Head Office
Lot 208 Jalan Sungai Besi, Batu 12, Kampung Baru Balakong, 43300 Cheras, Selangor Darul Ehsan, Malaysia

Mailing Address
G.P.O. Box 11279, 50740 Kuala Lumpur, Malaysia
Tel : 603-89611803 (Hunting Line), 89611814 Fax : 603-89612826
Email : general@furniweb.com.my Website : http://www.furniweb.com.my

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

ANNUAL REPORT 2007

FURNIWEB
INDUSTRIAL PRODUCTS BERHAD

(Company No : 541706-V)

Contents

Notice of Seventh
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF FURNIWEB INDUSTRIAL PRODUCTS BERHAD ("FIPB") WILL BE HELD AT SUBANG 1, SHERATON SUBANG HOTEL & TOWERS, JALAN SS12/1, 47500 SUBANG JAYA, SELANGOR ON TUESDAY, 24 JUNE 2008 AT 10.00 A.M.

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Directors' and Auditors' Reports thereon. **RESOLUTION 1**

2. To approve a final tax exempt dividend of 3.00 sen per share for the financial year ended 31 December 2007. **RESOLUTION 2**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2007. **RESOLUTION 3**

4. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:

   i) Dato' Lim Heen Peok **RESOLUTION 4**
   ii) Chua Carmen **RESOLUTION 5**
   iii) Lee Sim Hak **RESOLUTION 6**

5. To re-appoint Messrs BDO Binder as the Company's Auditors and to authorise the Directors to fix their remuneration. **RESOLUTION 7**

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolution: **RESOLUTION 8**

   ORDINARY RESOLUTION
   AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Seventh Annual General Meeting

7. To consider and if thought fit, pass the following resolution: **RESOLUTION 9**

ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE IN THE ORDINARY COURSE OF BUSINESS

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into the categories of recurrent transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 2 June 2008 with the related parties mentioned therein which are necessary for the FIPB Group's day-to-day operations subject further to the following:

a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and on terms not to the detriment of the minority shareholders;

b) the transactions are made on an arm's length basis and on normal commercial terms;

AND THAT such approval shall continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or

ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the shareholders' mandate."

Notice of Seventh Annual General Meeting

8. To consider and if thought fit, pass the following resolution: **RESOLUTION 10**

ORDINARY RESOLUTION
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"THAT subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association, the requirements of Bursa Securities and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company as may be determined by the Directors from time to time through Bursa Securities, subject to the following:

a) The aggregate number of shares which may be purchased by the Company shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any point in time;

b) The maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the retained profit and/or the share premium account of the Company. The audited retained profit and the share premium account of the Company as at 31 December 2007 are RM13.600 million and RM0.363 million respectively;

c) The authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

   i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed, at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

   ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

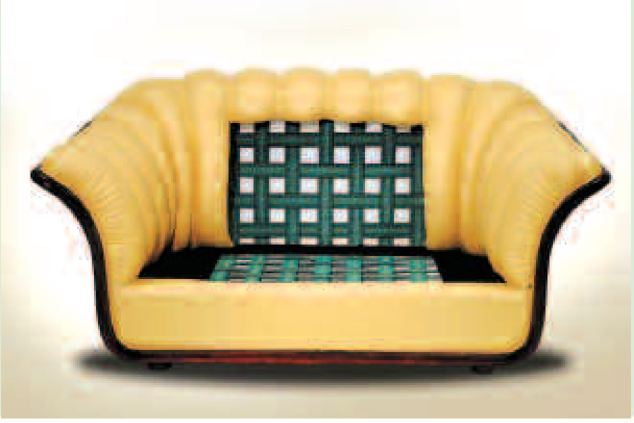
   iii) revoked or varied by a resolution passed by the shareholders of the Company in general meeting;

   whichever is earlier;

d) Upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manners:

   i) cancel the shares so purchased; or
   ii) retain the shares so purchased as treasury shares and held by the Company; or
   iii) retain part of the shares so purchased as treasury shares and cancel the remainder;

   and the treasury shares may be distributed as dividends to the Company's shareholders and/or resold in the open market in accordance with the relevant rules of Bursa Securities and/or subsequently cancelled.



AND THAT authority be and is hereby unconditionally and generally given to the Directors of the Company; to take all such steps as are necessary or expedient to implement, finalise and give full effect to the purchase of the Company's own shares, with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the guidelines issued by Bursa Securities and any other relevant authorities."

9. To consider and if thought fit, pass the following resolution: **RESOLUTION 11**

SPECIAL RESOLUTION
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

"That the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Appendix I attached to the 2007 Annual Report, be and is hereby approved."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final tax exempt dividend of 3.00 sen per share for the financial year ended 31 December 2007, if approved by the shareholders at the forthcoming Seventh Annual General Meeting, will be paid on 25 July 2008. The entitlement date for the payment is 11 July 2008.

A depositor shall qualify for entitlement only in respect of:

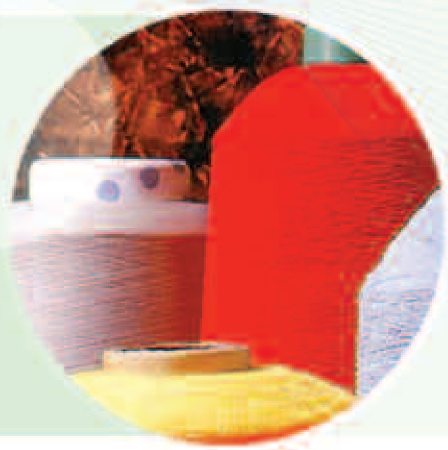
a) Shares transferred into the Depositor's Securities Accounts before 4.00 p.m. on 11 July 2008 in respect of transfer; and

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)
LIM FEI CHIA (MAICSA 7036158)
Secretaries

Kuala Lumpur
2 June 2008



Notice of Seventh Annual General Meeting

Notes:

(i) A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

(ii) To be valid, this form, duly completed must be deposited at the registered office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

(iii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(iv) Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(v) If the appointor is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES UNDER SPECIAL BUSINESS

Resolution 8

The Company is always on the look out for business opportunities in prospective areas to enhance the earnings potential of the Company. If any business opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

The Company has established and administer an Employee Share Option Scheme ("ESOS") pursuant to its shareholders' approval in year 2004. Therefore, the Company would from time to time allot and issue new shares in the share capital of the Company pursuant to the exercise of options under the ESOS.

Therefore, Resolution 8 proposed under Agenda 6, if passed, will empower the Directors of the Company to issue shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company at any time, for such purpose, thus, eliminate the need to convene general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Resolution 9

Resolution 9 proposed under Agenda 7, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 2 June 2008 despatched together with the Annual Report. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

Resolution 10

Resolution 10 proposed under Agenda 8, if passed, will allow the Company to purchase its own shares up to 10% of the total issued and paid-up share capital of the Company. This authority, unless revoked or varied by the Company in a General Meeting, will expire at the next Annual General Meeting of the Company. Details on the proposal are set out in the Circular to Shareholders of the Company dated 2 June 2008 despatched together with the Annual Report.

Resolution 11

The Proposed Amendment to the Company's Articles of Association under Resolution 11 is in line with the amendments to the Listing Requirements of Bursa Securities.

Statement Accompanying
Notice of Annual General Meeting

1. NAMES OF INDIVIDUALS STANDING FOR RE-ELECTION

i) Dato' Lim Heen Peok
ii) Chua Carmen
iii) Lee Sim Hak

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the Directors' attendance at Board Meetings held during financial year 2007 are as follows:

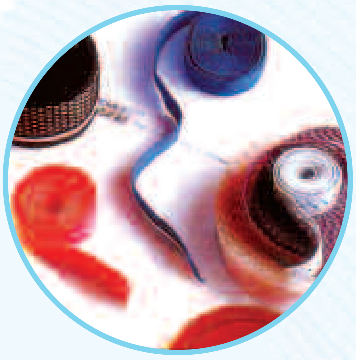
DIRECTOR	NO. OF MEETINGS ATTENDED
Dato' Lim Heen Peok	6 / 6
Cheah Eng Chuan	6 / 6
Lee Sim Hak	6 / 6
Ong Lock Hoo	5 / 6
Dato' Hamzah Bin Mohd Salleh	5 / 6
Dato' Haji Johar Bin Murat @ Murad	6 / 6
Lim Chee Hoong	6 / 6
Chua Carmen	4 / 6

3. DATE, PLACE AND TIME OF THE SEVENTH ANNUAL GENERAL MEETING

The Seventh Annual General Meeting of the Company is scheduled to be held on Tuesday, 24 June 2008 at Subang 1, Sheraton Subang Hotel & Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor at 10.00 a.m.

4. FURTHER DETAILS OF INDIVIDUALS STANDING FOR RE-ELECTION AS DIRECTORS

Details of all directors, including those standing for re-election, are set out in pages 13 to page 15 while their securities holdings in the Company are set out in page 97 of this Annual Report.



Corporate Information

BOARD OF DIRECTORS

Dato' Lim Heen Peok
Chairman

Cheah Eng Chuan
Managing Director

Lee Sim Hak
Executive Director

Ong Lock Hoo
Executive Director

Dato' Hamzah Bin Mohd Salleh
Independent Non-Executive Director

Dato' Haji Johar Bin Murat @ Murad
Independent Non-Executive Director

Lim Chee Hoong
Independent Non-Executive Director

Chua Carmen
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Yeoh Chong Keat (MIA 2736)
Lim Fei Chia (MAICSA 7036158)

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2031 1988
Fax : (603) 2031 9788

PRINCIPAL PLACE OF BUSINESS

Lot 208, Jalan Sungai Besi, Batu 12
Kampung Baru Balakong
43300 Cheras
Selangor Darul Ehsan
Tel : (603) 8961 1803
(603) 8961 1814
Fax : (603) 8961 2826

MAILING ADDRESS

G.P.O. Box 11279
50740 Kuala Lumpur

PRINCIPAL BANKERS

EON Bank Berhad (92351-V)
120 & 122, Jalan Mega Mendung
Kompleks Bandar, Batu 5
Jalan Klang Lama
58200 Kuala Lumpur

Hong Leong Bank Berhad (97141-X)
Level 1, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur

Malaysian Industrial Development Finance Berhad (3755-M)
195A, Jalan Tun Razak
P.O. Box 12110
50939 Kuala Lumpur

VID Public Bank
15A, Ben Chuong Duong St.
District 1, Ho Chi Minh City, Vietnam

Malayan Banking Berhad
Suite 608, 63 Ly Thai To
Hanoi, Vietnam

AUDITORS

BDO Binder (Firm No. AF 0206)
12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

SHARE REGISTRAR

Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7784 3922
Fax : (603) 7784 1988

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad
Stock Code : 7168
Stock Name : FURNWEB

E-mail : general@furniweb.com.my
Website : http://www.furniweb.com.my

Corporate Structure

FURNIWEB INDUSTRIAL PRODUCTS BERHAD

(Company No : 541706-V)

- 100% PGSB
- 100% WEBTEX
- 100% FVSC
  - 100% PEWA
    - 60% FURNITECH
- 100% FMSB
  - 100% SSKSB
    - 100% FSW
      - 50% TRUNET
- 100% FEC
- 100% TEXSTRIP

MALAYSIA

FMSB
Furniweb Manufacturing Sdn Bhd (164933-H)

FSW
Furniweb Safety Webbing Sdn Bhd (391112-U)
(Formerly known as Furniweb-VOA Safety Webbing Sdn Bhd)

TEXSTRIP
Texstrip Manufacturing Sdn Bhd (171110-T)

FEC
First Elastic Corporation (M) Sdn Bhd (328928-W)

WEBTEX
Webtex Trading Sdn Bhd (131288-K)

SSKSB
Syarikat Sri Kepong Sdn Bhd (21161-X)

PGSB
Premier Gesture Sdn Bhd (561566-V)

VIETNAM

FVSC
Furniweb (Vietnam) Shareholding Company
(Formerly known as Furniweb Manufacturing (Vietnam) Co Ltd)

PEWA
Premier Elastic Webbing & Accessories (Vietnam) Co Ltd

FURNITECH
Furnitech Components (Vietnam) Co Ltd

TRUNET
Trunet (Vietnam) Co Ltd

Chairman's Statement

On behalf of the Board of Directors, I have pleasure in presenting to you the Annual Report and audited financial statements of **Furniweb Industrial Products Berhad** and its subsidiaries for the financial year ended 31 December 2007.

FINANCIAL PERFORMANCE

The management and staff of the Group have delivered yet another year of commendable performance in 2007 despite high materials prices. It is against the backdrop of increasingly high production costs that the Group continues to show strong results. Revenue increased by 10.5% from RM84.9 million to RM93.8 million, profit attributable to shareholders increased by 12.3% from RM7.8 million to RM8.8 million. All these are record financial achievements that have never before been attained by the Group. The outcome is directly due to the overall sales increase in our markets that are located in more than 40 countries worldwide.

In line with the increase in revenue, earnings per share for the current financial year was 9.7 sen compared to 8.7 sen recorded for the previous year, reflecting an increase of 11.6%.

Total equity attributable to shareholders as at 31 December 2007 was RM70.1 million, contributing to net assets per share of 77.4 sen, an increase of 7.8% from last year's 71.8 sen. Gearing ratio of the Group at the end of the financial year also improved from the 0.33 recorded last year to 0.26.

CORPORATE ACHIEVEMENTS AND DEVELOPMENTS

The Company is honoured to have been selected for inclusion in "Top Malaysian Small Cap Companies - 100 Jewels, 2008 Edition" published by OSK Research Sdn. Bhd. Selection criteria for inclusion include management execution, corporate track record, competitive advantage and ability of the companies to respond to structural changes within the sector and/or the economy.

It was reported in the last Annual Report that the Company was exploring the possibility of listing its wholly owned subsidiary, Furniweb Manufacturing (Vietnam) Co. Ltd. ("FMV") on the Ho Chi Minh City Stock Exchange ("HOSE"). The proposed listing was intended to allow the Company to capitalize on the fast growing Vietnamese economy and enhance the values of its subsidiaries in Vietnam.

As announced through Bursa Malaysia Securities Berhad on 28 January 2008, FMV was converted into a joint stock company with effect from 2 January 2008 and is now known as Furniweb (Vietnam) Shareholding Company ("FVSC"). The Company further informed that due to the delay in the issuance of the investment certificate by the relevant authority in Vietnam in relation to the conversion, the proposed listing is expected to be completed by the second quarter of 2008 instead of the fourth quarter of 2007 as disclosed in the Company's Circular dated 21 September 2007.

The Board will keep shareholders informed on the progress of the proposed exercise through announcements via Bursa Malaysia Securities Berhad.

FUTURE 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 our products and hence the performance of the Group.

Chairman's Statement

The Board realizes that sustaining the current financial performance will be challenging. It is becoming increasingly clear that the Group needs to be more vigilant as more and more challenges emerge. 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.

In operations, the Group maintains good relationship with its customers and receives strong support from these customers. The Group will continue to focus on the growth and expansion of its core business activities and will carefully consider any investment opportunities that will broaden its earnings base, with the objective of fostering long term sustainable growth. The Group will also continue to implement prudent policies in terms of capital expenditure, cash flow management, managing credit terms, stock holding, as well as cost management.

Based on the above and barring any unforeseen circumstances, the Board is cautiously optimistic of a satisfactory Group performance for the financial year ending 31 December 2008.

DIVIDEND

The Board is pleased to recommend for the approval of the shareholders at the forthcoming seventh Annual General Meeting, a first and final tax exempt dividend of 3.0 sen per share that is equivalent to a return of 6.0% per annum based on the par value of the Company's shares of RM0.50 per share.

Your Board's dividend policy aims at allowing shareholders to participate annually in the results of the Group, whilst ensuring that adequate funds remain to meet its financial obligations and finance future expansion that will ultimately enhance value for all shareholders. Since the listing of the Company on Bursa Malaysia Securities Berhad on 16 October 2003, the Board has always maintained a dividend payout rate of not less than 6.0% per annum based on the par value of the Company's shares of RM0.50 per share.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation and gratitude to the management and staff of the Group for their continuous contribution, undivided dedication and loyalty to the Group.

The Board would also like to take this opportunity to extend our heartfelt appreciation to our shareholders, valued customers, suppliers, bankers, business associates and the regulatory authorities for their continued confidence in and support for the Group.

Finally, my sincere thanks to my fellow directors in the Group for their active participation, valuable advice and support.

Dato' Lim Heen Peok
Chairman

Board of Directors

from left to right (back)

ONG LOCK HOO | DATO' HAJI JOHAR BIN MURAT @ MURAD | DATO' HAMZAH BIN MOHD SALLEH | LIM CHEE HOONG | LEE SIM HAK

from left to right (front)

CHUA CARMEN | DATO' LIM HEEN PEOK | CHEAH ENG CHUAN

Directors' Profile

DATO' LIM HEEN PEOK

aged 60, a Malaysian, was appointed as the Independent Non-Executive Chairman of the Company on 25 November 2004.

After graduating from the University of Strathclyde, United Kingdom, Dato' Lim joined the UMW Group in 1975 as an Executive Engineer and worked in the engineering, service, marketing and sales operations of the Group for 12 years in various managerial positions. During that time he was responsible for improving the operations, negotiation with overseas principals for product franchises and development of new products and markets.

In 1986 Dato' Lim was appointed as the Managing Director of UMW Toyota Motor Sdn Bhd, a joint venture company between UMW and Toyota Motor Corporation of Japan. His primary role was to restructure the company to survive in the era of the National Car. He was instrumental in leading the company and developing the organization towards understanding and achieving world class standards of operations particularly in the area of quality, cost and delivery. Towards this end he put in place the Toyota Production System and the Toyota Way of continuous improvement which are highly acclaimed throughout the industry. After successfully making Toyota the top selling brand in the Non National Car market for 15 years, Dato' Lim retired in 2004.

Dato' Lim is presently a director of Alliance Bank Malaysia Berhad and Proton Holdings Berhad and has also served in numerous other companies. He was Chairman of T & K Autoparts which started as a Toyota plant manufacturing steering gear systems for the ASEAN market and which later also exported to Taiwan, Turkey and other countries. Dato' Lim also sat on the board of Kayaba Malaysia, Assembly Services Sdn Bhd, Automotive Industries Sdn Bhd as well as UMW Toyota Capital Sdn Bhd. He also played an active role in the automotive industry serving as the Vice President of the Malaysian Automotive Association.

Dato' Lim does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

CHEAH ENG CHUAN

aged 61, a Malaysian, was appointed to the Board on 21 July 2003 as the Managing Director and is also a founder member of Furniweb Manufacturing Sdn Bhd ("FMSB"), Webtex Trading Sdn Bhd ("Webtex") and Texstrip Manufacturing Sdn Bhd ("Texstrip'), the wholly-owned subsidiaries of the Company. Mr. Cheah is also a member of the Remuneration Committee.

Mr. Cheah served in the Malaysian Army between 1965 and 1974 before joining Oriental Elastic Industries Co., a company that manufactured covered elastic yarn, furniture webbing and seat belts, as a Sales Executive. He left in 1980 as a Manager and continued his career with Heveafil Sdn. Bhd., a company that manufactured rubber threads, as a Sales Manager. At Heveafil Sdn Bhd, Mr. Cheah was placed in charge of the Asia Pacific region. In 1986, he joined Rubberflex Sdn Bhd, a rubber threads manufacturing company as a Sales Manager. Mr. Cheah later became the Managing Director of FMSB in 1987 and the Managing Director of Texstrip in 1988. Overall, he has accumulated 30 years of experience in the rubber threads and furniture webbing industries and is currently responsible for the overall corporate strategy, finance, operations and business development of the Group.

Mr. Cheah is a substantial shareholder of the Company by virtue of him holding more than 5% of the equity interest in the Company. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

Directors' Profile

LEE SIM HAK

aged 54, a Malaysian, was appointed to the Board on 21 July 2003 as an Executive Director and is also a founder member of FMSB and Webtex. Mr. Lee started his career with a textile company in Singapore where he worked for 3 years as a Technical Supervisor. He subsequently went to further his studies at the University of Feng Chia, Taiwan and obtained a Diploma in Textile Engineering in 1976. He was with Oriental Elastic Industries Co. as the Production Manager for 5 years prior to joining FMSB in 1983. Mr. Lee carries with him 29 years of experience in the textile and furniture webbing industries. He is currently responsible for the overall production of the Group. Mr. Lee is a substantial shareholder of the Company by virtue of him holding more than 5% of the equity interest in the Company. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

ONG LOCK HOO

aged 56, a Malaysian, was appointed to the Board on 21 July 2003 as an Executive Director. He is also a founder member of FMSB and Webtex. Mr. Ong worked with a sewing thread manufacturing company as a Sales Executive from 1976 to 1977. He subsequently joined Oriental Elastic Industries Co. as a Sales Executive before joining FMSB. Mr. Ong has more than 24 years of experience in the textile and rubber industries. Presently, he is in charge of the Group's overall sales and marketing strategy. Mr. Ong is a substantial shareholder of the Company by virtue of him holding more than 5% of the equity interest in the Company. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended five of the six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

DATO' HAMZAH BIN MOHD SALLEH

aged 60, a Malaysian, was appointed to the Board on 21 July 2003 as a Non-Executive Director. Dato' Hamzah is also a member of the Audit Committee. He graduated with a Diploma in Management from the Malaysian Institute of Management and a Master's degree in Business Administration from the University of Bath, United Kingdom. He was an Audit Assistant with PricewaterhouseCoopers (formerly known as Price Waterhouse & Co) from 1969 to 1975 and then worked as the Finance and Administration Manager for 5 years in Pillar Naco Malaysia Sdn Bhd., a company dealing with architectural metal fabrication. From 1980 to 1993, he held various senior managerial positions in the Pernas Sime Darby Group and the Sime Darby Group of companies. Presently, he is the Chief Executive Officer of Spanco Sdn Bhd, a fleet management specialist. Dato' Hamzah has been a Director of PDZ Holdings Berhad since 1996 and a Director of Bio Osmo Berhad since 2007. Both companies are listed on Bursa Malaysia Securities Berhad. He is also the Chairman of Focus Dynamics Technologies Berhad and director of various other private companies. Dato' Hamzah does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended five of the six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

Directors' Profile

DATO' HAJI JOHAR BIN MURAT @ MURAD

aged 61, a Malaysian, was appointed to the Board on 21 July 2003 as a Non-Executive Director. Dato' Johar is also the Chairman of both the Nomination Committee and the Remuneration Committee, as well as a member of the Audit Committee. He graduated with a Bachelor Degree in Malay Studies from University Malaya in 1971.

After his graduation, Dato' Johar worked in various government bodies including Ministry of Science, Technology and Environment (now known as Ministry of Science, Technology and Innovations), Ministry of Finance, Ministry of Public Enterprises (now known as Ministry of Entrepreneur and Cooperative Development) and the Economic Planning Unit of the Prime Minister's Department.

During Dato' Johar's tenure of service in the Ministry of Finance (1996 - 2000), he was the director of the following organizations:

i) Yayasan Tun Razak
ii) Perbadanan Kemajuan Negeri Selangor
iii) Majlis Sukan Negara
iv) Lembaga Pembangunan Labuan
v) Syarikat MKIC Malaysia
vi) Jawatankuasa Pengurusan Hutan Serantau
vii) Majlis Penyelidikan dan Kemajuan Sains Negara

When he was the Deputy Secretary General (Operations) of the Ministry of Science, Technology and Environment (2000 - 3 July 2003), Dato' Johar was also an Alternate Director of Technology Park Malaysia, MIMOS Berhad ("MIMOS"), SIRIM Berhad ("SIRIM"), Malaysian Agriculture Research Institute, Malaysian Technology Development Corporation, Composite Technology Research Malaysia, Majlis Rekabentuk Malaysia, Pusat Sains Negara, as well as the Audit Committee Chairman of MIMOS and a member of the Board of Tender for MIMOS and SIRIM. He is currently a director of Frontken Corporation Berhad and various other private companies. Dato' Johar does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

LIM CHEE HOONG

aged 47, a Malaysian, was appointed to the Board on 21 July 2003 as a Non-Executive Director. Mr. Lim is also the Chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee. He is a member of the Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants. Presently, Mr. Lim is a practicing accountant in Malaysia under Messrs LLTC (formerly known as Lim Tang & Partners). He is also a partner in LLT & Partners. Prior to that, Mr. Lim was attached to various firms and has more than 19 years of experience in the field of accounting. Mr. Lim does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

CHUA CARMEN

aged 25, a Malaysian, was appointed to the Board on 6 March 2006 as a Non-Executive Director. Ms. Chua is also a member of both the Remuneration Committee and the Nomination Committee. She graduated with a Bachelor of Science Degree with First Class Honours from the London School of Economics and Political Science, United Kingdom, in 2004 and is currently sitting on the board of various companies within the CMY Capital Group. Ms. Chua is a substantial shareholder of the Company by virtue of her holding more than 5% of the equity interest in the Company. She does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She attended four of the six Board meetings held in the financial year ended 31 December 2007 and has had no convictions for any offences within the past 10 years.

Corporate
Governance Statement

The Board of Directors of Furniweb Industrial Products Berhad fully subscribes to and supports the spirit of the Malaysian Code on Corporate Governance ("the Code") and is committed to ensuring that the principles and best practices of the Code are observed and practiced throughout the Group in the pursuit of discharging its roles and responsibilities to protect shareholders' interests and enhance the financial performance of the Group.

The Board is pleased to outline the manner in which the Group has applied the principles set out in the Code and hereby confirms that the Group has complied with the best practices set out in the Code.

BOARD OF DIRECTORS

1. The Board

The Board of Directors has within it individuals drawn from varied professions and specializations. Together with the management, they collectively bring a diverse range of experience, skills and knowledge necessary to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the financial year ended 31 December 2007, six (6) meetings of the Board were held. Details of each director's meeting attendance during the financial year are as follows:

Director	Attendance
Dato' Lim Heen Peok	6 out of 6
Cheah Eng Chuan	6 out of 6
Lee Sim Hak	6 out of 6
Ong Lock Hoo	5 out of 6
Dato' Hamzah Bin Mohd Salleh	5 out of 6
Dato' Haji Johar Bin Murat @ Murad	6 out of 6
Lim Chee Hoong	6 out of 6
Chua Carmen	4 out of 6

2. Board Committees

The Board has delegated specific responsibilities to three (3) sub-committees, which are set out below, in order to assist the Board in the execution of its duties effectively.

Committee	Key Functions
Audit Committee	Explained on pages 24 to 27 of this Annual Report
Remuneration Committee	Explained on pages 28 to 30 of this Annual Report
Nomination Committee	Explained on pages 31 to 32 of this Annual Report

All committees have written terms of reference and operating procedures that are reviewed intermittently. The Chairmen of the various committees report to the Board the outcome of the committee meetings and are incorporated in the minutes of the Board meeting. These committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the direction and control of the Company and the Group rests with the Board.

Corporate Governance Statement

3. Board Balance

The Board of Directors presently comprises three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The composition of the Board complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). There is balance in the Board as the directors, with their different backgrounds and specializations, collectively bring a wide range of experience and expertise to the Group.

The profiles of the directors are presented in pages 13 to 15 of this Annual Report.

There is clear segregation of responsibilities between the Chairman of the Board and the Group Managing Director to ensure that there is a balance of power and authority in the Group. The Independent Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board while the Group Managing Director is responsible for implementing the policies and decisions of the Board as well as overseeing the operations and business development of the Group.

4. Supply of Information

The management has a responsibility and duty to provide the whole Board with all the information, of which it is aware, to facilitate the discharge of the Board's responsibilities. The Board therefore expects to receive all material information about the Group, its operating units, its activities and performance on a timely basis.

Prior to each Board meeting, all Board members are provided with the requisite notice, agenda and the relevant Board papers to enable them to have sufficient time to peruse the papers and, if necessary, obtain further information or clarification from the management to ensure effectiveness of the proceeding of the meetings. Senior management members are invited to attend these meetings to explain and clarify matters.

All directors have access to the advice and services of the Company Secretary and independent professional advisers, whenever necessary, at the Group's expense to enable the Board and members of its various committees to discharge their duties with adequate knowledge on the matters being deliberated.

5. Directors' Training

All directors of the Company have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia, an affiliate of Bursa Securities.

In compliance with the Continuing Education Programme implemented by Bursa Securities, the directors also attended other appropriate training programmes to continuously update themselves with changes on guidelines issued by the relevant authorities as well as to keep abreast with developments in the marketplace, industry and corporate scene.

Corporate Governance Statement

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of timely dissemination of information to shareholders and investors to ensure that they are well informed of all major developments of the Company and the Group. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. The Company is also a member of the Malaysian Industrial Relations Association.

The Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. At the Annual General Meeting, the Board encourages and welcomes participation from shareholders to ask questions regarding the resolutions being proposed at the meeting and also other matters pertaining to the business activities of the Group. The Directors are present during these meetings to respond to questions raised by shareholders.

Apart from the mandatory announcements through Bursa Securities, the Company also provides the Group's corporate and non-financial information at its website: www.furniweb.com.my

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. This is primarily achieved through the announcement of quarterly financial results and the Chairman's Statement in the Annual Report. The quarterly financial results are reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities.

The directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and for ensuring that the appropriate accounting policies have been consistently applied and that the financial statements comply with the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia.

2. Internal Control

The Board places significant emphasis on maintaining a sound system of internal control covering not only financial controls but also operational and compliance controls as well as risk management in order to safeguard shareholders' investments and the Group's assets. The Board continually reviews the adequacy and effectiveness of the internal control system to ensure it meets the Group's particular needs and to manage the risks to which it is exposed.

Corporate Governance Statement

ADDITIONAL COMPLIANCE INFORMATION

1. Share Buy-back

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

As at 31 December 2007, a total of 208,900 of the Company's ordinary shares have been repurchased and were being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. Treasury shares are carried at cost and have no rights to voting, dividends and participation in other distribution.

2. Options, Warrants or Convertible Securities

Other than the Employees' Share Option Scheme disclosed on page 36 of the Annual Report, the Company has not granted any option to any party to take up unissued shares in the Company.

3. Sanctions/Penalties Imposed

There were no sanctions or penalties being imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

4. Non-audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2007 was RM16,000.

5. Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2007 and the unaudited results previously released.

6. Material Contracts

During the financial year, the Group did not enter into any material contracts involving Directors' and major shareholders' interest other than as disclosed in Note 30 of the financial statements.

7. Recurrent Related Party Transactions

The recurrent related party transactions for the financial year ended 31 December 2007 are set out in Note 30 of the financial statements.

Corporate
Social Responsibility

At Furniweb Industrial Products Berhad ("FIPB"), we place a strong emphasis on corporate social responsibility ("CSR"). In additional to maximizing returns to shareholders, the Group carries out initiatives which positively impact our employees, customers, suppliers, the environment in which we operate and the community in general.

The Group places great importance on being a responsible corporate citizen. We are mindful that CSR includes continuous communication and reporting of the non-financial impacts and achievements of the Group to its various stakeholders without ambiguity. The following are some of the CSR programs undertaken by the Group:

HUMAN RESOURCE

Every successful organization understands that its people are its most valuable assets. Ensuring our people feel appreciated is the most useful way of making certain they contribute effectively to our Group's operations.

In FIPB, regular meetings are held to discuss human resource issues and policies. The management strives to ensure every detail is catered for when it comes to means and measures that can assist in improving the competency and effectiveness of the Group's human resource.

1. Human Capital Development

Employing and retaining the right people has become increasingly challenging. In order for the Group to compete for the best people, we have initiated several training and development programs with the intention of cultivating leadership and charting career paths.

FIPB believes in providing employee training that enhances performance. We are dedicated to equipping our people with the knowledge and proficiency that is necessary for them to perform at their level best.

New members to the Group are provided with an orientation briefing that covers the Group's background, organization structure, culture and code of conduct. Subsequent to this, specially tailored training programs and on the job training are given by the respective departments, supplemented by other internally conducted programs as well as external professional courses over time.

The Group practices a merit based reward system in which employees who consistently perform at a high standard are rewarded accordingly. Regular formal performance evaluations are conducted to identify the strengths and weaknesses of each employee, upon which improvements and training plans are recommended.

2. Employee Quality of Life

FIPB organizes social and sports activities for its people in order to promote staff interaction. The Group's annual dinner is attended by employees together with their family members to allow the family members to better understand the Group's working culture. In order to foster unity among the workforce and to promote healthy living among our people, weekly sports activities are organized and participation among employees have been keen.

3. Acknowledging Our People

The Group recognizes that the experience of our long serving employees is a precious asset that should not be overlooked. To acknowledge their contribution and faithfulness to the Group, long service awards are given annually according to the employees' years of service as an indication of appreciation.

In order to establish a platform for employees to provide feedback to the management, suggestion boxes are made available at strategic locations and an employee satisfaction survey is conducted annually.

As part of the Group's commitment to our employees and to develop a sense of belonging, FIPB offers an employees' share option scheme to all confirmed employees. The response to the scheme has thus far been extremely heartening.

Corporate Social Responsibility

SAFETY AND HEALTH

The Occupational Safety & Health policy in FIPB pledges a strong commitment for the provision of a safe and healthy working environment for employees in the Group. The Group will never compromise on the safety and health of our workforce and all those who come into contact with us.

1. Occupational Safety & Health Committee

The Occupational Safety & Health Committee was set up as part of the Group's plan to ensure the health and safety of our employees. The committee is chaired by an Executive Director and its members include employees from various sections of the organization, with the management, staff and workers all being represented.

The committee ensures that all initiatives on safety and health implemented by the Group are appropriately adhere to. Fire drills, gas leakage control and spillage control are conducted on a regular basis and briefings in relation to evacuation procedures are given to employees.

2. Emergency Response Team

The team was set up under the purview of the Occupational Safety & Health Committee to ensure that a quick response will be available to our people in the event of an emergency. Members of the team are given training on the use of fire fighting equipment, first aid, CPR and other measures to be taken during an emergency.

ENVIRONMENTAL MANAGEMENT

The Group takes measures to protect the environment in which we operate through the implementation of an environmental management system at our factories. The environmental management system uses the international environmental standard ISO 14001 as a benchmark in assessing, improving and maintaining the environmental integrity of its systems and is set up to ensure we adhere strictly to environmental laws and regulations governing plant operations and areas relating to environmental standards, noise level management, emission standards and treatment of plant effluents and waste water.

As part of our CSR agenda, we strive to minimize any adverse impact our operations may have on the environment and to achieve continuous improvement with regards to our factories' environmental performance. We are pleased to report that certain of our factories fully comply and have been certified with the ISO 14001 Certification for Environmental Management Systems.

Statement
on Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires public listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. Additionally, paragraph 15.27(b) of Bursa Malaysia Securities Berhad's Listing Requirements require the Board of Directors of public listed companies to include a statement in their Annual Report on the state of internal controls of the Group.

RESPONSIBILITY

The Board recognizes the importance of sound internal controls and risk management systems to good corporate governance. The Board acknowledges that it is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing the adequacy and integrity of risk management, governance and compliance functions.

The internal control system is designed to meet the business objectives and to manage the risks to which the companies are exposed. It should be emphasized however, that any internal control system can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

RISK MANAGEMENT

The management of risks is an integral part of the Group's management process. There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, and this process was in place throughout the year.

The Board continually reviews the adequacy and effectiveness of the risk management procedures across the various operating units within the Group. Periodic reviews were also conducted to identify new risks as well as to determine whether previously known risks remain relevant.

The key elements of the Group's risk management system are described below:

- There is a clearly defined delegation of responsibilities to the Audit Committee to ensure that appropriate risk management and control procedures are in place. The Group's management operates a risk management process that identifies key risks by functional activities.

- Budgets containing financial and operating targets are reviewed and approved by the Board.

- There is a defined framework for investment appraisal covering the acquisition or disposal of any investments, application for capital expenditure and approval for borrowings.

- Management meetings are held on a regular basis and attended by all Executive Directors to discuss and report on operational performance, key operating statistics and business strategy.

- Performance reports are regularly provided to the directors and discussed at Board meetings. The Board regularly receives from the management reports covering quarterly financial performance and other corporate matters.

- Comprehensive monthly management accounts and reports are prepared to facilitate effective monitoring and decision making.

Statement on Internal Control

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit department that carries out the internal audit function in the Group. The findings of the internal audit department are regularly reported to the Audit Committee. The Audit Committee meets at least four times a year with the Board to discuss significant issues found during the internal audit process and make necessary recommendations to the Board.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2007 amounted to RM125,385.

RELATIONSHIP WITH AUDITORS

The Board has appropriately established a formal and transparent relationship with the Company's auditors. The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report as set out on pages 24 to 27 of this Annual Report.

CONCLUSION

For the financial year ended 31 December 2007, after due and careful assessment and based on the information and assurance provided, the Board is satisfied that there were no material losses, contingencies or uncertainties as a result of weaknesses in the system of internal control that would require separate disclosures in this Annual Report.

Nevertheless, the Board will continue to ensure that the Group's system of internal control is able to constantly adapt and prevail in its changing and challenging business environment.

Report of the Audit Committee

The Audit Committee of Furniweb Industrial Products Berhad is pleased to present the following report for the financial year ended 31 December 2007.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is also a member of the Malaysian Institute of Accountants.

The committee members are as follows:

Director	Position
Lim Chee Hoong	Chairman of Audit Committee & Independent Non-Executive Director
Dato' Haji Johar Bin Murat @ Murad	Independent Non-Executive Director
Dato' Hamzah Bin Mohd Salleh (appointed on 22 February 2008)	Independent Non-Executive Director
Cheah Eng Chuan (resigned on 22 February 2008)	Managing Director

In line with the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to corporate governance, Dato' Hamzah bin Mohd Salleh was appointed as a member of the Audit Committee on 22 February 2008 in place of Mr Cheah Eng Chuan who resigned from the Committee on the same date.

MEETINGS AND ATTENDANCE

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2007. Details of attendance are as follows:

Director	Attendance
Lim Chee Hoong	5 out of 5
Dato' Haji Johar Bin Murat @ Murad	5 out of 5
Cheah Eng Chuan (resigned on 22 February 2008)	5 out of 5
Dato' Hamzah Bin Mohd Salleh (appointed on 22 February 2008)	N/A

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution

The Board of Directors has constituted and established a committee of the Board to be known as the Audit Committee. The Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

2. Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors and a majority of whom must be independent.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

2. Membership (Cont'd)

- At least one member of the Committee must be qualified under paragraph 15.10 (1)(c) of Bursa Securities' Listing Requirements.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.
- The Company Secretary or such other persons authorised by the Board shall act as the Secretary to the Committee.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- The term of office and performance of the members of the Committee shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

3. Meetings and Minutes

- The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.
- The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be independent directors.
- Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Head of Internal Audit and representatives of the external auditors will normally attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.
- The Committee shall meet with the external auditors at least once in a financial year.
- The Committee shall report to the Board of Directors and its minutes tabled and noted by the Board. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection by any member of the Committee and the Board of Directors.

4. Authority

- The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- The Committee is authorised by the Board to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

Report of the Audit Committee

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

4. Authority (Cont'd)

- The Committee shall have direct communication channels and be able to convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and employees of the Company, whenever deemed necessary.

- The Head of Internal Audit reports directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and removal of senior staff members of the Internal Audit Department shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

5. Functions and Duties

- Review the following and report the same to the Board of Directors:

  (a) The audit plan, audit report and evaluation of the system of internal control with the external auditors as well as the assistance given by employees of the Group to the external auditors.

  (b) The adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors.

  (c) Any internal audit programme, processes, the results of the internal audit programme, processes, or internal investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

  (d) Review any appraisal or assessment of the performance of members of the internal audit function.

  (e) To verify the allocation of options to ensure compliance with the criteria for allocation pursuant to the Company's Employees' Share Option Scheme.

  (f) The quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:

    (i) Changes in or implementation of major accounting policies and practices.

    (ii) Significant and unusual events.

    (iii) Significant adjustments arising from the audit.

    (iv) Compliance with accounting standards, other statutory and legal requirements and the going concern assumption.

    (v) The accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.

  (g) Any related party transactions and conflict of interest situations that may arise within the Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

  (h) Any letter of resignation from the external auditors of the Company.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

5. Functions and Duties (Cont'd)

(i) Whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

(j) Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.

- Recommend the nomination of a person or persons as external auditors and the audit fee.
- Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements.
- Carry out any other functions that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2007, the activities carried out by the Audit Committee in the discharge of its duties included, among others, the following:

- Review staffing requirement of the Internal Audit Department to ensure it is adequately staffed by employees with relevant skills, knowledge and experience to enable the department to perform its role.
- Review of unaudited quarterly and year to date financial results before recommending to the Board for consideration and approval for release to Bursa Securities.
- Review major audit findings and management's response during the year with management, external auditors and internal auditors.
- Review of the external auditors' scope of work and audit plan for the year. The audit plan was presented by representatives from the external auditors.
- Review of the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval.
- Review related party transactions.
- Verify the allocation of options to ensure compliance with the criteria for allocation pursuant to the Company's Employees' Share Option Scheme.

INTERNAL AUDIT FUNCTION

The in-house internal audit function is independent and was set up to assist the Audit Committee in providing assurances that the internal control system of the Group is adequate via the execution of the internal audit plan.

For the year under review, audits were performed to evaluate and identify any weaknesses of the internal controls affecting the Group, the adequacy of the existing system of control and to recommend measures to management to improve and rectify any weaknesses.

Report of the Remuneration Committee

The Remuneration Committee of Furniweb Industrial Products Berhad is pleased to present the following report for the financial year ended 31 December 2007.

COMPOSITION OF REMUNERATION COMMITTEE

The Remuneration Committee consists of four (4) members, the majority of whom are Non-Executive Directors. The committee members are as follows:

Director	Position
Dato' Haji Johar Bin Murat @ Murad (re-designated as Chairman on 22 February 2008)	Chairman of Remuneration Committee & Independent Non-Executive Director
Cheah Eng Chuan	Managing Director
Lim Chee Hoong	Independent Non-Executive Director
Chua Carmen (appointed on 22 February 2008)	Non-Independent Non-Executive Director
Dato' Hamzah Bin Mohd Salleh (resigned on 22 February 2008)	Chairman of Remuneration Committee & Independent Non-Executive Director

Dato' Hamzah bin Mohd Salleh resigned as the Chairman of the Remuneration Committee on 22 February 2008. Subsequent to his resignation, Dato' Haji Johar bin Murat @ Murad was re-designated as the Chairman of the Committee and Ms Chua Carmen was appointed as a member of the Committee on the same date.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. Constitution

The Board has established a committee of the Board to be known as the Remuneration Committee.

2. Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise of at least three (3) members, a majority of whom must be Non-Executive Directors. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

3. Objective

Directors' remuneration should be of a sufficient level to attract and retain the high caliber directors needed to manage the Group successfully.

In the case of Executive Directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, their remuneration should reflect their respective levels of experience, expertise and responsibilities.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (CONT'D)

4. Functions

The functions of the Committee shall be:

- Recommend to the Board the framework of executive remuneration and its cost, and the remuneration package for each Executive Director, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
- To reimburse reasonable expenses incurred by the directors in the course of their duties as directors.
- To review and determine the bonus scheme for the Executive Directors depending on various performance measurements of the Group.
- To review and determine the benefits-in-kind for the Executive Directors.
- To review annually the Executive Directors' service contracts.

5. Reporting Procedures

- The remuneration of directors shall ultimately be the responsibility of the full Board after considering the recommendations of the Committee.
- Directors do not participate in decisions concerning their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee met on 22 February 2008 after the close of the financial year ended 31 December 2007 to review the remuneration packages of Executive Directors of the Company as well as directors' fees for financial year 2007.

DIRECTORS' REMUNERATION

Details of directors' remuneration for the financial year ended 31 December 2007 are set out below:

Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Directors' fees*	105,000	185,000	290,000
Salaries and other emoluments	1,487,586	-	1,487,586
Bonus	280,200	-	280,200
Benefits-in-kind	83,100	-	83,100
Total	1,955,886	185,000	2,140,886

* *To be approved at the forthcoming Annual General Meeting (the directors' fees are for the period from January 2007 to December 2007).*

Report of the Remuneration Committee

DIRECTORS' REMUNERATION (CONT'D)

The number of directors whose total remuneration during the financial year ended 31 December 2007 falls within the following bands is as follows:

Range of remuneration (RM)	Executive Director	Non-Executive Director
Below 50,000	-	5
350,001 - 400,000	1	-
550,001 - 600,000	1	-
950,001 - 1,000,000	1	-
Total	3	5

There are no directors whose total remuneration during the financial year ended 31 December 2007 falls within the bands of RM50,001 to RM350,000, RM400,001 to RM550,000 and RM600,001 to RM950,000.

Report of the Nomination Committee

The Nomination Committee of Furniweb Industrial Products Berhad is pleased to present the following report for the financial year ended 31 December 2007.

COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee consists of three (3) members, all of whom are Non-Executive Directors. The committee members are as follows:

Director	Position
Dato' Haji Johar Bin Murat @ Murad	Chairman of Nomination Committee & Independent Non-Executive Director
Lim Chee Hoong	Independent Non-Executive Director
Chua Carmen (appointed on 22 February 2008)	Non-Independent Non-Executive Director
Dato' Hamzah Bin Mohd Salleh (resigned on 22 February 2008)	Independent Non-Executive Director

Dato' Hamzah bin Mohd Salleh resigned as a member of the Nomination Committee on 22 February 2008 and Ms Chua Carmen was appointed in his place on the same date.

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. Constitution

The Board has established a committee of the Board to be known as the Nomination Committee.

2. Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors and a majority of whom must be independent. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

3. Functions

The functions of the Committee shall be:

- Proposing new nominees for appointment to the Board of Directors.
- Assessing on an on-going basis, the effectiveness of the Board and the contribution of each individual director.
- Recommend to the Board, directors to fill the seats on other Board committees.
- Review annually the mix of skills and experience and other qualities of the Board members.
- Orientating and educating new directors as to the nature of the business, current issues within the Group, corporate strategies as well as expectations of the Company concerning input from directors and the general responsibilities of directors.

Report of the Nomination Committee

TERMS OF REFERENCE OF NOMINATION COMMITTEE (CONT'D)

4. Re-election of Directors and Retirement of Directors by Rotation

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The re-election of directors and retirement of directors by rotation are under the purview of the Nomination Committee.

5. Reporting Procedures

- The actual decision as to who shall be appointed to the Board is the responsibility of the full Board after considering the recommendations of the Committee.

- Reporting to the full Board from time to time its recommendations for consideration and implementation.

ACTIVITIES OF THE NOMINATION COMMITTEE

The Nomination Committee met on 22 February 2008 after the close of the financial year ended 31 December 2007 to assess the effectiveness and performance of the Board, the directors and the Board Subcommittees.

The Committee further determined which directors would stand for re-election at the Company's forthcoming Annual General Meeting.

The Committee also discussed the new amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to corporate governance. In line with the amendments, the Committee recommended to the Board the appointment of Dato' Hamzah bin Mohd Salleh as a member of the Audit Committee in place of Mr Cheah Eng Chuan.

In view of the above, Dato' Hamzah bin Mohd Salleh resigned as the Chairman of the Remuneration Committee and a member of the Nomination Committee effective 22 February 2008.

The Nomination Committee then recommended to the Board that Dato' Haji Johar bin Murat @ Murad be re-designated as the Chairman of the Remuneration Committee and Ms Chua Carmen be appointed as a member the Remuneration Committee with immediate effect.

The Committee further recommended to the Board that Ms Chua Carmen be appointed as a member of the Nomination Committee with immediate effect to restore the number of Nomination Committee members to three (3) in accordance with its Terms of Reference.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	8,000	12,926
Attributable to minority interest	793	-
Profit attributable to equity holders of the Company	8,793	12,926

DIVIDENDS

Since the end of the previous financial year, the Directors paid final dividends of 5.5% (2.75 sen per share) tax exempt totalling RM2,489,000 and 0.5% (0.25 sen per share) less tax totalling RM165,000 in respect of the year ended 31 December 2006 on 27 July 2007.

The Directors recommended final dividend of 6.0% (3.0 sen per share) tax exempt approximately RM2,715,000 in respect of the year ended 31 December 2007, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM45,000,000 to RM45,354,700 by way of issuance of 709,400 new ordinary shares of RM0.50 each at par for cash pursuant to the exercise of employee share options.

The abovementioned shares rank pari passu in all respects with the existing shares of the Company. There were no other issue of shares during the financial year.

There were no issue of debentures during the financial year.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Lim Heen Peok
Cheah Eng Chuan
Lee Sim Hak
Ong Lock Hoo
Dato' Hamzah Bin Mohd Salleh
Dato' Johar Bin Murat @ Murad
Lim Chee Hoong
Chua Carmen

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
Shareholdings in which Directors have direct interests in the Company				
Dato' Lim Heen Peok	-	34,000	-	34,000
Cheah Eng Chuan	13,324,598	12,445,001	(100,000)	25,669,599
Lee Sim Hak	2,692,051	2,730,000	-	5,422,051
Ong Lock Hoo	4,523,912	2,955,001	-	7,478,913
Dato' Hamzah Bin Mohd Salleh	200,000	-	-	200,000
Lim Chee Hoong	-	40,000	-	40,000
Chua Carmen	12,500,000	23,000	-	12,523,000
Shareholdings in which a Director has indirect interest in the Company				
Cheah Eng Chuan	22,500,002	-	(22,500,002)	-

	Number of Options Over ordinary shares of RM0.50 each			
	At 1.1.2007	Granted	Exercised	At 31.12.2007
Dato' Lim Heen Peok	-	150,000	(34,000)	116,000
Cheah Eng Chuan	500,000	225,000	(50,000)	675,000
Lee Sim Hak	300,000	135,000	(30,000)	405,000
Ong Lock Hoo	300,000	135,000	(30,000)	405,000
Dato' Hamzah Bin Mohd Salleh	100,000	-	-	100,000
Dato' Johar Bin Murat @ Murad	100,000	-	-	100,000
Lim Chee Hoong	100,000	-	(40,000)	60,000
Chua Carmen	-	100,000	(23,000)	77,000

By virtue of their interests in the shares of the Company, Dato' Lim Heen Peok, Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo, Dato' Hamzah Bin Mohd Salleh, Lim Chee Hoong and Chua Carmen are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Furniweb Industrial Products Berhad has an interest.

The other Director holding office at 31 December 2007 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the Employees' Share Option Scheme ("ESOS") mentioned in Note 24 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

At an Extraordinary General Meeting held on 28 June 2004, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued share capital of the Company, to eligible Directors and employees of the Group.

The Company has been granted exemption by the Companies' Commission of Malaysia from having to disclose the names of options holders who have been granted options in aggregate of less than 200,000 options.

The names of option holders and their respective number of options granted since the previous years, which in aggregate are 200,000 options or more are as follows:

Name of option holders granted	Number of shares
Cheah Eng Chuan	725,000
Lee Sim Hak	435,000
Ong Lock Hoo	435,000
Chan Kwong Pooi	200,000
Lai Kong Meng	200,000
Tan Wah Ching	200,000

The options offered to take up unissued ordinary shares of RM0.50 each and the option prices are as follows:

		Number of options over ordinary shares of RM0.50 each					
			Movement during the financial year				
Date of offer	Option price RM	Outstanding as at 1.1.2007	Granted	Exercised	Lapsed	Outstanding as at 31.12.2007	Exercisable at 31.12.2007
7.9.2004	1.21	4,342,850	-	-	(299,700)	4,043,150	2,772,830
1.12.2005	0.50	1,792,400	-	(481,700)	(91,400)	1,219,300	587,300
10.1.2007	0.50	-	1,122,550	(227,700)	(19,800)	875,050	23,200
		6,135,250	1,122,550	(709,400)	(410,900)	6,137,500	3,383,330

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the scheme are as follows:

1) Eligible employees are employees who are at least eighteen (18) years of age on date of offer, are employed and confirmed as full-time employees by a company within the Group (except for Non-Executive Directors) on date of offer, and in the case of non-Malaysians, have been confirmed in writing as full-time employees of the Group for at least one year prior to date of the offer.

2) The option is personal to the grantee and is non-assignable.

3) The aggregate number of shares to be issued under ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any one time whereby:

    a) not more than 50% of new shares of the Company available under ESOS should be allocated to eligible employees who are Directors and members of senior management of the Group; and

    b) not more than 10% of new shares of the Company available under ESOS should be allocated to any eligible employee, who either individually or collectively, through persons connected with him/her, holds 20% or more of the issued and paid-up ordinary share capital of the Company.

4) The ESOS shall be in force for a period of five (5) years from the effective date of the implementation of the ESOS and the options granted may be exercised at any time within a period of five (5) years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.

5) The option price shall be determined by the Options Committee, which is at a discount of not more than 10% or as allowed by relevant authorities from the weighted average market quotation of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.

6) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE YEAR

On 8 October 2007, the Company convened an Extraordinary General Meeting and obtained shareholders approvals for:

i) The proposal to list Furniweb Manufacturing (Vietnam) Co. Ltd. ("FMV") on the Ho Chi Minh City Stock Exchange ("HOSE"), with Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd. and Furnitech Components (Vietnam) Co. Ltd. being subsidiaries of FMV; and

ii) A general mandate for the Company to divest up to 800,000 ordinary shares of VND10,000 each in FMV, representing up to 10% of the enlarged issued and paid up share capital of FMV after its proposed listing on HOSE, for cash through the open market and/or placements.

The Company's advisor had put in an application for the conversion of FMV into a joint stock company to be known as Furniweb (Vietnam) Shareholding Company but pending the outcome as at the end of the financial year.

Directors' Report

SUBSEQUENT EVENTS

On 28 January 2008, the Company had announced that FMV had been converted into a joint stock company and is now known as Furniweb (Vietnam) Shareholding Company. In view of this, the authorised and contributed legal capital of FMV will be increased from the existing USD1,300,000 to USD1,500,000 in due course.

Furthermore, the Company wishes to inform that the Flotation Scheme is expected to be completed by the second quarter of 2008 instead of the forth quarter of 2007 as disclosed in the Circular due to the delay in the issuance of the investment certificate by the relevant authority in Vietnam in relation to the conversion of FMV into a joint stock company.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:

Cheah Eng Chuan

Lee Sim Hak

Kuala Lumpur
28 April 2008

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 42 to 95 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and Company for the financial year then ended.

On behalf of the Board,

Cheah Eng Chuan
Director

Lee Sim Hak
Director

Kuala Lumpur
28 April 2008

Statutory Declaration

I, Cheah Eng Chuan, being the Director primarily responsible for the financial management of Furniweb Industrial Products Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 95 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur, this 28 April 2008

Cheah Eng Chuan

Before me:
S. Ideraju
Commissioner of Oaths (No. W-451)
Kuala Lumpur

Report of the Auditors
to the members of Furniweb Industrial Products Berhad

We have audited the financial statements set out on pages 42 to 95. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report. The financial statements of the Group and of the Company as at 31 December 2006 were audited by another firm of chartered accountants whose report dated 26 April 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

   (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

   (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and Company for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF : 0206
Chartered Accountants

Mok Chew Yin
2646/06/09 (J)
Partner

Kuala Lumpur
28 April 2008

Balance Sheets
at 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Assets					
Property, plant and equipment	6	33,828	37,862	-	-
Intangible assets	7	1,924	1,924	-	-
Prepaid lease payments	8	4,130	4,212	-	-
Investments in subsidiaries	9	-	-	40,519	40,519
Investment in a jointly controlled entity	10	1,035	995	-	-
Other investments	11	-	66	-	-
Total non-current assets		40,917	45,059	40,519	40,519
Inventories	12	22,289	21,664	-	-
Receivables, deposits and prepayments	13	21,168	20,369	16,227	5,543
Current tax assets		1,208	1,032	-	16
Cash and cash equivalents	14	16,351	12,322	4,763	4,693
Total current assets		61,016	55,387	20,990	10,252
Total assets		101,933	100,446	61,509	50,771
Equity					
Share capital	15	45,355	45,000	45,355	45,000
Reserves	15	(1,825)	(907)	461	283
Retained earnings	15	26,534	20,395	13,600	3,328
Total equity attributable to shareholders of the Company		70,064	64,488	59,416	48,611
Minority interest		798	1,695	-	-
Total equity		70,862	66,183	59,416	48,611

Balance Sheets at 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Liabilities					
Loans and borrowings	16	8,314	11,447	-	-
Deferred tax liabilities	17	1,724	2,135	-	-
Total non-current liabilities		10,038	13,582	-	-
Payables and accruals	18	10,657	10,580	2,037	2,160
Loans and borrowings	16	10,174	10,042	-	-
Current tax liabilities		202	59	56	-
Total current liabilities		21,033	20,681	2,093	2,160
Total liabilities		31,071	34,263	2,093	2,160
Total equity and liabilities		101,933	100,446	61,509	50,771

The accompanying notes form an integral part of the financial statements.

Income Statements
for the Year Ended 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	19	93,816	84,894	13,653	2,962
Cost of sales		(70,957)	(62,576)	-	-
Gross profit		22,859	22,318	13,653	2,962
Other income		1,083	1,286	22	-
Distribution expenses		(3,068)	(2,637)	-	-
Administrative expenses		(10,802)	(10,625)	(728)	(367)
Other expenses		(941)	(1,395)	(55)	(198)
Results from operating activities		9,131	8,947	12,892	2,397
Interest income		284	163	121	229
Finance costs		(1,617)	(1,307)	-	-
Operating profit	20	7,798	7,803	13,013	2,626
Share of profit after tax in a jointly controlled entity		451	519	-	-
Profit before tax		8,249	8,322	13,013	2,626
Tax expense	21	(249)	(1,157)	(87)	(120)
Profit for the year		8,000	7,165	12,926	2,506
Attributable to:					
Shareholders of the Company		8,793	7,830	12,926	2,506
Minority interest		(793)	(665)	-	-
Profit for the year		8,000	7,165	12,926	2,506
Basic earnings per ordinary share (sen)	22	9.73	8.71		
Diluted earnings per share (sen)	22	9.66	-		

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
for the Year Ended 31 December 2007

Group	Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to shareholders of the Company								
		Non-distributable					Distributable			
At 31 December 2005 / 1 January 2006, restated		45,000	278	(13)	7	(6)	15,134	60,400	4,627	65,027
Foreign exchange translation differences		-	-	(1,177)	-	-	-	(1,177)	(166)	(1,343)
Net loss recognised directly in equity		-	-	(1,177)	-	-	-	(1,177)	(166)	(1,343)
Profit for the year		-	-	-	-	-	7,830	7,830	(665)	7,165
Total recognised income and expense for the year		-	-	(1,177)	-	-	7,830	6,653	(831)	5,822
Treasury shares acquired	15	-	-	-	-	(81)	-	(81)	-	(81)
Share based payments	24	-	-	-	85	-	-	85	-	85
Acquisition of minority interest		-	-	-	-	-	-	-	(2,766)	(2,766)
Dividends to shareholders	23	-	-	-	-	-	(2,569)	(2,569)	-	(2,569)
Proceeds from minority interest		-	-	-	-	-	-	-	665	665
At 31 December 2006		45,000	278	(1,190)	92	(87)	20,395	64,488	1,695	66,183

Statement of Changes in Equity for the Year Ended 31 December 2007

Group	Note	Attributable to shareholders of the Company — Non-distributable: Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable: Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2007		45,000	278	(1,190)	92	(87)	20,395	64,488	1,695	66,183
Foreign exchange translation differences		-	-	(1,096)	-	-	-	(1,096)	(104)	(1,200)
Net loss recognised directly in equity		-	-	(1,096)	-	-	-	(1,096)	(104)	(1,200)
Profit for the year		-	-	-	-	-	8,793	8,793	(793)	8,000
Total recognised income and expense for the year		-	-	(1,096)	-	-	8,793	7,697	(897)	6,800
Share based payments	24	-	-	-	178	-	-	178	-	178
Ordinary shares issued pursuant to ESOS	15	355	85	-	(85)	-	-	355	-	355
Dividends to shareholders	23	-	-	-	-	-	(2,654)	(2,654)	-	(2,654)
At 31 December 2007		45,355	363	(2,286)	185	(87)	26,534	70,064	798	70,862

Company	Note	Non-distributable Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 31 December 2005 / 1 January 2006, restated		45,000	278	7	(6)	3,391	48,670
Profit for the year		-	-	-	-	2,506	2,506
Treasury shares acquired	15	-	-	-	(81)	-	(81)
Share based payments	24	-	-	85	-	-	85
Dividends to shareholders	23	-	-	-	-	(2,569)	(2,569)
At 31 December 2006		45,000	278	92	(87)	3,328	48,611
At 1 January 2007		45,000	278	92	(87)	3,328	48,611
Profit for the year		-	-	-	-	12,926	12,926
Share based payments	24	-	-	178	-	-	178
Ordinary shares issued pursuant to ESOS	15	355	85	(85)	-	-	355
Dividends to shareholders	23	-	-	-	-	(2,654)	(2,654)
As at 31 December 2007		45,355	363	185	(87)	13,600	59,416

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
for the Year Ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		8,249	8,322	13,013	2,626
Adjustments for:					
Reversal of allowance for diminution in other investments		-	(28)	-	-
Depreciation of property, plant and equipment	6	4,464	4,220	-	-
Amortisation of prepaid lease payment	8	82	81	-	-
Finance costs		1,617	1,307	-	-
Loss on disposal of property, plant and equipment		23	22	-	-
Gain on disposal of other investments		(111)	-	(22)	-
Interest income		(284)	(163)	(121)	(229)
Share based payments	24	178	85	178	85
Share of profit in a jointly controlled entity		(451)	(519)	-	-
Dividend income		-	-	(13,562)	(2,865)
Unrealised foreign exchange loss		155	223	55	60
Operating profit/(loss) before changes in working capital		13,922	13,550	(459)	(323)
Change in inventories		(1,232)	1,004	-	-
Change in payables and accruals		648	1,566	-	(36)
Change in receivables, deposits and prepayments		(1,296)	(1,087)	(23)	(8)
Cash generated from/(used in) operations		12,042	15,033	(482)	(367)
Tax paid		(693)	(1,325)	(15)	-
Net cash from/(used in) operating activities		11,349	13,708	(497)	(367)

Cash Flow Statements for the Year Ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of minority interest		-	(4,000)	-	-
Acquisition of property, plant and equipment	6	(1,872)	(9,351)	-	-
Dividends received		-	526	2,744	2,744
Interest received		284	163	121	229
Proceeds from disposal of property, plant and equipment		134	106	-	-
Proceeds from disposal of other investments		177	-	22	-
Proceeds from minority shareholders		-	665	-	-
Placements of pledged deposits		(4)	(4)	-	-
Net cash (used in)/from investing activities		(1,281)	(11,895)	2,887	2,973
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to subsidiaries (net)		-	-	(21)	3,231
Dividends paid to shareholders of the Company		(2,654)	(2,569)	(2,654)	(2,569)
Interest paid		(1,617)	(1,307)	-	-
Proceeds from term loans and borrowings		9,202	26,073	-	-
Repayments of term loans and borrowings		(11,326)	(19,624)	-	-
Payments of hire purchase liabilities		(308)	(125)	-	-
Repayments to Directors		(418)	(645)	-	-
Proceeds from issue of shares pursuant to ESOS		355	-	355	-
Repurchase of treasury shares		-	(81)	-	(81)
Net cash (used in)/from financing activities		(6,766)	1,722	(2,320)	581
Exchange differences on translation of the financial statements of foreign entities		723	145	-	-
Net increase in cash and cash equivalents		4,025	3,680	70	3,187
Cash and cash equivalent at 1 January		12,205	8,525	4,693	1,506
Cash and cash equivalents at 31 December	14	16,230	12,205	4,763	4,693

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
31 December 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 208, Jalan Sungai Besi, Batu 12, Kg. Baru Balakong, 43300 Cheras, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2008.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") in Malaysia and the provisions of the Companies Act, 1965.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgement, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in income statement any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statements.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the Company.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment except for freehold land is stated at cost less accumulated depreciation and any accumulated impairment losses.

The freehold land is stated at cost less any subsequent accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the assets to its residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2% - 12.5%
Plant and machinery	8% - 25%
Furniture and office equipment	10% - 40%
Motor vehicles	10% - 20%

Freehold land is not depreciated. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the terms of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceed, if any, and the carrying amount is included in income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases and hire-purchase

(a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are recognised in profit and loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and building, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and building are allocated between the land and the building elements of the lease in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payment made on entering into or acquiring leasehold land is accounted as prepaid lease payments and is amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 3.4(a) and Note 3.4(b). If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

(b) Jointly controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint venture are stated in the Company's separate financial statements at cost less impairment losses.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

(c) Investments in debt and equity securities

Investments in debt securities (if any) and equity securities are recognised initially at cost plus attributable transaction costs.

Subsequent to initial recognition:

(i) Investments in non-current equity securities other than investments in subsidiaries and joint ventures are stated at cost less allowance for diminution in value,

(ii) Investment in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value,

(iii) All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio (or individual investments) basis by category of investments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investments (Cont'd)

(c) Investments in debt and equity securities (Cont'd)

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debts securities other than investment in subsidiaries and joint ventures, the allowance for diminution in value is recognised as an expense in the financial period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the entity, and

(b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

3.6 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment where there is objective evidence of impairment.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

3.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a jointly controlled entity), inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets on liabilities of the acquiree are assigned to those units or groups of units.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses, and a reasonable profit margin based on the effort required to complete and sell the inventory.

3.9 Financial instruments

3.9.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

3.9.1 Financial instruments recognised on the balance sheets (Cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statement. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties, are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Where the Company reacquires its own equity instrument, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheet.

3.11 Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred. The interest component of hire-purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

3.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary or jointly controlled entities on distributions to the Group and Company.

Taxes in the income statement comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its groups, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

3.14 Employee benefits

3.14.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

3.14.2 Defined contribution plans

The Company and subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes and recognise the contribution payables:

(a) after deducting contributions already paid as a liability; and

(b) as an expense in the year in which the employees render their services.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (Cont'd)

3.14.3 Share-based payments

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expire, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction cost are credited to equity when the options are exercised.

3.15 Foreign currencies

3.15.1 Functional and presentation currency

The separate financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates.

3.15.2 Foreign currency transactions and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the income statement in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Foreign currencies (Cont'd)

3.15.2 Foreign currency transactions and translations (Cont'd)

Exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation shall be recognised in the income statement in the financial statements of the Company or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in the exchange translation reserve except for a monetary item that is denominated in a currency other than the functional currency of either the Company or the foreign operation, which exchange differences is recognised in the income statement in the consolidated financial statements. On the disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(a) assets and liabilities for each balance sheet presented (i.e. including comparative) shall be translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(c) all resulting exchange differences shall be recognised as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and is translated at the exchange rate at the balance sheet date.

3.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Revenue from sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Dividend income

Dividend income is recognised when the Group's rights to receive payment is established.

(c) Interest income

Interest income is recognised as the interest accrues using the effective interest method unless collectibles is in doubt.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

Notes to the Financial Statements 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.18 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS

4.1 New FRS and amendment to FRS adopted

(a) FRS 6 Exploration for and Evaluation of Mineral Resources is mandatory for annual periods beginning on or after 1 January 2007. FRS 6 is not relevant to the Group's operations.

(b) FRS 119_{2004} Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gain or Losses, Group Plans and Disclosures which is mandatory for annual periods beginning on or after 1 January 2007. FRS 119_{2004} Amendment to FRS 119_{2004} is not relevant to the Group's operations.

4.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRS, amendments and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS and Framework which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These amendments align the MASB's FRS with the equivalent International Accounting Standards ("IAS"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Company will apply these amendments for its annual period beginning 1 January 2008.

4. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

4.2 New FRS and amendments to FRS not adopted (Cont'd)

(b) Framework for the Preparation and Presentation of Financial Statements ("Framework") which is effective for annual periods beginning on or after 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Company will apply this Framework for its annual period beginning 1 January 2008.

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment for its annual period beginning 1 January 2008.
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	IC Interpretation 1 is not relevant to the Group's operations.
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	IC Interpretation 2 is not relevant to the Group's operations.
IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IC Interpretation 5 is not relevant to the Group's operations.
IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	IC Interpretation 6 is not relevant to the Group's operations.
IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	IC Interpretation 7 is not relevant to the Group's operations.

Notes to the Financial Statements 31 December 2007

4. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

4.2 New FRS and amendments to FRS not adopted (Cont'd)

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007 (Cont'd)

IC Interpretation 8 Scope of FRS 2	This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share based payment will be charged to income statement. The Group will apply this interpretation from its annual periods beginning 1 January 2008.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

5.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

(i) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Discount rates are used in deriving the present value of the net cash flows in determining the CGU or assets' value-in-use together with the projected cash flows on the CGU or assets to test for impairment on goodwill. Further details are disclosed in Note 7 to the financial statements.

(ii) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within four to thirteen years. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.2 Key sources of estimation uncertainty (Cont'd)

(iv) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Directors and management specifically analyse historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

6. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2005 / 1 January 2006, restated	1,009	15,277	36,396	2,113	2,848	812	58,455
Additions	-	1,869	6,524	152	463	343	9,351
Disposals	-	(5)	-	(6)	(306)	-	(317)
Transfers	-	447	305	60	-	(812)	-
Effect of movement in exchange rates	-	(680)	(1,194)	(49)	(48)	-	(1,971)
At 31 December 2006 / 1 January 2007	1,009	16,908	42,031	2,270	2,957	343	65,518
Additions	-	101	1,360	134	268	9	1,872
Disposals	-	-	(341)	(3)	(145)	-	(489)
Transfers	-	(32)	(59)	324	-	(343)	(110)
Effect of movement in exchange rates	-	(552)	(1,020)	(63)	(38)	-	(1,673)
At 31 December 2007	1,009	16,425	41,971	2,662	3,042	9	65,118
Accumulated depreciation							
At 31 December 2005 / 1 January 2006, restated	-	2,409	18,992	1,497	1,210	-	24,108
Charge for the year	-	469	3,293	156	302	-	4,220
Disposals	-	-	-	(6)	(183)	-	(189)
Transfers	-	-	43	(43)	-	-	-
Effect of movement in exchange rates	-	(63)	(386)	(18)	(16)	-	(483)

Notes to the Financial Statements 31 December 2007

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group **Accumulated depreciation (Cont'd)**	**Freehold land RM'000**	**Buildings RM'000**	**Plant and machinery RM'000**	**Furniture and office equipment RM'000**	**Motor vehicles RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 31 December 2006 / 1 January 2007	-	2,815	21,942	1,586	1,313	-	27,656
Charge for the year	-	490	3,439	241	294	-	4,464
Disposals	-	-	(230)	(2)	(100)	-	(332)
Transfers	-	-	(72)	72	-	-	-
Effects of movement in exchange rates	-	(97)	(394)	9	(16)	-	(498)
At 31 December 2007	-	3,208	24,685	1,906	1,491	-	31,290
Carrying amounts							
At 31 December 2007	1,009	13,217	17,286	756	1,551	9	33,828
At 31 December 2006	1,009	14,093	20,089	684	1,644	343	37,862

Motor vehicles held in trust

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of RM2,278 (2006: RM3,460) registered under the name of certain Directors of a subsidiary, namely Lai Kong Meng and Chan Kwong Pooi who hold the motor vehicles in trust for the Group.

Security

At 31 December 2007, freehold land and buildings with carrying amount of RM6,880,167 (2006: RM6,951,598) are subject to a registered debenture to secure bank loans as disclosed in Note 16 to the financial statements.

Assets under hire purchase

Included in property, plant and equipment of the Group are plant and machinery acquired under hire purchase agreements with a net book value of RM909,277 (2006: RM1,127,714).

Property, plant and equipment under construction

The Group commenced installation of plant and machinery for future use with costs incurred up to the balance sheet date totalling to approximately RM9,000 (2006: RM343,000).

7. INTANGIBLE ASSETS

	Group Goodwill on consolidation RM'000
Cost	
At 1 January 2006	767
Acquisition of minority interest (Note 31)	1,234
At 31 December 2006 / 1 January 2007 / 31 December 2007	2,001
Accumulated amortisation	
At 1 January 2006 / 31 December 2006 1 January 2007 / 31 December 2007	77
Carrying amount	
At 31 December 2006	1,924
At 31 December 2007	1,924

The carrying amount of goodwill arising from the acquisition of the respective subsidiaries allocated to the Group's CGU is as follows:

	Group	
	2007 RM'000	2006 RM'000
Manufacturing of webbings, yarn and furniture components	1,924	1,924

The recoverable amount of the CGU is determined based on a "value-in-use" calculation. The value-in-use of the CGU was determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on the management's cash flow projection for three (3) financial years from 2008 to 2010.

The key assumptions used in the value-in-use calculations are as follows:

(a) The cash flow projection is developed based on the CGU past performance; and

(b) Pre-tax discount rate of 14.79% was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax and reflects the subsidiary's overall weighted average cost of capital.

With regards to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to be materially exceeded the recoverable amounts.

Notes to the Financial Statements 31 December 2007

8. PREPAID LEASE PAYMENTS

	Group Leasehold land unexpired period less than 50 years RM'000
Cost	
At 1 January 2006 / 31 December 2006 1 January 2007 / 31 December 2007	4,866
Amortisation	
At 1 January 2006	573
Amortisation for the year	81
At 31 December 2006 / 1 January 2007	654
Amortisation for the year	82
At 31 December 2007	736
Carrying amounts	
At 31 December 2006	4,212
At 31 December 2007	4,130

Security

At 31 December 2007, prepaid lease payments with a carrying amount of RM1,574,038 (2006: RM1,621,290) are charged to financial institutions for part of the banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares - at cost	40,519	40,519

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective ownership interest 2007 %	Effective ownership interest 2006 %
Furniweb Manufacturing Sdn. Bhd.	Malaysia	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings	100	100

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Principal activities	Effective ownership interest 2007 %	2006 %
Furniweb Safety Webbing Sdn. Bhd. (formerly known as Furniweb-VOA Safety Webbing Sdn. Bhd.)**	Malaysia	Manufacture and sale of safety webbing	100	100
Texstrip Manufacturing Sdn. Bhd.	Malaysia	Manufacture and marketing of rubber strips and sheets	100	100
First Elastic Corporation (M) Sdn. Bhd.	Malaysia	Manufacture and sale of narrow fabrics	100	100
Webtex Trading Sdn. Bhd.	Malaysia	Trading of machinery and accessories and acts as commission agent	100	100
Premier Gesture Sdn. Bhd.^	Malaysia	Investment holding company	100	100
Syarikat Sri Kepong Sdn. Bhd.**	Malaysia	Property holding Company	100	100
Furniweb Manufacturing (Vietnam) Co. Ltd.*	Vietnam	Manufacture and sale of upholstery webbings and covered elastic yarn	100	100
Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd.*	Vietnam	Manufacture and sale of narrow fabrics	100	100
Furnitech Components (Vietnam) Co. Ltd.*	Vietnam	Manufacture and sale of metal components for furniture industry	60	60

* Audited by a member firm of BDO International

** The equity interest noted above is held by Furniweb Manufacturing Sdn. Bhd.

^ Subsidiary with auditors' report that emphasised on the appropriateness of going concern assumption in the preparation of financial statements, which are dependent on the continuous financial support from the Company and on the subsidiary achieving future profitable operations and cash inflow to sustain its operations.

Notes to the Financial Statements 31 December 2007

10. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Unquoted shares	570	570
Share of post-acquisition reserves	465	425
	1,035	995
Represented by:		
Group's share of net assets	1,035	995

The Group's interest in the assets and liabilities, revenue and expenses of a jointly controlled entity are as follows:

Summary financial information on jointly controlled entity:

Group	Country of incorporation	Effective ownership interest %	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2007						
Trunet (Vietnam) Co. Ltd.*	Vietnam	50	3,757	902	2,792	722
2006						
Trunet (Vietnam) Co. Ltd.*	Vietnam	50	4,363	1,038	3,148	1,159

* Audited by a member firm of BDO International

11. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000
Non-current		
At cost:		
Quoted shares in Malaysia	148	148
Less: Allowance for diminution in value	(82)	(82)
	66	66
Less: Disposal	(66)	-
	-	66
Market value of:		
Quoted shares in Malaysia	-	66

During the year, the Group disposed its investments in quoted shares with a gain on disposal of investments amounting to approximately RM111,000.

12. INVENTORIES

	Group	
	2007	2006
	RM'000	RM'000
At cost:		
Raw materials	11,087	10,283
Work-in-progress	4,554	4,836
Manufactures inventories	5,915	5,991
Other consumables	733	554
	22,289	21,664

In 2007, inventories recognised as cost of sales amounted to RM42,666,000 (2006: RM43,167,000). Inventories written down amounted to RM335,000 (2006: RM25,679). The write-down are included in cost of sales.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade receivables	20,196	19,098	-	-
Less: Allowance for doubtful debts	(641)	(615)	-	-
	19,555	18,483	-	-
Amount due from a jointly controlled entity	140	351	1	1
	19,695	18,834	1	1
Non-trade				
Other receivables, deposits and prepayments	1,473	1,535	83	60
Amount due from subsidiaries	-	-	16,143	5,482
	21,168	20,369	16,227	5,543

Trade receivables

During the year, the Group had written off bad debts of RM19,000 against allowance for doubtful debts.

Trade receivables denominated in currencies other than the functional currency comprise the following:

	Vietnam Dong	U.S. Dollar	Pounds Sterling	Australian Dollar	Euro
	RM'000	RM'000	RM'000	RM'000	RM'000
2007	2,746	9,526	33	222	1,361
2006	7,824	3,863	27	-	-

Amount due from a jointly controlled entity

The amount due from a jointly controlled entity is unsecured, interest free and have no fixed terms of repayment.

Amount due from subsidiaries

The amount due from subsidiaries is in respect of advances, which are unsecured, have no fixed terms of repayment and interest free.

Notes to the Financial Statements 31 December 2007

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposit placed with licensed banks	5,554	2,273	1,776	734
Cash and bank balances	10,797	10,049	2,987	3,959
	16,351	12,322	4,763	4,693
Less: deposit pledged to a licensed bank	(121)	(117)	-	-
	16,230	12,205	4,763	4,693

15. CAPITAL AND RESERVES

	Group and Company			
	2007		2006	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Share capital				
Ordinary shares of RM0.50 each:				
Authorised	200,000	100,000	200,000	100,000
Issued and fully paid:				
Balance as at 1 January	90,000	45,000	90,000	45,000
Issued for cash under employee share option scheme	710	355	-	-
Balance as at 31 December	90,710	45,355	90,000	45,000

The Company has issued share options as disclosed in Note 24 to the financial statements.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Notes to the Financial Statements 31 December 2007

15. CAPITAL AND RESERVES (CONT'D)

Treasury shares

At the Annual General Meeting held on 25 June 2007, the shareholders of the Company approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

In previous financial year, the Company repurchased 196,400 of its issued share capital from the open market. The average price paid for the shares was RM0.41 per ordinary share. The repurchase transactions were financed by internal generated funds. The shares repurchased were retained as treasury shares.

As at 31 December 2007, the Group held 208,900 (2006: 208,900) of the Company's ordinary shares.

Section 108 tax credit

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has elected to continue to use its tax credit under Section 108 of the Income Tax Act, 1967.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 to frank the payment of net dividends amounting to approximately RM348,000 (2006: RM930,000) out of its retained earnings as at 31 December 2007.

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 26.

	Group	
	2007	**2006**
	RM'000	**RM'000**
Non-current		
Secured term loans	8,275	11,112
Hire purchase liabilities	39	335
	8,314	11,447
Current		
Secured term loans	2,763	3,004
Trade bills	7,116	6,731
Hire purchase liabilities	295	307
	10,174	10,042
	18,488	21,489

Notes to the Financial Statements 31 December 2007

16. LOANS AND BORROWINGS (CONT'D)

Security

The Group's borrowings are secured by the following:

i) a fixed charge over the subsidiaries' freehold land, buildings and prepaid lease payments;
ii) a pledge over the subsidiaries' assets;
iii) corporate guarantees by the Company on credit facilities granted to the subsidiaries (see Note 29);
iv) fixed deposit principal amounting to RM121,000 (2006: RM117,000);
v) bank guarantee amounting to RM1,500,000 (2006: RM1,500,000);
vi) a pledge in favour of a third party, the entire issued and fully paid-up share capital of a fully-owned subsidiary, Premier Gesture Sdn. Bhd.; and
vii) a pledge in favour of a third party, the entire issued and fully paid-up share capital of a fully-owned subsidiary, Furniweb Safety Webbing Sdn. Bhd.

Terms and debt repayment schedule

Group 31.12.2007	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Hire purchase liabilities	2008-2009	334	295	39	-	-
Trade bills						
- RM	2008	139	139	-	-	-
- USD	2008	2,060	2,060	-	-	-
- VND	2008	4,917	4,917	-	-	-
Term loans						
- RM	2008-2016	5,700	848	771	2,208	1,873
- USD	2008-2011	5,338	1,915	1,975	1,448	-
		18,488	10,174	2,785	3,656	1,873

Group 31.12.2006	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Hire purchase liabilities	2008	642	307	296	39	-
Trade bills						
- RM	2007	282	282	-	-	-
- USD	2007	2,462	2,462	-	-	-
- VND	2007	3,987	3,987	-	-	-
Term loans						
- RM	2007-2014	6,862	1,333	954	2,642	1,933
- USD	2007-2011	7,254	1,671	1,587	3,996	-
		21,489	10,042	2,837	6,677	1,933

16. LOANS AND BORROWINGS (CONT'D)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	2007 Payments RM'000	2007 Interest RM'000	2007 Principal RM'000	2006 Payments RM'000	2006 Interest RM'000	2006 Principal RM'000
Less than one year	307	12	295	337	30	307
Between one and five years	39	-	39	348	13	335
	346	12	334	685	43	642

17. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following

	Group 2007 RM'000	Group 2006 RM'000
Balance as at 1 January	2,135	1,926
Recognised in the income statement (Note 21)	(411)	209
Balance as at 31 December	1,724	2,135
Presented after appropriate offsetting:		
Deferred tax assets, net	(375)	(192)
Deferred tax liabilities, net	2,099	2,327
	1,724	2,135

(b) The components and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group

	Revaluation reserve RM	Property, plant and equipment RM	Total RM
At 1 January 2006	909	1,176	2,085
Recognised in the income statement	(23)	265	242
At 31 December 2006	886	1,441	2,327
At 1 January 2007	886	1,441	2,327
Recognised in the income statement	(23)	(205)	(228)
At 31 December 2007	863	1,236	2,099

Notes to the Financial Statements 31 December 2007

17. DEFERRED TAX LIABILITIES (CONT'D)

(b) The components and movement of deferred tax liabilities and assets during the financial year are as follows: (Cont'd)

Deferred tax assets of the Group

	Provisions RM	Total RM
At 1 January 2006	159	159
Recognised in the income statement	33	33
At 31 December 2006	192	192
At 1 January 2007	192	192
Recognised in the income statement	183	183
At 31 December 2007	375	375

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the balance sheet is as follows:

	Group	
	2007 RM'000	2006 RM'000
Unrecognised tax losses	4,172	2,190
At 15%* (2006: 15%*)	626	329

* Applicable tax rate of foreign subsidiaries

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

18. PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Trade payables	5,979	6,120	-	-
Non-trade				
Other payables and accrued expenses	4,678	4,042	31	32
Amount due to Directors	-	418	-	-
Amount due to a subsidiary	-	-	2,006	2,128
	4,678	4,460	2,037	2,160
	10,657	10,580	2,037	2,160

18. PAYABLES AND ACCRUALS (CONT'D)

Trade payables

Trade payables denominated in currencies other than the functional currency comprise the following:

	Vietnam Dong RM'000	U.S Dollar RM'000	Euro RM'000	Singapore Dollar RM'000	Japanese Yen RM'000
2007	1,555	2,999	-	8	536
2006	4,430	301	8	-	402

Amount due to Directors

The amount due to Directors in the previous year was in respect of advances, which were unsecured, interest free and had no fixed terms of repayment.

Amount due to a subsidiary

The amount due to a subsidiary is in respect of monies due in relation to the purchase of a subsidiary in previous years, which are unsecured, interest free and has no fixed terms of repayment.

19. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales of goods	93,816	84,894	-	-
Dividend	-	-	13,562	2,865
Management fee	-	-	91	97
	93,816	84,894	13,653	2,962

20. OPERATING PROFIT

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit is arrived at after charging:				
Amortisation of prepaid lease payments (Note 8)	82	81	-	-
Allowance for doubtful debts	45	115	-	-
Auditors' remuneration				
- Statutory audit	132	162	20	17
- Other services	5	5	5	5
Depreciation on property, plant and equipment (Note 6)	4,464	4,220	-	-
Interest expense on:				
- Term loans	988	903	-	-
- Trade bills	598	346	-	-
- Hire purchase liabilities	31	53	-	-
- Bank overdrafts	-	5	-	-

Notes to the Financial Statements 31 December 2007

20. OPERATING PROFIT (CONT'D)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Inventories written down	335	26	-	-
Loss on disposal of property plant and equipment	23	22	-	-
Net foreign exchange loss	188	299	55	198
Personnel expenses (including key management personnel):				
- Contributions to Employee Provident Fund	884	924	-	-
- Share based payments	178	85	178	85
- Wages, salaries and others	12,302	12,143	185	155
Rental expenses	576	525	-	-
and after crediting:				
Dividend income from unquoted shares of:				
- subsidiaries	-	-	13,562	2,865
- a jointly controlled entity	358	526	-	-
Interest income	284	163	121	229
Gain on disposal of investment (Note 11)	111	-	22	-
Rental income	-	87	-	-
Reversal of allowance for diminution in value of investments	-	28	-	-

21. TAX EXPENSE

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Recognised in the income statement				
Tax expense	249	1,157	87	120
Share of tax of jointly controlled entity	23	26	-	-
	272	1,183	87	120

Major components of tax expense include:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Malaysia				
- current year provision	752	637	139	120
- (over)/under provision in prior years	(382)	115	(52)	-
Overseas				
- current year provision	290	196	-	-
Total current tax recognised in the income statement	660	948	87	120

Notes to the Financial Statements 31 December 2007

21. TAX EXPENSE (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deferred tax expense				
Origination and reversal of temporary differences	11	230	-	-
Reversal of deferred tax liabilities on crystallisation of revaluation reserves	(23)	(21)	-	-
Over provision in prior year	(399)	-	-	-
Total deferred tax recognised in the income statement (Note 17)	(411)	209	-	-
Share of tax of jointly controlled entity	23	26	-	-
Total tax expense	272	1,183	87	120
Reconciliation of effective tax expense				
Profit for the year	8,000	7,165	12,926	2,506
Total tax expense	272	1,183	87	120
Profit excluding tax	8,272	8,348	13,013	2,626
Income tax using Malaysian tax rate (2007: 27%; 2008: 28%)	2,233	2,338	3,514	735
Effects of different tax rates in foreign jurisdictions	(1,147)	(862)	-	-
Effect of using different tax rate for chargeable income of up to RM500,000 of certain subsidiaries	(36)	(110)	-	-
Non deductible expenses	624	304	287	-
Tax incentives	(726)	(670)	-	-
Tax exempt income	(105)	(80)	(3,662)	(615)
Reversal of deferred tax liabilities on crystallisation of revaluation reserves of property, plant and equipment	(23)	(21)	-	-
Deferred tax asset not recognised	297	264	-	-
Reduction in deferred taxes resulting from changes in tax rate	(64)	-	-	-
Other items	-	(95)	-	-
(Over)/under provision of tax expense in prior year	(382)	115	(52)	-
Over provision of deferred tax in prior year	(399)	-	-	-
	272	1,183	87	120

Notes to the Financial Statements 31 December 2007

22. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2007 was based on profit attributable to ordinary shareholders and a weighted average of ordinary shares outstanding calculated as follows:

	Group 2007 RM'000	Group 2006 RM'000
Profit for the year attributable to ordinary shareholders	8,793	7,830

Weighted average number of ordinary shares

	Group 2007	Group 2006
Issued ordinary shares at 1 January	89,791,100	89,987,500
Effect of new shares issued under ESOS	554,365	-
Effect of treasury shares held	-	(161,467)
Weighted average number of ordinary shares at 31 December	90,345,465	89,826,033
Basic earnings per share (in sen)	9.73	8.71

(b) Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2007 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares calculated as follows:

	Group 2007 RM'000
Profit for the year attributable to ordinary shareholders	8,793

Weighted average number of ordinary shares plus the weighted average number of shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares

	Group 2007
Weighted average number of ordinary shares at 31 December	90,345,465
Assume ESOS granted is exercised	698,117
Weighted average number of ordinary shares (diluted) at 31 December	91,043,582
Diluted earnings per share (in sen)	9.66

The diluted earnings per share for the previous financial year was not shown as the exercise price of options under ESOS was higher than the Company's share price at balance sheet date.

23. DIVIDENDS

	Group and Company			
	2007		2006	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Final dividend paid in respect of 31 December 2006	3.0	2,654	-	-
Final dividend paid in respect of 31 December 2005	-	-	3.0	2,569
	3.0	2,654	3.0	2,569

A final dividend in respect of the financial year ended 31 December 2007 of 3.0 sen per ordinary share, which is tax exempt, amounting to approximately RM2,715,000 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2008.

24. EMPLOYEE BENEFITS

Share based payments

On 28 June 2004, the Group established a share option programme that entitles key management personnel and employees to purchase shares in the Company. The terms and conditions of the grants are as follows whereby all options are settled by physical delivery of shares:

Grant date/employee entitled	Number of instruments '000	Vesting conditions	Contractual life of options
Option granted to all employees on 7 September 2004	5,798	Full time employee on the payroll of a company within the Group as of the exercise date.*	5 years
Option granted to all employees on 1 December 2005	2,118	Full time employee on the payroll of a company within the Group as of the exercise date.	4 years
Option granted to all employees on 10 January 2007	1,123	Full time employee on the payroll of a company within the Group as of the exercise date.	3 years
Total Share Options	9,039		-

* The recognition and measurement principles in FRS 2 have not been applied to these grants as they were granted prior to the effective date of FRS 2.

Notes to the Financial Statements 31 December 2007

24. EMPLOYEE BENEFITS (CONT'D)

Share based payments (Cont'd)

The number and weighted average prices of share options are as follows:

	Weighted average exercise price 2007	Number of options ('000) 2007	Weighted average exercise price 2006	Number of options ('000) 2006
Outstanding at 1 January	1.00	6,135	1.00	7,051
Granted during the period	0.50	1,123	-	-
Forfeited during the period	1.02	(411)	0.96	(916)
Exercised during the period	0.50	(709)	-	-
Outstanding at 31 December	0.96	6,138	1.00	6,135
Exercisable at 31 December	1.08	3,383	1.03	2,594

The options outstanding at 31 December 2007 have an exercise price in the range of RM0.50 to RM1.21 and a weighted average contractual life of two (2) years.

The fair value of share options granted during the financial year was estimated using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates	
	10 January 2007	1 December 2005
Fair value of share options	0.14	0.09
Weighted average share price (RM)	0.49	0.46
Exercise price (RM)	0.50	0.50
Expected volatility	40.00%	41.81%
Expected dividend	6.00%	6.61%
Option life (expected weighted average life)	2.67 years	3.75 years
Risk free interest rate (based on Malaysian government bond)	3.50%	3.71%

Employee expenses

	Group and Company	
	2007 RM'000	2006 RM'000
Share options granted	178	85
Total expense recognised as share based payments	178	85

Notes to the Financial Statements 31 December 2007

25. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments, and related revenue, loans and borrowings and related expenses, corporate assets and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets, if any, other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

(a) Business segments

The Group comprises the following main business segments:

Webbings, yarn and furniture components	The manufacture and sale of upholstery webbings, covered elastic yarn, rigid webbings, safety webbing and metal components for the furniture industry
Rubber strips and fabrics	The manufacture and marketing of rubber strips and narrow fabrics
Others	Acting as property holding company and trading and commission agent

(b) Geographical segments

The upholstery webbings, covered elastic yarn and narrow fabrics segments are operated in two principal geographical areas, which are Malaysia and Vietnam. The rigid webbings, safety webbing, rubber strips, trading and property segments are in Malaysia whereas the metal components segment is in Vietnam.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

Notes to the Financial Statements 31 December 2007

25. SEGMENTAL REPORTING (CONT'D)

	Webbings, yarn and furniture components		Rubber strips and 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
Business segments										
Revenue from external customers	68,269	59,650	23,106	23,137	2,441	2,107	-	-	93,816	84,894
Inter-segment revenue	3,917	4,257	86	250	243	368	(4,246)	(4,875)	-	-
Total revenue	72,186	63,907	23,192	23,387	2,684	2,475	(4,246)	(4,875)	93,816	84,894
Segment result	8,887	7,424	764	1,878	(520)	(355)	-	-	9,131	8,947
Operating profit									9,131	8,947
Finance costs									(1,617)	(1,307)
Interest income									284	163
Share of profit in jointly controlled entity									451	519
Profit before tax									8,249	8,322
Tax expense									(249)	(1,157)
Profit for the year									8,000	7,165
Attributable to:										
Shareholders of the Company									8,793	7,830
Minority interest									(793)	(665)
Profit for the year									8,000	7,165

25. SEGMENTAL REPORTING (CONT'D)

	Webbings, yarn and furniture components		Rubber strips and 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
Segment assets	65,285	62,738	25,078	27,054	7,403	6,703	-	-	97,766	96,495
Investment in a jointly controlled entity	1,035	995	-	-	-	-	-	-	1,035	995
	66,320	63,733	25,078	27,054	7,403	6,703	-	-	98,801	97,490
Unallocated assets									3,132	2,956
Total assets									101,933	100,446
Segment liabilities	22,310	24,887	5,843	6,289	191	92	801	801	29,145	32,069
Unallocated liabilities									1,926	2,194
Total liabilities									31,071	34,263
Capital expenditure	1,113	6,266	759	3,085	-	-	-	-	1,872	9,351
Depreciation and amortisation	2,838	2,656	1,625	1,563	1	1	-	-	4,464	4,220
Amortisation of prepaid lease payments	57	56	-	-	25	25	-	-	82	81

25. SEGMENTAL REPORTING (CONT'D)

	Malaysia		Asia Pacific		Europe		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	2007 RM'000	2006 RM'000
Geographical segments												
Revenue from external customers by location of customers	36,317	36,357	29,601	23,382	15,520	13,681	16,624	16,349	(4,246)	(4,875)	93,816	84,894
Segments assets by location of assets	55,456	54,151	44,553	43,339	-	-	-	-	1,924	2,956	101,933	100,446
Capital expenditure by location of assets	1,010	5,872	862	3,479	-	-	-	-	-	-	1,872	9,351

26. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objectives is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

The Group is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily U.S. Dollars and Vietnam Dong.

The Group does not hedge these exposures by purchasing or selling forward currency contracts at present. However, the management keeps this policy under review. The transactions in other foreign currencies are insignificant. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

(ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effect of fluctuations in cash flows.

(iii) Interest rate risk

Excess funds of the Group and of the Company are placed with licensed banks for certain periods, during which the interest rates are fixed. The management monitors the rates at regular intervals.

The Group borrows for operations at variable rates using its hire purchase, term loans and trade financing facilities.

Notes to the Financial Statements 31 December 2007

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk (Cont'd)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at balance sheet date and the periods in which they mature.

Group 31.12.2007	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Fixed rate instruments						
Deposits placed with licensed banks (Note 14)						
- RM	3.0 - 3.7	3,503	3,503	-	-	-
- USD	4.1 - 4.3	2,051	2,051	-	-	-
Hire purchase liabilities (Note 16)	5.5 - 5.9	(334)	(295)	(39)	-	-
		5,220	5,259	(39)	-	-
Floating rate instruments						
Trade bills (Note 16)						
- RM	5.1	(139)	(139)	-	-	-
- USD	6.6 - 7.3	(2,060)	(2,060)	-	-	-
- VND	9.5 - 10.2	(4,917)	(4,917)	-	-	-
Term loans (Note 16)						
- RM	6.3 - 8.3	(5,700)	(848)	(771)	(2,208)	(1,873)
- USD	6.8 - 7.4	(5,338)	(1,915)	(1,975)	(1,448)	-
		(18,154)	(9,879)	(2,746)	(3,656)	(1,873)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk (Cont'd)

Effective interest rates and repricing analysis (Cont'd)

Group 31.12.2006	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Fixed rate instruments						
Deposits placed with licensed banks (Note 14)						
- RM	3.0 - 3.7	2,224	2,224	-	-	-
- USD	7.1	49	-	49	-	-
Hire purchase liabilities (Note 16)	5.5 - 5.9	(642)	(307)	(296)	(39)	-
		1,631	1,917	(247)	(39)	-
Floating rate instruments						
Trade bills (Note 16)						
- RM	5.2 - 8.4	(282)	(282)	-	-	-
- USD	6.4 - 6.9	(2,462)	(2,462)	-	-	-
- VND	9.5 - 10.5	(3,987)	(3,987)	-	-	-
Term loans (Note 16)						
- RM	6.3 - 8.3	(6,862)	(1,333)	(954)	(2,642)	(1,933)
- USD	6.8 - 7.2	(7,254)	(1,671)	(1,587)	(3,996)	-
		(20,847)	(9,735)	(2,541)	(6,638)	(1,933)

Notes to the Financial Statements 31 December 2007

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk (Cont'd)

Effective interest rates and repricing analysis (Cont'd)

Company **31.12.2007**	**Average effective interest rate** **%**	**Total** **RM'000**	**Less than 1 year** **RM'000**	**1 - 2 years** **RM'000**	**2 - 5 years** **RM'000**	**More than 5 years** **RM'000**
Fixed rate instruments						
Deposits placed with licensed banks (Note 14)						
- RM	3.1	1,776	1,776	-	-	-
		1,776	1,776	-	-	-
31.12.2006						
Fixed rate instruments						
Deposits placed with licensed banks (Note 14)						
- RM	3.3	734	734	-	-	-
		734	734	-	-	-

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

(iv) Credit risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and the Group regularly follows up on balances by receivables outstanding beyond their stipulated time threshold for payments. The Group does not require collateral in respect of financial assets.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(b) Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit terms is remote.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

		2007		2006	
Group	**Note**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Deposits placed	14	5,554	5,554	2,273	2,273
Quoted shares	11	-	-	66	66
Hire purchase liabilities	16	(334)	(324)	(642)	(694)
Trade bills	16	(7,116)	(7,116)	(6,731)	(6,731)
Secured term loans	16	(11,038)	(11,038)	(14,116)	(14,116)
		(12,934)	(12,924)	(19,150)	(19,202)

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments reflected in the table.

Fair value of quoted shares in Malaysia is based on their quoted bid price at balance sheet date.

For other financial assets and liabilities, fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

The interest rate used to discount estimated cash flows are as follows:

	2007	2006
Secured bank loans	7.30%	7.47%
Hire purchase liabilities	5.78%	5.76%

Notes to the Financial Statements 31 December 2007

27. OPERATING LEASES

Non-cancellable operating lease rentals are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Less than one year	229	248
Between one and five years	870	1,139
More than five years	7,101	8,202
	8,200	9,589

The Group leases a number of office facilities and certain plant under operating leases. The leases typically run for an initial period of between forty four (44) and forty seven (47) years, with an option to review the lease at the end of the lease term. None of the leases included contingent rentals.

28. COMMITMENTS

	Company 2007 RM'000	Company 2006 RM'000
Capital commitments:		
Property, plant and equipment		
Contracted but not accounted for in financial statements	6,880	-

29. CORPORATE GUARANTEES

The Company has extended corporate guarantees in favour of third parties for banking and credit facilities granted to its subsidiaries amounting to RM54,337,000 (2006: RM53,067,000).

30. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, jointly controlled entity, corporation in which a Director of a subsidiary has interest, Directors and key management personnel.

Notes to the Financial Statements 31 December 2007

30. RELATED PARTIES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Subsidiaries				
Management fees charged	-	-	91	97
Dividend receivable	-	-	13,562	2,865
Interest received	-	-	-	179
Jointly controlled entity				
Dividend received / receivable	358	526	-	-
Joint venture partner				
Sale of goods	407	896	-	-

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Directors				
- fees	290	245	185	155
- remuneration	2,296	2,136	-	-
- share based payments	56	12	56	12
	2,642	2,393	241	167

Executive Directors of the Group and Company and other key management personnel have been granted the following number of options under the Employee Share Option Scheme:

	Group and Company	
	2007 '000	**2006 '000**
As at 1 January	1,400	1,400
Granted	495	-
Exercised	(185)	-
As at 31 December	1,710	1,400

The terms and conditions of the share options are detailed in Note 24.

Notes to the Financial Statements 31 December 2007

30. RELATED PARTIES (CONT'D)

(d) Transactions with key management personnel other than compensation

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as bellows:-

	Note	Transaction value year ended 31 December 2007 RM'000	2006 RM'000	Balance outstanding as at 31 December 2007 RM'000	2006 RM'000
Ningbo Yong Ao Metal Products Co., Ltd.					
- Royalty	a	77	12	77	-
Firstex Knitting Sdn. Bhd.					
- Rental	b	180	180	33	44

Note a

The Group pays royalty to Ningbo Yong Ao Metal Products Co. Ltd., a company that owns 30% of Furnitech Components (Vietnam) Co. Ltd., a subsidiary.

Note b

The Group rents from Firstex Knitting Sdn. Bhd., a company in which a director of a subsidiary has interest. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

31. ACQUISITION OF MINORITY INTEREST

In the previous financial year, Furniweb Manufacturing Sdn. Bhd., a wholly owned subsidiary of the Company acquired the remaining 40% equity interest in Furniweb Safety Webbing Sdn. Bhd. (formerly known as Furniweb-VOA Safety Webbing Sdn. Bhd.) for RM4,000,000 in cash, increasing its ownership from 60% to 100%. The Group recognised a decrease in minority interests of RM2,766,000 and goodwill of RM1,234,000.

32. SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT EVENTS

(a) Significant events during the year

On 8 October 2007, the Company convened an Extraordinary General Meeting and obtained shareholders approvals for:

i) The proposal to list Furniweb Manufacturing (Vietnam) Co. Ltd. ("FMV") on the Ho Chi Minh City Stock Exchange ("HOSE"), with Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd. and Furnitech Components (Vietnam) Co. Ltd. being subsidiaries of FMV; and

ii) A general mandate for the Company to divest up to 800,000 ordinary shares of VND10,000 each in FMV, representing up to 10% of the enlarged issued and paid up share capital of FMV after its proposed listing on HOSE, for cash through the open market and/or placements.

The Company's advisor had put in an application for the conversion of FMV into a joint stock company to be known as Furniweb (Vietnam) Shareholding Company but pending the outcome as at the end of the financial year.

32. SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT EVENTS (CONT'D)

(b) Subsequent events

On 28 January 2008, the Company had announced that FMV had been converted into a joint stock company and is now known as Furniweb (Vietnam) Shareholding Company. In view of this, the authorised and contributed legal capital of FMV will be increased from the existing USD1,300,000 to USD1,500,000 in due course.

Furthermore, the Company wishes to inform that the Flotation Scheme is expected to be completed by the second quarter of 2008 instead of the forth quarter of 2007 as disclosed in the Circular due to the delay in the issuance of the investment certificate by the relevant authority in Vietnam in relation to the conversion of FMV into a joint stock company.

List of Group Properties

Address	Owner	Description	Age	Tenure / Expiry	Existing Use	Land Area (Sq ft.)	Carrying Value as at 31/12/2006 (RM)	Date of Valuation (* Date of Acquisition)
Title No. H.S. (M) 967, P.T. No. 208, Mukim of Cheras, District of Hulu Langat, Selangor	FMSB	Land and 1 1/2 storey detached factory	15	Leasehold (60 years)/ 9 Jul 2041	Industrial	51,905	2,770,652	10/5/2002
Title No. H.S. (M) 943, P.T. No. 7179, Mukim of Cheras, District of Hulu Langat, Selangor	SSKSB FMSB	Land and a detached double storey industrial factory	15	Leasehold (60 years)/ 2 Sep 2040	Industrial	56,253	3,105,983	10/5/2002
Title No. H.S. (M) 1594, P.T. No. 2374 Kg. Baru Balakong, Mukim of Cheras, District of Hulu Langat, Selangor	FMSB	Vacant land	N/A	Leasehold (99 years)/ 3 Jul 2083	N/A	85,887	2,556,298	*27/09/2005
No. 18, Road 3A, Bien Hoa Industrial Zone II, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	FVSC	1 1/2 storey factory/ warehouse building with office, single storey canteen and guard house. Double storey detached factory/warehouse building	9	Lease (47 years)/ 15 Jan 2044	Industrial	150,544	3,384,433	10/5/2002
Title No. H.S. (D) 37374, P.T. No. 4886, Mukim and District of Klang, Selangor Address : No. 46 Jalan Harum 25/49, Seksyen 25, 40400 Shah Alam, Selangor	Texstrip	Land and 2 1/2 storey terrace house (intermediate lot)	24	Freehold	Residential	840	97,200	*27/1/2003
Title No. H.S. (M) 33413, P.T. No. 73813, Mukim and District of Klang, Selangor	Texstrip	Land and double storey office block cum single storey factory building, guard house and car parking sheds	17	Freehold	Industrial	50,444	2,480,430	10/5/2002
Street No. 8, Nhon Trach Industrial Zone 1, Nhon Trach District, Dong Nai Province, Vietnam	PEWA	1 1/2 storey factory/ warehouse building with office, single storey canteen and guard house	5	Lease (46 years)/ 28 Feb 2048	Industrial	280,755	2,240,043	Not Available
Street No. 2, Nhon Trach Industrial Zone 1, Nhon Trach District, Dong Nai Province, Vietnam	Furnitech	1 1/2 storey factory/ warehouse building with office, single storey canteen and guard house	3	Lease (44 years)/ 22 Jan 2048	Industrial	242,436	1,780,495	Not Available

THERE WAS NO REVALUATION ON THE LAND AND PROPERTIES OWNED BY THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007.

Analysis of Shareholdings

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Capital	:	RM45,371,200
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS AS AT 9 MAY 2008

Category	No. of holders	%	No. of shares	%
1 - 99	106	7.98	4,024	0.00
100 - 1,000	171	12.87	55,440	0.06
1,001 - 10,000	735	55.30	2,995,091	3.31
10,001 - 100,000	260	19.56	7,918,780	8.75
100,001 to less than 5% of issued shares	55	4.14	41,404,566	45.73
5% and above of issued shares	2	0.15	38,155,599	42.15
Total	1,329	100.00	90,533,500 *	100.00

* Excluding a total of 208,900 shares bought back by Furniweb Industrial Products Berhad and retained as treasury shares as at 9 May 2008.

DIRECTORS' SHAREHOLDINGS AS AT 9 MAY 2008

(Per Register of Directors' Shareholdings)

	Direct		Indirect	
Directors	**No. of shares**	**%**	**No. of shares**	**%**
Dato' Lim Heen Peok	34,000	0.04	-	-
Cheah Eng Chuan	25,669,599	28.35	-	-
Chua Carmen	12,556,000	13.87	-	-
Ong Lock Hoo	7,478,913	8.26	-	-
Lee Sim Hak	5,422,051	5.99	-	-
Dato' Hamzah bin Mohd Salleh	200,000	0.22	-	-
Lim Chee Hoong	40,000	0.04	-	-
Dato' Haji Johar bin Murat @ Murad	-	-	-	-

SUBSTANTIAL SHAREHOLDERS AS AT 9 MAY 2008

(Per Register of Substantial Shareholders)

	Direct		Indirect	
Shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Cheah Eng Chuan	25,669,599	28.35	-	-
Chua Carmen	12,556,000	13.87	-	-
Ong Lock Hoo	7,478,913	8.26	-	-
Lee Sim Hak	5,422,051	5.99	-	-

Analysis of Shareholdings

TOP 30 SHAREHOLDERS AS AT 9 MAY 2008

	Name of Shareholder	No. of Shares Held	Percentage %
1	CHEAH ENG CHUAN	25,599,599	28.28
2	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHUA CARMEN (DEALER 072)	12,556,000	13.87
3	ONG LOCK HOO	3,914,890	4.32
4	ONG LOCK HOO	3,564,023	3.94
5	LEE SIM HAK	3,124,458	3.45
6	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PUBLIC SMALLCAP FUND	3,004,800	3.32
7	LAI KONG MENG	2,457,000	2.71
8	CHAN KWONG POOI	2,205,100	2.44
9	CHAN KWONG POOI	1,992,690	2.20
10	TAN WAH CHING	1,964,800	2.17
11	LAI KONG MENG	1,871,690	2.07
12	LEE SIM HAK	1,740,718	1.92
13	TAY KING @ TAY GEE TIONG	1,280,941	1.41
14	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MERRY NOEL ROBERT	1,000,200	1.10
15	LEE KIM LIAN	806,138	0.89
16	PANG YUET FAH	786,938	0.87
17	W ISMAIL BIN W NIK	737,025	0.81
18	FIRSTEX KNITTING INDUSTRY SDN BHD	668,442	0.74
19	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE BOON SIONG	607,000	0.67
20	PANG YUET FAH	562,500	0.62

Analysis of Shareholdings

TOP 30 SHAREHOLDERS AS AT 9 MAY 2008 (CONT'D)

	Name of Shareholder	No. of Shares Held	Percentage %
21	RC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE SIM HAK (M)	556,875	0.62
22	MELACCA EQUITY NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE JAM	513,700	0.57
23	AIBB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN HAN CHONG	500,000	0.55
24	CHAN SIEW PUN	500,000	0.55
25	KINTEX (K.L) SDN BHD	454,800	0.50
26	LIM SHIU HO	450,200	0.50
27	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR W ISMAIL BIN W NIK	443,213	0.49
28	OOI BIN KEONG	401,000	0.44
29	CHAN WENG SOONG	377,250	0.42
30	CHEAH SEE HAN	341,500	0.38
		74,983,490	82.82

Appendix I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner:

ARTICLE NO.	EXISTING PROVISIONS	ARTICLE NO.	PROPOSED AMENDMENTS
2.	In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context: **Words** — **Meanings** Approved Market Place — A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No.2) Order 1998	2.	In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context: **Words** — **Meanings** Approved Market Place — Deleted
35.	In the event that: (a) the securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,	35.	In the event that: (a) the securities of the Company are listed on **another stock exchange**; and (b) the Company is exempted from compliance with Section 14 of the **Securities Industry (Central Depositories) Act 1991** or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the **Rules of the Depository** in respect of such securities,
35.	the Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.	35.	the Company, shall upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the **registrar of the Company** in the jurisdiction of the **other stock exchange**, to the register of holders maintained by the **registrar of the Company** in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.
36.	The Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.	36.	Deleted

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

Proxy Form

No. of Shares held	
CDS Account No.	

I/We, ______________________________ NRIC/Company No. ______________
(Full name in block letters)

of ____
(Full address)

being a member/members of **FURNIWEB INDUSTRIAL PRODUCTS BERHAD** do hereby appoint ______________

____
(Full name in block letters)

of ____
(Full address)

or failing him/her, ____
(Full name in block letters)

of ____
(Full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Subang 1, Sheraton Subang Hotel & Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor on Tuesday, 24 June 2008 at 10.00 a.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting.

My/Our proxy is to vote as indicated hereunder:-

RESOLUTIONS	***FOR**	***AGAINST**
1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Directors' and Auditors' Reports thereon		
2. To approve a final tax exempt dividend of 3.00 sen per share for the financial year ended 31 December 2007		
3. To approve the payment of Directors' fees for the financial year ended 31 December 2007		
4. To re-elect Dato' Lim Heen Peok retiring in accordance with Article 84 of the Company's Articles of Association		
5. To re-elect Chua Carmen retiring in accordance with Article 84 of the Company's Articles of Association		
6. To re-elect Lee Sim Hak retiring in accordance with Article 84 of the Company's Articles of Association		
7. To re-appoint Messrs BDO Binder as the Company's auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS 8. To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9. Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature which are in the ordinary course of business		
10. Propose renewal of Authority for Share Buy-Back		
11. Proposed amendment to the Company's Articles of Association		

* Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this____________day of____________2008

____
Signature or Common Seal of Shareholder(s)

Notes:

(i) *A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.*

(ii) *To be valid, this form, duly completed must be deposited at the registered office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

(iii) *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

(iv) *Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(v) *If the appointor is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

stamp

To :

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(company no: 541706-V)

Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Furniweb Manufacturing Sdn. Bhd.


Furniweb Manufacturing (Vietnam) Co., Ltd.


Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd.

Furnitech Components (Vietnam) Co., Ltd.

Texstrip Manufacturing Sdn. Bhd.

First Elastic Corporation (M) Sdn. Bhd.

Trunet (Vietnam) Co., Ltd.