

ACOUSTECH BERHAD (Co. No: 496665-W)
 INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/13 RM'000	Preceding year corresponding quarter 31/12/12 RM'000	Current year to date 31/12/13 RM'000	Preceding year corresponding period 31/12/12 RM'000
Revenue	56,063	64,003	236,934	316,843
Operating expenses	(56,536)	(64,290)	(240,995)	(305,899)
Other operating income	1,305	332	5,533	3,242
Profit from operations	832	45	1,472	14,186
Finance costs	(18)	(25)	(71)	(111)
Share of profits in jointly controlled entity	100	185	356	465
Profit before tax	914	205	1,757	14,540
Tax expense	(268)	(199)	(787)	(3,810)
Profit for the year	646	6	970	10,730
Attributable to:				
Owners of the parents	429	808	818	10,670
Non-controlling interests	217	(802)	152	60
	646	6	970	10,730
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.2	0.5	0.5	6.2

(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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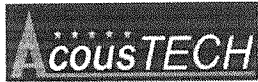
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(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
	31/12/13 RM'000	31/12/12 RM'000	31/12/13 RM'000	31/12/12 RM'000
Profit for the year	646	6	970	10,730
Other comprehensive income/(loss), net of tax:				
Fair value of available-for-sale financial assets	630	700	315	(70)
Total comprehensive (loss) / income	1,276	706	1,285	10,660
Attributable to:				
Owners of the parents	1,059	1,508	1,133	10,600
Non-controlling interests	217	(802)	152	60
	1,276	706	1,285	10,660

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INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/12/13 RM'000	31/12/12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,146	46,545
Investment in a jointly controlled entity	2,342	2,451
Deferred tax assets	28	-
Available-for-sale financial assets	5,285	4,970
	<u>50,801</u>	<u>53,966</u>
Current assets		
Inventories	14,347	20,211
Trade and other receivables	54,327	75,441
Amount owing by a jointly controlled entity	20	30
Tax recoverable	1,950	3,139
Derivative financial instruments	-	27
Short term funds	55,753	35,449
Cash, bank balances and deposits	21,898	25,345
	<u>148,295</u>	<u>159,642</u>
TOTAL ASSETS	<u><u>199,096</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	57,371	63,096
	<u>146,282</u>	<u>152,007</u>
Non-controlling interests	7,335	8,291
TOTAL EQUITY	<u>153,617</u>	<u>160,298</u>
Non-current liabilities		
Deferred taxation	2,278	2,481
Current Liabilities		
Trade and other payables	42,650	50,013
Derivative financial instruments	44	-
Tax liabilities	507	816
	<u>43,201</u>	<u>50,829</u>
TOTAL LIABILITIES	<u>45,479</u>	<u>53,310</u>
TOTAL EQUITY AND LIABILITIES	<u><u>199,096</u></u>	<u><u>213,608</u></u>
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 YEAR ENDED 31 DECEMBER 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31/12/13 RM'000	31/12/12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,757	14,540
Adjustments for non cash items	5,220	3,247
Operating profit before working capital changes	<u>6,977</u>	<u>17,787</u>
Net changes in working capital	<u>16,764</u>	<u>(7,307)</u>
Cash generated from operations	23,741	10,480
Interest paid	(52)	(66)
Other operating income	(140)	(5,493)
Net cash from operating activities	<u>23,549</u>	<u>4,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,422	1,328
Dividend received	885	735
Purchase of property, plant and equipment	(1,446)	(2,225)
Short term funds	4,785	(6,755)
Net cash from / (used in) investing activities	<u>5,646</u>	<u>(6,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the shareholders of the Company	(6,858)	(8,572)
Dividend paid to the minority shareholders	(554)	-
Net cash used in financing activities	<u>(7,412)</u>	<u>(8,572)</u>
Net increase / (decrease) in cash and cash equivalents	21,783	(10,568)
Effects of exchange rate fluctuations on cash and cash equivalents	(142)	175
Cash and cash equivalents at beginning of financial year	<u>52,021</u>	<u>62,414</u>
Cash and cash equivalents at end of financial year	<u>73,662</u>	<u>52,021</u>

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INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
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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		Non- controlling interests RM'000
At 1 January 2013	88,911	7,342	1,214	60,068	(5,528)	152,007	8,291	160,298
Total comprehensive income/(loss)	-	-	315	818	-	1,133	152	1,285
Dividend paid in respect of financial year ended 31 December 2012	-	-	-	(6,858)	-	(6,858)	-	(6,858)
Dividends to Non Controlling Interests of a subsidiary company	-	-	-	-	-	-	(1,108)	(1,108)
At 31 December 2013	88,911	7,342	1,529	54,028	(5,528)	146,282	7,335	153,617
At 1 January 2012	88,911	7,342	1,284	57,970	(5,528)	149,979	8,231	158,210
Total comprehensive income/(loss)	-	-	(70)	10,670	-	10,600	60	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	60,068	(5,528)	152,007	8,291	160,298

(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
12-month ended 31 December 2013				
Revenue				
External revenue	<u>190,397</u>	<u>11,314</u>	<u>35,223</u>	<u>236,934</u>
Results				
Segment results	(57)	(232)	1,476	1,187
Unallocated corporate expenses				<u>(135)</u>
Operating profit				1,052
Finance costs	-	-	-	(71)
Dividend income	-	420	-	420
Share of results in a jointly controlled entity	-	-	356	<u>356</u>
Profit before tax				1,757
Tax expense				<u>(787)</u>
Profit for the year				<u>970</u>
12-month ended 31 December 2012				
Revenue				
External revenue	<u>263,103</u>	<u>11,909</u>	<u>41,831</u>	<u>316,843</u>
Results				
Segment results	13,530	(265)	977	14,242
Unallocated corporate expenses				<u>(336)</u>
Operating profit				13,906
Finance costs	-	-	-	(111)
Dividend income	-	280	-	280
Share of results in a jointly controlled entity	-	-	465	<u>465</u>
Profit before tax				14,540
Tax expense				<u>(3,810)</u>
Profit for the year				<u>10,730</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 31/12/13	Preceding year to date RM'000 31/12/12
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 31 December 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 RM1.8 million compared to profit before tax of RM14.5 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 RM914 thousand for Q4 2013 compared to RM243 thousand in the immediate preceding quarter mainly due to lower 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 2014 to be highly challenging given intensified competition and uncertain macro-economic outlook in certain emerging markets.

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 31/12/13 RM'000	Current Quarter 31/12/12 RM'000	Cumulative Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/12 RM'000
Profit for the period is arrived at after charging/(crediting):				
Depreciation and amortisation	1,197	1,267	4,836	5,079
Dividend income	-	-	(420)	(280)
Arbitration loss	-	-	1,873	-
Foreign exchange (gain)/loss	(619)	312	(464)	1,238
Derivatives (gain)/loss	103	8	72	(402)
Interest income	(63)	(141)	(309)	(430)
Income from short term funds	(314)	(262)	(1,113)	(898)
Interest expense	12	12	52	66
Inventory written off/down	435	-	435	265
Property, plant and equipment written off	4	1	20	12

18. Income Tax Expense

	Current Quarter 31/12/13 RM'000	Current Quarter 31/12/12 RM'000	Cumulative Quarter 31/12/13 RM'000	Cumulative Quarter 31/12/12 RM'000
In respect of current period				
- income tax	171	(33)	1,149	3,570
- deferred tax	177	167	(201)	34
In respect of prior year				
- income tax	(50)	(13)	(131)	128
- deferred tax	(30)	78	(30)	78
	268	199	787	3,810

The effective tax rates for the 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 31 December 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 winding up petition against FPEQ was struck off on 29.11.2013.

EXPLANATORY NOTES

The figures have not been audited

22. Dividend Payable

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

23. Earnings Per Share

	Current Quarter 31/12/13	Current Quarter 31/12/12	Cumulative Quarter 31/12/13	Cumulative Quarter 31/12/12
Profit attributable to equity holders of the parent (RM'000)	429	808	817	10,670
Weighted average no. of shares in issue ('000)	171,445	171,445	171,445	171,445
Basic earnings per share (sen)	0.2	0.5	0.5	6.2

24. Realised and Unrealised Profits

	As At End Of Current Quarter 31/12/13 RM'000	As At End Of Preceding Quarter 30/09/13 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	79,588	80,909
- Unrealised	(2,326)	(2,175)
	77,262	78,734
Total share of retained profits from a jointly controlled company:		
- Realised	505	384
- Unrealised	20	41
	525	425
Less: Consolidation adjustments	77,787 (23,760)	79,159 (25,560)
Total Group retained profits	54,027	53,599