



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year 30/06/16 RM'000	Preceding year corresponding quarter 30/06/15 RM'000	Current year to date 30/06/16 RM'000	Preceding year corresponding period 30/06/15 RM'000
Revenue	32,934	18,125	49,833	45,951
Operating expenses	(30,752)	(17,410)	(50,217)	(47,860)
Other operating income	(622)	983	555	2,518
Profit from operations	1,560	1,698	171	609
Finance costs	(7)	(4)	(14)	(10)
<b>Profit before tax from continuing operations</b>	<b>1,553</b>	<b>1,694</b>	<b>156</b>	<b>599</b>
Tax expense	(891)	(314)	(676)	(204)
<b>Profit/(Loss) for the period from continuing operations</b>	<b>662</b>	<b>1,380</b>	<b>(519)</b>	<b>395</b>
Profit for the period from discontinued operations	-	2,530	-	2,626
<b>Profit/(Loss) for the period</b>	<b>662</b>	<b>3,910</b>	<b>(519)</b>	<b>3,021</b>
Attributable to:				
Owners of the parents	662	3,277	(519)	1,966
Non-controlling interests	-	633	-	1,055
	<b>662</b>	<b>3,910</b>	<b>(519)</b>	<b>3,021</b>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic (sen)	<b>0.4</b>	<b>1.9</b>	<b>(0.3)</b>	<b>1.2</b>

(The notes set out on pages 6 to 15 form an integral part of and should be read in conjunction with this interim financial report)



ACOUSTECH BERHAD (Co. No: 496665-W)  
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016  
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15 RM'000
Profit/(Loss) for the period	662	3,910	(519)	3,021
<b>Total comprehensive income/(loss)</b>	<b>662</b>	<b>3,910</b>	<b>(519)</b>	<b>3,021</b>
Attributable to:				
Owners of the parents	662	3,277	(519)	1,966
Non-controlling interests	-	633	-	1,055
	<b>662</b>	<b>3,910</b>	<b>(519)</b>	<b>3,021</b>

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**ACOUSTECH BERHAD (Co. No: 496665-W)**  
**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	30/06/16 RM'000	31/12/15 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,424	12,693
Investment property	1,479	-
Land held for property development	55,912	55,274
Goodwill	23,469	23,469
	<u>83,284</u>	<u>91,436</u>
<b>Current assets</b>		
Property development cost	21,282	31,411
Inventories	7,074	7,903
Trade and other receivables	38,496	31,740
Tax recoverable	586	250
Derivative financial instruments	175	10
Short term funds	19,500	30,058
Cash, bank balances and deposits	6,325	5,668
Non-current assets classified as held for sale	10,421	-
	<u>103,859</u>	<u>107,041</u>
<b>TOTAL ASSETS</b>	<u><u>187,143</u></u>	<u><u>198,478</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	88,911	88,911
Reserves	23,712	29,020
	<u>112,623</u>	<u>117,931</u>
<b>TOTAL EQUITY</b>	<u><u>112,623</u></u>	<u><u>117,931</u></u>
<b>Non-current liabilities</b>		
Long term borrowings	24,895	25,273
Hire purchase liabilities	234	234
Deferred taxation	176	495
	<u>25,305</u>	<u>26,002</u>
<b>Current Liabilities</b>		
Trade and other payables	39,218	45,983
Short term borrowings	4,587	8,053
Hire purchase liabilities	18	36
Derivative financial instruments	-	-
Tax liabilities	1,214	473
Dividend payable	4,178	-
	<u>49,215</u>	<u>54,545</u>
<b>TOTAL LIABILITIES</b>	<u><u>74,520</u></u>	<u><u>80,547</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>187,143</u></u>	<u><u>198,478</u></u>
Net assets per share attributable to owners of the parent (RM)	0.63	0.66

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ACOUSTECH BERHAD (Co. No : 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	30/06/16 RM'000	30/06/15 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
- continuing operations	157	599
- discontinued operations	-	2,693
Adjustments for non cash items	721	(2,006)
Operating profit/ (loss) before working capital changes	878	1,286
Net changes in working capital	(4,302)	(11,044)
Cash used in operations	(3,424)	(9,758)
Interest paid	(14)	(6)
Tax refunded / (paid)	(590)	(182)
Net cash used in operating activities	<u>(4,028)</u>	<u>(9,946)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	217	1,084
Dividend received	-	224
Proceeds from disposal of property, plant and equipment	-	12,500
Acquisition of shares in a subsidiary	-	(1,363)
Purchase of property, plant and equipment	(444)	(366)
Net cash from investing activities	<u>(936)</u>	<u>12,079</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(611)	-
Repayment of:		
- hire purchase liabilities	(18)	
- term loans and bridging loans	(3,844)	
Dividend paid to the shareholders of the Company	-	-
Dividend paid to the minority shareholders	-	-
Net cash used in financing activities	<u>(4,473)</u>	<u>-</u>
Net increase in cash and cash equivalents	(9,438)	2,133
Effects of exchange rate fluctuations on cash and cash equivalents	(464)	200
Cash and cash equivalents at beginning of financial period	35,727	58,545
Cash and cash equivalents at end of financial period	<u>25,825</u>	<u>60,878</u>

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**ACOUSTECH BERHAD (Co. No : 496665-W)**  
**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Available-for- sales reserves RM'000	Retained profits RM'000	Distributable Treasury shares RM'000			
<b>At 1 Jan 2016</b>	<b>88,911</b>	<b>7,342</b>	-	<b>29,299</b>	<b>(7,621)</b>	<b>117,931</b>	-	<b>117,931</b>
Loss for the financial period	-	-	-	(519)	(611)	(1,130)	-	(1,130)
Dividend declared in respect of financial year ended 31 December 2015	-	-	-	(4,178)	-	(4,178)	-	(4,178)
<b>At 30 June 2016</b>	<b>88,911</b>	<b>7,342</b>	-	<b>24,602</b>	<b>(8,232)</b>	<b>112,623</b>	-	<b>112,623</b>
<b>At 1 Jan 2015</b>	88,911	7,342	-	18,241	(7,319)	107,175	4,197	111,372
Total comprehensive income	-	-	-	1,966	-	1,966	1,055	3,021
Acquisition of shares in a subsidiary	-	-	-	-	-	-	(1,406)	(1,406)
<b>At 30 June 2015</b>	<b>88,911</b>	<b>7,342</b>	-	<b>20,207</b>	<b>(7,319)</b>	<b>109,141</b>	<b>3,846</b>	<b>112,987</b>

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**EXPLANATORY NOTES**
**The figures have not been audited**
**18. Discontinued Operations Classified As Held For Sale**

An analysis of the results of the discontinued operations for the corresponding period of the preceding year is as follows:

	<b>Current Quarter 30/06/16 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/15 RM'000</b>	<b>Cumulative Quarter 30/06/16 RM'000</b>	<b>Cumulative Quarter 30/06/15 RM'000</b>
Operating expenses	-	(7)	-	(11)
Other operating income	-	2,574	-	2,708
Profit / (Loss) from operations	-	2,567	-	2,697
Finance costs	-	-	-	(1)
Share of profit / (loss) of a joint venture	-	-	-	(3)
Profit before tax	-	2,567	-	2,693
Tax expense	-	(37)	-	(67)
Profit for the year	-	2,530	-	2,626

The following amounts have been included in arriving at profit / (loss) before tax of the discontinued operations:

	<b>Current Quarter 30/06/16 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/15 RM'000</b>	<b>Cumulative Quarter 30/06/16 RM'000</b>	<b>Cumulative Quarter 30/06/15 RM'000</b>
Charging / (Crediting):-				
Foreign exchange gain	-	(19)	-	(95)
Interest income	-	(170)	-	(178)
Income from short term funds	-	(50)	-	(95)

The cash flow attributable to the discontinued operations is as follows:

	<b>As at 30/06/15 RM'000</b>
Operating activities	23
Investing activities	47
Financing activities	(6,000)
Net cash flow	5,930

**EXPLANATORY NOTES**

**The figures have not been audited**

**19. Non-Current Assets Classified As Held For Sale**

The non-current assets classified as held for sale are in respect of the proposed disposal of a leasehold land and building constructed thereon by wholly owned subsidiary Formosa Prosonic Technics Sdn Bhd (“FPT”) for a cash consideration of RM11 million. The proposal was announced by the Board of Directors and the disposal is pending completion.

An analysis of the carrying amount of the non-current assets held for sale as at end of the current period is as follows:-

	<b>As at 30/06/16 RM'000</b>
Leasehold land	3,410
Building	6,445
Renovation	502
Electrical installation	64
	<u>10,421</u>

**20. Income Tax Expense**

The taxation of the Group for continuing operation comprises the following:

	<b>Current Quarter 30/06/16 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/15 RM'000</b>	<b>Cumulative Quarter 30/06/16 RM'000</b>	<b>Preceding Year Cumulative Quarter 30/06/15 RM'000</b>
In respect of current period				
- income tax	<b>915</b>	52	<b>994</b>	82
- deferred tax	<b>(25)</b>	299	<b>(319)</b>	189
	<u><b>890</b></u>	<u>351</u>	<u><b>675</b></u>	<u>271</u>

The effective tax rate for the financial year-to-date is higher than the statutory tax rate mainly due to the effects of the pre-tax losses of the audio segment over the pre-tax profits of the property segment.

## EXPLANATORY NOTES

The figures have not been audited

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### 21. Corporate Proposals

- (a) There were no corporate proposals announced which remained incomplete as at the date of issue of the interim report except for the announcement made on 18 January 2016, wherein the Board of Directors announced that FPT, a wholly owned subsidiary of the Company, had entered into:
- (i) A sale and purchase agreement (“SPA”) with Full Sprint Sdn Bhd (“FS”) for the proposed disposal a leasehold land with title particulars PM 4012, Lot No. 40702, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor with address known as Lot 2D, Jalan Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan together with buildings constructed thereon (“Property”) for a cash consideration of RM11,000,000.00 (“Proposed Disposal”); and
  - (ii) A tenancy agreement with FS for the rental of the Property upon completion of the Proposed Disposal (“Proposed Tenancy Agreement”).
- (b) On 16 May 2016, the Board of Directors announced that newly incorporated Teras Eco Resources Sdn Bhd became a wholly owned subsidiary company following acquisition from unrelated third parties two (2) ordinary shares of RM1.00 each representing 100% of the issued and paid up capital in the company for cash consideration of RM2.00.
- (c) On 18 May 2016, the Board of Directors announced that wholly owned subsidiary Teras Eco Sdn Bhd had entered into a Development Agreement with PIJ Property Development Sdn Bhd for the development of sixty (60) units of three storey shop offices, among others, on a piece of land held under PTD 9378 located in Tanjung Sepang, District of Kota Tinggi, State of Johor.
- (d) On 23 June 2016, the Board of Directors announced that the Company has entered into a Framework Agreement (“FA”) with Stone Master Corporation Berhad (“SMCB”) where, in principle, SMCB agrees to offer building and construction material related products and/or services under an interest free vendor financing program to the Company over eighteen (18) months subject to terms and conditions stated in the FA.

**EXPLANATORY NOTES**

**The figures have not been audited**

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**22. Group Borrowings and Debt Securities**

Group borrowings, which are denominated in Ringgit Malaysia, as at 30 June 2016 are as follows:

<b>(a) Short term borrowings</b>		<b>RM'000</b>
	<u>Unsecured</u>	
	Hire purchase	18
	<u>Secured</u>	
	Term loans & bridging finance	4,587
		4,605
		4,605
<b>(b) Long term borrowings</b>		<b>RM'000</b>
	<u>Unsecured</u>	
	Hire purchase	234
	<u>Secured</u>	
	Term loans & bridging finance	24,895
		25,129
		25,129

**23. Material Litigation**

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

**24. Dividend Payable**

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

**EXPLANATORY NOTES**
**The figures have not been audited**
**25. Earnings Per Share**
**Basic earnings per share**

	<b>Current Quarter 30/06/16</b>	<b>Preceding Year Corresponding Quarter 30/06/15</b>	<b>Cumulative Quarter 30/06/16</b>	<b>Preceding Year Cumulative Quarter 30/06/15</b>
Profit / (Loss) attributable to equity holders of the parent (RM'000)				
from:				
- continuing operations	<b>662</b>	1,803	<b>(519)</b>	395
- discontinued operations	-	1,474	-	1,571
	<b>662</b>	3,277	<b>(519)</b>	1,966
Weighted average number of shares in issue ('000)	<b>167,215</b>	168,517	<b>167,215</b>	168,517
Basic EPS (sen)				
From:				
- continuing operations	<b>0.4</b>	1.1	<b>(0.3)</b>	0.2
- discontinued operations	-	0.8	-	1.0
	<b>0.4</b>	1.9	<b>(0.3)</b>	1.2

**26. Realised and Unrealised Profits**

	<b>As At End Of Current Quarter 30/06/16 RM'000</b>	<b>As At End Of Preceding Year 31/12/15 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	<b>39,339</b>	42,923
- Unrealised	<b>(807)</b>	(875)
	<b>38,532</b>	42,048
Less: Consolidation adjustments	<b>(13,930)</b>	(12,749)
Total Group retained profits	<b>24,602</b>	29,299