



**Second quarter interim report for the financial period ended 30 September 2008**

(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/09/08 RM'000	30/09/07 RM'000	30/09/08 RM'000	30/09/07 RM'000
Revenue	97,737	104,664	186,540	190,277
Operating expenses	(94,773)	(96,493)	(180,805)	(177,329)
Other operating income	4,782	900	6,586	1,665
Profit from operations	7,746	9,071	12,321	14,613
Finance costs	(60)	(97)	(107)	(167)
Share of results of an associate	653	681	1,194	1,256
Share of results of a jointly controlled entity	88	140	187	143
<b>Profit before tax</b>	<b>8,427</b>	<b>9,795</b>	<b>13,595</b>	<b>15,845</b>
Tax expense	(1,933)	(2,045)	(3,063)	(3,313)
<b>Profit for the period</b>	<b>6,494</b>	<b>7,750</b>	<b>10,532</b>	<b>12,532</b>
Attributable to:				
Equity holders of the parent	6,107	7,053	9,876	11,782
Minority interests	387	697	656	750
	<b>6,494</b>	<b>7,750</b>	<b>10,532</b>	<b>12,532</b>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic (sen)	3.52	3.99	5.68	6.67
Diluted (sen)	3.51	3.98	5.66	6.65

(The notes set out on pages 5 to 12 form an integral part of and should be read in conjunction with this interim financial report)





**Second quarter interim report for the financial period ended 30 September 2008**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30/09/08 RM'000	30/09/07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,595	15,845
Adjustments for non cash items	773	1,263
Operating profit before working capital changes	<u>14,368</u>	<u>17,108</u>
Net changes in working capital	<u>(14,513)</u>	<u>(23,098)</u>
Cash (used in) / generated from operations	(145)	(5,990)
Interest paid	(74)	(139)
Tax paid (net of tax refunded)	<u>(2,652)</u>	<u>(2,996)</u>
Net cash used in operating activities	<u>(2,871)</u>	<u>(9,125)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	157	166
Dividend received from quoted investment	75	-
Property, plant and equipment	<u>(820)</u>	<u>(2,771)</u>
Net cash used in investing activities	<u>(588)</u>	<u>(2,605)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	734	4,275
Proceed from issuance of new ordinary shares	101	284
Purchase of treasury shares	(1,715)	-
Dividend paid to the shareholders of the Company	<u>(6,574)</u>	<u>-</u>
Net cash used in financing activities	<u>(7,454)</u>	<u>4,559</u>
Net decrease in cash and cash equivalents	<u>(10,913)</u>	<u>(7,171)</u>
Cash and cash equivalents at beginning of financial period	<u>42,053</u>	<u>46,752</u>
Cash and cash equivalents at end of financial period	<u>31,140</u>	<u>39,581</u>

(The notes set out on pages 5 to 12 form an integral part of and should be read in conjunction with this interim financial report)

Second quarter interim report for the financial period ended 30 September 2008  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent		Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000				
At 1 April 2008	88,504	7,245	(1,741)	145,639	5,852	151,491
Profit for the financial period	-	-	-	9,876	656	10,532
Issuance of new ordinary shares	81	20	-	101	-	101
Shares buy back	-	-	(1,716)	(1,716)	-	(1,716)
<b>At 30 September 2008</b>	<b>88,585</b>	<b>7,265</b>	<b>(3,457)</b>	<b>153,900</b>	<b>6,508</b>	<b>160,408</b>
At 1 April 2007	88,192	7,170	-	147,764	4,991	152,755
Profit for the financial period	-	-	-	11,782	750	12,532
Issuance of new ordinary shares	229	55	-	284	-	284
Dividend payable in respect of financial year ending 31 March 2008	-	-	(9,323)	(9,323)	-	(9,323)
<b>At 30 September 2007</b>	<b>88,421</b>	<b>7,225</b>	<b>-</b>	<b>150,507</b>	<b>5,741</b>	<b>156,248</b>

(The notes set out on pages 5 to 12 form an integral part of and should be read in conjunction with this interim financial report)

**ACOUSTECH BERHAD.** (Co. No. : 496665-W)

NO. 2, JALAN 1, BANDAR SULTAN SULEIMAN, TAIWANESE INDUSTRIAL PARK, 42000 PORT KLANG, SELANGOR DARUL EHSAN, MALAYSIA.  
TEL: 03-31762708 FAX: 03-31765873

**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**1. Basis of Preparation**

The interim financial report has been prepared under the historical cost convention.

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2008. These explanatory notes attached to the interim financial report provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2008.

**2. Accounting Policies**

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 March 2008 except for the adoption of the following revised Financial Reporting Standards (“FRS”) and Issues Committee Interpretations (“IC Interpretation”) that are effective for the Group’s financial statements commencing 1 April 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of the above FRSs and IC Interpretation does not have any significant financial impact to the Group.

**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 March 2008 was not qualified.

**4. Segmental Information**

	Audio RM'000	Chemical paints RM'000	Electrical equipment RM'000	Total RM'000
<b>6-month ended 30 September 2008</b>				
<b>Revenue</b>				
External revenue	129,377	20,608	36,555	186,540
<b>Results</b>				
Segment results	5,934	4,080	2,448	12,462
Unallocated corporate expenses				(141)
Operating profit				12,321
Finance costs				(107)
Share of results in an associate	-	1,194	-	1,194
Share of results in a jointly controlled entity	-	-	187	187
Profit before tax				13,595
Tax expense				(3,063)
Profit for the period				10,532
<b>6-month ended 30 September 2007</b>				
<b>Revenue</b>				
External revenue	113,087	26,741	50,449	190,277
<b>Results</b>				
Segment results	5,553	7,151	2,112	14,816
Unallocated corporate expenses				(203)
Operating profit				14,613
Finance costs				(167)
Share of results in an associate	-	1,256	-	1,256
Share of results in a jointly controlled entity	-	-	143	143
Profit before tax				15,845
Tax expense				(3,313)
Profit for the period				12,532



**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**5. 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 period-to-date.

**6. 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 period-to-date.

**7. 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.

**8. Dividends Paid**

	Current year to date	Preceding corresponding period
	RM'000	RM'000
Second interim single tier tax exempt of 3.75 sen per share for the financial year ended 31 March 2008	6,574	-
	<hr/> 6,574	<hr/> -

**9. Carrying Amount of Revalued Assets**

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



**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**10. Debt and Equity Securities**

**(a) Employee Share Option Scheme ("ESOS")**

During the current quarter, the Company issued 29,000 new ordinary shares of RM0.50 each for cash arising from the exercise of options granted under the Company's ESOS.

**(b) Share buybacks**

During the current quarter, the Company repurchased 47,000 of its issued ordinary shares from the open market at an average price of RM0.845 per share. The total consideration paid for the repurchase including transaction costs was RM40,113 and this was financed by internally generated funds.

Other than the above, 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.

**11. Changes in Composition of the Group**

There was no change in the composition of the Group for the current quarter and financial period-to-date.

**12. Changes in Contingent Liabilities or Contingent Assets**

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

**13. Subsequent Events**

There were no material events subsequent to 30 September 2008 that have not been reflected in the interim report.

**14. Review of Performance**

For the 6-month period under review, the Group's profit before tax dropped by 14% from RM15.8 million to RM13.6 million as a result of drop in sales and rising material costs. The drop in sales in chemical paints and electrical equipment divisions have affected the Group's profitability but its impact was cushioned by the gain on foreign exchange. Audio division registered higher operating profit mainly due to higher sales and gain on foreign exchange.



**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

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

The analysis of contribution by segment is as follows:

	Current quarter RM'000	Preceding quarter RM'000	%
Audio	4,047	1,887	>100
Chemical paints	2,054	2,026	1
Electrical equipment	1,746	703	>100
	<u>7,847</u>	<u>4,616</u>	
Unallocated corporate expenses	(101)	(41)	>100
Operating profit	7,746	4,575	69
Finance costs	(60)	(47)	28
Share of results in an associate	653	541	21
Share of results in a jointly controlled entity	88	100	(12)
	<u>8,427</u>	<u>5,169</u>	
Profit before tax	<u>8,427</u>	<u>5,169</u>	

The Group's operating profit was higher in audio and electrical equipment divisions attributable mainly to its higher sales and gain on foreign exchange. The chemical paints division registered slight increase in operating profit despite sales increased by 20% mainly due to higher material costs.

**16. Commentary on Prospects**

Owing to uncertain world economic situation, the Board is of the opinion that the industry is facing challenges operationally. The Board is therefore cautiously optimistic that the Company will meet its targets for the financial year provided the global economic situation does not worsen.

**17. 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.



**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**18. Income Tax Expense**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/08 RM'000	Preceding year corresponding quarter 30/09/07 RM'000	Current year to date 30/09/08 RM'000	Preceding year corresponding period 30/09/07 RM'000
Current Taxation	1,500	2,209	2,492	3,585
Deferred Taxation	433	(164)	573	(222)
	<b>1,933</b>	<b>2,045</b>	<b>3,065</b>	<b>3,363</b>
Over provision	-	-	(2)	(50)
	<b>1,933</b>	<b>2,045</b>	<b>3,063</b>	<b>3,313</b>

The effective tax rates for the current quarter and year-to-date are lower than the statutory tax rate principally due to the utilisation of reinvestment allowance and unabsorbed tax losses.

**19. Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments and/or properties outside the ordinary course of business of the Group for the current quarter and financial year to date.

**20. Quoted Securities**

- (a) There were no purchases and/or disposal of quoted securities for the current quarter and financial year-to-date.
- (b) Total investment in quoted securities (classified under long term investment) as at 30 September 2008 are as follows: -

	30/09/08 RM'000
<b>At cost / carrying value:-</b>	
Shares quoted in Malaysia	3,756
<b>At market value:-</b>	
Shares quoted in Malaysia	3,625

**21. Corporate Proposals**

There was no corporate proposal announced which remained incomplete as at the date of issue of the interim report.

**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**22. Group Borrowings and Debt Securities**

	<b>As at end of current quarter 30/09/08 RM'000</b>
USD Trade Financing	<b>1,398</b>

The Group does not have any other borrowings as at 30 September 2008.

**23. Off Balance Sheet Financial Instruments**

Forward foreign exchange sale contracts that were entered into as at 10 November 2008 (being a date not earlier than 7 days from the date of issue of the quarterly report) by certain subsidiary companies were RM28.4 million. These contracts were entered into as hedges for sales denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to subsidiary companies' foreign currencies denominated estimated receipts. The maturity period of these contracts ranges from October 2008 to March 2009.

**24. Material Litigation**

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

**25. Dividend Payable**

The Board of Directors had proposed a single tier tax exempt final dividend of 4.5 sen per share of RM0.50 each in respect of the financial year ended 31 March 2008. (31 March 2007: Nil) and this dividend was approved by the shareholders at the Annual General Meeting held on 19 September 2008. This dividend was paid on 10 November 2008

The Directors have not recommended any interim dividend for the quarter ended 30 September 2008. (30 September 2007: Nil)

**Second quarter interim report for the financial period ended 30 September 2008**  
(The figures have not been audited)

**EXPLANATORY NOTES**

**26. Earnings Per Share**

**a) Basic earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/08	Preceding year corresponding quarter 30/09/07	Current year to date 30/09/08	Preceding year corresponding period 30/09/07
Net profit attributable to equity holders of the parent (RM'000)	6,107	7,053	9,876	11,782
Weighted average no. of shares in issue ('000)	173,596	176,624	173,915	176,525
Basic earnings per share (sen)	<u>3.52</u>	<u>3.99</u>	<u>5.68</u>	<u>6.67</u>

**b) Diluted earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/08	Preceding year corresponding quarter 30/09/07	Current year to date 30/09/08	Preceding year corresponding period 30/09/07
Net profit attributable to equity holders of the parent (RM'000)	6,107	7,053	9,876	11,782
Weighted average no. of shares for diluted earnings per share ('000)	174,129	177,376	174,491	177,302
Diluted earnings per share (sen)	<u>3.51</u>	<u>3.98</u>	<u>5.66</u>	<u>6.65</u>