



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 second quarter and financial period ended (“FPE”) 31 DECEMBER 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2021

	Note	Current quarter 3 months ended		Cumulative 6 months ended	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	A9	38,123	49,809	72,500	105,920
Loss from operations		(1,283)	(5,012)	(5,734)	(9,865)
Finance costs		(143)	(31)	(293)	(66)
Loss before taxation		(1,426)	(5,043)	(6,027)	(9,931)
Income tax credit	B5	292	1,164	1,123	2,314
Loss for the period	B1	(1,134)	(3,879)	(4,904)	(7,617)
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive loss for the period		(1,134)	(3,879)	(4,904)	(7,617)
Loss and total comprehensive income attributable to:					
Owners of the Company		(1,134)	(3,879)	(4,904)	(7,617)
Non-controlling interest		-	-	-	-
Total comprehensive loss for the period		(1,134)	(3,879)	(4,904)	(7,617)
Loss per share Basic (Sen)	B15	(0.27)	(1.01)	(1.19)	(1.98)

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 2021 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 31 DECEMBER 2021**

	Note	As at 31.12.2021 RM'000 (Unaudited)	As at 30.6.2021 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		54,227	52,339
Right-Of-Use Assets		5,225	5,273
Intangible assets		1,438	2,015
Deferred tax assets		6,442	5,319
		67,332	64,946
Current assets			
Inventories		66,397	66,493
Trade and other receivables		20,217	42,175
Current tax assets		2,749	2,702
Short term investment		21,607	15,232
Deposits, cash and bank balances		19,986	1,552
		130,956	128,154
Current liabilities			
Payables and accruals		39,717	50,658
Provision for warranties		99	70
Borrowings	B10	6,948	6,596
		46,764	57,324
NET CURRENT ASSETS			
		84,192	70,830
		151,524	135,776
EQUITY AND LIABILITIES			
Equity			
Share capital		113,362	91,802
Treasury shares		(984)	(991)
Reserves		35,801	40,705
Total equity attributable to owners of the Company		148,179	131,516
Non-controlling interests		-	-
TOTAL EQUITY		148,179	131,516
Non-current liabilities			
Borrowings	B10	3,345	4,260
		3,345	4,260
TOTAL EQUITY AND LIABILITIES			
		151,524	135,776
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		35.84	34.16

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 2021 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 SECOND QUARTER AND FPE 31 DECEMBER 2021

<----- 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 2021	91,802 ^(*)	(991)	40,705	131,516
Total comprehensive loss for the year	-	-	(4,904)	(4,904)
Issue of new ordinary shares	21,560 ^(^)	-	-	21,560
Resale of treasury shares	-	7 ^(#)	-	7
At 31 December 2021	113,362	(984)	35,801	148,179
At 1 July 2020	91,802	(991)	50,429	141,240
Total comprehensive loss for the year	-	-	(7,617)	(7,617)
At 31 December 2020	91,802	(991)	42,812	133,623

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 2021 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.

^ On 18 August 2021, the Company announced issuance and listing of 38,500,000 new ordinary shares at an issue price of RM0.56 per ordinary share by way of a private placement pursuant to the general mandate obtained at the Eighth Annual General Meeting held on 23 November 2020.

The Company sold 10,000 treasury shares worth RM7,100.00 on 11 August 2021.



SALUTICA BERHAD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2021

	Note	Current Quarter Ended 31.12.2021 RM'000	Preceding year corresponding quarter ended 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the financial period		(4,904)	(7,617)
Adjustments for:			
Property, plant and equipment			
- depreciation		3,706	2,802
- gains on disposal		(123)	-
- write off		-	*
Right-of-use assets depreciation		47	47
Reversal of loss allowance for impairment of trade receivables		(61)	(137)
Bad debt recovery		(1)	-
Capitalisation of intangible assets		(2)	(232)
Amortisation of intangible assets		579	192
Written off of intangible assets		-	75
Short term investment			
- Gain on disposal		(37)	(24)
- Fair value gain		(195)	(369)
Finance costs		293	66
Interest income		(13)	(21)
Inventories – Allowance / (reversal) of slow moving		4	(8)
Provision		32	5
Unrealised loss on foreign exchange		246	91
Fair value gain on derivative financial instruments		(62)	(76)
Tax credit		(1,123)	(2,314)
Operating loss before changes in working capital		(1,614)	(7,520)
Changes in working capital:			
Inventories		92	(57)
Trade and other receivables		22,021	(3,757)
Trade and other payables		(12,390)	3,684
Cash generated from operations		8,109	(7,650)
Income tax paid		(48)	(134)
Income tax refund		-	-
Net cash generated from/(used in) operating activities		8,061	(7,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(3,219)	(4,074)
Proceeds from disposal of plant and equipment		124	-
Interest income received		13	21
Purchase of short term investment		(53,100)	(11,300)
Proceeds from sale of short term investment		46,957	22,674
Net investing cash flow		(9,225)	7,321
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares under private placement		21,560	-
Resale of treasury shares		7	-
Repayment of hire-purchase creditor		(1,415)	(376)
Repayment of term loans		-	(47)
Repayment of lease liability		(10)	(10)
Interest paid		(293)	(66)
Net cash from/(used in) financing activities		19,849	(499)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2021

Note	Current Quarter Ended 31.12.2021 RM'000	Preceding year corresponding quarter ended 31.12.2020 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,685	(962)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,552	3,836
Effect of change in foreign currency exchange rates	(251)	(3)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19,986	2,871
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks	-	-
Cash and bank balances	19,986	2,871
	19,986	2,871
Deposits with maturity more than 3 months	-	-
	19,986	2,871

* 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

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 2021 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 2021.

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 2021-.

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 2021 are as follows:

- Amendment to MFRS 16 ‘Covid-19-Related Rent Concessions beyond 30 Jun 2020’ (2021 Amendment)
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘ Interest Rate Benchmark (“IBOR”) Reform – Phase 2’

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 SECOND QUARTER ENDED 31 DECEMBER 2021

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 2022

- Amendments to MFRS 3 Business Combinations: 'Reference to the Conceptual Framework'
- Amendments to MFRS 116 Property, Plant and Equipment: 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- 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'
- Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021.

Financial year beginning on 1 July 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' and deferral of effective date
- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2 on 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' on 'Definition of Accounting Estimates'
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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 2021 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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

A7 Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayments of debt and equity securities until the date of this report.

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				6 months ended			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	28,586	75.0	41,298	82.9	51,784	71.4	88,598	83.6
Europe	4,390	11.5	4,958	10.0	11,362	15.7	9,544	9.0
Asia (excluding Malaysia)	2,345	6.2	1,751	3.5	4,137	5.7	3,082	2.9
Australia (including New Zealand and Oceania)	2,033	5.3	1,490	3.0	3,479	4.8	2,391	2.3
Malaysia	765	2.0	310	0.6	1,731	2.4	2,300	2.2
Africa (including Middle East)	4	^	2	^	7	^	5	^
Total	38,123	100	49,809	100	72,500	100	105,920	100

^ negligible

For FPE 31 December 2021 the Group revenue was mainly derived from America region, of which, approximately 98% of revenue was attributable to the United States of America. The second country was from Netherlands, contributing approximately 75% to the Europe region.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 31 DECEMBER 2021

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 31.12.2021 RM'000
Contracted	627
Authorised but not contracted	24,547
	<u>25,174</u>

A15 Significant related party transactions

	6 months ended 31.12.2021 RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	*
	<u>*</u>

* amount is less than RM500



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

For the current quarter ended 31 December 2021, the Group recorded revenue of RM38.1 million, compared to RM49.8 million generated in the corresponding quarter last year, a decrease of approximately 23.5% or RM11.7 million. This was due to the lower sales volume for headsets from the end of life for two Truly Wireless System (TWS) models.

For the 6-month period ended 31 December 2021, total revenue was RM72.5 million compared to RM105.9 million in the corresponding period last year, a decrease of 31.5% or RM33.4 million. TWS headsets, contributed approximately 59% to total revenue, followed by 35% from computer peripherals and 3% each for own-brand FOBO and other non-headset products.

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

The Group recorded LBT of RM1.4 million for the current quarter, a decrease in loss of RM3.6 million from LBT of RM5.0 million in the corresponding quarter last year. This lower loss was mainly due to the one-off insurance compensation amounting to RM3.2 million for the Covid-19 outbreak at production floor.

For the current period under review, the Group recorded a LBT of RM6.0 million compared to RM9.9 million loss in the corresponding period last year. The decrease in loss of RM3.9 million was mainly due to the one-off insurance compensation as explained above.

B2 Comment on material change in PBT / (LBT)

	Current Quarter 31.12.2021 RM'000	Preceding Quarter 30.09.2021 RM'000	Variance RM'000	%
Revenue	38,123	34,377	3,746	10.9%
LBT	(1,426)	(4,601)	3,175	-69.0%

The Group's revenue for the current quarter ended 31 December 2021 has increased to RM38.1 million compared to RM34.4 million for the preceding quarter ended 30 September 2021. LBT for the current quarter was of 1.4mil compared to LBT of RM4.6 million for the preceding quarter. The decrease for the current quarter loss was mainly due to the compensation from insurance claim on Covid-19.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

B3 Prospects

Despite the fact that the Covid-19 pandemic continues to be a major concern globally, the gradual re-opening of borders and economic activities, signs of gradual improvement in business activities is seen. Nonetheless, the Group will be mindful of the current pandemic situation and take prudent measures for the safety of its employees, with focus on mitigating business risks to sustain the business growth.

The Group will continue its focus towards managing its capital resources and enhancing efficiency throughout its operations. The Group has managed to secure a new customer for the embedded computing devices and together with the accreditation for ISO 13485 Medical Devices Quality, they will further improve the Group's product range expansion.

The Board will remain vigilant amidst the Covid-19 pandemic for the coming financial year, with targeted investments in capital expenditure and talent to improve core competencies as global economy gradually re-opens.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	-	-	-
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax				
Current year	(292)	(1,164)	(1,123)	(2,314)
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(292)	(1,164)	(1,123)	(2,314)

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 deferred assets comprises mainly unutilised capital allowances and unused tax losses.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current quarter.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

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 private placement exercise

As at **31 December 2021**, the status of the utilisation of proceeds from the private placement exercise which was completed on 18 August 2021, amounting to RM21.56 million is as follows:

Details of utilisation	Intended utilisation RM'000	Actual utilisation RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation (from date of receipts of proceeds)
Working Capital ⁽¹⁾	17,710	17,710	0	Within 6 months
Other Expenditure ⁽²⁾	3,350	599	2,751	Within 12 months
Estimated expenses in relation to the private placement	500	500	0	Upon completion of the private placement
Total	21,560	18,809	2,751	

Note:

- (1) Purchase of component materials used in production of TWS and other electronic products.
(2) Expenditure on R&D, production testers, medical certification and purchase of simulation software and equipment.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

B10 Borrowings and debt securities

The Group's borrowings as at 31 December 2021 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	2,926	3,234	6,160
Short term loan	4,000	-	4,000
	6,926	3,234	10,160
<u>Unsecured</u>			
Finance lease liability	22	111	133
	6,948	3,345	10,293

Hire purchase creditors, short term loan and finance lease liability are denominated in Ringgit Malaysia.

B11 Derivative financial instruments

As at the date of the statement of financial position 31 December 2021, 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	8,844	45

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 31 DECEMBER 2021

B13 Material litigation

On 11 January 2022, Salutica Allied Solutions Sdn. Bhd. (“SAS”), a wholly-owned subsidiary of the Company had filed a Writ of Summons with the Statement of Claim dated 10 January 2022, at the High Court of Malaya in Kuala Lumpur against Apple Malaysia Sdn. Bhd. (“APPLE”), (the “Suit”).

SAS is the owner of the Malaysian Patent No. MY-172803-A (hereinafter the “MY’803 Patent”). The Crosspair Technology is the invention claimed by SAS in the MY’803 Patent.

On or about July 2021, SAS discovered that APPLE uses a system and method that incorporate the features as claim by the MY’803 Patent, or at the very least, their equivalents with immaterial differences, without SAS’s authority, permission and/or licence (hereinafter the Infringing Technology”).

On 30 August 2021, SAS sent, via its solicitors, a letter to APPLE, where SAS, amongst others, notified APPLE of the MY’803 Patent and SAS believed that APPLE uses a technology that infringes the MY’803 Patent.

On 21 December 2021, APPLE responded to SAS’s letter denying that the technology used by APPLE infringes the MY’803 Patent, amongst others. Hence, in order to protect SAS’s intellectual property rights granted under the Malaysian Patents Act 1983, SAS proceeded to file the Suit.

On 10 February 2022, solicitors for both SAS and APPLE have attended case management. The Court has directed for APPLE to file their defence on 10 February 2022 and SAS to file reply by 24 February 2022.

The Court has fixed the suit for case management before the Judge on 21 March 2022.

Save for the above, 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 Directors do not recommend any payment of dividend in respect of the current quarter.

B15 Earnings per Share (“EPS”)

BASIC EPS	3 months ended		6 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loss attributable to owners of the Company (RM’000)	(1,134)	(3,879)	(4,904)	(7,617)
Weighted average number of ordinary shares in issue (’000)	423,500	384,990	413,454	384,990
Basic EPS (sen)	(0.27)	(1.01)	(1.19)	(1.98)

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2021

B16 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2021 RM'000	6 months ended 31.12.2021 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Loss allowance / (reversal) of Impairment of trade receivables	2	(61)
(Reversal) / provision for slow moving inventories	(4)	4
Write-off inventories	575	689
Claim made for obsolete materials	(848)	(989)
Insurance compensation for Covid-19	(3,221)	(3,221)
Interest income	(13)	(13)
Property, plant & equipment:		
- Depreciation	1,956	3,706
- Gain on disposal	(123)	(123)
Right-of-use asset depreciation	23	47
Provision for warranty	14	32
Rental of hostels	61	118
Rental of machinery	20	20
Finance costs	143	293
Net foreign exchange (gains)/losses:		
- Realised	(241)	(398)
- Unrealised	278	246
Fair value gain on derivative financial instruments	(42)	(62)
Short term investments:		
- gains on disposal	(18)	(37)
- fair value gains	(113)	(195)

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

B17 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 22 February 2022.