

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2008 - UNAUDITED

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/07 RM'000	CURRENT YEAR TO DATE 31/03/08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/07 RM'000
Revenue	A8	24,529	24,084	24,529	24,084
Cost of sales		(19,069)	(18,177)	(19,069)	(18,177)
Gross profit		5,460	5,907	5,460	5,907
Selling and marketing expenses		(681)	(713)	(681)	(713)
Administrative expenses		(2,620)	(2,516)	(2,620)	(2,516)
Other operating expenses		(458)	(460)	(458)	(460)
Other operating income		337	282	337	282
Operating profit	A8	2,038	2,500	2,038	2,500
Interest expenses		(374)	(371)	(374)	(371)
Interest income		77	24	77	24
Share of profit in a jointly controlled entity		(43)	186	(43)	186
Profit before taxation		1,698	2,339	1,698	2,339
Tax expenses	B5	(244)	(208)	(244)	(208)
Profit for the period		1,454	2,131	1,454	2,131
Attributable to:					
Equity holders of the parent		1,709	2,475	1,709	2,475
Minority interest		(255)	(344)	(255)	(344)
Profit for the period		1,454	2,131	1,454	2,131
Earnings per share		sen	sen	sen	sen
Basic (net)	B12	1.89	2.75	1.89	2.75
Diluted (net)	B12	1.88	2.69	1.88	2.69

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.

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008 - UNAUDITED

	AS AT END OF CURRENT QUARTER 31/03/08 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/07 RM'000
Notes		
Non-current assets		
Property, plant and equipment	33,090	33,828
Prepaid lease payments	4,110	4,130
Other investments	-	-
Investment in a jointly controlled entity	950	1,035
Goodwill	1,924	1,924
Total non-current assets	<u>40,074</u>	<u>40,917</u>
Current assets		
Inventories	20,853	22,289
Trade and other receivables	24,051	21,168
Tax recoverable	691	1,208
Deposits with licensed banks	4,639	5,554
Cash and bank balances	10,188	10,797
Total current assets	<u>60,422</u>	<u>61,016</u>
Total assets	<u>100,496</u>	<u>101,933</u>
Equity		
Share capital	45,371	45,355
Reserves	25,515	24,796
Treasury shares	(87)	(87)
Total equity attributable to shareholders	<u>70,799</u>	<u>70,064</u>
Minority interest	510	798
Total equity	<u>71,309</u>	<u>70,862</u>
Non-current liabilities		
Borrowings	8,323	8,314
Deferred tax liabilities	1,724	1,724
Total non-current liabilities	<u>10,047</u>	<u>10,038</u>
Current liabilities		
Trade and other payables	10,253	10,657
Borrowings	8,828	10,174
Taxation	59	202
Total current liabilities	<u>19,140</u>	<u>21,033</u>
Total liabilities	<u>29,187</u>	<u>31,071</u>
Total equity and liabilities	<u>100,496</u>	<u>101,933</u>
Net assets per share attributable to equity holders of the parent (RM)	0.7820	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 31 MARCH 2008 - UNAUDITED

	Attributable to equity holders of the parent						Minority interest	Total equity	
	Non distributable Equity			Distributable					
Notes	Share capital RM'000	Share premium RM'000	compensation reserve RM'000	Exchange reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 January 2007	45,000	278	92	(1,190)	(87)	20,395	64,488	1,695	66,183
Exercise of ESOS	259	62	(62)	-	-	-	259	-	259
Equity settled share-based transactions	-	-	26	-	-	-	26	-	26
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(452)	-	-	(452)	(39)	(491)
Net profit for the period	-	-	-	-	-	2,475	2,475	(344)	2,131
At 31 March 2007	45,259	340	56	(1,642)	(87)	22,870	66,796	1,312	68,108
At 1 January 2008	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	-	-	14	-	-	-	14	-	14
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(1,004)	-	-	(1,004)	(33)	(1,037)
Net profit for the period	-	-	-	-	-	1,709	1,709	(255)	1,454
At 31 March 2008	45,371	368	194	(3,290)	(87)	28,243	70,799	510	71,309

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 31 MARCH 2008 - UNAUDITED

	31/03/08 RM'000	31/03/07 RM'000
Net cash generated from operating activities	950	1,860
Net cash used in investing activities	(255)	(350)
Net cash used in financing activities	(1,215)	(696)
Foreign translation differences	(1,004)	(452)
Net (decrease)/increase in cash and cash equivalents	<u>(1,524)</u>	<u>362</u>
Cash and cash equivalents at beginning of period	16,230	12,205
Cash and cash equivalents at end of period	<u><u>14,706</u></u>	<u><u>12,567</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,188	8,017
Deposits placed with licensed banks	<u>4,639</u>	<u>4,667</u>
	14,827	12,684
Deposits pledged	<u>(121)</u>	<u>(117)</u>
	<u><u>14,706</u></u>	<u><u>12,567</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.

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
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Notes on the quarterly report – 31 March 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 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 2007 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 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 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 2008	45,355
Paid-up during the quarter	16
Balance at 31 March 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 quarter	33
Balance at 31 March 2008	<u>90,742</u>

A7. Dividends

There was no dividend declared during the current quarter and financial year-to-date under review.

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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 31 March	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue from external customers	18,780	17,371	5,542	5,972	207	741	-	-	24,529	24,084
Inter-segment revenue	1,010	1,292	15	12	27	130	(1,052)	(1,434)	-	-
Total	19,790	18,663	5,557	5,984	234	871	(1,052)	(1,434)	24,529	24,084
Segment result	2,146	2,083	77	504	(185)	(87)	-	-	2,038	2,500
Unallocated operating income and expenses										
Operating profit									2,038	2,500

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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

Subsequent to the end of the financial period, the Vietnamese Dong, currency of Vietnam where the Group has significant operations experienced a substantial depreciation against the US Dollar.

However, the Group's operations in Vietnam are primarily export oriented and are denominated in currencies such as US Dollar, Euro and Australian Dollar that are held in foreign currency accounts and only converted to Vietnamese Dong as and when required.

Consequently, depreciation of the Vietnamese Dong against the major currencies will not have any significant impact on the Group's performance.

Apart from the above, there were no other material events after the financial period that have not been reflected in the financial statements for the financial period ended 31 March 2008.

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.

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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

	At 31 March 2008 RM'000	At 31 December 2007 RM'000
Authorised and contracted for	<u>6,880</u>	<u>6,880</u>

A15. Material related party transactions

	Quarter ended 31 March		Cumulative period ended 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(i) Rental expenses	45	45	45	45
(ii) Sale of goods	<u>99</u>	<u>120</u>	<u>99</u>	<u>120</u>

Notes:

- (i) Transactions with a company in which a director of a subsidiary has an interest
- (ii) 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 achieved revenue of RM24.5 million for the quarter under review, representing an improvement of 1.8% compared to the revenue of RM24.1 million reported in the corresponding quarter in the previous year. The slight increase in revenue is largely due to the overall increase in orders from customers worldwide.

Profit attributable to equity holders of the Company however, decreased from the RM2.5 million reported in the preceding year's corresponding quarter to RM1.7 million in the current quarter, a reduction of RM0.8 million or 30.9%. This is attributable to the escalation of material prices, including natural rubber and fuel prices, which have a significant impact on the cost of the Group's products.

B2. Variation of results against preceding quarter

The Group's revenue of RM24.5 million for the current quarter was RM1.5 million or 6.9% higher than the RM23.0 million reported for the preceding quarter.

However profit attributable to equity holders of the Company decreased from the RM1.8 million recorded in the previous quarter to RM1.7 million in the quarter under review, a decrease of RM0.1 million or 3.2%. The reduction in profit is caused by increases in raw materials costs.

B3. Current year prospects

The coming year is expected to be extremely demanding for the Group. The high material prices, including natural rubber and fuel prices, will continue to have a significant impact on the cost of the Group's products and hence the performance of the Group.

The Group will continue to embark on more research to add value to its products to keep abreast with market requirements and also to explore methods to improve operating efficiency and human productivity in order to reduce cost.

Based on the above and barring any unforeseen circumstances, the Group's performance for 2008 is expected to be satisfactory.

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 March 2008 RM'000	Cumulative period ended 31 March 2008 RM'000
Current tax – Malaysia	171	171
Current tax – Overseas	73	73
	<u>244</u>	<u>244</u>

The effective tax rate of the Group for the period ended 31 March 2008 is 14.4%, 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 March 2008 RM'000	At 31 March 2007 RM'000
Quoted shares in Malaysia - at cost	83	148
Less: Allowance for diminution in value	(83)	(82)
	<u>-</u>	<u>66</u>
Market value	<u>-</u>	<u>114</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	3,500
Purchase of machinery	3,000	3,000
Working capital	7,360	7,360
Estimated listing expenses	1,615	1,615
	15,475	15,475

The unutilised amount of RM780,000 reported in the previous quarter was allocated for the factory expansion of Furniweb Manufacturing Sdn Bhd (“FMSB”), a wholly owned subsidiary.

FMSB had commenced construction work for the expansion and the amount was fully utilised during the current quarter.

B9. Borrowings and debts securities

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

	At 31 March 2008 RM'000	At 31 March 2007 RM'000
Short term borrowings	8,828	10,598
Long term borrowings	8,323	10,307
	17,151	20,905
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	6,316	7,154
In US Dollars	6,701	8,866
In Vietnam VND	4,134	4,885
	17,151	20,905

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 March 2008	Cumulative period ended 31 March 2008
Profit for the period (RM'000)	1,454	1,454
Add: Amount attributable to minority interests (RM'000)	255	255
Profit attributable to shareholders of the Company (RM'000)	<u>1,709</u>	<u>1,709</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,528</u>	<u>90,528</u>
Basic earnings per share (sen)	<u>1.89</u>	<u>1.89</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 March 2008	Cumulative period ended 31 March 2008
Profit for the period (RM'000)	1,454	1,454
Add: Amount attributable to minority interests (RM'000)	255	255
Profit attributable to shareholders of the Company (RM'000)	<u>1,709</u>	<u>1,709</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>90,842</u>	<u>90,842</u>
Diluted earnings per share (sen)	<u>1.88</u>	<u>1.88</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 March 2008	At 31 December 2007
Total equity attributable to shareholders of the Company (RM'000)	<u>70,799</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>0.7820</u>	<u>0.7742</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 28 May 2008.