



ACOUSTECH BERHAD (Co. No : 496665-W)

Third quarter interim report for the financial period ended 31 December 2009
(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 2009. 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 2009.

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 2009. The Group has not taken the option of early adoption of the following new/revised standards that are mandatory for the Group's financial year beginning on or after 1 April 2010.

FRS 8 Operating Segments

The above standard is not anticipated to have any significant impact on the financial statements of the Group in the year of initial application.

The Group will apply the following standards from financial periods beginning on 1 April 2010. The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of these standards on the financial statements of the Group.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 7 Financial Instruments: Disclosures

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 March 2009 was not qualified.



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4. Segmental Information

	Audio RM'000	Chemical paints RM'000	Electrical equipment RM'000	Total RM'000
9-month ended 31 December 2009				
Revenue				
External revenue	119,424	23,002	39,485	181,911
Results				
Segment results	7,179	4,253	4,760	16,192
Unallocated corporate expenses				(157)
Operating profit				16,035
Finance costs				(65)
Share of results in an associate	-	173	-	173
Share of results in a jointly controlled entity	-	-	257	257
Profit before tax				16,400
Tax expense				(3,827)
Profit for the period				12,573
9-month ended 31 December 2008				
Revenue				
External revenue	168,840	28,563	45,937	243,340
Results				
Segment results	4,121	5,817	917	10,855
Unallocated corporate expenses				(196)
Finance costs				10,659
Share of results in an associate	-	1,543	-	1,543
Share of results in a jointly controlled entity	-	-	271	271
Profit before tax				12,334
Tax expense				(2,646)
Profit for the period				9,688



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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 year-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 year-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 RM'000	Preceding year corresponding period RM'000
First interim single tier tax exempt of 4.5 sen per share for the financial year ended 31 March 2009		
Second interim single tier tax exempt of 3.75 sen per share for the financial year ended 31 March 2008	7,693	-
Final single tier tax exempt of 4.5 sen per share for the financial year ended 31 March 2008	-	6,574
	-	7,812
	<u>7,693</u>	<u>14,386</u>

9. Carrying Amount of Revalued Assets

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

10. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial year to date, other than 637,200 ordinary shares of RM0.50 each issued under the Company's Employee Share Option Scheme.

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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 except that on 19 May 2009, Formosa Prosonic Chemicals Sdn. Bhd., a wholly-owned subsidiary of the Company had disposed off its entire equity interest of 30% in Musashi Paint Corporation Sdn. Bhd., which comprises 1,500,000 ordinary shares of RM1.00 each for a total consideration of RM5,700,000. The consideration was arrived at on a willing buyer willing seller basis.

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 31 December 2009 that have not been reflected in the interim report.

14. Review of Performance

The Group recorded significant growth in profit for the current quarter under review with a profit before tax of RM4.8 million as compared to a loss before taxation of RM1.3 million in the previous year's corresponding quarter. This improved result was attributable to audio and electrical equipment divisions which saw higher sales, a rebound from a previously tough operating environment. Nevertheless, the chemical paints division had recorded lower sales and profit for the current quarter.

The Group recorded profit before tax of RM16.4 million for the 9-month period ended 31 December 2009, an increase of 33% over the previous year's corresponding period. Though sales were lower, competitive supply of materials and scaled down operating and management expenses have contributed to the higher profitability.



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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	2,512	3,096	(19)
Chemical paints	885	1,871	(53)
Electrical equipment	1,225	2,106	(42)
	<u>4,622</u>	<u>7,073</u>	
Unallocated corporate expenses	63	(101)	>100
Operating Profit	4,685	6,972	(33)
Finance costs	(16)	(13)	23
Share of results in an associate	-	-	
Share of results in a jointly controlled entity	96	61	57
	<u>4,765</u>	<u>7,020</u>	(32)

All divisions reported lower sales with 8.5% drop in audio, 7.5% drop in chemical paints and 31.8% in electrical equipment. The drop in total sales from RM67.9 million to RM58.7 million has caused the Group's profit before tax decreased to RM4.8 million from RM7.0 million.

16. Commentary on Prospects

Barring unforeseen circumstances and on the presumption that the global economic recovery would materialize and be maintained, the Directors are of the opinion that the results for the financial year ended 31 March 2009 are expected to be sustained in the financial year ending 31 March 2010.

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.



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18. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/09 RM'000	Preceding year corresponding quarter 31/12/08 RM'000	Current year To date 31/12/09 RM'000	Preceding year corresponding period 31/12/08 RM'000
Current Taxation	1,135	(55)	4,194	2,436
Deferred Taxation	(195)	(362)	(367)	212
	940	(417)	3,827	2,648
Over provision	-	-	-	(2)
	940	(417)	3,827	2,646

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

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 other than those disclosed in Note 11.

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 31 December 2009 are as follows: -

	31/12/09 RM'000
At cost / carrying value:-	
Shares quoted in Malaysia	<u>3,756</u>
At market value:-	
Shares quoted in Malaysia	<u>4,830</u>

21. Corporate Proposals

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



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22. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 31 December 2009.

23. Off Balance Sheet Financial Instruments

Forward foreign exchange sale contracts that were entered into as at 27 January 2010 (being a date not earlier than 7 days from the date of issue of the quarterly report) by certain subsidiary companies were RM5.5 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 January 2010 to April 2010.

24. Material Litigation

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

25. Dividend Payable

The Board had declared an interim single tier tax exempt dividend of 2.5 sen per share of RM0.50 each in respect of financial period ended 30 September 2009 (30 September 2008: Nil). The dividend was paid on 18 January 2010.



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26. Earnings Per Share

a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/09	Preceding year corresponding quarter 31/12/08	Current year to date 31/12/09	Preceding year corresponding period 31/12/08
Net profit/ (loss) attributable to equity holders of the parent (RM'000)	3,438	(508)	11,299	9,368
Weighted average no. of shares in issue ('000)	171,263	172,686	171,089	173,504
Basic earnings per share (sen)	2.01	(0.29)	6.60	5.40

b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/09	Preceding year corresponding quarter 31/12/08	Current year to date 31/12/09	Preceding year corresponding period 31/12/08
Net profit/(loss) attributable to equity holders of the parent (RM'000)	3,438	(508)	11,299	9,368
Weighted average no. of shares in issue ('000)	171,407	173,118	171,241	174,032
Diluted earnings per share (sen)	2.00	(0.29)	6.59	5.38