

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2012 - UNAUDITED

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/11 RM'000	CURRENT YEAR TO DATE 30/09/12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/11 RM'000
Revenue	A8	21,792	20,714	65,485	59,479
Cost of sales		(17,190)	(16,248)	(52,315)	(46,120)
Gross profit		4,602	4,466	13,170	13,359
Other income		(96)	574	617	2,083
Administrative expenses		(2,481)	(2,556)	(7,630)	(7,485)
Distribution costs		(641)	(688)	(2,027)	(1,944)
Other expenses		(233)	249	(414)	(1,589)
Finance costs		(198)	(210)	(638)	(730)
Interest income		60	82	192	217
Share of profit of a jointly controlled entity (net of tax)		156	143	215	567
Profit before taxation	A8	1,169	2,060	3,485	4,478
Taxation	B5	(231)	(124)	(679)	(605)
Profit for the financial period	A8	938	1,936	2,806	3,873
Other comprehensive income					
Foreign currency translations		(1,032)	1,201	(827)	(953)
Total comprehensive income		(94)	3,137	1,979	2,920
Profit attributable to:					
Owners of the parent		998	1,874	2,864	3,781
Non-controlling interest		(60)	62	(58)	92
		938	1,936	2,806	3,873
Total comprehensive income attributable to:					
Owners of the parent		(12)	3,049	2,054	2,847
Non-controlling interest		(82)	88	(75)	73
		(94)	3,137	1,979	2,920
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	B9	1.10	2.07	3.16	4.18

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012 - UNAUDITED

	AS AT END OF CURRENT YEAR 30/09/12 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/11 RM'000
Notes		
Non-current assets		
Property, plant and equipment	38,568	40,621
Investment in a jointly controlled entity	1,392	1,456
Goodwill on consolidation	1,924	1,924
Total non-current assets	<u>41,884</u>	<u>44,001</u>
Current assets		
Inventories	19,582	19,982
Trade and other receivables	16,267	15,432
Current tax assets	468	608
Short term investments	-	112
Deposits placed with financial institutions	4,393	4,729
Cash and bank balances	12,151	14,052
Total current assets	<u>52,861</u>	<u>54,915</u>
Total assets	<u>94,745</u>	<u>98,916</u>
Equity		
Share capital	45,371	45,371
Share premium	368	368
Treasury shares	(87)	(87)
Exchange translation reserve	(7,860)	(7,050)
Retained earnings	34,733	34,132
Total attributable to owners of the parent	72,525	72,734
Non-controlling interest	465	540
Total equity	<u>72,990</u>	<u>73,274</u>
Non-current liabilities		
Borrowings	7,690	8,402
Deferred tax liabilities	1,258	1,258
Total non-current liabilities	<u>8,948</u>	<u>9,660</u>
Current liabilities		
Trade and other payables	7,390	9,303
Borrowings	5,117	6,502
Current tax payable	300	177
Total current liabilities	<u>12,807</u>	<u>15,982</u>
Total liabilities	<u>21,755</u>	<u>25,642</u>
Total equity and liabilities	<u>94,745</u>	<u>98,916</u>
Net assets per share attributable to owners of the parent (RM)	0.8011	0.8034

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2012 - UNAUDITED

Notes	Attributable to owners of the parent							Non-controlling interest	Total equity
	Share capital	Share premium	Exchange translation reserve	Treasury shares	Retained earnings	Total	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 January 2011	45,371	368	(5,759)	(87)	31,683	71,576	446	72,022	
Profit for the financial period	-	-	-	-	3,781	3,781	92	3,873	
Dividend paid	-	-	-	-	(2,263)	(2,263)	-	(2,263)	
Foreign currency translations	-	-	(934)	-	-	(934)	(19)	(953)	
Balance at 30 September 2011	<u>45,371</u>	<u>368</u>	<u>(6,693)</u>	<u>(87)</u>	<u>33,201</u>	<u>72,160</u>	<u>519</u>	<u>72,679</u>	
Balance at 1 January 2012	45,371	368	(7,050)	(87)	34,132	72,734	540	73,274	
Profit for the financial period	-	-	-	-	2,864	2,864	(58)	2,806	
Dividend paid	-	-	-	-	(2,263)	(2,263)	-	(2,263)	
Foreign currency translations	-	-	(810)	-	-	(810)	(17)	(827)	
Balance at 30 September 2012	<u>45,371</u>	<u>368</u>	<u>(7,860)</u>	<u>(87)</u>	<u>34,733</u>	<u>72,525</u>	<u>465</u>	<u>72,990</u>	

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 2011 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 2012 - UNAUDITED

	30/09/12	30/09/11
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	3,485	4,478
Adjustments for:		
Depreciation of property, plant and equipment	2,783	2,523
Inventories written down	445	421
Impairment of trade receivables	-	90
Finance costs	638	730
(Gain)/loss on disposal of property, plant and equipment	(1)	4
Interest income	(192)	(217)
Reversal of inventories written down	(23)	-
Share of profit of a jointly controlled entity	(215)	(567)
Operating profit/(loss) before changes in working capital	6,920	7,462
(Increase)/decrease in inventories	(22)	1,445
(Increase)/decrease in trade and other receivables	(641)	(1,313)
(Decrease)/increase in trade and other payables	(1,913)	(3,006)
Cash generated from/(used in) operations	4,344	4,588
Tax (paid)/refunded	(411)	(665)
Net cash from operating activities	3,933	3,923
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,415)	(4,527)
Repayment from/(advances to) jointly controlled entity	(194)	-
Dividends received from a jointly controlled entity	238	412
Interest received	192	217
Proceeds from disposal of property, plant and equipment	136	-
Withdrawal/(placement) of pledged deposits	137	(4)
Disposal/(purchase) of short term investments	112	-
Net cash (used in)/from investing activities	(794)	(3,902)
Cash flows from financing activities		
Dividends paid to owners of the parent	(2,263)	(2,263)
Interest paid	(638)	(730)
Drawdown of borrowings	8,882	11,367
Repayments of borrowings	(10,695)	(9,577)
Repayments of hire purchase creditors	(82)	(248)
Net cash used in financing activities	(4,796)	(1,451)
Net increase/(decrease) in cash and cash equivalents	(1,657)	(1,430)
Effects of exchange rate changes	(443)	(376)
Cash and cash equivalents at beginning of period	18,644	18,284
Cash and cash equivalents at end of period	16,544	16,478
Cash and cash equivalents comprise:		
Cash and bank balances	12,151	11,068
Deposits placed with financial institutions	4,393	5,547
	16,544	16,615
Deposit pledged	-	(137)
	16,544	16,478

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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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 2011.

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 2011 and should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2011.

A2. AUDITORS’ REPORT ON PRECEDING YEAR’S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 23 April 2012 on the audited financial statements for the financial year ended 31 December 2011 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.

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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.

A7. 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 2012.

A final dividend for the financial year ended 31 December 2011 was approved by the shareholders at the Company's Eleventh Annual General Meeting held on 25 June 2012 and was paid on 23 July 2012.

Details of the final dividend are as follows:

	Financial year ended	
	31 December 2011 RM'000	31 December 2010 RM'000
2.5 sen (2010: 2.5 sen) tax exempt	<u>2,263</u>	<u>2,236</u>

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A8. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue										
Revenue from external customers	50,004	45,051	15,421	14,365	60	63	-	-	65,485	59,479
Inter-segment revenue	427	1,943	114	123	14	19	(555)	(2,085)	-	-
Total revenue	50,431	46,994	15,535	14,488	74	82	(555)	(2,085)	65,485	59,479
Results										
Profit/(loss) before tax	4,701	6,269	(862)	(1,378)	(354)	(413)	-	-	3,485	4,478
Taxation	(679)	(605)	-	-	-	-	-	-	(679)	(605)
Profit for the financial period	4,022	5,664	(862)	(1,378)	(354)	(413)	-	-	2,806	3,873

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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.

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 RM48.2 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.

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A14. CAPITAL COMMITMENTS

There were no 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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of goods	<u>197</u>	<u>215</u>	<u>535</u>	<u>483</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.

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

B1. ANALYSIS OF PERFORMANCE

The Group's revenue of RM21.8 million for the third quarter of 2012 was RM1.1 million higher than the RM20.7 million reported in the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM65.5 million, 10.1% higher than the RM59.5 million recorded in the same period of the preceding year.

The revenue of RM16.6 million from the webbings, yarn and furniture components segment for the current quarter was RM1.3 million higher than the RM15.3 million recorded in the corresponding quarter of 2011. The webbings, yarn and furniture components segment's revenue for the financial year-to-date of RM50.0 million was also RM4.9 million higher than the RM45.1 million recorded in the same period of last year. The increases are primarily due to higher revenue being recorded in our export markets as the Group attempted to maintain market position by pushing sales at lower margins.

The rubber strips and fabrics segment recorded revenue of RM5.2 million during the quarter under review, RM0.2 million lower compared to the RM5.4 million recorded in the corresponding quarter of the previous year. However, revenue for the current financial year-to-date of RM15.4 million was RM1.0 million higher than the RM14.4 million recorded in the same period of 2011.

Despite the increase in revenue, the Group's profit before taxation of RM1.2 million for the third quarter of 2012 was RM0.9 million lower than the RM2.1 million recorded in the corresponding quarter of the previous year. This is mainly due to the strengthening of the Ringgit against the US Dollar which resulted in foreign exchange losses of RM0.4 million during the quarter compared to the foreign exchange gains of RM0.7 million during the corresponding quarter of 2011. Profit before taxation for the current financial year-to-date of RM3.5 million was also RM1.0 million lower than the RM4.5 million reported for the corresponding period of 2011. The reduction is 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 US Dollar and lower profits from the jointly controlled entity.

Profit before taxation recorded by the webbings, yarn and furniture components segment during the quarter under review was RM1.6 million, RM0.6 million lower than the RM2.2 million reported for the third quarter of last year. The segment's profit before taxation of RM4.7 million for the financial year-to-date was also RM1.6 million lower than the RM6.3 million recorded for the same period of last year. As the global economy remain slow, competitors have

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reduced prices to maintain market shares. This has resulted in the Group having to reduce margins to remain competitive and maintain market position.

The rubber strips and fabrics segment reported a loss of RM0.2 million for the quarter under review compared to the RM0.3 million loss recorded in the corresponding quarter of the previous year. Loss before taxation for the financial year-to-date of RM0.9 million was also RM0.5 million lower than the loss of RM1.4 million that was recorded during the same period of the previous financial year. Apart from recording higher revenue during the financial year-to-date, the relatively stable rubber prices also contributed to the improved performance.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group's revenue of RM21.8 million for the current quarter was RM1.2 million or 5.2% lower than the RM23.0 million reported for the preceding quarter as the global economy remain lackluster.

The Group's profit before taxation for the third quarter of RM1.2 million was also RM0.5 million lower than the RM1.7 million recorded in the previous quarter. Apart from the lower revenue, the strengthening of the Ringgit against the US Dollar during the third quarter resulted in net foreign exchange losses of RM0.4 million as opposed to the net foreign exchange gains of RM0.5 million during the previous quarter.

B3. PROSPECTS

We are cautiously optimistic that by staying focused behind our core business strategies and barring any unforeseen circumstances, the Group's performance for 2012 will be satisfactory.

However, 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.

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B5. TAXATION

	Quarter ended 30 September 2012 RM'000	Cumulative period ended 30 September 2012 RM'000
Current year provision - Malaysia	168	337
Current year provision - Overseas	223	502
Overprovision in prior year - Malaysia	(160)	(160)
	<u>231</u>	<u>679</u>

The effective tax rate of the Group for the period ended 30 September 2012 was 19.5%. The percentage is lower than the statutory income tax rate as certain overseas subsidiary companies are enjoying lower corporate tax rates.

B6. BORROWINGS

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

	At 30 September 2012 RM'000	At 31 December 2011 RM'000
Current liabilities	5,117	6,502
Non-current liabilities	7,690	8,402
	<u>12,807</u>	<u>14,904</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	6,170	7,129
- United States Dollar	6,542	7,433
- Vietnamese Dong	95	342
	<u>12,807</u>	<u>14,904</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.

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B7. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 September		Cumulative period ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating profit is arrived at after charging:				
Interest expense	198	210	638	730
Depreciation and amortization	1,011	823	2,783	2,523
Impairment of trade receivables	-	90	-	90
Inventories written down	217	120	422	421
Loss on foreign exchange	252	(307)	410	1,428
Loss on disposal of property, plant and equipment	-	1	1	4
and after crediting:				
Interest income	60	82	192	217
Other income including investment income	88	213	291	462
Gain on disposal of property, plant and equipment	-	-	2	-
Gain on foreign exchange	(184)	361	324	1,621

- (a) There were no gain or loss on disposal of quoted or unquoted investments during the current quarter and financial year-to-date under review.
- (b) There were no impairment of receivables or 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.

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B8. 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.

B9. 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 2012	Cumulative period ended 30 September 2012
Profit for the period (RM'000)	938	2,806
Amount attributable to non- controlling interest (RM'000)	60	58
Profit attributable to owners of the parent (RM'000)	<u>998</u>	<u>2,864</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>1.10</u>	<u>3.16</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.

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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 30 September 2012	At 31 December 2011
Total equity attributable to owners of the parent (RM'000)	<u>72,525</u>	<u>72,734</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>0.8011</u>	<u>0.8034</u>

B11. REALISED AND UNREALISED PROFITS/LOSSES

	At 30 September 2012 RM'000	At 31 December 2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	51,660	52,209
- Unrealised	<u>(2,305)</u>	<u>(3,158)</u>
	49,355	49,051
Total share of retained earnings from a jointly controlled entity:		
- Realised	1,331	1,356
- Unrealised	<u>1</u>	<u>(1)</u>
	50,687	50,406
Less: Consolidation adjustments	<u>(15,954)</u>	<u>(16,274)</u>
Retained earnings as per Consolidated Statement of Financial Position	<u>34,733</u>	<u>34,132</u>

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B12. 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 30 November 2012.