

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER 2007

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007 - UNAUDITED

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		YEAR	CORRESPONDING	YEAR	CORRESPONDING
		QUARTER	QUARTER	TO DATE	PERIOD
		31/12/07	31/12/06	31/12/07	31/12/06
		RM'000	RM'000	RM'000	RM'000
	Notes				
Revenue	A8	22,953	21,742	93,850	84,894
Cost of sales		(17,420)	(15,808)	(70,695)	(62,576)
Gross profit		<u>5,533</u>	<u>5,934</u>	<u>23,155</u>	<u>22,318</u>
Selling and marketing expenses		(1,071)	(452)	(3,359)	(2,637)
Administrative expenses		(3,098)	(2,568)	(10,704)	(10,625)
Other operating expenses		55	(1,022)	(563)	(1,395)
Other operating income		44	448	642	1,286
Operating profit	A8	<u>1,463</u>	<u>2,340</u>	<u>9,171</u>	<u>8,947</u>
Interest expenses		(704)	(366)	(1,823)	(1,307)
Interest income		397	71	590	163
Share of profit in a jointly controlled entity		95	55	475	519
Profit before taxation		<u>1,251</u>	<u>2,100</u>	<u>8,413</u>	<u>8,322</u>
Tax expenses	B5	331	(260)	(531)	(1,157)
Profit for the period		<u>1,582</u>	<u>1,840</u>	<u>7,882</u>	<u>7,165</u>
Attributable to:					
Equity holders of the parent		1,765	1,864	8,675	7,830
Minority interest		(183)	(24)	(793)	(665)
Profit for the period		<u>1,582</u>	<u>1,840</u>	<u>7,882</u>	<u>7,165</u>
Earnings per share		sen	sen	sen	sen
Basic (net)	B12	1.95	2.08	9.60	8.72
Diluted (net)	B12	1.93	2.08	9.46	8.72

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007 - UNAUDITED

	AS AT END OF CURRENT QUARTER 31/12/07 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/06 RM'000
Notes		
Non-current assets		
Property, plant and equipment	33,874	37,862
Prepaid lease payments	4,130	4,212
Other investments	-	66
Investment in a jointly controlled entity	1,035	995
Goodwill	1,924	1,924
Total non-current assets	<u>40,963</u>	<u>45,059</u>
Current assets		
Inventories	22,235	21,664
Trade and other receivables	21,738	20,369
Tax recoverable	592	1,032
Deposits with licensed banks	5,508	2,273
Cash and bank balances	10,797	10,049
Total current assets	<u>60,870</u>	<u>55,387</u>
Total assets	<u>101,833</u>	<u>100,446</u>
Equity		
Share capital	45,355	45,000
Reserves	24,620	19,575
Treasury shares	(87)	(87)
Total equity attributable to shareholders	<u>69,888</u>	<u>64,488</u>
Minority interest	798	1,695
Total equity	<u>70,686</u>	<u>66,183</u>
Non-current liabilities		
Borrowings	8,220	11,447
Deferred tax liabilities	1,952	2,135
Total non-current liabilities	<u>10,172</u>	<u>13,582</u>
Current liabilities		
Trade and other payables	10,541	10,580
Borrowings	10,268	10,042
Taxation	166	59
Total current liabilities	<u>20,975</u>	<u>20,681</u>
Total liabilities	<u>31,147</u>	<u>34,263</u>
Total equity and liabilities	<u>101,833</u>	<u>100,446</u>
Net assets per share attributable to equity holders of the parent (RM)	0.7722	0.7182

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 - UNAUDITED

Notes	Attributable to equity holders of the parent							Minority interest	Total equity
	Share capital RM'000	Share premium RM'000	Share compensation reserve RM'000	Exchange reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2006									
As previously stated	45,000	278	-	(13)	(6)	15,141	60,400	4,627	65,027
Prior year adjustments in respect of equity settled share-based transactions	-	-	7	-	-	(7)	-	-	-
At 1 January 2006 (restated)	45,000	278	7	(13)	(6)	15,134	60,400	4,627	65,027
Purchase of treasury shares	-	-	-	-	(81)	-	(81)	-	(81)
Equity settled share-based transactions	-	-	85	-	-	-	85	-	85
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(1,177)	-	-	(1,177)	(166)	(1,343)
Acquisition of remaining interest in a subsidiary	-	-	-	-	-	-	-	(2,766)	(2,766)
Capital contribution from minority interest	-	-	-	-	-	-	-	665	665
Net profit for the period	-	-	-	-	-	7,830	7,830	(665)	7,165
Dividend paid	-	-	-	-	-	(2,569)	(2,569)	-	(2,569)
At 31 December 2006	45,000	278	92	(1,190)	(87)	20,395	64,488	1,695	66,183
At 1 January 2007	45,000	278	92	(1,190)	(87)	20,395	64,488	1,695	66,183
Exercise of ESOS	355	85	(85)	-	-	-	355	-	355
Equity settled share-based transactions	-	-	177	-	-	-	177	-	177
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(1,153)	-	-	(1,153)	(104)	(1,257)
Net profit for the period	-	-	-	-	-	8,675	8,675	(793)	7,882
Dividend paid	-	-	-	-	-	(2,654)	(2,654)	-	(2,654)
At 31 December 2007	45,355	363	184	(2,343)	(87)	26,416	69,888	798	70,686

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 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007 - UNAUDITED

	31/12/07	31/12/06
	RM'000	RM'000
Net cash generated from operating activities	11,425	13,708
Net cash generated from/(used in) investing activities	295	(10,407)
Net cash (used in)/generated from financing activities	(6,484)	1,722
Foreign translation differences	(1,257)	(1,343)
Net increase in cash and cash equivalents	<u>3,979</u>	<u>3,680</u>
Cash and cash equivalents at beginning of period	12,205	8,525
Cash and cash equivalents at end of period	<u><u>16,184</u></u>	<u><u>12,205</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,797	10,049
Deposits placed with licensed banks	5,508	2,273
	<u>16,305</u>	<u>12,322</u>
Deposits pledged	(121)	(117)
	<u><u>16,184</u></u>	<u><u>12,205</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 2006 and the accompanying explanatory notes attached to the interim financial statements.

**FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)**

Notes on the quarterly report – 31 December 2007

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 2006 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 2006 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 FRSSs.

The financial information relating to the financial year ended 31 December 2006 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 2006 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 2006 in their report dated 26 April 2007.

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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 current quarter and 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.

Issued and paid-up capital

	RM'000
Balance at 1 January 2007	45,000
Paid-up during year	
- First quarter 2007	259
- Second quarter 2007	90
- Third quarter 2007	1
- Fourth quarter 2007	5
Balance at 31 December 2007	<u>45,355</u>

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Number of ordinary shares issued

	'000
Balance at 1 January 2007	90,000
Issued during year	
- First quarter 2007	517
- Second quarter 2007	181
- Third quarter 2007	1
- Fourth quarter 2007	10
Balance at 31 December 2007	<u>90,709</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 ended 31 December 2007.

On 27 July 2007, the Company paid a final dividend for the financial year ended 31 December 2006. Details of the final dividend are as follows:

	For the financial year ended	
	31 December	31 December
	2006	2005
	RM'000	RM'000
2.75 sen (2006: 2.5 sen) tax exempt	2,489	2,246
0.25 sen (2006: 0.5 sen) less tax	165	323
	<u>2,654</u>	<u>2,569</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 year ended 31 December	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue from external customers	68,303	59,650	23,106	23,137	2,441	2,107	-	-	93,850	84,894
Inter-segment revenue	3,882	4,257	86	250	183	368	(4,151)	(4,875)	-	-
Total	72,185	63,907	23,192	23,387	2,624	2,475	(4,151)	(4,875)	93,850	84,894
Segment result	8,844	7,424	846	1,878	(519)	(355)	-	-	9,171	8,947
Unallocated operating income and expenses										
Operating profit									9,171	8,947

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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 year that have not been reflected in the financial statements for the financial year ended 31 December 2007.

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.

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

There were no capital commitments outstanding not provided for in the financial statements for the current quarter and financial year-to-date under review.

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Notes on the quarterly report – 31 December 2007

A15. Material related party transactions

	Quarter ended		Cumulative period	
	31 December		ended	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
(i) Rental expenses	45	45	180	180
(ii) Sale of goods	161	220	376	920
(iii) Dividends received/ receivable	103	275	328	459

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 RM23.0 million for the quarter under review, representing an improvement of 5.6% compared to the RM21.7 million reported in the corresponding quarter in the previous year. Revenue for the year under review was RM93.9 million, 10.5% higher than the RM84.9 million recorded in the preceding year. The increase in revenue is due to the overall attainment of higher product sales in both the Group's Malaysia and Vietnam operations.

Profit attributable to equity holders of the Company decreased from the RM1.9 million reported in the preceding year's corresponding quarter to RM1.8 million in the current quarter, a reduction of RM0.1 million. However, in line with the overall increase in revenue, profit attributable to equity holders for the year under review was RM8.7 million, an increase of 10.8% from the RM7.8 million reported for the previous financial year.

B2. Variation of results against preceding quarter

The Group's revenue of RM23.0 million for the fourth quarter was RM1.4 million or 6.3% higher than the RM21.6 million recorded in the preceding quarter. Profit attributable to equity holders of the Company amounting to RM1.8 million for the current quarter however, was RM0.2 million or 11.4% lower compared to the RM2.0 million reported in the third quarter. The lower profit was the result of additional provisions being booked in at the end of the financial year pursuant to a reassessment of the Group's provision requirements.

B3. Current year prospects

Not applicable as this is the last quarter of the financial year.

B4. Profit forecast

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

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B5. Income tax expenses

	Quarter ended 31 December 2007 RM'000	Cumulative period ended 31 December 2007 RM'000
Current tax – Malaysia	165	803
Current tax – Overseas	67	291
Overprovision in prior year - Malaysia	(379)	(379)
Deferred taxation	(184)	(184)
	<u>(331)</u>	<u>531</u>

The effective tax rate of the Group for the year ended 31 December 2007 is 13.0%, 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

	At 31 December 2007 RM'000	At 31 December 2006 RM'000
Quoted shares in Malaysia - at cost	-	148
Less: Allowance for diminution in value	-	(82)
	<u>-</u>	<u>66</u>
Market value	<u>-</u>	<u>66</u>

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B8. Status of corporate proposals announced

The status of utilisation of the proceeds raised from the Rights and Public Issue pursuant to the listing of the Company in the Second Board of Bursa Malaysia Securities Berhad amounting to RM15,475,518 is as follows:

	Revised utilisation of proceeds RM'000	Utilised as at the date of report RM'000
Factory expansion	3,500	2,720
Purchase of machinery	3,000	3,000
Working capital	7,360	7,360
Estimated listing expenses	1,615	1,615
	15,475	14,695

The unutilised amount of RM780,000 is allocated for the factory expansion of Furniweb Manufacturing Sdn Bhd ("FMSB"), a wholly owned subsidiary.

FMSB has commenced construction work for the expansion and it is anticipated that the unutilized amount will be fully utilised by 30 September 2008.

B9. Borrowings and debts securities

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

	At 31 December 2007 RM'000	At 31 December 2006 RM'000
Short term borrowings	10,268	10,042
Long term borrowings	8,220	11,447
	18,488	21,489
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	6,173	7,786
In US Dollars	8,639	9,716
In Vietnam VND	3,676	3,987
	18,488	21,489

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and corporate guarantees of the Company.

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B10. Off balance sheet financial instruments

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

B11. 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.

B12. 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 31 December 2007	Cumulative period ended 31 December 2007
Profit for the period (RM'000)	1,582	7,882
Add: Amount attributable to minority interests (RM'000)	183	793
Profit attributable to shareholders of the Company (RM'000)	<u>1,765</u>	<u>8,675</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,345</u>	<u>90,345</u>
Basic earnings per share (sen)	<u>1.95</u>	<u>9.60</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").

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	Quarter ended 31 December 2007	Cumulative period ended 31 December 2007
Profit for the period (RM'000)	1,582	7,882
Add: Amount attributable to minority interests (RM'000)	183	793
Profit attributable to shareholders of the Company (RM'000)	<u>1,765</u>	<u>8,675</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>91,742</u>	<u>91,742</u>
Diluted earnings per share (sen)	<u>1.93</u>	<u>9.46</u>

B13. 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 31 December 2007	At 31 December 2006
Total equity attributable to shareholders of the Company (RM'000)	<u>69,888</u>	<u>64,488</u>
Number of ordinary shares in issue (‘000)	90,709	90,000
Number of shares repurchased (‘000)	<u>(209)</u>	<u>(209)</u>
Number of ordinary shares in issue after share buy back (‘000)	<u>90,500</u>	<u>89,791</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.7722</u>	<u>0.7182</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 22 February 2008.