



ACOUSTECH BERHAD (Co. No: 496665-W)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/13 RM'000	Preceding year corresponding quarter 30/06/12 RM'000	Current year to date 30/06/13 RM'000	Preceding year corresponding period 30/06/12 RM'000
Revenue	64,910	96,992	111,727	170,615
Operating expenses	(66,001)	(93,792)	(114,266)	(164,317)
Other operating income	<u>1,715</u>	<u>1,451</u>	<u>2,990</u>	<u>3,472</u>
Profit from operations	624	4,651	451	9,770
Finance costs	(17)	(36)	(32)	(64)
Share of profits in jointly controlled entity	<u>105</u>	<u>88</u>	<u>181</u>	<u>166</u>
Profit before tax	712	4,703	600	9,872
Tax expense	<u>(153)</u>	<u>(1,203)</u>	<u>(149)</u>	<u>(2,471)</u>
Profit for the period	<u><u>559</u></u>	<u><u>3,500</u></u>	<u><u>451</u></u>	<u><u>7,401</u></u>
Attributable to:				
Owners of the parents	656	3,155	584	6,776
Non-controlling interests	<u>(97)</u>	<u>345</u>	<u>(133)</u>	<u>625</u>
	<u><u>559</u></u>	<u><u>3,500</u></u>	<u><u>451</u></u>	<u><u>7,401</u></u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	<u>0.4</u>	<u>1.8</u>	<u>0.3</u>	<u>4.0</u>

(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)



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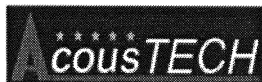
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

(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
	30/06/13 RM'000	30/06/12 RM'000	30/06/13 RM'000	30/06/12 RM'000
Profit for the period	559	3,500	451	7,401
<u>Other comprehensive income/(loss), net of tax:</u>				
Fair value of available-for-sale financial assets	-	(70)	(70)	(525)
Total comprehensive income	559	3,430	381	6,876
Attributable to:				
Owners of the parents	656	3,085	514	6,251
Non-controlling interests	(97)	345	(133)	625
	559	3,430	381	6,876

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ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/13 RM'000	31/12/12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,103	46,545
Investment in a jointly controlled entity	2,167	2,451
Available-for-sale financial assets	4,900	4,970
	52,170	53,966
Current assets		
Inventories	22,041	20,211
Trade and other receivables	62,262	75,441
Amount owing by a jointly controlled entity	20	30
Tax recoverable	3,631	3,139
Derivative financial instruments	450	27
Short term funds	31,923	35,449
Deposits with licensed banks	21,861	16,250
Cash and bank balances	11,659	9,095
	153,847	159,642
TOTAL ASSETS	206,017	213,608
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	88,911	88,911
Reserves	56,752	63,096
	145,663	152,007
Non-controlling interests	8,158	8,291
TOTAL EQUITY	153,821	160,298
Non-current liabilities		
Deferred taxation	2,334	2,481
Current Liabilities		
Trade and other payables	49,645	50,013
Tax liabilities	217	816
	49,862	50,829
TOTAL LIABILITIES	52,196	53,310
TOTAL EQUITY AND LIABILITIES	206,017	213,608
Net assets per share attributable to owners of the parent (RM)	0.82	0.85

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ACOUSTECH BERHAD (Co. No : 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30/06/13 RM'000	30/06/12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	600	9,872
Adjustments for non cash items	104	1,964
Operating profit before working capital changes	<u>704</u>	<u>11,836</u>
Net changes in working capital	<u>11,708</u>	<u>(3,548)</u>
Cash generated from operations	12,412	8,288
Interest paid	(24)	(39)
Other operating income	<u>(1,388)</u>	<u>(2,511)</u>
Net cash from operating activities	<u>11,000</u>	<u>5,738</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	777	615
Dividend received	885	735
Purchase of property, plant and equipment	(1,017)	(460)
Short term funds	-	(6,106)
Net cash from / (used in) investing activities	<u>645</u>	<u>(5,216)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the shareholders of the Company	<u>(6,858)</u>	<u>(8,572)</u>
Net cash used in financing activities	<u>(6,858)</u>	<u>(8,572)</u>
Net increase / (decrease) in cash and cash equivalents	4,787	(8,050)
Effects of exchange rate fluctuations on cash and cash equivalents	(139)	175
Cash and cash equivalents at beginning of financial period	<u>52,021</u>	<u>62,414</u>
Cash and cash equivalents at end of financial period	<u>56,669</u>	<u>54,539</u>

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INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable →		← Attributable to equity holders of the parent →				Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Available-for-sales reserves RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000		
At 1 Jan 2013	88,911	7,342	1,214	60,068	(5,528)	152,007	8,291	160,298
Total comprehensive income/(loss)	-	-	(70)	584	-	514	(133)	381
Dividend paid in respect of financial year ended 31 December 2012	-	-	-	(6,858)	-	(6,858)	-	(6,858)
At 30 June 2013	88,911	7,342	1,144	53,794	(5,528)	145,663	8,158	153,821
At 1 Jan 2012	88,911	7,342	1,284	57,970	(5,528)	149,979	8,231	158,210
Total comprehensive income/(loss)	-	-	(525)	6,776	-	6,251	625	6,876
Dividend paid in respect of financial year ended 31 December 2011	-	-	-	(8,572)	-	(8,572)	-	(8,572)
At 31 June 2012	88,911	7,342	759	56,174	(5,528)	147,658	8,856	156,514

(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 2012.

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 2012, except for the adoption of the following:

MFRSs/ Amendments/Interpretations	Effective date
<i>Amendments to MFRS 101, Presentation of Financial Statements- Presentation of Items of Other Comprehensive Income</i>	1 July 2012
<i>MFRS 3, Business Combinations (2004)</i>	1 January 2013
<i>MFRS 10, Consolidated Financial Statements</i>	1 January 2013
<i>MFRS 11, Joint Arrangements</i>	1 January 2013
<i>MFRS 12, Disclosure of Interests in Other Entities</i>	1 January 2013
<i>MFRS 13, Fair Value Measurement</i>	1 January 2013
<i>MFRS 119, Employee Benefits (2011)</i>	1 January 2013
<i>MFRS 127, Consolidated and Separate Financial Statements</i>	1 January 2013
<i>MFRS 127, Separate Financial Statements (2011)</i>	1 January 2013
<i>MFRS 128, Investment in Associates and Joint Ventures (2011)</i>	1 January 2013
<i>Amendments to MFRS 7, Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
<i>Amendments to MFRS 10, Consolidated Financial Statements Transition Guidance</i>	1 January 2013
<i>Amendments to MFRS 11, Joint Arrangements Transition Guidance</i>	1 January 2013
<i>Amendments to MFRS 12, Disclosure of Interests in Other Entities Transition Guidance</i>	1 January 2013
<i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013

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.

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.

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 2012 was not qualified.

3. Segmental Information

	Audio RM'000	Chemical paints RM'000	Electrical equipment RM'000	Total RM'000
6-month ended 30 June 2013				
Revenue				
External revenue	91,042	5,051	15,634	111,727
Results				
Segment results	1,176	(227)	(824)	125
Unallocated corporate expenses				(94)
Operating gain				31
Finance costs	-	-	-	(32)
Dividend income	-	420	-	420
Share of results in a jointly controlled entity	-	-	181	181
Profit before tax				600
Tax expense				(149)
Profit for the period				451
6-month ended 30 June 2012				
Revenue				
External revenue	140,182	5,794	24,639	170,615
Results				
Segment results	8,074	(21)	1,619	9,672
Unallocated corporate expenses				(182)
Operating profit				9,490
Finance costs	-	-	-	(64)
Dividend income	-	280	-	280
Share of results in a jointly controlled entity	-	-	166	166
Profit before tax				9,872
Tax expense				(2,471)
Profit for the period				7,401

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 30/06/13	Preceding year to date RM'000 30/06/12
First interim single tier dividend of 4.0 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2012 (31 December 2011: 5.0 sen)	<u>6,858</u>	<u>8,572</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.



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 30 June 2013 that have not been reflected in the interim report.

13. Review of Performance

For the 1H 2013, the Group registered significantly lower profit before tax of RM600 thousand compared to previous corresponding period of RM9.9 million mainly due to lower sales in all divisions.

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

The Group registered profit before tax of RM712 thousand for Q2 2013 compared to RM112 thousand loss in the immediate preceding quarter mainly due to higher 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 lower demand, 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 30/06/13 RM'000	Current Quarter 30/06/12 RM'000	Cumulative Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/12 RM'000
Profit for the period is arrived at after charging/(crediting):				
Depreciation and amortisation	1,209	1,360	2,447	2,535
Dividend income	-	-	(420)	(280)
Foreign exchange (gain)/loss	(256)	124	66	488
Derivatives (gain)/loss	(449)	285	(422)	(204)
Interest income	(73)	(83)	(160)	(199)
Income from short term funds	(298)	(196)	(617)	(416)
Interest expense	11	24	24	39
Property, plant and equipment written off	2	1	13	1

18. Income Tax Expense

	Current Quarter 30/06/13 RM'000	Current Quarter 30/06/12 RM'000	Cumulative Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/12 RM'000
In respect of current period				
- income tax	130	1,450	304	2,621
- deferred tax	23	(247)	(148)	(150)
In respect of prior year				
- income tax	-	-	(7)	-
	153	1,203	149	2,471

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

The Board of Directors announced that its subsidiary, Formosa Prosonic Equipment Sdn Bhd (“FPEQ”), had on 17 June 2013 received an offer from Crystal Mountain International Limited of Room 610 Winfield Commercial Building, 6-8A Part Avenue, Tsimshatsui, Kowloon, Hong Kong (“CMIL”), via a Letter of Intent to acquire FPEQ’s entire operating assets situated in Port Klang (excluding inventories, land and building) on an as-is-where-is basis (“Manufacturing Assets”) for a consideration of USD2 million (equivalent to RM6.2 million) (“Proposed Disposal”).

The Board of Directors wishes to announce that FPEQ was unable to agree on the terms and conditions proposed by CMIL and has therefore resolved not to proceed with the Proposed Disposal.

20. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 June 2013.

21. Material Litigation

Formosa Prosonic Equipment Sdn. Bhd. (FPEQ), a 75% subsidiary of the Company was on 5 August 2013 served with a Notice pursuant to Section 218 of the Companies Act, 1965 at the registered office of the Company by the solicitors acting for Product Solutions International, Inc. and MTN Product Inc. (“collectively known as the Petitioners”).

FPEQ is required to pay the Petitioners the sum of RM3,455,034.75 including interest as at 2 August 2013 being the sum ordered to be paid by FPEQ under a final arbitration award dated 5 April 2013 awarded in the United States of America. Failure to pay the aforesaid sum together with service charge and legal costs within 21 days from the date of receipt of Notice, FPEQ shall be deemed to be unable to pay its debts within the meaning of Section 218(2) of the Companies Act, 1965 and winding-up proceedings shall be instituted against FPEQ pursuant to the Companies Act, 1965.

The Company will be taking steps to defend any action taken to wind-up FPEQ.

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 was paid 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.

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

EXPLANATORY NOTES

The figures have not been audited

23. Earnings Per Share

Basic earnings per share

	Current Quarter 30/06/13	Current Quarter 30/06/12	Cumulative Quarter 30/06/13	Cumulative Quarter 30/06/12
Profit attributable to equity holders of the parent (RM'000)	656	3,155	584	6,776
Weighted average no. of shares in issue ('000)	171,445	171,445	171,445	171,445
Basic earnings per share (sen)	0.4	1.8	0.3	4.0

24. Realised and Unrealised Profits

	As At End Of Current Quarter 30/06/13 RM'000	As At End Of Preceding Quarter 31/03/13 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	80,718	80,302
- Unrealised	(1,786)	(2,294)
	78,932	78,008
Total share of retained profits from a jointly controlled company:		
- Realised	326	676
- Unrealised	25	36
	351	712
Less: Consolidation adjustments	79,283 (25,489)	78,720 (25,582)
Total Group retained profits	53,794	53,138