

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

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2011 RM'000	Preceding year corresponding quarter 31/12/2010 RM'000	Current year to date 31/12/2011 RM'000	Preceding year corresponding quarter 31/12/2010 RM'000
Revenue	153,505	N/A	618,350	N/A
Cost of sales	<u>(137,999)</u>	N/A	<u>(564,935)</u>	N/A
Gross profit	15,506	N/A	53,415	N/A
Other income	1,784	N/A	4,875	N/A
Distribution costs	(5,253)	N/A	(22,357)	N/A
Administrative expenses	(3,665)	N/A	(12,986)	N/A
Other expenses	<u>(1,119)</u>	N/A	<u>(8,670)</u>	N/A
Profit from operations	7,253	N/A	14,277	N/A
Finance costs	(88)	N/A	(245)	N/A
Share of profit in an associate	515	N/A	3,030	N/A
Profit before tax	7,680	N/A	17,062	N/A
Tax expense	<u>(2,341)</u>	N/A	<u>(4,727)</u>	N/A
Profit for the year	<u>5,339</u>	N/A	<u>12,335</u>	N/A
Profits attributable to:				
Owners of the parent	4,286	N/A	12,411	N/A
Non-controlling interests	<u>1,053</u>	N/A	<u>(76)</u>	N/A
	<u>5,339</u>	N/A	<u>12,335</u>	N/A
Earnings per share (sen)				
Basic	<u>1.7</u>	N/A	<u>5.0</u>	N/A
Diluted	<u>1.7</u>	N/A	<u>5.0</u>	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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 INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2011 RM'000	Preceding year corresponding quarter 31/12/2010 RM'000	Current year to date 31/12/2011 RM'000	Preceding year corresponding quarter 31/12/2010 RM'000
Profit for the year	5,339	N/A	12,335	N/A
<u>Other comprehensive income / (loss), net of tax</u>				
Currency translation difference	744	N/A	4,778	N/A
Share of associate's other comprehensive income	95	N/A	(303)	N/A
Total comprehensive income	<u>6,178</u>	<u>N/A</u>	<u>16,810</u>	<u>N/A</u>
Profits attributable to:				
Owners of the parent	4,854	N/A	14,990	N/A
Non-controlling interests	1,324	N/A	1,820	N/A
	<u>6,178</u>	<u>N/A</u>	<u>16,810</u>	<u>N/A</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	83,299	87,201
Prepaid land lease payment	18,948	-
Intangibles assets	267	267
Investment in an associate	40,542	39,441
	143,056	126,909
Current assets		
Inventories	54,422	50,129
Trade and other receivables	107,286	90,710
Current tax assets	736	-
Derivative financial instruments	-	1,678
Short term funds	41,886	12,912
Cash, bank balances and deposits	57,673	91,246
	262,003	246,675
TOTAL ASSETS	405,059	373,584
EQUITY AND LIABILITIES		
Equity		
Share capital	122,982	122,824
Reserves	98,343	98,100
	221,325	220,924
Equity attributable to equity holders of the Company	221,325	220,924
Non-controlling interests	38,332	26,612
Total equity	259,657	247,536
Non-current liabilities		
Long term borrowings	85	153
Deferred tax liabilities	2,517	3,646
	2,602	3,799
Current liabilities		
Trade and other payables	139,359	121,266
Derivative financial instruments	1,271	-
Short term borrowings	68	68
Taxation	2,102	915
	142,800	122,249
Total liabilities	145,402	126,048
TOTAL EQUITY AND LIABILITIES	405,059	373,584
Net assets per share attributable to owners of the parent (RM)	0.90	0.90

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	31/12/2011 RM'000	31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,062	N/A
Adjustments for:		
Other non-cash items	8,167	N/A
Operating profit before working capital changes	25,229	N/A
Net changes in working capital	(2,128)	N/A
Cash used in operations	23,101	N/A
Other payments	(72)	N/A
Taxes paid	(5,405)	N/A
Net cash from operating activities	17,624	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investment by non-controlling interest	9,900	N/A
Interest received	1,301	N/A
Purchase of property, plant and equipment	(4,537)	N/A
Prepaid land lease payment	(19,134)	N/A
Dividend received from an associate	1,625	N/A
Proceeds from disposal of property, plant and equipment	29	N/A
Net cash used in investing activities	(10,816)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of new shares	158	N/A
Repayment of borrowings	(72)	N/A
Dividend paid	(14,747)	N/A
Net cash used in financing activities	(14,661)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,853)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		
As previously reported	104,159	N/A
Effect of exchange rate changes	3,253	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	99,559	N/A

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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					
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	-	-	-	-	2,882	(303)	12,411	14,990	1,820	16,810			
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 31 Dec 2011	122,982	994	1,259	1,414	3,551	268	90,857	221,325	38,332	259,657			

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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>	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</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
<i>Improvements to FRSs (2010)</i>	1 January 2011
Amendments to FRS 132, <i>Financial Instruments: Presentation</i>	1 March 2011



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
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Malaysian Financial Reporting Standards (“MFRS”)

On 19 November 2011, the Malaysian Accounting Standards Board (‘MASB’) announced the issuance of the new MFRS framework that is applicable to entities other than private entities. The Group is expected to apply the MFRS framework for the financial year ending 31 December 2012.

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 year.

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 year.

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.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2011**

The figures have not been audited

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	<u>14,747</u>

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
12-month period					
Revenue					
External	425,237	187,420	5,693	-	618,350
Inter-segment sales	40,389	27,766	-	(68,155)	-
Total revenue	<u>465,626</u>	<u>215,186</u>	<u>5,693</u>	<u>(68,155)</u>	<u>618,350</u>
Results					
Segment results	12,813	565	(701)	1,600	14,277
Finance cost	(144)	(52)	(49)	-	(245)
Share of result in an associate	3,030	-	-	-	3,030
Profit before tax					<u>17,062</u>
Tax expense					<u>(4,727)</u>
Profit for the period					<u>12,335</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 year that have not been reflected in the interim financial report.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 DECEMBER 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 year 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 current quarter under review, the Group posted sales RM153.5 million as compared to RM156.1 million in the previous corresponding quarter. Profit before tax dropped to RM7.7 million from RM8.6 million mainly due to lower sales and weaker margin.

For the FY 2011, the Group's sales of RM618.3 million were 2% lower than RM628.7 million in the previous corresponding period. Coupled with higher labor and material costs, the Group's profit before tax dropped to RM17.1 million from RM42.8 million previously.

14. Comparison with previous quarter's results

Despite sales dropped to RM153.5 million in the current quarter from RM206.5 million in the immediately preceding quarter, the Group recorded higher profit before tax of RM7.7 million as compared to RM6.4 million mainly due to favourable sales mix and gain on foreign exchange.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2011**

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15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors anticipate that business prospects will remain profitable but challenging for the financial year ending 31 December 2012 given the uncertain macro-economic outlook.

16. Deviation from profit forecast and profit guarantee

Not applicable.

17. Notes to the statement of comprehensive income

	Current Quarter 31/12/2011 RM'000	Cumulative Quarter 31/12/2011 RM'000
Profit for the period is arrived at after charging/(crediting):		
Interest income	(290)	(1,301)
Interest expenses	13	72
Depreciation and amortization	2,634	9,472
Foreign exchange gain	(716)	(2,979)
Derivatives (gain)/loss	(993)	2,948
Gain on disposal of property, plant and equipment	(93)	(15)
Property, plant and equipment written off	9	20

18. Taxation

	Current Quarter 31/12/2011 RM'000	Cumulative Quarter 31/12/2011 RM'000
In respect of current period		
- Income tax	1,382	4,988
- Deferred tax	91	(1,129)
In respect of prior year		
- Income tax	871	871
- Deferred tax	(3)	(3)
	<u>2,341</u>	<u>4,727</u>

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



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2011**

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19. 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.

20. Group borrowings (interest bearing) and debt securities

<u>As at end of the period</u>	<u>31/12/2011</u> <u>RM'000</u>
Repayable within twelve months:-	
Term loans – secured	68
Repayable after twelve months:-	
Term loans – secured	85
Total	<u>153</u>
	<u>RM'000</u>
GBP borrowings	<u>153</u>



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
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21. Material litigation

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

22. Dividend

The Board has declared 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 2011 (31 December 2010: 6.0 sen).

The dividend will be payable on 28 March 2012 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 March 2012.

23. Earnings per share

(a) Basic

	Current Quarter 31/12/11	Cumulative Quarter 31/12/11
Net profit attributable to equity holders of the parent (RM'000)	4,286	12,411
Weighted average number of shares ('000)	245,965	245,891
Basic earnings per share (sen)	<u>1.7</u>	<u>5.0</u>

(b) Diluted

	Current Quarter 31/12/11	Cumulative Quarter 31/12/11
Net profit attributable to equity holders of the parent (RM'000)	4,286	12,411
Weighted average number of shares ('000)	246,893	247,109
Diluted earnings per share (sen)	<u>1.7</u>	<u>5.0</u>



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

	As At End Of Current Quarter 31/12/2011 RM'000	As At End Of Preceding Quarter 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	77,534	79,694
- Unrealised	(3,703)	(1,852)
	73,831	77,842
Total share of retained profits from associated :		
- Realised	9,799	8,640
- Unrealised	(792)	(735)
	9,007	7,905
Consolidation adjustments	82,838	85,747
	8,019	7,444
Total Group retained profits	90,857	93,191