

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008 - UNAUDITED

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/06/08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/07 RM'000	CURRENT YEAR TO DATE 30/06/08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/07 RM'000
	Notes				
Revenue	A8	21,883	25,211	46,412	49,295
Cost of sales		<u>(16,483)</u>	<u>(18,832)</u>	<u>(35,552)</u>	<u>(37,009)</u>
Gross profit		5,400	6,379	10,860	12,286
Selling and marketing expenses		(762)	(778)	(1,443)	(1,491)
Administrative expenses		(2,609)	(2,650)	(5,229)	(5,166)
Other operating expenses		(103)	(49)	(561)	(509)
Other operating income		612	115	949	397
Operating profit	A8	<u>2,538</u>	<u>3,017</u>	<u>4,576</u>	<u>5,517</u>
Interest expenses		(408)	(382)	(782)	(754)
Interest income		124	89	201	113
Share of profit in a jointly controlled entity		108	125	65	311
Profit before taxation		<u>2,362</u>	<u>2,849</u>	<u>4,060</u>	<u>5,187</u>
Tax expenses	B5	<u>(408)</u>	<u>(558)</u>	<u>(652)</u>	<u>(766)</u>
Profit for the period		<u><u>1,954</u></u>	<u><u>2,291</u></u>	<u><u>3,408</u></u>	<u><u>4,421</u></u>
Attributable to:					
Equity holders of the parent		2,104	2,444	3,813	4,919
Minority interest		<u>(150)</u>	<u>(153)</u>	<u>(405)</u>	<u>(498)</u>
Profit for the period		<u><u>1,954</u></u>	<u><u>2,291</u></u>	<u><u>3,408</u></u>	<u><u>4,421</u></u>
Earnings per share		sen	sen	sen	sen
Basic (net)	B11	2.32	2.70	4.21	5.45
Diluted (net)	B11	2.32	2.68	4.20	5.37

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
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER 2008

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008 - UNAUDITED

	Notes	AS AT END OF CURRENT QUARTER 30/06/08 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/07 RM'000
Non-current assets			
Property, plant and equipment		35,437	33,828
Prepaid lease payments		4,090	4,130
Other investments	B7	100	-
Investment in a jointly controlled entity		1,030	1,035
Goodwill		<u>1,924</u>	<u>1,924</u>
Total non-current assets		<u>42,581</u>	<u>40,917</u>
Current assets			
Inventories		21,749	22,289
Trade and other receivables		21,807	21,168
Tax recoverable		636	1,208
Deposits with licensed banks		5,042	5,554
Cash and bank balances		<u>10,515</u>	<u>10,797</u>
Total current assets		<u>59,749</u>	<u>61,016</u>
Total assets		<u>102,330</u>	<u>101,933</u>
Equity			
Share capital		45,371	45,355
Reserves		26,889	24,796
Treasury shares		<u>(87)</u>	<u>(87)</u>
Total equity attributable to shareholders		<u>72,173</u>	<u>70,064</u>
Minority interest		<u>336</u>	<u>798</u>
Total equity		<u>72,509</u>	<u>70,862</u>
Non-current liabilities			
Borrowings	B8	7,999	8,314
Deferred tax liabilities		<u>1,724</u>	<u>1,724</u>
Total non-current liabilities		<u>9,723</u>	<u>10,038</u>
Current liabilities			
Trade and other payables		9,822	10,657
Borrowings	B8	10,220	10,174
Taxation		<u>56</u>	<u>202</u>
Total current liabilities		<u>20,098</u>	<u>21,033</u>
Total liabilities		<u>29,821</u>	<u>31,071</u>
Total equity and liabilities		<u>102,330</u>	<u>101,933</u>
Net assets per share attributable to equity holders of the parent (RM)	B12	0.7972	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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008 - UNAUDITED

Notes	Attributable to equity holders of the parent										Minority interest	Total equity
	Share capital	Share premium	Share compensation reserve	Exchange reserve	Treasury shares	Retained profits	Total	Non distributable	Distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	349	84	(84)	-	-	-	349			-	349	
Equity settled share-based transactions	-	-	53	-	-	-	53			-	53	
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(571)	-	-	(571)			(38)	(609)	
Net profit for the period	-	-	-	-	-	4,919	4,919			(498)	4,421	
At 30 June 2007	45,349	362	61	(1,761)	(87)	25,314	69,238			1,159	70,397	
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	-	-	28	-	-	-	28			-	28	
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(1,748)	-	-	(1,748)			(57)	(1,805)	
Net profit for the period	-	-	-	-	-	3,813	3,813			(405)	3,408	
At 30 June 2008	45,371	368	208	(4,034)	(87)	30,347	72,173			336	72,509	

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.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008 - UNAUDITED

	30/06/08	30/06/07
	RM'000	RM'000
Net cash generated from operating activities	5,334	5,682
Net cash used in investing activities	(2,625)	(669)
Net cash used in financing activities	(1,755)	(1,181)
Foreign translation differences	(1,748)	(571)
Net (decrease)/increase in cash and cash equivalents	(794)	3,261
Cash and cash equivalents at beginning of period	16,230	12,205
Cash and cash equivalents at end of period	15,436	15,466
Cash and cash equivalents comprise:		
Cash and bank balances	10,515	11,716
Deposits placed with licensed banks	5,042	3,871
	15,557	15,587
Deposits pledged	(121)	(121)
	15,436	15,466

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
(Company No: 541706-V)**

Notes on the quarterly report – 30 June 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.

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

Notes on the quarterly report – 30 June 2008

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 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. No options were exercised during the current quarter.

Issued and paid-up capital

	RM'000
Balance at 1 January 2008	45,355
Paid-up during the year	
- First quarter 2008	16
- Second quarter 2008	-
Balance at 30 June 2008	<u>45,371</u>

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

Notes on the quarterly report – 30 June 2008

Number of ordinary shares issued

	'000
Balance at 1 January 2008	90,709
Issued during the year	
- First quarter 2008	33
- Second quarter 2008	-
Balance at 30 June 2008	<u>90,742</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 ending 31 December 2008.

A final dividend for the financial year ended 31 December 2007 was approved by the shareholders at the Company's Seventh Annual General Meeting on 24 June 2008 and was paid on 25 July 2008.

Details of the final dividend are as follows:

	Financial year ended	
	31 December	31 December
	2007	2006
	RM'000	RM'000
3.0 sen (2006: 2.75 sen) tax exempt	2,716	2,489
Nil (2006: 0.25 sen) less tax	-	165
	<u>2,716</u>	<u>2,654</u>

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

Notes on the quarterly report – 30 June 2008

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	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
30 June	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	35,298	36,795	10,625	11,169	489	1,331	-	-	46,412	49,295
Inter-segment revenue	2,232	2,365	36	24	42	9,834	(2,310)	(12,223)	-	-
Total	37,530	39,160	10,661	11,193	531	11,165	(2,310)	(12,223)	46,412	49,295
Segment result	4,882	5,335	(100)	351	(206)	(169)	-	-	4,576	5,517
Unallocated operating income and expenses	-	-	-	-	-	-	-	-	-	-
Operating profit	-	-	-	-	-	-	-	-	4,576	5,517

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

Notes on the quarterly report – 30 June 2008

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 other material events after the financial period that have not been reflected in the financial statements for the financial period ended 30 June 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.

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 30 June 2008 RM'000	At 31 December 2007 RM'000
Authorised and contracted for	4,589	6,880

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

Notes on the quarterly report – 30 June 2008

A15. Material related party transactions

	Quarter ended		Cumulative period	
	30 June		ended	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
(i) Rental expenses	45	45	90	90
(ii) Sale of goods	<u>63</u>	<u>20</u>	<u>162</u>	<u>140</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.

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

Notes on the quarterly report – 30 June 2008

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

B1. Review of performance

The Group achieved revenue of RM21.9 million for the quarter under review, representing a decline of 13.2% compared to the revenue of RM25.2 million reported in the corresponding quarter in the previous year. Revenue for the first half of the year under review was RM46.4 million, 5.8% lower than the RM49.3 million recorded in the corresponding period of the preceding year. The decrease in revenue is primarily due to the slowdown in the global market conditions.

Profit attributable to equity holders of the Company decreased from the RM2.4 million reported in the preceding year's corresponding quarter to RM2.1 million in the current quarter, a reduction of RM0.3 million or 13.9%. Profit attributable to equity holders for the first half of 2008 was RM3.8 million, a reduction of 22.5% from the RM4.9 million announced for the first six months of the previous financial year. This is attributable to the escalation of material prices which have a significant impact on the cost of the Group's products, including natural rubber and fuel prices.

B2. Variation of results against preceding quarter

The Group's revenue of RM21.9 million for the current quarter was RM2.6 million or 10.8% lower than the RM24.5 million reported for the preceding quarter.

However profit attributable to equity holders of the Company increased from the RM1.7 million recorded in the previous quarter to RM2.1 million in the quarter under review, an increase of RM0.4 million or 23.1%. The increase in profit is largely due to the price adjustment exercise undertaken during the quarter in order to pass some of the increases in raw materials costs on to the customers.

B3. Current year prospects

The high natural rubber and fuel prices worldwide will continue to have a major bearing on the Group's costs of production and hence on its bottom line.

The Group will continue to explore means of improving productivity to reduce cost and to maintain the competitiveness of its products through the technical skills and expertise of its people in order to mitigate the effect of high material prices.

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

Notes on the quarterly report – 30 June 2008

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.

B5. Income tax expenses

	Quarter ended 30 June 2008	Cumulative period ended 30 June 2008
	RM'000	RM'000
Current tax – Malaysia	200	371
Current tax – Overseas	208	281
	<u>408</u>	<u>652</u>

The effective tax rate of the Group for the period ended 30 June 2008 is 16.1%, 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 30 June 2008	At 30 June 2007
	RM'000	RM'000
Quoted shares in Malaysia - at cost	183	148
Less: Allowance for diminution in value	(83)	(82)
	<u>100</u>	<u>66</u>
Market value	<u>100</u>	<u>150</u>

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

Notes on the quarterly report – 30 June 2008

B8. Borrowings and debts securities

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

	At 30 June 2008 RM'000	At 30 June 2007 RM'000
Short term borrowings	10,220	10,702
Long term borrowings	7,999	10,034
	<u>18,219</u>	<u>20,736</u>
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	6,766	7,307
In US Dollars	7,620	8,501
In Vietnam VND	3,833	4,928
	<u>18,219</u>	<u>20,736</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.

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.

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

Notes on the quarterly report – 30 June 2008

	Quarter ended 30 June 2008	Cumulative period ended 30 June 2008
Profit for the period (RM'000)	1,954	3,408
Add: Amount attributable to minority interests (RM'000)	150	405
Profit attributable to shareholders of the Company (RM'000)	<u>2,104</u>	<u>3,813</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,531</u>	<u>90,531</u>
Basic earnings per share (sen)	<u>2.32</u>	<u>4.21</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").

	Quarter ended 30 June 2008	Cumulative period ended 30 June 2008
Profit for the period (RM'000)	1,954	3,408
Add: Amount attributable to minority interests (RM'000)	150	405
Profit attributable to shareholders of the Company (RM'000)	<u>2,104</u>	<u>3,813</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>90,683</u>	<u>90,683</u>
Diluted earnings per share (sen)	<u>2.32</u>	<u>4.20</u>

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

Notes on the quarterly report – 30 June 2008

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 June 2008	At 31 December 2007
Total equity attributable to shareholders of the Company (RM'000)	<u>72,173</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>0.7972</u>	<u>0.7742</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 21 August 2008.