



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Individual quarter | | Cumulative quarter | |
|---|--|--|--|---|
| | Current year quarter 30/09/12 RM'000 | Preceding year corresponding quarter 30/09/11 RM'000 | Current year to date 30/09/12 RM'000 | Preceding year corresponding period 30/09/11 RM'000 |
| Revenue | 82,225 | 97,413 | 252,840 | 220,570 |
| Operating expenses | (77,292) | (90,831) | (241,609) | (211,421) |
| Other operating income | (562) | 1,158 | 2,916 | 3,046 |
| Profit from operations | 4,371 | 7,740 | 14,141 | 12,195 |
| Finance costs | (22) | (24) | (86) | (71) |
| Share of results of a jointly controlled entity | 114 | 131 | 280 | 402 |
| Profit before tax | 4,463 | 7,847 | 14,335 | 12,526 |
| Tax expense | (1,140) | (1,823) | (3,611) | (2,539) |
| Profit for the period | 3,323 | 6,024 | 10,724 | 9,987 |
| Attributable to: | | | | |
| Owners of the parents | 3,086 | 5,891 | 9,862 | 9,412 |
| Non-controlling interests | 237 | 133 | 862 | 575 |
| | 3,323 | 6,024 | 10,724 | 9,987 |
| Earnings per share attributable to equity holders of the parent: | | | | |
| Basic (sen) | 1.8 | 3.4 | 5.8 | 5.5 |

(The notes set out on pages 6 to 12 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 SEPTEMBER 2012

(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 |
| | 30/09/12 RM'000 | 30/09/11 RM'000 | 30/09/12 RM'000 | 30/09/11 RM'000 |
| Profit for the period | 3,323 | 6,024 | 10,724 | 9,987 |
| <u>Other comprehensive income/(loss), net of tax:</u> | | | | |
| Fair value of available-for-sale financial assets | (245) | (700) | (770) | (1,470) |
| Total comprehensive income | 3,078 | 5,324 | 9,954 | 8,517 |
| Attributable to: | | | | |
| Owners of the parents | 2,841 | 5,191 | 9,092 | 7,942 |
| Non-controlling interests | 237 | 133 | 862 | 575 |
| | 3,078 | 5,324 | 9,954 | 8,517 |

(The notes set out on pages 6 to 12 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 SEPTEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30/09/12 RM'000 | 31/12/11 RM'000 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 47,493 | 49,431 |
| Investment in a jointly controlled entity | 2,266 | 2,440 |
| Available-for-sale financial assets | 4,270 | 5,040 |
| | <u>54,029</u> | <u>56,911</u> |
| Current assets | | |
| Inventories | 24,638 | 25,878 |
| Trade and other receivables | 81,485 | 69,943 |
| Amount owing by a jointly controlled entity | 20 | 20 |
| Tax recoverable | 2,532 | 2,041 |
| Derivative financial instruments | 36 | - |
| Short term funds | 32,894 | 29,810 |
| Deposits with licensed banks | 23,229 | 25,856 |
| Cash and bank balances | 9,200 | 8,772 |
| | <u>174,034</u> | <u>162,320</u> |
| TOTAL ASSETS | <u><u>228,063</u></u> | <u><u>219,231</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 88,911 | 88,911 |
| Reserves | 61,588 | 61,068 |
| | <u>150,499</u> | <u>149,979</u> |
| Non-controlling interests | 9,093 | 8,231 |
| TOTAL EQUITY | <u>159,592</u> | <u>158,210</u> |
| Non-current liabilities | | |
| Deferred taxation | 2,236 | 2,369 |
| Current Liabilities | | |
| Trade and other payables | 64,776 | 56,764 |
| Derivative financial instruments | - | 374 |
| Tax liabilities | 1,459 | 1,514 |
| | <u>66,235</u> | <u>58,652</u> |
| TOTAL LIABILITIES | <u>68,471</u> | <u>61,021</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>228,063</u></u> | <u><u>219,231</u></u> |
| Net assets per share attributable to owners of the parent (RM) | 0.85 | 0.84 |

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ACOUSTECH BERHAD (Co. No : 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 30/09/12 RM'000 | 30/09/11 RM'000 |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 14,335 | 12,526 |
| Adjustments for non cash items | 2,362 | 3,489 |
| Operating profit before working capital changes | <u>16,697</u> | <u>16,015</u> |
| Net changes in working capital | (2,821) | (12,454) |
| Cash generated from operations | 13,876 | 3,561 |
| Interest paid | (54) | (38) |
| Tax paid (net of tax refunded) | (4,289) | 1,394 |
| Net cash from operating activities | <u>9,532</u> | <u>4,917</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 925 | 1,041 |
| Dividend received | 735 | 302 |
| Proceeds from disposal of property, plant and equipment | - | 4 |
| Property, plant and equipment | (1,905) | (3,102) |
| Short term funds | (6,678) | 8,904 |
| Net cash (used in)/from investing activities | <u>(6,923)</u> | <u>7,149</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to the shareholders of the Company | (8,572) | (6,001) |
| Net cash used in financing activities | <u>(8,572)</u> | <u>(6,001)</u> |
| Net (decrease)/increase in cash and cash equivalents | (5,962) | 6,065 |
| Effects of exchange rate fluctuations on cash and cash equivalents | 175 | 338 |
| Cash and cash equivalents at beginning of financial period | <u>62,414</u> | <u>43,050</u> |
| Cash and cash equivalents at end of financial period | <u>56,627</u> | <u>49,453</u> |

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ACOUSTECH BERHAD (Co. No : 496665-W)
 INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | | | Total equity RM'000 |
|--|--|--|--|-------------------------------|------------------------------|-----------------|------------------------|
| | Share capital RM'000 | Non-distributable Share premium RM'000 | Available-for- sales reserves RM'000 | Retained profits RM'000 | Treasury shares RM'000 | Total RM'000 | |
| At 1 Jan 2012 | 88,911 | 7,342 | 1,284 | 57,970 | (5,528) | 149,979 | 158,210 |
| Total comprehensive income | - | - | (770) | 9,862 | - | 9,092 | 9,954 |
| Dividend paid in respect of financial year ended 31 December 2011 | - | - | - | (8,572) | - | (8,572) | (8,572) |
| At 30 September 2012 | 88,911 | 7,342 | 514 | 59,260 | (5,528) | 150,499 | 159,592 |
| At 1 Jan 2011 | 88,911 | 7,342 | 2,404 | 52,657 | (5,528) | 145,786 | 153,299 |
| Total comprehensive income | - | - | (1,470) | 9,412 | - | 7,942 | 8,517 |
| Dividend paid in respect of financial year ended 31 December 2010 | - | - | - | (6,001) | - | (6,001) | (6,001) |
| At 30 September 2011 | 88,911 | 7,342 | 934 | 56,068 | (5,528) | 147,727 | 155,815 |

(The notes set out on pages 6 to 12 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 Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" 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 2011.

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 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

3. Segmental Information

| | Audio RM'000 | Chemical paints RM'000 | Electrical equipment RM'000 | Total RM'000 |
|---|-----------------|------------------------------|-----------------------------------|-----------------|
| 9-month ended 30 September 2012 | | | | |
| Revenue | | | | |
| External revenue | 210,468 | 9,011 | 33,361 | 252,840 |
| Results | | | | |
| Segment results | 12,150 | 159 | 1,855 | 14,164 |
| Unallocated corporate expenses | | | | (303) |
| Operating profit | | | | 13,861 |
| Finance costs | - | - | - | (86) |
| Dividend income | - | 280 | - | 280 |
| Share of results in a jointly controlled entity | - | - | 280 | 280 |
| Profit before tax | | | | 14,335 |
| Tax expense | | | | (3,611) |
| Profit for the period | | | | 10,724 |

EXPLANATORY NOTES

The figures have not been audited

3. Segmental Information (Continued)

| | Audio RM'000 | Chemical paints RM'000 | Electrical equipment RM'000 | Total RM'000 |
|---|-----------------|------------------------------|-----------------------------------|-----------------|
| 9-month ended 30 September 2011 | | | | |
| Revenue | | | | |
| External revenue | 177,243 | 10,856 | 32,471 | 220,570 |
| Results | | | | |
| Segment results | 10,840 | 944 | 437 | 12,221 |
| Unallocated corporate expenses | | | | (446) |
| Operating profit | | | | 11,775 |
| Finance costs | - | - | - | (71) |
| Dividend income | - | 420 | - | 420 |
| Share of results in a jointly controlled entity | - | - | 402 | 402 |
| Profit before tax | | | | 12,526 |
| Tax expense | | | | (2,539) |
| Profit for the period | | | | 9,987 |

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.



EXPLANATORY NOTES

The figures have not been audited

7. Dividends Paid

| | Current year to date RM'000 30/09/12 | Preceding year to date RM'000 30/09/11 |
|---|---|---|
| First interim single tier dividend of 5.0 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2011 (31 December 2011: 3.5 sen) | <u>8,572</u> | <u>6,001</u> |

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.

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 30 September 2012 that have not been reflected in the interim report.



EXPLANATORY NOTES

The figures have not been audited

13. Review of Performance

On a quarter to quarter basis, the operating profits of the Group dropped to RM4.4 million from RM7.7 million as a result of lower sales in all divisions. In particular, the performance of Audio and Chemical Paints divisions was affected by lower sales and stiff market competition which have resulted in lower operating profit. Despite with lower sales, Electrical Equipment division showed improved operating profit attributable to lower material costs and gain in foreign exchange.

On a year-to-date basis, the Group registered 14% higher profit before tax of RM14.3 million from RM12.5 million on the back of 15% higher sales. The improved results were attributable mainly to higher sales recorded in previous two quarters by the Audio division and lower material cost and gain in foreign exchange in the Electrical Equipment division.

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

In Q3 2012, the operating profit of the Group was marginally lower at RM4.5 million compared to RM4.7 million in the immediate preceding quarter mainly due to 15% lower sales which dropped to RM82.2 million from RM97.0 million.

15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors anticipate that business prospects will remain profitable but challenging for the financial year ending 31 December 2012 given the uncertain macro-economic outlook.

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.

EXPLANATORY NOTES
The figures have not been audited
17. Notes to the Statement of Comprehensive Income

| | Current Quarter 30/09/12 RM'000 | Current Quarter 30/09/11 RM'000 | Cumulative Quarter 30/09/12 RM'000 | Cumulative Quarter 30/09/11 RM'000 |
|---|--|--|---|---|
| Profit for the period is arrived at after charging/(crediting): | | | | |
| Depreciation and amortisation | 1,278 | 1,742 | 3,812 | 3,533 |
| Dividend income | - | - | (280) | (420) |
| Foreign exchange loss/(gain) | 438 | 76 | 926 | (69) |
| Loss on disposal of property, plant and equipment | - | 75 | - | 2 |
| Derivatives loss/(gain) | (206) | 768 | (410) | 804 |
| Interest income | (89) | (167) | (289) | (401) |
| Interest expense | 15 | 12 | 54 | 38 |
| Income from short term funds | (221) | (202) | (636) | (640) |
| Property, plant and equipment written off | 29 | 11 | 30 | 17 |

18. Income Tax Expense

| | Current Quarter 30/09/12 RM'000 | Current Quarter 30/09/11 RM'000 | Cumulative Quarter 30/09/12 RM'000 | Cumulative Quarter 30/09/11 RM'000 |
|------------------------------|--|--|---|---|
| In respect of current period | | | | |
| - income tax | 982 | 2,190 | 3,603 | 3,138 |
| - deferred tax | 17 | (367) | (133) | (599) |
| In respect of prior year | | | | |
| - income tax | 141 | - | 141 | - |
| | 1,140 | 1,823 | 3,611 | 2,539 |

The effective tax rates for the current quarter and financial year to-date were lower than the statutory tax rate due to certain non taxable income.

EXPLANATORY NOTES

The figures have not been audited

19. Corporate Proposals

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

20. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 September 2012.

21. Material Litigation

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

22. Dividend Payable

The Board of Director has on 28 March 2012 paid a first interim single tier dividend of 5.0 sen per ordinary share of RM0.50 each in respect of financial year ended 31 December 2011 (2010: first interim single tier dividend of 3.5 sen per ordinary share of RM0.50 each).

The Directors have not recommended any interim dividend for the current quarter.

23. Earnings Per Share

Basic earnings per share

| | Current Quarter 30/09/12 | Current Quarter 30/09/11 | Cumulative Quarter 30/09/12 | Cumulative Quarter 30/09/11 |
|--|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| Profit attributable to equity holders of the parent (RM'000) | 3,086 | 5,891 | 9,862 | 9,412 |
| Weighted average no. of shares in issue ('000) | 171,445 | 171,445 | 171,445 | 171,445 |
| Basic earnings per share (sen) | 1.8 | 3.4 | 5.8 | 5.5 |

EXPLANATORY NOTES

The figures have not been audited

24. Realised and Unrealised Profits

| | As At End Of Current Quarter 30/09/12 RM'000 | As At End Of Preceding Quarter 30/06/12 RM'000 |
|--|---|---|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 87,769 | 84,839 |
| - Unrealised | (2,546) | (2,829) |
| | 85,223 | 82,010 |
| | | |
| Total share of retained profits from a jointly controlled company: | | |
| - Realised | 467 | 299 |
| - Unrealised | (17) | 37 |
| | 450 | 336 |
| | 85,673 | 82,346 |
| Less: Consolidation adjustments | (26,413) | (26,172) |
| | 59,260 | 56,174 |