

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014 - UNAUDITED**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30-09-14 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-09-13 RM'000	CURRENT YEAR TO DATE 30-09-14 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-09-13 RM'000
	<b>Notes</b>				
<b>Revenue</b>	A10	22,681	19,603	62,270	57,930
Cost of sales		<u>(17,165)</u>	<u>(15,283)</u>	<u>(48,933)</u>	<u>(45,577)</u>
<b>Gross profit</b>		5,516	4,320	13,337	12,353
Other income		373	625	1,033	1,708
Administrative expenses		(3,957)	(2,573)	(11,644)	(7,718)
Distribution costs		(508)	(463)	(1,640)	(1,418)
Other expenses		(26)	(68)	(467)	(231)
Finance costs		(202)	(123)	(461)	(375)
Interest income		99	56	148	193
Share of profit of a jointly controlled entity (net of tax)		78	153	154	234
<b>Profit before tax</b>	A10	<u>1,373</u>	<u>1,927</u>	460	4,746
Tax expense	B5	<u>(260)</u>	<u>(272)</u>	<u>(642)</u>	<u>(1,146)</u>
<b>Profit/(Loss) for the period</b>	A10	<u>1,113</u>	<u>1,655</u>	<u>(182)</u>	<u>3,600</u>
<b>Other comprehensive income</b>					
Foreign currency translations		309	708	(480)	1,396
<b>Total comprehensive income for the period</b>		<u>1,422</u>	<u>2,363</u>	<u>(662)</u>	<u>4,996</u>
<b>Profit attributable to:</b>					
Owners of the parent		1,470	1,679	250	3,686
Non-controlling interest		<u>(357)</u>	<u>(24)</u>	<u>(432)</u>	<u>(86)</u>
		<u>1,113</u>	<u>1,655</u>	<u>(182)</u>	<u>3,600</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,923	2,377	(74)	5,061
Non-controlling interest		<u>(501)</u>	<u>(14)</u>	<u>(588)</u>	<u>(65)</u>
		<u>1,422</u>	<u>2,363</u>	<u>(662)</u>	<u>4,996</u>
<b>Earnings per ordinary share attributable to owners of the parent (sen):</b>	B11				
Basic		1.38	1.86	0.23	4.07
Diluted		<u>1.20</u>	<u>NA</u>	<u>0.20</u>	<u>NA</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2014 - UNAUDITED**

	Notes	AS AT END OF CURRENT YEAR 30-09-14 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31-12-13 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		35,975	35,992
Investment in a jointly controlled entity		1,603	1,635
Deferred tax assets		20	20
Goodwill on consolidation		1,233	1,233
Total non-current assets		<u>38,831</u>	<u>38,880</u>
<b>Current assets</b>			
Inventories		19,398	21,590
Property development costs		128,079	-
Trade and other receivables		18,179	25,648
Current tax assets		784	495
Deposits placed with financial institutions		564	1,184
Cash and bank balances		21,667	9,273
Total current assets		<u>188,671</u>	<u>58,190</u>
<b>Total assets</b>		<u><u>227,502</u></u>	<u><u>97,070</u></u>
<b>Equity</b>			
Share capital		72,531	45,371
Share premium		68	368
Warrant reserve		4,346	-
Treasury shares		(87)	(87)
Exchange translation differences		(6,783)	(6,459)
Retained earnings	B13	34,433	37,986
Total attributable to owners of the parent		104,508	77,179
Non-controlling interests		(74)	414
<b>Total equity</b>		<u>104,434</u>	<u>77,593</u>
<b>Non-current liabilities</b>			
Borrowings	B7	58,031	3,642
Deferred tax liabilities		1,076	1,144
Total non-current liabilities		<u>59,107</u>	<u>4,786</u>
<b>Current liabilities</b>			
Trade and other payables		58,103	8,723
Borrowings	B7	5,470	5,617
Current tax liabilities		388	351
Total current liabilities		<u>63,961</u>	<u>14,691</u>
<b>Total liabilities</b>		<u>123,068</u>	<u>19,477</u>
<b>Total equity and liabilities</b>		<u><u>227,502</u></u>	<u><u>97,070</u></u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.7215</u>	<u>0.8525</u>

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.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014 - UNAUDITED**

Notes	<----- Attributable to owners of the parent ----->						Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	translation differences RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
<b>Balance at 1 January 2013</b>	45,371	368	(7,929)		(87)	35,956	73,679	448	74,127
Profit/(Loss) for the period	-	-	-		-	3,686	3,686	(86)	3,600
Dividend paid	-	-	-		-	(2,716)	(2,716)	-	(2,716)
Foreign currency translations	-	-	1,375		-	-	1,375	21	1,396
<b>Balance at 30 September 2013</b>	<u>45,371</u>	<u>368</u>	<u>(6,554)</u>	<u>-</u>	<u>(87)</u>	<u>36,926</u>	<u>76,024</u>	<u>383</u>	<u>76,407</u>
<b>Balance at 1 January 2014</b>	45,371	368	(6,459)	-	(87)	37,986	77,179	414	77,593
Increase of share capital in a subsidiary	-	-	-	-	-	-	-	100	100
Profit/(Loss) for the period	-	-	-	-	-	250	250	(432)	(182)
Foreign currency translations	-	-	(324)	-	-	-	(324)	(156)	(480)
Rights issue with warrants	27,160	-	-	4,346	-	(1,630)	29,876	-	29,876
Share issuance expenses	-	(300)	-	-	-	-	(300)	-	(300)
Dividend paid	-	-	-	-	-	(2,173)	(2,173)	-	(2,173)
<b>Balance at 30 September 2014</b>	<u>72,531</u>	<u>68</u>	<u>(6,783)</u>	<u>4,346</u>	<u>(87)</u>	<u>34,433</u>	<u>104,508</u>	<u>(74)</u>	<u>104,434</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014 - UNAUDITED**

	<b>30-09-14</b> <b>RM'000</b>	<b>30-09-13</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	460	4,746
Adjustments for:		
Depreciation of property, plant and equipment	2,560	2,625
Inventories written down	489	521
Finance costs	461	375
Interest income	(148)	(193)
Reversal of inventories written down	(485)	(184)
Share of profit of a jointly controlled entity	(154)	(234)
Operating profit before changes in working capital	3,183	7,649
Decrease in inventories	2,010	708
(Increase)/decrease in trade and other receivables	(2,531)	233
Increase in property development costs	(68,427)	-
Decrease in trade and other payables	(272)	(1,778)
Cash generated (used in)/from operations	(66,037)	6,812
Tax paid	(959)	(1,114)
Net cash (used in)/from operating activities	(66,996)	5,698
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,731)	(393)
Advances to jointly controlled entity	-	197
Dividends received from a jointly controlled entity	159	108
Interest received	148	193
Proceeds from disposal of property, plant and equipment	-	7
Acquisition of addition investment in a subsidiary	(103)	-
Net cash used in investing activities	(2,527)	112
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the parent	(2,173)	(2,716)
Interest paid	(461)	(375)
Drawdown of borrowings	63,301	3,682
Repayments of borrowings	(8,905)	(5,438)
Repayments of hire purchase creditors	(99)	(49)
Proceeds from rights issue with warrants	29,876	-
Net cash from/(used in) financing activities	81,539	(4,896)
<b>Net increase in cash and cash equivalents</b>	<b>12,016</b>	<b>914</b>
Effects of exchange rate changes	(187)	722
Cash and cash equivalents at beginning of period	10,402	17,241
<b>Cash and cash equivalents at end of period</b>	<b>22,231</b>	<b>18,877</b>
Cash and cash equivalents comprise:		
Cash and bank balances	21,667	15,706
Deposits placed with financial institutions	564	3,171
	22,231	18,877

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.

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

## **QUARTERLY REPORT - 30 SEPTEMBER 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 *FRS 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 except for those disclosed in Note A2.

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**

In November 2011, The Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”) Framework. The issuance was made in conjunction with the MASB’s plan to converge with International Financial Reporting Standards (“IFRS”) in 2012. The MFRS Framework is a fully IFRS-compliant framework and equivalents to IFRSs.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investor and venturers (“Transitioning Entities”). Transitioning Entities are allowed to continue applying the FRS Framework for annual periods beginning on or after 1 January 2014.

During the current financial year ending 31 December 2014, the Group met the criteria as a TE and chose to revert and apply the FRS Framework. The adoption of FRS Framework did not have any significant impacts on the financial statements of the Group.

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 SEPTEMBER 2014

### A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 ("FRSs"), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2014.

Amendments to FRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to FRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>
Amendments to FRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>
Amendments to FRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to FRS 136	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to FRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group.

On 2 September 2014, the MASB issued another announcement that TEs would only be required to adopt the MFRS Framework for annual periods beginning on or after 1 January 2017.

Being a Transitioning Entity as defined above, the Group has elected to continue preparing its financial statements in accordance with the FRS Framework for the financial years ending 31 December 2014 to 2016 and will present its first MFRS financial statements for the financial year ending 31 December 2017.

### 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.

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

### **QUARTERLY REPORT - 30 SEPTEMBER 2014**

#### **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 during the current quarter and financial year-to-date under review except for the issuance of 54,320,100 new ordinary shares of RM0.50 each pursuant to the rights issue with warrants.

#### **A8. DIVIDENDS PAID**

During the financial period ended 30 September 2014, RM2,172,803 was paid on 23 September 2014 as final single tier dividend of 1.5 sen per share for the financial year ended 31 December 2013.

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

**QUARTERLY REPORT - 30 SEPTEMBER 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, except for the following:

- i) A wholly-owned subsidiary of the Company, Premier Gesture Sdn Bhd (“PGSB”), has on 22 August 2014 entered into a sale and purchase agreement (“SPA”) with KUB Malaysia Berhad (“the Vendor”) for the acquisition of a unit of office (“the Property”) for a purchase price of RM5,500,000.00 only, subject to the terms and conditions contained in the SPA.

(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.



# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 SEPTEMBER 2014

### A10. OPERATING SEGMENTS

Information on reportable segments is presented as follows:

For the period ended 30 September	Webbing, yarn & furniture components		Rubber strips & fabrics		Property development & construction		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	2014 RM'000	2013 RM'000
<b>Revenue</b>												
Revenue from external customers	41,473	42,817	19,403	15,010	974	-	420	103	-	-	62,270	57,930
Inter-segment revenue	666	292	240	97	-	-	14	14	(920)	(403)	-	-
Total revenue	42,139	43,109	19,643	15,107	974	-	434	117	(920)	(403)	62,270	57,930
<b>Segment Results</b>	<b>2,245</b>	<b>4,068</b>	<b>998</b>	<b>226</b>	<b>(1,883)</b>	<b>-</b>	<b>(1,054)</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>306</b>	<b>4,512</b>
Share of profit of a jointly controlled entity (net of tax)	154	234	-	-	-	-	-	-	-	-	154	234
Profit before tax	2,399	4,302	998	226	(1,883)	-	(1,054)	218	-	-	460	4,746
Taxation											(642)	(1,146)
(Loss)/Profit for the financial period											(182)	3,600

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

### **QUARTERLY REPORT - 30 SEPTEMBER 2014**

#### **A11. EVENTS AFTER BALANCE SHEET DATE**

There were no material events subsequent to the end of the financial period except as disclosed in Note A12 (b) of Changes in Composition of the Group, Note B6 of the Status of Corporate Proposals.

#### **A12. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter under review except for the following:

- a) On 7 July 2014, PGSB, a wholly-owned subsidiary of the Company had acquired two (2) ordinary share of RM1.00 each in Embun Tiasa Sdn Bhd (“ETSB”) representing the entire issued and paid-up capital in ETSB for a total cash consideration of RM2.00. ETSB was incorporated in Malaysia on 22 May 2014 with an authorized capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each, of which two (2) ordinary shares of RM1.00 each have been issued and are fully paid-up.
- b) On 24 September 2014, Furniweb (Vietnam) Shareholding Company (“FVSC”), a wholly-owned subsidiary company of the Company has entered into a sale and purchase agreement (“SPA”) with Scoot Filoot Pty Ltd (“SFPL”) and Ningbo Yong Ao Metal Products Co., Ltd (“Ningbo” or the “Vendor”) for the acquisition by FVSC and SFPL of a total of 16.51% of the charter capital of Furnitech Components (Vietnam) Co., Ltd (“Furnitech”) currently owned by the Vendor for a total purchase consideration of USD50,000.00 to be satisfied in cash. Pursuant to the SPA FVSC will acquire 10.44% of the charter capital in Furnitech equivalent to 63.2% of all the charter capital owned by Ningbo in Furnitech for a purchase consideration of USD31,617.00. With the completion of the SPA on 30 September 2014, the charter capital owned by FVSC in Furnitech has been increased from 71.57% to 82.01%.

#### **A13. CONTINGENT ASSETS**

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

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 SEPTEMBER 2014

### A14. CONTINGENT LIABILITIES

Details of corporate guarantee given by the Group as at the date of issue of the report are as follows:

	<b>At 30 September 2014 RM'000</b>	<b>At 31 December 2013 RM'000</b>
Guarantees given to unrelated parties in respect of credit facilities utilised by the subsidiaries		
- Limit of guarantee	48,285	-
- Amount utilised	<u>19,365</u>	<u>-</u>

The unrelated parties are suppliers and creditors of the subsidiaries under the property development and construction divisions.

There were no other material changes in contingent liabilities since the last annual reporting date except for those disclosed above.

### 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.

### A16. MATERIAL RELATED PARTY TRANSACTIONS

	<b>Quarter ended 30 September</b>		<b>Cumulative period ended 30 September</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	RM'000	RM'000	RM'000	RM'000
Sale of goods	<u>363</u>	<u>271</u>	<u>1,322</u>	<u>775</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.

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

## **QUARTERLY REPORT - 30 SEPTEMBER 2014**

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

#### **B1. ANALYSIS OF PERFORMANCE**

The Group's revenue of RM22.7 million for current quarter of 2014 was RM3.1 million higher than the RM19.6 million reported in the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM62.3 million, RM4.4 million higher than the RM57.9 million recorded in the same period of the preceding year.

The Group recorded a profit before tax of RM1.4 million in third quarter of 2014 as compared to profit before tax of RM1.9 million for third quarter of last year. Profit before taxation for the current financial year-to-date of RM0.5 million was RM4.2 million lower than RM4.7 million reported for the same period of 2013. This was mainly due to an increase in administrative expenses which was attributable to the expenses incurred pursuant to the corporate exercises and costs for setting up the property development segment of the Group during the quarter under review.

##### **a) Webbing, yarn & furniture components**

The revenue from the webbings, yarn and furniture components segment recorded RM14.1 million in the current quarter and also in the corresponding quarter of 2013. The segment's revenue for the financial year-to-date of RM41.5 million was RM1.3 million lower than the RM42.8 million recorded in the same period of last year.

Profit before tax recorded by the webbings, yarn and furniture components segment during the quarter under review was RM1.2 million, RM0.1 million lower than the RM1.3 million reported for the third quarter of last year. The segment's profit before taxation of RM2.2 million for the financial year-to-date was RM1.9 million lower than the RM4.1 million recorded for the same period 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.

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

### **QUARTERLY REPORT - 30 SEPTEMBER 2014**

#### **B1. ANALYSIS OF PERFORMANCE (CONT'D.)**

##### **b) Rubber strips & fabric**

The rubber strips and fabrics segment recorded revenue of RM7.5 million in the quarter under review, which was RM2.1 million higher than the RM5.4 million recorded in the corresponding quarter of the previous year. The segment's revenue for the financial year-to-date of RM19.4 million was RM4.4 million higher than RM15.0 million recorded in the corresponding period of last year.

As a result, the rubber strips and fabrics segment reported a profit before tax of RM0.9 million for the quarter under review compared to the profit before tax of RM0.3 million recorded in the corresponding quarter of the previous year. Profit before tax for the financial year-to-date of RM1.0 million was RM0.8 million higher than the profit of RM0.2 million recorded during the same period of the previous financial year. The relatively stable rubber prices and enhancement in production efficiency contributed to the improved performance in the segment.

##### **c) Property development & construction**

The property development & construction segment recorded revenue of RM1.0 million and loss before tax of RM0.8 million in the current quarter. The revenue and loss before tax for financial year-to-date under review were RM1.0 million and RM1.9 million respectively.

Revenue from current quarter is mainly derived from the construction contract in Ipoh. However, the current profit was offset by startup operational costs which include staff costs, authority application and processing fees and professional fees.

#### **B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group recorded revenue of RM22.7 million and profit before tax of RM1.4 million for the current quarter ended 30 September 2014 as compared to revenue of RM20.5 million and loss before tax of RM0.6 million achieved in the preceding quarter. The increase in revenue was contributed by improved performance of rubber strips and fabric segment and revenue recognition from the construction contract in Ipoh.

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 SEPTEMBER 2014

### B3. PROSPECTS

The Group anticipated finalisation of the Trans-Pacific Partnership (“TPP”) agreement is likely to spur more sourcing from the TPP member countries which includes Vietnam and Malaysia where the group’s manufacturing plants are operating. As the Group derives substantial amount of its revenue in US dollars, any further strengthening in the USD/RM exchange rate will be positive to the group. Barring any unforeseen circumstances, the Group’s manufacturing segment performance for the remaining quarter of 2014 is expected to be satisfactory.

On the property front, the Malaysian property market remains challenging due to various cooling measures taken by the government. However, the Group is confident of demand for its residential development called The Picasso Residence, due to be launched in the first quarter of 2015

### B4. PROFIT FORECAST

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

### B5. TAX EXPENSE

	Quarter ended 30 September		Cumulative period ended 30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current year taxation:				
- Malaysia	70	170	153	523
- Overseas	189	(15)	555	506
Under provision in prior year	1	117	1	117
Deferred taxation in respect of prior year:				
- Malaysia	-	-	(67)	-
	<u>260</u>	<u>272</u>	<u>642</u>	<u>1,146</u>

The effective tax rate of the Group for the period ended 30 September 2014 is higher than the statutory income tax rate as certain subsidiary companies experienced losses during the financial year-to-date under review.

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

### **QUARTERLY REPORT - 30 SEPTEMBER 2014**

#### **B6. STATUS OF CORPORATE PROPOSALS**

- a) Proposed Joint Venture with Almaharta Sdn Bhd (“ASB”) in connection with the development of a parcel of leasehold land held under PN45266, Lot 141, Section 88, Town and District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur, measuring approximately 15,033 square metres (“Development Land”) into a residential development**
- b) Proposed Diversification of the principal activities of the Company and its subsidiaries to include property development (“Collectively referred to as the “Proposals”)**

On 30 July 2014, the conditions precedent as stated in Section 2.1.8 (c)(iii) of the Circular to Shareholders dated 31 March 2014 has been fulfilled. Accordingly, the Joint Venture Agreement dated 31 December 2013 in relation to the proposed development of the Development Land and thereby the Proposals were deemed unconditional with effect from 30 July 2014.

- c) Renounceable rights issue of 54,320,100 new ordinary shares of RM0.50 each in the Company (“Rights Shares”) together with 54,320,100 free detachable new warrants (“Warrants”) (“Rights Issue with Warrants”)**

On 11 July 2014, the Rights Issue with Warrants was completed following the admission of 54,320,100 Warrants to the Official List of Bursa Malaysia Securities and the listing of and quotation for the 54,320,100 Rights Issue and 54,320,100 Warrants on the Main Market of Bursa Securities.

## FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

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#### B6. STATUS OF CORPORATE PROPOSALS (CONT'D)

The total gross proceeds raised from the Rights Issue with Warrants amounted to RM29,876,000. The status of the utilisation of proceeds as at 30 September 2014 is as follow:

	Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilization from the date of the listing of the Rights Shares	Deviation	Explanation
i)	Property development expenditure	26,640	26,640	-	Within 12 months	-	-
ii)	Factory expansion of Furnitech	1,155	1,155	-	Within 12 months	-	-
iii)	Repayment of bank borrowings	(ii) 1,231	1,231	-	Within 12 months	-	-
iv)	Estimated expenses for the Rights Issue with Warrants	850	850	-	Within 1 month	-	-
	Total	(ii) 29,876	29,876	-		-	-

#### Notes:

- (i) The proposed utilization of proceeds should be read in conjunction with the Abridged Prospectus of the Company dated 16 June 2014
- (ii) Total actual proceeds raised from the Rights Issue with Warrants was RM29,876,000 instead of RM29,945,000 as stated in the Abridged Prospectus as the 208,900 treasury shares were not resold in the open market. Hence, the proceeds allocated for repayment of bank borrowings was adjusted accordingly.



# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

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### B7. BORROWINGS

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

	<b>At 30 September 2014 RM'000</b>	<b>At 31 December 2013 RM'000</b>
Current liabilities	5,470	5,617
Non-current liabilities	58,031	3,642
	<u>63,501</u>	<u>9,259</u>

The borrowings are denominated in the following currencies:

- Ringgit Malaysia	57,736	3,781
- United States Dollar	3,928	5,478
- Vietnamese Dong	1,837	-
	<u>63,501</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.

### B8. DIVIDENDS

Other than the dividend paid as disclosed in Note A8, no dividend has been proposed by the Board of Directors for the financial period ended 30 September 2014.

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## B9. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 September		Cumulative period ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating (loss)/profit is arrived at after charging:				
Interest expense	202	123	461	375
Depreciation and amortization	924	922	2,560	2,625
Inventories written down	173	220	489	521
Loss on foreign exchange	7	68	389	224
and after crediting:				
Interest income	99	56	148	193
Gain on foreign exchange	225	514	414	1,340
Gain on disposal of property, plant and equipment	-	7	-	7
Reversal of inventories written down	-	3	485	184

- (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.

## 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.

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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.

	<b>Quarter ended 30 September</b>		<b>Cumulative period ended 30 September</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the parent (RM'000)	1,470	1,679	250	3,686
Weighted average number of ordinary shares in issue ('000)	106,710	90,533	106,710	90,533
Basic earnings per ordinary share (sen)	1.38	1.86	0.23	4.07

## b) Diluted earnings per ordinary share

	<b>Quarter ended 30 September</b>		<b>Cumulative period ended 30 September</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the parent (RM'000)	1,470	1,679	250	3,686
Weighted average number of ordinary shares in issue ('000)	122,886	90,533	122,886	90,533
Diluted earnings per ordinary share (sen)	1.20	NA	0.20	NA

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## 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.

	<b>At 30 September 2014</b>	<b>At 31 December 2013</b>
Total equity attributable to owners of the parent (RM'000)	<u>104,508</u>	<u>77,179</u>
Number of ordinary shares in issue ('000)	145,063	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>144,854</u>	<u>90,533</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.7215</u>	<u>0.8525</u>

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## B13. REALISED AND UNREALISED PROFITS/LOSSES

	<b>At 30 September 2014 RM'000</b>	<b>At 31 December 2013 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	51,739	55,546
- Unrealised	(1,811)	(1,640)
	<u>49,928</u>	<u>53,906</u>
Total share of retained earnings from a jointly controlled entity:		
- Realised	1,486	1,492
- Unrealised	(2)	(2)
	<u>51,412</u>	<u>55,396</u>
Less: Consolidation adjustments	(16,979)	(17,410)
Retained earnings as per Consolidated Statement of Financial Position	<u>34,433</u>	<u>37,986</u>

## 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 26 November 2014.