



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Individual quarter | | Cumulative quarter | |
|---|--|--|--|---|
| | Current year quarter 31/12/12 RM'000 | Preceding year corresponding quarter 31/12/11 RM'000 | Current year to date 31/12/12 RM'000 | Preceding year corresponding period 31/12/11 RM'000 |
| Revenue | 64,003 | 70,747 | 316,843 | 291,318 |
| Operating expenses | (64,290) | (68,804) | (305,899) | (280,225) |
| Other operating income | 332 | 670 | 3,242 | 3,716 |
| Profit from operations | 45 | 2,613 | 14,186 | 14,809 |
| Finance costs | (25) | (19) | (111) | (90) |
| Share of results of a jointly controlled entity | 185 | 98 | 465 | 500 |
| Profit before tax | 205 | 2,692 | 14,540 | 15,219 |
| Tax expense | (199) | (648) | (3,810) | (3,187) |
| Profit for the year | 6 | 2,044 | 10,730 | 12,032 |
| Attributable to: | | | | |
| Owners of the parents | 181 | 1,901 | 10,043 | 11,314 |
| Non-controlling interests | (175) | 143 | 687 | 718 |
| | 6 | 2,044 | 10,730 | 12,032 |
| Earnings per share attributable to equity holders of the parent: | | | | |
| Basic (sen) | 0.1 | 1.1 | 5.9 | 6.6 |

(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 YEAR ENDED 31 DECEMBER 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 |
| | 31/12/12 RM'000 | 31/12/11 RM'000 | 31/12/12 RM'000 | 31/12/11 RM'000 |
| Profit for the year | 6 | 2,044 | 10,730 | 12,032 |
| <u>Other comprehensive income/(loss), net of tax:</u> | | | | |
| Fair value of available-for-sale financial assets | 700 | 350 | (70) | (1,120) |
| Total comprehensive income | 706 | 2,394 | 10,660 | 10,912 |
| Attributable to: | | | | |
| Owners of the parents | 881 | 2,251 | 9,973 | 10,194 |
| Non-controlling interests | (175) | 143 | 687 | 718 |
| | 706 | 2,394 | 10,660 | 10,912 |

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ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 31/12/12 | 31/12/11 |
|---|-----------------------|-----------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 46,545 | 49,431 |
| Investment in a jointly controlled entity | 2,451 | 2,440 |
| Available-for-sale financial assets | 4,970 | 5,040 |
| | <u>53,966</u> | <u>56,911</u> |
| Current assets | | |
| Inventories | 20,211 | 25,878 |
| Trade and other receivables | 75,441 | 69,557 |
| Amount owing by a jointly controlled entity | 30 | 20 |
| Tax recoverable | 3,139 | 2,041 |
| Derivative financial instruments | 27 | - |
| Short term funds | 35,449 | 29,810 |
| Deposits with licensed banks | 16,250 | 25,856 |
| Cash and bank balances | 9,095 | 8,766 |
| | <u>159,642</u> | <u>161,928</u> |
| TOTAL ASSETS | <u><u>213,608</u></u> | <u><u>218,839</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 88,911 | 88,911 |
| Reserves | 62,469 | 61,068 |
| | <u>151,380</u> | <u>149,979</u> |
| Non-controlling interests | 8,918 | 8,231 |
| TOTAL EQUITY | <u>160,298</u> | <u>158,210</u> |
| Non-current liabilities | | |
| Deferred taxation | 2,481 | 2,369 |
| Current Liabilities | | |
| Trade and other payables | 50,013 | 56,372 |
| Derivative financial instruments | - | 374 |
| Tax liabilities | 816 | 1,514 |
| | <u>50,829</u> | <u>58,260</u> |
| TOTAL LIABILITIES | <u>53,310</u> | <u>60,629</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>213,608</u></u> | <u><u>218,839</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 YEAR ENDED 31 DECEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 31/12/12 RM'000 | 31/12/11 RM'000 |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 14,540 | 15,219 |
| Adjustments for non cash items | 3,247 | 3,708 |
| Operating profit before working capital changes | 17,787 | 18,927 |
| Net changes in working capital | (7,307) | (1,353) |
| Cash generated from operations | 10,480 | 17,574 |
| Interest paid | (66) | (46) |
| Tax paid (net of tax refunded) | (5,493) | (1,148) |
| Net cash from operating activities | 4,921 | 16,380 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 1,328 | 1,444 |
| Dividend received | 735 | 302 |
| Proceeds from disposal of property, plant and equipment | - | 85 |
| Purchase of property, plant and equipment | (2,225) | (3,929) |
| Short term funds | (6,755) | 10,056 |
| Net cash (used in)/from investing activities | (6,917) | 7,958 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to the shareholders of the Company | (8,572) | (6,001) |
| Net cash used in financing activities | (8,572) | (6,001) |
| Net (decrease)/increase in cash and cash equivalents | (10,568) | 18,337 |
| Effects of exchange rate fluctuations on cash and cash equivalents | 175 | 11 |
| Cash and cash equivalents at beginning of financial year | 62,414 | 44,059 |
| Cash and cash equivalents at end of financial year | 52,021 | 62,407 |

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ACOUSTECH BERHAD (Co. No : 496665-W)
 INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | Total | Non-controlling interests | Total equity |
|---|--|---------------------------------|------------------------------|------------------|----------------|---------------------------|----------------|
| | Share capital | Non-distributable Share premium | Available-for-sales reserves | Retained profits | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 Jan 2012 | 88,911 | 7,342 | 1,284 | 57,970 | 149,979 | 8,231 | 158,210 |
| Total comprehensive income | - | - | (70) | 10,043 | 9,973 | 687 | 10,660 |
| Dividend paid in respect of financial year ended 31 December 2011 | - | - | - | (8,572) | (8,572) | - | (8,572) |
| At 31 December 2012 | 88,911 | 7,342 | 1,214 | 59,441 | 151,380 | 8,918 | 160,298 |
| At 1 Jan 2011 | 88,911 | 7,342 | 2,404 | 52,657 | 145,786 | 7,513 | 153,299 |
| Total comprehensive income | - | - | (1,120) | 11,314 | 10,194 | 718 | 10,912 |
| Dividend paid in respect of financial year ended 31 December 2010 | - | - | - | (6,001) | (6,001) | - | (6,001) |
| At 31 December 2011 | 88,911 | 7,342 | 1,284 | 57,970 | 149,979 | 8,231 | 158,210 |

(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 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 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 |
|---|-----------------|------------------------------|-----------------------------------|-----------------|
| 12-month ended 31 December 2012 | | | | |
| Revenue | | | | |
| External revenue | 263,103 | 11,909 | 41,831 | 316,843 |
| Results | | | | |
| Segment results | 13,530 | (265) | 977 | 14,242 |
| Unallocated corporate expenses | | | | (336) |
| Operating profit | | | | 13,906 |
| Finance costs | - | - | - | (111) |
| Dividend income | - | 280 | - | 280 |
| Share of results in a jointly controlled entity | - | - | 465 | 465 |
| Profit before tax | | | | 14,540 |
| Tax expense | | | | (3,810) |
| Profit for the year | | | | 10,730 |

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 |
|---|-----------------|------------------------------|-----------------------------------|-----------------|
| 12-month ended 31 December 2011 | | | | |
| Revenue | | | | |
| External revenue | 238,959 | 13,142 | 39,217 | 291,318 |
| Results | | | | |
| Segment results | 13,912 | 686 | 356 | 14,954 |
| Unallocated corporate expenses | | | | (565) |
| Operating profit | | | | 14,389 |
| Finance costs | - | - | - | (90) |
| Dividend income | - | 420 | - | 420 |
| Share of results in a jointly controlled entity | - | - | 402 | 500 |
| Profit before tax | | | | 15,219 |
| Tax expense | | | | (3,187) |
| Profit for the year | | | | 12,032 |

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 31/12/12 | Preceding year to date RM'000 31/12/11 |
|---|---|---|
| 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 2010: 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 31 December 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 RM45,000 from RM2.6 million as a result of lower sales.

On a year-to-date basis, the Group registered lower profit before tax of RM14.5 million as compared to RM15.2 million due to stiff market competition and higher labour costs.

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

In Q4 2012, profit before tax of the Group was lower at RM205,000 compared to RM4.5 million in the immediate preceding quarter mainly due to lower sales.

15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors expect the business prospects for the financial year ending 31 December 2013 to be highly challenging given the intensifying competition, higher labour costs and 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 31/12/12 RM'000 | Current Quarter 31/12/11 RM'000 | Cumulative Quarter 31/12/12 RM'000 | Cumulative Quarter 31/12/11 RM'000 |
|---|--|--|---|---|
| Profit for the period is arrived at after charging/(crediting): | | | | |
| Depreciation and amortisation | 1,267 | 1,181 | 5,079 | 4,715 |
| Dividend income | - | - | (280) | (420) |
| Foreign exchange loss | 312 | 360 | 1,238 | 291 |
| Gain on disposal of property, plant and equipment | - | - | - | (80) |
| Derivatives loss/(gain) | 8 | (231) | (402) | 573 |
| Interest income | (141) | (403) | (430) | (653) |
| Interest expense | 12 | 8 | 66 | 46 |
| Income from short term funds | (262) | (151) | (898) | (791) |
| Property, plant and equipment written off | 1 | (3) | 12 | 13 |

18. Income Tax Expense

| | Current Quarter 31/12/12 RM'000 | Current Quarter 31/12/11 RM'000 | Cumulative Quarter 31/12/12 RM'000 | Cumulative Quarter 31/12/11 RM'000 |
|------------------------------|--|--|---|---|
| In respect of current period | | | | |
| - income tax | (33) | 344 | 3,570 | 3,482 |
| - deferred tax | 167 | 264 | 34 | (335) |
| In respect of prior year | | | | |
| - income tax | (13) | 40 | 128 | 40 |
| - deferred tax | 78 | - | 78 | - |
| | 199 | 648 | 3,810 | 3,187 |

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. Nevertheless, the effective tax rate was higher compared to the previous financial year due to expiry of investment tax allowances.



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 31 December 2012.

21. Material Litigation

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

22. Dividend Payable

The Board has declared a first interim single tier tax exempt dividend of 4.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2012 (31 December 2011: 5 sen).

The dividend will be payable on 28 March 2013 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 18 March 2013.

23. Earnings Per Share

Basic earnings per share

| | Current Quarter 31/12/12 | Current Quarter 31/12/11 | Cumulative Quarter 31/12/12 | Cumulative Quarter 31/12/11 |
|--|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| Profit attributable to equity holders of the parent (RM'000) | 181 | 1,901 | 10,043 | 11,314 |
| Weighted average no. of shares in issue ('000) | 171,445 | 171,445 | 171,445 | 171,445 |
| Basic earnings per share (sen) | 0.1 | 1.1 | 5.9 | 6.6 |



EXPLANATORY NOTES

The figures have not been audited

24. Realised and Unrealised Profits

| | As At End Of Current Quarter 31/12/12 RM'000 | As At End Of Preceding Quarter 30/09/12 RM'000 |
|--|---|---|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 87,695 | 87,769 |
| - Unrealised | (2,648) | (2,546) |
| | 85,047 | 85,223 |
| Total share of retained profits from a jointly controlled company: | | |
| - Realised | 623 | 467 |
| - Unrealised | 12 | (17) |
| | 635 | 450 |
| Less: Consolidation adjustments | 85,682 (26,241) | 85,673 (26,413) |
| Total Group retained profits | 59,441 | 59,260 |