact to business operations. Operational efficiency and effectiveness are key areas which the Group emphasises to improve its financial performance.

At the same time, the Group will strive to strengthen its core competencies in its product development roadmap while taking 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.

B5 Taxation

	3 months ended		3 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	*	-	*
Prior year	-	-	-	-
	-	*	-	*
Deferred tax				
Current year	(1,150)	(806)	(1,150)	(806)
Prior year	-	-	-	-
	(1,150)	(806)	(1,150)	(806)

* Amount is less than RM100

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

The Group incurred loss which had resulted in a tax credit for the FPE 30 September 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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 30 SEPTEMBER 2020

B9 Borrowings and debt securities

The Group's borrowings as at **30 September 2020** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	777	1,222	1,999
<u>Unsecured</u>			
Finance lease liability	20	138	158
	<u>797</u>	<u>1,360</u>	<u>2,157</u>

Hire purchase creditors and finance lease liability are denominated in Ringgit Malaysia.

B10 Derivative financial instruments

As at the date of the statement of financial position 30 September 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	2,147	64

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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2020

B14 Earnings per Share (“EPS”)

BASIC EPS	3 months ended		3 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
(Loss) / Profit attributable to owners of the Company (RM’000)	(3,738)	(2,387)	(3,738)	(2,387)
Weighted average number of ordinary shares in issue (’000)	384,990	385,001	384,990	385,001
Basic EPS (sen)	(0.97)	(0.62)	(0.97)	(0.62)

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.

B15 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2020 RM’000	3 months ended 30.09.2020 RM’000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Reversal of Impairment of trade receivables	(130)	(130)
Reversal of slow moving inventories	(1)	(1)
Write-off inventories	76	76
Claim made for obsolete materials	(104)	(104)
Property, plant & equipment:		
- Depreciation	1,398	1,398
- gains on disposal	-	-
Right-of-use asset depreciation	24	24
Provision for warranty	6	6
Rental of hostels	50	50
Finance costs	35	35
Net foreign exchange (gains)/losses:		
- Realised	(104)	(104)
- Unrealised	(15)	(15)
Fair value gains on derivative financial instruments	(39)	(39)
Interest Income	(12)	(12)
Short term investments:		
- gains on disposal	(14)	(14)
- fair value gains	(207)	(207)

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 23 November 2020.