

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2008**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008 - UNAUDITED**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/07 RM'000	CURRENT YEAR TO DATE 30/09/08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/07 RM'000
	<b>Notes</b>				
<b>Revenue</b>	A8	25,126	21,602	71,538	70,897
Cost of sales		(19,507)	(16,266)	(55,059)	(53,275)
<b>Gross profit</b>		<u>5,619</u>	<u>5,336</u>	<u>16,479</u>	<u>17,622</u>
Selling and marketing expenses		(823)	(797)	(2,266)	(2,288)
Administrative expenses		(2,852)	(2,440)	(8,081)	(7,606)
Other operating expenses		(398)	(109)	(959)	(618)
Other operating income		1,211	201	2,160	598
<b>Operating profit</b>	A8	<u>2,757</u>	<u>2,191</u>	<u>7,333</u>	<u>7,708</u>
Interest expenses		(453)	(365)	(1,235)	(1,119)
Interest income		84	80	285	193
Share of profit in a jointly controlled entity		157	69	222	380
<b>Profit before taxation</b>		<u>2,545</u>	<u>1,975</u>	<u>6,605</u>	<u>7,162</u>
Tax expenses	B5	(441)	(96)	(1,093)	(862)
<b>Profit for the period</b>		<u><u>2,104</u></u>	<u><u>1,879</u></u>	<u><u>5,512</u></u>	<u><u>6,300</u></u>
<b>Attributable to:</b>					
Equity holders of the parent		2,147	1,991	5,960	6,910
Minority interest		(43)	(112)	(448)	(610)
<b>Profit for the period</b>		<u><u>2,104</u></u>	<u><u>1,879</u></u>	<u><u>5,512</u></u>	<u><u>6,300</u></u>
<b>Earnings per share</b>		sen	sen	sen	sen
Basic (net)	B11	2.37	2.20	6.58	7.65
Diluted (net)	B11	2.37	2.16	6.57	7.53

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008 - UNAUDITED**

	<b>AS AT END OF CURRENT QUARTER 30/09/08 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/07 RM'000</b>
<b>Notes</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,697	33,828
Prepaid lease payments	4,069	4,130
Other investments	100	-
Investment in a jointly controlled entity	1,247	1,035
Goodwill	1,924	1,924
<b>Total non-current assets</b>	<b>45,037</b>	<b>40,917</b>
<b>Current assets</b>		
Inventories	25,495	22,289
Trade and other receivables	20,838	21,168
Tax recoverable	668	1,208
Deposits with licensed banks	2,966	5,554
Cash and bank balances	8,444	10,797
<b>Total current assets</b>	<b>58,411</b>	<b>61,016</b>
<b>Total assets</b>	<b>103,448</b>	<b>101,933</b>
<b>Equity</b>		
Share capital	45,371	45,355
Reserves	27,760	24,796
Treasury shares	(87)	(87)
Total equity attributable to shareholders	73,044	70,064
Minority interest	593	798
<b>Total equity</b>	<b>73,637</b>	<b>70,862</b>
<b>Non-current liabilities</b>		
Borrowings	7,850	8,314
Deferred tax liabilities	1,724	1,724
<b>Total non-current liabilities</b>	<b>9,574</b>	<b>10,038</b>
<b>Current liabilities</b>		
Trade and other payables	9,931	10,657
Borrowings	10,060	10,174
Taxation	246	202
<b>Total current liabilities</b>	<b>20,237</b>	<b>21,033</b>
<b>Total liabilities</b>	<b>29,811</b>	<b>31,071</b>
<b>Total equity and liabilities</b>	<b>103,448</b>	<b>101,933</b>
Net assets per share attributable to equity holders of the parent (RM)	0.8068	0.7742

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 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 2008 - UNAUDITED**

Notes	Attributable to equity holders of the parent							Minority interest	Total equity
	Share capital	Share premium	Share compensation reserve	Exchange reserve	Treasury shares	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2007</b>	45,000	278	92	(1,190)	(87)	20,395	64,488	1,695	66,183
Exercise of ESOS	350	84	(84)	-	-	-	350	-	350
Equity settled share-based transactions	-	-	80	-	-	-	80	-	80
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(723)	-	-	(723)	(38)	(761)
Net profit for the period	-	-	-	-	-	6,910	6,910	(610)	6,300
Dividend paid	-	-	-	-	-	(2,654)	(2,654)	-	(2,654)
<b>At 30 September 2007</b>	<b>45,350</b>	<b>362</b>	<b>88</b>	<b>(1,913)</b>	<b>(87)</b>	<b>24,651</b>	<b>68,451</b>	<b>1,047</b>	<b>69,498</b>
<b>At 1 January 2008</b>	45,355	363	185	(2,286)	(87)	26,534	70,064	798	70,862
Exercise of ESOS	16	5	(5)	-	-	-	16	-	16
Equity settled share-based transactions	-	-	43	-	-	-	43	-	43
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(322)	-	-	(322)	79	(243)
Capital contribution from minority interest	-	-	-	-	-	-	-	164	164
Net profit for the period	-	-	-	-	-	5,960	5,960	(448)	5,512
Dividend paid	-	-	-	-	-	(2,717)	(2,717)	-	(2,717)
<b>At 30 September 2008</b>	<b>45,371</b>	<b>368</b>	<b>223</b>	<b>(2,608)</b>	<b>(87)</b>	<b>29,777</b>	<b>73,044</b>	<b>593</b>	<b>73,637</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008 - UNAUDITED**

	<b>30/09/08</b>	<b>30/09/07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net cash generated from operating activities</b>	6,622	9,953
<b>Net cash used in investing activities</b>	(5,433)	(293)
<b>Net cash used in financing activities</b>	(5,808)	(6,708)
Foreign translation differences	(322)	(723)
Net (decrease)/increase in cash and cash equivalents	<u>(4,941)</u>	<u>2,229</u>
<b>Cash and cash equivalents at beginning of period</b>	16,230	12,205
<b>Cash and cash equivalents at end of period</b>	<u><u>11,289</u></u>	<u><u>14,434</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,444	9,945
Deposits placed with licensed banks	<u>2,966</u>	<u>4,610</u>
	11,410	14,555
Deposits pledged	<u>(121)</u>	<u>(121)</u>
	<u><u>11,289</u></u>	<u><u>14,434</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**Notes on the quarterly report – 30 September 2008**

**PART A: EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of preparation**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard 134<sub>2004</sub>, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The preparation of an interim financial report in conformity with FRS 134<sub>2004</sub>, Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include 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 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements to be prepared in accordance with FRSs.

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2007 are available from the Company’s registered office.

**A2. Auditors’ report on preceding annual financial statements**

The auditors have expressed an unqualified opinion on the Company’s statutory financial statements for the year ended 31 December 2007 in their report dated 28 April 2008.

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**A3. Seasonality of operations**

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

**A4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

**A5. Changes in estimates**

There were no changes in estimates that have had material effect in the current quarter and financial year-to-date results.

**A6. Capital and reserves**

**(a) Capitalisation issue**

There were no capitalisation issues during the current quarter and financial year-to-date under review.

**(b) Repurchase of own shares**

There were no repurchase by the Company of its own shares during the current quarter and financial year-to-date under review.

**(c) Equity settled share-based transactions**

During the financial year under review, the Company's issued and paid-up capital increased through the issuance of new ordinary shares of RM0.50 each pursuant to the exercise of options granted under the Company's Employees' Share Option Scheme. No options were exercised during the current quarter.

Issued and paid-up capital

	RM'000
Balance at 1 January 2008	45,355
Paid-up during the year	
- First quarter 2008	16
- Second quarter 2008	-
- Third quarter 2008	-
Balance at 30 September 2008	<u>45,371</u>

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Number of ordinary shares issued

	'000
Balance at 1 January 2008	90,709
Issued during the year	
- First quarter 2008	33
- Second quarter 2008	-
- Third quarter 2008	-
Balance at 30 September 2008	<u>90,742</u>

**A7. Dividends**

There was no dividend declared during the current quarter and financial year-to-date under review in relation to the financial year ending 31 December 2008.

A final dividend for the financial year ended 31 December 2007 was approved by the shareholders at the Company's Seventh Annual General Meeting on 24 June 2008 and was paid on 25 July 2008.

Details of the final dividend are as follows:

	<b>Financial year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2007</b>	<b>2006</b>
	RM'000	RM'000
3.0 sen (2006: 2.75 sen) tax exempt	2,717	2,489
Nil (2006: 0.25 sen) less tax	-	165
	<u>2,717</u>	<u>2,654</u>





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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 annual report.

**A10. Post balance sheet events**

There were no material events after the financial period that have not been reflected in the financial statements for the financial period ended 30 September 2008.

**A11. Changes in composition of the Group**

On 7 August 2008, Furniweb (Vietnam) Shareholding Company ("FVSC"), a wholly-owned subsidiary of Furniweb Industrial Products Berhad, increased its investment in Furnitech Components (Vietnam) Co Ltd ("FCV") from US\$1,140,000 (RM3,762,000) to US\$1,440,000 (RM4,752,000) through an additional capital contribution of US\$300,000 (RM990,000). FVSC's ownership in FCV increased from 60% to 71.56% pursuant to the additional contribution.

There were no other changes in the composition of the Group during the current quarter and financial year-to-date under review.

**A12. Contingent assets**

There were no contingent assets for the Group as at the date of this announcement.

**A13. Contingent liabilities**

There were no contingent liabilities for the Group as at the date of this announcement.

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**Notes on the quarterly report – 30 September 2008**

**A14. Capital commitments outstanding not provided for in the interim financial report**

	At 30 September 2008 RM'000	At 31 December 2007 RM'000
Authorised and contracted for	<u>3,641</u>	<u>6,880</u>

**A15. Material related party transactions**

	Quarter ended 30 September		Cumulative period ended 30 September	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(i) Rental expenses	45	45	135	135
(ii) Sale of goods	4	75	166	215
(iii) Dividends received/ receivable	<u>104</u>	<u>225</u>	<u>104</u>	<u>225</u>

Notes:

- (i) Transactions with a company in which a director of a subsidiary has an interest
- (ii) Transactions with a joint venture partner
- (iii) Transactions with a jointly controlled entity

Other than as disclosed 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 BURSA  
MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. Review of performance**

The Group achieved revenue of RM25.1 million for the quarter under review, representing an improvement of 16.3% compared to the revenue of RM21.6 million reported for the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM71.5 million, 0.9% higher than the RM70.9 million recorded in the corresponding period of the preceding year.

Profit attributable to equity holders of the Company increased from the RM2.0 million reported in the preceding year's corresponding quarter to RM2.1 million in the current quarter, an increase of RM0.1 million or 7.8%. Profit attributable to equity holders for the period ended 30 September 2008 was RM6.0 million, a decline of 13.7% from the RM6.9 million announced for the corresponding period of the previous financial year. This is attributable to the escalation of material prices which have a significant impact on the cost of the Group's products, especially natural rubber and fuel prices.

**B2. Variation of results against preceding quarter**

The Group's revenue of RM25.1 million for the current quarter was RM3.2 million or 14.8% higher than the RM21.9 million reported for the preceding quarter.

However, profit attributable to equity holders of the Company amounting to RM2.1 million recorded in the current quarter was only 2.0% higher than the amount recorded in the previous quarter. This is largely due to the continuous upward trend of raw materials prices experienced during the quarter. Despite undertaking price adjustment exercises to maintain its profits, the Group was unable to pass the entire effect on to its customers.

**B3. Current year prospects**

The Group is fully aware that the volatility in natural rubber and fuel prices will continue to have a major impact on the Group's costs of production and profitability. To maintain the Group's profitability, apart from passing on part of the increases in raw material prices to its customers, the Group also mainly sources its raw materials from one or two suppliers. This enables the Group to purchase its raw materials at better discounts.

The above, together with smart manpower management and a focus on streamlining the Group's operations, are expected to result in a satisfactory

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performance for the Group for the remainder of the year barring any unforeseen circumstances.

**B4. Profit forecast**

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

**B5. Income tax expenses**

	<b>Quarter ended 30 September 2008 RM'000</b>	<b>Cumulative period ended 30 September 2008 RM'000</b>
Current tax – Malaysia	213	583
Current tax – Overseas	228	510
	<u>441</u>	<u>1,093</u>

The effective tax rate of the Group for the period ended 30 September 2008 is 16.5%, which is lower than the statutory income tax rate as the Group is enjoying tax incentives such as reinvestment allowance and double deductions. In addition, certain overseas subsidiary companies are either tax exempt or are enjoying lower corporate tax rates.

**B6. Unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date under review.

**B7. Quoted investments .**

	<b>At 30 September 2008 RM'000</b>	<b>At 30 September 2007 RM'000</b>
Quoted shares in Malaysia - at cost	183	148
Less: Allowance for diminution in value	<u>(83)</u>	<u>(82)</u>
	<u>100</u>	<u>66</u>
Market value	<u>100</u>	<u>150</u>

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**B8. Borrowings and debts securities**

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

	<b>At 30 September 2008 RM'000</b>	<b>At 30 September 2007 RM'000</b>
Short term borrowings	10,060	8,982
Long term borrowings	7,850	9,222
	<u>17,910</u>	<u>18,204</u>
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	6,548	6,263
In US Dollars	6,672	8,623
In Vietnam VND	4,690	3,318
	<u>17,910</u>	<u>18,204</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. Off balance sheet financial instruments**

As at the reporting date, the Group does not have any off balance sheet financial instruments.

**B10. Changes in material litigation**

There is no material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

**B11. Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the period after share buy back.

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	<b>Quarter ended 30 September 2008</b>	<b>Cumulative period ended 30 September 2008</b>
Profit for the period (RM'000)	2,104	5,512
Add: Amount attributable to minority interests (RM'000)	43	448
Profit attributable to shareholders of the Company (RM'000)	<u>2,147</u>	<u>5,960</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,532</u>	<u>90,532</u>
Basic earnings per share (sen)	<u>2.37</u>	<u>6.58</u>

**(b) Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period after share buy back has to be adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees via the Company's Employees' Share Option Scheme ("ESOS").

	<b>Quarter ended 30 September 2008</b>	<b>Cumulative period ended 30 September 2008</b>
Profit for the period (RM'000)	2,104	5,512
Add: Amount attributable to minority interests (RM'000)	43	448
Profit attributable to shareholders of the Company (RM'000)	<u>2,147</u>	<u>5,960</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>90,648</u>	<u>90,648</u>
Diluted earnings per share (sen)	<u>2.37</u>	<u>6.57</u>

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**B12. Net assets per share**

Net assets per share attributable to equity holders of the parent is arrived at by dividing the total equity attributable to shareholders of the Company 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 2008</b>	<b>At 31 December 2007</b>
Total equity attributable to shareholders of the Company (RM'000)	<u>73,044</u>	<u>70,064</u>
Number of ordinary shares in issue ('000)	90,742	90,709
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>90,500</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.8068</u>	<u>0.7742</u>

**B13. Authorisation for issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 13 November 2008.