

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus, should be addressed to the Share Registrar of Furniweb Industrial Products Berhad ("FIPB" or the "Company"), Bina Management (M) Sdn Bhd, at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan. Shareholders of FIPB whose names appear in FIPB's Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") at 5.00 p.m. on 16 June 2014 will be entitled to the Rights Issue with Warrants ("Entitled Shareholders").

This Abridged Prospectus, together with the RSF and the NPA (collectively the "Documents") are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees (if applicable) who are residents in countries or jurisdictions other than Malaysia, to immediately consult their legal advisers and/or other professional as to whether acceptance or renunciation (as the case may be) of the provisional allotment of Rights Shares with Warrants (as defined herein respectively) would result in the contravention of any laws of such countries or jurisdictions. Neither the Company, Kenanga Investment Bank Berhad ("KIBB") nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability, in the event that any acceptance or sale/transfer of the provisional allotment of Rights Shares with Warrants made by Entitled Shareholders and/or their renounees is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from the shareholders of FIPB at an extraordinary general meeting held on 14 April 2014. Approval has also been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities"), vide its letter dated 11 March 2014, for the admission to the Official List of Bursa Securities and the listing of and quotation for all the new securities to be issued pursuant to the Rights Issue with Warrants. The admission to the Official List of Bursa Securities and listing of and quotation for the new securities is in no way reflective of the merits of the Rights Issue with Warrants.

The Directors of FIPB have seen and approved the Documents. They, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

KIBB, being the Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.



RENOUNCEABLE RIGHTS ISSUE OF UP TO 54,445,440 NEW ORDINARY SHARES OF RM0.50 EACH IN FIPB ("FIPB SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.55 PER RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING FIPB SHARES HELD AS AT 5.00 P.M. ON 16 JUNE 2014 TOGETHER WITH UP TO 54,445,440 FREE DETACHABLE NEW WARRANTS IN FIPB ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR ("RIGHTS ISSUE WITH WARRANTS")

PRINCIPAL ADVISER AND UNDERWRITER

kenanga

KENANGA INVESTMENT BANK BERHAD

(Company No.: 15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES:

Entitlement Date.....	:	16 June 2014 at 5.00 p.m.
Last date and time for sale of provisional allotment.....	:	23 June 2014 at 5.00 p.m.
Last date and time for transfer of provisional allotment.....	:	26 June 2014 at 4.00 p.m.
Last date and time for acceptance and payment.....	:	1 July 2014 at 5.00 p.m.*
Last date and time for excess application and payment.....	:	1 July 2014 at 5.00 p.m.*

* or such later date and time as the Board of Directors of FIPB and KIBB in their absolute discretion may decide and announce not less than two (2) market days before the stipulated date and time.

This Abridged Prospectus is dated 16 June 2014

THE SECURITIES COMMISSION MALAYSIA IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF FIPB AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. FIPB AND KIBB AND/OR ANY OTHER ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. FIPB AND KIBB HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY SECURITIES IN ANY JURISDICTION OTHER THAN MALAYSIA. FIPB AND KIBB REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. FIPB AND KIBB HAVE NOT AUTHORISED ANYONE TO PROVIDE INVESTORS WITH INFORMATION WHICH IS NOT CONTAINED IN THIS ABRIDGED PROSPECTUS AND IF SUCH INFORMATION IS GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY FIPB OR KIBB IN CONNECTION WITH THE RIGHTS ISSUE WITH WARRANTS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA"). SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, INCLUDING, *INTER ALIA*, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Unless the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF.

“5-day VWAMP”	: Five (5)-day volume weighted average market price
“Abridged Prospectus”	: This Abridged Prospectus dated 16 June 2014 in relation to the Rights Issue with Warrants
“Announcement”	: Initial announcement of the Rights Issue with Warrants dated 29 January 2014
“ASB”	: Almaharta Sdn Bhd
“Board”	: Board of Directors of FIPB
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No.: 635998-W)
“CDS Accounts”	: Accounts established by Bursa Depository for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities
“Central Depositories Act”	: Securities Industry (Central Depositories) Act, 1991 as may be amended from time to time and any re-enactment thereof
“CMSA”	: Capital Markets and Services Act, 2007 as may be amended from time to time and any re-enactment thereof
“Corporate Exercise”	: Joint Venture, Diversification and Rights Issue with Warrants, collectively
“Deed Poll”	: The deed poll executed by the Company on 2 June 2014 to constitute the Warrants and to govern the rights of holders of the Warrants
“Development Land”	: A parcel of leasehold land held under PN 45266, Lot 141, Section 88, Town and District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur measuring approximately 15,033 square metres
“Diversification”	: Diversification of principal activities of the FIPB Group to include property development
“EGM”	: Extraordinary general meeting
“Entitled Shareholders”	: Shareholders of FIPB whose names appear in the Record of Depositors on the Entitlement Date
“Entitlement Date”	: 16 June 2014, at 5.00 p.m., being the date on which shareholders’ names must appear in FIPB’s Record of Depositors in order to participate in the Rights Issue with Warrants
“EPS”	: Earnings per share
“FIPB” or “Company”	: Furniweb Industrial Products Berhad (Company No.: 541706-V)
“FIPB Group” or “Group”	: FIPB and its subsidiaries, collectively
“FIPB Shares” or “Shares”	: Ordinary shares of RM0.50 each in FIPB
“Foreign Shareholders”	: Entitled Shareholders who have not provided an address in Malaysia as stated in the Record of Depositors on the Entitlement Date
“FPE”	: Financial period ended
“FYE”	: Financial year ended

DEFINITIONS (Cont'd)

“Joint Venture”	:	Joint venture with ASB for the proposed development of the Development Land in accordance with the terms and conditions set out under the SA and JVA
“JVA”	:	Joint venture agreement dated 31 December 2013 (as supplemented by a supplemental agreement dated 29 May 2014) entered into between PGSB, PDMSB (as developer) and ASB (as registered and beneficial owner of the Development Land) in relation to the proposed development of the Development Land to be carried out by PDMSB
“KIBB” or “Principal Adviser” or “Underwriter”	:	Kenanga Investment Bank Berhad (Company No.: 15678-H)
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements issued by Bursa Securities and all amendments thereto
“LPD”	:	26 May 2014, being the latest practicable date prior to the issuance of this Abridged Prospectus
“Market Day”	:	Any day between Monday and Friday (both inclusive) which is not a market holiday or a public holiday and on which Bursa Securities is open for the trading of securities
“N/A”	:	Not applicable
“NA”	:	Net assets
“NPA”	:	Notice of Provisional Allotment issued pursuant to the Rights Issue with Warrants
“Official List”	:	A list specifying all securities listed on the Main Market of Bursa Securities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PDMSB”	:	Premier De Muara Sdn Bhd, a joint venture company whose share capital is held by PGSB and ASB in the respective shareholding proportions of 60% and 40%
“PDMSB Shares”	:	Ordinary shares of RM1.00 each in PDMSB
“PGSB”	:	Premier Gesture Sdn Bhd, a wholly-owned subsidiary of FIPB
“Project”	:	Residential development comprising two (2) blocks of condominiums consisting of 472 Units on the Development Land
“Rights Issue with Warrants”	:	Renounceable rights issue of up to 54,445,440 FIPB Shares at an issue price of RM0.55 per Rights Share, on the basis of three (3) Rights Shares for every five (5) existing FIPB Shares held as at the Entitlement Date, together with up to 54,445,440 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for
“Rights Shares”	:	Up to 54,445,440 new FIPB Shares to be issued pursuant to the Rights Issue with Warrants
“Record of Depositors”	:	The record of securities holders established under the provisions of the Rules of Bursa Depository
“RM” and “sen”	:	Ringgit Malaysia and sen respectively

DEFINITIONS (Cont'd)

“RSF”	: Rights Subscription Form issued pursuant to the Rights Issue with Warrants
“Rules of Bursa Depository”	: Rules of Bursa Depository issued pursuant to the Central Depositories Act
“SA”	: Shareholders’ agreement dated 31 December 2013 entered into between PGSB and ASB setting out <i>inter alia</i> , the terms governing their relationship as shareholders in PDMSB in connection with the development of the Development Land
“SC”	: Securities Commission Malaysia
“TERP”	: Theoretical ex-rights price
“Underwriting Agreement”	: The underwriting agreement dated 2 June 2014 entered into between the Company and the Underwriter for the underwriting of 27,117,181 Rights Shares together with 27,117,181 Warrants
“Undertaking Letters”	: Irrevocable and unconditional written undertakings obtained by the Company from the Undertaking Shareholders to subscribe or procure the subscription in full for their respective entitlements to the Rights Shares as at the Entitlement Date as well as subscription for up to 10,500,000 additional Rights Shares in the event of under subscription
“Undertaking Shareholders”	: Cheah Eng Chuan, Wee Cheng Kwan and Dato’ Lua Choon Hann, collectively
“Units”	: Residential units within the Project
“USD”	: US Dollar, the legal currency of United States of America
“VND”	: Vietnamese Dong, the legal currency of Vietnam
“VWAP”	: Volume weighted average price
“Warrants”	: Up to 54,445,440 free detachable new warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants

References to “you” and “your” in this Abridged Prospectus are references to the Entitled Shareholders. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter gender and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially differ from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

TABLE OF CONTENTS

	PAGE
CORPORATE INFORMATION	vi
LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS	2
2.1 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants	3
2.2 Ranking of the Rights Shares and new FIPB Shares arising from the exercise of the Warrants	4
2.3 Salient terms of the Warrants	4
2.4 Shareholders' undertakings and underwriting arrangements	6
2.5 Details of other corporate exercises but pending completion	7
3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION	7
3.1 General	7
3.2 NPA	7
3.3 Last date and time for acceptance and payment	7
3.4 Procedure for full acceptance and payment by Entitled Shareholders	7
3.5 Procedure for part acceptance by Entitled Shareholders	9
3.6 Procedure for sale/transfer of provisional Rights Shares with Warrants	10
3.7 Procedure for acceptance by renounees	10
3.8 Procedure for application of excess Rights Shares with Warrants	10
3.9 Notice of allotment	12
3.10 Form of issuance	12
3.11 Laws of foreign jurisdictions	12
4. RATIONALE AND UTILISATION OF PROCEEDS	14
4.1 Rationale for Rights Issue with Warrants	14
4.2 Utilisation of proceeds	15
5. RISK FACTORS	16
5.1 Risks relating to the Group	16
5.2 Risks relating to the Joint Venture and Diversification	17
5.3 Risks relating to the Rights Issue with Warrants	19
6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	20
6.1 Overview and outlook of the Malaysian economy	20
6.2 Overview and outlook of the Vietnamese economy	21
6.3 Overview and outlook of the Malaysian property sector	22
6.4 Overview and outlook of the Kuala Lumpur property sector	23
6.5 Overview and outlook of the manufacturing industry in Vietnam	24
6.6 Prospects of the Group	24
7. FINANCIAL EFFECTS	26
7.1 Issued and paid-up share capital	26
7.2 NA and gearing	26
7.3 Earnings and EPS	27
8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	28
8.1 Working capital	28
8.2 Borrowings	28
8.3 Contingent liabilities	28
8.4 Material commitments	28

TABLE OF CONTENTS (Cont'd)

	PAGE
9. TERMS AND CONDITIONS	29
10. FURTHER INFORMATION	29
APPENDICES	
I CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF FIPB ON 14 APRIL 2014	30
II INFORMATION ON FIPB	33
III INFORMATION ON THE PROJECT	42
IV PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON	45
V AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON	56
VI UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014	151
VII DIRECTORS' REPORT	169
VIII FURTHER INFORMATION	170

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CORPORATE INFORMATION



FURNIWEB

INDUSTRIAL PRODUCTS BERHAD

FURNIWEB INDUSTRIAL PRODUCTS BERHAD

(Company No.: 541706-V)

(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name / Designation	Age	Address	Profession	Nationality
Dato' Lim Heen Peok (Independent Non-Executive Chairman)	66	21 Laman Saujana 3 Pinggiran Golf Saujana Resort 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Cheah Eng Chuan (Managing Director)	67	No. 3 Jalan Bukit Seputeh 1 Seputeh Heights 68100 Kuala Lumpur	Company Director	Malaysian
Lee Sim Hak (Executive Director)	61	1 Jalan Lagenda 24 Taman Lagenda Mas Batu 8¼ Jalan Cheras 43200 Kajang Selangor Darul Ehsan	Company Director	Malaysian
Ong Lock Hoo (Executive Director)	63	9 Jalan Impian Gemilang 2 Saujana Impian Mukim Kajang 43000 Kajang Selangor Darul Ehsan	Company Director	Malaysian
Dato' Lua Choon Hann (Executive Director)	38	B-20-11 Marc Residence No. 3 Jalan Pinang 50450 Kuala Lumpur	Business Owner	Malaysian
Wee Cheng Kwan (Executive Director)	38	72 Jalan Pasar 17000 Pasir Mas Kelantan Darul Naim	Company Director	Malaysian
Dato' Hamzah bin Mohd Salleh (Independent Non-Executive Director)	66	196 Jalan Ara Bukit Bandaraya 59100 Kuala Lumpur	Company Director	Malaysian
Lim Chee Hoong (Independent Non-Executive Director)	54	1 Jalan Sri Klebang 7 Bandar Baru Sri Klebang 31200 Chemor Perak Darul Ridzuan	Chartered Accountant	Malaysian
Dato' Lee Chee Leong (Independent Non-Executive Director)	57	35 Persiaran Brash Off Jalan Sultan Azlan Shah 31400 Ipoh Perak Darul Ridzuan	Businessman	Malaysian

CORPORATE INFORMATION (Cont'd)

AUDIT COMMITTEE

Name	Directorship	Designation
Lim Chee Hoong	Independent Non-Executive Director	Chairman
Dato' Hamzah bin Mohd Salleh	Independent Non-Executive Director	Member
Dato' Lee Chee Leong	Independent Non-Executive Director	Member

COMPANY SECRETARIES

Yeoh Chong Keat (MIA 2736)
Suite 11.1A
Level 11 Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 1988
Fax: 03-2031 9788

Lim Fei Chia (MAICSA 7036158)
Suite 11.1A
Level 11 Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 1988
Fax: 03-2031 9788

REGISTERED OFFICE

Suite 11.1A
Level 11 Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 1988
Fax: 03-2031 9788

CORPORATE OFFICE

Lot 1883 Jalan KPB 9
Kg. Bharu Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Tel: 03-8961 2278
Fax: 03-8961 2340
Email: general@furniweb.com.my
Website: www.furniweb.com.my

AUDITORS AND REPORTING ACCOUNTANTS

BDO (Firm No. AF 0206)
12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2616 2888
Fax: 03-2616 2970

SOLICITORS

Mah-Kamariyah & Philip Koh
Advocates & Solicitors
3A07 Block B Phileo Damansara II
15 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7956 8686
Fax: 03-7956 2208

CORPORATE INFORMATION (Cont'd)

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7784 3922
Fax: 03-7784 1988

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Level 1 Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2180 8888
Fax: 03-2164 4457

Public Bank Berhad
F-07, F-08 & F-09 Jalan SS 6/5B
Dataran Glomac
Pusat Bandar Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7803 1267
Fax: 03-7803 2478

VID Public Bank
No. 88 Nguyen Du
Ben Nghe Ward
District 1 Ho Chi Minh City
Vietnam
Tel: (84) 8 38223584
Fax: (84) 8 38223612

Malayan Banking Berhad
Suite 608 No. 63 Ly Thai To
Hanoi
Vietnam
Tel: (84) 4 38241788
Fax: (84) 4 38241799

**PRINCIPAL ADVISER AND
UNDERWRITER**

Kenanga Investment Bank Berhad
8th Floor Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2164 9080
Fax: 03-2161 4990

STOCK EXCHANGE LISTING

Main Market of Bursa Securities



FURNIWEB

INDUSTRIAL PRODUCTS BERHAD

FURNIWEB INDUSTRIAL PRODUCTS BERHAD

(Company No.: 541706-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Suite 11.1A

Level 11 Menara Weld

76 Jalan Raja Chulan

50200 Kuala Lumpur

16 June 2014

Board of Directors

Dato' Lim Heen Peek (*Independent Non-Executive Chairman*)

Cheah Eng Chuan (*Managing Director*)

Lee Sim Hak (*Executive Director*)

Ong Lock Hoo (*Executive Director*)

Dato' Lua Choon Hann (*Executive Director*)

Wee Cheng Kwan (*Executive Director*)

Dato' Hamzah bin Mohd Salleh (*Independent Non-Executive Director*)

Lim Chee Hoong (*Independent Non-Executive Director*)

Dato' Lee Chee Leong (*Independent Non-Executive Director*)

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 54,445,440 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.55 PER RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING FIPB SHARES HELD AS AT 5.00 P.M. ON 16 JUNE 2014 TOGETHER WITH UP TO 54,445,440 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR

1. INTRODUCTION

On 29 January 2014, KIBB, on behalf of the Board, announced that the Company proposes to undertake the Rights Issue with Warrants.

On 11 March 2014, KIBB, on behalf of the Board, announced that Bursa Securities has vide its letter dated 11 March 2014, approved the following:

- (a) admission of the Warrants to the official list of Bursa Securities; and
- (b) listing of and quotation for the Rights Shares and Warrants as well as the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

Bursa Securities' approval is subject to, *inter-alia* the following conditions:

Condition	Status of compliance
(a) FIPB and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants	To be complied
(b) FIPB and KIBB to inform Bursa Securities upon the completion of the Rights Issue with Warrants	To be complied
(c) FIPB and KIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed	To be complied
(d) FIPB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants at the end of each quarter together with a detailed computation of listing fees payable	To be complied

The shareholders of FIPB have approved the Corporate Exercises at the EGM held on 14 April 2014. A certified true extract of the ordinary resolution approving the Rights Issue with Warrants passed by the shareholders of FIPB at the aforesaid EGM is set out in Appendix I of this Abridged Prospectus.

On 2 June 2014, KIBB, on behalf of the Board, announced that the Entitlement Date has been fixed on 16 June 2014 at 5.00 p.m.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants entails the issuance of up to 54,445,440 Rights Shares at an issue price of RM0.55 per Rights Share, on a renounceable basis of three (3) Rights Shares for every five (5) existing FIPB Shares held on the Entitlement Date, together with up to 54,445,440 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for by the Entitled Shareholders and/or their renounees.

The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by Entitled Shareholders and/or their renounees. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner as specified under Section 3.8 herein. The entitlements for the Rights Issue with Warrants are renounceable in full or in part. The renunciation of the Rights Shares by Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their Rights Shares entitlements.

In determining the entitlements of the Entitled Shareholders, any fractional entitlements to the Rights Shares with Warrants will be disregarded and shall be dealt with in such a manner as the Board in their absolute discretion deems fit, expedient and in the best interest of the Company.

The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. For the Warrants to be listed, there must be at least one hundred (100) holders holding not less than one (1) board lot each of the Warrants. The Warrants are to be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.3 of the Abridged Prospectus.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of Rights Shares which you are entitled to subscribe for in full or in part, together with the number of Warrants which you are entitled to receive under the terms of the Rights Issue with Warrants and a RSF to enable you to subscribe for the provisionally allotted Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

Any dealing in the securities of the Company will be subject to the Central Depositories Act and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the successful Entitled Shareholders and/or their renounees. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within eight (8) Market Days after the receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

2.1 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

The issue price of the Rights Shares shall be RM0.55, which has been arrived at after taking into consideration that the said issue price represents a discount of approximately 22.53% to the TERP of FIPB Shares of RM0.71, calculated based on the five (5)-day VWAP of FIPB Shares up to and including 28 January 2014, being the latest practicable date prior to the Announcement of RM0.81.

The issue price of RM0.55 represents a discount of approximately 23.61% to the TERP of FIPB Shares of RM0.72, calculated based on the five (5)-day VWAP of FIPB Shares up to and including the LPD of RM0.82.

(ii) Warrants

The Warrants are attached to the Rights Shares without any cost and will only be issued to Entitled Shareholders and/or their renounees who subscribe for the Rights Shares. Each Warrant is exercisable into one (1) new FIPB Share.

The exercise price of the Warrants shall be RM0.75, which has been arrived at after taking into consideration that the said exercise price represents a premium of approximately 5.63% to the TERP of FIPB Shares of RM0.71, calculated based on the five (5)-day VWAP of FIPB Shares up to and including 28 January 2014, being the latest practicable date prior to the Announcement, of RM0.81.

The exercise price of RM0.75 represents a premium of approximately 4.17% to the TERP of FIPB Shares of RM0.72, calculated based on the five (5)-day VWAP of FIPB Shares up to and including the LPD of RM0.82.

2.2 Ranking of the Rights Shares and new FIPB Shares arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing FIPB Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid, prior to the date of allotment of the Rights Shares.

The new FIPB Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the then existing FIPB Shares, save and except that the said new FIPB Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new FIPB Shares.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Issuer	:	FIPB
Issue size	:	Up to 54,445,440 Warrants
Form and denomination	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise rights	:	Each Warrant entitles its registered holder, at any time during the Exercise Period, to subscribe for one (1) new FIPB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise price	:	The exercise price for the Warrants shall be RM0.75. The registered holder of the Warrants shall pay cash equivalent to the exercise price for each Warrant held when subscribing for new FIPB Shares.
Exercise period	:	The Warrants may be exercised at any time within a period of five (5) years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the fifth (5 th) anniversary from the date of issuance of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Mode of exercise	:	The registered holder of the Warrants is required to lodge a duly completed, signed and stamped subscription form (as set out in the Deed Poll) with the Share Registrar, together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank or post office in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new FIPB Shares.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new FIPB Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities, unless revised by the relevant authorities.

- Participating rights of the holders of Warrants in any distribution and/or offer of further securities : The holders of the Warrants are not entitled to vote in any general meeting or to participate in any dividends, rights, allotments and/or other distribution other than on winding-up, compromise or arrangement of FIPB and/or offer of further securities in the Company unless and until the holder of the Warrants becomes a shareholder of FIPB by exercising his Warrants into new FIPB Shares or unless otherwise resolved by FIPB in a general meeting.
- Rights in the event of winding-up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every holder of the Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his Warrants to the Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new FIPB Shares to which he would have been entitled to pursuant to such exercise.
- Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Warrants which are not exercised prior to the passing of the resolution for winding-up or the granting of the court order approving the winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) shall lapse and the Warrants will cease to be valid for any purpose.
- Adjustments in the exercise price and/or number of Warrants : The Exercise Price and/or the number of unexercised Warrants may be adjusted by the Board, following consultation with its professional advisers, in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, consolidation or subdivision or conversion, issuance of shares by way of capitalisation of profits or reserves, capital distribution or rights issue of shares or convertible securities or any other events, in accordance with the provisions of the Deed Poll.
- Listing : Approval has been obtained for the admission of the Warrants to the Official List of Bursa Securities, the listing of and quotation for the Warrants as well as the new FIPB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
- Transferability : The Warrants shall be transferable in the manner provided under the Central Depositories Act and the Rules of Bursa Depository
- Modifications : Unless expressly provided in the Deed Poll, no modification, amendment, deletion or addition may be made to the provisions of the Deed Poll (including the Warrants certificate) without the sanction of a special resolution passed by the Company. Any modification, amendment, deletion or addition to the Deed Poll may be effected only by a deed executed by the Company and expressed to be supplemented and subject to the approval of the relevant parties and/or the relevant authorities, if necessary.

- Constitution : The Warrants will be constituted by the Deed Poll.
- Governing law : The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

2.4 Shareholders' undertakings and underwriting arrangements

The Company has obtained irrevocable and unconditional written undertakings via the Undertaking Letters from the Undertaking Shareholders on 28 January 2014, to subscribe or procure the subscription in full for their respective entitlements to the Rights Shares as at the Entitlement Date. As at the LPD, the Undertaking Shareholders collectively hold 28,047,099 FIPB Shares, representing approximately 30.91% of the issued and paid-up share capital of the Company (excluding 208,900 treasury shares) ("**Entitlement Undertakings**"). The Undertaking Shareholders have also undertaken vide their respective Undertaking Letters, to subscribe or procure the subscription for up to 10,500,000 additional Rights Shares in the event of under subscription ("**Additional Undertakings**").

The details of the Entitlement Undertakings and Additional Undertakings are set out as follows:

Undertaking Shareholder	As at the LPD		Entitlement Undertakings	Additional Undertakings	Total Undertakings	
	No. of Shares	(¹) %	No. of Rights Shares	No. of Rights Shares	No. of Rights Shares	(²) %
Cheah Eng Chuan	13,669,599	15.06	8,201,759	5,100,000	13,301,759	24.43
Wee Cheng Kwan	7,876,000	8.68	4,725,600	2,900,000	7,625,600	14.00
Dato' Lua Choon Hann	6,501,500	7.16	3,900,900	2,500,000	6,400,900	11.76
Total	28,047,089	30.90	16,828,259	10,500,000	27,328,259	50.19

Notes:

- (1) Assuming the 208,900 treasury shares as at 31 December 2013 are resold in the open market.
- (2) Calculated based on the number of Rights Shares available for subscription totalling 54,445,440 Rights Shares.

The Undertaking Shareholders have confirmed vide their respective Undertaking Letters that they have sufficient financial resources for the Entitlement Undertakings and Additional Undertakings and KIBB has verified the abovementioned confirmations.

As the Rights Issue with Warrants will not be undertaken on a minimum subscription basis, the Company had on 2 June 2014 entered into the Underwriting Agreement with KIBB whereby KIBB will underwrite the remaining open portion of 27,117,181 Rights Shares together with 27,117,181 Warrants ("**Underwritten Rights Shares with Warrants**"), representing approximately 49.81% of the total number of Rights Shares with Warrants to be issued for which the Undertaking Shareholders have not undertaken to subscribe for.

The underwriting commission payable to the Underwriter is 1.0% of the value of the Underwritten Rights Shares with Warrants. The underwriting commission and all other costs in relation to the Underwriting Agreement will be fully borne by the Company.

As the Rights Issue with Warrants will not be undertaken on a minimum subscription basis, the Entitlement Undertakings and Additional Undertakings will not trigger any mandatory general offer obligation pursuant to the Malaysian Code on Take-Overs and Mergers, 2010.

2.5 Details of other corporate exercises announced but pending completion

Save for the Rights Issue with Warrants and as disclosed below, there are no other corporate exercises which have been announced by the Company but have yet to be completed as at the LPD:

- (a) Joint Venture with ASB in connection with the development of the Development Land into a residential development;
- (b) Diversification of principal activities of the FIPB Group to include property development pursuant to the Joint Venture. Further details of the Project are set out in Appendix III of this Abridged Prospectus;
- (c) Proposed increase in authorised share capital of the Company from RM100,000,000 comprising 200,000,000 FIPB Shares to RM1,000,000,000 comprising 2,000,000,000 FIPB Shares; and
- (d) Proposed amendment to the memorandum of association of the Company to facilitate the proposed increase in authorised share capital of the Company.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for any excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

3.2 NPA

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Central Depositories Act and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Central Depositories Act and the Rules of Bursa Depository. Entitled Shareholders and/or their renounees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is on **1 July 2014 at 5.00 p.m.**, or such later date and time as the Board and Underwriter may decide at their absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedure for full acceptance and payment by Entitled Shareholders

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to the Entitled Shareholders and/or their renounees (if applicable) must be made on the RSF and must be completed in accordance with the notes and instructions contained therein.

ACCEPTANCES WHICH DO NOT STRICTLY CONFORM TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE NPA, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEES WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

If you wish to accept your entitlement, please complete parts I(A) and II of the RSF in accordance with the notes and instructions contained therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to the Share Registrar by **ORDINARY POST, COURIER or DELIVER BY HAND** at the following address:

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya

Selangor Darul Ehsan

so as to arrive **not later than 5.00 p.m. on 1 July 2014**, being the last time and date for acceptance and payment or such later time and date as may be determined and announced by the Board and Underwriter.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF(s) by the Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounees (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Successful applicants of the Rights Shares will be given the free attached Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of security that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be disregarded and shall be dealt with by the Board as it may deem fit, expedient and in the best interest of the Company.

If acceptance of and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounees (if applicable) is not received by the Share Registrar **by 5.00 p.m. on 1 July 2014**, being the last time and date for acceptance and payment for the Rights Shares with Warrants, or such later date and time as may be determined and announced by the Board and Underwriter at their absolute discretion, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Such Rights Shares with Warrants not taken will be allotted to applicants who have applied for excess Rights Shares with Warrants in the manner as set out in Section 3.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. The Board reserves the right not to accept any or to accept any in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without providing any reason thereof.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, Bursa Securities' website at <http://www.bursamalaysia.com>, the Share Registrar at the address stated above or the Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE IN THE FORM OF BANKER'S DRAFTS, CASHIER'S ORDERS, MONEY ORDERS OR POSTAL ORDERS DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MUST BE MADE PAYABLE TO "FIPB RIGHTS ISSUE ACCOUNT" CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS WILL BE MADE BY THE COMPANY OR THE SHARE REGISTRAR. HOWEVER, NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO SUCCESSFUL APPLICANTS TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT APPLICANTS' OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH THE SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

3.5 Procedure for part acceptance by Entitled Shareholders

Entitled Shareholders and/or their renounees (if applicable) are entitled to accept part of their provisional Rights Shares with Warrants allotment. The minimum number of security that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant.

Entitled Shareholders and/or their renounees (if applicable) are required to fill and complete Part I(A) of the RSF by specifying the number of Rights Shares which they are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar, in the same manner as set out in Section 3.4 of this Abridged Prospectus.

YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of provisionally allotted Rights Shares with Warrants that have not been accepted will be allotted to any other persons allowed under any law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants and the balance, if any, will be allotted to applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.8 of this Abridged Prospectus.

3.6 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbroker without first having to request for a split of the provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Account(s). To sell or transfer all or part of your entitlement to the provisionally allotted Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisionally allotted Rights Shares with Warrants, you may still accept the balance of the provisionally allotted Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the procedure for acceptance and payment.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you need not deliver any document (including the RSF) to any stockbroker. However, you must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, the Share Registrar or the Registered Office. This Abridged Prospectus and the RSF are also available on Bursa Securities' website at <http://www.bursamalaysia.com>.

3.7 Procedure for acceptance by renounees

Renounees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, the Share Registrar, the Registered Office or Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to the Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to Entitled Shareholders as set out in Sections 3.4, 3.5, 3.6 and 3.8 of this Abridged Prospectus also applies to renounees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

3.8 Procedure for application of excess Rights Shares with Warrants

You and/or your renounees (if applicable) who accepted the provisionally allotted Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward the completed and signed RSF (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to the Share Registrar so as to arrive not later than the last date and time for acceptance and payment or such later date and time as the Board and Underwriter may decide at their absolute discretion.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS ABRIDGED PROSPECTUS, WHERE THE BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "FIPB EXCESS APPLICATION ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS.

It is the intention of the Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess application; and
- (iv) fourthly, the remaining balance (if any) for allocation to renounees (if applicable) who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess application

In the event there are still unsubscribed Rights Shares with Warrants after allocating all the excess Rights Shares and the Undertaking Shareholders having subscribed for up to 10,500,000 Rights Shares pursuant to the Additional Undertakings, the remaining unsubscribed Rights Shares with Warrants will be subscribed for by the Underwriter in accordance with the terms and conditions set out in the Underwriting Agreement.

Nevertheless, the Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as the Board deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis and that the intentions of the Board as set out in Section 3.8 (i) to (iv) above are achieved. The Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT OR RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH THE SHARE REGISTRAR.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE), WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AT YOUR OWN RISK.

3.9 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renounee's acceptance (if applicable) with excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account(s). No physical share certificate or warrant certificate will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renounees (if applicable) by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities to the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment for the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

3.10 Form of issuance

Bursa Securities has already prescribed the Shares and Warrants to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such, all dealings in the Shares and Warrants will be subject to the Central Depositories Act and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in your application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly to your CDS Account(s). No physical share certificate or warrant certificate will be issued to you in respect of the Rights Issue with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Account(s), and notice(s) of allotment will be sent to you in the manner as stated in Section 3.9 above.

Any person who has purchased the provisionally allotted Rights Shares with Warrants or to whom the provisionally allotted Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Issue with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed securities into his/her CDS Account upon allotment and issuance.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made in the manner as set out in Section 3.8 of this Abridged Prospectus.

3.11 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been and will not be made to comply with the laws of any foreign jurisdictions, and have not been and will not be lodged, registered or approved pursuant to or under any legislation of or with or by any regulatory authorities or other relevant bodies of any foreign jurisdictions. The Rights Issue with Warrants will not be made or offered for subscription in any foreign jurisdictions.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

Entitled Shareholders and/or their renounees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlement and exercise any other rights in respect of the Rights Issue with Warrants to the extent that it would be lawful to do so, and the Company, its Board and officers, KIBB and other advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdictions to which they are or may be subject. The Company, its Directors and officers, KIBB and other advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Entitled Shareholders and/or their renounees (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such jurisdictions.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to Foreign Shareholders and/or their renounees (if applicable) who do not have a registered address in Malaysia as stated in the Record of Depositors on the Entitlement Date. However, such Foreign Shareholders and/or their renounees (if applicable) may collect this Abridged Prospectus including the accompanying documents from the Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

Entitled Shareholders and/or their renounees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and FIPB, its Board and officers, KIBB and other advisers shall be entitled to be fully indemnified and held harmless by such applicants for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against FIPB, its Board and officers, KIBB and other advisers in respect of their rights and entitlements under the Rights Issue with Warrants. Such applicants should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the Entitled Shareholders and/or their renounees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) FIPB, its Board and officers, KIBB and other advisers that:

- (i) the Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholders and/or their renounees (if applicable) are or may be subject to;
- (ii) the Entitled Shareholders and/or their renounees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) the Entitled Shareholders and/or their renounees (if applicable) are not nominees or agents of any person in respect of whom the Company would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Entitled Shareholders and/or their renounees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

- (v) the Entitled Shareholders and/or their renounees (if applicable) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the parties and receive answers thereto as the Entitled Shareholders and/or their renounees deem necessary in connection with the Entitled Shareholders and/or their renounee(s) decisions to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) the Entitled Shareholders and/or their renounees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send the documents into any foreign jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and FIPB reserves the right to reject a purported acceptance of the Rights Issue with Warrants from any such application by Foreign Shareholders and/or their renounees (if applicable) in any jurisdiction other than Malaysia.

FIPB reserves the right, at its absolute discretion, to treat any acceptance of the Rights Issue with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia. The provisionally allotted Rights Shares with Warrants relating to any acceptance which is treated as invalid will be included in the pool of excess Rights Shares with Warrants available for excess application by Entitled Shareholders and/or their renounee(s) (if applicable).

4. RATIONALE AND UTILISATION OF PROCEEDS

4.1 Rationale for the Rights Issue with Warrants

After due consideration of the various methods of fund raising available for the purposes as stated in Section 4.2 below, the Board is of the opinion that the Rights Issue with Warrants is currently the most appropriate fund raising avenue as the Rights Issue with Warrants:

- (i) enable the Company to raise funds without incurring additional interest expense as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing;
- (ii) improve financial flexibility as well as optimise the Group's capital structure by strengthening its financial position whereby these factors are expected to facilitate the continuous long-term growth and expansion plans of the Group; and
- (iii) provide the shareholders of FIPB with an opportunity to further increase their equity participation in the Company via the issuance of new FIPB Shares without diluting the existing shareholders' equity interest.

The Warrants will provide an incentive to Entitled Shareholders to subscribe for the Rights Shares. The Warrants will also allow Entitled Shareholders to increase their equity participation in the Company at a predetermined price and enable them to benefit from the future growth of the Company and any potential capital appreciation arising thereof. In addition, the Company will also be able to raise further proceeds as and when the Warrants are exercised.

4.2 Utilisation of proceeds

Based on the issue price of RM0.55 per Rights Share, the total gross proceeds that are expected to be raised from the Rights Issue with Warrants and the intended manner of utilisation are set out as follows:

Utilisation	Gross proceeds (RM'000)	Expected timeframe for utilisation from the date of the listing of the Rights Shares
Partial payment of the Development Land in respect of the Joint Venture and/or other future development of projects to be identified and/or repay any borrowings undertaken to fund such development ⁽¹⁾	26,640	Within twelve (12) months
Factory expansion of Furnitech Components (Vietnam) Co Ltd ("Furnitech"), a 71.56% owned subsidiary of FIPB ⁽²⁾	1,155	Within twelve (12) months
Repayment of bank borrowings ⁽³⁾	1,300	Within twelve (12) months
Estimated expenses for the Rights Issue with Warrants ⁽⁴⁾	850	Within one (1) month
	29,945	

Notes:

- (1) The Board envisages utilising RM26.64 million of the proceeds for partial payment of the Development Land value in accordance with the terms and conditions of the JVA. In the event that the proceeds of RM26.6 million earmarked for partial payment of the Development Land is unutilised, such proceeds will be utilised for other future development of projects to be identified and/or repay any borrowings undertaken to fund such development.

In the meantime, the FIPB Group is looking for other opportunities to grow and enhance the Group's earnings. FIPB may utilise part of the proceeds for future acquisitions and/or joint ventures related to property development projects. Such acquisition opportunities or development projects will be announced to Bursa Securities as and when they materialise, and if required, be subject to approval by the relevant authorities and/or shareholders of the Company.
- (2) Furnitech is planning to expand its existing manufacturing facilities and purchase new machineries to increase its current production capacity and range of products, which will enable Furnitech to achieve greater economies of scale. The aforementioned expansion plan has commenced in the second (2nd) quarter and complete by the third (3rd) quarter of 2014. The total expansion plan cost is estimated to be RM1.61 million which consists of construction cost of the manufacturing facilities with a built-up area of 1,440 square metres in Vietnam of RM980,000 and purchase of new machineries of RM635,000. Its current production capacity is approximately 10,000 sets of recliner mechanisms and is expected to increase to 30,000 sets after the new production capacity expansion and purchase of new machineries, which is expected to be commissioned by the fourth (4th) quarter of 2014. In this respect, Furnitech will contribute RM1.16 million for the abovementioned expansion plan. Further, Ningbo Yong Ao Metal Products Co. Ltd., Shann Australia Pty Ltd and Eastern Imports Pty. Ltd., the other shareholders of Furnitech who own 16.52%, 5.96% and 5.96% respectively in Furnitech, will collectively contribute RM460,000 for the said expansion plan which is proportionate to their shareholdings in Furnitech.
- (3) Repayment of its current bank borrowings to Public Bank Berhad, which is utilised for working capital purposes, will enable the FIPB Group to reduce its interest expenses. The unaudited total borrowings of the Group as at the LPD amounted to RM18.46 million and the annual savings in interest payments would amount to RM80,000. Notwithstanding the above, FIPB intends to part finance the Project secured by PDMSB which will be repaid from the cash flows generated from the sales of the Project.
- (4) If the actual expenses incurred are higher/lower than budgeted, the deficit/surplus will be funded from/contributed to the portion allocated for the property development expenditure in respect of the Joint Venture and/or other future development of projects to be identified and/or repay any borrowings undertaken to fund such development. For the avoidance of doubt, the estimated expenses for the Joint Venture and Diversification of RM350,000 has been incurred prior to the receipt of proceeds from the Rights Issue with Warrants and is funded from the FIPB Group's internally generated funds.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

The exact quantum of proceeds to be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised, if any, during the tenure of the Warrants based on the exercise price of the Warrants. The proceeds from the exercise of the Warrants will be utilised for working capital requirements and/or future development of projects to be identified.

5. RISK FACTORS

You should carefully consider, in addition to the other information contained herein, the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Issue with Warrants.

5.1 Risks relating to the Group

5.1.1 Operating risks

The Group is exposed to risk of fire breakouts at its premises, which may disrupt or otherwise adversely affect the operations of the Group. The Group has taken precautionary steps to minimise the risk of fire outbreaks through installation of fire detection systems at its premises as well as training employees on how to handle fire breakouts situations. The Group has not, to date, experienced any major fire breakouts at its premises.

The Group also has all-risks insurance coverage, which includes fire insurance, for all of its equipment and premises. However, there is no assurance that the coverage would be adequate to cover the replacement value of the assets or any consequential losses arising thereof. Any losses or liabilities that are not covered by the insurance coverage may have a material adverse effect on the Group's operation.

5.1.2 Competition risks

The manufacturing and property development industries are competitive. The Group may face higher competition from the existing competitors and new entrants in the future. The Group's ability to compete depends on many factors, amongst others, the principal elements of competition include quality, innovation in products and technologies, expertise, pricing, scalability, reliability, reputation, brand name and customer service.

The Group's competitors may vary in size, scope and breadth of the services and products offered. Although the Group strive to remain competitive in providing its services and products, it cannot be assured that the Group will be able to maintain its existing market share in the country and competitiveness against current and future competitors or that the competitive pressure will not materially and adversely affect our business, operating results and/or financial condition.

5.1.3 Labour risks

Certain areas of the manufacturing process of the Group such as quality control and packaging are reliant on manual labour. As such, the Group is subject to risks of labour shortages or increase in labour costs. Any shortage of labour will affect the Group's ability to meet production schedules, while any increase in labour cost to retain or recruit labours will affect the costs of production.

In this respect, the Group is constantly reviewing its processes to reduce dependency on manual labour as well as improve the quality of products by automating and improving production and packaging processes where possible. In the event the Group is unable to reduce its dependency on manual labour, any increase in the costs of production would inevitably affect the Group's profit margin, which may in turn affect the Group's financial performance.

5.1.4 Foreign exchange risks

The Group is exposed to foreign exchange risk from sales of products and purchases of raw materials in USD and VND. These transactions are translated to the functional currencies of the Group's subsidiaries at exchange rates on the dates of transactions. Any difference in the prevailing exchange rates on the dates of settlement may give rise to foreign currency exchange gains or losses that would affect the Group's financial performance.

The risk of foreign exchange is to a certain extent, mitigated through constant monitoring of foreign currency fluctuations by the Group's experienced management. However, there is no assurance that any foreign currency fluctuations in the future will not adversely affect the financial performance of the Group.

5.1.5 Fluctuations in raw materials prices

The Group utilises a significant amount of raw materials including rubber thread, polypropylene, nylon, yarn, cotton, polyester and synthetic rubber in the manufacturing of upholstery webbing, covered elastic yarn, rigid webbings and rubber strips and sheets. As such, the Group is exposed to fluctuations in raw material prices which may adversely affect the financial performance of the Group.

The Group has approximately 22 main suppliers with an average of seven (7) years business relationships which enable the Group to assess a regular supply of raw materials at competitive prices. Notwithstanding the above, there is no assurance that any increase in raw material prices will not significantly impact the financial performance of the Group.

5.1.6 Economic, political and regulatory risks

The Group's business, prospects, financial conditions and level of profitability may be affected by the development of the economic, political and regulatory environment in Malaysia and Vietnam. Any adverse development in political situation, economic uncertainties or changes in the regulatory environment could materially and adversely affect the financial performance of the Group. These risks include, among others, risks of war, civil commotion, global economic downturn, changes in interest rates and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs.

The recent anti-China protests in Vietnam, which affect foreign investors in Vietnam, may have an impact on its economy and local demand. As the Group's operations have not been affected to date, there is no assurance that the Group's operations will not be affected. However, the Board does not foresee that the Group's operations will be materially impacted in the long run.

Whilst the Group practices prudent financial management and efficient operating procedures, there is no assurance that adverse regulatory, political and economic developments will not materially affect the Group.

5.2 Risks relating to the Joint Venture and Diversification

5.2.1 Completion risks

The Joint Venture and Diversification are subject to the terms and conditions of the SA and JVA. There is no assurance that the Joint Venture and Diversification will not be exposed to risks such as inability of the respective parties to fulfil the terms and conditions and/or to obtain approvals from any authorities, if any.

However, the Company will take reasonable steps that are within its control to ensure that the conditions precedent will be fulfilled by the stipulated date under the JVA. As at 2 June 2014, all conditions precedent of the JVA have been fulfilled, save for the following:

- (i) ASB has obtained the approval-in-principle for the development order for the Project and has made the relevant payment pursuant thereto to Dewan Bandaraya Kuala Lumpur ("DBKL"). The parties to the JVA are currently awaiting endorsement of the development order plan by DBKL.

- (ii) PDMSB has obtained a letter of offer from UOB Bank for credit facilities to redeem the banking facilities from UOB Bank and the release of personal guarantees given by Ooi Kok Beng, Hor Peng Kan, Dato' Mohd Sinon bin Mudakir and Mohammad Saroni bin Morid, subject to the partial payment of the Development Land value to ASB can only be made after redemption of the banking facilities from UOB Bank.

The parties to the JVA have taken the necessary steps to fulfil these (two) conditions precedent, which are expected to be fulfilled in due course. Further details of the Project are set out in Appendix III of this Abridged Prospectus.

5.2.2 Industry risks

Following the completion of the Diversification, the FIPB Group will be subject to new challenges and risks arising from its involvement in property development business which FIPB has not been participating in the past. These may include changes in demand conditions, competition from existing players and new entrants, fluctuation of building materials cost, shortage of labour and changes in lifestyle which affect the product types and mix.

Nevertheless, FIPB shall endeavour to keep abreast with the latest developments in the property development sector and general economic conditions to enable the Board to take appropriate measures it deems fit to mitigate the risk. However, there is no assurance that any changes to the abovementioned factors will not materially affect FIPB's business and financial conditions.

5.2.3 Risks of delays in the completion of the Project

The timely completion of the property development projects is dependent on various external factors, which include, *inter-alia*, the timely receipt of requisite licenses, permits or regulatory approvals, the work performance of the appointed building contractors, sub-contractors and consultants, availability of financing and availability of building materials, equipment and labour. Unreasonable wet weather may also delay the timely completion of property development projects.

Any adverse developments may lead to interruptions or delays in the completion of the Project, which may consequently result in cost overruns that affect the FIPB Group's profitability and cash flow. The FIPB Group will seek to limit this risk by careful planning, close monitoring of project progress and endeavouring prompt actions to ensure the overall positive progress of the Project.

5.2.4 Financing risk

FIPB may be required to seek external financing to fund the costs in relation to the development of the Project. The FIPB Group's ability to arrange for such external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks, the success and track record of the FIPB Group's business, provisions of tax and securities laws that may be applicable to efforts to raise capital, any restrictions imposed by the Government and political, social and economic conditions in Malaysia.

In the event that the FIPB Group is unable to secure external financing or financing on acceptable terms, the development of the Project may be delayed or the financial returns from the Project may be curtailed.

5.2.5 Potential softening in property sector

As announced by YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, the Prime Minister and Minister of Finance in the 2014 Budget Speech, the Government revised upwards the Real Property Gains Tax rate and developers in the property sector are prohibited from implementing projects with Developer Interest Bearing Scheme.

Further, the Government has also introduced other 'cooling' measures such as lowering the loan-to-value ratio and tightening bank lending regulations to soften speculative activities in the property sector. Such measures imposed by the Government may affect overall demand for properties which may, in turn, exert downward pressure in the property sector.

Any adverse impact on the property sector may affect the demand for the Units which in turn will negatively impact the FIPB Group's earnings. Notwithstanding the softening measures imposed by the Government, as the Project is strategically located in the heart of Kuala Lumpur and is in close proximity to various commercial amenities, the Board is of the view that the Project could contribute positively to the earnings of the Group.

Nevertheless, the FIPB Group shall endeavour to keep abreast with the latest developments in property development sector and general economic conditions to enable the Board to take appropriate measures it deems fit to mitigate the risk.

5.3 Risks relating to the Rights Issue with Warrants

5.3.1 Investment risk

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of FIPB Shares, the outlook for the manufacturing and property development industries, changes in regulatory requirements or market conditions, the financial performance of the Group and fluctuations in the Group's operating results. In view of this, there can be no assurance that the Rights Shares will trade above the TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of FIPB Shares, and the remaining exercise period of the Warrants and the volatility of FIPB Shares. There can be no assurance that the Warrants will be "in-the-money" where the exercise price of the Warrant is greater than the market price of FIPB Shares during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

5.3.2 No prior market for Warrants

Prior to the Rights Issue with Warrants, there has been no established trading market for the Warrants. The market price of the Warrants on Bursa Securities will depend on, amongst others, the prevailing stock market sentiments, the volatility of the stock market, interest rate movements, future profitability of the Group, as well as the future prospects of the industry in which the Group operates. No assurance can be given that an active market will develop upon listing of the Warrants on Bursa Securities, or if developed, that such market will sustain. There can also be no assurance that the market price of the Warrants will be maintained at any particular level subsequent to their issue.

5.3.3 Delay in or failure of the Rights Issue with Warrants

The Rights Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of anyone or more of the following events:

- (a) Force majeure events or circumstances which are beyond the control of the Company arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership; or
- (b) The Undertaking Shareholders as set out in Section 2.4 of this Abridged Prospectus who have provided the Undertakings are unable to fulfill their obligation for whatsoever reason, despite KIBB having verified, to the extent possible, that the Undertaking Shareholders have sufficient financial resources pursuant to their undertakings; or
- (c) The Underwriter as set out in Section 2.4 of this Abridged Prospectus who have entered into the Underwriting Agreement is unable to fulfil its obligation for whatever reason.

In the event that the Rights Issue with Warrants is aborted, all proceeds arising from the Rights Issue with Warrants will be refunded without interest to Entitled Shareholders and/or their renounees (if applicable) and if such monies are not repaid within fourteen (14) days after it becomes liable, the Company will be liable to repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants have been allotted to the successful Entitled Shareholders and/or their renounees (if applicable) and the Rights Issue with Warrants is subsequently aborted or terminated, a return of subscription monies to all holders of the Rights Shares with Warrants would be achievable by way of cancellation of the share capital of the Company as provided for under the Act and its related regulations. Such cancellation requires the approval of the shareholders of the Company by way of a special resolution in a general meeting, consent of the Company's creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. In such an event, there is no assurance that such monies can be returned within a short period of time or at all.

Notwithstanding the above, the Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

5.3.4 Capital market risks

The performance of the local stock market is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of world bourses, flows of foreign funds and prices of commodities. These factors invariably contribute to the volatility and the liquidity of Bursa Securities, thus adding risk to the market prices of the Rights Shares and Warrants.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.7% in 2013 (2012: 5.6%), driven by the continued strong growth in domestic demand. Despite the weaker external environment in the first half the year, domestic demand remained resilient throughout the year, led by robust private sector activity. Private consumption was supported mainly by favourable employment conditions and wage growth. Private investment was underpinned by capital spending in the mining, services and manufacturing sectors. The more moderate growth performance in 2013 was, to a large extent, attributable to developments in the external sector. Slower demand from the advanced and regional economies in the first half of the year contributed to the overall decline in real exports during the year. This was compounded by the continued expansion in real imports throughout 2013 arising from the sustained growth in domestic investment and consumption, which contributed to the contraction in net exports.

Private consumption growth remained strong at 7.6% in 2013, underpinned mainly by favourable employment conditions and wage growth. Private consumption was also supported by Government transfers to low and middle income households and continued access to financing for creditworthy borrowers. Public consumption recorded a higher growth of 6.3% in 2013 due mainly to higher expenditure on supplies and services.

Although the pace of investment activity moderated from the exceptionally strong growth in 2012, it continued to be supported by private sector capital expenditure. Private investment continued to register double digit growth of 13.6%, driven by capital spending by both domestic and foreign investors in the mining, services and manufacturing sectors. Public investment recorded a small positive growth of 0.7%, following the decline in the Federal Government development expenditure. Nevertheless, this was offset by higher capital spending by the public enterprises, which was channeled mainly into the oil and gas, transportation and energy sectors.

From the supply perspective, the continued firm growth in domestic demand contributed to the expansion in the domestic-related activity in the services and manufacturing sectors during 2013. The export oriented industries in the manufacturing sector benefited from the improvement in external conditions in the second half of 2013. The robust activity in the residential and civil engineering subsectors contributed to the continued growth of the construction sector.

Labour market conditions remained favourable in 2013, as the continued expansion in economic activity by favourable employment conditions and wage growth. Of significance, the growth rate of outstanding loans for personal use moderated to 4.6% in 2013 (2012: 9.1%), partly as a result of the pre-emptive measures introduced by the Bank Negara Malaysia in July 2013 to reinforce responsible lending practices. For the year 2013, net financing to the private sector through the banking system the PDS market expanded at annual rate of 9.8% (2012: 12.4%)

The Malaysian economy is expected to remain on a steady growth path in 2014, expanding by 4.5% - 5.5%. Domestic demand will remain the key driver of growth, albeit at a more moderate pace. Private investment is forecast to register robust growth for the fifth consecutive year, driven by the ongoing implementation of multi-year projects and the improvement in external demand. Public investment is projected to register a higher growth, supported by both Government and public enterprise capital spending. Private consumption will be underpinned by healthy labour market conditions and sustained income growth. Public consumption is anticipated to record a lower growth due to the ongoing fiscal consolidation.

Notwithstanding the moderation in domestic demand, the underlying fundamentals of the Malaysia economy remain strong. Growth will be driven by the private sector across a diversified range of economic activities. Of importance, employment remains strong and incomes are rising. The financial system is resilient with financial intermediation expected to provide continued support to investment and consumption. The strength of Malaysia's external position also remains intact, with international reserves at healthy levels and external debt within prudent limits.

(Source: Annual Report 2013, Bank Negara Malaysia)

6.2 Overview and outlook of the Vietnamese economy

Over the past 25 years, Vietnam achieved unique success in economic development and poverty reduction. Vietnam has been transformed from a centrally planned to a more market-oriented economy. The transformation into a middle-income country was supported by a long period of stable and high growth rates (on average 7.3% during 1990-2010) reaching a per capita income of USD1,130 by 2010. The strong economic development was due to rapid export growth and increased investment in the private sector. During the on-going 13th National Assembly's sixth session, the Prime Minister of Vietnam, Nguyen Tan Dung stated that the country's economic situation was improving.

The country's accession to the World Trade Organisation was a key milestone in Vietnam's economic development path and, as a consequence, significant improvements to the legal framework together with increased international competition boosted the economic performance of the export sector. Vietnam is facing a persistent trade deficit generated by high demand for imports of capital goods and the export sector's focus on semi-manufactured products. Due to a strengthened investment climate, Vietnam remains relatively attractive for Foreign Direct Investment ("FDI"), with the major part of FDI originating in other Asian countries.

Vietnam's mid to long-term development outlook remains positive overall. Vietnam benefits from a growing workforce, and the country is globally well integrated with strong regional ties in trade and FDI. It has a large domestic market, a young labour force and natural resources to use for production and/or trade. Development successes are contingent on persistent pursuit of the restructuring agenda aimed at improving economic efficiency and increasing the welfare of the Vietnamese population in a sustainable way.

(Source: Management of FIPB)

6.3 Overview and outlook of the Malaysian property sector

The residential subsector expanded 15.7% (January – June 2012: 22%) supported by strong demand and reflected in higher construction activities with housing starts rising 20.3% to 73,804 units (January – June 2012: 13.8%; 61,351 units). In the residential segment, two and three-storey terraced houses as well as condominiums/apartments accounted for 24.9% (18,401 units) and 22.3% (16,422 units) of the total starts, respectively. During the first six (6) months of the year, the Klang Valley continued to dominate the supply, accounting for 31% of housing starts followed by Johor (23.1%), spurred by ongoing infrastructure development (January – June 2012: 39.1%; 15.3%). To expand the supply of affordable houses, the Government has introduced the 1Malaysia Housing Programme, which is expected to provide 80,000 houses as announced in the 2013 Budget.

Meanwhile, units from new launches dropped 45.4% to 17,105 units (January – June 2012: -6.9%; 31,305 units). Sales of new launches remained favourable with a take-up rate of 21.8% (January – June 2012: 15.6%). In line with the increasing demand, the property overhang declined 9.5% to 14,576 units (end-June 2012: -27.7%; 16,098 units) amid the better sales performance of the residential segment.

House prices continue to rise, albeit a slower pace in 2013. During the second quarter of 2013, the National House Price Index moderated to 7.8% (second quarter of 2012: 11.2%) with eight (8) states showing increases, including Johor (20.0%), Kelantan (17.7%), Sarawak (15.6%), Melaka (15.1%), Kuala Lumpur (13.6%), Pulau Pinang (12.6%), Sabah (10.7%) and Kedah (10.6%). Average all-house prices in Malaysia were at RM257,605 (second quarter of 2012: RM238,810), with Kuala Lumpur continuing to record the highest prices at RM605,711 followed by Sabah (RM389,203), Selangor (RM387,412), Sarawak (RM330,388) and Pulau Pinang (RM298,697).

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

The Malaysian property market moderated in 2013. The market registered decrease in volume of transactions while value increased. There are 381,130 transactions worth RM152.7 billion registered in 2013 against 427,520 transactions worth RM142.84 billion in 2012. The volume of transactions dropped by 10.9%, but otherwise value expended by 6.7%.

In terms of value, with exception to development land and agricultural subsectors which declined by 8.8% and 7.0% respectively, all other subsectors sustained growth *albeit* at a smaller pace. Commercial, residential and industrial subsectors grew by 28.0%, 6.3% and 2.7% respectively. Seven states saw higher value of transaction preceded by Selangor (30.5%) and trailed by Johor (19.8%), Kuala Lumpur (13.1%), Pulau Pinang (8.9%), Perak (5.6%), Sarawak (3.7%) and Negeri Sembilan (3.6%). Other states registered lower value of transaction between 0.2% and 3.1%.

The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years. The government is concerned over soaring house prices, inadequate supply of houses and difficulty in getting financing especially for the low and medium income groups. Thus, the 2014 Budget continue to address housing supply through PR1MA, Syarikat Perumahan Nasional Berhad and National Housing Department.

(Source: Property Market Report 2013, Valuation and Property Services Department, Ministry of Finance, Malaysia)

6.4 Overview and outlook of the Kuala Lumpur property sector

The Kuala Lumpur property market softened in 2013. The year recorded 20,558 transactions with a total value of RM19.95 billion against 30,774 transactions worth RM22.35 billion in 2012. Both the volume and value of transactions registered double-digit contractions, down by 33.3% and 10.7% respectively. The residential subsector remained the leading subsector, dominating 76.6% of total transactions, slightly lower than 78.0% recorded in 2012, followed by commercial subsector took at 20.5% of market share as compared with 19.3% in 2012.

Softening of market activities cut across the board. All subsectors recorded downturns preceded by residential (-34.4%), industrial (-29.9%), commercial (-29.0%) and development land (-27.5%). In terms of value, the industrial subsector was the only sector to record growth of 11.0%. The development land subsector depicted similar patterns as the volume whilst the residential and commercial subsectors recorded moderate declined by 9.7% and a marginal 1.2% respectively.

The high rise residential property, which forms the largest portion of the market share, saw strong movements across the board. Low cost flats in Desa Aman, Midah Ria Apartment, Sri Penara, Taman Cheras and Bandar Baru Wangsa Maju recorded more than 15.0% growth with prices ranging between RM88,000 and RM220,000. Most of apartment units received double digit growth in the review period. In the Mukim of Bandar Kuala Lumpur, similar units in Menara Puteri recorded the highest gain of 15.6% transacted at RM286,000 to RM341,000. Similar units in Faber Ria and Pandan Heights increased more than 16.0% transacted at RM225,000 to RM492,000. Similar pattern of value appreciation were seen in Bandar Tasik Selatan, Green Park, Winer Court and Taman Desa Petaling with price ranging from RM150,000 to RM328,000. In the Mukim of Batu, significant increases of more than 20.0% were noted in Antah Tower, Fortune Avenue Condominium, Plaza Prima Apartment, Prima Tiara and Sri Jinjang Court with price ranged between RM155,000 and RM428,000. Meanwhile, condominium units saw an upward trend. Residensi Mutiara Kondominium, Casa Vista Condo and Sri Duta I & II recorded significant double digit growth of more than 25.0%. Prices of luxury condominiums, with an average built-up area of 300 square metres and above, witnessed better performance. The Pearl, One Menerung, Palazzio Sunway and Palmyra Bangsar registered value appreciation by 2.1% to 14.0%, transacted between RM2.40 million and RM7.52 million. Similar units in 11 and 12 Mon't Kiara enjoyed gains by 7.4% and 19.2% respectively. The highest price of condominium units recorded at The Binjai On The Park, transferred between RM7.90 million and RM8.39 million.

The Kuala Lumpur property market outlook for 2014 is expected to be encouraging, backed by various ongoing and proposed development projects. The ongoing Greater Kuala Lumpur projects under the Economic Transformation Programme would continue to set a positive property market outlook for the year 2014. Activities in Kuala Lumpur relating to improved transportation such as MRT, increased connectivity infrastructure, revitalising the Klang River, promoting the financial services sector and establishing vibrant shopping environment were among the efforts for continuous growth and to transform Kuala Lumpur into one of the top liveable city in the world. Meanwhile, the Kompleks Kerja Raya 2, a 37-storey office tower is expected to be completed in 2014 and will be supplying an additional of 51,516 square metres office spaces into the market. Another iconic future development is EIGHT SENTRAL in KL Sentral, a development with an integrated mix retail, hotel, residences and offices. Apart from that, another landmark for Old Klang Road is 9 Seputeh, offers an incredible mix of sophisticated commercial and residential units comprise of services residences, SOHO units and retail lots will be housed in four towers. These project developments are expected to boost the demand and supply of property sector and invigorate the property market activities in Kuala Lumpur.

(Source: Property Market Report 2013, Valuation and Property Services Department, Ministry of Finance, Malaysia)

6.5 Overview and outlook of the manufacturing industry in Vietnam

In line with economic growth in Vietnam, growth was similarly witnessed in the manufacturing sector in 2013. Manufacturing sector is poised to benefit from the increased in export of semi-manufactured products as well as increased foreign direct investment in the private sector. More capacity in the manufacturing sector is expected to be relocated from China to Vietnam in the coming years due to rising labour costs in China. Further, growing workforce of Vietnam and availability of various natural resources to be utilised for production also bodes well for the manufacturing sector.

(Source: Management of FIPB)

6.6 Prospects of the Group

Presently, the Group is principally involved in the manufacturing of upholstery webbings, covered elastic yarn, safety and rigid webbings, rubber strips and sheets. The uncertainties in the fiscal and monetary adjustments by the Federal Reserve of USA in the tapering of their quantitative easing measures may scuttle the economic recovery of USA while the Eurozone will need to continue with measures to stabilise its economies and reduce its debts. The Board is aware that demand for the FIPB Group's products may be affected by the slow recovery in the global economy.

Notwithstanding the above, emerging sign of recovery from advanced economies, including the US and Europe, is expected to have positive spillover effects for the global economy and in turn is expected to strengthen in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which should augur well for the Group's existing business in the long run. The Group will continue to strive to grow its existing operations whereby the Company will allocate part of the proceeds raised from the Rights Issues with Warrants for the expansion of its production facilities in Vietnam. With the expansion plan and the Group's existing production capabilities, the Board is of the view that this business will continue to contribute positively to the performance of the Group.

Notwithstanding the above, the Board has been reviewing potential opportunities to enhance its revenue sources which includes, among others, diversification into other viable business such as property development business in view that the prospect of the Project are positive and the following Directors of FIPB have relevant experience in property development:

- (i) Dato' Lua Choon Han, the Executive Director of the Group who is responsible for the overall strategic direction and business planning for the property development division of the Group and has three (3) years of relevant experience, details of which are as follows:

Past Project	Type of Project	Position Held	Year of Appointment	Responsibilities	Year Completed
Kubang Kerian Residential and Commercial	Commercial office & residential	Director	2011	Design, coordinate with authorities and consultants, direct and facilitate delivery of project objectives	Ongoing
Arau Residential	Residential – Landed	Director	2013	Design, coordinate with authorities and consultants, direct and facilitate delivery of project objectives	Ongoing

- (ii) Wee Cheng Kwan, the Executive Director of the Group who is responsible for spearheading the property development projects as well as the evaluation of potential property development projects of the Group and has ten (10) years of relevant experience, details of which are as follows:

Past Project	Type of Project	Position Held	Year of Appointment	Responsibilities	Year Completed
Kubang Kerian Residential and Commercial	Commercial office & residential	Director	2011	Design, coordinate with authorities and consultants, direct and facilitate delivery of project objectives	Ongoing
Arau Residential	Residential – Landed	Director	2013	Design, coordinate with authorities and consultants, direct and facilitate delivery of project objectives	Ongoing
Zehn Condominium – Bukit Pantai (Phase 1)	Residential – High rise	Project Manager	2004	Coordinate, planning, and execution of the project with other consultants	2006
Fire Fighter Malaysia Office Building	Commercial – Office Tower	Project Manager	2004	Coordinate, planning, and execution of the project with other consultants	2005
Yumin & Chong Cheng Primary School (Singapore)	School	Structural Engineer	2001	Planning, coordinate and closely monitor on the progress of construction of the school project	2004

The Board is of the view that the management of the FIPB Group's property development division, which was set up in September 2013, has the necessary expertise, business acumen, skills and familiarity with the property market which will be beneficial to the FIPB Group's future property development endeavours. Hence, the property development division is expected to contribute positively to the FIPB Group's future financial performance.

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7. FINANCIAL EFFECTS

7.1 Issued and paid-up share capital

For illustrative purposes, the proforma effects of the Rights Issue with Warrants on the issued and paid-up share capital of FIPB are set out below:

	No. of Shares ('000)	(RM'000)
Issued and paid-up share capital as at the LPD	90,742	45,371
To be issued pursuant to the Rights Issue with Warrants	* 54,445	27,223
	145,187	72,594
To be issued assuming full exercise of the Warrants	54,445	27,223
Enlarged issued and paid-up share capital	199,632	99,817

Note:

* Assuming the 208,900 treasury shares as at 31 December 2013 are resold in the open market and 54,445,440 Rights Shares will be issued pursuant to the Rights Issue with Warrants.

7.2 NA and gearing

Based on the latest audited consolidated financial statements of the FIPB Group as at 31 December 2013, the proforma effects of the Rights Issue with Warrants on the consolidated NA and gearing of the Group are set out below:

	Audited as at 31 December 2013 (RM'000)	(I)	(II)	(III)
		After adjustment, Joint Venture and Diversification (RM'000)	After (I) and Rights Issue with Warrants and utilisation of proceeds (RM'000)	After (II) and assuming full exercise of the Warrants (RM'000)
Share capital	45,371	45,371	72,594	99,817
Share premium	368	368	⁽⁴⁾ 68	⁽⁶⁾ 18,034
Treasury shares	⁽²⁾ (87)	-	-	-
Retained earnings	37,986	⁽³⁾ 37,636	⁽⁵⁾ 35,453	35,453
Warrants reserve	-	-	⁽⁶⁾ 4,355	-
Exchange translation differences	(6,459)	(6,459)	(6,459)	(6,459)
Shareholders' funds/NA	77,179	76,916	106,011	146,845
Non-controlling interest	414	414	414	414
Total equity	77,593	77,330	106,425	147,259
No. of Shares ('000)	⁽¹⁾ 90,534	90,742	145,187	199,632
NA per Share (RM)	0.85	0.85	0.73	0.74
Total borrowings ⁽⁹⁾	9,259	9,259	⁽⁷⁾ 7,959	7,959
Gearing (times) ⁽⁹⁾	0.12	0.12	0.08	0.05

Notes:

- (1) Excluding the 208,900 treasury shares as at 31 December 2013.
- (2) Assuming the 208,900 treasury shares as at 31 December 2013 are resold in the open market at cost.
- (3) After deducting the expenses that are related to the Joint Venture and Diversification of RM350,000.
- (4) After deducting the incremental expenses that are directly attributable to the issuance of new Shares pursuant to the Rights Issue with Warrants of RM300,000.
- (5) After deducting the remaining expenses that are related to the Rights Issue with Warrants of RM550,000.

- (6) After the recognition of 54,445,440 Warrants to be issued at the theoretical fair value of RM0.08 per Warrant. (Source: Based on Black Scholes option pricing valuation method obtained from Bloomberg as at 28 January 2014, being the last trading date prior to the announcement of the Rights Issue with Warrants).
- (7) After the repayment of bank borrowings of RM1.3 million.
- (8) After adjusting for the full exercise of Warrants at the exercise price of RM0.75 and the reversal of warrant reserve upon exercise of the Warrants.
- (9) Assuming the Development Land cost amounting to RM115 million (after deducting the first payment of RM10 million from PDMSB to ASB upon execution of the JVA) are to be financed by bank borrowings, the effects on gearing is set out as follows:

	Audited as at 31 December 2013 (RM'000)	(I)	(II)	(III)
		After adjustment, Joint Venture and Diversification (RM'000)	After (I) and Proposed Rights Issue with Warrants and utilisation of proceeds (RM'000)	After (II) and assuming full exercise of the Warrants (RM'000)
Shareholders' fund/NA	77,179	76,916	106,011	146,845
Total borrowings	9,259	124,259	122,959	122,959
Gearing (times)	0.12	1.62	1.16	0.84

7.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have any material effect on the earnings of the FIPB Group for the FYE 31 December 2014.

However, the EPS of the Group will be diluted as a result of the increase in the number of FIPB Shares pursuant to the issuance of the Rights Shares under the Rights Issue with Warrants and as and when the Warrants are exercised into new FIPB Shares.

Notwithstanding the above, the proceeds from the Rights Issue with Warrants are expected to contribute positively to the earnings of the Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

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8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

The Board is of the opinion that after taking into account the amount to be raised from the Rights Issue with Warrants, the banking facilities available to the Group and current funds available, the Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus to meet its working capital requirements.

8.2 Borrowings

As at 31 May 2014²⁰¹⁴, the Group has total outstanding borrowings (all of which are interest bearing) of approximately RM18.4545 million, as follows:

	Total RM'000
Domestic borrowings	
Short term (payable within 12 months)	1,598
Long term (payable after 12 months)	10,621621
	12,219219
Foreign borrowings	
Short term (payable within 12 months)	4,750750
Long term (payable after 12 months)	1,483483
	6,233233
Total borrowings	18,452452

The foreign borrowings above are denominated in various currencies, but expressed in RM terms based on the corresponding exchange rates:

Currency	Amount of debt denominated in foreign currencies '000	Exchange rate	Amount of debt denominated in RM '000
USD	1,581	3.22	5,091091
VND	7,472,471471	0.0001533	1,142142
Total			6,233233

After having made all reasonable enquiries and to the best knowledge of the Board, there has been no event of default in respect of any borrowings from financial institutions pertaining to payments of either interest or principal sum throughout the past FYE 31 December 2013 and the subsequent financial period thereof up to the LPD.

8.3 Contingent liabilities

As at the LPD, the Board, after having made all reasonable enquiries, is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group.

8.4 Material commitments

As at the LPD, the Board, after having made all reasonable enquiries, is not aware of any material commitments incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group.

9. TERMS AND CONDITIONS

The issue of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying RSF, NPA and the Deed Poll.

10. FURTHER INFORMATION

Please refer to the attached Appendices for further information.

Yours faithfully
for and on behalf of the Board of
FURNWEB INDUSTRIAL PRODUCTS BERHAD




DATO' LIM HEEN PEOK
Independent Non-Executive Chairman

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF FIPB HELD ON 14 APRIL 2014

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)
(Incorporated in Malaysia)

**EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING OF
FURNIWEB INDUSTRIAL PRODUCTS BERHAD ("FIPB" or "Company")
HELD ON 14TH APRIL 2014**

CERTIFIED TRUE COPY

.....
LIM FEI CHIA, ACIS
(MAICSA 7036158)
Company Secretary
14 MAY 2014

RESOLVED: -

ORDINARY RESOLUTION 3

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 54,445,440 NEW ORDINARY SHARES OF RM0.50 EACH IN FIPB ("FIPB SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.55 PER RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING FIPB SHARES HELD TOGETHER WITH UP TO 54,445,440 FREE DETACHABLE NEW WARRANTS IN FIPB ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

THAT subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Board for the following:

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 54,445,440 Rights Shares at the issue price of RM0.55 per Rights Share on the basis of three (3) Rights Shares for every five (5) existing FIPB Shares held together with up to 54,445,440 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, to the shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, wherein each of Warrant shall carry the right to subscribe, subject to any adjustment in accordance with a deed poll ("Deed Poll") to be executed by the Company, at any time during the exercise period, for one (1) new FIPB Share at the exercise price of RM0.75;
- (ii) enter into the Deed Poll with full powers to assent to any condition, modification, revaluation, variation and/or amendments (if any) as the Board may deem fit, necessary and/or expedient or as may be imposed by the relevant authorities and to take all steps as it may consider necessary in order to implement, finalise and give full effect to the Deed Poll subject to all provisions and adjustments contained therein;
- (iii) to allot and issue such number of new FIPB Shares pursuant to the exercise of the Warrants, from time to time during the tenure of the Warrants in accordance with the provisions of the Deed Poll;
- (iv) to allot and issue such further Warrants and new FIPB Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/or as may be required from the relevant authorities;
- (v) to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the new FIPB Shares which may from time to time be allotted and issued upon exercise of the Warrants; and

...2/-

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF FIPB HELD ON 14 APRIL 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING OF FURNIWEB
INDUSTRIAL PRODUCTS BERHAD ("FIPB" or "Company") HELD ON 14TH APRIL 2014 (CONT'D)

-2-

- (vi) enter into any underwriting agreement(s) for the underwriting of any part of the Proposed Rights Issue with Warrants and/or the Rights Shares and all other documents, agreements and/or arrangements in connection with the underwriting of the Proposed Rights Issue with Warrants and/or the Rights Shares with such parties and upon such terms and conditions as the Board may deem fit.

THAT fractional entitlements of the Rights Shares and Warrants shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, in the best interest of the Company;

THAT the proceeds from the Proposed Rights Issue with Warrants be utilised for the purposes as set out in the Circular to Shareholders dated 31 March 2014, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approvals of the relevant authorities, where required, and provided that if, at any time after the announcement of the Entitlement Date, the Proposed JV is terminated, the amount earmarked by the Company for property development expenditure in respect of the Proposed JV and/or other future development of projects to be identified and/or repay any borrowings undertaken to fund such development shall not be utilised by the Company for any alternative purpose(s) until and unless the Board has identified an alternative property development or joint venture or other transaction to be undertaken and such development, joint venture or other transaction has (where required) been approved by the shareholders of the Company in general meeting;

THAT the Rights Shares and the new FIPB Shares arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing FIPB Shares, save and except that the new FIPB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the said new FIPB Shares;

THAT the Rights Shares and Warrants and new FIPB Shares to be issued pursuant to the exercise of the Warrants shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT the Board be and is hereby authorised to do all such acts, deed and things and execute, sign, deliver and cause to be delivered on behalf of the Company all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the interest of the Company or as may be required by the relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to do all such acts and things in any manner as it may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants;

...3/-


CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF FIPB HELD ON 14 APRIL 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)
EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING OF FURNIWEB
INDUSTRIAL PRODUCTS BERHAD ("FIPB" or "Company") HELD ON 14TH APRIL 2014 (CONT'D)

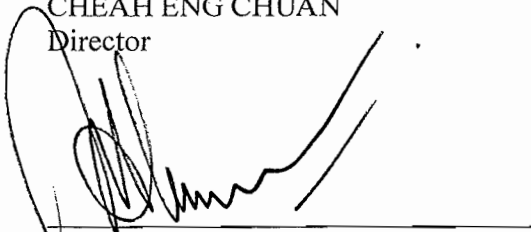
-3-

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants, additional Warrants pursuant to the adjustments under the Deed Poll and new FIPB Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.

CERTIFIED TRUE AND CORRECT



CHEAH ENG CHUAN
Director



LEE SIM HAK
Director

Dated this 14th April 2014

INFORMATION ON FIPB**1. HISTORY AND BUSINESS**

FIPB was incorporated on 13 March 2001 under the name of Furniweb Industrial Products Sdn. Bhd. The Company subsequently converted into a public company under its present name on 16 May 2002 and was listed on the Second Board of Bursa Securities on 16 October 2003. Pursuant to the merger of the Main Board and the Second Board of Bursa Securities, the Company was listed on the Main Market of Bursa Securities with effect from 3 August 2009.

FIPB is principally engaged in investment holding and provision of management services while the principal activities of its subsidiaries are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

The authorised share capital and the issued and paid-up share capital as at the LPD are as follows:

	No. of FIPB Shares	Par value RM	Amount RM
Authorised	200,000,000	0.50	100,000,000
Issued and fully paid-up	90,742,400	0.50	45,371,200

3. CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

There were no changes in the issued and paid-up share capital of FIPB for the last three (3) years up to the LPD.

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INFORMATION ON FIPB (Cont'd)

4. SUBSTANTIAL SHAREHOLDERS

The proforma effects of the Rights Issue with Warrants on the shareholdings of the substantial shareholders as at the LPD are set out as follows:

Substantial shareholder	(i)						(ii)(a)						(ii)(b)					
	As at the LPD			After adjustment			After (i) and assuming the Rights Shares with Warrants are fully subscribed for by Entitled Shareholders			After (i) and assuming that full subscription of 27,328,259 Rights Shares with Warrants by the Undertaking Shareholders			Direct			Indirect		
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Cheah Eng Chuan	13,670	15.10	-	-	13,670	15.06	-	-	21,871	15.06	-	-	26,971	18.58	-	-	-	-
Pacific Vintage Sdn Bhd	10,741	11.86	-	-	10,741	11.84	-	-	17,186	11.84	-	-	17,186	11.84	-	-	-	-
PMC Global Services Sdn Bhd	8,000	8.84	-	-	8,000	8.82	-	-	12,800	8.82	-	-	12,800	8.82	-	-	-	-
Wee Cheng Kwan	7,876	8.70	-	-	7,876	8.68	-	-	12,602	8.68	-	-	15,502	10.68	-	-	-	-
Dato' Lua Choon Hann	6,502	7.18	-	-	6,502	7.16	-	-	10,402	7.16	-	-	12,902	8.89	-	-	-	-

Substantial shareholder	(iii)(a)						(iii)(b)					
	After (ii)(a) and assuming full exercise of the Warrants			Indirect			After (ii)(b) and assuming full exercise of the Warrants			Indirect		
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Cheah Eng Chuan	30,073	15.06	-	-	40,273	20.17	-	-	-	-	-	-
Pacific Vintage Sdn Bhd	23,631	11.84	-	-	23,631	11.84	-	-	-	-	-	-
PMC Global Services Sdn Bhd	17,600	8.82	-	-	17,600	8.82	-	-	-	-	-	-
Wee Cheng Kwan	17,327	8.68	-	-	23,127	11.58	-	-	-	-	-	-
Dato' Lua Choon Hann	14,303	7.16	-	-	19,303	9.67	-	-	-	-	-	-

Note:

* Assuming the 208,900 treasury shares as at 31 December 2013 are resold in the open market at cost.

INFORMATION ON FIPB (Cont'd)

5. BOARD OF DIRECTORS

The particulars of the Directors are set out in the Corporate Information section of this Abridged Prospectus.

The proforma effects of the Rights Issue with Warrants on the shareholdings of the Directors based on the Register of Directors' Shareholdings as at the LPD as follows:

Director	(i)				(ii)(a)				(ii)(b)			
	As at the LPD		After adjustment		After (i) and assuming the Rights Shares with Warrants are fully subscribed for by Entitled Shareholders		After (i) and assuming that full subscription of 27,328,259 Rights Shares with Warrants by the Undertaking Shareholders		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Lim Heen Peok	34	0.04	34	0.04	54	0.04	54	0.04	54	0.04	-	-
Cheah Eng Chuan	13,670	15.10	13,670	15.06	21,871	15.06	26,971	18.58	26,971	18.58	-	-
Lee Sim Hak	1,876	2.07	1,876	2.07	3,001	2.07	3,001	2.07	3,001	2.07	-	-
Ong Lock Hoo	1,615	1.78	1,615	1.78	2,584	1.78	2,584	1.78	2,584	1.78	-	-
Dato' Lua Choon Hann	6,502	7.18	6,502	7.16	10,402	7.16	12,902	8.89	12,902	8.89	-	-
Wee Cheng Kwan	7,876	8.70	7,876	8.68	12,602	8.68	15,502	10.68	15,502	10.68	-	-
Dato' Hamzah bin Mohd Salleh	-	-	-	-	-	-	-	-	-	-	-	-
Lim Chee Hoong	40	0.04	40	0.04	64	0.04	64	0.04	64	0.04	56	0.04
Dato' Lee Chee Leong	20	0.02	20	0.02	32	0.02	32	0.02	32	0.02	-	-

Director	(iii)(a)				(iii)(b)			
	After (ii)(a) and assuming full exercise of the Warrants		After (ii)(b) and assuming full exercise of the Warrants		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Dato' Lim Heen Peok	75	0.04	75	0.04	-	-	-	-
Cheah Eng Chuan	30,073	15.06	40,273	20.17	40,273	20.17	-	-
Lee Sim Hak	4,127	2.07	4,127	2.07	4,127	2.07	-	-
Ong Lock Hoo	3,553	1.78	3,553	1.78	3,553	1.78	-	-
Dato' Lua Choon Hann	14,303	7.16	19,303	9.67	19,303	9.67	-	-
Wee Cheng Kwan	17,327	8.68	23,127	11.58	23,127	11.58	-	-
Dato' Hamzah bin Mohd Salleh	-	-	-	-	-	-	-	-
Lim Chee Hoong	88	0.04	88	0.04	88	0.04	77	0.04
Dato' Lee Chee Leong	44	0.02	44	0.02	44	0.02	-	-

Note:

* Assuming the 208,900 treasury shares as at 31 December 2013 are resold in the open market at cost.

INFORMATION ON FIPB (Cont'd)

6. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

FIPB's subsidiaries as at the LPD are as follows:

Company	Date and place of incorporation	Issued and paid-up capital	Effective equity interest %	Principal activities
Furniweb Manufacturing Sdn Bhd	3 October 1987/ Malaysia	RM5,827,500	100.00	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings
Texstrip Manufacturing Sdn Bhd	13 June 1988/ Malaysia	RM2,700,000	100.00	Manufacture and marketing of rubber strips and sheets
Webtex Trading Sdn Bhd	23 November 1984/ Malaysia	RM250,000	100.00	Trading of machinery and accessories and acts as commission agent
Premier Gesture Sdn Bhd	13 October 2001/ Malaysia	RM10	100.00	Investment holding
Furniweb (Vietnam) Shareholding Company	16 January 1997/ Vietnam	VND40,148,100,668	100.00	Manufacture and sale of upholstery webbings and covered elastic yarn
First Elastic Corporation (M) Sdn Bhd	29 December 1994/ Malaysia	RM2,490,000	100.00	Dormant
Subsidiaries of Furniweb Manufacturing Sdn Bhd				
Syarikat Sri Kepong Sdn Bhd	5 December 1974/ Malaysia	RM50,000	100.00	Property holding
Furniweb Safety Webbing Sdn Bhd	19 June 1996/ Malaysia	RM2,501,000	100.00	Manufacture and sale of safety webbings
Subsidiaries of Premier Gesture Sdn Bhd				
Valencia Glade Sdn Bhd	9 September 2013/ Malaysia	RM2	100.00	Property development
Premier De Muara Sdn Bhd	31 October 2013/ Malaysia	RM100	60.00	Property development

INFORMATION ON FIPB (Cont'd)

Company	Date and place of incorporation	Issued and paid-up capital	Effective equity interest %	Principal activities
Subsidiaries of Furniweb (Vietnam) Shareholding Company				
Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd. ("PEWA")	23 January 2002/ Vietnam	Paid up capital of USD2,100,000 (equivalent to VND35,809,080,762)	⁽¹⁾ 57.00	Manufacture and sale of narrow fabrics
Furnitech Components (Vietnam) Co. Ltd.	4 August 2004/ Vietnam	Paid up capital of USD2,250,000 (equivalent to VND35,860,688,027)	71.56	Manufacture and sale of metal components for furniture industry

Note:

(1) FIPB held the remaining 43.00% of the equity interest in PEWA.

The Group's jointly controlled entity as at the LPD is as follows:

Company	Date and place of incorporation	Issued and paid-up capital	Effective equity interest %	Principal activities
Trunet (Vietnam) Co Ltd	15 February 2001, Vietnam	Paid up capital USD300,000 (equivalent to VND4,502,395,000)	50.00	Manufacture and marketing of meat netting and rootball netting

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INFORMATION ON FIPB (Cont'd)
7. PROFIT RECORD

The summary of FIPB Group's audited consolidated financial results for the FYE 2011 to 2013 and the unaudited consolidated financial results for the three (3)-month FPE 31 March 2014 are set out below:

	<----- Audited ----->			Unaudited
	<----- FYE 31 December ----->			FPE 31 March
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	80,697	84,487	78,817	19,045
Gross profit	17,698	17,659	17,118	3,436
Other income	2,344	772	2,189	252
Distribution costs	(2,358)	(2,221)	(1,888)	(565)
Administrative expenses	(10,256)	(10,061)	(10,605)	(3,220)
Other expenses	(1,691)	(387)	(956)	(119)
Interest income	299	235	252	17
Finance costs	(1,093)	(815)	(483)	(110)
Share of profit of a jointly controlled entity	681	216	265	41
PBT/(LBT)	5,624	5,308	5,892	(268)
Tax expense	(791)	(1,295)	(1,206)	(199)
PAT/(LAT)	4,833	4,013	4,686	(467)
Attributable to:				
Owners of the Company	4,712	4,087	4,746	(451)
Non-controlling interests	121	(74)	(60)	(16)
	4,833	4,013	4,686	(467)
EBITDA	9,826	9,613	9,585	760
Weighted average number of Shares in issue ('000)	90,533	90,533	90,533	90,533
Basic EPS (sen)	5.21	4.51	5.24	(0.50)
Gross profit margin (%)	21.93	20.90	21.72	18.04
PBT/(LBT) margin (%)	6.97	6.28	7.48	(1.41)
PAT/(LAT) margin (%)	5.99	4.75	5.95	(2.45)
Dividend (sen)	2.50	3.00	⁽¹⁾ 1.50	-

Note:

(1) Subject to shareholder's approval at the forthcoming annual general meeting.

INFORMATION ON FIPB (Cont'd)

Commentaries on financial performance**FPE 31 March 2014**

The Group's unaudited consolidated revenue for FPE 30 March 2014 of RM19.0 million was RM0.2 million or 6.3% lower than the corresponding quarter of the preceding year of RM19.2 million. The Group recorded a LBT of RM0.3 million as compared to PBT of RM0.7 million in the corresponding quarter of the preceding year. This was mainly due to an increase in administrative expenses which was attributable to the expenses incurred pursuant to the Joint Venture and Diversification during the FPE 31 March 2014 and costs for setting up the property development division of the Group.

Revenue from the webbings, yarn and furniture components segment for the FPE 31 March 2014 of RM13.4 million was RM1.4 million or 9.5% lower than the RM14.8 million recorded in the corresponding quarter of the preceding year. The webbings, yarn and furniture components segment recorded a PBT of RM0.006 million which was RM1.1 million or lower than RM1.2 million recorded in the corresponding quarter of the preceding year. This is mainly due to the slow recovery of global economy which has prompted competitors to reduce prices in order to sustain market shares. This has resulted in the Group having to compete in prices for certain products in order to maintain its market position.

The rubber strips and fabrics segment recorded revenue of RM5.9 million in the FPE 31 March 2013, which was RM1.4 million or 31.1% higher than the RM4.5 million recorded in the corresponding quarter of the preceding year. The segment also reported a PBT of RM0.005 million for the quarter under review as compared to a LBT of RM0.4 million recorded in the corresponding quarter of the preceding year due to the relatively stable rubber prices and enhancement in production efficiency.

FYE 31 December 2013

The Group's consolidated revenue for FYE 31 December 2013 of RM78.8 million was RM5.7 million or 6.7% lower than the RM84.5 million recorded in the preceding financial year.

Despite the slight dip in revenue, the Group's 2013 PBT of RM5.9 million was RM0.6 million or 11.0% higher than the RM5.3 million reported for FYE 31 December 2012 mainly due to the turnaround of the rubber strips and fabrics segment and weakening of the Ringgit.

Revenue from the webbings, yarn and furniture components segment for the current financial year of RM57.0 million was RM7.2 million lower than the RM64.2 million recorded in the preceding financial year mainly due to the intense competition faced. In line with the lower revenue, the webbing, yarn and furniture components segment's PBT of RM5.3 million was RM1.5 million or 21.4% lower than the RM6.8 million recorded in the preceding financial year.

The rubber strips and fabrics segment's revenue of RM21.2 million for the current financial year which was RM1.0 million or 5.3% higher than the RM20.2 million recorded in FYE 31 December 2012. The segment reported a PBT of RM0.9 million as opposed to the preceding year's LBT of RM1.1 million, an improvement of RM2.0 million. The higher revenue generated from PEWA's expanded number of customer by 12% to 100, played a major role in ensuring the segment's first positive results after three (3) consecutive years of losses. The relatively stable raw materials prices during the financial year also contributed to the improved performance of the segment.

The Group's EPS for the financial year under review was 5.2 sen, 0.7 sen higher than the 4.5 sen recorded in FYE 31 December 2012.

INFORMATION ON FIPB (Cont'd)

FYE 31 December 2012

The Group posted revenue of RM84.5 million for FYE 31 December 2012, an increase of 4.7% from the preceding year's RM80.7 million. The Group's PBT however, took a slight dip of 5.6% at RM5.3 million compared to the RM5.6 million reported for the previous financial year. Earnings were eroded due to a combination of factors which include the Group selling at lower margins to maintain market position, the strengthening of the Ringgit against the USD and lower profit contribution from its jointly controlled entity, namely Trunet (Vietnam) Co Ltd.

Revenue from the webbings, yarn and furniture components segment for FYE 31 December 2012 of RM64.2 million was RM3.0 million or 5.0% higher than the RM61.2 million recorded in 2011. However, the segment's PBT of RM6.8 million for FYE 31 December 2012 was RM1.3 million lower than the RM8.1 million registered for the preceding year due to the lowering of margins to preserve the Group's position in the market.

The rubber strips and fabrics segment's revenue of RM20.2 million for FYE 31 December 2012 which was RM0.7 million or 3.6% higher than the RM19.5 million recorded in FYE 31 December 2011. The segment also reported a lower LBT of RM1.1 million as opposed to the preceding year's LBT of RM1.9 million, an improvement of 44.9%. Apart from recording higher revenue, the relatively stable raw materials prices during FYE 31 December 2012 also contributed to the improved performance of the segment. Nevertheless, PEWA remained loss making as the capacity utilisation was lower than expected due to a delay in actual sales.

The Group's EPS for the financial year under review was 4.5 sen, 0.7 sen lower than the 5.2 sen recorded in FYE 31 December 2011.

FYE 31 December 2011

The Group's consolidated revenue for FYE 31 December 2011 of RM80.7 million was RM1.3 million or 1.6% lower than the preceding year's revenue. The Group's 2011 PBT of RM5.6 million was however, RM2.7 million or 90.7% higher than the RM2.9 million reported for the previous year mainly due to the strengthening of the USD against the Ringgit. As the Group has a fair amount of inter-company balances owing from its Vietnamese subsidiaries to their Malaysian counterparts in USD, the strengthening of the USD against the Ringgit during the year resulted in minor net foreign exchange gain as opposed to the net foreign exchange loss of approximately RM3.2 million being recorded on these balances in 2010.

Revenue from the webbings, yarn and furniture components segment for FYE 31 December 2011 of RM61.2 million was RM1.2 million lower than the RM62.4 million recorded in the preceding financial year mainly due to the slowdown experience during the earlier part of 2011. Despite recording lower revenue for the year, the webbing, yarn and furniture components segment recorded PBT of RM8.1 million which was RM0.9 million or 13.7% higher than the RM7.2 million recorded in the previous year, primarily due to the effects of the appreciation of the USD against the Ringgit as mentioned above.

The rubber strips and fabrics segment was able to maintain its revenue at RM19.5 million despite the weak global growth. The segment's LBT for the financial year of RM1.9 million was RM0.3 million higher than the RM1.6 million loss recorded in FYE 31 December 2010 consequent to the continuous increase in rubber prices from late 2010 that resulted in a squeeze to the segment's margins.

The Group's EPS for the financial year under review was 5.2 sen, 2.1 sen higher than the 3.1 sen recorded in FYE 31 December 2010.

INFORMATION ON FIPB (Cont'd)**8. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of FIPB Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:

	Highest (RM)	Lowest (RM)
2013		
May	0.60	0.35
June	0.73	0.58
July	0.74	0.67
August	0.69	0.60
September	0.67	0.62
October	0.81	0.61
November	0.99	0.72
December	0.90	0.81
2014		
January	0.95	0.79
February	0.88	0.79
March	0.86	0.79
April	0.85	0.79
May	0.83	0.81

Last transacted price of FIPB Shares on 28 January 2014 (*being the Market Day immediately prior to the announcement of the Rights Issue with Warrants*) RM0.80

Last transacted price of FIPB Shares as at the LPD RM0.83

Last transacted price of FIPB Shares on 11 June 2014 (*being the Market Day immediately prior to the ex-date in respect of the Rights Issue with Warrants*) RM0.81

(Source: Bloomberg)

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INFORMATION ON THE PROJECT**1. BACKGROUND**

As at the date of the SA, PGSB was the sole shareholder of PDMSB, holding 51 PDMSB Shares. Pursuant to the terms of the SA, within 30 days from the date of execution of the JVA, PGSB shall subscribe for additional PDMSB Shares at par, such that PGSB's total equity interests in PDMSB shall equal 60%. ASB shall simultaneously subscribe for such number of PDMSB Shares at par, representing its remaining 40% equity interests. Hence, PDMSB shall increase its paid-up capital to RM100 and shall issue an additional 49 PDMSB Shares, whereby ASB shall subscribe for 40 PDMSB Shares and PGSB shall subscribe for 9 PDMSB Shares. Such subscription has been completed on 28 January 2014.

Pursuant to the terms of the JVA, PDMSB shall develop the Development Land into a proposed residential development comprising two (2) blocks of condominium consisting of 472 units, details of which are set out below.

2. DETAILS OF THE DEVELOPMENT LAND

The Development Land is located within Section 88, Town of Kuala Lumpur along Jalan Jelatek. It is sited on the left side of Jalan Jelatek, travelling from its intersection with Jalan Ampang towards Jalan Taman Setiawangsa. It is located about 300 metres due north-west of the intersection of Jalan Jelatek with Jalan Ampang. The exit to the Ampang-Kuala Lumpur Elevated Highway ("AKLEH") (an alternative access that provides direct and easy access to Jalan Sultan Ismail and Jalan Tun Razak) is located about 70 metres due north of the Development Land, whilst the Setiawangsa Interchange of the Duta-Ulu Kelang Expressway ("DUKE") is located about 2.4 kilometres to its north. The proposed direct linkage from Jalan Jelatek to Jalan Ampang Hilir/Desa Pandan is also located nearby.

Further details of the Development Land are as follows:

Title No.	: PN 45266
Lot No.	: 141 Section 88, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Land area	: 15,033 square metres (3.72 acres)
Registered owner	: ASB
Tenure	: Leasehold interest for a term of 99 years, expiring on 17 February 2108
Category of land use	: Building
Existing use	: Vacant land
Proposed use	: Residential development
Encumbrances	: Charge in favour of United Overseas Bank (Malaysia) Bhd ⁽¹⁾
Restriction-in-interest	: <i>"Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur"</i>

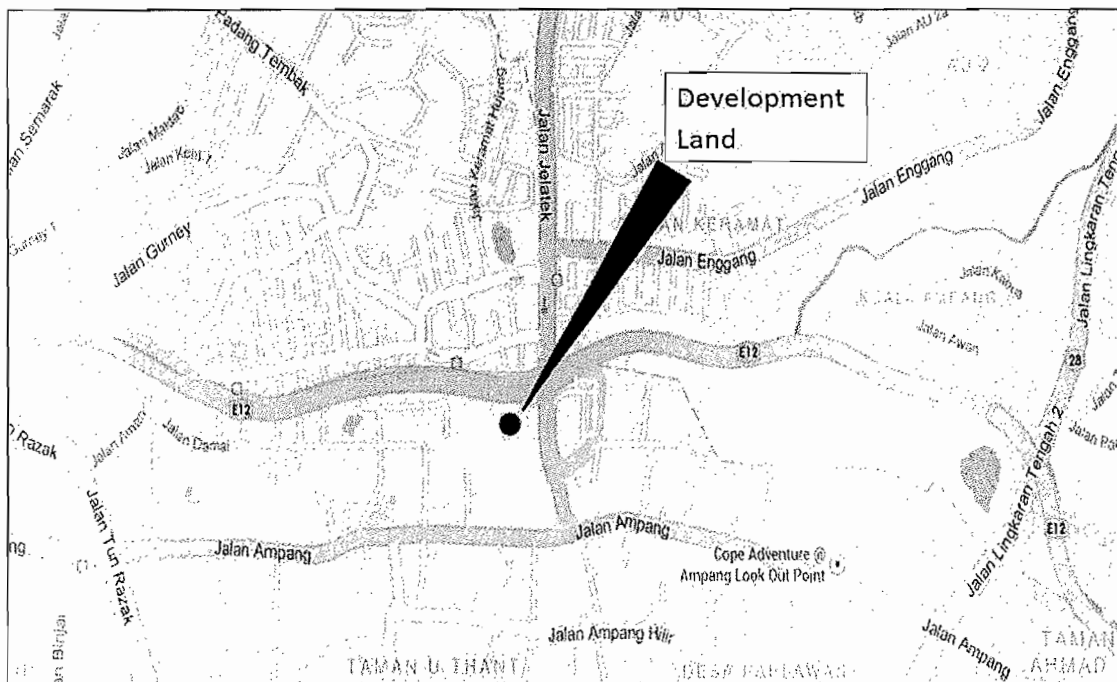
INFORMATION ON THE PROJECT (Cont'd)

Market value : RM145,630,000 as appraised by Azmi & Co (Shah Alam) Sdn Bhd (“Valuer”), an independent property valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, on 15 January 2014 based on the comparison method of valuation⁽²⁾

Notes:

- (1) Third party charge bearing presentation number 10280/2012 on 29 March 2012 as security for a banking facility of RM50,000,000 granted to ASB.
- (2) The Valuer has adopted one (1) method of valuation in accordance with generally accepted valuation approach practised by valuers for the valuation of properties rather than two (2) methods of valuation as required under the SC’s Asset Valuation Guidelines in view that the valuation report is for internal management purposes and not for the purpose of submission to Bursa Securities.

The location of the Development Land is depicted in the map below:



Note:

The illustration above does not belong to FIPB and its subsidiaries.

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INFORMATION ON THE PROJECT (Cont'd)**3. DETAILS OF THE PROJECT**

The Development Land is a regular shaped land having a land area of 15,033 square metres. The Project will entail the construction and development of two (2) blocks of mid to high end condominium comprising amongst others, thirty-eight (38) storey block A with 270 units, thirty-eight (38) storey block B with 202 units and four (4) levels of a total of 1,011 units of car park bay.

The Project is expected to be launched by the third (3rd) quarter of 2014 in two (2) development phases and has an estimated development period of four (4) years, details of which are set out as follows:

	Expected commencement period	Expected completion period
Phase 1	Third (3 rd) quarter of 2014	Third (3 rd) quarter of 2017
Phase 2	Third (3 rd) quarter of 2015	Third (3 rd) quarter of 2018

Based on the current proposed development plans, the estimated gross development value and gross development cost (inclusive of Development Land cost of RM125 million) of the Project is approximately RM560 million and RM380 million respectively, resulting in an expected gross development profit of approximately RM180 million. The gross development cost will be borne by PDMSB while PGSB and ASB are entitled to dividends/profits arising from the gross development profit in proportion to their respective shareholdings of 60%:40% in PDMSB.

The requisite approvals and permits required for the Project include, amongst others, development order from DBKL as well as advertising and sales permit and developer's license from the Ministry of Housing and Local Government.

As at 22 June 2014, approval-in-principle for the development order for the Project has been obtained. The premium for increasing the density of the residential development of the Project from 320 persons per acre to 480 persons per acre of RM2.86 million has been paid by ASB and the parties to the JVA are currently awaiting endorsement of the development order plan by DBKL.

4. PROSPECTS OF THE PROJECT

The Development Land is within four hundred (400) metres to the Jelatek station of Putra LRT, which is expected to enhance the marketability of the Project.

Nearby amenities and shopping complexes include Menara Great Eastern, Great Eastern Mall, Sayfol International School, Ampang Park shopping centre, Ampang Point shopping malls and integrated development of Kuala Lumpur City Centre ("KLCC"), comprising the Petronas Twin Towers, Menara ExxonMobil, Menara Maxis, Mandarin Oriental Hotel, Trader's Hotel, Suria KLCC shopping complex and Menara 3 Petronas. Recreational park in the vicinity include a 50-acre KLCC Park.

Due to its strategic location coupled with connectivity to key roads and highways such as Jalan Ampang, Ampang-Kuala Lumpur Elevated Highway, Duta-Ulu Kelang Expressway, Jalan Tun Razak and Middle Ring Road 2 highways as well as being in the heart of Kuala Lumpur city, the proposed development of the Project appears to be promising.

The Board having considered all relevant aspects of the Joint Venture and Diversification, including the aforementioned overview and outlook of the Malaysian economy, property sector as well as prospects of the Project, potential development profits and future earnings contribution to the Group, is of the opinion that the Joint Venture and Diversification could contribute positively to the future earnings of the Group.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2013 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER

(Prepared for inclusion in the Abridged Prospectus of Furniweb Industrial Products Berhad)

Date: 27 May 2014

The Board of Directors
Furniweb Industrial Products Berhad
Lot 1883, Jalan KPB 9,
Kg. Bharu Balakong,
43300 Seri Kembangan,
Selangor Darul Ehsan.

Dear Sir

FURNIWEB INDUSTRIAL PRODUCTS BERHAD ("FIPB" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2013. The Pro Forma Consolidated Statements of Financial Position which are set out in Appendix 1 (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus to be dated 16 June 2014 in connection with the renounceable rights issue of up to 54,445,440 new ordinary shares of RM0.50 each in FIPB ("FIPB Shares") ("Rights Shares") at an issue price of RM0.55 per Rights Share, on the basis of three (3) Rights Shares for every five (5) existing FIPB shares held together with up to 54,445,440 free detachable new warrants in FIPB ("Warrants") on the basis of one (1) warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined by the Board later ("Entitlement Date") ("Rights Issue with Warrants").

The applicable criteria on the basis on which the Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are described in Notes 3 and 4 of Appendix 1 and are specified in Appendix 4 of the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue with Warrants on the Audited Consolidated Statement of Financial Position of the Group as at 31 December 2013 had the Rights Issue with Warrants been effected at that date. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's Audited Consolidated Statement of Financial Position as at 31 December 2013.

The Director's Responsibility for the Pro Forma Consolidated Statements of Financial Position

It is the sole responsibility of the Directors of the Company to prepare the Pro Forma Consolidated Statements of Financial Position on the basis set out in Notes 3 and 4 of Appendix 1.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Our Responsibilities

It is our responsibility to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled by the Directors on the basis set out in Notes 3 and 4 of Appendix 1.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*", issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Notes 3 and 4 of Appendix 1.

For the purposes of this engagement, we are not responsible for updating or reissuing any report or opinion on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such report or opinion beyond that owed to those to whom those report or opinion were addressed by us at the dates of their issue.

The purpose of including the Pro Forma Consolidated Statements of Financial Position in the Abridged Prospectus of the Company is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in Notes 3 and 4 of Appendix 1, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Opinion

In our opinion:

- (i) the Pro Forma Consolidated Statements of Financial Position have been properly compiled on the basis set out in Notes 3 and 4 of Appendix 1, using the audited financial statements of the Group as at 31 December 2013 which are prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group except for the adoption of the new accounting policy as set out in Note 3 of Appendix 1; and
- (ii) the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

Other Matter

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. It is not to be reproduced, or used or relied upon or circulated, quoted or otherwise referred to for any other purposes, including but not limited to the sale and purchase of securities, nor is it to be filed with or referred to in whole or in part in the Abridged Prospectus or any other document without our prior written consent. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon this letter, other than for the Rights Issue with Warrants described above.

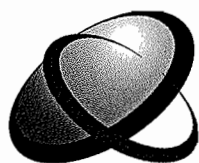
Yours faithfully,

BDO

BDO
AF: 0206
Chartered Accountants
Kuala Lumpur, Malaysia

Chan Wai Leng
2893/08/15(J)
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

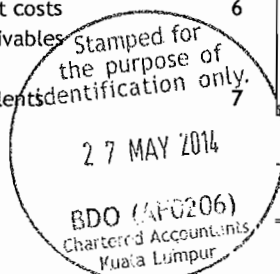
1. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of the Group, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only, in connection with the renounceable rights issue of up to 54,445,440 new ordinary shares of RM0.50 each in FIPB ("FIPB Shares") ("Rights Shares") at an issue price of RM0.55 per Rights Share, on the basis of three (3) Rights Shares for every five (5) existing FIPB shares held together with up to 54,445,440 free detachable new warrants in FIPB ("Warrants") on the basis of one (1) warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined by the Board later ("Entitlement Date") ("Rights Issue with Warrants").

The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Rights Issue with Warrants (including the effects of the full exercise of the Warrants) on the Audited Consolidated Statement of Financial Position of the Group as at 31 December 2013, had these transactions been effected on that date. Further such information does not purport to predict the Group's future financial position.

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited Consolidated Statement of Financial Position as at 31.12.2013 RM'000	Pro Forma I After Adjustment RM'000	Pro Forma II After Proforma I and Adjustment for the Rights Issue with Warrants and utilisation of proceeds RM'000	Pro Forma III After Pro Forma II and Adjustment for full exercise of Warrants RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	35,992	35,992	⁽³⁾ 37,147	37,147
Goodwill on consolidation		1,233	1,233	1,233	1,233
Investment in a jointly controlled entity		1,635	1,635	1,635	1,635
Deferred tax assets		20	20	20	20
Total non-current assets		38,880	38,880	40,035	40,035
CURRENT ASSETS					
Inventories		21,590	21,590	21,590	21,590
Property development costs	6	-	-	⁽⁶⁾ 26,640	26,640
Trade and other receivables		⁽⁴⁾ 25,648	25,648	25,648	25,648
Current tax assets		495	495	495	495
Cash and cash equivalents	7	10,457	10,194	10,194	51,028
Total current assets		58,190	57,927	84,567	125,401
TOTAL ASSETS		97,070	96,807	124,602	165,436



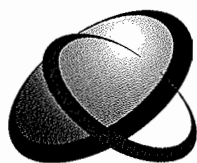
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Head Office Address : Lot 1883, Jalan KPBB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan. Malaysia.

Tel : 6-03-8961 2278 (Hunting Line) Fax : 6-03-8961 2340, 89612826

E-mail Add : general@furniweb.com.my Website: http://www.furniweb.com.my

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

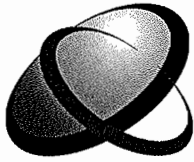
2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

EQUITY AND LIABILITIES	Note	Audited Consolidated Statement of Financial Position as at 31.12.2013	Pro Forma I After Adjustment	Pro Forma II After Proforma I and Adjustment for the Rights Issue with Warrants and utilisation of proceeds	Pro Forma III After Pro Forma II and Adjustment for full exercise of Warrants
		RM'000	RM'000	RM'000	RM'000
<p>EQUITY AND LIABILITIES</p> <p>Equity attributable to owners of the parent</p>					
Share capital	9	45,371	45,371	72,594	99,817
Share premium	9	368	368	⁽⁷⁾ 68	⁽¹¹⁾ 18,034
Treasury shares	9	(87)	⁽²⁾ -	-	-
Retained earnings	9	37,986	⁽⁵⁾ 37,636	^{(8),(9)} 35,453	35,453
Warrants reserve	9	-	-	⁽⁹⁾ 4,355	-
Translation reserve		(6,459)	(6,459)	(6,459)	(6,459)
		77,179	76,916	106,011	146,845
Non-controlling interest		414	414	414	414
TOTAL EQUITY		77,593	77,330	106,425	147,259
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings		3,642	3,642	3,642	3,642
Deferred tax liabilities		1,144	1,144	1,144	1,144
Total non-current liabilities		4,786	4,786	4,786	4,786
CURRENT LIABILITIES					
Trade and other payables		8,723	8,723	8,723	8,723
Borrowings	8	5,617	5,617	⁽¹⁰⁾ 4,317	4,317
Current tax liabilities		351	351	351	351
Total current liabilities		14,691	14,691	13,391	13,391
TOTAL LIABILITIES		19,477	19,477	18,177	18,177
TOTAL EQUITY AND LIABILITIES		97,070	96,807	124,602	165,436
Number of ordinary shares ('000)		⁽¹⁾ 90,534	90,742	145,187	199,632
Net Assets (RM'000)		77,179	76,916	106,011	146,845
Net Assets per ordinary share (RM)		0.85	0.85	0.73	0.74

Note:

- (1) Excluding the 208,900 Treasury Shares as at 31 December 2013.
- (2) Assuming the 208,900 Treasury Shares as at 31 December 2013 are resold in the open market at cost.
- (3) Factory expansion of Furnitech Components (Vietnam) Co Ltd, a 71.56% owned subsidiary of FIPB.
- (4) Included a refundable sum of RM10,000,000 paid upon signing of joint venture agreement in relation to the proposed residential development project pursuant to the JV Agreement dated 31 December 2013 ("Proposed JV").
- (5) After deducting the expenses that are related to the Proposed Diversification and Proposed JV of RM350,000.
- (6) Property development expenditure in respect of the Proposed JV and/or other future development of projects to be identified.
- (7) After deducting the incremental expenses that are directly attributable to the issuance of new FIPB Shares pursuant to the Rights Issue with Warrants of RM300,000.
- (8) After deducting the balance of expenses that are related to the Rights Issue with Warrants of RM550,000.
- (9) After the recognition of 54,445,440 Warrants to be issued at the theoretical fair value of RM0.08 per Warrant.
- (10) Repayment of bank borrowings.
- (11) After adjusting for the full exercise of the Warrants at the exercise price of RM0.75 per Warrant and the reversal of the warrant reserve upon exercise of the Warrants.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co.No. 541706-V)

Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

3. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the Audited Consolidated Financial Statements of the Group as at 31 December 2013 prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group except for the adoption of the new accounting policy as set out as below.

WARRANTS RESERVE

Proceeds from warrants which are issued at a value, are credited to a warrants reserve. Warrants reserve is non-distributable, and is transferred to the share premium account upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Pro Forma I

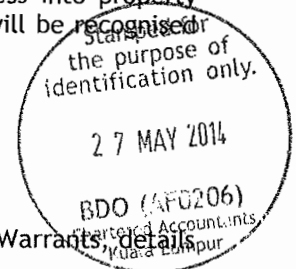
Pro Forma I incorporates the effects of the Audited Consolidated Statement of Financial Position as at 31 December 2013 and property development expenditure in respect of the proposed residential development project pursuant to the Joint Venture Agreement dated 31 December 2013 ("Proposed JV") and assumes the Treasury Shares as at 31 December 2013 are resold in the open market at cost. The adjustments reflect the following:

- a. the expenses to be incurred for the diversification of the Group's business into property development ("Proposed Diversification") and Proposed JV of RM350,000 will be recognised in profit or loss.
- b. the 208,900 Treasury Shares amounting to RM87,000 will be fully reduced.

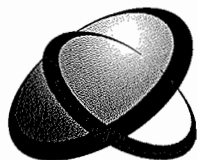
4.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Rights Issue with Warrants, details of which are stated in Note 1 above. The adjustments reflect the following:

- a. the issuance of 54,445,440 Rights Issue with Warrants will result in gross proceeds of RM29,945,000.
- b. the recognition of RM27,223,000, RM4,355,000 and RM1,633,000 in the share capital, warrants reserve and retained earnings accounts respectively, arising from 4.2(a) above.
- c. the estimated expenses to be incurred, arising from 4.2(a) above of RM550,000 will be recognised in profit or loss and the remaining estimated expenses of RM300,000 will be deducted from the share premium account.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

4.2 Pro Forma II (Cont'd)

(1) The theoretical fair value of RM0.08 per Warrant is determined using the Black-Scholes option pricing model. The fair value of RM0.08 per Warrant is estimated based on the following assumptions:

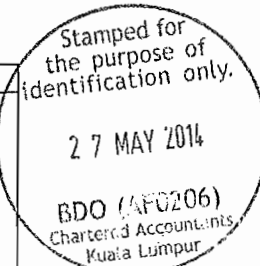
(i) Share price	RM0.73 per Share
(ii) Exercise price	RM0.75 per Warrant
(iii) Tenure	5 years
(iv) Risk free interest rate	4.25%
(v) Standard deviation	16.23%

The gross proceeds from the Rights Issue with Warrants are expected to be utilised in the following manner:-

	RM'000
Property development expenditure in respect of the Proposed JV and/or other future development of projects to be identified and/or repay any borrowings undertaken to fund such development	26,640
Factory expansion of Furnitech Components (Vietnam) Co., Ltd., a 71.56% owned subsidiary of FIPB	1,155
Repayment of bank borrowings	1,300
Estimated expenses in relation to the Rights Issue with Warrants	850
	29,945

(2) The estimated expenses in relation to the Rights Issue with Warrants are as follows:

	RM'000
Estimated professional fees	455
Estimated fees payable to the relevant authorities	160
Estimated printing cost and miscellaneous expenses	95
Estimated incremental expenses that are directly attributable to the issuance of new FIPB Shares	140
	850



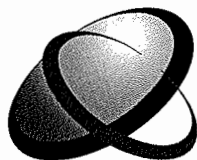
4.3 Pro Forma III

Pro Forma III incorporates the cumulative effects of the Pro Forma II and assumes the full exercise of 54,445,440 Warrants by FIPB subscribed at the exercise price of RM0.75 per Warrants for 54,445,440 new FIPB Shares. The adjustments reflect the following:

- the full exercise of 54,445,440 Warrants by FIPB will result in cash proceeds of RM40,834,000.
- The recognition of RM27,223,000 and RM17,966,000 in the share capital and share premium accounts respectively, arising from 4.3(a) above.

iv

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

5. PROPERTY, PLANT AND EQUIPMENT

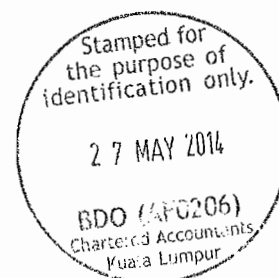
The movements of property, plant and equipment are as follows:

	RM'000
As at 31 December 2013/ As per Pro Forma I	35,992
Adjustment for Pro Forma II	
- Utilisation of proceeds arising from Rights Issue with Warrants for factory expansion	1,155
As per Pro Forma II/ As per Pro Forma III	<u>37,147</u>

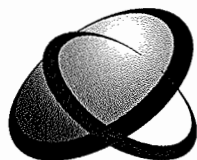
6. PROPERTY DEVELOPMENT COSTS

The movements of property development costs are as follows:

	RM'000
As at 31 December 2013/ As per Pro Forma I	-
Adjustment for Pro Forma II	
- Utilisation of proceeds arising from Right Issue with Warrants for property development expenditure	26,640
As per Pro Forma II/ As per Pro Forma III	<u>26,640</u>



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

7. CASH AND CASH EQUIVALENTS

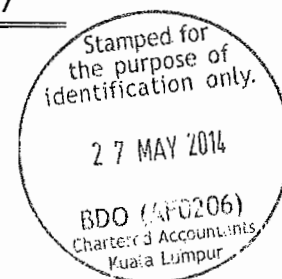
The movements of cash and cash equivalents are as follows:

	RM'000
As at 31 December 2013	10,457
Adjustment for Pro Forma I	
- Expenses incurred in relation to the Proposed Diversification and Proposed JV	(350)
- Sale of treasury shares	87
	<u>(263)</u>
As per Pro Forma I/ As per Pro Forma II	10,194
Adjustment for Pro Forma III	
- Full exercise of Warrants	40,834
	<u>40,834</u>
As per Pro Forma III	<u><u>51,028</u></u>

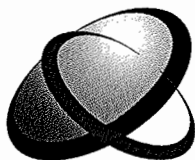
8. BORROWINGS

The movements of borrowings are as follows:

	RM'000
As at 31 December 2013/ As per Pro Forma I	5,617
Adjustment for Pro Forma II	
- Utilisation of proceeds arising from Right Issue with Warrants for repayment of borrowings	(1,300)
	<u>(1,300)</u>
As per Pro Forma II/ As per Pro Forma III	<u><u>4,317</u></u>



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co.No. 541706-V)

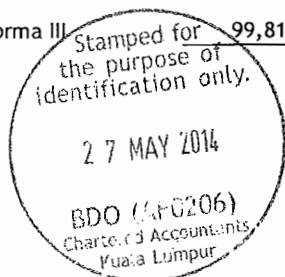
Appendix 1 (Cont'd)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

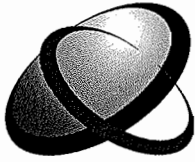
9. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

The movements of the issued and paid-up share capital, share premium, and other reserves of the FIPB Group are as follows:-

	Share capital	Share premium	Treasury shares	Retained earnings	Warrants reserve	Exchange translation reserve	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Audited Consolidated Statements of financial Position as at 31.12.2013	45,371	368	(87)	37,986	-	(6,459)	414	77,593
Adjustments for Pro Forma I:								
Expenses incurred in relation to the Proposed Diversification and Proposed JV	-	-	-	(350)	-	-	-	(350)
Sale of treasury shares	-	-	87	-	-	-	-	87
	-	-	87	(350)	-	-	-	(263)
As per Pro Forma I	45,371	368	-	37,636	-	(6,459)	414	77,330
Adjustments for Pro Forma II:								
Rights Issue with Warrants	27,223	-	-	(1,633)	4,355	-	-	29,945
Estimated expenses to be incurred in relation to the Rights Issue with Warrants	-	(300)	-	(550)	-	-	-	(850)
	27,223	(300)	-	(2,183)	4,355	-	-	29,095
As per Pro Forma II	72,594	68	-	35,453	4,355	(6,459)	414	106,425
Adjustments for Pro Forma III:								
Full exercise of Warrants	27,223	17,966	-	-	(4,355)	-	-	40,834
As per Pro Forma III	99,817	18,034	-	35,453	-	(6,459)	414	147,259



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF FIPB AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(Cont'd)



芬尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Appendix 1 (Cont'd)

APPROVAL BY THE BOARD OF DIRECTORS OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2013 IN CONNECTION WITH THE RIGHTS ISSUE WITH WARRANTS.

We, on behalf of the Board of Directors hereby approve and adopt the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2013 in connection with the Rights Issue with Warrants.

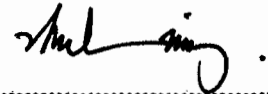
CHEAH ENG CHUAN
MANAGING DIRECTOR
FURNIWEB INDUSTRIAL PRODUCTS BERHAD

LEE SIM HAK
EXECUTIVE DIRECTOR
FURNIWEB INDUSTRIAL PRODUCTS BERHAD



**AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER
2013 TOGETHER WITH THE AUDITORS' REPORT THEREON**

Certified True Copy



.....
BDO
Chan Wai Leng
2893/08/15 (J)
Partner

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706 – V)
(Incorporated in Malaysia)

**DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
31 DECEMBER 2013**

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

<u>CONTENTS</u>	<u>PAGE</u>
DIRECTORS' REPORT	1 - 6
STATEMENT BY DIRECTORS	7
STATUTORY DECLARATION	7
INDEPENDENT AUDITORS' REPORT	8 - 10
STATEMENTS OF FINANCIAL POSITION	11 - 12
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13 - 14
STATEMENTS OF CHANGES IN EQUITY	15 - 18
STATEMENTS OF CASH FLOWS	19 - 20
NOTES TO THE FINANCIAL STATEMENTS	21 - 92
SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES	93

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

1

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)
DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	<u>4,686</u>	<u>11,509</u>
Attributable to:		
Owners of the parent	4,746	11,509
Non-controlling interests	<u>(60)</u>	<u>-</u>
	<u>4,686</u>	<u>11,509</u>

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 December 2012:	
Final tax exempt dividend of 3.0 sen per ordinary share, paid on 17 July 2013	<u>2,716</u>

The Directors proposed a final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2013. The amount to be paid is dependent on the number of issued and paid up ordinary shares of the Company as at entitlement date subject to the members approving the Proposed Rights Issue with Warrants as disclosed in Note 33(b) to the financial statements at the Extraordinary General Meeting to be held on 14 April 2014 and subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the shareholders, will be accounted for as an appropriation of retained earnings in the next financial year.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

The members of the Company, by a special resolution passed at the Extraordinary General Meeting held on 27 June 2005 authorised the Company's plan to purchase its own shares. The authority granted by the members was subsequently renewed during the subsequent Annual General Meetings of the Company, including the last meeting held on 27 June 2013. The Directors of the Company are committed to enhancing the value of the Company to its members and believe that the repurchase plan can be applied in the best interest of the Company and its members.

The Company has the right to retain, cancel, resell these shares and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 90,742,400 (2012: 90,742,400) issued and fully paid ordinary shares of RM0.50 each as at 31 December 2013, 208,900 (2012: 208,900) ordinary shares of RM0.50 each bought for RM87,000 (2012: RM87,000) are held as treasury shares by the Company.

The number of outstanding ordinary shares of RM0.50 each in issue after deducting the treasury shares is 90,533,500 (2012: 90,533,500) as at 31 December 2013.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who held for office since the date of the last report are:

Dato' Lim Heen Peok	
Cheah Eng Chuan	
Lee Sim Hak	
Ong Lock Hoo	
Dato' Hamzah Bin Mohd Salleh	
Lim Chee Hoong	
Dato' Lee Chee Leong	(Appointed on 5 August 2013)
Wee Cheng Kwan	(Appointed on 5 August 2013)
Dato' Lua Choon Hann	(Appointed on 1 November 2013)
Chua Carmey	(Resigned on 7 June 2013)
Dato' Haji Johar Bin Murat @ Murad	(Retired on 27 June 2013)

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

3

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.50 each			Balance as at 31.12.2013
	Balance as at 1.1.2013/ *date of appointment	Bought	Sold	
<u>Direct interests</u>				
The Company				
Dato' Lim Heen Peok	34,000	-	-	34,000
Cheah Eng Chuan	25,763,549	-	(12,093,950)	13,669,599
Lee Sim Hak	5,566,426	796,138	(4,486,800)	1,875,764
Ong Lock Hoo	7,615,038	-	(6,000,000)	1,615,038
Lim Chee Hoong	40,000	-	-	40,000
Dato' Lee Chee Leong	-	20,000	-	20,000
Wee Cheng Kwan	7,429,900*	391,100	-	7,821,000
Dato' Lua Choon Hann	-	6,441,500	-	6,441,500

By virtue of his interests in the ordinary shares of the Company, Cheah Eng Chuan is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

The deemed interests in the ordinary shares of the non-wholly owned subsidiary, held by Cheah Eng Chuan during the financial year ended 31 December 2013 is as follows:

	Contributed capital (USD)			Balance as at 31.12.2013
	Balance as at 1.1.2013	Bought	Sold	
<u>Indirect interests</u>				
Subsidiary				
Furnitech Components (Vietnam) Co. Ltd.				
Cheah Eng Chuan	1,610,101	-	-	1,610,101

By virtue of his interests in the ordinary shares of the Company, Cheah Eng Chuan is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

The other Director holding office at the end of the financial year did not hold any interest in the ordinary shares of the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

4

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for:
 - (i) impairment loss on goodwill on consolidation of RM691,000 of the Group as disclosed in Note 23 to the financial statements;
 - (ii) impairment losses on investment in subsidiaries of RM611,000 of the Company as disclosed in Note 23 to the financial statements; and
 - (iii) fair value adjustment on loans to subsidiaries of RM918,000 of the Company as disclosed in Note 23 to the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

5

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 32 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 33 to the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

6

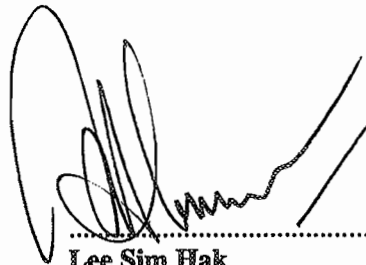
AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.



.....
Cheah Eng Chuan
Director



.....
Lee Sim Hak
Director

Kuala Lumpur
10 April 2014

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

7

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

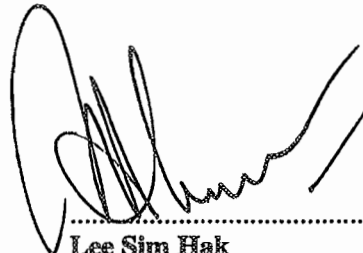
In the opinion of the Directors, the financial statements set out on pages 11 to 92 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements on page 93 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,



.....
Cheah Eng Chuan
Director



.....
Lee Sim Hak
Director

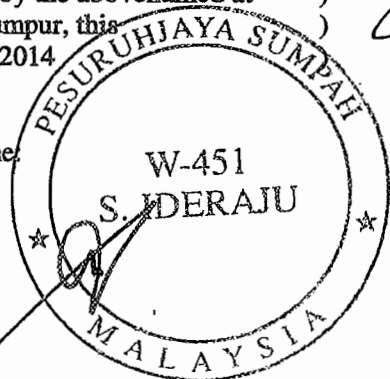
Kuala Lumpur
10 April 2014

STATUTORY DECLARATION

I, Cheah Eng Chuan, being the Director primarily responsible for the financial management of Furniweb Industrial Products Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur, this
10 April 2014

Before me,



Suite 5.1A, 5th Flr., Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

8



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www.bdo.my

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1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FURNIWEB INDUSTRIAL PRODUCTS BERHAD****Report on the Financial Statements**

We have audited the financial statements of Furniweb Industrial Products Berhad, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 92.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

9

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FURNIWEB INDUSTRIAL PRODUCTS BERHAD (continued)****Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

10



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FURNIWEB INDUSTRIAL PRODUCTS BERHAD (continued)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
10 April 2014

A handwritten signature in black ink, appearing to read 'Chan Wai Leng'.

Chan Wai Leng
2893/08/15 (J)
Chartered Accountant

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

11

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	35,992	38,046	-	-
Goodwill on consolidation	8	1,233	1,924	-	-
Investment in subsidiaries	9	-	-	41,742	42,353
Investment in a joint venture	10	1,635	1,390	-	-
Amounts owing by subsidiaries	13	-	-	10,020	4,669
Deferred tax assets	11	20	27	-	-
		38,880	41,387	51,762	47,022
Current assets					
Inventories	12	21,590	20,566	-	-
Trade and other receivables	13	25,648	14,710	10,402	4,409
Current tax assets		495	500	-	-
Cash and bank balances	14	10,457	17,241	1,902	2,094
		58,190	53,017	12,304	6,503
TOTAL ASSETS		97,070	94,404	64,066	53,525
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	45,371	45,371	45,371	45,371
Treasury shares	15	(87)	(87)	(87)	(87)
Reserves	16	31,895	28,395	12,565	3,772
		77,179	73,679	57,849	49,056
Non-controlling interests		414	448	-	-
TOTAL EQUITY		77,593	74,127	57,849	49,056

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

12

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	3,642	6,098	1,513	2,059
Amount owing to a subsidiary	19	-	-	1,626	1,582
Deferred tax liabilities	11	1,144	1,239	-	-
		4,786	7,337	3,139	3,641
Current liabilities					
Trade and other payables	19	8,723	8,546	2,380	146
Borrowings	17	5,617	3,896	698	650
Current tax liabilities		351	498	-	32
		14,691	12,940	3,078	828
TOTAL LIABILITIES		19,477	20,277	6,217	4,469
TOTAL EQUITY AND LIABILITIES		97,070	94,404	64,066	53,525

The accompanying notes form an integral part of the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

13

FURNIWEB INDUSTRIAL PRODUCTS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	22	78,817	84,487	12,777	3,343
Cost of sales		<u>(61,699)</u>	<u>(66,918)</u>	<u>-</u>	<u>-</u>
Gross profit		17,118	17,569	12,777	3,343
Other income		2,189	772	513	-
Distribution costs		(1,888)	(2,221)	-	-
Administrative expenses		(10,605)	(10,061)	(437)	(439)
Other expenses		(956)	(387)	(1,529)	(273)
Interest income		252	235	262	234
Finance costs		(483)	(815)	(76)	(89)
Share of profit of a joint venture	10	<u>265</u>	<u>216</u>	<u>-</u>	<u>-</u>
Profit before tax	23	5,892	5,308	11,510	2,776
Tax expense	24	<u>(1,206)</u>	<u>(1,295)</u>	<u>(1)</u>	<u>-</u>
Profit for the financial year		4,686	4,013	11,509	2,776
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		1,407	(853)	-	-
Share of other comprehensive income/(loss) of a joint venture		<u>89</u>	<u>(44)</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>6,182</u>	<u>3,116</u>	<u>11,509</u>	<u>2,776</u>
Profit/(Loss) attributable to:					
Owners of the parent		4,746	4,087	11,509	2,776
Non-controlling interests		<u>(60)</u>	<u>(74)</u>	<u>-</u>	<u>-</u>
		<u>4,686</u>	<u>4,013</u>	<u>11,509</u>	<u>2,776</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6,216	3,208	11,509	2,776
Non-controlling interests		<u>(34)</u>	<u>(92)</u>	<u>-</u>	<u>-</u>
		<u>6,182</u>	<u>3,116</u>	<u>11,509</u>	<u>2,776</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

14

FURNIWEB INDUSTRIAL PRODUCTS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

	Note	2013 sen	Group 2012 sen
Earnings per ordinary share attributable to owners of the parent:			
- Basic and diluted	25	<u>5.24</u>	<u>4.51</u>
Dividend per ordinary share in respect of the financial year (sen):			
- Final tax exempt dividend (paid)	26	-	3.00
- Final single tier dividend (proposed)	26	<u>1.50</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

15

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Group	Note	Non-distributable				Distributable		Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation differences RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000			
Balance as at 1 January 2012		45,371	368	(7,050)	(87)	34,132	72,734	540	73,274	
Profit for the financial year		-	-	-	-	4,087	4,087	(74)	4,013	
Foreign currency translations, net of tax		-	-	(835)	-	-	(835)	(18)	(853)	
Share of other comprehensive loss of a joint venture, net of tax		-	-	(44)	-	-	(44)	-	(44)	
Total comprehensive income		-	-	(879)	-	4,087	3,208	(92)	3,116	
Transaction with owners										
Dividend paid	26	-	-	-	-	(2,263)	(2,263)	-	(2,263)	
Total transaction with owners		-	-	-	-	(2,263)	(2,263)	-	(2,263)	
Balance as at 31 December 2012		45,371	368	(7,929)	(87)	35,956	73,679	448	74,127	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

16

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

Group	Note	<-----Non-distributable----->				Distributable		Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation differences RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000			
Balance as at 1 January 2013		45,371	368	(7,929)	(87)	35,956	73,679	448	74,127	
Profit for the financial year		-	-	-	-	4,746	4,746	(60)	4,686	
Foreign currency translations, net of tax		-	-	1,381	-	-	1,381	26	1,407	
Share of other comprehensive income of a joint venture, net of tax		-	-	89	-	-	89	-	89	
Total comprehensive income		-	-	1,470	-	4,746	6,216	(34)	6,182	
Transaction with owners										
Dividend paid	26	-	-	-	-	(2,716)	(2,716)	-	(2,716)	
Total transaction with owners		-	-	-	-	(2,716)	(2,716)	-	(2,716)	
Balance as at 31 December 2013		45,371	368	(6,459)	(87)	37,986	77,179	414	77,593	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

17

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2012		45,371	368	(87)	2,891	48,543
Profit for the financial year		-	-	-	2,776	2,776
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	2,776	2,776
Transaction with owners						
Dividend paid	26	-	-	-	(2,263)	(2,263)
Total transaction with owners		-	-	-	(2,263)	(2,263)
Balance as at 31 December 2012		45,371	368	(87)	3,404	49,056

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

18

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

Company	Note	Share capital RM'000	Non-distributable Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2013		45,371	368	(87)	3,404	49,056
Profit for the financial year		-	-	-	11,509	11,509
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	11,509	11,509
Transaction with owners		-	-	-	(2,716)	(2,716)
Dividend paid	26	-	-	-	(2,716)	(2,716)
Total transaction with owners		-	-	-	(2,716)	(2,716)
Balance as at 31 December 2013		45,371	368	(87)	12,197	57,849

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

19

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,892	5,308	11,510	2,776
Adjustments for:					
Depreciation of property, plant and equipment	7	3,462	3,725	-	-
Fair value adjustment on loans to subsidiaries		-	-	918	113
Inventories written down	12	822	337	-	-
Impairment losses on:					
- goodwill on consolidation	8	691	-	-	-
- trade receivables	13(g)	24	9	-	-
- investment in subsidiaries	9(a)	-	-	611	-
Finance costs		483	815	76	89
Gain on disposals of:					
- property, plant and equipment (net)		(7)	(5)	-	-
- short term investments		-	(1)	-	-
Gross dividend income from subsidiaries	22	-	-	(12,777)	(3,343)
Interest income		(252)	(235)	(262)	(234)
Reversal of inventories written down	12	(175)	(57)	-	-
Share of profit of a joint venture	10	(265)	(216)	-	-
Net unrealised foreign exchange (gain)/loss		(476)	142	(326)	127
Operating profit/(loss) before changes in working capital		10,199	9,822	(250)	(472)
Increase in inventories		(987)	(1,260)	-	-
(Increase)/Decrease in trade and other receivables		(10,402)	603	(6)	3
(Decrease)/Increase in trade and other payables		(117)	(615)	(66)	62
Cash generated (used in)/from operations		(1,307)	8,550	(322)	(407)
Tax refunded		98	347	41	-
Tax paid		(1,542)	(1,255)	(73)	-
Net cash (used in)/from operating activities		(2,751)	7,642	(354)	(407)

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

20

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	7	(476)	(1,720)	-	-
Advances to:					
- subsidiaries (net)		-	-	(4,784)	(704)
- a joint venture		-	(114)	-	-
Dividends received from a joint venture		109	238	-	-
Dividends received from subsidiaries		-	-	8,120	3,366
Interest received		252	235	262	234
Proceeds from disposals of:					
- property, plant and equipment		7	190	-	-
- short term investments		-	113	-	-
Withdrawals of pledged deposits		-	137	-	-
Deposits placed with financial institutions with original maturity of more than three (3) months	14	(23)	-	-	-
Net cash (used in)/from investing activities		(131)	(921)	3,598	2,896
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the parent	26	(2,716)	(2,263)	(2,716)	(2,263)
Interest paid		(483)	(815)	(76)	(89)
Drawdowns of borrowings		5,536	7,167	-	51
Repayments of borrowings		(6,546)	(11,920)	(650)	(562)
Repayments of hire purchase creditors		(66)	(97)	-	-
Net cash used in financing activities		(4,275)	(7,928)	(3,442)	(2,863)
Net decrease in cash and cash equivalents		(7,157)	(1,207)	(198)	(374)
Effects of exchange rate changes		318	(196)	6	(11)
Cash and cash equivalents as at beginning of financial year		17,241	18,644	2,094	2,479
Cash and cash equivalents as at end of financial year	14	10,402	17,241	1,902	2,094

The accompanying notes form an integral part of the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

21

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS**
31 DECEMBER 2013**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1883, Jalan KP9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in a joint venture. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 11 to 92 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 34 to the financial statements set out on page 93 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

22

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

23

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.2 Basis of consolidation (continued)**

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

24

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.3 Business combination**

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value, or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

25

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combination (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Long-term leasehold land	60 - 99 years
Buildings	2% - 12.5%
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

26

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.4 Property, plant and equipment and depreciation (continued)**

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase**(a) Finance leases and hire purchase**

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

27

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.5 Leases and hire purchase (continued)****(c) Leases of land and buildings (continued)**

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

4.6 Investments**(a) Subsidiaries**

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost, less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

28

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.6 Investments (continued)****(b) Joint arrangements (continued)****Joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (i) The structure of the joint arrangement;
- (ii) The legal form of joint arrangements structured through a separate vehicle;
- (iii) The contractual terms of the joint arrangement agreement; and
- (iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4.7 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

29

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.7 Goodwill (continued)**

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a joint venture), deferred tax assets and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

30

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.8 Impairment of non-financial assets (continued)**

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average cost formula. The cost of consumables and raw materials comprises all costs of purchase plus cost of bringing the inventories to their existing location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

31

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Financial instruments (continued)****(a) Financial assets**

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

32

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Financial instruments (continued)****(a) Financial assets (continued)****(iv) Available-for-sale financial assets**

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statements, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

33

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Financial instruments (continued)****(b) Financial liabilities**

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

34

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Financial instruments (continued)****(b) Financial liabilities (continued)**

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

35

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Financial instruments (continued)****(c) Equity (continued)**

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Held-to-maturity investment and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investment and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investment is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

36

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.11 Impairment of financial assets****(b) Available-for-sale financial assets**

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised to profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries or a joint venture on distributions to the Group and the Company, and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

37

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.13 Income taxes (continued)****(a) Current tax**

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profit (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

38

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.14 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits**4.16.1 Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

39

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.16 Employee benefits (continued)****4.16.1 Short term employee benefits (continued)**

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.16.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.17 Foreign currencies**4.17.1 Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4.17.2 Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.17.3 Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect items reflected in profit or loss or other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

40

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.17 Foreign currencies (continued)****4.17.3 Foreign operations (continued)**

In the consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

41

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.19 Earnings per share****(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

42

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.20 Operating segments (continued)**

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

43

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

There is no material effect upon the adoption of the above Standards during the financial year other than:

- (a) Amendments to MFRS 101, which is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items in other comprehensive income must be grouped into two sections:

- (i) Those that are or may be reclassified into profit or loss; and
- (ii) Those that will not be reclassified into profit or loss.

The Group has changed the presentation of the statements of profit or loss and other comprehensive income according to these Amendments.

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation – Special Purpose Entities*, and introduces a single 'control model' for all entities, including special purpose entities ('SPEs'), whereby all of the following conditions must be present:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from involvement with the investee; and
- (iii) Ability to use power over investee to affect its returns.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

44

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

There is no material effect upon the adoption of the above Standards during the financial year other than (continued):

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013 (continued).

Other changes introduced by MFRS 10 include:

- (i) The introduction of the concept of 'de facto' control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;
- (ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and
- (iii) Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced.

There is no material impact upon the adoption of this Standard during the financial year.

- (c) MFRS 11 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 131 *Interests in Joint Ventures* and IC Interpretations 113 *Jointly-Controlled Entities Non-monetary Contributions by Venturers*, and requires joint arrangements to be classified as either:

- (i) Joint operations, where parties with joint control have rights to assets and obligations for liabilities; or
- (ii) Joint ventures, where parties with joint control have rights to the net assets of the arrangement.

Joint arrangements that are structured through a separate vehicle would generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method of accounting in accordance with MFRS 128 *Investments in Associates and Joint Ventures*, where proportionate consolidation is not permitted by MFRS 11.

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

There is no material impact upon the adoption of this Standard during the financial year.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

45

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (d) MFRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Notes 9 and 10 to the financial statements.

- (e) MFRS 13, which is mandatory for annual periods beginning on or after 1 January 2013

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance in MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objectives, harmonise the disclosure requirements, and improve consistency in the application of fair value measurement.

MFRS 13 did not materially impact any fair value measurement of the assets or liabilities of the Group. It has only a presentation and disclosure impact, and therefore has no effect on the financial position or performance of the Group.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the MASB but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

46

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014 (continued)

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the MASB but have not been adopted by the Group and the Company (continued).

Title	Effective Date
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
<i>MFRS 9 Financial Instruments (2009)</i>	Deferred
<i>MFRS 9 Financial Instruments (2010)</i>	Deferred
<i>MFRS 9 Financial Instruments</i> (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates since the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified leasehold land of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for leasehold land as a finance lease in accordance with MFRS 117 *Leases*.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

47

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.2 Critical judgements made in applying accounting policies (continued)****(b) Contingent liabilities**

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of the financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their rights to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of goodwill. The assumptions used are disclosed in Note 8 to the financial statements.

(b) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

48

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.3 Key sources of estimation uncertainty (continued)****(b) Impairment of assets (continued)**

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. Value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgment has been used to determine the discount rate for the cash flows and the future growth of the business.

(c) Impairment of investment in subsidiaries and a joint venture and amounts owing by subsidiaries and a joint venture

The Company reviews the investment in subsidiaries and a joint venture for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries and a joint venture when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The recoverable amounts of the investment in subsidiaries and a joint venture and amounts owing by subsidiaries and a joint venture are assessed by reference to the value in use of the respective subsidiaries and the joint venture.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries and joint venture discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgment had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries and joint venture.

(d) Depreciation of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and extent of future taxable profits together with future tax planning strategies.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

49

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.3 Key sources of estimation uncertainty (continued)****(f) Impairment of receivables**

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Directors and management specifically analyse historical bad debts, receivable concentration, receivable creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business.

(h) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(i) Income taxes

The Group is subject to income taxes of different jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

50

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.3 Key sources of estimation uncertainty (continued)****(j) Classification of joint arrangements**

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or a joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

(k) Fair value measurements

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments in the financial statements at fair value as disclosed in Note 30 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

53

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2013 RM'000	2012 RM'000
Purchase of property, plant and equipment	476	1,920
Financed by hire purchase arrangement	-	(200)
	<u>476</u>	<u>1,720</u>
Cash payments on purchase of property, plant and equipment	<u>476</u>	<u>1,720</u>

- (d) As at the end of the reporting period, the Group is in the process of renewing the lease term of the Group's long-term leasehold land.

8. GOODWILL ON CONSOLIDATION

	Group	
	2013 RM'000	2012 RM'000
Goodwill, gross	1,924	1,924
Less: Impairment loss	(691)	-
Goodwill, net	<u>1,233</u>	<u>1,924</u>

The carrying amount of goodwill arising from the acquisition of the respective subsidiaries allocated to the Group's CGU is as follows:

	Group	
	2013 RM'000	2012 RM'000
Manufacturing of webbings, yarn and furniture components	<u>1,233</u>	<u>1,924</u>

- (a) For the purpose of impairment testing, the recoverable amount of the CGU is determined based on a "value-in-use" calculation. The value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on management's cash flow projections for three (3) financial years from 2014 to 2016.

The key assumptions used in the value-in-use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow projections of the CGU are 6% in financial year 2014 and 5% in financial years 2015 to 2016.;
- (ii) Profit margins are projected based on the historical profit margin achieved for the products; and
- (iii) Pre-tax discount rate of 6.70% was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax and reflects the overall weighted average cost of capital of the Group.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

54

8. GOODWILL ON CONSOLIDATION (continued)

(b) An impairment loss on goodwill amounting to RM691,000 relating to a subsidiary, Furniweb Manufacturing Sdn. Bhd., has been recognised during the financial year due to declining business operations as a result of the subsidiary's operations being gradually scaled down and shifted to other related companies in Vietnam to achieve synergies from the lower operating costs and lower tax regime in Vietnam.

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to further exceed its recoverable amount.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted equity shares - at cost	43,972	43,972
Less: Impairment losses	(2,230)	(1,619)
	41,742	42,353

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2013 %	2012 %	2013 %	2012 %	
Furniweb Manufacturing Sdn. Bhd.^	Malaysia	100	100	-	-	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings
Texstrip Manufacturing Sdn. Bhd.^	Malaysia	100	100	-	-	Manufacture and marketing of rubber strips and sheets
Webtex Trading Sdn. Bhd.^	Malaysia	100	100	-	-	Trading of machinery and accessories and acts as commission agent
Premier Gesture Sdn. Bhd.^	Malaysia	100	100	-	-	Investment holding company
Furniweb (Vietnam) Shareholding Company*	Vietnam	100	100	-	-	Manufacture and sale of upholstery webbings and covered elastic yarn
First Elastic Corporation (M) Sdn. Bhd.^	Malaysia	100	100	-	-	Dormant

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

55

9. INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2013	2012	2013	2012	
		%	%	%	%	
Subsidiaries of Furniweb Manufacturing Sdn. Bhd.						
Syarikat Sri Kepong Sdn. Bhd.^	Malaysia	-	-	100	100	Property holding company
Furniweb Safety Webbing Sdn. Bhd.^	Malaysia	-	-	100	100	Manufacture and sale of safety webbing
Subsidiaries of Premier Gesture Sdn. Bhd.						
Premier De Muara Sdn. Bhd.^	Malaysia	-	-	100	-	Property development and related activities
Valencia Glade Sdn. Bhd.^	Malaysia	-	-	100	-	Property development and related activities
Subsidiaries of Furniweb (Vietnam) Shareholding Company						
Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd.*	Vietnam	43	43	57	57	Manufacture and sale of narrow fabrics
Furnitech Components (Vietnam) Co. Ltd.*	Vietnam	-	-	71.56	71.56	Manufacture and sale of metal components for furniture industry

^ Subsidiaries audited by BDO, Malaysia

* Subsidiaries audited by a member firm of BDO International

(a) Impairment losses on investment in subsidiaries amounting to RM161,000 and RM450,000 relating to the subsidiaries, First Elastic Corporation (M) Sdn. Bhd. and Webtex Trading Sdn. Bhd. respectively were recognised in the current financial year due to their recoverable amounts were lower than their respective carrying amounts. The recoverable amounts were determined based on value-in-use calculations using cash flow projections covering a three (3)-year period. The discount rate applied to the cash flow projections was six point seven per cent (6.70%) based on the weighted average cost of capital of the Group.

(b) A subsidiary of the Group that has non-controlling interests ("NCI") is as follows:

	2013	2012
Furnitech Components (Vietnam) Co. Ltd.		
NCI percentage of ownership interest and voting interest	28.44%	28.44%
Carrying amount of NCI (RM'000)	414	448
Loss allocated to NCI (RM'000)	60	74

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

56

9. INVESTMENT IN SUBSIDIARIES (continued)

(c) The summarised financial information before intra-group elimination of the subsidiary that has NCI as at the end of each reporting period is as follows:

	2013 RM'000	2012 RM'000
Furnitech Components (Vietnam) Co. Ltd.		
Assets and liabilities		
Non-current assets	1,990	2,064
Current assets	3,797	2,749
Non-current liabilities	-	(10)
Current liabilities	(4,332)	(3,229)
Net assets	<u>1,455</u>	<u>1,574</u>
Results		
Revenue	4,984	4,754
Loss for the financial year	212	261
Total comprehensive loss	<u>212</u>	<u>261</u>
Cash flows (used in)/from operating activities	(382)	83
Cash flows from/(used in) investing activities	7	(99)
Cash flows from/(used in) financing activities	<u>887</u>	<u>(381)</u>
Net increase/(decrease) in cash and cash equivalents	<u>512</u>	<u>(397)</u>

10. INVESTMENT IN A JOINT VENTURE

	Group	
	2013 RM'000	2012 RM'000
Unquoted equity shares, at cost	570	570
Share of post acquisition reserves, net of dividends received	<u>1,065</u>	<u>820</u>
	<u>1,635</u>	<u>1,390</u>

The details of the joint venture are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activities
		2013 %	2012 %	
Trunet (Vietnam) Co. Ltd.*	Vietnam	50	50	Manufacture and marketing of meat netting and rootball netting

* Audited by a member firm of BDO International

Trunet (Vietnam) Co. Ltd., the only joint venture in which the Group participates, is an unlisted separate entity. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Trunet (Vietnam) Co. Ltd.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

57

10. INVESTMENT IN A JOINT VENTURE (continued)

This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The summarised financial information of the joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	Group	
	2013 RM'000	2012 RM'000
Assets and liabilities		
Non-current assets	75	90
Current assets	3,422	3,023
Non-current liabilities	-	(1)
Current liabilities	(227)	(332)
Net assets	<u>3,270</u>	<u>2,780</u>
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in joint venture	<u>1,635</u>	<u>1,390</u>
Results		
Revenue	3,292	3,552
Cost of sales	(2,260)	(2,595)
Gross profit	1,032	957
Other operating income	29	15
Other operating expenses	(452)	(476)
Interest income	20	86
Profit before tax	629	582
Tax expense	(99)	(150)
Profit after tax	530	432
Other comprehensive income/(loss):		
Foreign currency translations	178	(88)
Total comprehensive income	<u>708</u>	<u>344</u>
Share of results of the Group for the financial year ended 31 December 2013		
Share of profit by the Group for the financial year	265	216
Share of other comprehensive income/(loss) by the Group for the financial year	89	(44)
	<u>354</u>	<u>172</u>
Other information		
Dividends received	<u>(109)</u>	<u>(238)</u>

The joint venture had no contingent liabilities and capital commitments as at 31 December 2013 and 31 December 2012.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

58

11. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2013 RM'000	2012 RM'000
Balance as at 1 January	1,212	1,258
Recognised in profit or loss (Note 24)	<u>(88)</u>	<u>(46)</u>
Balance as at 31 December	<u>1,124</u>	<u>1,212</u>
Presented after appropriate offsetting:		
Deferred tax assets	(20)	(27)
Deferred tax liabilities	<u>1,144</u>	<u>1,239</u>
	<u>1,124</u>	<u>1,212</u>

(b) The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Unabsorbed tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2013	1,693	(143)	(311)	1,239
Recognised in profit or loss	<u>(58)</u>	<u>(100)</u>	<u>63</u>	<u>(95)</u>
At 31 December 2013	<u>1,635</u>	<u>(243)</u>	<u>(248)</u>	<u>1,144</u>
At 1 January 2012	1,793	(234)	(301)	1,258
Recognised in profit or loss	<u>(100)</u>	<u>91</u>	<u>(10)</u>	<u>(19)</u>
At 31 December 2012	<u>1,693</u>	<u>(143)</u>	<u>(311)</u>	<u>1,239</u>

Deferred tax assets of the Group

	Other deductible temporary differences RM'000	Total RM'000
At 1 January 2013	(27)	(27)
Recognised in profit or loss	<u>7</u>	<u>7</u>
At 31 December 2013	<u>(20)</u>	<u>(20)</u>
At 1 January 2012	-	-
Recognised in profit or loss	<u>(27)</u>	<u>(27)</u>
At 31 December 2012	<u>(27)</u>	<u>(27)</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

59

11. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000
Other deductible temporary differences	541	541
Unrecognised tax losses		
- Local subsidiaries	272	272
- Foreign subsidiaries*	3,837	4,684
	4,650	5,497

* The unrecognised tax losses of foreign subsidiaries amounting to approximately VND24,548,413,000 which is equivalent to RM3,837,000 (2012: VND30,440,157,000 which is equivalent to RM4,474,703) are allowed to be carried forward to offset future taxable profits up to a maximum of five (5) years. Included in the brought forward unrecognised tax losses of foreign subsidiaries is an amount of approximately VND5,771,236,000 which is equivalent to RM855,000, which expired in the current financial year.

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences other than unrecognised tax losses of foreign subsidiaries do not expire under the current tax legislation.

12. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost		
Raw materials	10,526	9,799
Work-in-progress	3,670	3,510
Manufactured inventories	4,492	4,350
Other consumables	1,309	1,230
	19,997	18,889
At net realisable value		
Raw materials	308	273
Work-in-progress	321	240
Manufactured inventories	964	1,164
	1,593	1,677
	21,590	20,566

During the financial year, inventories of the Group recognised as cost of sales amounted to RM39,239,000 (2012: RM45,993,000). Inventories written down during the financial year amounted to RM822,000 (2012: RM337,000) and are included in cost of sales.

The Group reversed RM175,000 (2012: RM57,000) in respect of inventories written down in previous financial years, which were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

60

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Amounts owing by subsidiaries	-	-	10,020	4,669
Total non-current	-	-	10,020	4,669
Current				
Trade receivables				
Third parties	13,848	13,383	-	-
Amount owing by a joint venture	47	160	-	-
Amount owing by a related party	-	115	-	-
	13,895	13,658	-	-
Less: Impairment loss - third parties	(68)	(781)	-	-
	13,827	12,877	-	-
Other receivables, deposits and prepayments				
Amount owing by subsidiaries	-	-	1,646	355
Amount owing by a joint venture	19	34	-	-
Dividends receivable from subsidiaries	-	-	8,659	3,964
Other receivables	673	490	58	56
Deposits	10,139	128	1	7
Prepayments	990	1,181	38	27
	11,821	1,833	10,402	4,409
Total current	25,648	14,710	10,402	4,409
Grand total	25,648	14,710	20,422	9,078

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from one (1) month to three (3) months from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition. The amount owing by a joint venture and amount owing by a related party in trade receivables are subject to trade terms.
- (b) Included in deposits is a refundable sum of RM10,000,000 paid in accordance with the Joint Venture Agreement dated 31 December 2013 as disclosed in Note 32 to the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

61

13. TRADE AND OTHER RECEIVABLES (continued)

- (c) The non-trade amount owing by a joint venture is unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) The non-current amounts owing by subsidiaries represent:
- (i) a loan, which is unsecured, bears interest at 4% (2012: 4%) per annum and has fixed repayment terms of five (5) years, which is payable in cash and cash equivalents.
- (ii) a loan, which is unsecured, interest free and payable in full upon maturity, which is five (5) years from the date of full drawdown in cash and cash equivalents. The amount represents a loan to a subsidiary, Premier De Muara Sdn. Bhd. during the current financial year for the payment of a refundable sum of RM10 million in accordance with the Joint Venture Agreement dated 31 December 2013 as disclosed in Note 32 to the financial statements.
- (e) Included in amounts owing by subsidiaries in other receivables is the current portion of the above mentioned loan in Note 13(d)(i) to the financial statements, which is unsecured, bears interest at 4% (2012: 4%) per annum and is payable in cash and cash equivalents within one (1) year. The remaining amounts owing by subsidiaries represent advances and interest receivable, which are unsecured, interest-free and payable in cash and cash equivalents.
- (f) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	12,267	3,169	13,919	1,890
United States Dollar	9,351	8,406	5,844	5,024
Vietnamese Dong	3,743	2,927	659	2,164
Pound Sterling	78	103	-	-
Swiss Franc	10	11	-	-
Euro	199	94	-	-
	<u>25,648</u>	<u>14,710</u>	<u>20,422</u>	<u>9,078</u>

- (g) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	12,801	11,200
Past due, not impaired		
- 91 to 120 days	631	1,080
- 121 to 150 days	334	513
- 151 to 180 days	4	52
- 181 to 210 days	20	7
- More than 210 days	37	25
	<u>1,026</u>	<u>1,677</u>
Past due and impaired	<u>68</u>	<u>781</u>
	<u>13,895</u>	<u>13,658</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

62

13. TRADE AND OTHER RECEIVABLES (continued)

- (g) The ageing analysis of trade receivables of the Group are as follows (continued):

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,026,000 (2012: RM1,677,000) that are past due at the end of the reporting period but not impaired. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired	
	2013 RM'000	2012 RM'000
Trade receivables, gross	68	781
Less: Impairment loss	(68)	(781)
	<u>-</u>	<u>-</u>

The reconciliation of movement in the impairment loss are as follows:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	781	773
Charge for the financial year (Note 23)	24	9
Written off	(740)	-
Exchange differences	3	(1)
At 31 December	<u>68</u>	<u>781</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (h) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

63

14. CASH AND BANK BALANCES

Cash and bank balances comprise the following as at the end of the reporting period:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances				
Cash on hand	48	44	-	-
Cash at bank	9,225	10,965	1,883	1,142
Deposits placed with financial institutions	1,184	6,232	19	952
As reported in statements of financial position	10,457	17,241	1,902	2,094
Less:				
Bank overdraft (Note 17)	(32)	-	-	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(23)	-	-	-
As reported in statements of cash flows	10,402	17,241	1,902	2,094

- (a) Deposits placed with financial institutions of the Group and the Company have maturity periods ranging from 7 days to 365 days (2012: 7 days to 31 days) and 7 days (2012: 7 days) respectively, with interest rates ranging from 2.7% to 6.5% (2012: 2.8% to 9.0%) per annum and 2.7% (2012: 2.8%) per annum respectively.
- (b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	1,511	7,971	93	1,234
United States Dollar	6,560	6,344	1,809	860
Vietnamese Dong	2,330	2,408	-	-
Pound Sterling	6	232	-	-
Euro	12	270	-	-
Australian Dollar	36	16	-	-
Chinese Renminbi	2	-	-	-
	10,457	17,241	1,902	2,094

- (c) Information on financial risks of cash and cash equivalents is disclosed in Note 31 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

64

15. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	200,000	100,000	200,000	100,000
Issued and fully paid	90,742	45,371	90,742	45,371

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.
- (b) Of the total 90,742,400 (2012: 90,742,400) issued and fully paid ordinary shares of RM0.50 each as at 31 December 2013, 208,900 (2012: 208,900) ordinary shares of RM0.50 each bought for RM87,000 (2012: RM87,000) are held as treasury shares by the Company. The number of outstanding shares in issue after the share buy-back is 90,533,500 (2012: 90,533,500) ordinary shares of RM0.50 each as at 31 December 2013.

16. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable:				
Share premium	368	368	368	368
Exchange translation reserve	(6,459)	(7,929)	-	-
	(6,091)	(7,561)	368	368
Distributable:				
Retained earnings	37,986	35,956	12,197	3,404
	31,895	28,395	12,565	3,772

- (a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

65

16. RESERVES (continued)
(b) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has made this election and as a result, there is no additional tax liability to be incurred upon payment of dividends out of its entire retained earnings as at the end of the reporting period.

17. BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current liabilities				
Term loans (secured)	2,600	2,527	698	650
Trade bills (secured)	2,916	1,303	-	-
Hire purchase creditors (Note 18)	69	66	-	-
Bank overdraft (secured)	32	-	-	-
	5,617	3,896	698	650
Non-current liabilities				
Term loans (secured)	3,618	6,005	1,513	2,059
Hire purchase creditors (Note 18)	24	93	-	-
	3,642	6,098	1,513	2,059
	9,259	9,994	2,211	2,709
Total borrowings				
Term loans (secured)	6,218	8,532	2,211	2,709
Trade bills (secured)	2,916	1,303	-	-
Hire purchase creditors (Note 18)	93	159	-	-
Bank overdraft (secured)	32	-	-	-
	9,259	9,994	2,211	2,709

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

66

17. BORROWINGS (continued)

(a) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	3,781	5,444	-	-
United States Dollar	5,478	4,409	2,211	2,709
Vietnamese Dong	-	141	-	-
	<u>9,259</u>	<u>9,994</u>	<u>2,211</u>	<u>2,709</u>

(b) The Group's term loans, trade bills and bank overdraft are secured by the following:

- (i) A pledge over the Group's freehold land, long-term leasehold land, buildings and certain plant and machinery with a total carrying amount of RM26,362,000 (2012: RM27,020,000) as disclosed in Note 7 to the financial statements;
 - (ii) A pledge over the entire issued and fully paid-up share capital of a wholly-owned subsidiary, Furniweb Safety Webbing Sdn. Bhd.;
 - (iii) Earmarking of unutilised trade facilities granted to certain subsidiaries.
 - (iv) The credit facilities granted to the subsidiaries are guaranteed by the Company as disclosed in Note 21 to the financial statements.
- (c) The term loans of the Group and of the Company bear interest ranging from 3.2% to 8.1% (2012: 3.2% to 8.1%) per annum. The term loans are repayable by monthly instalments ranging from 60 to 120 months.
- (d) The trade bills of the Group bear interest ranging from 4.0% to 5.0% (2012: 4.0% to 12.0%) per annum.
- (e) The bank overdraft of the Group bears interest of 8.6% (2012: Nil) per annum.
- (f) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 31 to the financial statements.

18. HIRE PURCHASE CREDITORS

	Group	
	2013 RM'000	2012 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	72	72
- later than one (1) year but not later than five (5) years	<u>24</u>	<u>96</u>
Total minimum hire purchase payments	96	168
Less: Future interest charges	<u>(3)</u>	<u>(9)</u>
Present value of hire purchase payments	<u>93</u>	<u>159</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

67

18. HIRE PURCHASE CREDITORS (continued)

	Group	
	2013 RM'000	2012 RM'000
Repayable as follows:		
Current liabilities		
- not later than one (1) year	69	66
Non-current liabilities		
- later than one (1) year and not later than five (5) years	24	93
	<u>93</u>	<u>159</u>

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Amount owing to a subsidiary	-	-	1,626	1,582
Total non-current	-	-	1,626	1,582
Current				
Trade payables				
Third parties	5,069	5,115	-	-
Amount owing to a joint venture	154	-	-	-
Amount owing to a related party	15	14	-	-
	5,238	5,129	-	-
Other payables				
Amounts owing to subsidiaries	-	-	2,300	-
Amount owing to a joint venture	-	11	-	-
Other payables	1,942	1,922	18	22
Accruals	1,543	1,484	62	124
	3,485	3,417	2,380	146
Total current	8,723	8,546	2,380	146
Grand total	8,723	8,546	4,006	1,728

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) month to three (3) months from date of invoice. The amount owing to a joint venture and amount owing to a related party in trade payables are subject to trade terms.
- (b) The non-current amount owing to a subsidiary represents loans, which are unsecured, interest free and repayable in full upon maturity, which is five (5) years from the date of full drawdown in cash and cash equivalents.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

68

19. TRADE AND OTHER PAYABLES (continued)

- (c) The non-trade amounts owing to subsidiaries represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) The non-trade amount owing to a joint venture represented advances, which were unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	2,837	2,736	4,006	1,721
United States Dollar	3,181	2,875	-	7
Vietnamese Dong	2,674	2,894	-	-
Australian Dollar	23	41	-	-
Euro	8	-	-	-
	<u>8,723</u>	<u>8,546</u>	<u>4,006</u>	<u>1,728</u>

- (f) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

20. COMMITMENTS

Operating lease commitment

Non-cancellable operating lease rental are as follows:

	Group	
	2013 RM'000	2012 RM'000
Not later than one (1) year	499	435
Later than one (1) and not later than five (5) years	1,602	1,181
Later than five (5) years	8,750	8,443
	<u>10,851</u>	<u>10,059</u>

The Group's operating lease commitment comprise the following:

- (i) rental of three pieces of land under operating leases. The leases typically run for an initial period of between forty four (44) and forty seven (47) years, with an option to renew the lease at the end of the lease term; and
- (ii) rental of a factory for a period of three (3) years, with an option to renew the lease at the end of the lease term.

None of the leases included contingent rentals.

21. CONTINGENT LIABILITIES

	Company	
	2013 RM'000	2012 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries - unsecured (Note 17)	<u>49,987</u>	<u>48,143</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

69

21. CONTINGENT LIABILITIES (continued)

The Directors are of the view that the chances of the banks to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for credit facilities are negligible.

22. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of goods	78,817	84,487	-	-
Dividend income	-	-	12,777	3,343
	<u>78,817</u>	<u>84,487</u>	<u>12,777</u>	<u>3,343</u>

23. PROFIT BEFORE TAX

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audit					
- current year		162	151	29	27
- under-provision in prior year		-	3	-	-
- other services					
- current year		11	11	11	11
- under-provision in prior year		-	5	-	5
Directors' remuneration	28				
- Directors of the Company:					
- fees		296	290	176	185
- emoluments other than fees		1,778	1,686	-	-
- Directors of a subsidiary:					
- emoluments other than fees		509	499	-	-
Depreciation of property, plant and equipment	7	3,462	3,725	-	-
Fair value adjustment on loans to subsidiaries		-	-	918	113
Impairment losses on:					
- goodwill on consolidation	8	691	-	-	-
- investment in subsidiaries	9	-	-	611	-
- trade receivables	13	24	9	-	-
Interest expense on:					
- term loans		395	552	76	89
- trade bills		82	257	-	-
- hire purchase creditors		6	6	-	-
Inventories written down	12	822	337	-	-
Loss on disposal of property, plant and equipment		-	5	-	-
Loss on foreign exchange:					
- unrealised		64	205	-	127
- realised		54	165	-	34
Rental expenses		524	550	-	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

70

23. PROFIT BEFORE TAX (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
and after crediting:					
Gross dividend income from subsidiaries	22	-	-	12,777	3,343
Gain on disposals of:					
- property, plant and equipment		7	10	-	-
- short term investments		-	1	-	-
Gain on foreign exchange:					
- unrealised		540	63	326	-
- realised		1,042	283	187	-
Interest income		252	235	262	234
Rental income from a joint venture		78	61	-	-
Reversal of inventories written down	12	175	57	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM66,000 (2012: RM93,000).

24. TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense based on profit for the financial year:				
Malaysia				
- current year provision	603	780	-	-
- (over)/under-provision in prior years	(69)	(160)	1	-
Overseas				
- current year provision	760	721	-	-
	1,294	1,341	1	-
Deferred tax (Note 11)				
Origination and reversal of temporary differences	(199)	(96)	-	-
Under/(Over)-provision in prior years	111	50	-	-
	(88)	(46)	-	-
	1,206	1,295	1	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

71

24. TAX EXPENSE (continued)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	1,473	1,327	2,877	694
Tax effects in respect of:				
Effects of different tax rates in foreign jurisdictions	(470)	(129)	-	-
Non-allowable expenses	517	324	540	172
Tax incentives	-	(49)	-	-
Share of results of a joint venture	(50)	(75)	-	-
Income not subject to tax	(305)	(107)	(3,417)	(894)
Deferred tax assets not recognised	16	115	-	28
Utilisation of previously unrecognised deferred tax assets	(17)	(1)	-	-
(Over)/Under provision in prior years:				
- tax expense	(69)	(160)	1	-
- deferred tax	111	50	-	-
	<u>1,206</u>	<u>1,295</u>	<u>1</u>	<u>-</u>

Tax savings of the Group are as follows:

	Group	
	2013 RM'000	2012 RM'000
Arising from utilisation of previously unrecognised tax losses	<u>17</u>	<u>1</u>

Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
2013			
Foreign currency translations	1,407	-	1,407
Share of other comprehensive income of a joint venture	<u>89</u>	<u>-</u>	<u>89</u>
	<u>1,496</u>	<u>-</u>	<u>1,496</u>
2012			
Foreign currency translations	(853)	-	(853)
Share of other comprehensive income of a joint venture	<u>(44)</u>	<u>-</u>	<u>(44)</u>
	<u>(897)</u>	<u>-</u>	<u>(897)</u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

72

25. EARNINGS PER ORDINARY SHARE
(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year:

	Group	
	2013	2012
	RM'000	RM'000
Profit attributable to owners of the parent	4,746	4,087
	Group	
	2013	2012
	'000	'000
Weighted average number of ordinary shares in issue	90,742	90,742
Treasury shares held	(209)	(209)
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	90,533	90,533
	Group	
	2013	2012
	Sen	Sen
Basic earnings per ordinary share for:		
Profit for the financial year	5.24	4.51

(b) Diluted

The diluted earnings per ordinary share for the current and previous financial year is equal to the basic earnings per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

26. DIVIDENDS

	Group and Company			
	2013		2012	
	Gross dividend per share Sen	Amount of dividend net of tax RM'000	Gross dividend per share Sen	Amount of dividend net of tax RM'000
Final dividend paid in respect of 31 December 2011	-	-	2.5	2,263
Final dividend paid in respect of 31 December 2012	3.0	2,716	-	-
	3.0	2,716	2.5	2,263

The Directors proposed a final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2013. The amount to be paid is dependent on the number of issued and paid up ordinary shares of the Company as at entitlement date subject to the members approving the Proposed Rights Issue with Warrants as disclosed in Note 33(b) to the financial statements at the Extraordinary General Meeting to be held on 14 April 2014 and subject to the members approving its payment at the forthcoming Annual General Meeting.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

73

26. DIVIDENDS (continued)

The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the shareholders, will be accounted for as an appropriation of retained earnings in the next financial year.

27. EMPLOYEE BENEFITS

	Group	
	2013 RM'000	2012 RM'000
Wages, salaries and bonuses	14,075	14,402
Contributions to defined contribution plans	880	850
Social security contributions	38	38
Other benefits	194	180
	15,187	15,470

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM2,287,000 (2012: RM2,185,000).

28. RELATED PARTY DISCLOSURES
(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, joint venture, corporations in which certain Directors of a subsidiary has interests, Directors and key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiaries					
Dividend income		-	-	12,777	3,343
Interest income		-	-	223	207
Joint venture					
Dividend received/ receivable		109	238	-	-
Sales of goods		1,058	1,338	-	-
Rental income		78	61	-	-
Purchase of materials		(157)	(25)	-	-
Commission received/ receivable		39	12	-	-

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

74

28. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Joint venture partner					
Sale of goods	a	936	846	-	-
Dividends paid/payable		109	238	-	-

Note a

The joint venture partner of the Group is Trunature Holdings Limited, a company that owns 50% of Trunet (Vietnam) Co., Ltd., a joint venture.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

- (c) Compensation of key management personnel

The remuneration of Directors during the financial year was as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors				
- fees	296	290	176	185
- remuneration	2,287	2,185	-	-
	<u>2,583</u>	<u>2,475</u>	<u>176</u>	<u>185</u>

- (d) Transactions with corporations in which certain Directors of a subsidiary has interests

The aggregate value of transactions and outstanding balances relating to corporations in which a Director of a subsidiary has interest were as follows:

	Note	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ningbo Yong Ao Metal Products Co., Ltd.					
- Purchases	a	-	-	14	14
Shann Australia Pty. Ltd.					
- Sales	b	1,120	887	222	115

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

75

28. RELATED PARTY DISCLOSURES (continued)

- (d) Transactions with corporations in which certain Directors of a subsidiary has interests (continued)

Note a

The Group purchases materials from Ningbo Yong Ao Metal Products Co. Ltd., a company that owns 16.52% of Furnitech Components (Vietnam) Co. Ltd., a subsidiary of the Company.

Note b

The Group sells goods to Shann Australia Pty. Ltd., a company that owns 5.96% of Furnitech Components (Vietnam) Co. Ltd., a subsidiary of the Company.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

29. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Group who makes strategic decisions.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Webbing, yarn and furniture components

The manufacture and sale of upholstery webbings, covered elastic yarn, rigid webbings, safety webbing and metal components for the furniture industry.

- (ii) Rubber strips and fabrics

The manufacture and marketing of rubber strips and narrow fabrics.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding, property holding, property development, trading and commission agent.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

76

29. OPERATING SEGMENTS (continued)

2013	Webbings, yarn and furniture components RM'000	Rubber strips and fabrics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
Revenue from external customers	57,042	21,243	532	-	78,817
Inter-segment revenue	534	122	18	(674)	-
Total revenue	57,576	21,365	550	(674)	78,817
Finance costs	(450)	(316)	(76)	359	(483)
Interest income	309	7	295	(359)	252
Net finance (expense)/ income	(141)	(309)	219	-	(231)
Depreciation of property, plant and equipment	1,907	1,530	25	-	3,462
Segment profit/(loss) before income tax	5,339	935	(382)	-	5,892
Share of profit of a joint venture	265	-	-	-	265
Other material non-cash items:					
- Inventories written down	(822)	-	-	-	(822)
- Impairment loss on goodwill	-	-	(691)	-	(691)
- Impairment loss on trade receivables	-	(24)	-	-	(24)
- Reversal of inventories written down	165	10	-	-	175
- Net realised foreign exchange gain	791	16	181	-	988
- Net unrealised foreign exchange gain/(loss)	121	(44)	399	-	476
Capital expenditure	62	414	-	-	476
Investment in a joint venture	1,635	-	-	-	1,635
Segment assets	58,928	24,618	13,009*	-	96,555
Segment liabilities	11,267	3,385	2,529	801	17,982

* Included in segment assets is a refundable deposit of RM10,000,000 as disclosed in Note 32(d) to the financial statements.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

77

29. OPERATING SEGMENTS (continued)

2012	Webbings, yarn and furniture components RM'000	Rubber strips and fabrics and fabrics RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
Revenue from external customers	64,232	20,168	87	-	84,487
Inter-segment revenue	549	191	18	(758)	-
Total revenue	64,781	20,359	105	(758)	84,487
Finance costs	(582)	(493)	(89)	349	(815)
Interest income	278	17	289	(349)	235
Net finance (expense)/ income	(304)	(476)	200	-	(580)
Depreciation of property, plant and equipment	2,042	1,658	25	-	3,725
Segment profit/(loss) before income tax	6,796	(1,061)	(427)	-	5,308
Share of profit of a joint venture	216	-	-	-	216
Other material non-cash items:					
- Inventories written down	(207)	(130)	-	-	(337)
- Impairment loss on trade receivables	(2)	(7)	-	-	(9)
- Reversal of inventories written down	57	-	-	-	57
- Net realised foreign exchange gain/(loss)	186	(36)	(32)	-	118
- Net unrealised foreign exchange (loss)/gain	(37)	31	(136)	-	(142)
Capital expenditure	1,043	877	-	-	1,920
Investment in a joint venture	1,390	-	-	-	1,390
Segment assets	66,365	22,450	5,062	-	93,877
Segment liabilities	11,870	2,995	2,874	801	18,540

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

78

29. OPERATING SEGMENTS (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2013 RM'000	2012 RM'000
Profit for the financial year		
Total profit for reportable segments	5,892	5,308
Income tax expense	<u>(1,206)</u>	<u>(1,295)</u>
Group's profit for the financial year	<u><u>4,686</u></u>	<u><u>4,013</u></u>
	2013 RM'000	2012 RM'000
Assets		
Total assets for reportable segments	96,555	93,877
Tax assets	<u>515</u>	<u>527</u>
Group's assets	<u><u>97,070</u></u>	<u><u>94,404</u></u>
Liabilities		
Total liabilities for reportable segments	17,982	18,540
Tax liabilities	<u>1,495</u>	<u>1,737</u>
Group's liabilities	<u><u>19,477</u></u>	<u><u>20,277</u></u>

Geographical information

The Group's manufacturing facilities and sales offices are mainly based in Malaysia and Vietnam.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sales transactions originated.

Segment assets are based on the geographical location of the Group's assets. The non-current assets do not include financial instruments and deferred tax assets.

	2013 RM'000	2012 RM'000
Revenue from external customers		
Malaysia	15,753	19,726
Asia Pacific	35,821	38,246
Europe	10,364	9,718
North America	15,884	15,824
Others	<u>995</u>	<u>973</u>
	<u><u>78,817</u></u>	<u><u>84,487</u></u>
Non-current assets		
Malaysia	22,619	24,768
Asia Pacific	<u>14,606</u>	<u>15,202</u>
	<u><u>37,225</u></u>	<u><u>39,970</u></u>

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

79

29. OPERATING SEGMENTS (continued)

Major customers

The following are major customers with revenue equal to or more than 10 percent of the revenue of the Group:

	Revenue		Segment
	2013 RM'000	2012 RM'000	
Customer A	-	8,470	Webbing, yarn and furniture components
All common control companies of Customer B	<u>8,012</u>	<u>10,128</u>	Webbing, yarn and furniture components

30. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from the financial year ended 31 December 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings	9,259	9,994	2,211	2,709
Trade and other payables	<u>8,723</u>	<u>8,546</u>	<u>4,006</u>	<u>1,728</u>
Total liabilities	17,982	18,540	6,217	4,437
Less: Cash and bank balances	<u>(10,457)</u>	<u>(17,241)</u>	<u>(1,902)</u>	<u>(2,094)</u>
Net debt	<u>7,525</u>	<u>1,299</u>	<u>4,315</u>	<u>2,343</u>
Total capital	77,179	73,679	57,849	49,056
Net debt	<u>7,525</u>	<u>1,299</u>	<u>4,315</u>	<u>2,343</u>
	<u>84,704</u>	<u>74,978</u>	<u>62,164</u>	<u>51,399</u>
Gearing ratio	9%	2%	7%	5%

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

80

30. FINANCIAL INSTRUMENTS (continued)
(a) Capital management (continued)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2013.

The Group is not subject to any other externally imposed capital requirements.

(b) Categories of financial instruments

	Group	
	2013 RM'000	2012 RM'000
Financial assets		
Trade and other receivables, net of prepayments		
- loans and receivables	24,658	13,529
Cash and bank balances	10,457	17,241
	<u>35,115</u>	<u>30,770</u>
Financial liabilities		
Borrowings - other financial liabilities	9,259	9,994
Trade and other payables - other financial liabilities	8,723	8,546
	<u>17,982</u>	<u>18,540</u>
	Company	
	2013 RM'000	2012 RM'000
Financial assets		
Trade and other receivables, net of prepayments		
- loans and receivables	20,384	9,051
Cash and bank balances	1,902	2,094
	<u>22,286</u>	<u>11,145</u>
Financial liabilities		
Borrowings - other financial liabilities	2,211	2,709
Trade and other payables - other financial liabilities	4,006	1,728
	<u>6,217</u>	<u>4,437</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

81

30. FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair values

Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, amount owing by subsidiaries, trade and other payables, amount owing to a subsidiary and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

- (ii) Hire purchase liabilities

The fair values of the hire-purchase liabilities are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

- (iii) Non-current amounts owing by/to subsidiaries

The fair value of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts are approximate fair value.

- (d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of non-derivative financial liabilities of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

82

30. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instruments	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial assets/liabilities			
Amount owing by/to subsidiaries	Discounted cash flows method	Discount rate (3.35% to 8.00%)	The higher the discount rate, the lower the fair value of the assets would be.

The following table set out the financial instruments not carried at fair value for which fair value is disclosed, together with their fair value and carrying amount shown in the statement of financial position.

Group	Note	2013		2012	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Recognised					
Hire purchase creditors					
- Level 2	18	93	92	159	158

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objectives are to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risks and credit risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Vietnam Dong ("VND").

The Group does not hedge these exposures by purchasing or selling forward currency contracts at present. However, the management keeps this policy under review.

In respect of its overseas subsidiaries, the Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the subsidiary is located or by borrowing in currencies that match the future revenue stream to be generated from its subsidiaries.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

83

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the United States Dollar ("USD") and Vietnamese Dong ("VND") exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

	Group		Company	
	2013 RM'000 Profit net of tax	2012 RM'000 Profit net of tax	2013 RM'000 Profit net of tax	2012 RM'000 Profit net of tax
USD/RM strengthen by 10% (2012: 10%)	725	747	544	317
weaken by 10% (2012: 10%)	(725)	(747)	(544)	(317)
VND/RM strengthen by 10% (2012: 10%)	340	230	66	216
weaken by 10% (2012: 10%)	(340)	(230)	(66)	(216)

Sensitivity analysis of Sterling Pound ("GBP"), Australian Dollar ("AUD"), Swiss Franc ("CHF"), Chinese Renminbi ("RMB") and Euro are not disclosed as the fluctuation of these foreign exchange rates against the Group's functional currencies would not be significant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and Company's deposits with licensed financial institutions and borrowings are exposed to a risk of changes in their fair values due to changes in market interest rates. The Group's borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk.

The Group borrows for operations at fixed and variable rates using its hire purchase, term loans, trade financing facilities and bank overdraft. There is no formal hedging policy with respect to interest rate exposure.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

84

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group At 31 December 2013	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
Fixed rate									
Deposits placed with financial institutions	14	2.7 - 3.0	379	379	-	-	-	-	-
- RM									
- VND		6.3 - 6.5	805	805	-	-	-	-	-
Hire purchase creditors	18	4.6	(93)	(69)	(24)	-	-	-	-
Floating rate									
Trade bills	17	4.0 - 5.0	(2,916)	(2,916)	-	-	-	-	-
- USD									
Term loans	17	6.1 - 8.1	(3,656)	(1,770)	(1,387)	(499)	-	-	-
- RM									
- USD		3.2 - 6.0	(2,562)	(830)	(830)	(786)	(116)	-	-
Bank overdraft	17	8.6	(32)	(32)	-	-	-	-	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

85

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (continued):

Group At 31 December 2012	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	RM'000			
					1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Fixed rate								
Deposits placed with financial institutions	14							
- RM		2.8 - 3.0	4,424	4,424	-	-	-	-
- VND		8.0 - 9.0	1,808	1,808	-	-	-	-
Hire purchase creditors	18	4.6	(159)	(66)	(69)	(24)	-	-
Floating rate								
Trade bills	17							
- USD		4.0 - 6.4	(1,162)	(1,162)	-	-	-	-
- VND		10.0 - 12.0	(141)	(141)	-	-	-	-
Term loans	17							
- RM		6.1 - 8.1	(5,285)	(1,666)	(1,776)	(1,379)	(464)	-
- USD		3.2 - 6.0	(3,247)	(861)	(772)	(772)	(733)	(109)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

86

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (continued):

Company	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
At 31 December 2013								
Fixed rate								
Deposits placed with financial institutions								
- RM	2.7	19	19	-	-	-	-	-
Amount owing by a subsidiary								
- USD	4.0	5,844	1,628	1,000	1,034	1,071	1,111	-
Floating rate								
Term loans								
- USD	3.3	(2,211)	(698)	(698)	(698)	(117)	-	-
At 31 December 2012								
Fixed rate								
Deposits placed with financial institutions								
- RM	2.8	952	952	-	-	-	-	-
Amount owing by a subsidiary								
- USD	4.0	5,024	355	868	898	931	967	1,005
Floating rate								
Term loans								
- USD	3.2	(2,709)	(650)	(650)	(650)	(650)	(109)	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

87

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and the Company if interest rates at the end of reporting period changed by 50 basis points with all other variables held constant:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
	Profit net of tax	Profit net of tax	Profit net of tax	Profit net of tax
Increase by 0.5% (2012: 0.5%)	(30)	(14)	14	12
Decrease by 0.5% (2012: 0.5%)	30	14	(14)	(12)

The sensitivity is higher in 2013 than in 2012 because of an increase in the net financial instruments that are exposed to interest rate risk during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(iii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	2013			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Financial liabilities				
Trade and other payables	8,723	-	-	8,723
Borrowings	5,736	4,064	-	9,800
Total undiscounted financial liabilities	14,459	4,064	-	18,523

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

88

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity and cash flow risks (continued)

Company	2013			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Financial liabilities				
Trade and other payables	4,006	-	-	4,006
Borrowings	762	1,570	-	2,332
Total undiscounted financial liabilities	4,768	1,570	-	6,338

Group	2012			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Financial liabilities				
Trade and other payables	8,546	-	-	8,546
Borrowings	4,043	6,974	-	11,017
	12,589	6,974	-	19,563

Company	2012			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Financial liabilities				
Trade and other payables	146	-	1,582	1,728
Borrowings	671	2,264	-	2,935
	817	2,264	1,582	4,663

(iv) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and the Group regularly follows up on balances by receivables outstanding beyond their stipulated time threshold for payments. The Group does not require collateral in respect of financial assets.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

89

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
(iv) Credit risk (continued)
Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

As at the end of the reporting period, the Group has significant exposure in respect of a refundable deposit paid to Almaharta Sdn. Bhd. as disclosed in Note 32(d) to the financial statements while the Company has significant exposure in respect of amounts owing by subsidiaries and dividends receivable from subsidiaries respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period are as follows:

	Group			
	2013		2012	
	RM'000	% of total	RM'000	% of total
By country				
Malaysia	2,510	18%	3,409	26%
Asia Pacific	5,071	37%	5,313	41%
Europe	2,448	18%	1,998	16%
North America	3,646	26%	2,106	16%
Others	152	1%	51	1%
	<u>13,827</u>	<u>100%</u>	<u>12,877</u>	<u>100%</u>
By industry sectors				
Webbings, yarn and furniture components	10,111	73%	10,204	79%
Rubber strips and fabrics	3,706	27%	2,664	21%
Others	10	*	9	*
	<u>13,827</u>	<u>100%</u>	<u>12,877</u>	<u>100%</u>

* Amount is less than 1%.

At the end of the reporting period, approximately 40% (2012: 41%) of the Group's trade receivables were due from 5 major customers located in Malaysia, Asia Pacific, Europe and North America.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

90

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(iv) Credit risk (continued)**Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 31 October 2013, a wholly-owned subsidiary of the Group, Premier Gesture Sdn. Bhd. ("PGSB"), subscribed for ninety eight percent (98%) equity interest comprising fifty (50) ordinary shares of RM1.00 each out of the initial and paid up share capital of fifty one (51) ordinary shares of Premier De Muara Sdn. Bhd. ("PDMSB") at a total consideration of RM50.00. PDMSB is a company incorporated in Malaysia, which is engaged in property development and related activities.

Subsequently, on 1 November 2013, PGSB further subscribed for one (1) ordinary share of RM1.00 each in PDMSB for a total consideration of RM1.00. Upon completion of the share subscription, PDMSB became a wholly-owned subsidiary of PGSB as disclosed in Note 9 to the financial statements.

- (b) On 1 November 2013, PGSB subscribed two (2) ordinary shares of RM1.00 each at a total consideration of RM2.00 in Valencia Glade Sdn. Bhd. ("VGSB"), a company incorporated in Malaysia, which is engaged in property development and related activities. As at 31 December 2013, VGSB is a wholly-owned subsidiary of PGSB as disclosed in the Note 9 to the financial statements.
- (c) On 31 December 2013, PGSB entered into a Shareholders' Agreement ("SA") with Almaharta Sdn Bhd ("ASB") to set out the terms governing their relationship as shareholders in a joint venture company, PDMSB in connection with the proposed development of a piece of leasehold land located at Wilayah Persekutuan Kuala Lumpur ("Development Land"). The entire issued and paid-up capital in PDMSB was held by PGSB as at 31 December 2013.
- (d) PDMSB, as developer, had also on the same date entered into a joint venture agreement ("JVA") with PGSB and ASB, as registered and beneficial owner of the Development Land, in relation to the proposed development of the Development Land ("Proposed JV"). PGSB and ASB agree to fix the Development Land's value at RM125,000,000 ("Land Value"). ASB agrees to receive the Land Value on a deferred payment basis progressively subject to the fulfilment of the conditions precedent contained in the JVA by 31 March 2014.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

91

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) Pursuant to the terms of the SA, on 28 January 2014, PDMSB allotted and issued an additional nine (9) new ordinary shares to PGSB, and forty (40) new ordinary shares to ASB such that PGSB's and ASB's total equity interest in PDMSB equals to sixty percent (60%) and forty percent (40%) equity interests respectively. Consequently, PDMSB's issued and paid up share capital of RM51.00 was increased to RM100.00 comprising one hundred (100) ordinary shares of RM1.00 each in accordance to the SA.
- (b) On 29 January 2014, the Company announced its proposal to undertake a renounceable rights issue of up to 54,445,440 new ordinary shares of RM0.50 each in the Company ("Rights Share(s)") at an issue price of RM0.55 per Rights Share, on the basis of three (3) Rights Shares for every five (5) existing shares of the Company held together with up to 54,445,440 free detachable warrants in the Company ("Warrant(s)") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("Proposed Rights Issue with Warrants") on an entitlement date to be determined later.

The proceeds from the Proposed Rights Issue with Warrants are primarily intended but not limited to be utilised for the property development expenditure in respect of the Development Land and/or other future development of projects to be identified and/or repay any borrowings undertaken to fund such development.

The Proposed JV and Proposed Diversification are inter-conditional upon each other. The Proposed Rights Issue with Warrants is conditional upon the Proposed JV and Proposed Diversification, and will be implemented upon approval of shareholders of the Company for the resolutions pertaining to the Proposed JV, Proposed Diversification and Proposed Rights Issue with Warrants, collectively ("Proposals"). The Proposed JV and Proposed Diversification are not conditional upon the Proposed Rights Issue with Warrants. In the event that the resolution pertaining to the Proposed Rights Issue with Warrants is not carried through but the resolutions pertaining to the Proposed JV and Proposed Diversification are carried through, the payments of the Land Value in accordance to the JVA will be funded via proceeds from sales of residential units of proposed development of the Development Land, bank borrowings and/or internally generated funds.

The listing application to Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the Proposed Rights Issue with Warrants has been submitted on 20 February 2014.

Bursa Securities had vide its letter dated 11 March 2014 approved the following:

- (a) admission of the Warrants to the official list of Bursa Securities; and
- (b) listing of and quotation for the Rights Shares and Warrants as well as the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

92

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions:

- i) The Company and the principal advisor, Kenanga Investment Bank Berhad ("KIBB") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue with Warrants;
- ii) The Company and KIBB to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- iii) The Company and KIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and
- iv) The Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposed Rights Issue and Warrants is subject to the approval of members in the Extraordinary General Meeting to be held on 14 April 2014.

On 21 March 2014, PGSB, ASB and PDMSB had, vide ASB's letter dated 20 March 2014 (which was received by PGSB on 21 March 2014), agreed to extend the conditions precedent period of the JVA until 31 May 2014.

AUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

93

34. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	55,546	54,002	12,099	3,580
- Unrealised	(1,640)	(2,132)	98	(176)
	53,906	51,870	12,197	3,404
Total share of retained earnings from a joint venture:				
- Realised	1,492	1,333	-	-
- Unrealised	(2)	-	-	-
	55,396	53,203	12,197	3,404
Less: Consolidation adjustments	(17,410)	(17,247)	-	-
Total retained earnings	37,986	35,956	12,197	3,404

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014 - UNAUDITED**

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/13 RM'000	CURRENT YEAR TO DATE 31/03/14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/13 RM'000
Revenue	A10	19,045	19,182	19,045	19,182
Cost of sales		(15,609)	(15,649)	(15,609)	(15,649)
Gross profit		3,436	3,533	3,436	3,533
Other income		252	295	252	295
Administrative expenses		(3,220)	(2,574)	(3,220)	(2,574)
Distribution costs		(565)	(468)	(565)	(468)
Other expenses		(119)	(42)	(119)	(42)
Finance costs		(110)	(124)	(110)	(124)
Interest income		17	79	17	79
Share of profit of a jointly controlled entity (net of tax)		41	41	41	41
(Loss)/Profit before tax	A10	(268)	740	(268)	740
Tax expense	B5	(199)	(332)	(199)	(332)
(Loss)/Profit for the period	A10	(467)	408	(467)	408
Other comprehensive income					
Foreign currency translations		(224)	234	(224)	234
Total comprehensive income for the period		(691)	642	(691)	642
(Loss)/Profit attributable to:					
Owners of the parent		(451)	440	(451)	440
Non-controlling interest		(16)	(32)	(16)	(32)
		(467)	408	(467)	408
Total comprehensive income attributable to:					
Owners of the parent		(671)	669	(671)	669
Non-controlling interest		(20)	(27)	(20)	(27)
		(691)	642	(691)	642
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	B10	(0.50)	0.49	(0.50)	0.49

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD		
(Company No: 541706-V)		
QUARTERLY REPORT ON CONSOLIDATED RESULTS		
FOR THE FIRST QUARTER 2014		
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
AS AT 31 MARCH 2014 - UNAUDITED		
	AS AT END OF CURRENT YEAR 31/03/14 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/13 RM'000
Notes		
Non-current assets		
Property, plant and equipment	35,718	35,992
Investment in a jointly controlled entity	1,662	1,635
Deferred tax assets	20	20
Goodwill on consolidation	1,233	1,233
Total non-current assets	<u>38,633</u>	<u>38,880</u>
Current assets		
Inventories	19,912	21,590
Trade and other receivables	28,305	25,648
Current tax assets	516	495
Short term investments	-	-
Deposits placed with financial institutions	274	1,184
Cash and bank balances	10,822	9,273
Total current assets	<u>59,829</u>	<u>58,190</u>
Total assets	<u><u>98,462</u></u>	<u><u>97,070</u></u>
Equity		
Share capital	45,371	45,371
Share premium	368	368
Treasury shares	(87)	(87)
Exchange translation differences	(6,679)	(6,459)
Retained earnings	37,535	37,986
Total attributable to owners of the parent	76,508	77,179
Non-controlling interests	394	414
Total equity	<u>76,902</u>	<u>77,593</u>
Non-current liabilities		
Borrowings	7,414	3,642
Deferred tax liabilities	1,144	1,144
Total non-current liabilities	<u>8,558</u>	<u>4,786</u>
Current liabilities		
Trade and other payables	7,875	8,723
Borrowings	4,925	5,617
Current tax liabilities	202	351
Total current liabilities	<u>13,002</u>	<u>14,691</u>
Total liabilities	<u>21,560</u>	<u>19,477</u>
Total equity and liabilities	<u><u>98,462</u></u>	<u><u>97,070</u></u>
Net assets per share attributable to owners of the parent (RM)	0.8451	0.8525

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014 - UNAUDITED

Notes	Share capital RM'000	Share premium RM'000	Exchange translation differences RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	Attributable to owners of the parent	
									Non-distributable	Distributable
Balance at 1 January 2013	45,371	368	(7,929)	(87)	35,956	73,679	448	74,127		
Profit for the financial period	-	-	-	-	440	440	(32)	408		
Dividend paid	-	-	-	-	-	-	-	-		
Foreign currency translations	-	-	229	-	-	229	5	234		
Balance at 31 March 2013	45,371	368	(7,700)	(87)	36,396	74,348	421	74,769		
Balance at 1 January 2014	45,371	368	(6,459)	(87)	37,986	77,179	414	77,593		
Loss for the financial period	-	-	-	-	(451)	(451)	(16)	(467)		
Dividend paid	-	-	-	-	-	-	-	-		
Foreign currency translations	-	-	(220)	-	-	(220)	(4)	(224)		
Balance at 31 March 2014	45,371	368	(6,679)	(87)	37,535	76,508	394	76,902		

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014 - UNAUDITED**

	31/03/14 RM'000	31/03/13 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(268)	740
Adjustments for:		
Depreciation of property, plant and equipment	935	887
Inventories written down	151	120
Finance costs	110	124
Interest income	(17)	(79)
Reversal of inventories written down	(363)	(180)
Share of profit of a jointly controlled entity	(41)	(41)
Operating profit before changes in working capital	507	1,571
Decrease in inventories	1,794	730
(Increase)/decrease in trade and other receivables	(2,657)	931
Decrease in trade and other payables	(848)	(1,534)
Cash generated (used in)/from operations	(1,204)	1,698
Tax paid	(368)	(413)
Net cash (used in)/from operating activities	(1,572)	1,285
Cash flows from investing activities		
Acquisition of property, plant and equipment	(781)	(195)
Advances to jointly controlled entity	-	(31)
Interest received	17	79
Net cash used in investing activities	(764)	(147)
Cash flows from financing activities		
Interest paid	(110)	(124)
Drawdown of borrowings	4,575	1,296
Repayments of borrowings	(1,628)	(1,595)
Repayments of hire purchase creditors	(17)	(16)
Net cash from/(used in) financing activities	2,820	(439)
Net increase in cash and cash equivalents	484	699
Effects of exchange rate changes	12	21
Cash and cash equivalents at beginning of period	10,402	17,241
Cash and cash equivalents at end of period	10,898	17,961
Cash and cash equivalents comprise:		
Cash and bank balances	10,822	13,137
Deposits placed with financial institutions	274	4,824
	11,096	17,961
Bank Overdraft	(198)	-
	10,898	17,961

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of *MFRS 134 Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2013.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2013 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2013.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2014.

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

Adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)**FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)****QUARTERLY REPORT - 31 March 2014****A3. AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS**

The report of the auditors to members of the Company dated 10 April 2014 on the audited financial statements for the financial year ended 31 December 2013 did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965.

A4. SEASONALITY OF OPERATIONS

The Group's results were not materially affected by any major seasonal or cyclical factors.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date under review.

A6. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates that have had a material effect in the current quarter and financial year-to-date results.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. DIVIDENDS PAID

No dividends were paid during the current quarter and financial year-to-date under review in relation to the financial year ending 31 December 2014.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

A9. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(b) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(c) Valuation

The valuation of land and buildings has been brought forward without amendment from the previous year's financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

A10. OPERATING SEGMENTS

Information on reportable segments is presented as follows:

For the period ended 31 March	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue										
Revenue from external customers	13,246	14,693	5,799	4,433	-	56	-	-	19,045	19,182
Inter-segment revenue	114	67	96	37	5	5	(215)	(109)	-	-
Total revenue	13,360	14,760	5,895	4,470	5	61	(215)	(109)	19,045	19,182
Segment Results	6	1,136	5	(426)	(320)	(11)	-	-	(309)	699
Share of profit of a jointly controlled entity (net of tax)									41	41
(Loss)/Profit before tax									(268)	740
Taxation									(199)	(332)
(Loss)/Profit for the financial period									(467)	408

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)**FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)****QUARTERLY REPORT - 31 March 2014**

A11. EVENTS AFTER BALANCE SHEET DATE

There were no material events subsequent to the end of the financial period that have not been reflected in the financial statements for the financial period under review except for the following:

On 29 January 2014, the Company announced its proposal to undertake a renounceable rights issue of up to 54,445,440 Rights Shares at an issue price of RM0.55 per share, on the basis of three (3) Rights Shares for every five (5) existing shares of the Company held together with up to 54,445,440 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later.

The proceeds from the Proposed Rights Issue with Warrants are primarily intended but not limited to be utilized for the property development expenditure in respect of the Development Land and/or other future development of projects to be identified, factory expansion of Furnitech Components (Vietnam) Co. Ltd., and repayment of bank borrowings.

On 21 March 2014, Premier Gesture Sdn Bhd ("PGSB"), Almarharta Sdn Bhd ("ASB") and Premier De Muara Sdn Bhd ("PDMSB") had, vide ASB's letter dated 20 March 2014 (which was received by PGSB on 21 March 2014), agreed to extend the conditions precedent period of the Joint Venture Agreement ("JVA") until 31 May 2014.

The shareholders of the Company have approved the Proposed Rights Issue with Warrants, Proposed Joint Venture and Proposed Diversification at Extraordinary General Meeting on 14 April 2014.

On 29 May 2014, PGSB, ASB and PDMSB (collectively referred to as the "Parties") had entered into a supplemental agreement for the purpose of inter alia extending the Condition Period to enable the Parties to fulfill the Condition Precedent of the JVA in relation to the development of the Development Land. Pursuant to the terms of, the Supplemental Agreement, the Condition Period stated in the Clause 6.1 of the JVA has been extended to 30 June 2014. Further, the Parties had agreed to amend the provisions of Clauses 5.1.3(b) and 5.1.3 (c) of the JVA to include the words "subject to full settlement of all banking facilities by the Joint Venture Company with UOB Bank" at the end of the respective paragraphs. The amendments are to reflect the intention of the Parties that in the event the banking facility with UOB Bank is not settled by PDMSB upon the expiry of the 21st and/or 33rd month from the fulfilment of the Conditions Precedent, PGSB shall advance the Fourth Payment and/or Fifth & Final Payment (whichever applicable) or to procure the Company to advance the Fourth Payment and/or Fifth & Final Payment (whichever applicable) by the expiry of 21st and/or 33rd month (whichever applicable) to ASB. Save as

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)**QUARTERLY REPORT - 31 March 2014**

stated above, all the terms and conditions of the JVA and Shareholder Agreement shall continue to apply and remain to be in full force and effect.

Please refer to the announcement dated 31 December 2013, 21 March 2014 and 29 May 2014 for details.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year-to-date under review except for the following:

On 28 January 2014, PDMSB allotted and issued an additional nine (9) new ordinary shares to PGSB, and forty (40) new ordinary share to ASB such that PGSB's and ASB's total equity interest in PDMSB equals to sixty percent (60%) and forty percent (40%) equity interests respectively. Consequently, PDMSB's issued and paid up share capital of RM51.00 was increased to RM100.00 comprising one hundred (100) ordinary shares of RM1.00 each in accordance to shareholders' agreement.

A13. CONTINGENT ASSETS

The Group does not have any contingent assets as at the end of the quarter under review.

A14. CONTINGENT LIABILITIES

As at the end of the quarter under review, the Company has provided corporate guarantees amounting to RM50.5 million to financial institutions for facilities granted to its subsidiaries.

Apart from the above, the Group does not have any other contingent liabilities as at the end of the quarter under review.

A15. CAPITAL COMMITMENTS

There were no capital commitments outstanding not provided for in the financial statements as at the end of the quarter under review.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

A16. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		Cumulative period	
	31 March		ended 31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sale of goods	<u>267</u>	<u>155</u>	<u>267</u>	<u>155</u>

The above sales transactions are with a company in which a director of a subsidiary has an interest.

Apart from the above, there were no other material related party transactions entered into during the current quarter and financial year-to-date under review.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)**FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)****QUARTERLY REPORT - 31 March 2014****PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. ANALYSIS OF PERFORMANCE**

The Group's revenue of RM19.0 million for the first quarter of 2014 was RM0.2 million lower than the RM19.2 million reported in the corresponding quarter of the previous year.

Increase in administrative expenses is mainly contributed by the corporate exercise expenses incurred for the Proposed Joint Venture and Proposed Diversification during the quarter under review. Higher cost for setting up property development division also contributed to the increase in administrative expenses. Weakening of US Dollar against Ringgit Malaysia during the quarter also resulted in higher foreign exchange loss during the quarter.

As a result, the Group recorded a loss before tax of RM0.3 million in 1Q14 as compared to profit before tax of RM0.7 million for 1Q13.

a) Webbing, yarn & furniture components

The revenue of RM13.4 million from the webbings, yarn and furniture components segment for the current quarter was RM1.4 million lower than the RM14.8 million recorded in the corresponding quarter of 2013.

Profit before tax recorded by the webbings, yarn and furniture components segment during the quarter under review was RM0.006 million, RM1.1 million lower than the RM1.2 million reported for the first quarter of last year. Slower recovery of global economy has also prompted competitors to reduce prices in order to sustain market shares. This has resulted in the Group having to compete in prices for certain products in order to maintain its market position. The impact of unfavourable US Dollar-Ringgit Malaysia exchange rates also resulted in higher net foreign exchange losses.

b) Rubber strips & fabric

The rubber strips and fabrics segment recorded revenue of RM5.9 million in the quarter under review, which was RM1.4 million higher than the RM4.5 million recorded in the corresponding quarter of the previous year.

As a result, the rubber strips and fabrics segment reported a profit before tax of RM0.005 million for the quarter under review compared to the loss before tax of RM0.4 million recorded in the corresponding quarter of the previous year. The relatively stable rubber prices and enhancement in efficiency contributed to the improved performance in the segment.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)**FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)****QUARTERLY REPORT - 31 March 2014****B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

The Group's revenue of RM19.0 million for the current quarter was only RM1.9 million lower than the RM20.9 million reported for the fourth quarter of 2013 as the global recovery remain slow.

The Group's loss before tax for the current quarter of RM0.3 million was RM1.4 million lower than the RM1.1 million registered in the last quarter of 2013 mainly due to corporate exercise expenses and cost incurred on the setting up of the property development division during the current quarter.

B3. PROSPECTS

The emerging signs of recovery from advanced economies, including the US and Europe, are expected to have positive spillover effects for the global economy. However, there is still uncertainty to the longer term direction of the market and its sustainability as demand for the Group's products will still be affected by the pace of recovery in the global economy. Any uncertainties in the fiscal and monetary adjustments by the US Federal Reserve in the tapering of their quantitative easing measures may scuttle the US economic recovery while the Eurozone will need to continue with measures to stabilize its economies and reduce its debts. The recent anti-China protests in Vietnam, which affect foreign investors in Vietnam, may have an impact on its economy and local demand.

The Group is conscious that it will be operating in a very challenging business environment ahead. However, we stay focused behind our business strategies.

We should also be mindful that any significant movement in the exchange rate between the Ringgit and the US Dollar will result in foreign exchange gains or losses which will affect the Group's results as the Group derives a substantial amount of its revenue in US Dollars.

B4. PROFIT FORECAST

Not applicable as the Group did not publish any profit forecast.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

B5. TAX EXPENSE

	Quarter ended 31 March		Cumulative period ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current year provision:				
- Malaysia	49	160	49	160
- Overseas	150	172	150	172
	<u>199</u>	<u>332</u>	<u>199</u>	<u>332</u>

The effective tax rate of the Group for the period ended 31 March 2014 was 74%. The percentage is higher than the statutory income tax rate as certain subsidiary companies experienced losses during the financial year-to-date under review.

B6. BORROWINGS

The Group's borrowings as at the end of the current quarter are as follows:

	At 31 March 2014 RM'000	At 31 December 2013 RM'000
Current liabilities	4,925	5,617
Non-current liabilities	7,414	3,642
	<u>12,339</u>	<u>9,259</u>

The borrowings are denominated in the following currencies:

	At 31 March 2014 RM'000	At 31 December 2013 RM'000
- Ringgit Malaysia	6,850	3,781
- United States Dollar	5,204	5,478
- Vietnamese Dong	285	-
	<u>12,339</u>	<u>9,259</u>

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and corporate guarantees of the Company.

B7. DIVIDENDS

The Directors proposed a final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2013, subject to the approval of members at the forthcoming Annual General Meeting.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

B8. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 March		Cumulative period ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating (loss)/profit is arrived at after charging:				
Interest expense	110	124	110	124
Depreciation and amortization	935	887	935	887
Inventories written down	(212)	(60)	(212)	(60)
Loss on foreign exchange	119	39	119	39
and after crediting:				
Interest income	17	79	17	79
Other income	165	97	165	97
Gain on foreign exchange	87	198	87	198

- (a) There were no gain or loss on disposal of quoted or unquoted investments or properties during the current quarter and financial year-to-date under review.
- (b) Apart from the above, there were no impairment of other assets during the current quarter and financial year-to-date under review.
- (c) There were no gain or loss on derivatives during the current quarter and financial year-to-date under review.
- (d) There were no exceptional items during the current quarter and financial year-to-date under review.

B9. MATERIAL LITIGATION

The Group is not involved in any claim or legal action that will have a material effect on the Group's financial position, results of operations or liquidity at the date of this report.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

B10. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares in issue during the period after share buy back.

	Quarter ended 31 March		Cumulative period ended 31 March	
	2014	2013	2014	2013
(Loss)/Profit for the period (RM'000)	(467)	408	(467)	408
Amount attributable to non-controlling interests (RM'000)	16	32	16	32
(Loss)/Profit attributable to owners of the parent (RM'000)	<u>(451)</u>	<u>440</u>	<u>(451)</u>	<u>440</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>	<u>90,533</u>	<u>90,533</u>
Basic earnings per ordinary share (sen)	<u>(0.50)</u>	<u>0.49</u>	<u>(0.50)</u>	<u>0.49</u>

b) Diluted earnings per ordinary share

There is no diluted earnings per ordinary share as the Company does not have any convertible financial instruments as at the end of the quarter under review.

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

B11. NET ASSETS PER SHARE

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the period by the number of ordinary shares in issue at the end of the period after share buy back.

	At 31 March 2014	At 31 December 2013
Total equity attributable to owners of the parent (RM'000)	<u>76,508</u>	<u>77,179</u>
Number of ordinary shares in issue ('000)	90,742	90,742
Number of shares repurchased ('000)	<u>(209)</u>	<u>(209)</u>
Number of ordinary shares in issue after share buy back ('000)	<u>90,533</u>	<u>90,533</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.8451</u>	<u>0.8525</u>

UNAUDITED CONDOLIDATED FINANCIAL STATEMENTS OF FIPB FOR THE FPE 31 MARCH 2014 (Cont'd)

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

QUARTERLY REPORT - 31 March 2014

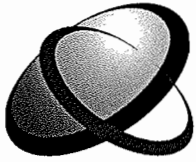
B12. REALISED AND UNREALISED PROFITS/LOSSES

	At 31 March 2014 RM'000	At 31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	55,205	55,546
- Unrealised	(1,807)	(1,640)
	<u>53,398</u>	<u>53,906</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	1,531	1,492
- Unrealised	-	(2)
	<u>54,929</u>	<u>55,396</u>
Less: Consolidation adjustments	(17,394)	(17,410)
Retained earnings as per Consolidated Statement of Financial Position	<u>37,535</u>	<u>37,986</u>

B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 29 May 2014.

DIRECTORS' REPORT



纺尼威工业产品有限公司

FURNIWEB Industrial Products Berhad
(Co. No. 541706-V)

Date: 04 JUN 2014

Registered office:
Suite 11.1A
Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

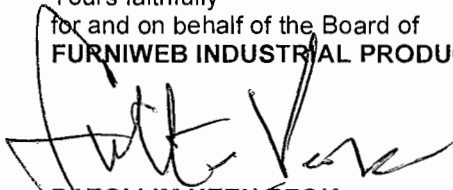
To: The Shareholders of Furniweb Industrial Products Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Furniweb Industrial Products Berhad ("FIPB"), and after making due enquiries, I report that save as disclosed in this Abridged Prospectus, during the period from 31 December 2013 (being the date to which the last audited financial statements of FIPB and its subsidiaries ("FIPB Group") have been made) to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus):

- (a) the business of the FIPB Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of the FIPB Group which has adversely affected the trading or the value of the assets of the FIPB Group;
- (c) the current assets of the FIPB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there is no contingent liability by reason of any guarantee or indemnity given by the FIPB Group;
- (e) there has been no default or any known event since the last audited financial statements of the FIPB Group, that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of which the Board is aware of; and
- (f) save as disclosed in the latest unaudited financial results of the FIPB Group for the 3-month financial period ended 31 March 2014, there has been no material change in the published reserves or any unusual factors affecting the profits of the FIPB Group since the last audited financial statements of the FIPB Group.

Yours faithfully
for and on behalf of the Board of
FURNIWEB INDUSTRIAL PRODUCTS BERHAD



DATO' LIM HEEN PEOK
Independent Non-Executive Chairman

FURTHER INFORMATION**1. SHARE CAPITAL**

- 1.1 No securities will be allotted and issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issue of this Abridged Prospectus.
- 1.2 As at the LPD, save for the provisional allotment of Rights Shares with Warrants under the Rights Issue with Warrants as disclosed in Section 3 of this Abridged Prospectus, no other person has been or is entitled to be given an option to subscribe for any securities, shares or debentures in the Company or any of its subsidiaries.

2. ARTICLES OF ASSOCIATION

- 2.1 There is no shareholding qualification for Directors of the Company.
- 2.2 The provisions in the Company's Articles of Association in dealing with the remuneration of its Directors are as follows:

Article 93 - Directors' Remuneration

The Directors shall be paid by way of remuneration for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) *fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.*
- (b) *salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.*
- (c) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.*
- (d) *any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 94 - Reimbursement of expenses

- (1) *The Directors shall be paid all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company or general meetings of the Company.*
- (2) *If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.*

FURTHER INFORMATION (Cont'd)

3. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor its subsidiaries has entered into any material contract (not being contracts entered into in the ordinary course of business), during the two (2) years immediately preceding the date of this Abridged Prospectus:

- (i) The Deed Poll dated 2 June 2014 constituting up to 54,445,440 Warrants to be issued pursuant to Rights Issue with Warrants;
- (ii) The Underwriting Agreement dated 2 June 2014 entered into between FIPB and KIBB for the underwriting of 27,117,181 Right Shares together with 27,117,181 Warrants for an underwriting commission of 1% of the total value of the Underwritten Rights Shares with Warrants.
- (iii) The SA dated 31 December 2013 entered into between PGSB and ASB setting out *inter alia*, the terms governing their relationship as shareholders in PDMSB in connection with the development of Development Land;
- (iv) The JVA dated 31 December 2013 (as supplemented by a supplemental agreement dated 29 May 2014) entered into between PGSB, PDMSB (as developer) and ASB (as registered and beneficial owner of the Development Land) in relation to the proposed development of the Development Land to be carried out by PDMSB; and

4. MATERIAL LITIGATION

As at the LPD, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of the Group and, to the best of the Board's knowledge and belief, it is not aware of any proceedings pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

5. GENERAL

- 5.1 Save for a service contract dated 28 December 2011 entered into between FIPB and Cheah Eng Chuan, the Managing Director of the Company, for a period of five (5) years commencing from 7 January 2012 and expiring on 6 January 2017, none of the Directors have entered into or proposed to enter into any existing or proposed service contracts with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- 5.2 Save as disclosed in this Abridged Prospectus and to the best of the Directors' knowledge, as at the LPD, the financial condition and operations of the Group are not likely to be affected by any:
 - (i) known trends or demands, commitments, events or uncertainties that will or are likely to result in any material increase or decrease in the liquidity of the Group;
 - (ii) material commitments for capital expenditure;
 - (iii) unusual, infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations of the Group; and
 - (iv) known trends or uncertainties which have had, or that the Group reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income.

FURTHER INFORMATION (Cont'd)

- 5.3 Save as disclosed in this Abridged Prospectus, the Board is not aware of any material information including special trade factors or risks which are not mentioned elsewhere and which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Group.

6. CONSENTS

The written consents of the Principal Adviser and Underwriter, Company Secretaries, Solicitors, Principal Bankers, Share Registrar and Bloomberg Finance L.P. for the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given and have not subsequently been withdrawn before the issuance of this Abridged Prospectus.

The written consent of the Auditors/Reporting Accountants for the inclusion in this Abridged Prospectus of its name, Reporting Accountants' letter accompanying the proforma consolidated statements of financial position of FIPB as at 31 December 2013 and the auditors' report accompanying the audited consolidated financial statements of FIPB for the FYE 31 December 2013 in the form and context in which they appear has been given and has not subsequently been withdrawn before the issuance of this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur during normal office hours on Mondays to Fridays (except public holidays) for a period of twelve (12) months commencing from the date of this Abridged Prospectus:

- (i) Memorandum and Articles of Association of FIPB;
- (ii) audited consolidated financial statements of FIPB for the FYE 31 December 2011 to 31 December 2013;
- (iii) unaudited consolidated financial statements of FIPB for the FPE 31 March 2014;
- (iv) proforma consolidated statements of financial position of FIPB as at 31 December 2013 together with the Reporting Accountants' letter thereon;
- (v) material contracts referred to in Section 3 of this appendix;
- (vi) service contract referred to in Section 5 of this appendix;
- (vii) letters of consent referred to in Section 6 of this appendix;
- (viii) certified true extract of the shareholders' resolution pertaining to this Rights Issue with Warrants as set out in Appendix I of this Abridged Prospectus;
- (ix) Directors' report as set out in Appendix VI of this Abridged Prospectus; and
- (x) Undertaking Letters.

FURTHER INFORMATION (Cont'd)

8. RESPONSIBILITY STATEMENTS

This Abridged Prospectus together with the accompanying documents have been seen and approved by the Board and its Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there is no false or misleading statement or other fact the omission of which would make any statement in such documents false or misleading.

KIBB, being the Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.