



FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	3 months ended		Financial period ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	135,138	N/A	258,373	N/A
Cost of sales	(124,804)	N/A	(237,901)	N/A
Gross profit	10,334	N/A	20,472	N/A
Other income	884	N/A	3,035	N/A
Distribution costs	(5,512)	N/A	(10,973)	N/A
Administrative expenses	(2,942)	N/A	(5,855)	N/A
Other expenses	(2,450)	N/A	(4,515)	N/A
Profit from operations	314	N/A	2,164	N/A
Finance costs	(57)	N/A	(111)	N/A
Share of profit in an associate	737	N/A	903	N/A
Profit before tax	994	N/A	2,956	N/A
Tax expense	(524)	N/A	(1,561)	N/A
Profit for the period	470	N/A	1,395	N/A
Attributable to:				
Owners of the parent	1,071	N/A	3,130	N/A
Non-controlling interests	(601)	N/A	(1,735)	N/A
	470	N/A	1,395	N/A
Earnings per share (sen)				
Basic	0.4	N/A	1.3	N/A
Diluted	0.4	N/A	1.3	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	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Profit for the period	470	N/A	1,395	N/A
<u>Other comprehensive income / (loss), net of tax</u>				
Currency translation difference	662	N/A	(110)	N/A
Share of associate's other comprehensive income	(171)	N/A	(208)	N/A
Total comprehensive income	961	N/A	1,077	N/A
Attributable to:				
Owners of the parent	1,301	N/A	2,833	N/A
Non-controlling interests	(340)	N/A	(1,756)	N/A
	961	N/A	1,077	N/A

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2011 RM'000	As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	84,164	87,201
Prepaid land lease payment	19,124	-
Intangibles assets	267	267
Investment in an associate	38,510	39,441
	142,065	126,909
Current assets		
Inventories	53,539	50,129
Trade and other receivables	101,537	90,710
Current tax assets	132	-
Derivative financial instruments	553	1,678
Short term funds	7,522	12,912
Cash, bank balances and deposits	64,341	91,246
	227,624	246,675
TOTAL ASSETS	369,689	373,584
EQUITY AND LIABILITIES		
Equity		
Share capital	122,982	122,824
Reserves	86,185	98,100
	209,167	220,924
Equity attributable to equity holders of the Company	209,167	220,924
Non-controlling interests	34,756	26,612
Total equity	243,923	247,536
Non-current liabilities		
Long term borrowings	148	153
Deferred tax liabilities	3,064	3,646
	3,212	3,799
Current liabilities		
Trade and other payables	120,927	121,266
Short term borrowings	67	68
Taxation	1,560	915
	122,554	122,249
Total liabilities	125,766	126,048
TOTAL EQUITY AND LIABILITIES	369,689	373,584
Net assets per share attributable to owners of the parent (RM)	0.85	0.90

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30/06/2011	30/06/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,956	N/A
Adjustments for:		
Depreciation	4,523	N/A
Other non-cash items	(299)	N/A
	<u>7,180</u>	<u>N/A</u>
Operating profit before working capital changes	7,180	N/A
Net changes in working capital	<u>(14,367)</u>	<u>N/A</u>
Cash used in operations	(7,187)	N/A
Other payments	(42)	N/A
Taxes paid	<u>(2,002)</u>	<u>N/A</u>
Net cash used in operating activities	<u>(9,231)</u>	<u>N/A</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investment by non-controlling interest	9,900	N/A
Interest received	735	N/A
Purchase of property, plant and equipment	(1,581)	N/A
Prepaid land lease payment	(19,124)	N/A
Dividend received from an associate	1,625	N/A
Short term funds	5,390	N/A
Proceeds from disposal of property, plant and equipment	<u>58</u>	<u>N/A</u>
Net cash used in investing activities	<u>(2,997)</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest expenses	(2)	N/A
Proceeds from issuance of new shares	158	N/A
Repayment of borrowings	(8)	N/A
Dividend paid	<u>(14,747)</u>	<u>N/A</u>
Net cash used in from financing activities	<u>(14,599)</u>	<u>N/A</u>
EXCHANGE DIFFERENCE	<u>180</u>	<u>N/A</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(26,647)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
As previously reported	<u>91,246</u>	<u>N/A</u>
Effect of exchange rate changes	<u>(258)</u>	<u>N/A</u>
	<u>90,988</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>64,341</u></u>	<u><u>N/A</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable					Distributable		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Property revaluation surplus	Exchange fluctuation reserve	Available for-sales reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 Jan 2011	122,824	994	1,259	1,414	669	571	93,193	220,924	26,612	247,536
Total comprehensive income	-	-	-	-	(90)	(208)	3,130	2,832	(1,756)	1,076
Issue of new shares arising from ESOS	158	-	-	-	-	-	-	158	-	158
Equity investment by non-controlling interest	-	-	-	-	-	-	-	-	9,900	9,900
Dividend in respect of financial year 31 December 2010	-	-	-	-	-	-	(14,747)	(14,747)	-	(14,747)
Balance as at 30 June 2011	122,982	994	1,259	1,414	579	363	81,576	209,167	34,756	243,923

(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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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 30 JUNE 2011**

The figures have not been audited

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:-

FRSs / Interpretations	Effective date
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3, <i>Business Combinations (revised)</i>	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements (revised)</i>	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



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 30 JUNE 2011**

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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 317,000 ordinary shares of RM0.50 each issued under the Company's Employee Share Option Scheme.

7. Dividend paid

	Current year to date RM'000
First interim single tier tax exempt of 6 sen per share for the financial period ended 31 December 2010	14,747
	<hr/> 14,747 <hr/>



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 30 JUNE 2011**

The figures have not been audited

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
6 months ended 30/06/11					
Revenue					
External	175,944	79,620	2,809	-	258,373
Inter-segment sales	17,842	14,863	-	(32,705)	-
Total revenue	<u>193,786</u>	<u>94,483</u>	<u>2,809</u>	<u>(32,705)</u>	<u>258,373</u>
Results					
Segment results	7,385	(3,822)	30	(1,429)	2,164
Finance cost	(82)	(27)	(2)	-	(111)
Share of result in an associate	903	-	-	-	903
Profit before tax					<u>2,956</u>
Tax expense					<u>(1,561)</u>
Profit for the period					<u>1,395</u>

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.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 30 JUNE 2011**

The figures have not been audited

11. Changes in composition of the Group

Formosa Prosonic Industries Berhad ("FPIB" or "the Company") has on 19 May 2011 acquired/subscribed for 770 shares of USD10,000.00 each, representing 70% of the total issued share capital of Heracles Enterprises Limited ("HE"), a company incorporated in the British Virgin Islands. The balance of the issued capital of HE comprising 330 shares of USD10,000.00 each, representing 30% of the total issued share capital is held by Wistron Corporation ("WHQ"), a company listed on the Stock Exchange of Taiwan.

Formosa Prosonic Technology Sdn Bhd ("FPTech") which is incorporated in Malaysia on 7 March 2011 is a wholly owned subsidiary of HE and has an issued and paid up share capital of RM15,000,000.00 comprising 15,000,000 shares of RM1.00 each. FPTech has yet to commence business. Its intended business is the manufacture of mechanical parts for High Definition Television sets ("HDTV"), IPTVs, LED and LCD Television sets.

Other than the above, 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 6-month period ended 30 June 2011, the Group posted sales of RM258 million and profit before tax of RM3 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 RM1 million for the current quarter is lower than the immediate preceding quarter of RM2 million mainly due to rising labour and material costs. However sales increase by 8.8% from RM123 million to RM135 million for the same period.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 30 JUNE 2011**

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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's operations were also impacted by the supply chain disruptions 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.

17. Taxation

	Current Quarter 30/06/2011 RM'000	Cumulative Quarter 30/06/2011 RM'000
Current taxation	453	2,143
Deferred tax – current year	71	(582)
	<u>524</u>	<u>1,561</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: -

	30/06/11 RM'000
At cost / carrying amount:-	
Shares quoted in Malaysia	<u>31,536</u>
At market value:-	
Shares quoted in Malaysia	<u>31,116</u>



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
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20. Corporate proposals

FPTech, a wholly-owned subsidiary of HE, which in turn is a 70% owned subsidiary of FPIB has on 9 June 2011 entered into a Lease Agreement (“LA”) with Perbadanan Kerajaan Negeri Selangor (“PKNS”) for a 60-years lease from PKNS with regards to a long term lease over a parcel of land located in a new industrial area identified as Jalan Alauddin 5, Bandar Sultan Sulaiman, Kawasan Perindustrian Fasa 4, Pelabuhan Klang Utara, Selangor D.E. (“the Lease”) for a cash consideration of RM40,518,251.50 (inclusive of 1st Year Quit Rent & Assessment and Surveyor Fee). The terms of lease are governed by the LA.

The Lease was entered into by FPTech as follows:

- (a) For FPTech over approximately 19.79 acres equivalent to 862,052.40 sq ft at cash consideration of RM19,105,460.98 to be settled by FPTech.
- (b) By FPTech as custodian for Wistron Technology Sdn Bhd (“WMY”) over the balance of approximately 22.21 acres equivalent to 967,467.60 sq ft (“WMY Land”) at cash consideration of RM21,412,790.52 to be settled by WMY.
- (c) FPTech will enter into an arrangement with WMY over the WMY Land whereby FPTech would hold the WMY Land in custody for WMY for 60 years.

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

21. Group borrowings (interest bearing) and debt securities

<u>As at end of the period</u>	30/06/2011
	RM'000
Repayable within twelve months:-	
Term loans – secured	67
Repayable after twelve months:-	
Term loans – secured	148
Total	<u>215</u>
	RM'000
GBP borrowings	215



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
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22. Financial instruments

The outstanding forward currency contracts as at 30 June 2011 were as follows:-

	Currency	Notional amount RM'000	Fair value RM'000
Less than 1 year Sale contracts	USD	51,383	553

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.

25. Earnings per share

(a) Basic

	Current Quarter 30/06/11	Cumulative Quarter 30/06/11
Net profit attributable to equity holders of the parent (RM'000)	1,071	3,130
Weighted average number of shares ('000)	245,925	245,816
Basic earnings per share (sen)	0.4	1.3

(b) Diluted

	Current Quarter 30/06/11	Cumulative Quarter 30/06/11
Net profit attributable to equity holders of the parent (RM'000)	1,071	3,130
Weighted average number of shares ('000)	247,084	246,976
Basic earnings per share (sen)	0.4	1.3



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
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26. Realised and Unrealised Profits

	As At End Of Current Quarter 30/06/2011 RM'000	As At End Of Preceding Quarter 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
-Realised	63,898	79,694
-Unrealised	1,118	(1,852)
	65,016	77,842
Total share of retained profits from associated :		
-Realised	6,974	7,905
-Unrealised	(519)	(735)
	6,455	7,170
Total share of retained profits from joint controlled entity	NA	NA
	71,471	85,012
Consolidation adjustments	10,105	9,093
Total Group retained profits	81,576	94,105