

FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)
INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2012
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2012 RM'000	Preceding year corresponding quarter 31/03/2011 RM'000	Current year to date 31/03/2012 RM'000	Preceding year corresponding quarter 31/03/2011 RM'000
Revenue	154,957	123,236	154,957	123,236
Cost of sales	<u>(143,701)</u>	<u>(113,097)</u>	<u>(143,701)</u>	<u>(113,097)</u>
Gross profit	11,256	10,139	11,256	10,139
Other income	2,858	2,152	2,858	2,152
Distribution costs	(5,362)	(5,461)	(5,362)	(5,461)
Administrative expenses	(3,182)	(2,913)	(3,182)	(2,913)
Other expenses	<u>(2,251)</u>	<u>(2,065)</u>	<u>(2,251)</u>	<u>(2,065)</u>
Profit from operations	3,319	1,852	3,319	1,852
Finance costs	(49)	(54)	(49)	(54)
Share of profit in an associate	981	166	981	166
Profit before tax	4,251	1,964	4,251	1,964
Tax expense	<u>(1,455)</u>	<u>(1,037)</u>	<u>(1,455)</u>	<u>(1,037)</u>
Profit for the period	<u>2,796</u>	<u>927</u>	<u>2,796</u>	<u>927</u>
Profits attributable to:				
Owners of the parent	2,962	2,061	2,962	2,061
Non-controlling interests	<u>(166)</u>	<u>(1,134)</u>	<u>(166)</u>	<u>(1,134)</u>
	<u>2,796</u>	<u>927</u>	<u>2,796</u>	<u>927</u>
Earnings per share (sen)				
Basic	<u>1.2</u>	<u>0.8</u>	<u>1.2</u>	<u>0.8</u>
Diluted	<u>1.2</u>	<u>0.8</u>	<u>1.2</u>	<u>0.8</u>

(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 MARCH 2012
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2012 RM'000	Preceding year corresponding quarter 31/03/2011 RM'000	Current year to date 31/03/2012 RM'000	Preceding year corresponding quarter 31/03/2011 RM'000
Profit for the period	2,796	927	2,796	927
<u>Other comprehensive income / (loss), net of tax</u>				
Currency translation difference	(2,263)	(773)	(2,263)	(773)
Share of associate's other comprehensive income	(123)	(37)	(123)	(37)
Total comprehensive income	<u>410</u>	<u>117</u>	<u>410</u>	<u>117</u>
Profits attributable to:				
Owners of the parent	1,462	1,533	1,462	1,533
Non-controlling interests	(1,052)	(1,416)	(1,052)	(1,416)
	<u>410</u>	<u>117</u>	<u>410</u>	<u>117</u>

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 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,962	83,299
Prepaid land lease payment	18,868	18,948
Intangibles assets	267	267
Investment in an associate	39,078	40,542
	139,175	143,056
Current assets		
Inventories	50,571	54,422
Trade and other receivables	130,515	107,286
Current tax assets	910	736
Short term funds	17,006	41,886
Cash, bank balances and deposits	56,568	57,673
	255,570	262,003
TOTAL ASSETS	394,745	405,059
EQUITY AND LIABILITIES		
Equity		
Share capital	123,005	122,982
Reserves	89,965	98,343
	212,970	221,325
Equity attributable to equity holders of the Company	212,970	221,325
Non-controlling interests	37,280	38,332
Total equity	250,250	259,657
Non-current liabilities		
Long term borrowings	86	85
Deferred tax liabilities	3,203	2,517
	3,289	2,602
Current liabilities		
Trade and other payables	140,267	139,359
Derivative financial instruments	(80)	1,271
Short term borrowings	67	68
Taxation	952	2,102
	141,206	142,800
Total liabilities	144,495	145,402
TOTAL EQUITY AND LIABILITIES	394,745	405,059
Net assets per share attributable to owners of the parent (RM)	0.87	0.90

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	31/03/2012	31/03/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,251	1,964
Adjustments for:		
Depreciation	2,514	2,247
Other non-cash items	<u>(2,809)</u>	<u>1,691</u>
Operating profit before working capital changes	3,956	5,902
Net changes in working capital	<u>(19,402)</u>	<u>(7,779)</u>
Cash used in operations	(15,446)	(1,877)
Other payments	(17)	(22)
Taxes paid	<u>(2,094)</u>	<u>(1,030)</u>
Net cash used in operating activities	(17,557)	(2,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	259	374
Purchase of property, plant and equipment	(483)	(668)
Dividend received from an associate	2,322	-
Short term funds	-	(16,292)
Proceeds from disposal of property, plant and equipment	<u>(25)</u>	<u>(38)</u>
Net cash from/(used in) investing activities	2,073	(16,624)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest expenses	-	(2)
Proceeds from issuance of new shares	23	71
Repayment of borrowings	(0)	(10)
Dividend paid	<u>(9,840)</u>	<u>-</u>
Net cash (used in)/from financing activities	(9,817)	59
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(25,301)</u>	<u>(19,494)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
As previously reported	<u>99,559</u>	<u>91,246</u>
Effect of exchange rate changes	<u>(684)</u>	<u>(423)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>98,875</u></u>	<u><u>90,823</u></u>
	<u><u>73,574</u></u>	<u><u>71,329</u></u>

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 INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2012
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable					Distributable			Equity attributable to equity holders of the parent RM'000	Non-controlling 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	Retained profits RM'000	Equity attributable to equity holders of the parent RM'000			
Balance as at 1 Jan 2012	122,982	994	1,259	1,414	3,551	268	90,857	221,325	38,332	259,657	
Total comprehensive income	-	-	-	-	(1,377)	(123)	2,962	1,462	(1,052)	410	
Issue of new shares arising from ESOS	23	-	-	-	-	-	-	23	-	23	
Dividend in respect of financial year 2011	-	-	-	-	-	-	(9,840)	(9,840)	-	(9,840)	
Balance as at 31 Mar 2012	123,005	994	1,259	1,414	2,174	145	83,979	212,970	37,280	250,250	
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	-	-	-	-	(491)	(37)	2,061	1,533	(1,416)	117	
Issue of new shares arising from ESOS	71	-	-	-	-	-	-	71	-	71	
Dividend in respect of financial year 2010	-	-	-	-	-	-	(14,747)	(14,747)	-	(14,747)	
Balance as at 31 March 2011	122,895	994	1,259	1,414	178	534	80,507	207,781	25,196	232,977	

(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 31 MARCH 2012**

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 year ended 31 December 2011.

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 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

2. Audit qualification

The audit report on the financial statements for the financial year ended 31 December 2011 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.



EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

The figures have not been audited

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 45,600 ordinary shares of RM0.50 each issued under the Company's Employee Share Option Scheme.

7. Dividend paid

	Current year to date RM'000	Preceding year RM'000
First interim single tier of 4 sen (2010: Nil) per share for the financial year ended 31 December 2011	9,840	-

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
3-month ended 31-3-2012					
Revenue					
External	116,840	37,178	939		154,957
Inter-segment sales	7,486	4,156	-	(11,642)	-
Total revenue	<u>124,326</u>	<u>41,334</u>	<u>939</u>	<u>(11,642)</u>	<u>154,957</u>
Results					
Segment results	5,096	(345)	(206)	(1,226)	3,319
Finance cost	-	-	-	-	(49)
Share of result in an associate	981	-	-	-	981
Profit before tax					<u>4,251</u>
Tax expense					<u>(1,455)</u>
Profit for the period					<u><u>2,796</u></u>



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 MARCH 2012**

The figures have not been audited

8. Segmental reporting (Continued)

	Malaysia RM'000	Asia RM'000	UK RM'000	Elimination RM'000	Total RM'000
3-month ended 31-3-2011					
Revenue					
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
Results					
Segment results	5,752	(2,508)	33	(1,425)	1,852
Finance cost	-	-	-	-	(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 year to-date that have not been reflected in the interim financial report.

11. 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.

12. Contingent liabilities or contingent assets

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



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 MARCH 2012**

The figures have not been audited

13. Review of performance

For the current quarter under review, the Group posted sales of RM155.0 million as compared to RM123.2 million in the previous corresponding quarter. Profit before tax increased by 115% to RM4.3 million from RM2.0 million mainly due to higher sales and share of profit in an associate.

14. Comparison with previous quarter's results

Sales were higher by 1% to RM155.0 million in the current quarter from RM153.5 million in the immediately preceding quarter. Nevertheless, the Group's profit before tax of RM4.3 million was 45% lower as compared to RM7.7 million mainly attributable to lower gain in foreign exchange.

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.



EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

The figures have not been audited

17. Notes to the statement of comprehensive income

	Individual		Cumulative	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Quarter	Quarter
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
Income from short term funds	(125)	(313)	(125)	(313)
Interest income	(134)	(61)	(134)	(61)
Interest expenses	17	24	17	24
Depreciation and amortization	2,503	2,250	2,503	2,250
Foreign exchange gain	(216)	(1,146)	(216)	(1,146)
Derivatives (gain)/loss	(1,351)	431	(1,351)	431
Loss on disposal of property, plant and equipment	39	1	39	1
Property, plant and equipment written off	2	10	2	10

18. Taxation

	Individual		Cumulative	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Quarter	Quarter
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	770	1,690	770	1,690
- Deferred tax	685	(653)	685	(653)
	1,455	1,037	1,455	1,037

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 and unrecognised tax losses.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 MARCH 2012**

The figures have not been audited

19. Corporate proposals

There was no 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>	31/03/2012	31/12/2011
	RM'000	RM'000
Repayable within twelve months:-		
Term loans – secured	67	68
Repayable after twelve months:-		
Term loans – secured	86	85
Total	<u>153</u>	<u>153</u>
GBP borrowings	<u>153</u>	<u>153</u>

21. Material litigation

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

22. Dividend

The Board of Directors has on 28 March 2012 paid a first interim single tier dividend of 4.0 sen per ordinary share of RM0.50 each in respect of financial year ended 31 December 2011 (2010: first interim single tier dividend of 6.0 sen per ordinary share of RM0.50 each).

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



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 MARCH 2012**

The figures have not been audited

23. Earnings per share

(a) Basic

	Individual		Cumulative	
	Current Quarter 31/03/2012	Preceding Year Quarter 31/03/2011	Current Quarter 31/03/2012	Preceding Year Quarter 31/03/2011
Net profit attributable to equity holders of the parent (RM'000)	2,962	2,061	2,962	2,061
Weighted average number of shares (‘000)	245,978	245,705	245,978	245,705
Basic earnings per share (sen)	1.2	0.8	1.2	0.8

(b) Diluted

	Individual		Cumulative	
	Current Quarter 31/03/2012	Preceding Year Quarter 31/03/2011	Current Quarter 31/03/2012	Preceding Year Quarter 31/03/2011
Net profit attributable to equity holders of the parent (RM'000)	2,962	2,061	2,962	2,061
Weighted average number of shares (‘000)	246,860	247,162	246,860	247,162
Diluted earnings per share (sen)	1.2	0.8	1.2	0.8



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE
PERIOD ENDED 31 MARCH 2012**

The figures have not been audited

24. Realised and Unrealised Profits

	As At End Of Current Quarter 31/03/2012 RM'000	As At End Of Preceding Quarter 31/12/2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	70,974	77,534
- Unrealised	(2,964)	(3,703)
	68,010	73,831
Total share of retained profits from an associate:		
- Realised	8,184	9,799
- Unrealised	(642)	(792)
	7,542	9,007
	75,552	82,838
Consolidation adjustments	8,427	8,019
Total Group retained profits	83,979	90,857