



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year 30/06/14 RM'000	Preceding year corresponding quarter 30/06/13 RM'000	Current year to date 30/06/14 RM'000	Preceding year corresponding period 30/06/13 RM'000
Revenue	46,098	55,079	81,962	96,089
Operating expenses	(45,920)	(55,038)	(82,626)	(96,921)
Other operating income	742	1,179	1,265	2,107
Profit from operations	920	1,220	601	1,275
Finance costs	(7)	(8)	(19)	(14)
Gain on disposal of investment	-	-	1,835	-
Profit before tax from continuing operations	913	1,212	2,417	1,261
Tax expense	(148)	(80)	(224)	(102)
Profit for the period from continuing operations	765	1,132	2,193	1,159
Discontinued operations				
Loss for the period from discontinued operations	(1,074)	(573)	(1,465)	(708)
(Loss) / Profit for the period	(309)	559	728	451
Attributable to:				
Owners of the parents	193	656	1,343	584
Non-controlling interests	(502)	(97)	(615)	(133)
	(309)	559	728	451
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.1	0.4	0.8	0.3

(The notes set out on pages 6 to 14 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 JUNE 2014
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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
	30/06/14 RM'000	30/06/13 RM'000	30/06/14 RM'000	30/06/13 RM'000
(Loss) / Profit for the period	(309)	559	728	451
Other comprehensive income/(loss), net of tax:				
Fair value of available-for-sale financial assets	-	-	306	(70)
Reclassification adjustment on disposal of available-for-sale financial assets	-	-	(1,835)	-
Total comprehensive (loss) / income	(309)	559	(801)	381
Attributable to:				
Owners of the parents	193	656	(186)	514
Non-controlling interests	(502)	(97)	(615)	(133)
	(309)	559	(801)	381

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INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/14 RM'000	31/12/13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,133	35,321
Investment in a jointly controlled entity	845	2,342
Deferred tax assets	6	28
Available-for-sale financial assets	-	5,285
	<u>34,984</u>	<u>42,976</u>
Current assets		
Inventories	15,266	14,347
Trade and other receivables	46,317	54,327
Amount owing by a joint venture	24	20
Tax recoverable	1,843	1,950
Short term funds	20,527	55,753
Cash, bank balances and deposits	25,884	21,898
Non-current assets classified as held for sale	7,379	7,825
	<u>117,240</u>	<u>156,120</u>
TOTAL ASSETS	<u><u>152,224</u></u>	<u><u>199,096</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	88,911	88,911
Reserves	21,691	57,370
	<u>110,602</u>	<u>146,281</u>
Non-controlling interests	5,220	7,336
TOTAL EQUITY	<u><u>115,822</u></u>	<u><u>153,617</u></u>
Non-current liabilities		
Deferred taxation	2,185	2,278
Current Liabilities		
Trade and other payables	33,710	42,650
Derivative financial instruments	-	44
Tax liabilities	507	507
	<u>34,217</u>	<u>43,201</u>
TOTAL LIABILITIES	<u><u>36,402</u></u>	<u><u>45,479</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>152,224</u></u>	<u><u>199,096</u></u>
Net assets per share attributable to owners of the parent (RM)	0.62	0.82

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ACOUSTECH BERHAD (Co. No : 496665-W)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30/06/14 RM'000	30/06/13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- continuing operations	2,417	1,261
- discontinued operations	(1,642)	(661)
Adjustments for non cash items	1,103	104
Operating profit before working capital changes	1,878	704
Net changes in working capital	(3,465)	11,708
Cash (used in) / generated from operations	(1,587)	12,412
Interest paid	(15)	(24)
Tax paid	(11)	(1,388)
Net cash (used in) / from operating activities	<u>(1,613)</u>	<u>11,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	735	777
Proceed from disposal of investment	5,590	-
Dividend paid to non-controlling interest	(1,500)	-
Dividend received	1,650	885
Proceeds from disposal of property, plant and equipment	15	-
Purchase of property, plant and equipment	(569)	(1,017)
Short term funds	3,988	-
Treasury Shares	(1,791)	-
Net cash from investing activities	<u>8,118</u>	<u>645</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the shareholders of the Company	(33,703)	(6,858)
Net cash used in financing activities	<u>(33,703)</u>	<u>(6,858)</u>
Net (decrease) / increase in cash and cash equivalents	(27,198)	4,787
Effects of exchange rate fluctuations on cash and cash equivalents	(56)	(139)
Cash and cash equivalents at beginning of financial period	73,663	52,021
Cash and cash equivalents at end of financial period	<u>46,409</u>	<u>56,669</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent		Distributable		Non-controlling interests		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 controlling interests RM'000	
At 1 Jan 2014	88,911	7,342	1,529	54,028	(5,528)	7,335	153,617
Profit for the financial year	-	-	-	1,343	-	(615)	728
Fair value gain on available-for-sale investment	-	-	306	-	-	-	306
Reclassification adjustment on disposal of available-for-sale financial assets	-	-	(1,835)	-	-	-	(1,835)
Total comprehensive loss	-	-	(1,529)	1,343	-	(615)	(801)
Dividend paid in respect of financial year ended 31 December 2013	-	-	-	(33,703)	-	-	(33,703)
Dividend to non controlling interests of a subsidiary company	-	-	-	-	-	(1,500)	(1,500)
Repurchase of shares	-	-	-	-	(1,791)	-	(1,791)
At 30 June 2014	88,911	7,342	-	21,668	(7,319)	5,220	115,822
At 1 Jan 2013	88,911	7,342	1,214	60,068	(5,528)	8,291	160,298
Total comprehensive income/(loss)	-	-	(70)	(72)	-	(36)	(178)
Dividend paid in respect of financial year ended 31 December 2011	-	-	-	(6,858)	-	-	(6,858)
At 30 June 2013	88,911	7,342	1,144	53,138	(5,528)	8,255	153,262

(The notes set out on pages 6 to 14 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 2013.

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 2013, except for the adoption of the following:

MFRSs/ Amendments/Interpretations	Effective date
Amendments to MFRS 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136, <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139, <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21, <i>Levies</i>	1 January 2014

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.

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 2013 was not qualified.

3. Segmental Information

	Audio RM'000	Chemical paints RM'000	(Discontinued Operations) Electrical equipment RM'000	Total RM'000
6-month ended 30 June 2014				
Revenue				
External revenue	74,068	7,894	4,112	86,074
Results				
Segment results	(18)	500	(1,725)	(1,243)
Unallocated corporate expenses				58
Operating loss				(1,185)
Finance costs				(28)
Gain on disposal of investment	-	1,835	-	1,835
Share of results in a jointly controlled entity	-	-	153	153
Profit before tax				775
Tax expense				(47)
Profit for the period				728
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 profit				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



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 30/06/14	Preceding year to date RM'000 30/06/13
Special interim single tier dividend of 20.0 sen per ordinary share of RM0.50 each for the financial year ending 31 December 2014 (31 December 2012: 4.0 sen)	33,703	6,858

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 2014 that have not been reflected in the interim report.

13. Review of Performance

For the first half of the financial year 2014, the Group recorded lower sales in the audio and electrical equipment divisions. The operating loss of RM1.2 million compared to a profit of RM31,000 in the previous corresponding period is due mainly to substantially lower orders received by the electrical equipment division.

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

The Group registered lower operating loss RM0.1 million for Q2 2014 compared to operating loss of RM1.1 million in the immediate preceding quarter mainly due to higher sales in the audio and chemical paints divisions which compensated for the lower sales by electrical equipment division.

15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors expect the business prospects for the audio and chemical paints divisions for the financial year ending 31 December 2014 to be highly challenging given lower demand and uncertain macro-economic outlook. The company had entered into conditional agreement to dispose of the water dispenser manufacturing equipment and activities of FPEQ (please see note 20). The Board is actively looking for new ways or avenues of business.

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. Profit Before Tax From Continuing Operations

The profit before tax of the Group from continuing operations is arrived at after charging/(crediting):

	Current Quarter 30/06/14 RM'000	Current Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/14 RM'000	Cumulative Quarter 30/06/13 RM'000
Depreciation and amortisation	873	983	1,755	1,995
Dividend income	-	-	-	(420)
Foreign exchange (gain) / loss	(80)	123	(93)	608
Derivatives gain	-	(450)	-	(441)
Interest income	(77)	(71)	(91)	(156)
Income from short term funds	(246)	(282)	(598)	(582)
Interest expense	2	4	8	8
Property, plant and equipment written off	-	1	1	13

18. Discontinued Operations

An analysis of the results of the discontinued operations is as follows:

	Current Quarter 30/06/14 RM'000	Current Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/14 RM'000	Cumulative Quarter 30/06/13 RM'000
Revenue	994	9,830	4,112	15,637
Operating expenses	(1,740)	(10,961)	(6,254)	(17,344)
Other operating income	(321)	536	356	883
(Loss) / Profit from operations	(1,067)	(595)	(1,786)	(824)
Finance costs	(4)	(8)	(9)	(18)
Share of profit / (loss) of a joint venture	(87)	104	153	181
Loss before tax	(1,158)	(499)	(1,642)	(661)
Tax expense	84	(74)	177	(47)
Loss for the period	(1,074)	(573)	(1,465)	(708)

EXPLANATORY NOTES
The figures have not been audited
18. Discontinued Operations Classified As Held For Sale (continued)

The following amounts have been included in arriving at loss before tax of the discontinued operations:

	Current Quarter 30/06/14 RM'000	Current Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/14 RM'000	Cumulative Quarter 30/06/13 RM'000
Depreciation and amortisation	222	226	446	452
Foreign exchange loss / (gain)	200	(380)	195	(542)
Derivatives loss / (gain)	-	-	44	(19)
Interest income	(5)	(2)	(15)	(4)
Income from short term funds	(9)	(16)	(32)	(35)
Interest expense	4	7	7	16
Property, plant and equipment written off	-	1	-	1

An analysis of the carrying amount of the non-current assets held for sale is as follows:-

	As at 30/06/14 RM'000
Property, plant and equipment:	
Land and building	5,219
Other assets	2,160
Assets of disposal group classified as held for sale	<u>7,379</u>

The cash flow attributable to the discontinued operations is as follows:

	As at 30/06/14 RM'000
Operating activities	23
Investing activities	47
Financing activities	(6,000)
Net cash outflow	<u>(5,930)</u>

EXPLANATORY NOTES

The figures have not been audited

19. Income Tax Expense

The taxation of the group from the continuing operation comprises of the following:

	Current Quarter 30/06/14 RM'000	Current Quarter 30/06/13 RM'000	Cumulative Quarter 30/06/14 RM'000	Cumulative Quarter 30/06/13 RM'000
In respect of current period				
- income tax	73	130	118	304
- deferred tax	75	(50)	106	(195)
In respect of prior year				
- income tax	-	-	-	(7)
	148	80	224	102

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

20. Corporate Proposals

On 18 June 2014, the Board of Director announced that its subsidiary, Formosa Prosonic Equipment Sdn Bhd ("FPEQ"), had on 17 June 2014 entered into the following agreements ("collectively referred to as the "agreements") with Angel Water System Technology Sdn Bhd ("the Purchaser") (formerly known as Grand Offshore Sdn Bhd) for the total consideration of RM9,560,000.00.

- a. Comprehensive Manufacturing Asset Purchase Agreement ("CMAPA") to dispose of FPEQ's entire manufacturing assets situated at No. 11, Jalan Sultan Mohamed 5, Bandar Sultan Suleiman, Taiwanese Industrial Park, Port Klang to the Purchaser on an "as-is-where-is" on a willing-buyer and willing-seller basis which shall be free from all encumbrances with all rights attaching thereon for RM1,560,000.00 and subject to the terms and conditions as stipulated in the CMAPA; and
- b. Sale and Purchase Agreement ("SPA") to dispose of the Land situated at Lot 11, Jalan Sultan Mohamed5, Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan and the factory building constructed tereon (which aforesaid land and building are hereinafter collectively referred to as "the Said Property") to the Purchaser on an "as-is-where-is" basis free from all encumbrances and with vacant/legal possession for RM8,000,000.00 subject to the conditions of title and restrictions-in-interest endorsed on the document of title to the Said Property or otherwise affecting the Said Property and the existing category of land use and upon the terms as stipulated in SPA.

(collectively referred to as "the Disposals").

Upon completion of the Proposed Disposals, FPEQ shall cease its manufacturing business in relation to the manufacture of water dispensers.

EXPLANATORY NOTES

The figures have not been audited

21. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 June 2014.

22. Material Litigation

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

23. Dividend Payable

The Board has on 7 April 2014 declared a special interim single tier tax exempt dividend of 20.0 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2014 and payable to shareholders on 14 May 2014 whose names appear in the Record of Depositors of the Company at the close of business on 28 April 2014.

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

24. Earnings Per Share

Basic earnings per share

	Current Quarter 30/06/14	Current Quarter 30/06/13	Cumulative Quarter 30/06/14	Cumulative Quarter 30/06/13
Profit / (Loss) attributable to equity holders of the parent (RM'000)				
from:				
- continuing operations	776	1,133	2,227	1,169
- discontinued operations	(583)	(477)	(884)	(585)
	193	656	1,343	584
Weighted average no. of shares in issue ('000)	169,644	171,445	169,644	171,445
Basic EPS (sen)				
from:				
- continuing operations	0.4	0.7	1.3	0.7
- discontinued operations	(0.3)	(0.3)	(0.5)	(0.4)
	0.1	0.4	0.8	0.3

EXPLANATORY NOTES

The figures have not been audited

25. Realised and Unrealised Profits

	As At End Of Current Quarter 30/06/14 RM'000	As At End Of Preceding Quarter 31/03/14 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	43,229	79,230
- Unrealised	(1,836)	(1,497)
	41,393	77,733
Total share of retained profits from a joint venture:		
- Realised	(978)	(891)
- Unrealised	7	7
	(971)	(884)
Less: Consolidation adjustments	40,422	76,849
	(18,754)	(21,672)
Total Group retained profits	21,668	55,177