

ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/14 RM'000	Preceding year corresponding quarter 31/12/13 RM'000	Current year to date 31/12/14 RM'000	Preceding year corresponding period 31/12/13 RM'000
Revenue	30,664	41,660	152,059	190,336
Operating expenses	(33,302)	(42,659)	(154,655)	(192,760)
Other operating income	1,349	641	2,846	2,345
(Loss) / Profit from operations	(1,289)	(358)	250	(79)
Finance costs	(11)	(9)	(31)	(25)
(Loss) / Profit before tax from continuing operations	(1,300)	(367)	219	(104)
Tax expense	85	(160)	(309)	(34)
(Loss) for the year from continuing operations	(1,215)	(527)	(90)	(138)
Discontinued operations				
Profit / (Loss) for the year from discontinued operations	1,132	1,173	(3,632)	1,108
(Loss) / Profit for the year	(83)	646	(3,722)	970
Attributable to:				
Owners of the parents	(120)	429	(2,084)	818
Non-controlling interests	37	217	(1,638)	152
	(83)	646	(3,722)	970
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	(0.1)	0.2	(1.3)	0.5

(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)



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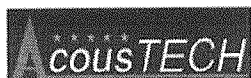
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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
	31/12/14 RM'000	31/12/13 RM'000	31/12/14 RM'000	31/12/13 RM'000
(Loss) / Profit for the period	(83)	646	(3,722)	970
<u>Other comprehensive income/(loss), net of tax:</u>				
Fair value of available-for-sale financial assets	-	630	306	315
Adjustment on disposal of available-for-sale financial assets	-	-	(1,835)	-
Total comprehensive (loss) / income	(83)	1,276	(5,251)	1,285
Attributable to:				
Owners of the parents	(120)	1,059	(3,613)	1,133
Non-controlling interests	37	217	(1,638)	152
	(83)	1,276	(5,251)	1,285

(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)

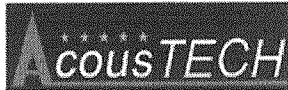


ACOUSTECH BERHAD (Co. No: 496665-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/12/14 RM'000	31/12/13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,795	43,146
Investment in a jointly controlled entity	227	2,342
Deferred tax assets	-	28
Available-for-sale financial assets	-	5,285
	31,022	50,801
Current assets		
Inventories	11,370	14,347
Trade and other receivables	33,478	54,327
Amount owing by a joint venture	-	20
Tax recoverable	1,043	1,950
Short term funds	43,011	55,753
Cash, bank balances and deposits	15,534	21,898
Non-current assets classified as held for sale	5,665	-
	110,101	148,295
TOTAL ASSETS	141,123	199,096
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	88,911	88,911
Reserves	18,264	57,371
	107,175	146,282
Non-controlling interests	4,197	7,335
TOTAL EQUITY	111,372	153,617
Non-current liabilities		
Deferred taxation	1,630	2,278
Current Liabilities		
Trade and other payables	28,069	42,650
Derivative financial instruments	52	44
Tax liabilities	-	507
Non-current liabilities classified as held for sale	-	-
	28,121	43,201
TOTAL LIABILITIES	29,751	45,479
TOTAL EQUITY AND LIABILITIES	141,123	199,096
Net assets per share attributable to owners of the parent (RM)	0.60	0.82

(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 YEAR ENDED 31 DECEMBER 2014
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31/12/14 RM'000	31/12/13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation		
- continuing operations	219	(104)
- discontinued operations	(4,825)	1,861
Adjustments for non cash items	(2,409)	4,780
Operating (loss) / profit before working capital changes	<u>(7,015)</u>	6,537
Net changes in working capital	<u>14,348</u>	17,126
Cash generated from operations	7,333	23,663
Interest paid	(29)	(52)
Tax refunded / (paid)	513	(140)
Net cash from operating activities	<u>7,817</u>	<u>23,471</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,282	1,422
Proceed from disposal of investment	6,337	-
Dividend paid to non-controlling interest	(1,500)	-
Dividend received	2,250	885
Proceeds from disposal of property, plant and equipment	1,576	-
Purchase of property, plant and equipment	(1,857)	(1,446)
Short term funds	3,988	4,785
Treasury shares	(1,791)	-
Net cash from investing activities	<u>10,285</u>	<u>5,646</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the shareholders of the Company	(33,703)	(6,858)
Dividend paid to the minority shareholders	-	(554)
Net cash used in financing activities	<u>(33,703)</u>	<u>(7,412)</u>
Net (decrease) / increase in cash and cash equivalents	(15,601)	21,705
Effects of exchange rate fluctuations on cash and cash equivalents	484	(64)
Cash and cash equivalents at beginning of financial year	73,662	52,021
Cash and cash equivalents at end of financial year	<u>58,545</u>	<u>73,662</u>

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ACOUSTECH BERHAD (Co. No : 496665-W)
 INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent		Distributable		Non-		
	Share capital RM'000	Non-distributable Share premium RM'000	Available-for-sale reserves RM'000	Retained profits RM'000	Treasury shares RM'000	Total controlling interests RM'000	Total equity RM'000
At 1 Jan 2014	88,911	7,342	1,529	54,028	(5,528)	146,282	153,617
Loss for the financial year	-	-	-	(2,084)	-	(2,084)	(3,722)
Fair value gain on available-for-sale investment	-	-	306	-	-	306	306
Adjustment on disposal of available-for-sale financial assets	-	-	(1,835)	-	-	(1,835)	(1,835)
Total comprehensive loss	-	-	(1,529)	(2,084)	-	(3,613)	(5,251)
Dividend paid in respect of financial year ended 31 December 2014	-	-	-	(33,703)	-	(33,703)	(33,703)
Dividend paid to non controlling interests of a subsidiary company	-	-	-	-	-	-	(1,500)
Repurchase of shares	-	-	-	-	(1,791)	(1,791)	(1,791)
At 31 December 2014	88,911	7,342	-	18,241	(7,319)	107,175	111,372
At 1 Jan 2013	88,911	7,342	1,214	60,068	(5,528)	152,007	160,298
Total comprehensive income	-	-	315	818	-	1,133	1,285
Dividend paid in respect of financial year ended 31 December 2012	-	-	-	(6,858)	-	(6,858)	(6,858)
Dividends to Non Controlling Interests of a subsidiary company	-	-	-	-	-	(1,108)	(1,108)
At 31 December 2013	88,911	7,342	1,529	54,028	(5,528)	146,282	153,617

(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)

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 2013.

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 2013, except for the adoption of the following:

MFRSs/ Amendments/Interpretations	Effective date
Amendments to MFRS 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136, <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139, <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21, <i>Levies</i>	1 January 2014

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

EXPLANATORY NOTES
The figures have not been audited
2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

3. Segmental Information

	Audio RM'000	(Discontinued Operations) Chemical paints RM'000	(Discontinued Operations) Electrical equipment RM'000	Total RM'000
12-month ended 31 December 2014				
Revenue				
External revenue	152,059	15,945	4,312	172,316
Results				
Segment results	1,095	(647)	(5,943)	(5,495)
Unallocated corporate expenses				(187)
Operating loss				(5,682)
Finance costs				(50)
Loss on disposal of a subsidiary				(844)
Gain on disposal of investment	-	1,835	-	1,835
Share of results of a joint venture	-	-	135	135
Loss before tax				(4,606)
Tax expense				884
Loss for the year				(3,722)
12-month ended 31 December 2013				
Revenue				
External revenue	190,336	11,367	35,231	236,934
Results				
Segment results	(57)	(232)	1,476	1,187
Unallocated corporate expenses				(135)
Operating profit				1,052
Finance costs				(71)
Dividend income	-	420	-	420
Share of results of a joint venture	-	-	356	356
Profit before tax				1,757
Tax expense				(787)
Profit for the year				970

EXPLANATORY NOTES

The figures have not been audited

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.

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

Sales of the Group are seasonal and are affected by economic conditions in countries in which the products are sold.

7. Dividends Paid

	Current year to date RM'000 31/12/14	Preceding year to date RM'000 31/12/13
Special interim single tier dividend of 20.0 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2014 (31 December 2012: 4.0 sen)	33,703	6,858

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 20.



EXPLANATORY NOTES

The figures have not been audited

11. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet date.

12. Subsequent Events

There were no material events subsequent to 31 December 2014 that have not been reflected in the interim report.

13. Review of Performance

During the year under review, the Group managed to register a marginal profit of RM0.22 million from continuing operations. However after taking into consideration losses due to discontinued operations, the Group incurred a loss of RM3.7 million. This compares with an equivalent profit of RM0.2 million from continuing operations and a net profit of approximately RM0.97 million for the corresponding period with year ended 31 December 2013.

The results of the Group for the year under review is unfortunately reflective of continuing softening demand and pressure from customers to lower margins. The performance of the Group was affected by a one-off impairment loss of RM3.9m from the closure of the electrical equipment division and the disposal of Formosa Prosonic Chemicals Sdn Bhd which lead to a loss on disposal of RM0.84 million. The Group ceased operations for both divisions as they were performing poorly and did not have a promisingly outlook in the near to longer term.

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

The Group recorded loss before tax of RM0.7 million for the current quarter 2014 compared to a loss before tax of RM4.6 million in the immediate preceding quarter mainly due to lower operating loss incurred by chemical paints and electrical equipment divisions as well as the one-off impairment loss on trade receivables of RM3.9 million which was recognized in the immediate preceding quarter as aforementioned.

15. Prospects for the current financial year

Barring unforeseen circumstances, the Director deems the business environment for the current year to be highly challenging due to various macro-economic factors such as uncertain long term demand and fluctuating currency. The Board will be undertaking various measures to streamline operations with a view to reducing excess production capacity and reducing operational costs. The Board will be actively sourcing for new avenues of business to diversify the earning stream of the Group.

EXPLANATORY NOTES
The figures have not been audited
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) Profit Before Tax From Continuing Operations

The profit before tax of the Group from continuing operations is arrived at after charging/(crediting):

	Current Quarter 31/12/14 RM'000	Current Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/14 RM'000	Cumulative Quarter 31/12/13 RM'000
Depreciation and amortisation	798	861	3,145	3,512
Foreign exchange (gain) / loss	(483)	154	(720)	1,575
Derivatives loss / (gain)	52	-	52	(50)
Interest income	(21)	(7)	(61)	(32)
Income from short term funds	(266)	(296)	(988)	(1,045)
Interest expense	7	6	19	18
Loss on disposal of a subsidiary	844	-	844	-
Property, plant and equipment written off	-	-	2	14

(ii) Cash and Cash Equivalents

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

	Current year to date RM'000 31/12/14	Preceding year to date RM'000 31/12/13
Continuing operations		
Short term funds	43,011	51,764
Cash, bank balances and deposits	15,534	17,201
Discontinued operations		
Cash, bank balances and deposits	-	4,697
	58,545	73,662

EXPLANATORY NOTES
The figures have not been audited

18. Discontinued Operations Classified As Held For Sale (continued)

An analysis of the results of the discontinued operations is as follows:

	Current Quarter 31/12/14 RM'000	Current Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/14 RM'000	Cumulative Quarter 31/12/13 RM'000
Revenue	3,798	14,404	20,257	46,598
Operating expenses	(2,818)	(13,877)	(27,473)	(48,235)
Other operating (loss) / income	(407)	664	441	3,188
Profit / (Loss) from operations	573	1,191	(6,775)	1,551
Finance costs	(2)	(10)	(20)	(45)
Gain on available-for-sale investment	-	-	1,835	-
Share of (loss) / profit of a joint venture	(40)	100	135	356
Profit / (Loss) before tax	531	1,281	(4,825)	1,862
Tax expense	601	(108)	1,193	(754)
Profit / (Loss) for the year	1,132	1,173	(3,632)	1,108

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

	Current Quarter 31/12/14 RM'000	Current Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/14 RM'000	Cumulative Quarter 31/12/13 RM'000
Charging / (Crediting):-				
Depreciation and amortisation	111	341	860	1,324
Dividend income	-	-	-	420
Foreign exchange gain	(50)	(436)	(104)	(1,702)
Derivatives (gain) / loss	(4)	44	(44)	64
Interest income	(36)	(56)	(164)	(277)
Income from short term funds	(28)	(18)	(72)	(68)
Interest expense	-	6	10	34
(Reversal) / Impairment loss on receivables	(249)	-	3,909	-
Property, plant and equipment written off	-	3	-	7
Loss on disposal of property, plant and equipment	154	-	154	-
Gain on available-for-sale investment	-	-	1,835	-

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

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

	As at 31/12/14 RM'000
Assets of disposal group (land and building) classified as held for sale:	<u>5,665</u>

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

	As at 31/12/14 RM'000
Operating activities	(2,963)
Investing activities	1,607
Financing activities	(6,000)
Net cash outflow	<u>(7,356)</u>

19. Income Tax Expense

The taxation of the group comprises the following:

	Current Quarter 31/12/14 RM'000	Current Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/14 RM'000	Cumulative Quarter 31/12/13 RM'000
In respect of current period				
- income tax	(100)	171	190	1,149
- deferred tax	(199)	177	(233)	(201)
In respect of prior year				
- income tax	-	(50)	(454)	(131)
- deferred tax	(387)	(30)	(387)	(30)
	<u>(686)</u>	<u>268</u>	<u>(884)</u>	<u>787</u>

The effective tax rate for the financial year-to-date is higher than the statutory tax rate mainly due to certain expenses not allowable for deduction.

EXPLANATORY NOTES
The figures have not been audited

20. Corporate Proposals

20.1 On 18 June 2014, the Board of Director announced that its subsidiary, Formosa Prosonic Equipment Sdn Bhd ("FPEQ"), had on 17 June 2014 entered into the following agreements ("collectively referred to as the "agreements") with Angel Water System Technology Sdn Bhd ("the Purchaser") (formerly known as Grand Offshore Sdn Bhd) for the total consideration of RM9,560,000.00.

20.11 Comprehensive Manufacturing Asset Purchase Agreement ("CMAPA") to dispose of FPEQ's entire manufacturing assets situated at No. 11, Jalan Sultan Mohamed 5, Bandar Sultan Suleiman, Taiwanese Industrial Park, Port Klang to the Purchaser on an "as-is-where-is" on a willing-buyer and willing-seller basis which shall be free from all encumbrances with all rights attaching thereon for RM1,560,000.00 and subject to the terms and conditions as stipulated in the CMAPA. The disposal of manufacturing assets was completed in October 2014; and

20.12 Sale and Purchase Agreement ("SPA") to dispose of the Land situated at Lot 11, Jalan Sultan Mohamed5, Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan and the factory building constructed thereon (which aforesaid land and building are hereinafter collectively referred to as "the Said Property") to the Purchaser on an "as-is-where-is" basis free from all encumbrances and with vacant/legal possession for RM8,000,000.00 subject to the conditions of title and restrictions-in-interest endorsed on the document of title to the Said Property or otherwise affecting the Said Property and the existing category of land use and upon the terms as stipulated in SPA. This transaction is pending completion.

(collectively referred to as "the Disposals").

Upon completion of the Proposed Disposals, FPEQ shall cease its manufacturing business in relation to the manufacture of water dispensers.

20.2 On 30 September 2014, the Board of Directors announced that the Company had on 30 September 2014 entered into a Share Sale Agreement ("SSA") with QVirtual Resources Sdn Bhd (1074069-D) ("QVirtual" or "the Purchaser") for the disposal of 11,000,000 ordinary shares of RM1.00 each ("Shares") representing 100% of the equity interest in Formosa Prosonic Chemicals Sdn Bhd ("FPC") for a total cash consideration of RM11,500,000.00 ("Purchase Consideration") ("Proposed Disposal").

The Proposed Disposal was completed on 25 December 2014 and FPC ceased to be a wholly-owned subsidiary of the Company.

EXPLANATORY NOTES

The figures have not been audited

20. Corporate Proposals (continued)

20.3 The Board of Directors wishes to announce that on 09 February 2015 its subsidiary, Formosa Prosonic Technics Sdn Bhd (“FPT”) entered into a Sale and Purchase Agreement (“SPA”) to dispose of its manufacturing asset and equipment located at address plot 236, 238 & 240 Kawasan Perusahaan LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah (“SP Factory”) to Formosa Prosonic Industries Berhad (“FPI”) (“Proposed Disposal”) for a cash consideration of RM4,500,000. Simultaneous with the SPA, FPT also entered into a tenancy agreement whereby FPI will rent the factory land and building located at the SP Factory.

Upon completion of the Proposed Disposal, FPT shall cease its manufacturing business in the manufacturing location at the SP Factory.

21. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 31 December 2014.

22. Material Litigation

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

23. Dividend Payable

The Board has on 14 May 2014 paid a special interim single tier tax exempt dividend of 20.0 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2014 whose names appear in the Record of Depositors of the Company at the close of business on 28 April 2014.

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

EXPLANATORY NOTES

The figures have not been audited

24. Earnings Per Share

Basic earnings per share

	Current Quarter 31/12/14	Current Quarter 31/12/13	Cumulative Quarter 31/12/14	Cumulative Quarter 31/12/13
Profit / (Loss) attributable to equity holders of the parent (RM'000)				
from:				
- continuing operations	386	(702)	1,548	(290)
- discontinued operations	(506)	1,131	(3,632)	1,108
	(120)	429	(2,084)	818
Weighted average no. of shares in issue ('000)	168,517	171,445	169,077	171,445
Basic EPS (sen)				
From:				
- continuing operations	0.2	(0.5)	0.9	(0.2)
- discontinued operations	(0.3)	0.7	(2.2)	0.7
	(0.1)	0.2	(1.3)	0.5

25. Realised and Unrealised Profits

	As At End Of Current Quarter 31/12/14 RM'000	As At End Of Preceding Quarter 30/09/14 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	39,071	38,263
- Unrealised	(1,329)	(1,284)
	37,742	36,979
Total share of retained profits from a joint venture:		
- Realised	(1,593)	(968)
- Unrealised	4	19
	(1,589)	(949)
	36,153	36,030
Less: Consolidation adjustments	(17,912)	(17,669)
Total Group retained profits	18,241	18,361