



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 2022.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2022**

	Note	Current quarter 3 months ended		Cumulative 3 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Revenue	A9	28,259	34,377	28,259	34,377
Loss from operations		(3,877)	(4,451)	(3,877)	(4,451)
Finance costs		(103)	(150)	(103)	(150)
Loss before taxation		(3,980)	(4,601)	(3,980)	(4,601)
Income tax credit	B5	920	831	920	831
Loss for the period	B1	(3,060)	(3,770)	(3,060)	(3,770)
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive loss for the period		(3,060)	(3,770)	(3,060)	(3,770)
Loss and total comprehensive income attributable to:					
Owners of the Company		(3,060)	(3,770)	(3,060)	(3,770)
Non-controlling interest		-	-	-	-
Total comprehensive loss for the period		(3,060)	(3,770)	(3,060)	(3,770)
Loss per share Basic (Sen)	B15	(0.72)	(0.93)	(0.72)	(0.93)

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 2022 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 SEPTEMBER 2022

	Note	As at 30.09.2022 RM'000 (Unaudited)	As at 30.6.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		50,297	51,914
Right-Of-Use Assets		5,154	5,178
Intangible assets		981	1,052
Deferred tax assets		8,016	7,096
		64,448	65,240
Current assets			
Inventories		39,901	54,584
Trade and other receivables		14,034	18,342
Contract Assets		329	2,044
Current tax assets		2,747	2,736
Short term investment		52,646	45,105
Deposits, cash and bank balances		5,399	7,930
		115,056	130,741
Current liabilities			
Payables and accruals		16,515	28,363
Contract liabilities		11,097	11,783
Derivative financial instruments		229	377
Provision for warranties		127	120
Borrowings	B10	6,589	6,772
		34,557	47,415
NET CURRENT ASSETS		80,499	83,326
		144,947	148,566
EQUITY AND LIABILITIES			
Equity			
Share capital		113,362	113,362
Treasury shares		(984)	(984)
Reserves		31,061	34,121
Total equity attributable to owners of the Company		143,439	146,499
Non-controlling interests		-	-
TOTAL EQUITY		143,439	146,499
Non-current liabilities			
Borrowings	B10	1,508	2,067
		1,508	2,067
TOTAL EQUITY AND LIABILITIES		144,947	148,566
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		33.87	35.01

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 2022 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 2022

	<----- 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 2022	113,362 ^(*)	(984)	34,121	146,499
Total comprehensive loss for the year	-	-	(3,060)	(3,060)
At 30 September 2022	113,362	(984)	31,061	143,439
At 1 July 2021	91,802 ^(*)	(991)	40,705	131,516
Total comprehensive loss for the year	-	-	(3,770)	(3,770)
Issue of new ordinary shares	21,560 ^(^)	-	-	21,560
Resale of treasury shares	-	7 ^(#)	-	7
At 30 September 2021	113,362	(984)	36,935	149,313

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 2022 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 FIRST QUARTER AND FPE 30 SEPTEMBER 2022

	Note	Current Quarter Ended 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax for the financial period		(3,980)	(4,601)
Adjustments for:			
Property, plant and equipment			
- depreciation		2,133	1,750
- gains on disposal		(10)	-
- write off		*	-
Right-of-use assets depreciation		24	24
Loss / (reversal) of allowance for impairment of trade receivables		12	(63)
Bad debt recovery		-	-
Amortisation of intangible assets		89	249
Finance costs		103	150
Inventories – Allowance of slow moving		231	8
Provision		8	18
Unrealised (gain) / loss on foreign exchange		(115)	(32)
Fair value (gain) / loss on derivative financial instruments		(149)	(20)
Operating loss before changes in working capital		(1,654)	(2,517)
Changes in working capital:			
Inventories		14,452	(7,737)
Trade and other receivables		6,384	23,723
Trade and other payables		(12,609)	(12,343)
Cash generated from operations		6,573	1,126
Income tax paid		(11)	(29)
Income tax refund		-	-
Net cash generated from/(used in) operating activities		6,562	1,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(824)	(819)
Capitalisation of intangible assets		(18)	(1)
Proceeds from disposal of plant and equipment		10	-
Net investing cash flow		(832)	(820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares under private placement		-	21,560
Resale of treasury shares		-	7
Repayment of hire-purchase creditor		(737)	(708)
Repayment of lease liability		(5)	(5)
Interest paid		(103)	(150)
Net cash from/(used in) financing activities		(845)	20,704
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,885	20,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		53,035	16,784
Effect of change in foreign currency exchange rates		125	(19)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FIRST QUARTER AND FPE 30 SEPTEMBER 2022

	Current Quarter Ended 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	58,045	37,746
Cash and cash equivalents comprise:		
Short-term investment in an Islamic money market fund	52,646	32,433
Cash and bank balances	5,399	5,313
	58,045	3,7746
Deposits with maturity more than 3 months	-	-
	58,045	37,746

* 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 2022 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 2022

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 2022 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 2022.

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 2022-.

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 2022 are as follows:

- 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’

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 2022

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 2023

- Initial Application of MFRS 17 Insurance Contract and MFRS 9 Comparative Information Amendments to MFRS 17 Insurance Contract
- 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 2022 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 FIRST QUARTER ENDED 30 SEPTEMBER 2022

A7 Changes in debt and equity securities

There was 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 comprise vertical integration processes covering product design and development, and manufacturing of mobile communication products, wireless electronics, embedded computing devices 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			
	30.09.2022		30.09.2021		30.09.2022		30.09.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	12,729	45.0	23,198	67.5	12,729	45.0	23,198	67.5
Asia (excluding Malaysia)	7,132	25.2	1,792	5.2	7,132	25.2	1,792	5.2
Europe	6,431	22.8	6,972	20.3	6,431	22.8	6,972	20.3
Malaysia	1,961	7.0	966	2.8	1,961	7.0	966	2.8
Australia (including New Zealand and Oceania)	6	^	1,446	4.2	6	^	1,446	4.2
Africa (including Middle East)	*	^	3	^	*	^	3	^
Total	28,259	100	34,377	100	28,259	100	34,377	100

* amount is less than RM500

^ negligible

For FPE 30 September 2022 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 96% to the Europe region.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2022

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 30.09.2022 RM'000
Contracted	206
Authorised but not contracted	28,563
	<u>28,769</u>

A15 Significant related party transactions

	3 months ended 30.09.2022 RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	42

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2022

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

For the current quarter ended 30 September 2022, the Group recorded revenue of RM28.3 million representing a decrease of approximately 17.7% or RM6.1 million compared to RM34.4 million generated in the corresponding quarter last year, attributable to low order volume for Truly Wireless System (TWS) and computer peripherals.

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

Despite the lower revenue recorded for the current quarter ended 30 September 2022, the Group’s LBT was approximately RM4.0 million compared to LBT of RM4.6 million in the corresponding quarter last year, representing a decrease of approximately 13% or RM0.6 million. This was mainly attributed by different sales mix in the current quarter compared to corresponding quarter last year.

B2 Comment on material change in PBT / (LBT)

	Current Quarter 30.09.2022 RM’000	Preceding Quarter 30.06.2022 RM’000	Variance RM’000	%
Revenue	28,259	49,788	(21,529)	-43.2%
PBT / (LBT)	(3,980)	2,346	(6,326)	-269.7%

The Group’s revenue for the current quarter ended 30 September 2022 has decreased to RM28.3 million compared to RM49.8 million for the preceding quarter ended 30 June 2022. LBT for the current quarter was of RM4.0mil compared to PBT of RM2.3 million for the preceding quarter.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FIRST QUARTER ENDED 30 SEPTEMBER 2022

B3 Prospects

The gradual re-opening of the global economy will undoubtedly be reflected in the resumption of economic activities. However, the Zero-Covid policy advocated by the China government and the prolong Russia-Ukraine conflict will continue to create challenges to the global supply chain and create negative impact to the global economy.

The Group will continue to focus on diversification of its product portfolio in order to improve its operating income moving forward. This includes maintaining and improving product quality, innovation, monitoring costs, broadening market networking for our in-house brand FOBO and addressing the needs of our customers to ensure business continuity.

The Board will continuously monitor the impact of the current economic uncertainties and take proactive steps to manage the Group's financial resilience. However, the Board expects that the overall prospect for the Group remain challenging arising from the global economic uncertainties.

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	-	-	-
Prior year	-	-	-	-
	-	-	-	-
Deferred tax				
Current year	(920)	(831)	(920)	(831)
Prior year	-	-	-	-
	(920)	(831)	(920)	(831)

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 tax 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 FIRST QUARTER ENDED 30 SEPTEMBER 2022

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 **30 September 2022**, the Company has yet to fully utilised the private placement proceeds which was completed on 18 August 2021, amounting to RM21.56 million. The Board has resolved to extend the timeframe for the utilisation of the proceeds for an additional 18 months up to 17 February 2024.

A summary of the status of the utilisation of proceeds from the private placement exercise 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)	Extended timeframe for utilization (from date of receipts of proceeds)
Working Capital ⁽¹⁾	17,710	17,710	0	Within 6 months	
Other Expenditure ⁽²⁾	3,350	1,316	2,034	Within 12 months	Additional 18 months (i.e. 17 February 2024)
Estimated expenses in relation to the private placement	500	500	0	Upon completion of the private placement	
Total	21,560	19,526	2,034		

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 FIRST QUARTER ENDED 30 SEPTEMBER 2022

B10 Borrowings and debt securities

The Group's borrowings as at 30 September 2022 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Secured			
Hire Purchase	2,566	1,413	3,979
Short term loan	4,000	-	4,000
	<u>6,566</u>	<u>1,413</u>	<u>7,979</u>
Unsecured			
Finance lease liability	23	95	118
	<u>6,589</u>	<u>1,508</u>	<u>8,097</u>

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 30 September 2022, 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	2,553	(229)

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 FIRST QUARTER ENDED 30 SEPTEMBER 2022

B13 Material litigation

On 11 January 2022, Salutica Allied Solutions Sdn. Bhd. (“the Plaintiff”), 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. (“the Defendant”), (the “Suit”).

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

Solicitors for both the Plaintiff and the Defendant in the suit have attended case management on 20 April 2022, 26 April 2022, 17 May 2022, 24 May 2022, 12 July 2022, 6 September 2022 and 15 November 2022. The Common Bundle of Documents, List of Witnesses, Defendant’s Case Summary, Agreed Facts and Issues to be Tried has been filed. During the case management on 15 November 2022, the Court has directed parties to file their respective expert reports and replies to such expert reports by 7 April 2023. Both parties are to also file their respective witness statements by 19 May 2023. The Court has also fixed additional trial dates from 26 June 2023 to 28 June 2023 in addition to the original trial dates of 19 June 2023 to 22 June 2023.

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		3 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Loss attributable to owners of the Company (RM’000)	(3,060)	(3,770)	(3,060)	(3,770)
Weighted average number of ordinary shares in issue (’000)	423,500	403,409	423,500	403,409
Basic EPS (sen)	(0.72)	(0.93)	(0.72)	(0.93)

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 FIRST QUARTER ENDED 30 SEPTEMBER 2022

B16 Notes to the Statement of Comprehensive Income

	3 months ended 30.09.2022 RM'000	3 months ended 30.09.2022 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Provision of loss allowance for impairment of trade receivables	12	12
Provision for slow moving inventories	231	231
Write-off inventories	2,609	2,609
Claim made for obsolete materials	(3,356)	(3,356)
Property, plant & equipment:		
- Depreciation	2,133	2,133
- Gain on disposal	(10)	(10)
Right-of-use asset depreciation	24	24
Provision for warranty	8	8
Rental of hostels	52	52
Rental of machinery	455	455
Finance costs	103	103
Net foreign exchange (gains)/losses:		
- Realised	229	229
- Unrealised	(115)	(115)
Fair value gains on derivative financial instruments	(149)	(149)
Fair value gains on short term investments	(341)	(341)

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 25 November 2022.