



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 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 30 JUNE 2023

	Note	Current quarter 3 months ended		Cumulative 12 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue	A9	14,824	49,788	63,853	143,836
Profit / (Loss) from operations		(4,472)	2,469	(21,059)	(7,800)
Finance costs		(85)	(123)	(378)	(547)
Profit / (Loss) before taxation		(4,557)	2,346	(21,437)	(8,347)
Income tax (expenses) / credit	B5	(11,697)	(291)	(7,095)	1,763
Profit / (Loss) for the period	B1	(16,254)	2,055	(28,532)	(6,584)
Other comprehensive income, net of taxation		-	-	-	-
Total comprehensive income / (loss) for the period		(16,254)	2,055	(28,532)	(6,584)
Profit / (Loss) and total comprehensive income attributable to:					
Owners of the Company		(16,254)	2,055	(28,532)	(6,584)
Non-controlling interest		-	-	-	-
Total comprehensive income / (loss) for the period		(16,254)	2,055	(28,532)	(6,584)
Earnings / (Loss) per share Basic (Sen)	B15	(3.84)	0.49	(6.74)	(1.57)

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 JUNE 2023

	Note	As at 30.06.2023 RM'000 (Unaudited)	As at 30.6.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		45,324	51,914
Right-Of-Use Assets		5,083	5,178
Intangible assets		929	1,052
Deferred tax assets		-	7,096
		51,336	65,240
Current assets			
Inventories		29,259	54,584
Trade and other receivables		7,581	18,342
Contract Assets		12	2,044
Current tax assets		2,764	2,736
Short term investment		46,020	45,105
Deposits, cash and bank balances		6,339	7,930
		91,975	130,741
Current liabilities			
Payables and accruals		12,677	28,363
Contract liabilities		6,988	11,783
Derivative financial instruments		-	377
Provision for warranties		112	120
Borrowings	B10	5,475	6,772
		25,252	47,415
NET CURRENT ASSETS		66,723	83,326
		118,059	148,566
EQUITY AND LIABILITIES			
Equity			
Share capital		113,362	113,362
Treasury shares		(984)	(984)
Reserves		5,589	34,121
Total equity attributable to owners of the Company		117,967	146,499
Non-controlling interests		-	-
TOTAL EQUITY		117,967	146,499
Non-current liabilities			
Borrowings	B10	92	2,067
		92	2,067
TOTAL EQUITY AND LIABILITIES		118,059	148,566
		118,059	148,566
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)		27.86	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

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(Incorporated in Malaysia under the Companies Act, 1965)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER AND FYE 30 JUNE 2023

<----- 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	-	-	(28,532)	(28,532)
At 30 June 2023	113,362	(984)	5,589	117,967
At 1 July 2021	91,802 ^(*)	(991)	40,705	131,516
Total comprehensive loss for the year	-	-	(6,584)	(6,584)
Issue of new ordinary shares	21,560 ^(^)	-	-	21,560
Resale of treasury shares	-	7 ^(#)	-	7
At 30 June 2022	113,362	(984)	34,121	146,499

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 FOURTH QUARTER AND FYE 30 JUNE 2023

	12 months ended 30.06.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax for the financial period	(21,437)	(8,347)
Adjustments for:		
Property, plant and equipment		
- depreciation	8,455	7,765
- gains on disposal	(170)	(236)
- write off	4	7
- impairment loss	467	-
Right-of-use assets depreciation	95	95
Loss / (reversal) of allowance for impairment of trade receivables	1,452	(49)
Bad debt recovery	-	(1)
Amortisation of intangible assets	145	999
Written off of intangible assets	16	-
Finance costs	378	547
Interest income	-	(55)
Inventories – Allowance of slow moving (Write back) / Provision	460	1,205
Unrealised gain on foreign exchange	(6)	53
Fair value (gain) / loss on derivative financial instruments	(84)	(32)
Fair value (gain) / loss on derivative financial instruments	(377)	360
Operating loss before changes in working capital	(10,602)	2,311
Changes in working capital:		
Inventories	24,864	10,704
Trade and other receivables	11,547	22,042
Trade and other payables	(20,054)	(9,923)
Cash generated from operations	5,755	25,134
Income tax paid	(27)	(48)
Income tax refund	-	-
Net cash generated from/(used in) operating activities	5,728	25,086
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,076)	(7,248)
Capitalisation of intangible assets	(38)	(36)
Proceeds from disposal of plant and equipment	303	237
Interest Income received	-	55
Net investing cash flow	(2,811)	(6,992)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares under private placement	-	21,560
Resale of treasury shares	-	7
Repayment of hire-purchase creditor	(2,750)	(2,859)
Repayment of lease liability	(22)	(20)
Repayment of short term loan	(500)	-
Interest paid	(378)	(547)
Net cash from/(used in) financing activities	(3,650)	18,141
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(733)	36,235



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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FOURTH QUARTER AND FYE 30 JUNE 2023

	Note	12 months ended 30.06.2023 RM'000	12 months ended 30.06.2022 RM'000
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		53,035	16,784
Effect of change in foreign currency exchange rates		57	16
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		52,359	53,035
Cash and cash equivalents comprise:			
Short-term investment in an Islamic money market fund		46,020	45,105
Cash and bank balances		6,339	7,930
		52,359	53,035
Deposits with maturity more than 3 months		-	-
		52,359	53,035

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 FOURTH QUARTER ENDED 30 JUNE 2023

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
FOURTH QUARTER ENDED 30 JUNE 2023

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.
- International Tax Reform – Pillar Two Model Rules – Amendments to MFRS 112 Income Taxes

Financial year beginning on 1 July 2024

- Amendments to MFRS 16 Leases on Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 'Presentation of Financial Statements' on Non-current Liabilities with Covenants
- Supplier Finance Arrangements - Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

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
FOURTH QUARTER ENDED 30 JUNE 2023

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				12 months ended			
	30.06.2023		30.06.2022		30.06.2023		30.06.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
America	6,433	43.4	26,944	54.1	27,817	43.5	93,128	64.8
Asia (excluding Malaysia)	5,215	35.2	4,376	8.8	15,117	23.7	10,452	7.3
Europe	1,713	11.5	11,348	22.8	14,485	22.7	24,233	16.8
Malaysia	864	5.8	6,863	13.8	4,873	7.6	11,782	8.2
Australia (including New Zealand and Oceania)	590	4.0	254	0.5	1,461	2.3	4,229	2.9
Africa (including Middle East)	9	0.1	3	^	100	0.2	12	^
Total	14,824	100	49,788	100	63,853	100	143,836	100

^ negligible

For FYE 30 June 2023 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 83% to the Europe region.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

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
	30.06.2023
	RM'000
Contracted but not provided for	867

A15 Significant related party transactions

	12 months
	ended
	30.06.2023
	RM'000
Consultancy fee paid/payable	
- to a person connected with directors of the Company	113

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

(i) Revenue

In the current fourth quarter, the Group recorded revenue of RM14.8 million against RM49.8 million generated in the corresponding quarter last year, a decline of 70.3% or RM35.0 million. This was mainly attributable to the drop in current running Truly Wireless System (“TWS”) headset models and cessation of production of the computer peripherals and embedded computing device.

For the 12-month period ended 30 June 2023, the Group recorded a total revenue of RM63.9 million compared to RM143.8 million in the corresponding period last year, a decrease of approximately 55.6% or RM79.9 million. The decrease was mainly due to the low order volume for TWS headsets and the cessation of production of computer peripherals.

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

In tandem with the declining revenue, the Group posted a current quarter LBT of approximately RM4.6 million, representing an increase in loss of approximately RM6.9 million compared to the corresponding quarter last year PBT of RM2.3 million. Additionally, the Group had made an expected credit loss provision (“ECL”) of approximately RM1.5 million for one of its customers that is currently under litigation.

For the financial year ended 30 June 2023, the Group recorded a LBT of approximately RM21.4 million compared to approximately RM8.3 million loss in the preceding year, an increased loss of approximately RM13.1 million.

The increase in LBT for the financial year ended 30 June 2023 was mainly attributed by the following:

- a) Low order volume from current running products;
- b) Higher line setup-costs due to non-optimisation of production line because of the low production volume;
- c) Inefficient absorption of fixed overheads due to low revenue;
- d) Increase in Imbalance Cost Pass-Through (“ICPT”) from RM0.037/kWh to RM0.20/kWh with effect from January 2023 to June 2023;
- e) Voluntary Separation Scheme (“VSS”) final payout of approximately RM0.5 million;
- f) Impairment loss on property, plant & equipment (“PPE”) of approximately RM0.5 million; and
- g) Provision of ECL of approximately RM1.5 million on one of its customers.

The above costs were partially cushioned by the income received from government grant of approximately RM2.6 million in December 2022.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

B2 Comment on material change in PBT / (LBT)

	Current Quarter 30.06.2023 RM'000	Preceding Quarter 31.03.2023 RM'000	Variance RM'000	%
Revenue	14,824	11,761	3,063	26.0%
LBT	(4,557)	(7,457)	2,900	-38.9%

The Group's revenue for the current quarter ended 30 June 2023 has increased to RM14.8 million compared to RM11.8 million for the preceding quarter ended 31 March 2022 due to the sales of a new TWS model. This had resulted in a reduction of the preceding quarter LBT of R7.5 million to current quarter LBT of RM4.6 million. Furthermore, the recognition of RM0.5 million impairment loss had attributed to the higher LBT in the preceding quarter.

B3 Prospects

The uncertainties in the global economy have continued to pose challenges. As such the Group continues to intensify its effort to diversify its products for other industries into other consumer segments to bolster its product offerings. Furthermore, the Group continues to pursue diversification into the segments whereby part of it is the Group's process in obtaining its certification for IATF 16949 is underway.

The Group will continue to grow its in-house brand FOBO tire pressure monitoring systems ("tpms").

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 2023

B5 Taxation

	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	-	14	(1)	14
Prior year	-	-	-	-
	-	14	(1)	14
Deferred tax				
Current year	11,697	391	7,096	(1,663)
Prior year	-	(114)	-	(114)
	11,697	291	7,095	(1,763)

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 2023, the Group's unabsorbed capital allowances and unutilised tax losses were approximately RM42 million and RM22 million respectively. The continued losses for the financial year ended 30 June 2023 indicated the uncertainty for the Group to utilise the capital allowances and tax losses, hence, the deferred tax assets recognised in previous financial years have been reversed in the current financial year ended 30 June 2023.

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 2023

B9 Utilisation of proceeds from private placement exercise

As at **30 June 2023**, 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	2,555	795	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	20,765	795		

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.

B10 Borrowings and debt securities

The Group's borrowings as at **30 June 2023** are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<u>Secured</u>			
Hire Purchase	1,951	15	1,966
Short term loan	3,500	-	3,500
	<u>5,451</u>	<u>15</u>	<u>5,466</u>
<u>Unsecured</u>			
Finance lease liability	24	77	101
	<u>5,475</u>	<u>92</u>	<u>5,567</u>

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



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

B11 Derivative financial instruments

As at the date of the statement of financial position 30 June 2023, 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.

Solicitors for both the Plaintiff and the Defendant in the suit have on 23 August 2023 attended the hearing of the Defendant's disqualification application. The Court has dismissed the Defendant's disqualification application with cost of RM15,000.00 to be paid forthwith. As such, the firm of Messrs. Joel & Mei will continue to represent the Plaintiff in this suit. The Court has also fixed the trial date for the main suit on 11 to 14 March 2024 and 18 to 21 March 2024. The Court has also fixed the next case management date on 6 September 2023 for the Defendant's application for the protective order for parties to discuss if an agreement can be reached.

(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").

The Plaintiff through a Framework Purchase Agreement dated 10 November 2021 ("Agreement"), has supplied to the Defendant various electronics products ("Products"). In year 2022, the Plaintiff had manufactured and delivered to the Defendant the Products to which the Plaintiff had issued invoices to the Plaintiff for a total amount of USD568,925.03. On 17 July 2023, the solicitors for the Plaintiff issued a letter of demand to the Plaintiff to which has yet to be satisfied in full by the Plaintiff.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

After having taken into account certain reduction and late interest charges together with a partial payment from PMI of USD137,167.00 on 21 July 2023, the net amount owing to SAS is USD383,714.97, comprising principal sum of USD323,886.63 and late payment interest charges of USD59,828.34. Based on the Bank Negara Malaysia's exchange rate on 9 August 2023 of USD1.00 equals to RM4.5795, the total claim by the Plaintiff against the Defendant is RM1,757,222.71.

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

- The sum of USD383,714.97 or alternatively the sum of RM1,757,222.71, to be paid by the Defendant to the Plaintiff;
- Late payment interest of 1% per month calculated from 1 August 2023 until the date of full settlement;
- Pre-judgement interest of 5% per annum on the amount of item (a) and (b) above calculated from the date of filing of this suit until the date of judgement;
- Judgement interest of 5% per annum on the amount of item (a), (b) and (c) above from the date of judgement until the date of full settlement;
- Cost of the suit; and
- Such further and other relief as the Honourable Court deems fit and proper to grant.

Solicitors for both parties have attended case management on 25 August 2023 and the Court has fixed the next case management date on 8 September 2023 pending the Defendant to file an application to stay proceedings to invoke the arbitration clause in the Agreement.

Save for the above two 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit / (Loss) attributable to owners of the Company (RM'000)	(16,254)	2,055	(28,532)	(6,584)
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	423,500	423,500	423,500	418,436
Basic EPS (sen)	(3.84)	0.49	(6.74)	(1.57)

⁽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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SALUTICA BERHAD

(Company No. 201201040303) (1024781-T)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOURTH QUARTER ENDED 30 JUNE 2023

B16 Notes to the Statement of Comprehensive Income

	3 months ended 30.06.2023 RM'000	12 months ended 30.06.2023 RM'000
Profit from operations for the period/year is arrived at after charging/(crediting):		
Provision of loss allowance for impairment of trade receivables	1,428	1,452
(Reversal) / provision for slow moving inventories	(62)	460
Write-off inventories	2,597	10,243
Claim made for obsolete materials	(2,756)	(11,304)
Property, plant & equipment:		
- Depreciation	2,092	8,455
- Gain on disposal	(113)	(170)
- Impairment loss	-	467
Right-of-use asset depreciation	24	95
Reversal provision for warranty	(18)	(6)
Rental of hostels	42	190
Rental of equipment / machinery	4	812
Finance costs	85	378
Net foreign exchange (gains)/losses:		
- Realised	(493)	(33)
- Unrealised	(202)	(84)
Fair value (gains) / loss on derivative financial instruments	2	(377)
Fair value gains on short term investments	(339)	(1,385)
Government grant income	-	(2,583)

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 28 August 2023.

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