



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/13 RM'000	Preceding year corresponding quarter 30/09/12 RM'000	Current year to date 30/09/13 RM'000	Preceding year corresponding period 30/09/12 RM'000
Revenue	69,144	82,225	180,871	252,840
Operating expenses	(70,193)	(77,292)	(184,459)	(241,609)
Other operating income	<u>1,238</u>	<u>(562)</u>	<u>4,228</u>	<u>2,910</u>
Profit from operations	189	4,371	640	14,141
Finance costs	(20)	(22)	(52)	(86)
Share of profits in jointly controlled entity	<u>75</u>	<u>114</u>	<u>255</u>	<u>280</u>
Profit before tax	244	4,463	843	14,335
Tax expense	<u>(370)</u>	<u>(1,140)</u>	<u>(519)</u>	<u>(3,611)</u>
(Loss) / Profit for the period	<u>(126)</u>	<u>3,323</u>	<u>324</u>	<u>10,724</u>
Attributable to:				
Owners of the parents	(195)	3,086	389	9,862
Non-controlling interests	<u>69</u>	<u>237</u>	<u>(65)</u>	<u>862</u>
	<u>(126)</u>	<u>3,323</u>	<u>324</u>	<u>10,724</u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	<u>(0.1)</u>	<u>1.8</u>	<u>0.2</u>	<u>5.8</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)



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
	30/09/13 RM'000	30/09/12 RM'000	30/09/13 RM'000	30/09/12 RM'000
(Loss) / Profit for the period	(126)	3,323	324	10,724
<u>Other comprehensive income/(loss), net of tax:</u>				
Fair value of available-for-sale financial assets	(245)	(245)	(315)	(770)
Total comprehensive (loss) / income	(371)	3,078	9	9,954
Attributable to:				
Owners of the parents	(440)	2,841	74	9,092
Non-controlling interests	69	237	(65)	862
	(371)	3,078	9	9,954

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ACOUSTECH BERHAD (Co. No: 496665-W)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/09/13 RM'000	31/12/12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,006	46,545
Investment in a jointly controlled entity	2,241	2,451
Available-for-sale financial assets	4,655	4,970
	<u>50,902</u>	<u>53,966</u>
Current assets		
Inventories	19,033	20,211
Trade and other receivables	71,705	75,441
Amount owing by a jointly controlled entity	30	30
Tax recoverable	2,906	3,139
Derivative financial instruments	-	27
Short term funds	34,414	35,449
Deposits with licensed banks	17,604	16,250
Cash and bank balances	12,466	9,095
	<u>158,158</u>	<u>159,642</u>
TOTAL ASSETS	<u><u>209,060</u></u>	<u><u>213,608</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	88,911	88,911
Reserves	56,312	63,096
	<u>145,223</u>	<u>152,007</u>
Non-controlling interests	8,226	8,291
TOTAL EQUITY	<u>153,449</u>	<u>160,298</u>
Non-current liabilities		
Deferred taxation	2,103	2,481
Current Liabilities		
Trade and other payables	53,508	50,013
Tax liabilities	-	816
	<u>53,508</u>	<u>50,829</u>
TOTAL LIABILITIES	<u>55,611</u>	<u>53,310</u>
TOTAL EQUITY AND LIABILITIES	<u><u>209,060</u></u>	<u><u>213,608</u></u>
Net assets per share attributable to owners of the parent (RM)	0.82	0.85

(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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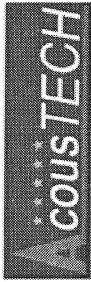
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30/09/13 RM'000	30/09/12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	843	14,335
Adjustments for non cash items	3,359	2,362
Operating profit before working capital changes	4,202	16,697
Net changes in working capital	7,181	(2,821)
Cash generated from operations	11,383	13,876
Interest paid	(40)	(54)
Other operating income	(1,481)	(4,289)
Net cash from operating activities	9,862	9,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,046	925
Dividend received	885	735
Purchase of property, plant and equipment	(1,106)	(1,905)
Short term funds	4,166	(6,678)
Net cash from / (used in) investing activities	4,991	(6,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the shareholders of the Company	(6,858)	(8,572)
Net cash used in financing activities	(6,858)	(8,572)
Net increase / (decrease) in cash and cash equivalents	7,995	(5,962)
Effects of exchange rate fluctuations on cash and cash equivalents	(139)	175
Cash and cash equivalents at beginning of financial period	52,021	62,414
Cash and cash equivalents at end of financial period	59,877	56,627

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

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable →		← Attributable to equity holders of the parent →		← Distributable →		← Non-controlling interests →		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	Non-controlling interests 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)	-	-	(315)	389	-	74	(65)	9	
Dividend paid in respect of financial year ended 31 December 2012	-	-	-	(6,858)	-	(6,858)	-	(6,858)	
At 30 September 2013	88,911	7,342	899	53,599	(5,528)	145,223	8,226	153,449	
At 1 Jan 2012	88,911	7,342	1,284	57,970	(5,528)	149,979	8,231	158,210	
Total comprehensive income/(loss)	-	-	(770)	9,862	-	9,092	862	9,954	
Dividend paid in respect of financial year ended 31 December 2011	-	-	-	(8,572)	-	(8,572)	-	(8,572)	
At 31 September 2012	88,911	7,342	514	59,260	(5,528)	150,499	9,093	159,592	

(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 (201</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
9-month ended 30 September 2013				
Revenue				
External revenue	<u>148,724</u>	<u>8,138</u>	<u>24,009</u>	<u>180,871</u>
Results				
Segment results	457	(489)	426	394
Unallocated corporate expenses				<u>(174)</u>
Operating profit				220
Finance costs	-	-	-	(52)
Dividend income	-	420	-	420
Share of results in a jointly controlled entity	-	-	255	<u>255</u>
Profit before tax				843
Tax expense				<u>(519)</u>
Profit for the period				<u>324</u>
9-month ended 30 September 2012				
Revenue				
External revenue	<u>210,468</u>	<u>9,011</u>	<u>33,361</u>	<u>252,840</u>
Results				
Segment results	12,150	159	1,855	14,164
Unallocated corporate expenses				<u>(303)</u>
Operating profit				13,861
Finance costs	-	-	-	(86)
Dividend income	-	280	-	280
Share of results in a jointly controlled entity	-	-	280	<u>280</u>
Profit before tax				14,335
Tax expense				<u>(3,611)</u>
Profit for the period				<u>10,724</u>

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 30/09/13	Preceding year to date RM'000 30/09/12
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 September 2013 that have not been reflected in the interim report.

13. Review of Performance

On a year-to-date basis, the Group registered profit before tax of RM843 thousand compared to profit before tax of RM14.3 million in the previous corresponding period 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 RM243 thousand for Q3 2013 compared to RM712 thousand profit in the immediate preceding quarter mainly due to higher material and operating costs.

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 30/09/13 RM'000	Current Quarter 30/09/12 RM'000	Cumulative Quarter 30/09/13 RM'000	Cumulative Quarter 30/09/12 RM'000
Profit for the period is arrived at after charging/(crediting):				
Depreciation and amortisation	1,182	1,278	3,629	3,812
Dividend income	-	-	(420)	(280)
Arbitration loss	-	-	1,873	-
Foreign exchange loss	89	438	155	926
Derivatives (gain)/loss	391	(206)	(31)	(410)
Interest income	(86)	(89)	(246)	(289)
Income from short term funds	(182)	(221)	(799)	(636)
Interest expense	16	15	40	54
Inventory written off	525	-	525	-
Property, plant and equipment written off	3	29	16	30

18. Income Tax Expense

	Current Quarter 30/09/13 RM'000	Current Quarter 30/09/12 RM'000	Cumulative Quarter 30/09/13 RM'000	Cumulative Quarter 30/09/12 RM'000
In respect of current period				
- income tax	674	982	978	3,603
- deferred tax	(230)	17	(378)	(133)
In respect of prior year				
- income tax	(74)	141	(81)	141
	370	1,140	519	3,611

The effective tax rates for the current quarter and financial year to-date were higher than the statutory tax rate due to certain non-allowable expenses.



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”).

On 16 August 2013, the Board of Directors announced 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 September 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”).

“Under the Notice, a demand was made for FPEQ to pay the Petitioners the sum of RM3,455,034.75 including interest as at 02.08.2013. The sum claimed is pursuant to an arbitration award dated 5.4.2013 obtained by the Petitioners in the United States of America. The liability under the award is joint and several as against FPEQ and the second defendant.

The Management is of the opinion that there is no merit to the Petitioner’s action contemplated under Section 218 of the Companies Act, 1965.

The Company has been informed on 12.09.2013 that the petition to wind-up FPEQ was fixed for first case management on 04.11.2013. The next date for case management is now set on 22.11.2013 with the hearing date set on 04.12.2013. FPEQ will vigorously defend the suit.”

EXPLANATORY NOTES

The figures have not been audited

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.

23. Earnings Per Share

	Current Quarter 30/09/13	Current Quarter 30/09/12	Cumulative Quarter 30/09/13	Cumulative Quarter 30/09/12
Profit attributable to equity holders of the parent (RM'000)	(195)	3,086	389	9,862
Weighted average no. of shares in issue ('000)	171,445	171,445	171,445	171,445
Basic earnings per share (sen)	(0.1)	1.8	0.2	5.8

24. Realised and Unrealised Profits

	As At End Of Current Quarter 30/09/13 RM'000	As At End Of Preceding Quarter 30/06/13 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	80,909	80,718
- Unrealised	(2,175)	(1,786)
	78,734	78,932
Total share of retained profits from a jointly controlled company:		
- Realised	384	326
- Unrealised	41	25
	425	351
Less: Consolidation adjustments	79,159 (25,560)	79,283 (25,489)
Total Group retained profits	53,599	53,794