

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2013 - UNAUDITED

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/12 RM'000	CURRENT YEAR TO DATE 31/03/13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/12 RM'000
Revenue	A9	19,182	20,715	19,182	20,715
Cost of sales		(15,649)	(16,805)	(15,649)	(16,805)
Gross profit		3,533	3,910	3,533	3,910
Other income		295	232	295	232
Administrative expenses		(2,574)	(2,531)	(2,574)	(2,531)
Distribution costs		(468)	(615)	(468)	(615)
Other expenses		(42)	(264)	(42)	(264)
Finance costs		(124)	(227)	(124)	(227)
Interest income		79	52	79	52
Share of profit of a jointly controlled entity (net of tax)		41	13	41	13
Profit before tax	A9	740	570	740	570
Tax expense	B5	(332)	(193)	(332)	(193)
Profit for the financial period	A9	408	377	408	377
Other comprehensive income					
Foreign currency translations		234	(807)	234	(807)
Total comprehensive income		642	(430)	642	(430)
Profit attributable to:					
Owners of the parent		440	385	440	385
Non-controlling interest		(32)	(8)	(32)	(8)
		408	377	408	377
Total comprehensive income attributable to:					
Owners of the parent		669	(404)	669	(404)
Non-controlling interest		(27)	(26)	(27)	(26)
		642	(430)	642	(430)
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	B9	0.49	0.43	0.49	0.43

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
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FOR THE FIRST QUARTER 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 - UNAUDITED

	AS AT END OF CURRENT YEAR 31/03/13 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/12 RM'000
Notes		
Non-current assets		
Property, plant and equipment	37,501	38,046
Investment in a jointly controlled entity	1,445	1,390
Deferred tax assets	27	27
Goodwill on consolidation	1,924	1,924
Total non-current assets	<u>40,897</u>	<u>41,387</u>
Current assets		
Inventories	19,997	20,566
Trade and other receivables	13,799	14,710
Current tax assets	562	500
Deposits placed with financial institutions	4,824	6,188
Cash and bank balances	13,137	11,053
Total current assets	<u>52,319</u>	<u>53,017</u>
Total assets	<u>93,216</u>	<u>94,404</u>
Equity		
Share capital	45,371	45,371
Share premium	368	368
Treasury shares	(87)	(87)
Exchange translation differences	(7,700)	(7,929)
Retained earnings	36,396	35,956
Total attributable to owners of the parent	74,348	73,679
Non-controlling interests	421	448
Total equity	<u>74,769</u>	<u>74,127</u>
Non-current liabilities		
Borrowings	6,202	6,098
Deferred tax liabilities	1,239	1,239
Total non-current liabilities	<u>7,441</u>	<u>7,337</u>
Current liabilities		
Trade and other payables	7,001	8,546
Borrowings	3,525	3,896
Current tax liabilities	480	498
Total current liabilities	<u>11,006</u>	<u>12,940</u>
Total liabilities	<u>18,447</u>	<u>20,277</u>
Total equity and liabilities	<u>93,216</u>	<u>94,404</u>
Net assets per share attributable to owners of the parent (RM)	0.8212	0.8138

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 31 MARCH 2013 - UNAUDITED

Notes	Attributable to owners of the parent							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 RM'000			
Balance at 1 January 2012	45,371	368	(7,050)	(87)	34,132	72,734	540	73,274	
Profit for the financial period	-	-	-	-	385	385	(8)	377	
Foreign currency translations	-	-	(789)	-	-	(789)	(18)	(807)	
Balance at 31 March 2012	<u>45,371</u>	<u>368</u>	<u>(7,839)</u>	<u>(87)</u>	<u>34,517</u>	<u>72,330</u>	<u>514</u>	<u>72,844</u>	
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	
Foreign currency translations	-	-	229	-	-	229	5	234	
Balance at 31 March 2013	<u>45,371</u>	<u>368</u>	<u>(7,700)</u>	<u>(87)</u>	<u>36,396</u>	<u>74,348</u>	<u>421</u>	<u>74,769</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 2012 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 31 MARCH 2013 - UNAUDITED

	31/03/13	31/03/12
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	740	570
Adjustments for:		
Depreciation of property, plant and equipment	887	910
Inventories written down	120	35
Finance costs	124	227
Interest income	(79)	(52)
Reversal of inventories written down	(180)	(23)
Share of profit of a jointly controlled entity	(41)	(13)
Operating profit/(loss) before changes in working capital	1,571	1,654
(Increase)/decrease in inventories	730	1,051
(Increase)/decrease in trade and other receivables	931	726
(Decrease)/increase in trade and other payables	(1,534)	(3,006)
Cash generated from/(used in) operations	1,698	425
Tax (paid)/refunded	(413)	(219)
Net cash from operating activities	1,285	206
Cash flows from investing activities		
Acquisition of property, plant and equipment	(195)	(341)
Repayment from/(advances to) jointly controlled entity	(31)	(258)
Interest received	79	52
Disposal/(purchase) of short term investments	-	112
Net cash (used in)/from investing activities	(147)	(435)
Cash flows from financing activities		
Interest paid	(124)	(227)
Drawdown of borrowings	1,296	3,065
Repayments of borrowings	(1,595)	(3,037)
Repayments of hire purchase creditors	(16)	(40)
Net cash used in financing activities	(439)	(239)
Net increase/(decrease) in cash and cash equivalents	699	(468)
Effects of exchange rate changes	21	(432)
Cash and cash equivalents at beginning of period	17,241	18,644
Cash and cash equivalents at end of period	17,961	17,744
Cash and cash equivalents comprise:		
Cash and bank balances	13,137	12,895
Deposits placed with financial institutions	4,824	4,986
	17,961	17,881
Deposit pledged	-	(137)
	17,961	17,744

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 2012.

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 2012 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2012.

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

The report of the auditors to members of the Company dated 24 April 2013 on the audited financial statements for the financial year ended 31 December 2012 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 2013.

A8. 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.

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A9. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue										
Revenue from external customers	14,693	16,147	4,433	4,532	56	36	-	-	19,182	20,715
Inter-segment revenue	67	168	37	16	5	5	(109)	(189)	-	-
Total revenue	14,760	16,315	4,470	4,548	61	41	(109)	(189)	19,182	20,715
Results										
Profit/(loss) before tax	1,177	1,438	(426)	(653)	(11)	(215)	-	-	740	570
Taxation	(332)	(193)	-	-	-	-	-	-	(332)	(193)
Profit for the financial period	845	1,245	(426)	(653)	(11)	(215)	-	-	408	377

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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 RM48.4 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

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 31 March		Cumulative period ended 31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Sale of goods	<u>155</u>	<u>115</u>	<u>155</u>	<u>115</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 RM19.2 million for the first quarter of 2013 was RM1.5 million lower than the RM20.7 million reported in the corresponding quarter of the previous year.

The revenue of RM14.7 million from the webbings, yarn and furniture components segment for the current quarter was RM1.4 million lower than the RM16.1 million recorded in the corresponding quarter of 2012 as the economies in the Group's key export markets, the US and Europe, continue to be sluggish and customers worldwide remain cautious in their purchasing policies.

The rubber strips and fabrics segment recorded revenue of RM4.4 million during the quarter under review, which is relatively consistent with the RM4.5 million recorded in the corresponding quarter of the previous year.

Despite the lower revenue, the Group's profit before tax of RM0.7 million was RM0.1 million higher than the RM0.6 million recorded in corresponding quarter of the previous year. This is mainly due to the recording of lower administrative and distribution expenses and a stronger US Dollar against the Ringgit during the quarter compared to the first quarter of 2012.

Profit before tax recorded by the webbings, yarn and furniture components segment during the quarter under review was RM1.2 million, RM0.2 million lower than the RM1.4 million reported for the first quarter of last year. Apart from registering lower revenue, the soft global economy has also prompted competitors to reduce prices in order to sustain market shares. This has resulted in the Group having to reduce margins to remain competitive and maintain its market position.

Although revenue remained consistent, the rubber strips and fabrics segment reported a loss before tax of RM0.4 million for the quarter under review compared to the RM0.7 million loss 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.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group's revenue of RM19.2 million for the current quarter was only RM0.1 million higher than the RM19.1 million reported for the fourth quarter of 2012 as the global economy remain slow.

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The Group's profit before tax for the current quarter of RM0.7 million was however RM1.1 million lower than the RM1.8 million registered in the last quarter of 2012 mainly due to the recording of lower administrative and distribution expenses during the previous quarter.

B3. PROSPECTS

We are conscious of the fact that the continuing uncertainties faced by our major export markets in the US and Europe will have an effect on the Group's performance for 2013. With slow growth being projected for the US and the ongoing Eurozone crisis unlikely to reach any satisfactory conclusion soon, it is certainly difficult to make any realistic prediction for the remainder of the year.

However, we are cautiously optimistic that by staying focused behind our core business strategies and barring any unforeseen circumstances, the Group's performance for 2013 will be satisfactory.

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.

B5. TAX EXPENSE

	Quarter ended 31 March 2013 RM'000	Cumulative period ended 31 March 2013 RM'000
Current year provision - Malaysia	160	160
Current year provision - Overseas	172	172
	<u>332</u>	<u>332</u>

The effective tax rate of the Group for the period ended 31 March 2013 was 44.9%. The percentage is higher than the statutory income tax rate as certain subsidiary companies experienced losses during the financial year-to-date under review.

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

	At 31 March 2013 RM'000	At 31 December 2012 RM'000
Current liabilities	3,525	3,896
Non-current liabilities	6,202	6,098
	<u>9,727</u>	<u>9,994</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	5,052	5,444
- United States Dollar	4,597	4,409
- Vietnamese Dong	78	141
	<u>9,727</u>	<u>9,994</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. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 March		Cumulative period ended 31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Interest expense	124	227	124	227
Depreciation and amortization	887	910	887	910
Inventories written down	(60)	35	120	35
Loss on foreign exchange	39	258	39	258
and after crediting:				
Interest income	79	52	79	52
Other income	97	109	97	109
Gain on foreign exchange	<u>198</u>	<u>123</u>	<u>198</u>	<u>123</u>

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- (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.

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 31 March 2013	Cumulative period ended 31 March 2013
Profit for the period (RM'000)	408	408
Amount attributable to non-controlling interests (RM'000)	32	32
Profit attributable to owners of the parent (RM'000)	440	440
Weighted average number of ordinary shares in issue ('000)	90,533	90,533
Basic earnings per ordinary share (sen)	0.49	0.49

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(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.

B10. 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 2013	At 31 December 2012
Total equity attributable to owners of the parent (RM'000)	<u>74,348</u>	<u>73,679</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>0.8212</u>	<u>0.8138</u>

FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)**QUARTERLY REPORT - 31 March 2013****B11. REALISED AND UNREALISED PROFITS/LOSSES**

	At 31 March 2013 RM'000	At 31 December 2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	54,090	54,002
- Unrealised	(1,852)	(2,132)
	<u>52,238</u>	<u>51,870</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	1,376	1,333
- Unrealised	(1)	-
	<u>53,613</u>	<u>53,203</u>
Less: Consolidation adjustments	(17,217)	(17,247)
Retained earnings as per Consolidated Statement of Financial Position	<u>36,396</u>	<u>35,956</u>

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 25 May 2013.