

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 - UNAUDITED**

		<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>CURRENT YEAR</b>	<b>PRECEDING YEAR</b>	<b>CURRENT YEAR</b>	<b>PRECEDING YEAR</b>
		<b>QUARTER</b>	<b>CORRESPONDING</b>	<b>TO DATE</b>	<b>CORRESPONDING</b>
		<b>30/09/11</b>	<b>30/09/10</b>	<b>30/09/11</b>	<b>30/09/10</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Notes</b>				
<b>Revenue</b>	A7	20,714	19,711	59,479	62,860
Cost of sales		(16,248)	(15,460)	(46,120)	(48,384)
<b>Gross profit</b>		<u>4,466</u>	<u>4,251</u>	<u>13,359</u>	<u>14,476</u>
Other income		574	391	2,083	1,441
Administrative expenses		(2,556)	(2,221)	(7,485)	(7,396)
Distribution costs		(688)	(901)	(1,944)	(2,322)
Other expenses		249	(1,139)	(1,589)	(3,530)
Finance expenses		(210)	(285)	(730)	(791)
Finance income		82	63	217	200
<b>Operating profit</b>	A7	<u>1,917</u>	<u>159</u>	<u>3,911</u>	<u>2,078</u>
Share of profit of a jointly controlled entity		143	194	567	462
<b>Profit before taxation</b>	A7	<u>2,060</u>	<u>353</u>	<u>4,478</u>	<u>2,540</u>
Taxation	B5	(124)	(174)	(605)	(704)
<b>Profit for the financial period</b>	A7	<u>1,936</u>	<u>179</u>	<u>3,873</u>	<u>1,836</u>
<b>Other comprehensive income</b>					
Foreign currency translations		1,201	(130)	(953)	(1,978)
<b>Total comprehensive income</b>		<u>3,137</u>	<u>49</u>	<u>2,920</u>	<u>(142)</u>
<b>Profit attributable to:</b>					
Owners of the parent		1,874	132	3,781	1,802
Minority interest		62	47	92	34
		<u>1,936</u>	<u>179</u>	<u>3,873</u>	<u>1,836</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		3,049	11	2,847	(123)
Minority interest		88	38	73	(19)
		<u>3,137</u>	<u>49</u>	<u>2,920</u>	<u>(142)</u>
<b>Earnings per ordinary share attributable to owners of the parent (sen):</b>					
Basic	B11	<u>2.07</u>	<u>0.15</u>	<u>4.18</u>	<u>1.99</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**FOR THE THIRD QUARTER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011 - UNAUDITED**

	<b>AS AT END OF CURRENT YEAR 30/09/11 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/10 RM'000</b>
<b>Notes</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,361	38,982
Investment in a jointly controlled entity	1,362	1,271
Goodwill on consolidation	1,924	1,924
Total non-current assets	<u>43,647</u>	<u>42,177</u>
<b>Current assets</b>		
Inventories	19,784	21,650
Trade and other receivables	16,157	15,048
Current tax assets	549	649
Short term investments	108	108
Deposits placed with financial institutions	5,547	6,747
Cash and bank balances	11,068	11,670
Total current assets	<u>53,213</u>	<u>55,872</u>
<b>Total assets</b>	<u><u>96,860</u></u>	<u><u>98,049</u></u>
<b>Equity</b>		
Share capital	45,371	45,371
Share premium	368	368
Treasury shares	(87)	(87)
Exchange translation reserve	(6,693)	(5,759)
Retained earnings	33,201	31,683
Total attributable to owners of the parent	72,160	71,576
Minority interest	519	446
<b>Total equity</b>	<u>72,679</u>	<u>72,022</u>
<b>Non-current liabilities</b>		
Borrowings	9,877	7,113
Deferred tax liabilities	1,225	1,225
Total non-current liabilities	<u>11,102</u>	<u>8,338</u>
<b>Current liabilities</b>		
Trade and other payables	6,858	9,978
Borrowings	5,987	7,347
Current tax payable	234	364
Total current liabilities	<u>13,079</u>	<u>17,689</u>
<b>Total liabilities</b>	<u>24,181</u>	<u>26,027</u>
<b>Total equity and liabilities</b>	<u><u>96,860</u></u>	<u><u>98,049</u></u>
Net assets per share attributable to owners of the parent (RM)	0.7970	0.7906

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 - UNAUDITED**

Notes	Attributable to owners of the parent ----- Exchange							Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	
<b>Balance at 1 January 2010</b>	45,371	368	(3,081)	(87)	31,578	74,149	458	74,607
Total comprehensive income	-	-	(1,925)	-	1,802	(123)	(19)	(142)
Dividend paid	-	-	-	-	(2,717)	(2,717)	-	(2,717)
<b>Balance at 30 September 2010</b>	<b>45,371</b>	<b>368</b>	<b>(5,006)</b>	<b>(87)</b>	<b>30,663</b>	<b>71,309</b>	<b>439</b>	<b>71,748</b>
<b>Balance at 1 January 2011</b>	45,371	368	(5,759)	(87)	31,683	71,576	446	72,022
Total comprehensive income	-	-	(934)	-	3,781	2,847	73	2,920
Dividend paid	-	-	-	-	(2,263)	(2,263)	-	(2,263)
<b>Balance at 30 September 2011</b>	<b>45,371</b>	<b>368</b>	<b>(6,693)</b>	<b>(87)</b>	<b>33,201</b>	<b>72,160</b>	<b>519</b>	<b>72,679</b>

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 - UNAUDITED**

	<b>30/09/11</b>	<b>30/09/10</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	3,923	7,501
Net cash from/(used in) investing activities	(3,902)	673
Net cash from/(used in) financing activities	(1,451)	(5,421)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(1,430)</u>	<u>2,753</u>
Effects of exchange rate changes	(376)	(1,246)
Cash and cash equivalents at beginning of period	18,284	18,165
<b>Cash and cash equivalents at end of period</b>	<u><u>16,478</u></u>	<u><u>19,672</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	11,068	14,886
Deposits placed with financial institutions	5,547	4,916
	<u>16,615</u>	<u>19,802</u>
Deposit pledged	(137)	(130)
	<u><u>16,478</u></u>	<u><u>19,672</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

## **FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)**

### **QUARTERLY REPORT - 30 September 2011**

#### **PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS**

##### **A1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with FRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 2010.

##### **A2. AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS**

The report of the auditors to members of the Company dated 27 April 2011 on the audited financial statements for the financial year ended 31 December 2010 did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965.

##### **A3. SEASONALITY OF OPERATIONS**

The Group's results were not materially affected by any major seasonal or cyclical factors.

##### **A4. 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.

##### **A5. 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.

##### **A6. 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.

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**A7. OPERATING SEGMENTS**

Information on reportable segments is presented as follows:

For the period ended 30 September	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue										
Revenue from external customers	45,051	47,299	14,365	15,483	63	78	-	-	59,479	62,860
Inter-segment revenue	1,943	1,212	123	37	19	36	(2,085)	(1,285)	-	-
Total revenue	46,994	48,511	14,488	15,520	82	114	(2,085)	(1,285)	59,479	62,860
<b>Results</b>										
Operating profit/(loss)	5,702	4,970	(1,378)	(1,267)	(413)	(1,625)	-	-	3,911	2,078
Share of profit of a jointly controlled entity	567	462	-	-	-	-	-	-	567	462
Profit/(loss) before tax	6,269	5,432	(1,378)	(1,267)	(413)	(1,625)	-	-	4,478	2,540
Taxation	(605)	(627)	-	(76)	-	(1)	-	-	(605)	(704)
Profit for the financial period	5,664	4,805	(1,378)	(1,343)	(413)	(1,626)	-	-	3,873	1,836

## **FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)**

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#### **A8. DIVIDENDS**

There were no dividends being declared during the current quarter and financial year-to-date under review in relation to the financial year ending 31 December 2011.

A final dividend for the financial year ended 31 December 2010 was approved by the shareholders at the Company's Tenth Annual General Meeting held on 23 June 2011 and was paid on 22 July 2011.

Details of the final dividend are as follows:

	<b>Financial year ended</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
2.5 sen (2009: 3.0 sen) tax exempt	<u>2,263</u>	<u>2,717</u>

#### **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.

#### **A10. 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.

#### **A11. 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.

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#### A12. CONTINGENT ASSETS

The Group does not have any contingent assets as at the end of the quarter under review.

#### A13. CONTINGENT LIABILITIES

As at the end of the quarter under review, the Company has provided corporate guarantees amounting to RM45.7 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.

#### A14. CAPITAL COMMITMENTS

	At 30 September 2011 RM'000	At 31 December 2010 RM'000
Property, plant and equipment: Contracted but not provided for	588	3,674

Apart from the above, there were no other capital commitments outstanding not provided for in the financial statements as at the end of the quarter under review.

#### A15. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 30 September		Cumulative period ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Sale of goods	215	198	483	290
(ii) Purchase of materials	-	-	-	14

Notes:

- (i) to (ii) Transactions 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.



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#### **PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

##### **B1. REVIEW OF PERFORMANCE**

The Group recorded revenue of RM20.7 million for the quarter under review, an increase of 5.1% compared to the RM19.7 million reported in the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM59.5 million, 5.4% lower than the RM62.9 million recorded in the same period of the preceding year.

Although revenue from webbing and yarn during the current quarter exceeded the amount recorded in the corresponding quarter of the previous year, the lower year-to-date revenue was primarily due to the slowdown in the global economy experienced during the second quarter of 2011.

Profit attributable to owners of the parent improved from the RM0.1 million reported in the preceding year's corresponding quarter to RM1.9 million in the current quarter. The higher profit was mainly due to the strengthening of the US Dollar against the Ringgit during the quarter which contributed to RM0.8 million in foreign exchange gains as opposed to the RM0.8 million foreign exchange losses recorded in same quarter of last year when it was the converse.

Profit attributable to owners of the parent for the financial year-to-date under review was RM3.8 million, an increase of RM2.0 million from the RM1.8 million announced for the same period of the previous financial year. This is mainly due to the appreciation of the US Dollar by 3% against the Ringgit during the current period, resulting in foreign exchange gains of RM0.2 million. Conversely, the strengthening of the Ringgit against the US Dollar by 10% during the corresponding period of last year resulted in foreign exchange losses of RM2.3 million.

##### **B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

The Group's revenue of RM20.7 million for the current quarter was RM2.5 million or 13.8% higher than the RM18.2 million reported for the preceding quarter. This is due to the improvement in revenue generated from all segments after the global economy experienced a slowdown during the previous quarter.

In line with the increase in revenue, profit attributable to owners of the parent of RM1.9 million for the current quarter was RM0.7 million higher than the RM1.2 million recorded in the preceding quarter.

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#### **B3. CURRENT YEAR PROSPECTS**

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.

Should the Ringgit remain at its current level and barring any unforeseen circumstances, the Group's performance for 2011 is expected to be satisfactory.

#### **B4. PROFIT FORECAST**

Not applicable as the Group did not publish any profit forecast.

#### **B5. TAXATION**

	<b>Quarter ended 30 September 2011 RM'000</b>	<b>Cumulative period ended 30 September 2011 RM'000</b>
Current year provision – Malaysia	36	201
Current year provision – Overseas	88	404
	<u>124</u>	<u>605</u>

The effective tax rate of the Group for the period ended 30 September 2011 was 13.5%. The percentage is lower than the statutory income tax rate as certain subsidiaries are enjoying tax incentives such as reinvestment allowance and double deductions. In addition, certain overseas subsidiaries are enjoying lower corporate tax rates.

#### **B6. UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sale or purchase of unquoted investments and properties during the current quarter and financial year-to-date under review.

#### **B7. QUOTED INVESTMENTS**

There were no sale or purchase of quoted investments during the current quarter and financial year-to-date under review.

The Group does not have any quoted investments as at the end of the quarter under review.

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#### B8. BORROWINGS

The Group's borrowings as at the end of the current quarter are as follows:

	At 30 September 2011 RM'000	At 31 December 2010 RM'000
Short term borrowings	5,987	7,347
Long term borrowings	9,877	7,113
	<u>15,864</u>	<u>14,460</u>
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	7,967	8,771
- United States Dollar	6,624	3,233
- Vietnamese Dong	1,273	2,456
	<u>15,864</u>	<u>14,460</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.

#### B9. FINANCIAL INSTRUMENTS

##### (a) Derivatives

The Group does not have any outstanding derivatives as at the end of the quarter under review.

##### (b) Gains or losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities during the current quarter and financial year-to-date under review.

#### B10. 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.

## FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

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#### B11. 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 30 September 2011	Cumulative period ended 30 September 2011
Profit for the period (RM'000)	1,936	3,873
Less: Amount attributable to minority interest (RM'000)	(62)	(92)
Profit attributable to owners of the parent (RM'000)	<u>1,874</u>	<u>3,781</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>
Basic earnings per ordinary share (sen)	<u>2.07</u>	<u>4.18</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.

#### B12. 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.

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	At 30 September 2011	At 31 December 2010
Total equity attributable to owners of the parent (RM'000)	72,160	71,576
Number of ordinary shares in issue ('000)	90,742	90,742
Number of shares repurchased ('000)	(209)	(209)
Number of ordinary shares in issue after share buy back ('000)	90,533	90,533
Net assets per share attributable to owners of the parent (RM)	0.7970	0.7906

**B13. REALISED AND UNREALISED PROFITS/LOSSES**

	At 30 September 2011 RM'000	At 31 December 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	51,528	51,924
- Unrealised	(3,007)	(4,858)
	48,521	47,066
Total share of retained profits from a jointly controlled entity:		
- Realised	1,015	701
- Unrealised	(1)	-
	49,535	47,767
Less: Consolidation adjustments	(16,334)	(16,084)
Retained earnings as per Consolidated Statement of Financial Position	33,201	31,683

**B14. 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 8 November 2011.