

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
**(Company No: 541706-V)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST QUARTER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2010 - UNAUDITED**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/10 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/09 RM'000	CURRENT YEAR TO DATE 31/03/10 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/09 RM'000
	<b>Notes</b>				
<b>Revenue</b>	A9	20,908	18,424	20,908	18,424
Cost of sales		<u>(15,940)</u>	<u>(15,683)</u>	<u>(15,940)</u>	<u>(15,683)</u>
<b>Gross profit</b>		4,968	2,741	4,968	2,741
Other operating income		519	1,795	519	1,795
Administrative expenses		(2,608)	(2,605)	(2,608)	(2,605)
Distribution expenses		(588)	(669)	(588)	(669)
Other operating expenses		<u>(1,717)</u>	<u>(725)</u>	<u>(1,717)</u>	<u>(725)</u>
<b>Profit from operations</b>	A9	574	537	574	537
Finance expenses		(288)	(497)	(288)	(497)
Finance income		75	54	75	54
Share of profit of an associate		174	90	174	90
<b>Profit before taxation</b>		<u>535</u>	<u>184</u>	<u>535</u>	<u>184</u>
Tax expense	B5	<u>(209)</u>	<u>(161)</u>	<u>(209)</u>	<u>(161)</u>
<b>Profit for the period</b>	A9	<u>326</u>	<u>23</u>	<u>326</u>	<u>23</u>
<b>Other comprehensive income</b>					
Exchange gains/(losses) on translation of foreign operations		<u>(1,311)</u>	337	<u>(1,311)</u>	337
<b>Total comprehensive income</b>		<u>(985)</u>	<u>360</u>	<u>(985)</u>	<u>360</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		299	154	299	154
Non-controlling interest		<u>27</u>	<u>(131)</u>	<u>27</u>	<u>(131)</u>
		<u>326</u>	<u>23</u>	<u>326</u>	<u>23</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(979)	475	(979)	475
Non-controlling interest		<u>(6)</u>	<u>(115)</u>	<u>(6)</u>	<u>(115)</u>
		<u>(985)</u>	<u>360</u>	<u>(985)</u>	<u>360</u>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic (net)	B11	0.33	0.17	0.33	0.17
Diluted (net)	B11	<u>0.33</u>	<u>0.17</u>	<u>0.33</u>	<u>0.17</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 2009 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 FIRST QUARTER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2010 - UNAUDITED**

	<b>AS AT END OF CURRENT QUARTER 31/03/10 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31/12/09 RM'000</b>
<b>Notes</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,648	41,395
Investment in an associate	933	827
Goodwill	1,924	1,924
<b>Total non-current assets</b>	<u>43,505</u>	<u>44,146</u>
<b>Current assets</b>		
Inventories	19,906	20,205
Trade and other receivables	16,865	19,693
Current tax assets	555	493
Short term investments	2,130	2,117
Deposits placed with financial institutions	4,510	7,240
Cash and bank balances	12,912	11,055
<b>Total current assets</b>	<u>56,878</u>	<u>60,803</u>
<b>Total assets</b>	<u>100,383</u>	<u>104,949</u>
<b>Equity</b>		
Share capital	45,371	45,371
Share premium reserve	368	368
Treasury share reserve	(87)	(87)
Foreign exchange reserve	(4,359)	(3,081)
Retained earnings	31,877	31,578
<b>Total attributable to equity holders</b>	<u>73,170</u>	<u>74,149</u>
Non-controlling interest	452	458
<b>Total equity</b>	<u>73,622</u>	<u>74,607</u>
<b>Non-current liabilities</b>		
Borrowings	B8 8,964	8,573
Deferred tax liabilities	1,941	1,941
<b>Total non-current liabilities</b>	<u>10,905</u>	<u>10,514</u>
<b>Current liabilities</b>		
Trade and other payables	8,351	10,809
Borrowings	B8 7,284	8,813
Current tax payable	221	206
<b>Total current liabilities</b>	<u>15,856</u>	<u>19,828</u>
<b>Total liabilities</b>	<u>26,761</u>	<u>30,342</u>
<b>Total equity and liabilities</b>	<u>100,383</u>	<u>104,949</u>
Net assets per share attributable to equity holders of the Company (RM)	B12 0.8082	0.8190

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**  
 (Company No: 541706-V)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2010 - UNAUDITED**

	Attributable to equity holders of the Company									
	Notes	Share					Non distributable Equity			Distributable
RM'000		capital RM'000	premium reserve RM'000	compensation reserve RM'000	Foreign exchange reserve RM'000	Treasury share reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>At 1 January 2009</b>	45,371	368	237	(3,071)	(87)	30,278	73,096	561	73,657	
Equity settled share-based transactions	-	-	1	-	-	-	1	-	1	
Total comprehensive income	-	-	-	321	-	154	475	(115)	360	
<b>At 31 March 2009</b>	<u>45,371</u>	<u>368</u>	<u>238</u>	<u>(2,750)</u>	<u>(87)</u>	<u>30,432</u>	<u>73,572</u>	<u>446</u>	<u>74,018</u>	
<b>At 1 January 2010</b>	45,371	368	-	(3,081)	(87)	31,578	74,149	458	74,607	
Total comprehensive income	-	-	-	(1,278)	-	299	(979)	(6)	(985)	
<b>At 31 March 2010</b>	<u>45,371</u>	<u>368</u>	<u>-</u>	<u>(4,359)</u>	<u>(87)</u>	<u>31,877</u>	<u>73,170</u>	<u>452</u>	<u>73,622</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 2009 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 2010 - UNAUDITED**

	<b>31/03/10</b>	<b>31/03/09</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash flows from operating activities	1,744	4,863
Net cash from/(used in) investing activities	(1,044)	(562)
Net cash from/(used in) financing activities	(906)	(3,172)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(206)</u>	<u>1,129</u>
<b>Cash and cash equivalents at beginning of period</b>	18,165	17,727
Exchange gains/(losses) on cash and cash equivalents	(667)	(231)
<b>Cash and cash equivalents at end of period</b>	<u><u>17,292</u></u>	<u><u>18,625</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,912	13,235
Deposits placed with financial institutions	4,510	5,516
	<u>17,422</u>	<u>18,751</u>
Deposits pledged	(130)	(126)
	<u><u>17,292</u></u>	<u><u>18,625</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**QUARTERLY REPORT - 31 March 2010**

**PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with FRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 2009.

**A2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted by the Group in the condensed consolidated interim financial statements are consistent with those adopted in the consolidated financial statements for the financial year ended 31 December 2009, except for the adoption of the following new/revised Financial Reporting Standards ("FRS") and IC Interpretations effective 1 January 2010:

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Amendments to FRSs contained in the document entitled *Improvements to FRSs (2009)*
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 Group and Treasury Share Transactions*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 *FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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IC Interpretations 9, 13 and 14 are not relevant to the Group's operations.

The adoption of the other new/revised FRSs and IC Interpretations has no material effect on the financial statements of the Group.

The adoption of FRS 139 has resulted in changes to the accounting policies relating to the recognition and measurement of financial instruments. A financial instrument is recognized in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognized initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

In accordance with the transitional provisions of FRS 139, the financial assets and financial liabilities of the Group as at 1 January 2010 have been identified, re-measured and there is no difference between the re-measured amount and the previous carrying amount that needs to be recognized as an adjustment to the opening retained earnings of the Group as at 1 January 2010.

**A3. AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS**

The report of the auditors to members of the Company dated 22 April 2010 on the audited financial statements for the financial year ended 31 December 2009 did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965.

**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.

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**A7. 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.

**A8. DIVIDENDS**

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

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 31 March 2010

### A9. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments.

For the period ended 31 March	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue										
Revenue from external customers	15,692	12,767	5,201	5,497	15	160	-	-	20,908	18,424
Inter-segment revenue	735	822	-	-	5	79	(740)	(901)	-	-
Total	16,427	13,589	5,201	5,497	20	239	(740)	(901)	20,908	18,424
<b>Results</b>										
Segment results	1,837	493	(426)	(248)	(837)	292	-	-	574	537
Finance expenses									(288)	(497)
Finance income									75	54
Share of profit of an associate									174	90
Tax expense									(209)	(161)
Profit for the period									326	23



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**A10. 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.

**A11. 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.

**A12. 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.

**A13. CONTINGENT ASSETS**

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

**A14. CONTINGENT LIABILITIES**

As at the end of the quarter under review, the Company has provided corporate guarantees amounting to RM49.1 million to financial institutions for facilities granted to its subsidiaries.

Apart from the above, the Group does not have any contingent liabilities as at the end of the quarter under review.

**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.

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## A16. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 31 March		Cumulative period ended 31 March	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(i) Rental expenses	-	45	-	45
(ii) Purchase of materials	14	28	14	28

Notes:

- (i) and (ii) Transactions with a company in which a director of a subsidiary has an interest.

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.

**QUARTERLY REPORT - 31 March 2010**

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

**B1. REVIEW OF PERFORMANCE**

The Group's revenue of RM20.9 million for the first quarter of 2010 was 13.5% higher compared to the revenue of RM18.4 million reported for the corresponding quarter of the previous year as the global economy showed signs of recovery.

In line with the increase in revenue, profit attributable to equity holders of the Company also increased from the RM0.2 million reported in the preceding year's corresponding quarter to RM0.3 million in the current quarter.

As the Group has a fair amount of inter-company balances owing from its Vietnamese subsidiaries to their Malaysian counterparts, the strengthening of the Ringgit against the US Dollar by approximately 5% between the end of the financial year ended 31 December 2009 and the end of the current quarter resulted in net foreign exchange losses of approximately RM1.3 million being recorded during the quarter.

**B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

The Group's revenue of RM20.9 million for the current quarter was RM0.7 million or 3.3% lower than the RM21.6 million reported for the previous quarter. This is quite normal as traditionally orders from customers tend to slow slightly after the end of the calendar year. Furthermore, the first quarter also had fewer working days due to the Chinese New Year closure.

Profit attributable to equity holders of the Company also decreased from the RM1.9 million recorded in the previous quarter to RM0.3 million in the quarter under review, a reduction of RM1.6 million. This is primarily due to the strengthening of the Ringgit against the US Dollar as described in Note B1 above.

**B3. CURRENT YEAR PROSPECTS**

While the local as well as the global economy showed signs of recovery during the final quarter of 2009, whether it can be sustained throughout 2010 remain unclear. This uncertainty deeply influenced the spending pattern of consumers and the Group's products remain susceptible to the state of economy of our key export markets.

The Board is confident that with the commitment of our people and astute business management principles in place, the Group is well positioned to tackle the challenges that lie ahead and perform within expectations.

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### B4. PROFIT FORECAST

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

### B5. TAX EXPENSE

	<b>Quarter ended 31 March 2010 RM'000</b>	<b>Cumulative period ended 31 March 2010 RM'000</b>
Current tax – Malaysia	83	83
Current tax – Overseas	169	169
Over provision in prior year	(43)	(43)
	<u>209</u>	<u>209</u>

The effective tax rate of the Group for the period ended 31 March 2010 was 39.1%, 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 PROPERTIES

There were no sale or purchase of unquoted investments and properties during the current quarter and financial year-to-date under review.

### B7. QUOTED INVESTMENTS

There were no sale or purchase of quoted investments during the current quarter and financial year-to-date under review.

The Group does not have any quoted investments as at the end of the quarter under review.

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### B8. BORROWINGS

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

	<b>At 31 March 2010 RM'000</b>	<b>At 31 December 2009 RM'000</b>
Short term borrowings	7,284	8,813
Long term borrowings	8,964	8,573
	<u>16,248</u>	<u>17,386</u>
The borrowings are denominated in the following currencies:		
Ringgit Malaysia	9,470	9,782
US Dollars	2,734	3,364
Vietnam Dong	4,044	4,240
	<u>16,248</u>	<u>17,386</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. FINANCIAL INSTRUMENTS

#### (a) Derivatives

The Group does not have any outstanding derivatives as at the end of the quarter under review.

#### (b) Gains or losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities 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.

**QUARTERLY REPORT - 31 March 2010****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.

	<b>Quarter ended 31 March 2010</b>	<b>Cumulative period ended 31 March 2010</b>
Profit for the period (RM'000)	326	326
Add: Amount attributable to non-controlling interest (RM'000)	(27)	(27)
Profit attributable to equity holders of the Company (RM'000)	<u>299</u>	<u>299</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>
Basic earnings per share (sen)	<u>0.33</u>	<u>0.33</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").

The diluted earnings per share for the current quarter and financial year-to-date under review equal to the basic earnings per share as all options granted pursuant to the Company's Employees' Share Option Scheme lapsed on 6 September 2009.

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Net assets per share attributable to equity holders of the Company is arrived at by dividing the total equity attributable to equity holders 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 31 March 2010</b>	<b>At 31 December 2009</b>
Total equity attributable to equity holders of the Company (RM'000)	<u>73,170</u>	<u>74,149</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 Company (RM)	<u>0.8082</u>	<u>0.8190</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 20 May 2010.