

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Individual quarter | | Cumulative quarter | |
|---------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| | Current year quarter 30/09/2011 RM'000 | Preceding year corresponding quarter 30/09/2010 RM'000 | Current year to date 30/09/2011 RM'000 | Preceding year corresponding quarter 30/09/2010 RM'000 |
| Revenue | 206,472 | N/A | 464,845 | N/A |
| Cost of sales | <u>(189,035)</u> | <u>N/A</u> | <u>(426,936)</u> | <u>N/A</u> |
| Gross profit | 17,437 | N/A | 37,909 | N/A |
| Other income | 56 | N/A | 3,091 | N/A |
| Distribution costs | (6,131) | N/A | (17,104) | N/A |
| Administrative expenses | (3,466) | N/A | (9,321) | N/A |
| Other expenses | <u>(3,036)</u> | <u>N/A</u> | <u>(7,551)</u> | <u>N/A</u> |
| Profit from operations | 4,860 | N/A | 7,024 | N/A |
| Finance costs | (47) | N/A | (158) | N/A |
| Share of profit in an associate | 1,612 | N/A | 2,515 | N/A |
| Profit before tax | 6,425 | N/A | 9,381 | N/A |
| Tax expense | (825) | N/A | (2,386) | N/A |
| Profit for the period | <u>5,600</u> | <u>N/A</u> | <u>6,995</u> | <u>N/A</u> |
| Profits attributable to: | | | | |
| Owners of the parent | 4,994 | N/A | 8,125 | N/A |
| Non-controlling interests | <u>606</u> | <u>N/A</u> | <u>(1,130)</u> | <u>N/A</u> |
| | <u>5,600</u> | <u>N/A</u> | <u>6,995</u> | <u>N/A</u> |
| Earnings per share (sen) | | | | |
| Basic | <u>2.0</u> | <u>N/A</u> | <u>3.3</u> | <u>N/A</u> |
| Diluted | <u>2.0</u> | <u>N/A</u> | <u>3.3</u> | <u>N/A</u> |

(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.)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Individual quarter | | Cumulative quarter | |
|--------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| | Current year quarter 30/09/2011 RM'000 | Preceding year corresponding quarter 30/09/2010 RM'000 | Current year to date 30/09/2011 RM'000 | Preceding year corresponding quarter 30/09/2010 RM'000 |
| Profit for the period | 5,600 | N/A | 6,995 | N/A |
| <u>Other comprehensive income / (loss), net of tax</u> | | | | |
| Currency translation difference | 4,144 | N/A | 4,034 | N/A |
| Share of associate's other comprehensive income | (190) | N/A | (398) | N/A |
| Total comprehensive income | <u>9,554</u> | <u>N/A</u> | <u>10,631</u> | <u>N/A</u> |
| Profits attributable to: | | | | |
| Owners of the parent | 7,303 | N/A | 10,135 | N/A |
| Non-controlling interests | 2,251 | N/A | 496 | N/A |
| | <u>9,554</u> | <u>N/A</u> | <u>10,631</u> | <u>N/A</u> |

(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)
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30/09/2011 RM'000 | As at 31/12/2010 RM'000 |
|----------------------------------------------------------------|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 84,959 | 87,201 |
| Prepaid land lease payment | 19,134 | - |
| Intangibles assets | 267 | 267 |
| Investment in an associate | 39,933 | 39,441 |
| | 144,293 | 126,909 |
| Current assets | | |
| Inventories | 54,453 | 50,129 |
| Trade and other receivables | 152,338 | 90,710 |
| Current tax assets | 355 | - |
| Derivative financial instruments | - | 1,678 |
| Short term funds | - | 12,912 |
| Cash, bank balances and deposits | 87,488 | 91,246 |
| | 294,634 | 246,675 |
| TOTAL ASSETS | 438,927 | 373,584 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 122,982 | 122,824 |
| Reserves | 93,488 | 98,100 |
| | 216,470 | 220,924 |
| Equity attributable to equity holders of the Company | 216,470 | 220,924 |
| Non-controlling interests | 37,008 | 26,612 |
| Total equity | 253,478 | 247,536 |
| Non-current liabilities | | |
| Long term borrowings | 132 | 153 |
| Deferred tax liabilities | 2,426 | 3,646 |
| | 2,558 | 3,799 |
| Current liabilities | | |
| Trade and other payables | 177,894 | 121,266 |
| Derivative financial instruments | 2,264 | - |
| Short term borrowings | 67 | 68 |
| Taxation | 2,666 | 915 |
| | 182,891 | 122,249 |
| Total liabilities | 185,449 | 126,048 |
| TOTAL EQUITY AND LIABILITIES | 438,927 | 373,584 |
| Net assets per share attributable to owners of the parent (RM) | 0.88 | 0.90 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | 30/09/2011 RM'000 | 30/09/2010 RM'000 |
|------------------------------------------------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 9,381 | N/A |
| Adjustments for: | | |
| Depreciation | 6,925 | N/A |
| Other non-cash items | 354 | N/A |
| | <u>16,660</u> | <u>N/A</u> |
| Operating profit before working capital changes | 16,660 | N/A |
| Net changes in working capital | <u>(9,249)</u> | <u>N/A</u> |
| | | |
| Cash used in operations | 7,411 | N/A |
| Other payments | (59) | N/A |
| Taxes paid | <u>(2,210)</u> | <u>N/A</u> |
| Net cash from operating activities | 5,142 | N/A |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Equity investment by non-controlling interest | 9,900 | N/A |
| Interest received | 1,011 | N/A |
| Purchase of property, plant and equipment | (3,597) | N/A |
| Prepaid land lease payment | (19,134) | N/A |
| Dividend received from an associate | 1,625 | N/A |
| Short term funds | 12,912 | N/A |
| Proceeds from disposal of property, plant and equipment | 38 | N/A |
| Net cash from investing activities | 2,755 | N/A |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of new shares | 158 | N/A |
| Repayment of borrowings | (32) | N/A |
| Dividend paid | <u>(14,747)</u> | <u>N/A</u> |
| Net cash used in from financing activities | (14,621) | N/A |
| | | |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(6,724)</u> | <u>N/A</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | | |
| As previously reported | 91,246 | N/A |
| Effect of exchange rate changes | 2,966 | N/A |
| | <u>94,212</u> | <u>N/A</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u>87,488</u> | <u>N/A</u> |

(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)
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital RM'000 | Share premium RM'000 | Non-distributable | | | | | Distributable | | | Equity attributable to equity holders of the parent RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|--------------------------------------------------|-------------------------|-------------------------|---------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------|---------------------------------------------------------------|-------------------------------------|------------------------|---------------------------------------------------------------|-------------------------------------|------------------------|
| | | | Capital reserve RM'000 | Property revaluation surplus RM'000 | Exchange fluctuation reserve RM'000 | Available - for-sales reserve RM'000 | Retained profits RM'000 | Equity attributable to equity holders of the parent RM'000 | Non-controlling interests RM'000 | Total equity 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 | - | - | - | - | 2,408 | (398) | 8,125 | 10,135 | 496 | 10,631 | | | |
| 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 31-12-2010 | - | - | - | - | - | - | (14,747) | (14,747) | - | (14,747) | | | |
| Balance as at 30 Sep 2011 | 122,982 | 994 | 1,259 | 1,414 | 3,077 | 173 | 86,571 | 216,470 | 37,008 | 253,478 | | | |

(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)



EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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</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 |



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

The figures have not been audited

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 SEPTEMBER 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 |
|---------------------------------|--------------------|----------------|--------------|-----------------------|-----------------|
| 9 months ended 30/09/11 | | | | | |
| Revenue | | | | | |
| External | 318,682 | 141,741 | 4,422 | - | 464,845 |
| Inter-segment sales | 30,258 | 19,786 | - | (50,044) | - |
| Total revenue | <u>348,940</u> | <u>161,527</u> | <u>4,422</u> | <u>(50,044)</u> | <u>464,845</u> |
| Results | | | | | |
| Segment results | 9,021 | (2,358) | (714) | 1,075 | 7,024 |
| Finance cost | (116) | (39) | (3) | - | (158) |
| Share of result in an associate | 2,515 | - | - | - | <u>2,515</u> |
| Profit before tax | | | | | 9,381 |
| Tax expense | | | | | <u>(2,386)</u> |
| Profit for the period | | | | | <u>6,995</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 SEPTEMBER 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.

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 9-month period ended 30 September 2011, the Group posted sales of RM465 million and profit before tax of RM9.4 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 RM6.4 million for the current quarter is higher than the immediate preceding quarter of RM1 million mainly due to higher sales. Sales increased by 53% from RM135 million to RM206 million for the same period.



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

The figures have not been audited

15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors expect profitable results for the financial year ending 31 December 2011. The Directors continue to be cautious about the operating environment which is expected to remain highly challenging. The softening global economic condition is also expected to affect demand.

16. Deviation from profit forecast and profit guarantee

Not applicable.

17. Taxation

| | Current Quarter 30/09/2011 RM'000 | Cumulative Quarter 30/09/2011 RM'000 |
|-----------------------------|-----------------------------------------|--------------------------------------------|
| Current taxation | 1,463 | 3,606 |
| Deferred tax – current year | (638) | (1,220) |
| | <u>825</u> | <u>2,386</u> |

The effective tax rate of the Group for the financial year to-date is 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: -

| | 30/09/11 RM'000 |
|------------------------------------|--------------------|
| At cost / carrying amount:- | |
| Shares quoted in Malaysia | <u>31,536</u> |
| At market value:- | |
| Shares quoted in Malaysia | <u>27,401</u> |



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

The figures have not been audited

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> | 30/09/2011 |
|----------------------------------|-------------------|
| | RM'000 |
| Repayable within twelve months:- | |
| Term loans – secured | 67 |
| Repayable after twelve months:- | |
| Term loans – secured | 132 |
| Total | <u>199</u> |
| | RM'000 |
| GBP borrowings | 199 |



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

The figures have not been audited

22. Financial instruments

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

| | Currency | Notional amount RM'000 | Fair value RM'000 |
|------------------------------------|----------|------------------------------|----------------------|
| Less than 1 year Sale contracts | USD | 65,034 | (2,264) |

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 30/09/11 | Cumulative Quarter 30/09/11 |
|---------------------------------------------------------------------|--------------------------------|-----------------------------------|
| Net profit attributable to equity holders of the parent (RM'000) | 4,994 | 8,125 |
| Weighted average number of shares ('000) | 245,965 | 245,866 |
| Basic earnings per share (sen) | 2.0 | 3.3 |

(b) Diluted

| | Current Quarter 30/09/11 | Cumulative Quarter 30/09/11 |
|---------------------------------------------------------------------|--------------------------------|-----------------------------------|
| Net profit attributable to equity holders of the parent (RM'000) | 4,994 | 8,125 |
| Weighted average number of shares ('000) | 246,943 | 247,131 |
| Basic earnings per share (sen) | 2.0 | 3.3 |



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

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26. Realised and Unrealised Profits

| | As At End Of Current Quarter 30/09/2011 RM'000 | As At End Of Preceding Quarter 31/12/2010 RM'000 |
|--------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| -Realised | 73,390 | 79,694 |
| -Unrealised | (4,375) | (1,852) |
| | 69,015 | 77,842 |
| Total share of retained profits from associated : | | |
| -Realised | 8,398 | 8,640 |
| -Unrealised | (110) | (735) |
| | 8,288 | 7,905 |
| Total share of retained profits from joint controlled entity | NA | NA |
| | 77,303 | 85,747 |
| Consolidation adjustments | 9,268 | 7,444 |
| Total Group retained profits | 86,571 | 93,191 |