

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010 - UNAUDITED**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/10 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/09 RM'000	CURRENT YEAR TO DATE 30/09/10 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/09 RM'000
	<b>Notes</b>				
<b>Revenue</b>	A7	19,711	20,512	62,860	59,049
Cost of sales		(15,460)	(15,981)	(48,384)	(47,716)
<b>Gross profit</b>		<u>4,251</u>	<u>4,531</u>	<u>14,476</u>	<u>11,333</u>
Other operating income		391	575	1,441	2,857
Administrative expenses		(2,221)	(2,899)	(7,396)	(8,278)
Distribution expenses		(901)	(611)	(2,322)	(1,937)
Other operating expenses		(1,139)	(153)	(3,530)	(1,164)
<b>Profit from operations</b>	A7	<u>381</u>	<u>1,443</u>	<u>2,669</u>	<u>2,811</u>
Finance expenses		(285)	(309)	(791)	(1,036)
Finance income		63	86	200	198
Share of profit of an associate		194	198	462	431
<b>Profit before taxation</b>		<u>353</u>	<u>1,418</u>	<u>2,540</u>	<u>2,404</u>
Tax expense	B5	(174)	(242)	(704)	(686)
<b>Profit for the period</b>	A7	<u>179</u>	<u>1,176</u>	<u>1,836</u>	<u>1,718</u>
<b>Other comprehensive income</b>					
Exchange gains/(losses) on translation of foreign operations		(130)	346	(1,978)	347
<b>Total comprehensive income</b>		<u>49</u>	<u>1,522</u>	<u>(142)</u>	<u>2,065</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		132	1,172	1,802	1,833
Non-controlling interest		47	4	34	(115)
		<u>179</u>	<u>1,176</u>	<u>1,836</u>	<u>1,718</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		11	1,524	(123)	2,182
Non-controlling interest		38	(2)	(19)	(117)
		<u>49</u>	<u>1,522</u>	<u>(142)</u>	<u>2,065</u>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic (net)	B11	0.15	1.29	1.99	2.02
Diluted (net)	B11	<u>0.15</u>	<u>1.29</u>	<u>1.99</u>	<u>2.02</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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010 - UNAUDITED**

	<b>AS AT END OF CURRENT QUARTER 30/09/10 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	38,776	41,395
Investment in an associate	1,171	827
Goodwill	1,924	1,924
<b>Total non-current assets</b>	<u>41,871</u>	<u>44,146</u>
<b>Current assets</b>		
Inventories	20,608	20,205
Trade and other receivables	15,699	19,693
Current tax assets	708	493
Short term investments	105	2,117
Deposits placed with financial institutions	4,916	7,240
Cash and bank balances	14,886	11,055
<b>Total current assets</b>	<u>56,922</u>	<u>60,803</u>
<b>Total assets</b>	<u>98,793</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	(5,006)	(3,081)
Retained earnings	30,663	31,578
<b>Total attributable to equity holders</b>	<u>71,309</u>	<u>74,149</u>
Non-controlling interest	439	458
<b>Total equity</b>	<u>71,748</u>	<u>74,607</u>
<b>Non-current liabilities</b>		
Borrowings	B8 8,572	8,573
Deferred tax liabilities	1,934	1,941
<b>Total non-current liabilities</b>	<u>10,506</u>	<u>10,514</u>
<b>Current liabilities</b>		
Trade and other payables	10,054	10,809
Borrowings	B8 6,067	8,813
Current tax payable	418	206
<b>Total current liabilities</b>	<u>16,539</u>	<u>19,828</u>
<b>Total liabilities</b>	<u>27,045</u>	<u>30,342</u>
<b>Total equity and liabilities</b>	<u>98,793</u>	<u>104,949</u>
Net assets per share attributable to equity holders of the Company (RM)	B12 0.7877	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**  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010 - UNAUDITED**

Notes	Attributable to equity holders of the Company										Total equity RM'000
	Share capital RM'000	Share premium reserve RM'000	Share compensation reserve RM'000	Equity 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	-	-	2	-	-	-	2	-	2		
Transfer of equity compensation reserve to retained profits upon expiry of ESOS	-	-	(239)	-	-	239	-	-	-		
Dividend paid	-	-	-	-	-	(2,717)	(2,717)	-	(2,717)		
Total comprehensive income	-	-	-	349	-	1,833	2,182	(117)	2,065		
<b>At 30 September 2009</b>	<b>45,371</b>	<b>368</b>	<b>-</b>	<b>(2,722)</b>	<b>(87)</b>	<b>29,633</b>	<b>72,563</b>	<b>444</b>	<b>73,007</b>		
<b>At 1 January 2010</b>	45,371	368	-	(3,081)	(87)	31,578	74,149	458	74,607		
Dividend paid	-	-	-	-	-	(2,717)	(2,717)	-	(2,717)		
Total comprehensive income	-	-	-	(1,925)	-	1,802	(123)	(19)	(142)		
<b>At 30 September 2010</b>	<b>45,371</b>	<b>368</b>	<b>-</b>	<b>(5,006)</b>	<b>(87)</b>	<b>30,663</b>	<b>71,309</b>	<b>439</b>	<b>71,748</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD QUARTER 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010 - UNAUDITED**

	<b>30/09/10</b>	<b>30/09/09</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash flows from operating activities	7,501	10,532
Net cash from/(used in) investing activities	673	(2,386)
Net cash from/(used in) financing activities	(5,421)	(7,387)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>2,753</u>	<u>759</u>
<b>Cash and cash equivalents at beginning of period</b>	18,165	17,727
Exchange gains/(losses) on cash and cash equivalents	(1,246)	(659)
<b>Cash and cash equivalents at end of period</b>	<u><u>19,672</u></u>	<u><u>17,827</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	14,886	12,242
Deposits placed with financial institutions	4,916	5,711
	<u>19,802</u>	<u>17,953</u>
Deposits pledged	(130)	(126)
	<u><u>19,672</u></u>	<u><u>17,827</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 - 30 September 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. 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.

**A3. SEASONALITY OF OPERATIONS**

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

**A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

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

**A5. CHANGES IN ACCOUNTING ESTIMATES**

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

**A6. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date under review.

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 September 2010

### A7. SEGMENT REPORTING

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

For the period ended 30 September	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
<b>Revenue</b>										
Revenue from external customers	47,299	40,771	15,483	17,896	78	382	-	-	62,860	59,049
Inter-segment revenue	1,212	2,172	37	6	36	57	(1,285)	(2,235)	-	-
<b>Total</b>	<b>48,511</b>	<b>42,943</b>	<b>15,520</b>	<b>17,902</b>	<b>114</b>	<b>439</b>	<b>(1,285)</b>	<b>(2,235)</b>	<b>62,860</b>	<b>59,049</b>
<b>Results</b>										
Segment results	5,364	2,625	(905)	528	(1,790)	(342)	-	-	2,669	2,811
Finance expenses									(791)	(1,036)
Finance income									200	198
Share of profit of an associate									462	431
Tax expense									(704)	(686)
<b>Profit for the period</b>									<b>1,836</b>	<b>1,718</b>

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 September 2010

### A8. 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 2010.

A final dividend for the financial year ended 31 December 2009 was approved by the shareholders at the Company's Ninth Annual General Meeting held on 23 June 2010 and was paid on 23 July 2010.

Details of the final dividend are as follows:

	<b>Financial year ended</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
3.0 sen (2008: 3.0 sen) tax exempt	<u>2,717</u>	<u>2,717</u>

### 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 year's financial statements.

### A10. EVENTS AFTER BALANCE SHEET DATE

There were no material events subsequent to the end of the financial period that have not been reflected in the financial statements for the financial period under review.

### A11. CHANGES IN COMPOSITION OF THE GROUP

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

# FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)

## QUARTERLY REPORT - 30 September 2010

### A12. CONTINGENT ASSETS

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

### A13. CONTINGENT LIABILITIES

As at the end of the quarter under review, the Company has provided corporate guarantees amounting to RM48.6 million to financial institutions for facilities granted to its subsidiaries.

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

### A14. CAPITAL COMMITMENTS

	<b>At 30 September 2010 RM'000</b>	<b>At 31 December 2009 RM'000</b>
Property, plant and equipment: Contracted but not provided for	<u>4,778</u>	<u>-</u>

Apart from the above, there were no other capital commitments outstanding not provided for in the financial statements as at the end of the quarter under review.

### A15. MATERIAL RELATED PARTY TRANSACTIONS

	<b>Quarter ended 30 September</b>		<b>Cumulative period ended 30 September</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
(i) Rental expenses	-	45	-	135
(ii) Sale of goods	198	-	290	-
(iii) Purchase of materials	<u>-</u>	<u>25</u>	<u>14</u>	<u>60</u>

Notes:

(i) to (iii) Transactions 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.



**QUARTERLY REPORT - 30 September 2010**

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

**B1. REVIEW OF PERFORMANCE**

The Group's revenue of RM19.7 million for the third quarter was 3.9% lower than the RM20.5 million reported in the corresponding quarter of the previous year. Revenue for the financial year-to-date under review was RM62.9 million, 6.5% higher than the RM59.0 million recorded in the same period of the preceding year.

The increase in year-to-date revenue is due to the overall attainment of higher product sales in both the Group's Malaysia and Vietnam operations. However, revenue for the third quarter was lower than the corresponding quarter in 2009 as customers worldwide have started adopting a more cautious approach in their purchases in the wake of the recent increases in materials prices globally.

Profit attributable to equity holders of the Company decreased from the RM1.2 million reported in the preceding year's corresponding quarter to RM0.1 million in the current quarter. As for the financial year-to-date under review, the profit attributable to equity holders of RM1.8 million recorded was similar to the amount reported for the same period last year.

As the Group has a fair amount of inter-company balances owing from its Vietnamese subsidiaries to their Malaysian counterparts and also the fact that a significant portion of the Group's revenue is generated in US Dollars, the strengthening of the Ringgit against the US Dollar by approximately 10% 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 RM2.3 million being recorded during the financial year up to the end of the third quarter.

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

The Group's revenue of RM19.7 million for the current quarter was RM2.5 million or 11.4% lower than the RM22.2 million recorded in the preceding quarter.

In line with the decrease in revenue as well as the strengthening of the Ringgit against the US Dollar, profit attributable to equity holders of the Company of RM0.1 million for the current quarter was RM1.3 million lower than the RM1.4 million reported in the preceding quarter.

**QUARTERLY REPORT - 30 September 2010****B3. CURRENT YEAR PROSPECTS**

Although the Group recorded a 6.5% increase in revenue for the financial year-to-date under review compared to the corresponding period of 2009, it did not translate to a similar improvement in profit attributable to equity holders following the strengthening of the Ringgit as discussed in Note B1 above.

As the Group derives a substantial amount of its revenue in US Dollars, foreign exchange fluctuations arising from the continuous strengthening of the Ringgit against the US Dollar may affect the Group's results.

In view of the above, the Group is exploring various options and strategies to try to mitigate further foreign exchange losses.

Should the Ringgit remain at its current level and barring any unforeseen circumstances, the Group's performance for 2010 is expected to be satisfactory.

**B4. PROFIT FORECAST**

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

**B5. TAX EXPENSE**

	<b>Quarter ended 30 September 2010 RM'000</b>	<b>Cumulative period ended 30 September 2010 RM'000</b>
Current tax – Malaysia	(27)	270
Current tax – Overseas	133	407
Under/(Over) provision in prior year	68	27
	174	704

The effective tax rate of the Group for the period ended 30 September 2010 was 27.7%, 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.

**QUARTERLY REPORT - 30 September 2010****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.

**B8. BORROWINGS**

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

	<b>At 30 September 2010 RM'000</b>	<b>At 31 December 2009 RM'000</b>
Short term borrowings	6,067	8,813
Long term borrowings	8,572	8,573
	<u>14,639</u>	<u>17,386</u>
The borrowings are denominated in the following currencies:		
Ringgit Malaysia	9,093	9,782
US Dollars	2,955	3,364
Vietnam Dong	2,591	4,240
	<u>14,639</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.

**QUARTERLY REPORT - 30 September 2010****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.

**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 30 September 2010</b>	<b>Cumulative period ended 30 September 2010</b>
Profit for the period (RM'000)	179	1,836
Add: Amount attributable to non-controlling interest (RM'000)	(47)	(34)
Profit attributable to equity holders of the Company (RM'000)	<u>132</u>	<u>1,802</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>
Basic earnings per share (sen)	<u>0.15</u>	<u>1.99</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.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD (541706-V)****QUARTERLY REPORT - 30 September 2010****B12. NET ASSETS PER SHARE**

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 30 September 2010</b>	<b>At 31 December 2009</b>
Total equity attributable to equity holders of the Company (RM'000)	<u>71,309</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>0.7877</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 25 November 2010.