



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 2024.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 30 JUNE 2024**

	Note	Current quarter 3 months ended		Cumulative 12 months ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue	A9	3,862	14,824	21,328	63,853
Loss from operations		(21,711)	(4,472)	(42,916)	(21,059)
Finance costs		(31)	(85)	(203)	(378)
Loss before taxation		(21,742)	(4,557)	(43,119)	(21,437)
Income tax expenses	B5	-	(11,697)	-	(7,095)
Loss for the period	B1	(21,742)	(16,254)	(43,119)	(28,532)
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive loss for the period		(21,742)	(16,254)	(43,119)	(28,532)
Loss and total comprehensive income attributable to:					
Owners of the Company		(21,742)	(16,254)	(43,119)	(28,532)
Non-controlling interest		-	-	-	-
Total comprehensive loss for the period		(21,742)	(16,254)	(43,119)	(28,532)
Loss per share Basic (Sen)	B15	(5.13)	(3.84)	(10.18)	(6.74)

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 2023 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 2024

	Note	As at 30.06.2024 RM'000 (Unaudited)	As at 30.6.2023 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		30,463	45,324
Right-Of-Use Assets		4,988	5,083
Intangible assets		863	929
Deferred tax assets		-	-
		36,314	51,336
Current assets			
Inventories		14,437	29,260
Trade and other receivables		3,042	7,581
Contract Assets		38	12
Current tax assets		2,779	2,764
Short term investment		30,427	46,020
Deposits, cash and bank balances		5,740	6,339
		56,463	91,976
Current liabilities			
Payables and accruals		8,632	12,677
Contract liabilities		7,103	6,988
Derivative financial instruments		-	-
Provision for warranties		101	112
Borrowings	B10	2,040	5,475
		17,876	25,252
NET CURRENT ASSETS		38,587	66,724
		74,901	118,060
EQUITY AND LIABILITIES			
Equity			
Share capital		113,362	113,362
Treasury shares		(984)	(984)
Reserves		(37,529)	5,590
Total equity attributable to owners of the Company		74,849	117,968
Non-controlling interests		-	-
TOTAL EQUITY		74,849	117,968
Non-current liabilities			
Borrowings	B10	52	92
		52	92
TOTAL EQUITY AND LIABILITIES		74,901	118,060
		74,901	118,060
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		17.67	27.86

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 2023 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 FOURTH QUARTER AND FYE 30 JUNE 2024

<----- 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 2023	113,362 ^(*)	(984)	5,590	117,968
Total comprehensive loss for the year	-	-	(43,119)	(43,119)
At 30 June 2024	113,362	(984)	(37,529)	74,849
At 1 July 2022	113,362 ^(*)	(984)	34,122	146,500
Total comprehensive loss for the year	-	-	(28,532)	(28,532)
At 30 June 2023	113,362	(984)	5,590	117,968

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 2023 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 FOURTH QUARTER AND FYE 30 JUNE 2024**

	Note	12 months ended 30.06.2024 RM'000 (unaudited)	12 months ended 30.06.2023 RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax for the financial period		(43,119)	(21,437)
Adjustments for:			
Property, plant and equipment			
- depreciation		7,427	8,455
- gains on disposal		(74)	(170)
- write off		*	4
- impairment loss		9,335	467
Right-of-use assets depreciation		95	95
Trade receivables			
- Impairment losses allowance		7,884	1,452
- Bad debt written off		8	*
Intangible assets			
- amortisation		71	145
- written off		-	16
Finance costs		203	378
Interest income		(3)	-
Inventories – (Reversal) / Allowance of slow moving		(589)	460
(Reversal) / Provision		(9)	(6)
Unrealised gain on foreign exchange		(16)	(84)
Fair value gain on derivative financial instruments		-	(377)
Operating loss before changes in working capital		(18,787)	(10,602)
Changes in working capital:			
Inventories		15,412	24,865
Trade and other receivables		(3,272)	11,548
Trade and other payables		(4,478)	(20,054)
Cash generated from operations		(11,125)	5,757
Income tax paid		(15)	(27)
Income tax refund		-	-
Net cash generated from/(used in) operating activities		(11,140)	5,730
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(1,463)	(3,076)
Capitalisation of intangible assets		(5)	(39)
Proceeds from disposal of plant and equipment		74	303
Interest Income received		3	-
Net investing cash flow		(1,391)	(2,812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire-purchase creditor		(1,951)	(2,750)
Repayment of lease liability		(24)	(22)
Repayment of short term loan		(1,500)	(500)
Interest paid		(203)	(378)
Net cash from/(used in) financing activities		(3,678)	(3,650)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(16,209)	(732)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		52,359	53,034



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FOURTH QUARTER AND FYE 30 JUNE 2024

	12 months ended 30.06.2024 RM'000	12 months ended 30.06.2023 RM'000
Effect of change in foreign currency exchange rates	17	57
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	36,167	52,359
Cash and cash equivalents comprise:		
Short-term investment in an Islamic money market fund	30,427	46,020
Cash and bank balances	5,740	6,339
	36,167	52,359
Deposits with maturity more than 3 months	-	-
	36,167	52,359

* Amount is less than RM200

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

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 2023 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 2023.

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 2023-.

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 2023 are as follows:

- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

A2 Changes in accounting policies (cont'd)

New standards early adopted by the Group

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

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

Financial year beginning on 1 July 2024

- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants

Financial year beginning on 1 July 2025

- Amendments to MFRS 121 The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability

Financial year beginning on 1 July 2027

- MFRS 18 Presentation and Disclosure in Financial Statements. MFRS101 shall be withdrawn on the application of MFRS 18.

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 2023 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 FOURTH QUARTER ENDED 30 JUNE 2024

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, 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				12 months ended			
	30.06.2024		30.06.2023		30.06.2024		30.06.2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Americas	1,453	37.6	6,433	43.4	7,933	37.2	27,817	43.5
Asia (excluding Malaysia)	299	7.8	5,215	35.2	7,014	32.9	15,117	23.7
Europe	942	24.4	1,713	11.5	2,834	13.3	14,485	22.7
Malaysia	384	9.9	864	5.8	2,325	10.9	4,873	7.6
Australia (including New Zealand and Oceania)	695	18.0	590	4.0	1,108	5.2	1,461	2.3
Africa (including Middle East)	88	2.3	9	0.1	114	0.5	100	0.2
Total	3,862	100	14,824	100	21,328	100	63,853	100

A substantial part of the Group revenue was derived from the Americas region representing 37.2% of total revenue for the 12 months ended 30 June 2024, of which, approximately 96.6% of revenue was attributable to United States of America. The second highest was from the Asia region representing 32.9% of total revenue, with the India contributing approximately 40.3% to this region.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

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 are as follows:

	As at
	30.06.2024
	RM'000
Contracted but not provided for	848

A15 Significant related party transactions

	12 months
	ended
	30.06.2024
	RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	137

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

For the current quarter ended 30 June 2024, the Group recorded revenue of RM3.9 million representing a decrease of approximately 73.6% or RM10.9 million compared to RM14.8 million generated in the corresponding quarter last year.

The current quarter recorded low sales volume from Truly Wireless System (“TWS”) generating approximately 25.2% revenue while in-house brand FOBO contributed 30.9% to total revenue. The remaining revenue was contributed by sub-assembled printed circuit board assembly (“PCBA”) modules for automotive line fit and sub-assembly including injected plastic components for various customers. There are 3 new projects currently at various stages of product development.

For the 12-month period ended 30 June 2024, total revenue was RM21.3 million compared to approximately RM63.9 million in the corresponding period last year, a decrease of approximately 66.7% or RM42.6 million. The decrease was mainly due to the low order volume from existing customers while new projects are still at development stage.

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

In line with the declining revenue, the Group posted current quarter LBT of approximately RM21.7 million compared to RM4.6 million in the corresponding quarter last year, representing an increase in loss of approximately RM17.1 million.

For the current period under review, the Group recorded a LBT of RM43.1 million compared to RM21.4 million loss in the corresponding period last year, representing an increase in loss of approximately RM21.7 million.

The increase in LBT for the 12-month period ended 30 June 2024 was mainly attributed by the following:

- a) Low order volume from current running products;
- b) Higher line setup-costs due to non-optimization of production line because of the low production volume;
- c) Inefficient absorption of fixed overheads due to low revenue;
- d) Allowance for Impairment loss on trade receivables amounting to RM7.9 million;
- e) Legal fees expenditure for the ongoing court cases amounting to RM2.0 million;
- f) Impairment loss on property, plant & equipment (“PPE”) amounting to RM9.3 million;
- g) Spending on product development of in-house brand FOBO amounting to RM0.9mil;
and
- h) Spending on IATF compliance amounting to RM0.2 million.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B2 Comment on material change in PBT / (LBT)

	Current Quarter 30.06.2024 RM'000	Preceding Quarter 31.03.2024 RM'000	Variance RM'000	%
Revenue	3,862	4,718	-856	-18.1%
LBT	(21,742)	(8,973)	-12,769	142.3%

The Group's revenue for the current quarter ended 30 June 2024 has decreased to RM3.9 million compared to RM4.7 million for the preceding quarter ended 31 March 2024 due to the lower sales volume from current running products.

In tandem with the lower sales, the LBT for the current quarter has increased to approximately RM21.7 million compared to LBT of RM9.0 million for the preceding quarter. The higher losses in the current quarter were also attributed to the provisions on impairment of PPE of RM9.3 million and impairment of trade receivables of RM7.9 million.

B3 Prospects

The Group is consistently looking for new business opportunities to further improve the financial performance of the Group. Hence, the Group will continue to pursue growth and put effort in developing new products and new processes through its research and development capabilities. The continuous efforts by the Group to improve process efficiencies and prudent cost management are expected to continue to mitigate the impact of operational costs.

Besides the existing models running mass production, we have also secured 3 new projects that should contribute to our revenue growth in the near future. These projects, which are currently at various stages of product development, are the handheld video game console, coffee machine and automotive tool for diagnostic.

Premise on the above, the Board is mindful of the challenges ahead and will continue to exercise caution and take proactive steps to manage the Group's financial resilience.

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B5 Taxation

	3 months ended		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	-	-	(1)
Prior year	-	-	-	-
	-	-	-	(1)
Deferred tax				
Current year	-	11,697	-	7,096
Prior year	-	-	-	-
	-	11,697	-	7,095

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.

As at 30 June 2024, the Group's unabsorbed capital allowances and unutilised tax losses were approximately RM49.1 million and RM41.6 million respectively. The continued losses indicated the uncertainty for the Group to utilise the capital allowances and tax losses, hence, no deferred tax assets were recognised in the current quarter.

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 FOURTH QUARTER ENDED 30 JUNE 2024

B9 Utilisation of proceeds from private placement exercise

As at the date of this report, the status of utilisation of proceeds arising from the private placement exercise amounting to RM21.56 million is as follows:

Details of utilisation	Intended utilisation RM'000	Re-allocate of proceeds RM'000	Actual utilisation RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation (from date of receipts of proceeds)	Extended timeframe for utilisation (from date of receipts of proceeds)
Working Capital ⁽¹⁾	17,710	704	18,414	0	Within 6 months	Fully utilised
Other Expenditure ⁽²⁾	3,350	-704	2,646	0	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	0	21,560	0		

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.

The Group has fully utilised the proceeds arising from the private placement.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B10 Borrowings and debt securities

The Group's borrowings as at 30 June 2024 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	15	-	15
Short term loan	2,000	-	2,000
	<u>2,015</u>	<u>-</u>	<u>2,015</u>
<u>Unsecured</u>			
Finance lease liability	25	52	77
	<u>2,040</u>	<u>52</u>	<u>2,092</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 June 2024, the Group do not have any outstanding derivative financial instruments.

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.

B13 Material litigation

(i) Legal suit against Apple Malaysia Sdn. Bhd.

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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B13 Material litigation (cont'd)

(i) Legal suit against Apple Malaysia Sdn. Bhd. (cont'd)

On 5 February 2024, Solicitors for both the Plaintiff and the Defendant have on 5 February 2024 attended the Court of Appeal (Appeal No. W-02(IM)(IPCv)-1416-09/2023) in relation to the Defendant's appeal against the dismissal of its application to disqualify the Plaintiff's solicitors heard together with the Plaintiff's appeal against the granting of the protective order (Appeal No: W-02(IM)(IPCv)-2057-12/23). Upon hearing both parties, the Court of Appeal has allowed the Defendant's appeal with cost and disallowed the Plaintiff's appeal with cost. The Plaintiff has then filed for a change of its solicitors and is now represented by Messrs LindaWang Su and Boo.

Solicitors for the parties have attended trial for the suit on 11 to 14 March 2024 and 18 to 22 March 2024. The trial continued on 1 April 2024 to 3 April 2024. The original date scheduled for parties to provide oral submissions on 23 August 2024 and the decision date on 2 October 2024 has been postponed as parties have been given an extended period to provide their written submissions in reply by 11 September 2024. The Court has on 23 August 2024 fixed 28 November 2024 for oral submissions and 17 January 2025 for its decision.

(ii) Legal suit against Paradigm Metal Industries Sdn. Bhd.

On 11 August 2023, 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 11 August 2023, at the High Court of Malaya in Penang against Paradigm Metal Industries Sdn. Bhd. ("PMI" or "Defendant").

Solicitors for both the Plaintiff and Defendant in the suit have on 19 October 2023 attended case management for the Defendant's application to stay proceedings and to refer the matter to arbitration under Section 10 of the Arbitration Act 2005. By consent of the parties, the Court has allowed the Defendant's application with no orders as to cost.

By a letter dated 8th November 2023, the Asian International Arbitration Centre in Kuala Lumpur ("AIAC") has registered the matter under the AIAC Arbitration Rules 2023 ("the Rules") between Salutica Allied Solutions Sdn. Bhd. as the Claimant and Paradigm Metal Industries Sdn. Bhd. as the Respondent.

The appointed panel arbitrators are as follows: -

- a) Datuk Vernon Ong Lam Kiat (as the Presiding Arbitrator)
- b) Loshini Ramarmuty
- c) Lim Hock Siang

Solicitors for the parties attended case management before the tribunal on 30 May 2024. The tribunal has given trial directions for the matter and has fixed the matter for hearing on 16 June 2025 to 20 June 2025.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B13 Material litigation (cont'd)

(iii) Legal suit against Apple South Asia Pte. Ltd.

On 16 November 2023, Salutica Allied Solutions Sdn. Bhd. (“the Plaintiff”), a wholly-owned subsidiary of the Company had filed an Originating Claim together with the Statement of Claim (“SOC”) and Particulars of Infringement at the High Court of the Republic of Singapore against Apple South Asia Pte. Ltd. (“the Defendant”), (“the Suit”).

The Plaintiff is the owner of the Singapore Patent No. 11201504174W (hereinafter the “Singapore Patent”). The CrossPair Technology is the invention claimed by the Plaintiff in the Singapore Patent.

On 16 April 2024, the Court has set security for cost at SGD70,000.00 that the Plaintiff (being a foreign entity to the suit) is to provide via a solicitor’s undertaking. This is to be provided by the Plaintiff 14 days after the determination of the Defendant’s striking out application. Solicitors for the parties attended the hearing of the Defendant’s striking out application on 3 May 2024. After the said hearing, the Court has adjourned the matter to 7 June 2024.

Solicitors for the parties have attended the hearing of the Defendant's striking out application on 4 July 2024. The Assistant Registrar of the Court has allowed the Defendant's application to strike out the Plaintiff claim. Nevertheless, the striking out is without prejudice to recommencing the action.

(iv) Legal suit against Nuheara Ltd.

On 24 June 2024, Salutica Allied Solutions Sdn. Bhd. (“the Plaintiff”), a wholly-owned subsidiary of the Company had filed a Writ together with the Statement of Claim (“SOC”), at the High Court of Malaya in Kuala Lumpur against Nuheara Ltd. (“the Defendant”), (“the Suit”).

Salutica and Nuheara had entered an agreement entitled “Master Design, Development and Manufacturing Agreement” on 12.06.2018 that has an effective date of 16.04.2018 (hereinafter referred to as the “said Agreement”) where the Defendant had in general appointed SAS to manufacture the Nuheara’s products.

As at 21 June 2024, and after taking into account credit notes and partial payments by the Defendant effectively amounting to USD41,844.51 before this, the sum that is still owing to the Plaintiff amounts to USD1,717,486.45.

Despite numerous demands from the Plaintiff, the Defendant has failed, neglected, and/or refused to pay its debt to the Plaintiff. As such, the Plaintiff has suffered losses amounting to USD1,717,486.45 or equivalent to RM8,088,502.44 (based on the exchange rate of 4.7095 by Bank Negara Malaysia on 21 June 2024).

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SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2024

B13 Material litigation (cont'd)

(iv) Legal suit against Nuheara Ltd. (cont'd)

The claim pursuant to the Writ and Statement of Claim is as follows:

- a) Damages in the sum of USD1,717,486.45 or RM8,088,502.44;
- b) Pre-judgment interest at 5% per annum on sum (a) above calculated from the date of filing this action till the date of judgment;
- c) Judgment interest at 5% per annum on sum (a) and (b) above calculated from the date of judgment to the date of full settlement;
- d) Costs for this action; and
- e) Any further and/or other relief as the Honourable Court deems fit.

The Plaintiff has on 20 August 2024 obtained a judgment in default of appearance against the Defendant.

Save for the above litigations, 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		12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Loss attributable to owners of the Company (RM'000)	(21,742)	(16,254)	(43,119)	(28,532)
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	423,500	423,500	423,500	423,500
Basic EPS (sen)	(5.13)	(3.84)	(10.18)	(6.74)

⁽¹⁾ net of Treasury Shares

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 FOURTH QUARTER ENDED 30 JUNE 2024

B16 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2024 RM'000	12 months ended 30.06.2024 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Provision of loss allowance for impairment of trade receivables	7,856	7,884
Reversal for slow moving inventories	(477)	(589)
Write-off inventories	3,863	14,521
Claim made for obsolete materials	(4,977)	(17,387)
Property, plant & equipment:		
- Depreciation	1,738	7,427
- Gain on disposal	(38)	(74)
- Impairment Loss	8,060	9,335
Right-of-use asset depreciation	24	95
Provision / (reversal) for warranty	5	(9)
Rental of hostels	29	134
Rental of equipment / machinery	-	32
Finance costs	31	203
Interest income	6	(3)
Net foreign exchange (gains)/losses:		
- Realised	26	137
- Unrealised	(48)	(16)
Government Grant	-	(1,069)
Fair value (gains) / losses on derivative financial instruments	-	-
Fair value gains on short term investments	(298)	(1,415)

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 23 August 2024.

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