



SALUTICA BERHAD

(Company No. 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 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2018

	Note	Current quarter 3 months ended		Cumulative 6 months ended	
		31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	A9	46,867	87,554	103,583	171,353
Profit from operations		1,258	8,066	4,287	16,661
Finance costs		(8)	(28)	(18)	(73)
Profit before taxation		1,250	8,038	4,269	16,588
Income tax expense	B5	(254)	(2,024)	(938)	(4,121)
Profit for the period	B1	996	6,014	3,331	12,467
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive income for the period		996	6,014	3,331	12,467
Profit and total comprehensive income attributable to:					
Owners of the Company		996	6,014	3,331	12,467
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		996	6,014	3,331	12,467
Earnings per share					
Basic (Sen)	B15	0.26	1.55	0.86	3.21

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

SALUTICA BERHAD

(Company No. 1024781-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	As at 31.12.2018 RM'000 (Unaudited)	As at 30.6.2018 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		41,520	41,446
Intangible assets		952	1,044
Other investments		119	119
		42,591	42,609
Current assets			
Inventories		32,513	33,366
Trade and other receivables		16,650	24,487
Derivative financial instruments		13	-
Current tax assets		1,984	1,173
Short term investment		61,526	60,863
Deposits, bank and cash balances		34,678	30,249
		147,364	150,138
TOTAL ASSETS		189,955	192,747
EQUITY AND LIABILITIES			
Equity			
Share capital		91,802	91,802
Treasury shares		(300)	-
Reserves		73,946	75,271
Total equity attributable to owners of the Company		165,448	167,073
Non-controlling interests		-	-
TOTAL EQUITY		165,448	167,073
Non-current liabilities			
Borrowings	B10	182	313
Deferred Tax Liability		1,168	1,000
		1,350	1,313
Current liabilities			
Payables and accruals		22,869	23,632
Derivative financial instruments		13	188
Borrowings	B10	275	541
		23,157	24,361
TOTAL LIABILITIES		24,507	25,674
TOTAL EQUITY AND LIABILITIES		189,955	192,747
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		42.65	43.06

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 2018 and the accompanying explanatory notes attached to the interim financial statements.



SALUTICA BERHAD

(Company No. 1024781-T)

(Incorporated in Malaysia under the Companies Act, 1965)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2018

	<----- Attributable to owners of the Company ----->				<- Distributable ->
	Share capital and premium(*) RM'000	Treasury Shares(#) RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 July 2018	91,802	-	16	75,255	167,073
Total comprehensive income for the year	-	-	-	3,331	3,331
Buy-back of shares	-	(300)	-	-	(300)
Dividends	-	-	-	(4,656)	(4,656)
At 31 December 2018	91,802	(300)	16	73,930	165,448
At 1 July 2017	91,802	-	16	73,205	165,023
Total comprehensive income for the year	-	-	-	12,467	12,467
Dividends	-	-	-	(4,656)	(4,656)
At 31 December 2017	91,802	-	16	81,016	172,834

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM53,002,368 for purposes as set out in Sections 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Accordingly, the share premium account of RM53,002,368 has been reclassified to share capital account.

The Company did a share buy back in December 2018 for 815,000 shares worth RM300,164.50.



SALUTICA BERHAD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2018

	Note	Current Quarter Ended 31.12.2018 RM'000	Preceding year corresponding quarter ended 31.12.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial period		3,331	12,467
Adjustments for:			
Property, plant and equipment			
- depreciation		2,746	3,795
- gains on disposal		-	(1)
- write off		2	-
Bad debts written off		9	-
Capitalisation of development costs		(75)	(713)
Amortisation of development costs		167	1,064
Short term investment			
- Gain on disposal		(108)	(70)
- Fair value gain		(1,033)	(412)
Finance costs		18	73
Interest income		(545)	(744)
Inventories			
- Allowance / (reversal) for slow moving		(790)	(9)
Provision		16	16
Unrealised (gain)/loss on foreign exchange		134	728
Fair value (gain)/loss on derivative financial instruments		(187)	(333)
Taxation (income)/expenses		938	4,121
Operating profit before changes in working capital		4,623	19,982
Changes in working capital:			
Inventories		1,643	(20,864)
Trade and other receivables		7,657	(30,982)
Trade and other payables		(1,566)	23,096
Cash generated from operations		12,357	(8,768)
Income tax paid		(1,581)	(2,232)
Income tax refund		-	-
Net cash generated from/(used in) operating activities		10,776	(11,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	B6	(1,964)	(3,131)
Proceeds from disposal of plant and equipment		0	1
Interest income received		545	744
(Placement)/uplift of deposit with bank with maturity period of more than three months		-	(23,200)
Purchase of short term investment		(34,210)	(40,520)
Proceeds from sale of short term investment		34,688	61,090
Net investing cash flow		(941)	(5,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back		(300)	-
Dividend paid		(4,656)	(4,656)
Repayment of hire-purchase creditor		(273)	(500)
Repayment of term loans		(123)	(1,380)
Uplift of deposits with bank as security		-	-
Interest paid		(18)	(73)
Net cash from/(used in) financing activities		(5,370)	(6,609)



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SECOND QUARTER AND FPE 31 DECEMBER 2018

	Current Quarter Ended 31.12.2018 RM'000	Preceding year corresponding quarter ended 31.12.2017 RM'000
Note		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,465	(22,625)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,049	30,051
Effect of change in foreign currency exchange rates	(36)	(9)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5,478	7,417
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks	-	6,000
Cash and bank balances	5,478	1,417
	5,478	7,417
Deposits with maturity more than 3 months	29,200	33,200
	34,678	40,617

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 2018 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 2018

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 2018 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 2018.

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 2018.

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 2018 are as follows:

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” (effective from 1 January 2018)
- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”
- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

A2 Changes in accounting policies (cont'd)

New standards, amendments to published standards and Issue Committee (“IC”) interpretations to existing standards that are applicable to the group and are effective (cont'd)

The initial application of the accounting standards, amendments or interpretations above does not have any material impact to the financial results of the Group for the current period, other than as disclosed below:-

MFRS 9: Financial Instruments

The Group have reviewed their financial assets and liabilities. The financial assets include short term investments in money market or cash funds and derivative financial instruments currently classified as “fair value through profit or loss” and this classification will remain unchanged. The other financial assets are debt instruments that are currently carried as “loans and receivables” and measured at amortised costs. These financial assets satisfies the conditions for classification at amortised costs under MFRS 9. Accordingly, there is no impact to the current classification and measurement of these financial assets to the Group.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at ‘fair value through profit or loss’ and the Group does not have any such liabilities. The derecognition rules have been transferred from MFRS 139 “Financial Instruments: Recognition and Measurement” and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial contracts.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations effective from 1 January 2018. MFRS 15 identified a new five-step process that applies revenue arising from contracts with customers.

The Group have performed an impact assessment on MFRS 9 and MFRS 15 and concluded that the adoption of the new standard did not have any significant impact to the Group’s interim financial statements.

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 2018

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

The Group will apply the new standards, amendments to published standards and IC interpretations in the following financial period:

Effective for the financial year beginning 1 July 2019

- MFRS 16 “Leases”
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to MFRS 9 “Prepayment Feature with Negative Compensation”
- Annual Improvements to MFRSs 2015-2017 Cycle: Amendments to MFRS 3 “Business Combinations”, Amendments to MFRS 112 “Income Taxes” and Amendments to MFRS 123 “Borrowing Costs”

Effective for the financial year beginning 1 July 2020

- Amendments to MFRS 3 “Business Combinations”
- Amendments to MFRS 101 “Presentation of Financial Statements”
- Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS 134 “Interim Financial Reporting”
- Amendment to MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets”
- Amendment to MFRS 138 “Intangible Assets”
- Amendment to IC Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments”
- Amendment to IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”
- Amendment to IC Interpretation 132 “Intangible Assets – Web Site Costs”

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 year of initial application which will be effective from financial year beginning 1 July 2019 and thereafter.

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 2018 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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

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

As at the quarter ended 31 December 2018, the Company did a share buy-back of 815,000 shares for a total value of RM300,164.50.

Save for the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

A8 Dividends paid

The following dividend was paid during the FPE 31 December 2018:

	FPE 31.12.2018 RM'000
In respect of the FYE 30 June 2019:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 28 August 2018 and paid on 28 September 2018 (based on 388,000,000 shares)	2,328
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 26 November 2018 and paid on 20 December 2018 (based on 388,000,000 shares)	2,328
	<hr/> 4,656 <hr/>

In addition, the dividend paid for the previous FPE 31 December 2017 is as follows:

	FPE 31.12.2017 RM'000
In respect of the FYE 30 June 2018:	
First interim single-tier tax exempt dividend of 0.6 sen per share declared on 22 August 2017 and paid on 29 September 2017 (based on 388,000,000 shares)	2,328
Second interim single-tier tax exempt dividend of 0.6 sen per share declared on 23 November 2017 and paid on 22 December 2017 (based on 388,000,000 shares)	2,328
	<hr/> 4,656 <hr/>



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

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			
	31.12.2018		31.12.2017		31.12.2018		31.12.2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	25,282	54.0	61,336	70.1	65,459	63.2	117,272	68.4
Asia (excluding Malaysia)	13,268	28.3	16,381	18.7	23,392	22.6	28,229	16.5
Europe	7,658	16.3	8,121	9.3	13,195	12.7	22,429	13.1
Australia (including New Zealand and Oceania)	589	1.3	1,138	1.3	1,294	1.3	2,268	1.3
Malaysia	68	0.1	574	0.6	239	0.2	1,149	0.7
Africa (including Middle East)	2	^	4	^	4	^	6	^
Total	46,867	100	87,554	100	103,583	100	171,353	100

^ negligible

For FPE 30 December 2018, the Group revenue was mainly derived from America, of which, more than 80% of revenue was attributable to the United States of America. The second country is from China, contributing more than 60% to the Asia region.

A10 Valuation of property, plant and equipment

There were no valuations of property, plant and equipment during the current quarter under review.

A11 Material events subsequent to the end of the current quarter

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.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

A14 Capital commitments

Capital commitments in respect of property, plant and equipment not provided for the current quarter ended 31 December 2018 are as follows:

	As at 31.12.2018 RM'000
Contracted	1,275
Authorised but not contracted	14,684
	<u>15,959</u>

A15 Significant related party transactions

	6 months ended 31.12.2018 RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	11
	<u>11</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

For the second quarter ended 31 December 2018, the Group recorded revenue of RM46.9 million, a decline of approximately RM40.6 million compared RM87.5 million for the preceding corresponding quarter. The decrease in revenue was primarily due to the lower revenue generated across all products due to weak global market sentiment.

The Group is also experiencing longer than expected product development cycle for its latest generation cordless Bluetooth headsets. The extended product development phase for this new cordless headset is necessary as it incorporates the latest technology compared to its predecessor which was first launched in August 2017, which now requires significant final “field-test” before approval for mass production.

(ii) Profit Before Taxation (“PBT”)

In line with the declining revenue, the Group’s PBT for the current quarter ended 31 December 2018 was approximately RM1.3 million as compared to approximately RM8.0 million in the corresponding quarter ended 31 December 2017, a decrease of approximately RM6.7 million or 83.7%. The PBT for the current FPE 31 December 2018 was approximately RM4.3 million compared to corresponding FPE 31 December 2017 of approximately RM16.6 million.

The decline in PBT was attributed to lower order volume aggravated by an approximate constant overhead costs and also the development expenditure for the new cordless headset.

B2 Comment on material change in profit before taxation (“PBT”)

	Current Quarter 31.12.2018 RM’000	Preceding Quarter 30.09.2018 RM’000	Variance RM’000	%
Revenue	46,867	56,716	(9,849)	-17.4%
PBT	1,250	3,019	(1,769)	-58.6%

The Group’s revenue for the current quarter ended 31 December 2018 decreased by approximately 17.4% compared to the preceding quarter ended 30 September 2018. The decline was due to the extended product development phase for the new cordless Bluetooth headsets and also general weak market sentiment. The PBT had also weakened due to the lower revenue.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

B3 Prospects

The uncertainties surrounding the on-going US-China trade tariff negotiations have provided new business opportunities for the Group. Several multi-nationals with operations in China have shown keen interests to shift their US-bound products to be manufactured in Salutica. At the moment, the Group have successfully secured a “first” project arising from this new business opportunity. The Board expects this momentum to continue, however, the full impact may only be realised in the next financial year due to latent time for learning curve and ramp-up plan.

Nonetheless, the Group expects the global and local business environment to remain challenging and will continue to exercise prudent measures to mitigate these challenges. Steps have already been taken by the Group to improve costs efficiency in the long term, together with continuous effort and focus in engaging new potential customers to diversify the Group’s product offerings.

Premised on the above, the Board is of the opinion that the financial performance for the financial year ending 30 June 2019 will remain challenging.

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM’000	RM’000	RM’000	RM’000
Income tax				
Current year	179	2,093	770	4,570
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	179	2,093	770	4,570
Deferred tax				
Current year	75	(69)	168	(449)
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	254	2,024	938	4,121

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

The effective tax rate of the Group for the current quarter was lower than the Malaysia statutory tax rate due mainly to certain revenue expenses and qualifying capital expenditure being deductible for tax purposes.

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 SECOND QUARTER ENDED 31 DECEMBER 2018

B9 Utilisation of proceeds from the IPO

Based on the IPO price of RM0.80, the gross proceeds arising from the public issue amounting to RM62.4 million is intended to be utilised in the following manner:

Details of utilisation	Intended utilisation RM'000	Actual utilisation as at 31.12.2018 RM'000	Deviation RM'000	Balance RM'000	Intended timeframe for utilisation (from date of listing)	Extended timeframe for utilisation
Repayment of bank borrowing	8,500	8,500	-	-	Within 6 months	-
Capital expenditure	25,000	14,492	-	10,508	Within 24 months	Additional 18 months (i.e. until 17 November 2019) *
R&D expenditure	8,200	8,200	-	-	Within 24 months	-
Working capital	16,700	16,700	-	-	Within 24 months	-
Estimated listing expenses	4,000	4,000	-	-	Within 3 months	-
Total	62,400	51,892	-	10,508		

* The Group has yet to fully utilise the IPO proceeds. The Board has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked for the capital expenditure in relation to the acquisition of new machinery and equipment for an additional 18 months.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2016.

B10 Borrowings and debt securities

The Group's loans and borrowings as at 31 December 2018 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	18	-	18
<u>Unsecured</u>			
Term loans	257	182	439
	<u>275</u>	<u>182</u>	<u>457</u>

All the borrowings are denominated in Ringgit Malaysia.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

B11 Derivative financial instruments

As at the date of the statement of financial position 31 December 2018, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional Amount (RM'000)	Fair value Net gain / (loss) (RM'000)
Currency forward contracts: Less than 1 year	6,644	(1)

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

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.

B14 Proposed dividend

The Board has on 25 February 2019 declared a third interim single tier tax-exempt dividend in respect of the financial year ending 30 June 2019 of 0.6 sen per share on 387,185,000 ordinary shares (excluding 815,000 Treasury shares) amounting to RM2,323,110.00. The entitlement date will be on 15 March 2019 and payment date on 29 March 2019.

B15 Earnings per Share ("EPS")

BASIC EPS	3 months ended		6 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit attributable to owners of the Company (RM'000)	996	6,014	3,331	12,467
Weighted average number of ordinary shares in issue ('000)	387,876	388,000	387,938	388,000
Basic EPS (sen)	0.26	1.55	0.86	3.21

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.



SALUTICA BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS SECOND QUARTER ENDED 31 DECEMBER 2018

B16 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2018 RM'000	6 months ended 31.12.2018 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Allowance / (Reversal) for slow moving inventories	-	(790)
Write-off inventories	9	119
Claim made for obsolete materials	(10)	(158)
Property, plant & equipment:		
- depreciation	1,377	2,746
- gains on disposal	-	-
Provision for warranty	8	16
Rental expenses:		
- Hostel/premise	53	103
- equipment/machinery	9	18
Finance costs	8	18
Net foreign exchange (gains)/losses:		
- realised	(48)	(88)
- unrealised	99	134
Fair value (gains)/loss on derivative financial instruments	(195)	(187)
Interest Income	(275)	(545)
Short term investments:		
- gains on disposal	(88)	(108)
- fair value gains	(507)	(1,033)

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 February 2019.