



ACOUSTECH BERHAD (Co. No: 199901021765)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter 31/3/20 RM'000	Preceding year corresponding quarter 31/3/19 RM'000	Current year to date 31/3/20 RM'000	Preceding year corresponding period 31/3/19 RM'000
Revenue	163	4,575	163	4,575
Operating expenses	(1,912)	(4,401)	(1,912)	(4,401)
Other operating income	92	85	92	85
Profit/(Loss) from operations	<u>(1,657)</u>	<u>259</u>	<u>(1,657)</u>	<u>259</u>
Finance costs	(42)	(14)	(42)	(14)
Total profit/(loss) before tax	<u>(1,699)</u>	<u>245</u>	<u>(1,699)</u>	<u>245</u>
Tax expense	(25)	(30)	(25)	(30)
Total profit/(loss) for the period	<u>(1,724)</u>	<u>215</u>	<u>(1,724)</u>	<u>215</u>
Attributable to:				
Owners of the parents	(1,724)	215	(1,724)	215
Non-controlling interests	-	-	-	-
	<u>(1,724)</u>	<u>215</u>	<u>(1,724)</u>	<u>215</u>
Profit/(Loss) per share attributable to equity holders of the parent:				
Basic (sen)	<u>(0.89)</u>	<u>0.11</u>	<u>(0.89)</u>	<u>0.11</u>

(The notes set out on pages 5 to 11 form an integral part of and should be read in conjunction with this interim financial report)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/3/20 RM'000	31/12/19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	917	947
Investment property	4,965	2,500
Right-of-use assets	908	1,029
Investment in an associate company	2,448	48
Goodwill	21,469	21,469
Amount owing by an associate	2,651	2,606
	<u>33,358</u>	<u>28,599</u>
Current assets		
Inventories	83,380	83,812
Trade and other receivables	9,901	15,482
Contract assets	785	785
Tax recoverable	294	232
Cash, bank balances and deposits	1,428	2,269
	<u>95,788</u>	<u>102,580</u>
TOTAL ASSETS	<u><u>129,146</u></u>	<u><u>131,179</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	99,503	99,503
Reserves	(239)	1,485
TOTAL EQUITY	<u>99,264</u>	<u>100,988</u>
Non-current liabilities		
Long term borrowings	14,232	15,876
Lease liabilities	694	761
Deferred taxation	765	740
	<u>15,691</u>	<u>17,377</u>
Current Liabilities		
Trade and other payables	9,273	10,304
Contract liabilities	1,942	1,355
Short term borrowings	2,174	540
Lease liabilities	294	316
Tax liabilities	508	299
Cash and cash equivalents at end of financial period	14,191	12,814
TOTAL LIABILITIES	<u>29,882</u>	<u>30,191</u>
TOTAL EQUITY AND LIABILITIES	<u><u>129,146</u></u>	<u><u>131,179</u></u>
Net assets per share attributable to owners of the parent (RM)	0.51	0.52

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ACOUSTECH BERHAD (Co. No: 199901021765)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31/3/20	31/3/19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(1,699)	245
Net adjustments for non cash items	163	75
Operating profit/(loss) before working capital changes	<u>(1,536)</u>	<u>320</u>
Net changes in working capital	3,412	(3,127)
Cash from/(used in) operations	<u>1,876</u>	<u>(2,807)</u>
Tax refunded/(paid)	148	(113)
Net cash from/(used in) operating activities	<u><u>2,024</u></u>	<u><u>(2,920)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	47	40
Purchase of property, plant and equipment	(6)	(416)
Advances to an associate	(45)	(897)
Construction of investment property	(2,465)	-
Net cash from/(used in) investing activities	<u><u>(2,469)</u></u>	<u><u>(1,273)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities paid	(102)	(23)
Drawdown net of repayment of:		
- hire purchase liabilities	-	(29)
- term loans and bridging loans	(10)	2,293
Interest paid	(284)	(109)
Net cash from/(used in) financing activities	<u><u>(396)</u></u>	<u><u>2,132</u></u>
Net decrease in cash and cash equivalents	(841)	(2,061)
Cash and cash equivalents at beginning of financial period	<u>2,269</u>	<u>4,975</u>
Cash and cash equivalents at end of financial period	<u><u>1,428</u></u>	<u><u>2,914</u></u>

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ACOUSTECH BERHAD (Co. No : 199901021765)
 INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←——— Attributable to equity holders of the parent ———→		←——— Non-distributable ———→		Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Retained profits /(Accumulated losses) RM'000			
At 1 January 2020	99,503	(92)	1,577		100,988	
Loss for the financial period	-	-	(1,724)		(1,724)	
At 31 March 2020	99,503	(92)	(147)		99,264	
At 1 January 2019	99,503	(92)	3,163		102,574	
Profit for the financial period	-	-	215		215	
At 31 March 2019	99,503	(92)	3,378		102,789	

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EXPLANATORY NOTES

The figures have not been audited

1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", International Financial Reporting Standards and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019, except for the following Standards, Amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2020 which are applicable to the Group:

MFRSs/ Amendments/Interpretations	Effective date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform</i>	1 January 2020

The adoption of these Standards, Amendments and IC interpretation have no material impact on the Interim Financial Report.

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

MFRSs/ Amendments/Interpretations	Effective date
<i>Amendments to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 1 Annual Improvements to MFRS Standards 2018–2020 Cycle</i>	1 Jan 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 Jan 2022
<i>Amendments to MFRS 9 Annual Improvements to MFRS Standards 2018–2020 Cycle</i>	1 Jan 2022
<i>Amendments to MFRS 16 Annual Improvements to MFRS Standards 2018-2020 Cycle</i>	1 Jan 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 Jan 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment-Proceeds before Intended Use</i>	1 Jan 2022
<i>Amendments to MFRS 137 Onerous Contracts-Cost of Fulfilling a Contract</i>	1 Jan 2022
<i>Amendments to MFRS 141 Annual Improvements to MFRS Standards 2018-2020 Cycle</i>	1 Jan 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

EXPLANATORY NOTES

The figures have not been audited

The Group is in the process of assessing the impact of implementing these Amendments, Clarifications and Standards, since the effects would only be observable for subsequent periods and future financial years.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

3. Segmental Information

	Property development & construction RM'000	Investment holding RM'000	Total RM'000
3-months ended 31 March 2020			
Revenue			
External revenue	163	-	163
Results			
Operating profit/(loss)	(1,229)	(520)	(1,749)
Finance costs	(38)	(4)	(42)
Interest income	2	45	47
Other income	45	-	45
Profit/(Loss) before tax	(1,220)	(479)	(1,699)
Tax expense			(25)
Profit/(Loss) for the period			(1,724)
3-months ended 31 March 2019			
Revenue			
External revenue	4,575	-	4,575
Results			
Operating profit/(loss)	743	(569)	174
Finance costs	(5)	(9)	(14)
Interest income	2	37	39
Other income	46	-	46
Profit/(Loss) before tax	786	(541)	245
Tax expense			(30)
Profit/(Loss) for the period			215

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flow during the current quarter and financial year-to-date.

EXPLANATORY NOTES

The figures have not been audited

5. Changes in Estimates

There were no significant changes in estimates of amount reported in prior interim period or prior financial year that have a material effect in the current quarter and financial year-to-date.

6. Comments about Seasonal or Cyclical Factors

The Group's operations are not subject to seasonal or cyclical factors.

7. Dividends Paid

The Board of Directors has not paid any dividend for the current quarter (31 December 2019: Nil).

8. Carrying Amount of Revalued Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

9. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the current financial year-to-date.

10. Changes in Composition of the Group

There was no change in the composition of the Group for the current financial year-to-date under review except for as disclosed in Note 19.

11. Changes in Contingent Liabilities or Contingent Assets

The Company has an existing corporate guarantee amounting to RM37.5 million issued to a licensed bank for banking facilities granted to a subsidiary company. As at 31 March 2020, the Company is contingently liable for the amount of banking facilities utilised by the subsidiary company totalling RM14.2 million.

The Company had also issued another corporate guarantee amounting to RM2.2 million to a licensed bank for banking facilities granted to a subsidiary company. As at 31 March 2020, the Company is contingently liable for the amount of banking facilities utilised by the subsidiary company totalling RM2.2 million.

In respect of banking facilities granted by a licensed bank to associate company Harum Eco Dormitory Sdn Bhd, the Company is contingently liable up to 30% of the amount of banking facilities utilised by the associate under the proportionate corporate guarantee scheme. As at 31 March 2020, the Company is liable for the amount of RM9.4 million, representing 30% proportion of the RM32.0 million banking facilities utilised and remain outstanding.

12. Subsequent Events

Other than as disclosed in Note 15, there were no material events subsequent to 31 March 2020 that have not been reflected in the interim report.

EXPLANATORY NOTES

The figures have not been audited

13. Review of Performance

During the period under review, the Group generated a turnover of RM0.2 million compared to RM4.6 million for the same period in the preceding year. The turnover was solely derived from the development progress of Phase 1 terrace factories at Desa 88, Plentong, Johor. The quarter under review was a slow-moving quarter due to the festive period and the noticeable disruption from the early days of the COVID-19 pandemic which resulted in slower than expected progress in construction works and sales closure. With the implementation of Movement Control Order beginning 18 March 2020, there was little to no business activity for the remainder part of March 2020 which is traditionally a busy month for catch up. As a result, lower revenue was recognised. For the corresponding period of the preceding year, turnover was substantially attributed to the development progress of the same project while a small portion of the turnover was in respect of the tail end construction progress of dormitories in Permas Jaya. The Group posted a pre-tax loss of RM1.7 million for the current period as compared to a pre-tax profit of RM0.2 million in the corresponding period of the preceding year.

14. Material Change In Profit Before Tax For The Current Quarter As Compared With The Immediate Preceding Quarter

For the quarter under review, the Group posted a pre-tax loss of RM1.7 million owing to the negligible revenue recognised which was insufficient to offset the Group's overheads. The RM1.7 million pre-tax loss for the quarter is higher than the RM1.0 million pre-tax loss posted by the Group in the immediate preceding quarter due to the reversal of impairment loss after the recovery of RM1.0 million in deposits previously placed with our joint venture partner for the proposed development in Tanjung Sepang, Kota Tinggi, Johor.

15. Prospects for the current financial year

The COVID-19 pandemic along with the Movement Control Order imposed by the Government of Malaysia has unfortunately impacted businesses across many sectors including the Group's performance. Construction works in relation to Desa 88 Phase 1 terrace factories has been delayed due to the stringent requirements subsequently imposed by the Government for resumption of construction works leading to some pushback in the timescale for completion. Apart from construction delays, the original plans to launch the proposed 66 units of double and three-storey shop office in Plentong, Johor has also been delayed to the 3rd quarter of 2020. However, in Melaka Tengah, construction works on substructure of the proposed 16-storey hotel has commenced. Whilst the Group has since resumed operations following implementation of Recovery Movement Control Order effective 10 June 2020, the Group foresees the current financial year to be impacted owing to foreseeable delays of development progress and deferment of launches. Nevertheless, the Group welcomes the many economic initiatives that has been introduced to spur and bolster economic activities such as, among others, reduction of the Overnight Policy Rate (OPR), waiver of stamp duty for purchase of residential properties under reintroduction of the Home Ownership Campaign and exemption of RPGT. Barring any sudden deterioration of the COVID-19 pandemic locally, the imposition of any subsequent Movement Control Orders or such other unforeseen circumstances, the Group is hopeful to become indirect beneficiaries of these property stimulus packages and expects a slow and gradual recovery in property sales.

EXPLANATORY NOTES
The figures have not been audited

The Board is confident demand for Group's products will regain momentum, paving way for the kick off of new projects including but not limited to the proposed 110-room hotel in Bandar Melaka; the proposed 36 units of landed resort villa in Krubong, Melaka and the proposed 44-storey Block C apartments in Kota Laksamana, Melaka. Nevertheless, with the prevailing economic impact that COVID-19 continues to pose to the general economy, the Board will remain cautious in undertaking new projects by assessing more carefully the timing of launch and reassessing the pricing to achieve a balance between profitability and marketability.

16. Deviation from Profit Forecast and Profit Guarantee

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

17. (i) Loss Before Tax

The loss before tax of the Group is arrived at after charging/(crediting):

	Current Quarter 31/3/20 RM'000	Preceding Year Corresponding Quarter 31/3/19 RM'000	Cumulative Quarter 31/3/20 RM'000	Preceding Year Cumulative Quarter 31/3/19 RM'000
Depreciation of property, plant and equipment	35	81	35	81
Depreciation of right-of-use assets	121	19	121	19
Interest expense	41	11	41	11
Interest income	(47)	(40)	(47)	(40)

(ii) Cash and Cash Equivalents

The cash and cash equivalents at end of the financial period comprise of the following:

	Current year to date RM'000 31/3/20	Preceding year to date RM'000 31/3/19
Cash and bank balances	1,428	2,914

EXPLANATORY NOTES
The figures have not been audited
18. Income Tax Expense

The taxation of the Group comprises the following:

	Preceding Year	Preceding Year		Preceding Year
Current Quarter	Corresponding Quarter	Cumulative Quarter	Cumulative Quarter	Cumulative Quarter
31/3/20	31/3/19	31/3/20	31/3/19	31/3/19
RM'000	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- deferred tax	25	30	25	30
	25	30	25	30

The tax charge for the period is primarily in respect of deferred tax liabilities provision on interest charged to subsidiaries.

19. Corporate Proposals

- (a) On 11 February 2020, the Company announced that subsidiary JM Cemerlang Sdn Bhd had entered into a Sale and Purchase Agreement with Melatone Coating Sdn Bhd for the disposal of 2 contiguous parcels of land, identified as Plot 4 and Plot 5 each measuring approximately 1.014 acres, held under part of the Master titles with particulars HS(D) 592292 PTD 236096; HS(D) 592293 PTD 236097; HS(D) 592294 PTD 236098; HS(D) 592295 PTD 236099; and HS(D) 592296 PTD 236100, all in the Mukim of Plentong, District of Johor Bahru, State of Johor for a cash consideration of RM6,625,476.00; and
- (b) On 8 April 2020, the Company announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) has, vide its letter dated 7 April 2020, resolved to conditionally approve the following:
- (i) Admission to the Official List and the listing and quotation of up to 97,211,700 new Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants;
 - (ii) Listing and quotation for up to 363,636,300 new ordinary shares to be issued arising from the conversion of RCPS; and
 - (iii) Listing and quotation of up to 97,211,700 new ordinary shares to be issued arising from the exercise of new Warrants. The approval granted by Bursa Securities for the Proposed Issuance of RCPS and the Proposed Bonus Issue of Warrants

Subsequently, on 11 June 2020, the Company had issued the Circular to shareholders in respect of the said proposals which will be tabled at the Extraordinary General Meeting on 10 July 2020.

Save for the above, there were no other corporate proposals announced which remained incomplete as at the date of issue of this interim report.

EXPLANATORY NOTES

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20. Group Borrowings and Debt Securities

Group borrowings, which are denominated in Ringgit Malaysia, as at 31 March 2020 are as follows:

(a) **Short term borrowings**

RM'000

Secured

Term loans & bridging finance

2,174

(b) **Long term borrowings**

RM'000

Secured

Term loans & bridging finance

14,232

21. Material Litigation

The Group does not have any material litigation as at the date of this report.

22. Dividend Payable

The Board of Directors has not recommended any dividend for the current quarter.

23. Earnings/(Loss) Per Share

Basic loss per share

	Current Quarter 31/3/20	Preceding Year Corresponding Quarter 31/3/19	Cumulative Quarter 13/3/20	Preceding Year Cumulative Quarter 31/3/19
Profit/(Loss) attributable to equity holders of the parent (RM'000)	(1,724)	215	(1,724)	215
Weighted average number of shares in issue ('000)	194,535	194,535	194,535	194,535
Basic EPS (sen)	(0.89)	0.11	(0.89)	0.11