

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009 - UNAUDITED

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/08 RM'000	CURRENT YEAR TO DATE 30/09/09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/08 RM'000
Revenue	A8	20,512	25,126	59,049	71,538
Cost of sales		(15,981)	(19,507)	(47,716)	(55,059)
Gross profit		4,531	5,619	11,333	16,479
Selling and marketing expenses		(611)	(823)	(1,937)	(2,266)
Administrative expenses		(2,899)	(2,852)	(8,278)	(8,081)
Other operating expenses		(153)	(398)	(1,164)	(959)
Other operating income		575	1,211	2,857	2,160
Operating profit	A8	1,443	2,757	2,811	7,333
Interest expenses		(309)	(453)	(1,036)	(1,235)
Interest income		86	84	198	285
Share of profit in a jointly controlled entity		198	157	431	222
Profit before taxation		1,418	2,545	2,404	6,605
Tax expenses	B5	(242)	(441)	(686)	(1,093)
Profit for the period		1,176	2,104	1,718	5,512
Attributable to:					
Equity holders of the parent		1,172	2,147	1,833	5,960
Minority interest		4	(43)	(115)	(448)
Profit for the period		1,176	2,104	1,718	5,512
Earnings per share		sen	sen	sen	sen
Basic (net)	B11	1.29	2.37	2.02	6.58
Diluted (net)	B11	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009 - UNAUDITED

	Notes	AS AT END OF CURRENT QUARTER 30/09/09 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/08 RM'000
Non-current assets			
Property, plant and equipment		37,895	39,959
Prepaid lease payments		3,988	4,049
Other investments	B7	-	-
Investment in a jointly controlled entity		1,160	746
Goodwill		<u>1,924</u>	<u>1,924</u>
Total non-current assets		<u>44,967</u>	<u>46,678</u>
Current assets			
Inventories		18,162	23,499
Trade and other receivables		18,324	17,936
Tax recoverable		672	308
Short term funds		2,102	102
Deposits with licensed banks		5,711	3,590
Cash and bank balances		<u>12,242</u>	<u>14,263</u>
Total current assets		<u>57,213</u>	<u>59,698</u>
Total assets		<u>102,180</u>	<u>106,376</u>
Equity			
Share capital		45,371	45,371
Reserves		27,279	27,812
Treasury shares		<u>(87)</u>	<u>(87)</u>
Total equity attributable to shareholders		<u>72,563</u>	<u>73,096</u>
Minority interest		<u>444</u>	<u>561</u>
Total equity		<u>73,007</u>	<u>73,657</u>
Non-current liabilities			
Borrowings	B8	10,053	10,400
Deferred tax liabilities		<u>1,907</u>	<u>1,907</u>
Total non-current liabilities		<u>11,960</u>	<u>12,307</u>
Current liabilities			
Trade and other payables		9,259	9,354
Borrowings	B8	7,591	10,887
Taxation		<u>363</u>	<u>171</u>
Total current liabilities		<u>17,213</u>	<u>20,412</u>
Total liabilities		<u>29,173</u>	<u>32,719</u>
Total equity and liabilities		<u>102,180</u>	<u>106,376</u>
Net assets per share attributable to equity holders of the parent (RM)	B12	0.8015	0.8074

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009 - UNAUDITED

Notes	Share capital RM'000	Share premium RM'000	Attributable to equity holders of the parent			Total RM'000	Minority interest RM'000	Total equity RM'000
			Share compensation reserve RM'000	Exchange reserve RM'000	Treasury shares RM'000			
At 1 January 2008	45,355	363	185	(2,286)	(87)	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	(448)	5,512
Dividend paid	-	-	-	-	-	(2,717)	-	(2,717)
At 30 September 2008	45,371	368	223	(2,608)	(87)	73,044	593	73,637
At 1 January 2009	45,371	368	237	(3,071)	(87)	73,096	561	73,657
Equity settled share-based transactions	-	-	2	-	-	2	-	2
Transfer of equity compensation reserve to retained profits upon expiry of ESOS	-	-	(239)	-	-	-	-	-
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	349	-	349	(2)	347
Net profit for the period	-	-	-	-	-	1,833	(115)	1,718
Dividend paid	-	-	-	-	-	(2,717)	-	(2,717)
At 30 September 2009	45,371	368	-	(2,722)	(87)	72,563	444	73,007

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 2008 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 2009 - UNAUDITED

	30/09/09	30/09/08
	RM'000	RM'000
Net cash generated from operating activities	10,532	6,622
Net cash used in investing activities	(2,386)	(5,433)
Net cash used in financing activities	(7,387)	(5,808)
Foreign translation differences	(659)	(322)
Net increase/(decrease) in cash and cash equivalents	100	(4,941)
Cash and cash equivalents at beginning of period	17,727	16,230
Cash and cash equivalents at end of period	17,827	11,289
Cash and cash equivalents comprise:		
Cash and bank balances	12,242	8,444
Deposits placed with licensed banks	5,711	2,966
	17,953	11,410
Deposits pledged	(126)	(121)
	17,827	11,289

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Notes on the quarterly report – 30 September 2009

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 134₂₀₀₄, 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 2008 annual financial statements.

The preparation of an interim financial report in conformity with FRS 134₂₀₀₄, 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 2008 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 2008 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 2008 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 2008 in their report dated 23 April 2009.

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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

There were no options being exercised during the current quarter and financial year-to-date under review.

All options granted pursuant to the Company's Employees' Share Option Scheme expired on 6 September 2009.

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 2009.

A final dividend for the financial year ended 31 December 2008 was approved by the shareholders at the Company's Eighth Annual General Meeting held on 23 June 2009 and was paid on 24 July 2009.

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Details of the final dividend are as follows:

	Financial year ended	
	31 December	31 December
	2008	2007
	RM'000	RM'000
3.0 sen (2007: 3.0 sen) tax exempt	<u>2,716</u>	<u>2,716</u>

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A8. Segment reporting

The Company's primary format for reporting segment information is business segments. Revenue from external customers represents the sales value of goods supplied to customers.

For the period ended 30 September	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue from external customers	40,771	53,809	17,896	17,040	382	689	-	-	59,049	71,538
Inter-segment revenue	2,172	2,934	6	50	57	59	(2,235)	(3,043)	-	-
Total	42,943	56,743	17,902	17,090	439	748	(2,235)	(3,043)	59,049	71,538
Segment result	2,625	7,350	528	120	(342)	(137)	-	-	2,811	7,333
Unallocated operating income and expenses										-
Operating profit									2,811	7,333

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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 has not been reflected in the financial statements for the financial period ended 30 September 2009.

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

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

	At 30 September 2009 RM'000	At 31 December 2008 RM'000
Authorised and contracted for	<u>765</u>	<u>1,300</u>

A15. Material related party transactions

	Quarter ended 30 September		Cumulative period ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(i) Rental expenses	45	45	135	135
(ii) Purchase of materials	25	-	60	-
(iii) Sale of goods	<u>113</u>	<u>4</u>	<u>240</u>	<u>166</u>

Notes:

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

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's revenue of RM20.5 million for the third quarter of 2009 was 18.4% lower compared to the revenue of RM25.1 million reported for the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM59.0 million, 17.5% lower than the RM71.5 million recorded in the corresponding period of the preceding year. This is directly attributable to the slowdown in the global economy that has deeply affected the Group's major export markets.

Consistent with the reduction in revenue, profit attributable to equity holders of the Company also decreased from the RM2.1 million reported in the preceding year's corresponding quarter to RM1.2 million in the current quarter, a reduction of RM0.9 million. Profit attributable to equity holders for the period ended 30 September 2009 was RM1.8 million, a reduction of 69.2% from the RM6.0 million announced for the corresponding period of the previous financial year.

B2. Variation of results against preceding quarter

The Group's revenue of RM20.5 million for the current quarter was RM0.4 million or 2.0% higher than the RM20.1 million reported for the previous quarter as customer orders gradually increased.

Profit attributable to equity holders of the Company also increased from the RM0.5 million recorded in the previous quarter to RM1.2 million in the quarter under review, an increase of RM0.7 million.

B3. Current year prospects

In order to ride through the volatility of 2009, the Group has continued to adopt a cautious approach in terms of capital expenditure, cash flow management, managing credit terms, stock holdings, as well as cost management.

Although there are signs that the global economy is slowly recovering, the remainder of the year 2009 is still expected to be very challenging.

B4. Profit forecast

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

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B5. Income tax expenses

	Quarter ended 30 September 2009 RM'000	Cumulative period ended 30 September 2009 RM'000
Current tax – Malaysia	88	303
Current tax – Overseas	154	381
Under provision in prior year	-	2
	242	686

The effective tax rate of the Group for the period ended 30 September 2009 is 28.5%, which is higher than the statutory income tax rate as certain subsidiaries within the Group experienced losses during the current quarter and financial year-to-date under review.

B6. Unquoted investments and/or properties

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

B7. Quoted investments

	At 30 September 2009 RM'000	At 30 September 2008 RM'000
Quoted shares in Malaysia – at cost	83	83
Less: Allowance for diminution in value	(83)	(83)
	-	-
Market value	-	-

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B8. Borrowings and debts securities

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

	At 30 September 2009 RM'000	At 30 September 2008 RM'000
Short term borrowings	7,591	10,060
Long term borrowings	10,053	7,850
	<u>17,644</u>	<u>17,910</u>
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	9,814	6,548
In US Dollars	3,000	6,672
In Vietnam Dong	4,830	4,690
	<u>17,644</u>	<u>17,910</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.

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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.

	Quarter ended 30 September 2009	Cumulative period ended 30 September 2009
Profit for the period (RM'000)	1,176	1,718
Add: Amount attributable to minority interests (RM'000)	(4)	115
Profit attributable to shareholders of the Company (RM'000)	<u>1,172</u>	<u>1,833</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>
Basic earnings per share (sen)	<u>1.29</u>	<u>2.02</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").

As all options granted pursuant to the Company's ESOS expired on 6 September 2009, no computation of diluted earnings per share is shown.

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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.

	At 30 September 2009	At 31 December 2008
Total equity attributable to shareholders of the Company (RM'000)	<u>72,563</u>	<u>73,096</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 equity holders of the parent (RM)	<u>0.8015</u>	<u>0.8074</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 24 November 2009.