

**FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	3 months ended		Financial period ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	123,236	N/A	123,236	N/A
Cost of sales	(113,097)	N/A	(113,097)	N/A
Gross profit	10,139	N/A	10,139	N/A
Other income	2,152	N/A	2,152	N/A
Distribution costs	(5,461)	N/A	(5,461)	N/A
Administrative expenses	(2,913)	N/A	(2,913)	N/A
Other expenses	(2,065)	N/A	(2,065)	N/A
Profit from operations	1,852	N/A	1,852	N/A
Finance costs	(54)	N/A	(54)	N/A
Share of profit in an associate	166	N/A	166	N/A
Profit before tax	1,964	N/A	1,964	N/A
Tax expense	(1,037)	N/A	(1,037)	N/A
<b>Profit for the period</b>	<b>927</b>	<b>N/A</b>	<b>927</b>	<b>N/A</b>
Attributable to:				
Equity holders of the parents	2,061	N/A	2,061	N/A
Minority interests	(1,134)	N/A	(1,134)	N/A
	927	N/A	927	N/A
Earnings per share (sen)				
Basic	0.8	N/A	0.8	N/A
Diluted	0.8	N/A	0.8	N/A

(There was no comparison made with the previous corresponding quarter due to the change of financial year end from 31 March to 31 December during the previous 9 months financial period)

**(The notes set out on pages 6 to 13 form an integral part of and should be read in conjunction with this interim financial report.)**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Profit for the period	927	N/A	927	N/A
<u>Other comprehensive income / (loss), net of tax</u>				
Currency translation difference	(773)	N/A	(773)	N/A
Share of associate's other comprehensive income	(37)	N/A	(37)	N/A
<b>Total comprehensive income</b>	<b>117</b>	<b>N/A</b>	<b>117</b>	<b>N/A</b>
Attributable to:				
Equity holders of the parents	1,533	N/A	1,533	N/A
Minority interests	(1,416)	N/A	(1,416)	N/A
	<b>117</b>	<b>N/A</b>	<b>117</b>	<b>N/A</b>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31/3/2011 RM'000	As at 31/12/2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	85,400	87,201
Intangibles assets	267	267
Investment in an associate	37,944	39,441
	<b>123,611</b>	<b>126,909</b>
<b>Current assets</b>		
Inventories	54,195	50,129
Trade and other receivables	90,323	90,710
Current tax assets	66	-
Derivative financial instruments	1,247	1,678
Short term funds	29,204	12,912
Cash, bank balances and deposits	71,329	91,246
	<b>246,364</b>	<b>246,675</b>
<b>TOTAL ASSETS</b>	<b>369,975</b>	<b>373,584</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	122,895	122,824
Reserves	84,886	98,100
Equity attributable to equity holders of the Company	207,781	220,924
Minority interests	25,196	26,612
<b>Total equity</b>	<b>232,977</b>	<b>247,536</b>
<b>Non-current liabilities</b>		
Long term borrowings	209	153
Deferred tax liabilities	2,993	3,646
	<b>3,202</b>	<b>3,799</b>
<b>Current liabilities</b>		
Trade and other payables	117,028	121,266
Short term borrowings	7	68
Taxation	2,014	915
Dividend Payable	14,747	-
	<b>133,796</b>	<b>122,249</b>
<b>Total liabilities</b>	<b>136,998</b>	<b>126,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>369,975</b>	<b>373,584</b>
Net assets per share attributable to equity holders of the Company (RM)	<b>0.85</b>	<b>0.90</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	31/03/2011 RM'000	31/03/2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,964	N/A
Adjustments for:		
Depreciation	2,247	N/A
Other non-cash items	1,713	N/A
Operating profit before working capital changes	5,924	N/A
Net changes in working capital	(7,779)	N/A
Cash used in operations	(1,855)	N/A
Other payments	(22)	N/A
Taxes paid	(1,030)	N/A
Net cash used in operating activities	(2,907)	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	374	N/A
Purchase of property, plant and equipment	(668)	N/A
Short term funds	(16,292)	N/A
Proceeds from disposal of property, plant and equipment	(38)	N/A
Net cash used in investing activities	(16,624)	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of interest expenses	(2)	N/A
Proceeds from issuance of new shares	71	N/A
Repayment of borrowings	(10)	N/A
Net cash generated from financing activities	59	N/A
EXCHANGE DIFFERENCE	(22)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,494)	N/A
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		
As previously reported	91,246	N/A
Effect of exchange rate changes	(423)	N/A
	90,823	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>71,329</b>	<b>N/A</b>

(There was no comparison made with the previous corresponding quarter due to the change of financial year end from 31 March to 31 December during the previous 9 months financial period)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Non-distributable				Distributable		Equity attributable to equity holders of the parent RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Property revaluation surplus RM'000	Exchange fluctuation reserve RM'000	Available - for-sales reserve RM'000			
Balance as at 1 Jan 2010	122,824	994	1,259	1,414	669	571	220,924	26,612	247,536
Total comprehensive income	-	-	-	-	(491)	(37)	2,061	(1,416)	117
Issue of new shares arising from ESOS	71	-	-	-	-	-	71	-	71
Dividend in respect of financial year 2010	-	-	-	-	-	-	(14,747)	-	(14,747)
Balance as at 31 March 2011	122,895	994	1,259	1,414	178	534	207,781	25,196	232,977

(There was no comparison made with the previous corresponding quarter due to the change of financial year end from 31 March to 31 December during the previous 9 months financial period)

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**FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE**  
**PERIOD ENDED 31 MARCH 2011**

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**1. Accounting policies**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" 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 period ended 31 December 2010.

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 period ended 31 December 2010 except for the adoption of the following new/revised FRSs, Amendments to FRSs and IC Interpretations that are effective for financial periods beginning on or after 1 July 2010 or 1 January 2011:-

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payments</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendment to FRS 1, <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1, <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 7, <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 2, <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
IC Interpretation 4, <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 15, <i>Agreements for the Construction of Real Estate Improvements to FRSs (2010)</i>	1 January 2011
Amendments to IC Interpretation 14 FRS 119, <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 July 2011
IC Interpretation 19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
FRS 124, <i>Related Party Disclosures and the consequential amendments to FRS 124</i>	1 January 2012



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**2. Audit qualification**

The audit report of the Group's preceding year was not qualified.

**3. Seasonal or cyclical factors**

Demands for speaker systems and its related products are generally seasonal and are affected by economic conditions in countries in which the products are sold.

**4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income and cash flow for the current financial period.

**5. Changes in estimates of amount reported**

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 financial period.

**6. Issuance and repayment of debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial year to date, other than 143,000 ordinary shares of RM0.50 each issued under the Company's Employee Share Option Scheme.

**7. Dividend paid**

There was no dividend paid during the current quarter ended 31 March 2011.



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**8. Segmental reporting**

The Group's operations by geographical segments were as follows:-

	Malaysia RM'000	Asia RM'000	UK RM'000	Elimination RM'000	Total RM'000
<b>3 months ended 31/03/11</b>					
<b>Revenue</b>					
External	81,638	40,011	1,587	-	123,236
Inter-segment sales	8,484	6,316	-	(14,800)	-
Total revenue	90,122	46,327	1,587	(14,800)	123,236
<b>Results</b>					
Segment results	5,752	(2,508)	33	(1,425)	1,852
Finance cost	(43)	(9)	(2)	-	(54)
Share of result in an associate	166	-	-	-	166
Profit before tax					1,964
Tax expense					(1,037)
Profit for the period					927

**9. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

**10. Subsequent events**

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial report.





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**11. Changes in composition of the Group**

There was no change in the composition of the Group for the current financial period under review.

**12. Contingent liabilities or contingent assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**13. Review of performance**

For the 3-month period ended 31 March 2011, the Group posted sales of RM123 million and profit before tax of RM2 million. The Group's performance was affected by rising labour and material costs.

There was no comparison made with the previous corresponding quarter due to the change of financial year end from 31 March to 31 December during the previous 9-month financial period.

**14. Comparison with previous quarter's results**

The Group's profit before tax of RM2 million is lower than the immediate preceding quarter of RM8.6 million mainly due to lower sales as well as increase in material and labour costs.

**15. Prospects for the current financial year**

The recovery of the world economy has not been even and certain. The world has seen fluctuating and surging commodity prices which fanned inflation concerns. The Group cautions that there may be impact on the supply chain arising from the earthquake and tsunami that happened in Japan in March this year. Barring unforeseen circumstances, the Directors cautiously expect profitable results for the financial year ending 31 December 2011 under the highly challenging environment.

**16. Deviation from profit forecast and profit guarantee**

Not applicable.



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**17. Taxation**

	<b>Current Quarter</b> <b>31/03/2011</b> <b>RM'000</b>	<b>Cumulative Quarter</b> <b>31/03/2011</b> <b>RM'000</b>
Current taxation	1,690	1,690
Deferred tax – current year	(653)	(653)
	<u>1,037</u>	<u>1,037</u>

The effective tax rates of the Group for the current quarter and financial year to-date are higher than the statutory tax rate mainly due to the different tax rate in foreign jurisdiction.

**18. Profit on disposal of properties and unquoted securities**

There was no sale of unquoted investments and/or properties for the current quarter and financial year to-date.

**19. Purchase or disposal of quoted securities**

There was no purchase and/or disposal of quoted securities for the current quarter.

Investment comprises: -

	<b>31/03/11</b> <b>RM'000</b>
<b>At cost / carrying amount:-</b>	
Shares quoted in Malaysia	<u>31,536</u>
<b>At market value:-</b>	
Shares quoted in Malaysia	<u>32,045</u>

**20. Corporate proposals**

There was no corporate proposal announced which remained incomplete as at the date of issue of the interim report.



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**21. Group borrowings (interest bearing) and debt securities**

<u>As at end of the period</u>	31/03/2011 RM'000
Repayable within twelve months:- Term loans – secured	7
Repayable after twelve months:- Term loans – secured	209
Total	<u>216</u>
	RM'000
GBP borrowings	216

**22. Financial instruments**

The outstanding forward currency contracts as at 31 March 2011 were as follows:-

	Currency	Notional amount RM'000	Fair value RM'000
Less than 1 year Sale contracts	USD	40,049	1,247

The above contracts were entered into as hedges for USD sales. There is minimal credit risk as the contracts were entered into with reputable banks.

**23. Material litigation**

There was no pending material litigation since the last annual balance sheet date.

**24. Dividend**

No dividend has been proposed/declared for the current quarter.



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**25. Earnings per share**

(a) Basic

	<b>Current Quarter 31/03/11</b>	<b>Cumulative Quarter 31/03/11</b>
Net profit attributable to equity holders of the parent (RM'000)	2,061	2,061
Weighted average number of shares ('000)	247,705	247,705
Basic earnings per share (sen)	<u>0.8</u>	<u>0.8</u>

(b) Diluted

	<b>Current Quarter 31/03/11</b>	<b>Cumulative Quarter 31/03/11</b>
Net profit attributable to equity holders of the parent (RM'000)	2,061	2,061
Weighted average number of shares ('000)	247,162	247,162
Basic earnings per share (sen)	<u>0.8</u>	<u>0.8</u>



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**26. Realised and Unrealised Profits**

	<b>As At End Of Current Quarter 31/03/2011 RM'000</b>	<b>As At End Of Preceding Quarter 31/12/2010 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
-Realised	66,124	79,694
-Unrealised	(845)	(1,852)
	65,279	77,842
Total share of retained profits from associated :		
-Realised	5,497	7,905
-Unrealised	(651)	(735)
	4,846	7,170
Total share of retained profits from joint controlled entity	NA	NA
	70,125	85,012
Consolidation adjustments	10,382	9,093
Total Group retained profits	80,507	94,105