



Furniweb Industrial Products Berhad

(Company No : 541706-V)

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

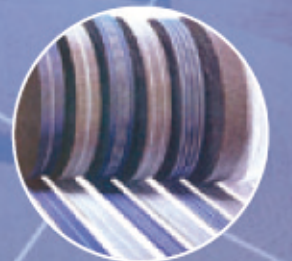
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Artist's impression of our new corporate office and factory.



Notice of Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Furniweb Industrial Products Berhad will be held at Nakhoda 1, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Monday, 27 June 2005 at 10.30 a.m..

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Directors' and Auditors' Reports thereon. *Resolution 1*
2. To approve a final dividend of 2.6 sen per share tax exempt and 0.55 sen per share less tax for the financial year ended 31 December 2004. *Resolution 2*
3. To approve the payment of Directors' fees for the financial year ended 31 December 2004. *Resolution 3*
4. To re-elect Dato' Lim Heen Peok who retires in accordance with Article 91 of the Company's Articles of Association. *Resolution 4*
5. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-
 - i. Cheah Eng Chuan *Resolution 5*
 - ii. Lee Sim Hak *Resolution 6*
6. To re-appoint Messrs KPMG as the Company's Auditors and to authorise the Directors to fix their remuneration. *Resolution 7*
7. **Special Business**
To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolution of the Company:-

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, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever 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 the Bursa Malaysia Securities Berhad 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."
8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

Notice of Fourth Annual General Meeting (contd.)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 2.6 sen per share tax exempt and 0.55 sen per share less tax for the financial year ended 31 December 2004, if approved by the shareholders at the forthcoming Fourth Annual General Meeting, will be paid on 28 July 2005. The entitlement date for the payment is 12 July 2005.

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 12 July 2005 in respect of ordinary transfer; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)

Secretary
Kuala Lumpur

3 June 2005

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 49-1, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan 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 NOTE UNDER SPECIAL BUSINESS

Ordinary Resolution 8

The Ordinary Resolution 8 proposed under Agenda 7, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest 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.

Statement Accompanying Notice of Annual General Meeting

1. NAMES OF INDIVIDUALS STANDING FOR ELECTION OR RE-ELECTION

- (i) Dato' Lim Heen Peok
- (ii) Cheah Eng Chuan
- (iii) Lee Sim Hak

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2004 are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Dato' Lim Heen Peok (<i>appointed with effect from 25 November 2004</i>)	1 / 1
Cheah Eng Chuan	5 / 5
Lee Sim Hak	5 / 5
Ong Lock Hoo	5 / 5
Lim Chee Hoong	5 / 5
Dato' Johar Bin Murat @ Murad	5 / 5
Dato' Hamzah Bin Mohd Salleh	5 / 5

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

The Fourth Annual General Meeting of the Company is scheduled to be held on Monday, 27 June 2005 at Nakhoda 1, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor at 10.30 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 page 9 to page 10 while their securities holdings are set out in page 76 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 Hong
Independent Non-Executive Director

COMPANY SECRETARIES

Yeoh Chong Keat (MIA 2736)
4, Jalan 12/19
46200 PETALING JAYA
Selangor Darul Ehsan

REGISTERED OFFICE

49-1, The Highway Centre
Jalan 51/205 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7783 8821
Fax : (603) 7783 8841

PRINCIPAL PLACE OF BUSINESS

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

Mailing Address

G.P.O. Box 11279
50740 KUALA LUMPUR
Tel : (603) 8961 1803 (Hunting Line)
(603) 8961 1814
(603) 8961 1704
Fax : (603) 8961 2826
E-mail : general@furniweb.com.my
Website : http://www.furniweb.com.my

PRINCIPAL BANKERS

EON Bank Berhad (92351-V)
120 & 122, Jalan Mega Mendung
Kompleks Bandar, Batu 5
Jalan Klang Lama
58000 Kuala Lumpur

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

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

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

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

AUDITORS

KPMG (Firm No. AF 0758)
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

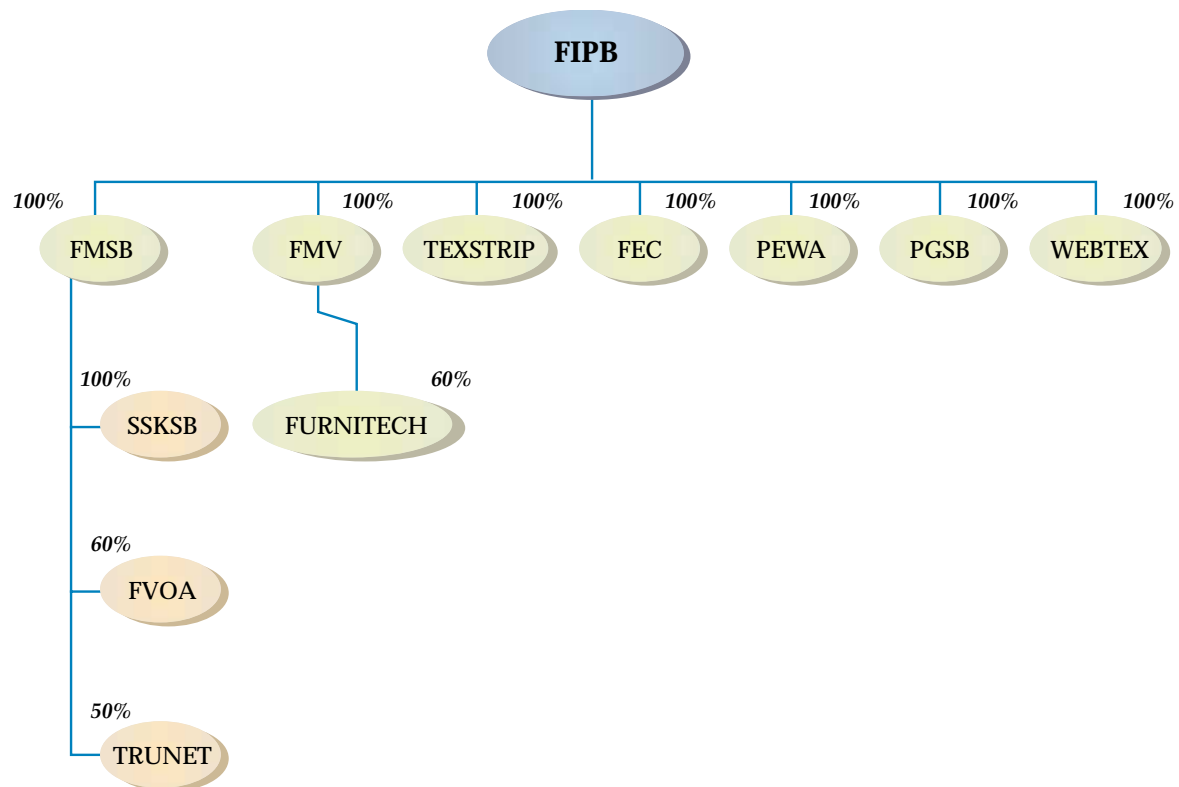
SHARE REGISTRARS

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

Corporate Structure



FIPB	:	Furniweb Industrial Products Berhad (541706-V)
FMSB	:	Furniweb Manufacturing Sdn Bhd (164933-H)
FMV	:	Furniweb Manufacturing (Vietnam) Co Ltd
TEXSTRIP	:	Texstrip Manufacturing Sdn Bhd (171110-T)
FEC	:	First Elastic Corporation (M) Sdn Bhd (328928-W)
PEWA	:	Premier Elastic Webbing & Accessories (Vietnam) Co Ltd
PGSB	:	Premier Gesture Sdn Bhd (561566-V)
WEBTEX	:	Webtex Trading Sdn Bhd (131288-K)
SSKSB	:	Syarikat Sri Kepong Sdn Bhd (21161-X)
FVOA	:	Furniweb-VOA Safety Webbing Sdn Bhd (391112-U)
FURNITECH	:	Furnitech Components (Vietnam) Co Ltd
TRUNET	:	Trunet (Vietnam) Co Ltd

Chairman's Statement

On behalf of the board of directors, it is my pleasure to present the annual report and audited financial statements of Funiweb Industrial Products Berhad for the financial year ended 31 December 2004.

FINANCIAL PERFORMANCE

For the year under review, the Group achieved a revenue of RM69.9 million, an increase of 11% over the previous year RM62.8 million. The increase in revenue came from increase in sales volume and partly from some increased selling prices.

The Group's profit before taxation, however decreased to RM10.7 million from RM12.8 million in the previous year. The fall in the profit is mainly due to the escalation in cost of raw materials and transportation affected by the rapid and volatile changes in world petroleum prices and which we could not pass on the cost increases fully to our customers.

CORPORATE DEVELOPMENT

On 6 July 2004, Furniweb Manufacturing (Vietnam) Co., Ltd ("FMV"), a wholly owned subsidiary of Furniweb Industrial Products Bhd entered into a Joint Venture Agreement with Ningbo Yong Ao Metal Products Co. Ltd of China, Shann Accessories Pty Ltd and Eastern Imports Pty Ltd, both of Australia, to set up and participate as shareholders of a joint venture company to be known as Furnitech Components (Vietnam) Co. Ltd ("Furnitech") to manufacture metal components for the furniture industry. FMV contribution to the equity is USD1.14 million representing sixty percent (60%) of the paid-up capital. This JV Company is expected to commence trial production by mid May 2005 and commercial production is expected to start in June 2005.

At the same time, FMV has also expanded its production capacity to meet increased demand for its furniture webbing with the construction of a new building and purchase of additional equipment. The total capital expenditure in this investment amounted to RM1.9 million.

The Group has also via First Elastic Corporation Sdn Bhd ("FEC") acquired a 2 acres vacant industrial land in Balakong, Selangor for a purchase consideration of RM2,490,730 and additional equipment amounting to RM0.7 million to increase its production capacity. The new plant to be constructed on this land is expected to be completed by the second half of 2006.

All the above capital expenditure will be financed by the IPO proceeds, internally generated funds and bank borrowings.



* Utilisation from the IPO proceeds of RM15.476 million as at 31 December 2004 are as follow:

	RM'000
Factory Expansion	334
Purchase of Machinery	1,827
Working Capital	7,360
Estimated listing expenses	1,615
	11,133

FUTURE PROSPECTS

While the current global economic scenario remains relatively volatile, the demand for our products, namely upholstery webbings, covered elastic yarn, rigid webbings, rubber strips, narrow fabrics and safety webbing remains strong, particularly from our export market.

Our manufacturing operations in Vietnam continue to leverage on its lower cost benefits and with our continuous efforts to improve on productivity, the Group's products remain on a competitive footing in the global market.

Barring any unforeseen circumstances and further volatility of oil prices, we should be able to manage our material cost better and we are optimistic of a reasonable good performance in year 2005.

DIVIDEND

The Board of Directors is pleased to recommend a first and final dividend of 3.15 sen per share of which 2.6 sen is tax exempt for the financial year ended 31 December 2004.

APPRECIATION

On behalf of the Board of Directors, I wish to thank all our customers, shareholders, business associates, government authorities and bankers for their support and cooperation given to the Group. I also would like extend our gratitude and appreciation to all our staffs for their dedication, commitment and contribution during the year.

Dato' Lim Heen Peok
Chairman



Board of Directors

FRONT ROW FROM LEFT

Ong Lock Hoo
Executive Director

Dato' Lim Heen Peok
Independent Non-Executive Chairman

Cheah Eng Chuan
Managing Director

Lee Sim Hak
Executive Director

BACK ROW FROM LEFT

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

Dato' Hamzah bin Mohd Salleh
Independent Non-Executive Director

Lim Chee Hoong
Independent Non-Executive Director

Directors' Profile

DATO' LIM HEEN PEOK age 57, a Malaysian was appointed as an Independent Non-Executive Chairman of the Company on 25 November 2004.

After graduating from the University of Strathclyde, UK, 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 and respect for people throughout the enterprise. After successfully making Toyota as the top selling brand in the Non National market for 15 years Dato' Lim retired in 2004.

Dato' Lim 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 AEAN 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 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 one of the four board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

CHEAH ENG CHUAN, aged 58, 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 currently a member of the Remuneration Committee. He served in the Malaysian Army between

1965 and 1974 before he joined Oriental Elastic Industries Co., a company that manufactured covered elastic yarn, furniture webbing and seat belts, as a sales executive. He left Oriental Elastic Industries Sdn Bhd. in 1980 as the Manager of the company. Thereafter, Mr. Cheah continued his career with Heveafil Sdn Bhd., a company that manufactured rubber threads, as the Sales Manager and was placed in charge of 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 27 years of experience in the rubber threads and furniture webbing industry. He is currently responsible for the overall Group's corporate strategy, finance and business development. Mr. Cheah is a substantial shareholder of the Company by virtue of him holding more than 15% equity interest in Solid Rating Sdn Bhd, the substantial shareholder of the Company. Save as disclosed above, Mr. Cheah 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

LEE SIM HAK, aged 51, a Malaysian, was appointed to the Board on 21 July 2003 as the Executive Director and is also a founder member of FMSB and Webtex. Mr. Lee started his career with a textile company in Singapore for 3 years as a Technical Supervisor. He subsequently went to further his studies at 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 26 years of experience in the textile and furniture webbing industry. He is currently responsible for the Group's overall production. 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

ONG LOCK HOO, aged 53, a Malaysian, was appointed to the Board on 21 July 2003 as the 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. Subsequently, he joined Oriental Elastic Industries Co. as a Sales Executive before joining FMSB. Mr. Ong has more than 21 years experience in the textile and rubber

Directors' Profile (contd.)

industry. Currently, he is in charged of the Group's overall sales and marketing strategy. 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

DATO' HAMZAH BIN MOHD SALLEH, aged 57, a Malaysian, was appointed to the Board on 21 July 2003 as the Non-Executive Director. Dato' Hamzah is currently the Chairman of the Remuneration Committee and a member of the Nomination 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 for 5 years as Finance and Administration Manager in Pillar Naco Malaysia Sdn Bhd., which deals with architectural metal fabrication. From 1980 to 1993, he held various senior managerial positions in Pemas 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. He is a Director of PDZ Holdings Berhad since 1996, a company listed on the BMSB. In addition, he is a director of various other private companies. 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

DATO' HAJI JOHAR BIN MURAT @ MURAD, aged 58, a Malaysian, was appointed to the Board on 21 July 2003 as the Non-Executive Director. Dato' Johar is currently the Chairman of the Nomination Committee and a member of the Remuneration Committee. He graduated with a Bachelor Degree in Malay Studies from University Malaya in 1971.

Since 1971, Dato' Johar worked in various government bodies, such as Kementerian Sains, Teknologi and Alam Sekitar, Treasury Department of the Ministry of Finance, Kementerian Perusahaan Awam (now known as Kementerian Pembangunan Usahawan) and Economic Planning Unit.

During Dato' Johar's tenure of service in the Treasury Department (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 (MPKSN)

When he was the Timbalan Ketua Setiausaha (Operasi) of Kementerian Sains, Teknologi and Alam Sekitar (2000 – 3 July 2003), Dato' Johar was also an Alternate Director of Lembaga Pengarah Technology Park Malaysia, MIMOS Berhad (MIMOS), SIRIM Berhad (SIRIM), Malaysia Agriculture Research Institute (MARDI), Malaysian Technology Development Corporation, Composite Technology Research Malaysia, Majlis Rekabentuk Malaysia and Pusat Sains Negara. He is also the Chairman of Audit Committee of MIMOS Berhad and member of Board of Tender for MIMOS and SIRIM. 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

LIM CHEE HOONG, aged 44, a Malaysian, was appointed to the Board on 21 July 2003 as the Non-Executive Director. Mr. Lim is currently the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Certified Public Accountants as well as Malaysian Institute of Accountants. Presently, Mr. Lim is a practicing accountant in Malaysia under his own firm, 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 16 years working experience in accounting area. 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 five board meetings held in the financial year ended 31 December 2004. He has had no convictions for any offences within the past 10 years.

Corporate Governance Statement

BOARD OF DIRECTORS

The Board of Furniweb Industrial Products Berhad is fully committed to the principles and best practices of the Malaysian Code of Corporate Governance. The Board constantly strives to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company.

BOARD BALANCE

The Board currently comprises Three (3) executive directors and four (4) independent non-executives. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations and business development. The Board composition represents members with a broad range of experience, skill and knowledge necessary to lead the group's operations. The complement of the Non-Executives Directors provided the Board with a good mix of industry-specific knowledge.

The appointment of a new independent non-executive chairman, Dato' Lim provide segregation of duties between him and the Group Managing Director. Hence, there is a strong independent element on the Board.

The Board considers that its composition of Directors with a diverse mix of skills and experience in business, corporate, finance and law bring to the Board not only the essential commercial skills relevant for sound investment decisions, but also the practical and operational experience in which to professionally manage the Company.

The profile of each director is set out in pages 9 to 10 of this Annual Report.

BOARD MEETINGS

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the financial year ended 31 December 2004, five (5) meetings of the Board were held. Details of attendance of Directors holding office during the financial year are as follows:-

Directors	No. of Meetings Attended
Dato' Lim Heen Peok (<i>Appointed w.e.f 25.11.2004</i>)	1/1
Cheah Eng Chuan	5/5
Lee Sim Hak	5/5
Ong Lock Hoo	5/5
Dato' Hamzah bin Mohd.Salleh (<i>Redesignated as Independent Non-Executive Director w.e.f 28.4.2005</i>)	5/5
Dato'Haji Johar bin Murat	5/5
Lim Chee Hong	5/5

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. As a general rule, papers on specific subject are sent to the Board in advance so that time at the Board meeting can be conserved and used for focused discussion. All directors have the right and duty to make further enquires where they consider this necessary.

Corporate Governance Statement (contd.)

All Directors have access to the advice and services of the Company Secretary and may take independent advice, at the Group's expense, in the furtherance of their duties if so required.

The Board has set up several Board Committees to assist the Board in the discharge of its duties effectively.

i) **Audit Committee**

The Audit Committee consists Three (3) members, the majority of whom are independent Non-Executive Directors. The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. The Terms of Reference of the Audit Committee are set out on pages 16 to 19 of the Annual Report.

ii) **Remuneration Committee**

The Remuneration Committee, comprising mainly non-executive directors, is authorised to review, assess and recommend to the Board the remuneration of the executive Director in all forms, using other independent professional advice as necessary. The Terms of Reference of the Remuneration Committee are set out on pages 20 to 21 of the Annual Report.

iii) **Nomination Committee**

The Nomination Committee comprises entirely non-executive directors, the majority of whom are independent. The Nomination Committee is authorised to identify and recommend the appointment of new directors to the Board. However, decisions on the appointment of new directors are made by the Board of the Company. The Terms of Reference of the Nomination Committee are set out on pages 22 to 23 of the Annual Report.

RE-ELECTION OF DIRECTORS

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

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 the Bursa Malaysia Securities Berhad ("BMSB"). The Directors also attended other appropriate training programmes to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments in the marketplace in compliance to the Continuing Education Programme (CEP) implemented by BMSB.

DIRECTORS' REMUNERATION

Details are set out on pages 21 of the Annual Report.

Corporate Governance Statement (contd.)

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. The assessment is achieved primarily through the quarterly financial results and by 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 the BMSB.

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 financial statements comply with the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia.

INTERNAL CONTROLS

The Directors acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Group maintains a transparent relationship with the external auditors in seeking their advice and ensuring compliance with the approved accounting standards and statutory requirements. The external auditors were invited to brief the Audit Committee on specific issues that require their attention. The duties and functions of the Audit Committee in relation to the external auditors are set out on pages 16 to 19 of the Annual Report.

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 the BMSB, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

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 the BMSB, the Company also provides the Group's corporate, financial and non-financial information at its website: www.furniweb.com.my

STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES

The Board is of the opinion that the Group has addressed and is in compliance with the best practices recommended in part 2 of the Malaysia Code of Corporate Governance.

Corporate Governance Statement (contd.)

DIRECTORS' RESPONSIBILITY ON ANNUAL AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the accounting records are properly kept and disclosed with reasonable accuracy at any time the financial position of the Group, as required by the Companies Act, 1965.

In respect of the preparation of the audited financial statements for the financial year ended 31 December 2004, the Board is satisfied that the Group has:-

- Compliance with the approved accounting standards
- Consistently applied the appropriate accounting policies
- Made reasonable and prudent judgements and estimates
- Prepared the financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

OTHER INFORMATION

I. Share buy-back

The company has not been authorised by shareholders to purchase its own shares and has not purchased any of its own shares during the financial year. A proposal shall be tabled on the forthcoming AGM for shareholders approval.

II. Options, Warrants or Convertible Securities

Other than the Employees' Share Option Scheme (ESOS) as disclosed in Directors Report on page 27, the Company has not granted any options to any parties to take up unissued shares in the Company.

III. Sanctions and/or Penalties Imposed

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

IV. Non-audit Fees Paid to External Auditors

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2004 was RM22,000.

V. Variation in Results

The Company did not issue any profit forecast for the financial year ended 31 December 2004. As such, no commentary is made on variation in results.

VI. Material Contract Involving Directors and Major Shareholders

During the financial year under review, the Group did not enter into any material contracts involving Directors' and major shareholders' interest other than disclosed in note 26 of the financial report.

Statement of Internal Control

BOARD RESPONSIBILITY

In compliance with the Code of Corporate Governance, the Board acknowledges its overall responsibility for the establishment and maintenance of an internal control system for the Group which is aimed primarily to safeguard the Group's assets and ensuring the reliability and integrity of information. However, the Board is mindful of the limitations inherent in its internal control system as it only provides reasonable and not absolute assurance against material misstatements, losses, fraud or breaches of regulations.

RISK MANAGEMENT

The management of risk is an integral part of the group's management process. The process for managing risk is therefore embedded into the operational process of the Group.

The Group has incorporated the following key elements in managing risk:

- Some of the Companies in the Group have ISO 9001:2000, QS 9000:1998 and HACCP accreditation for their operational process. Currently one of its subsidiary is in the process of implementation ISO/TS 16949:2002.
- The Executive Director and respective management team attended to various management and operations meetings, and reviewed financial and operational reports, in order to monitor the performance and profitability of the Group's business. The Executive Director and the management visit the operating units regularly and all matters arose are promptly and effectively dealt with.
- The Audit Committee hold quarterly meetings in order to deliberate on findings and recommendations for improvement on the state of affairs and system of internal controls. The matters discussed in the Audit Committee's meeting will be reported to the Board.
- The Group performs reviews of departmental operational procedures based on the internal auditor's recommendations.
- The Group arranged regular interactive meetings between management personnel from production, sales and financial department in order to discuss operational issues.
- Credit control procedures are being up together with a Credit Control Committee providing a formal credit evaluation policy and in order to manage credit risk.
- The recent appointment of a new Chairman, Dato' Lim Heen Peek to the Board provide segregation of duties between the Chairman and the Managing Director. With his appointment to the Board, risk management is further enhanced. He has 19 years of working experience at senior management level mostly in manufacturing environment.

INTERNAL AUDIT

In discharging its duties, the Board has taken steps to improve the internal control system. For the financial year ended 31 December 2004, Internal Audit function was outsourced to an independent management consultancy firm. The Board is of the opinion on the internal audit functions would be more thorough and cost effective by having an inhouse Internal Audit Department ("IAD"). Therefore, an IAD was set up in Vietnam during the year. In Malaysia, the IAD function will commence in May 2005.

The Vietnam IAD tables the internal Audit Plan to the Audit Committee on quarterly basis with a time schedule of completion. Periodic reports from IAD have since been prepared for management attention and identifying operational control weaknesses and requiring management response.

RELATIONSHIP WITH THE 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 16 to 19 of this Annual Report.

CONCLUSION

During the financial year ended 31 December 2004, minor internal control weaknesses were identified, all of which have been addressed. None have resulted in material losses, contingencies or uncertainties that would require disclosure in this annual report. The Board is of the opinion that the system of internal controls has been further enhanced in the current year with the measures taken above. The management shall continuously take measures to strengthen the system of internal controls and improve on risk management.

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 2004.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of three (3) members, the majority of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is also an Independent Non-Executive Director and a member of the Malaysian Institute of Accountants. No alternate director is appointed as a member.

The Committee was established on 21 November 2003 and presently comprises the following members:

DIRECTOR	POSITION
Lim Chee Hoong	Chairman of Audit Committee & Independent Non-Executive Director
Cheah Eng Chuan	Managing Director
Dato' Haji Johar Bin Murat @ Murad	Independent Non-Executive Director

MEETINGS AND ATTENDANCE

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2004. All the members attended all of the meetings.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Constitution

The Board of Directors has constituted and established an Audit Committee of the Board to be known as the Audit Committee. The Audit Committee is to assist the Board in fulfilling its responsibilities for the financial reporting process, system of internal control, audit process and the process for monitoring compliance with laws and regulations.

Membership

- The members of the Committee shall be appointed by the Board of Directors from amongst the directors of the Company and shall comprise of at least three (3) members, a majority of whom must be independent.
- At least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - ^ he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ^ he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed by the Exchange.
- No alternate director shall be appointed as a member of the Committee.

Report of the Audit Committee (contd.)

- 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 of Directors 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 members 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.

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 the meeting of the Committee shall consist of not less than two (2) members, a majority of whom must be independent Directors.
- Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Financial Controller, the 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.
- At least once in a financial year, the Committee shall meet with the external auditors without the Executive Directors being present.
- The Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. 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 of any member of the Committee and the Board of Directors.

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 outside legal or external independent professional advice and 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.
- The Committee shall have direct communication channels and be able to convene meetings with the external auditors without the presence of the executive members of the Committee, 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 of the Group 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.

Report of the Audit Committee (contd.)

Functions and Duties

The Committee shall, amongst others, discharge the following functions:

1. Review the following and report the same to the Board of Directors of the Company:
 - (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;
 - (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by employees of the Group to the external and internal auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors;
 - (f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) review any appraisal or assessment of the performance of members of the internal audit function;
 - (h) to verify the allocation of options as being in compliance with the criteria for allocation pursuant to a share scheme for employees.
 - (i) 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;
 - (j) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (k) any letter of resignation from the external auditors of the Company;
 - (l) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
 - (m) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

Report of the Audit Committee (contd.)

2. Recommend the nomination of a person or persons as external auditors and the external audit fee.
3. Promptly report to the Bursa Malaysia Securities Berhad (BMSB) on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the BMSB Listing Requirements.
4. Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors 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 2004, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Invited and reviewed reports by internal auditor;
- Invited and reviewed proposals for the provision of external audit and tax agent services to the Company and Group, resulting in the recommendation for the re-appointment of KPMG as External Auditors for financial year 2005;
- Reviewed new Malaysian Accounting Standards Board ("MASB") standards and their implementation and integration into group accounting policies and procedures with management. Financial Reporting Standard, FRS120 and FRS201 came into effect during the financial year;
- Review of the audit plans for the year for the Company and Group as prepared by the Internal and External Auditors;
- Review of the audit reports for the Company and Group;
- Review of the quarterly reports and announcements of the Company and the Group prior to submission to the Board of Directors for approval and subsequent release to the Bursa Malaysia Securities Berhad;
- Review of subsequent event, capital commitment, exceptional or extraordinary items;
- Review related party transactions; and
- To verify the allocation of options as being in compliance with the criteria for allocation pursuant to a share scheme for employees.

INTERNAL AUDIT FUNCTION

The Audit Committee in particular, is assisted by the Internal Auditors, who undertake the audit and compliance functions of the Group in line with the Internal Audit Plan.

The Internal Audit function focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts.

The Internal Audit Plan covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of performance in carrying out assigned responsibilities, and comprises key components of control environment, risk assessment process, operational control activities, information and communication system, and monitoring practices.

Report of the Remuneration Committee

The Remuneration Committee ("RC") of Furniweb Industrial Products Berhad is pleased to present the following report for the financial year ended 31 December 2004.

COMPOSITION OF REMUNERATION COMMITTEE

The RC consists of 4 members, mainly non-executive directors. The members are as follows:

DIRECTOR	POSITION
Dato' Hamzah bin Mohd Salleh	Chairman of Remuneration Committee & Non-Independent Non-Executive Director (Redesignated as Independent Non-Executive Director w.e.f 28.4.2005)
Lim Chee Hoong	Independent Non-Executive Director
Cheah Eng Chuan	Managing Director
Dato' Haji Johar Bin Murat @ Murad	Independent Non-Executive Director

TERMS OF REFERENCE OF 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 consist mainly of 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 below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. Objective

Remuneration for a director should be determined so as to ensure that the Company attracts and retains the directors needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors.

4. Functions

The functions of the Committee shall be:

- 4.1 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.
- 4.2 To reimburse reasonable expenses incurred by the directors in the course of their duties as directors.
- 4.3 To review and determine the bonus scheme for the executive directors depending on various performance measurements of the Group.
- 4.4 To review and determine the other benefits in kind for the executive directors.
- 4.5 To review annually the executive directors' service contracts.

Report of the Remuneration Committee (contd.)

5. Reporting Procedures

- The remuneration of directors shall be ultimate responsibility of the full board after considering the recommendations of the committee.
- Directors do not participate in decisions on their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The committee met on 24 February 2005 after the close of financial year ended 31 December 2004 to review the remuneration packages of Executive Directors of the Company as well as Directors' Fees for financial year 2004.

DIRECTORS' REMUNERATION

Details of Directors' remuneration for the financial year ended 31 December 2004 are set out below:-

Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Directors' Fees*	90,000	93,325	183,325
Salaries and other emoluments	1,210,260	–	1,210,260
Bonus	–	–	–
Benefits-in-kind	72,950	–	72,950
Technical fee paid to a director	–	–	–
Total	1,373,210	93,325	1,466,535

* To be approved at the forthcoming Annual General Meeting (The Directors' Fees is for the period from January 2004 to December 2004).

The number of Directors whose remuneration during the financial year ended 31 December 2004 fall within the following bands is as follows:

Range of remuneration (RM)	Executive	Non-Executive
Below 50,000	–	4
150,001 - 200,000	–	–
200,001 - 250,000	1	–
250,001 - 300,000	–	–
300,001 - 350,000	–	–
350,001 - 400,000	–	–
400,001 - 450,000	–	–
450,001 - 500,000	1	–
500,001 - 650,000	–	–
650,001 - 700,000	1	–
Total	3	4

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 2004.

COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee consists of 3 members, the majority of whom are Independent 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
Dato' Hamzah bin Mohd Salleh	Non-Independent Non-Executive Director (Redesignated as Independent Non-Executive Director w.e.f 28.4.2005)
Lim Chee Hoong	Independent Non-Executive Director

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 exclusively of non-executive directors, majority of whom are 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 below three (3), the Board of Directors shall, within three (3) months 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:

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

Report of the Nomination Committee (contd.)

4. Re-election of Directors & 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.

It is proposed that the above should also come under the purview of the Nomination Committee.

5. Reporting Procedures

- The actual decision as to who shall be appointed to the Board should be 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

On 25 November 2004, Cheah Eng Chuan resigned as the Chairman of the company and Dato' Lee Heen Peok was appointed as the Independent Non-Executive Chairman.

The Committee met on 24 February 2005 after the close of the financial year ended 31 December 2004 to assess the effectiveness and performance of the board as a whole. The Committee further determined which directors would stand for re-election at the 2005 Annual General Meeting.



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Directors' Report

for the year ended 31 December 2004

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 2004.

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 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	8,424	3,048

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Directors paid a final dividend of 3% (1.5 sen per share) tax exempt totalling RM1,200,000 in respect of the year ended 31 December 2003 on 28 July 2004.

The Directors recommended final dividends of 5.2% (2.6 sen per share) tax exempt totalling RM2,340,000 and 1.1% (0.55 sen per share) less tax totalling RM360,000 in respect of the year ended 31 December 2004.

DIRECTORS OF THE COMPANY

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

Cheah Eng Chuan
 Lee Sim Hak
 Ong Lock Hoo
 Dato' Hamzah Bin Mohd Salleh
 Lim Chee Hoong
 Dato' Johar Bin Murat @ Murad
 Dato' Lim Heen Peok (appointed on 25.11.2004)

Directors' Report (contd.)

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 1.1.2004	Bonus issue* /Bought**	Sold	At 31.12.2004
Shareholdings in which Directors have direct interests in the Company:				
Cheah Eng Chuan	10,672,820	1,340,178* 619,100**	–	12,632,098
Lee Sim Hak	1,966,334	267,867* 176,600**	–	2,410,801
Ong Lock Hoo	3,809,966	483,746* 180,800**	–	4,474,512
Dato' Hamzah Bin Mohd Salleh	7,100,000	700,000* 150,000**	(2,161,000)	5,789,000
Shareholdings in which a Director has indirect interest in the Company:				
Cheah Eng Chuan	20,000,002	2,500,000*	–	22,500,002

	Number of options over ordinary shares of RM0.50 each			
	At 1.1.2004	Granted	Exercised	At 31.12.2004
Cheah Eng Chuan	–	500,000	–	500,000
Lee Sim Hak	–	300,000	–	300,000
Ong Lock Hoo	–	300,000	–	300,000

By virtue of their interests in the shares of the Company, Cheah Eng Chuan, Lee Sim Hak, Ong Lock Hoo and Dato' Hamzah Bin Mohd Salleh 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 Directors holding office at 31 December 2004 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report (contd.)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor 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 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 10,000,000 new ordinary shares of RM0.50 each via capitalisation of bonus issue, on the basis of one (1) new ordinary share for every eight (8) existing ordinary shares held. The bonus issue was allotted on 23 August 2004 and credited as fully paid ordinary shares via capitalisation of the Company's share premium account of RM5,000,000.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

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 ("CCM") from having to disclose the names of options holders who have been granted options in aggregates of less than 100,000 options.

The names of option holders and their respective number of options granted, which in aggregate are 100,000 options or more are as follows:

Name of option holders granted	Number of shares
Cheah Eng Chuan	500,000
Lee Sim Hak	300,000
Ong Lock Hoo	300,000
Tan Chee Weng	207,000
Chan Kwong Pooi	130,000
Lai Kong Meng	130,000
Lee Hon Yip	130,000
Tan Wah Ching	130,000
Rangith Jinadasa	115,000
Teoh Kian Pheng	100,000

Directors' Report (contd.)

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

Date of offer	Option Price	Number of options over ordinary shares of RM0.50 each				Balance at 31.12.2004
		Balance at 1.1.2004	Granted	Exercised	Lapsed	
7.9.2004	RM1.21	–	5,797,900	–	(109,800)	5,688,100

The salient features of the scheme are as follows:

- i) 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.
- ii) The option is personal to the grantee and is non-assignable.
- iii) 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.
- iv) 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.
- v) 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.
- vi) 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.

Directors' Report (contd.)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (contd.)

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Cheah Eng Chuan

Lee Sim Hak

Kuala Lumpur,

Date: 25 April 2005

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 33 to 74 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Cheah Eng Chuan

Lee Sim Hak

Kuala Lumpur,

Date: 25 April 2005

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Cheah Eng Chuan**, 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 33 to 74 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 above named in Kuala Lumpur on 25 April 2005.

Cheah Eng Chuan

Before me:

BARATHAN A/L SINNIAH @ CHINNIAH; AMN, PJK
Commissioner of Oaths (No. W202)
Kuala Lumpur

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

We have audited the financial statements set out on pages 33 to 74. The preparation of the financial statements is 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 to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date; and
 - ii) 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
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been 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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Tang Seng Choon
Partner
Approval Number: 2011/12/05(J)

Kuala Lumpur,

Date: 25 April 2005

Consolidated Balance Sheet at 31 December 2004

	Note	2004 RM'000	2003 RM'000
Property, plant and equipment	2	33,407	33,417
Investment in a jointly controlled entity	4	1,118	788
Other investments	5	50	33
Goodwill on consolidation	6	729	767
		35,304	35,005
Current assets			
Inventories	7	19,823	15,224
Trade and other receivables	8	18,117	15,467
Tax recoverable		315	75
Cash and cash equivalents	9	12,337	14,140
		50,592	44,906
Current liabilities			
Trade and other payables	10	11,703	12,907
Borrowings	11	8,352	8,132
Taxation		193	571
		20,248	21,610
Net current assets		30,344	23,296
		65,648	58,301
Financed by:			
Capital and reserves			
Share capital	12	45,000	40,000
Reserves	13	12,513	10,318
		57,513	50,318
Minority shareholders' interests	14	3,620	1,915
Long term and deferred liabilities			
Borrowings	11	2,594	4,222
Deferred tax liabilities	15	1,921	1,846
		65,648	58,301

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2005.

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Income Statement for the year ended 31 December 2004

	Note	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000
Revenue		69,931	32,549
Cost of sales		(47,874)	(21,118)
Gross profit		22,057	11,431
Distribution and selling expenses		(3,031)	(1,170)
Administration expenses		(8,452)	(3,856)
Other operating expenses		(392)	(77)
Other operating income		917	337
Operating profit	17	11,099	6,665
Interest expense	19	(948)	(577)
Interest income		130	249
Share of profit in a jointly controlled entity		485	235
Profit before taxation		10,766	6,572
Tax expense – Company and subsidiaries	20	(1,692)	(1,352)
Profit after taxation		9,074	5,220
Less: Minority interests		(650)	(389)
Net profit for the year		8,424	4,831
Basic earnings per share (net) – (sen)	21	9.4	11.7
Diluted earnings per share (net) – (sen)	21	9.3	–
Dividend per ordinary share (net) – (sen)	22	1.3	1.5

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2004

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Translation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At date of consolidation - 1 July 2003		*	-	-	-	-
Issuance of shares for						
- Acquisition of subsidiaries		29,164	2,333	-	-	31,497
- Rights issue		6,836	-	-	-	6,836
- Public issue		3,500	4,060	-	-	7,560
- Private placement		500	580	-	-	1,080
		40,000	6,973	-	-	46,973
Exchange differences on translation of the financial statements of foreign entities		-	-	157	-	157
Share issuance expenses		-	(1,643)	-	-	(1,643)
Net gain or loss not recognised in the income statement		-	(1,643)	157	-	(1,486)
Net profit for the year		-	-	-	4,831	4,831
At 31 December 2003		40,000	5,330	157	4,831	50,318
		Note 12			Note 13	
* Denotes RM2						
At 1 January 2004		40,000	5,330	157	4,831	50,318
Issuance of shares for - Bonus issue		5,000	(5,000)	-	-	-
		45,000	330	157	4,831	50,318
Exchange differences on translation of the financial statements of foreign entities		-	-	23	-	23
Share issuance expenses		-	(52)	-	-	(52)
Net gain or loss not recognised in the income statement		-	(52)	23	-	(29)
Net profit for the year		-	-	-	8,424	8,424
Dividend paid - 2003 final	22	-	-	-	(1,200)	(1,200)
At 31 December 2004		45,000	278	180	12,055	57,513
		Note 12			Note 13	

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2004

	Group	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000
Cash flows from operating activities		
Profit before taxation	10,766	6,572
Adjustments for:		
Amortisation of goodwill	38	–
Depreciation	3,484	1,680
Dividend income from a jointly controlled entity	(149)	–
Interest expense	948	577
Interest income	(130)	(249)
Gain on disposal of property, plant and equipment	(167)	(1)
Reversal of allowance for diminution in investments	(17)	–
Share of profit in a jointly controlled entity	(485)	(235)
Unrealised gain on foreign exchange	(23)	(83)
Operating profit before working capital changes	14,265	8,261
Changes in working capital:		
Inventories	(4,599)	(900)
Trade and other receivables	(2,472)	1
Trade and other payables	(66)	(17,015)
Cash generated from operations	7,128	(9,653)
Income taxes paid	(2,235)	(1,129)
Net cash generated from/(used in) operating activities	4,893	(10,782)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired (Note 29)	–	5,835
Dividends received from a jointly controlled entity	149	–
Withdrawals/(Placements) of pledged deposits	456	(693)
Shares issuance expenses paid	(52)	(1,643)
Purchase of property, plant and equipment (net of exchange differences)	(4,017)	(2,133)
Proceeds from disposal of property, plant and equipment	710	15
Proceeds from minority shareholders	1,295	–
Interest income received	130	249
Net cash (used in)/generated from investing activities	(1,329)	1,630

Consolidated Cash Flow Statement (contd.)

	Group	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000
Cash flows from financing activities		
Dividend paid	(1,200)	–
Interest expense paid	(948)	(577)
(Repayments to)/Advances from Directors	(1,378)	4,313
Proceeds from issuance of shares - rights, private placement and public issue	–	15,476
(Repayments of)/Proceeds from loans and other borrowings	(1,106)	3,230
Repayments of hire purchase liabilities	(302)	–
Net cash (used in)/generated from financing activities	(4,934)	22,442
Exchange differences on translation of the financial statements of foreign entities	23	157
Net (decrease)/increase in cash and cash equivalents	(1,347)	13,447
Cash and cash equivalents at beginning of year/date of consolidation	13,447	*
Cash and cash equivalents at end of year	12,100	13,447
<i>Cash and cash equivalents</i>		
Cash and bank balances	2,258	4,588
Deposits placed with licensed banks	10,079	9,552
	12,337	14,140
Less: Deposits pledged	(237)	(693)
	12,100	13,447

* Denotes RM2

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheet at 31 December 2004

	Note	Company	
		2004 RM'000	2003 RM'000
Investments in subsidiaries	3	40,519	40,519
Current assets			
Trade and other receivables	8	9,080	7,520
Tax recoverable		8	-
Cash and cash equivalents	9	2,908	2,909
		11,996	10,429
Current liabilities			
Trade and other payables	10	4,133	4,340
Taxation		-	22
		4,133	4,362
Net current assets		7,863	6,067
		48,382	46,586
Financed by:			
Capital and reserves			
Share capital	12	45,000	40,000
Reserves	13	3,382	6,586
Shareholders' funds		48,382	46,586

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2005.

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statement

for the year ended 31 December 2004

	Note	Company	
		2004 RM'000	2003 RM'000
Revenue		3,051	1,245
Cost of services		-	-
Gross profit		3,051	1,245
Administration expenses		(228)	(44)
Operating profit	17	2,823	1,201
Interest income		422	84
Profit before taxation		3,245	1,285
Tax expense	20	(197)	(22)
Net profit for the year		3,048	1,263
Dividend per ordinary share (net) - sen	22	1.3	1.5

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity for the year ended 31 December 2004

	Note	Share capital RM'000	Share premium RM'000	Distributable Retained profits/ (Accumulated losses) RM'000	Total RM'000
Company					
At 1 January 2003		*	–	(7)	(7)
Issuance of shares for					
- Acquisition of subsidiaries		29,164	2,333	–	31,497
- Rights issue		6,836	–	–	6,836
- Public issue		3,500	4,060	–	7,560
- Private placement		500	580	–	1,080
		40,000	6,973	(7)	46,966
Share issuance expenses		–	(1,643)	–	(1,643)
Net profit for the year		–	–	1,263	1,263
At 31 December 2003		40,000	5,330	1,256	46,586
		Note 12		Note 13	
At 1 January 2004		40,000	5,330	1,256	46,586
Issuance of shares for					
- Bonus issue		5,000	(5,000)	–	–
Share issuance expenses		–	(52)	–	(52)
		45,000	278	1,256	46,534
Net profit for the year		–	–	3,048	3,048
Dividend paid – 2003 final	22	–	–	(1,200)	(1,200)
At 31 December 2004		45,000	278	3,104	48,382
		Note 12		Note 13	

* Denotes RM2

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statement for the year ended 31 December 2004

	Company	
	2004 RM'000	2003 RM'000
Cash flows from operating activities		
Profit before taxation	3,245	1,285
Adjustment for:		
Interest income	(422)	(84)
Operating loss before working capital changes	2,823	1,201
Changes in working capital		
Trade and other receivables	(1)	19
Other payables	10	16
Cash generated from operations	2,832	1,236
Income taxes paid	(227)	-
Net cash generated from operating activities	2,605	1,236
Cash flows from investing activities		
Acquisitions of subsidiaries (cash)	-	(9,022)
Interest received	422	84
Share issuance expenses paid	(52)	(1,643)
Net cash generated from/(used in) investing activities	370	(10,581)
Cash flows from financing activities		
Advances to subsidiaries (net)	(1,776)	(3,222)
Proceeds from issuance of shares - rights, private placement and public issue	-	15,476
Dividend paid	(1,200)	-
Net cash (used in)/generated from financing activities	(2,976)	12,254
Net (decrease)/increase in cash and cash equivalents	(1)	2,909
Cash and cash equivalents at beginning of year	2,909	*
Cash and cash equivalents at end of year	2,908	2,909
Cash and cash equivalents comprise:		
Cash and bank balances	2,908	9
Deposits placed with a licensed bank	-	2,900
	2,908	2,909

*Denotes RM2

The notes set out on pages 42 to 74 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

In respect of its interest in a jointly controlled entity, the Group uses the equity method to account for its interest.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Notes to the Financial Statements (contd.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Goodwill on acquisition

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised from the date of the first full year of initial recognition over its estimated useful life of twenty (20) years.

(e) Property, plant and equipment

Freehold land is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land is not amortised. Leasehold land are amortised in equal instalments over the period of the respective leases which range from forty-five (45) to fifty (50) years while buildings are depreciated on a straight line basis over the shorter of fifty (50) years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Plant and machineries	8% - 10%
Furniture and office equipment	10% - 40%
Motor vehicles	10% - 20%

(f) Accounting for hire purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase cost and are depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements is shown under hire purchase liabilities.

(g) Investments

Long term investments other than in subsidiaries and jointly controlled entity are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value, which is other than temporary.

Long term investments in subsidiaries and jointly controlled entity are stated at cost in the Company, less impairment loss, where applicable.

(h) Inventories

Raw material, work-in-progress, manufactured inventories and other consumables are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. The cost of raw material and other consumables comprise purchase cost and related costs of bringing the inventories to their present condition and location. For work-in-progress and manufactured inventories, cost consists of material, direct labour and an appropriate proportion of fixed and variable production overheads.

Notes to the Financial Statements (contd.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Impairment

The carrying amount of assets, other than inventories and financial assets (financial assets in this context exclude investments in subsidiaries and jointly controlled entity), 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. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only 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. The reversal is recognised in the income statement.

Notes to the Financial Statements (contd.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

(iii) Equity and equity-related compensation benefits

The share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

(o) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

Notes to the Financial Statements (contd.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign currency (cont'd)

(ii) Financial statements of foreign operations

The Group's foreign operations are considered an integral part of the Group's and the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rate used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

VND1,000	RM0.24	(2003:	VND1,000	RM0.24)
USD1	RM3.80	(2003:	USD1	RM3.80)
EURO1	RM5.17	(2003:	EURO1	RM4.76)
Yen100	RM3.69	(2003:	Yen100	RM3.55)
AUD1	RM2.91	(2003:	AUD1	RM2.84)

(p) Revenue

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(q) Expenses

Interest expenses

All interest and other costs incurred in connection with borrowings are expensed as 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.

Notes to the Financial Statements (contd.)

2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings	Plant and machineries	Furniture and office equipment	Motor vehicles	Capital work in progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004	1,297	2,242	12,634	30,688	1,775	2,734	-	51,370
Additions	-	-	74	2,889	173	169	843	4,148
Disposals	(288)	-	(288)	(316)	(2)	-	-	(894)
Exchange differences	-	-	(49)	(100)	(4)	(4)	-	(157)
Transfers	-	-	-	63	-	-	(63)	-
At 31 December 2004	1,009	2,242	12,371	33,224	1,942	2,899	780	54,467
Accumulated depreciation								
At 1 January 2004	-	478	1,756	13,827	1,161	731	-	17,953
Charge for the year	-	47	327	2,643	158	309	-	3,484
Disposals	-	-	(43)	(306)	(2)	-	-	(351)
Exchange differences	-	-	(18)	(15)	14	(7)	-	(26)
At 31 December 2004	-	525	2,022	16,149	1,331	1,033	-	21,060
Net book value								
At 31 December 2004	1,009	1,717	10,349	17,075	611	1,866	780	33,407
At 31 December 2003	1,297	1,764	10,878	16,861	614	2,003	-	33,417
Depreciation charge for the year ended 31 December 2003	-	28	167	1,249	75	161	-	1,680

Motor vehicles held in trust

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of RM167,336 (2003 - RM200,396) registered under the name of certain Directors of the Company and a subsidiary, namely Cheah Eng Chuan, Lai Kong Meng and Chan Kwong Pooi who hold the motor vehicles in trust for the Group.

Security

Certain leasehold land and buildings of the Group with a net book value RM7,764,000 (2003 - RM7,911,000) are charged to banks as security for bank facilities granted to the Group (see Note 11).

Title to the freehold land amounting to RM1,009,000 (2003 - RM1,009,000) of a subsidiary has yet to be issued by the land office.

Assets under hire purchase

Included in property, plant and equipment of the Group are plant and machineries acquired under hire purchase agreement with a net book value RM2,513,000 (2003 - RM2,639,000).

Notes to the Financial Statements (contd.)

3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares - at cost	40,519	40,519

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Furniweb Manufacturing Sdn. Bhd.	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings	Malaysia	100	100
Texstrip Manufacturing Sdn. Bhd.	Manufacture and marketing of rubber strips and sheets	Malaysia	100	100
Webtex Trading Sdn. Bhd.	Trading of machinery and accessories and acts as commission agent	Malaysia	100	100
Premier Gesture Sdn. Bhd.	Investment holding company	Malaysia	100	100
Premier Elastic Webbing and Accessories (V) Co. Ltd.**	Manufacture and sale of narrow fabrics	Vietnam	100	100
First Elastic Corporation (M) Sdn. Bhd.**	Manufacture and sale of narrow fabrics	Malaysia	100	100
Furniweb Manufacturing (Vietnam) Co. Ltd.*	Manufacture and sale of upholstery webbings and covered elastic yarn	Vietnam	100	100
Furniweb-VOA Safety Webbing Sdn. Bhd.***	Manufacture and sale of safety webbing	Malaysia	60	60

Notes to the Financial Statements (contd.)

3. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Syarikat Sri Kepong Sdn. Bhd.***	Property holding company	Malaysia	100	100
Furnitech Components (Vietnam) Co. Ltd. #	Intended to manufacture and sell metal components for furniture industry	Vietnam	60	-

* Audited by a member firm of KPMG International

** Audited by other firms of chartered accountants

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

Financial statements not audited as the company was incorporated during the year and the equity interest noted above is held by Furniweb Manufacturing (Vietnam) Co. Ltd.

The auditors' report of Premier Elastic Webbing & Accessories (V) Co. Ltd. ("PEWA") included an emphasis on matter on its ability to continue as a going concern due to its net current liabilities position. The validity of the going concern assumption is premised on the continuous financial support from the Company to enable PEWA to continue its operations as a going concern into the foreseeable future.

The results of Furnitech Components (Vietnam) Co. Ltd. have been consolidated using management accounts as the financial statements are not audited as the company was incorporated during the year. However, the result of this subsidiary is immaterial to the Group financial statements (see Note 29).

4. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

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

	2004 RM'000	2003 RM'000
Long-term assets	424	297
Current assets	1,110	948
Current liabilities	(416)	(457)
Net assets	1,118	788
Income	2,172	1,503
Expenses	(1,687)	(1,268)
	485	235

Notes to the Financial Statements (contd.)

4. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (CONT'D)

Details of the jointly controlled entity are as follows:

Name	Principal activities	Proportion of ownership interest	
		2004 %	2003 %
Trunet (Vietnam) Co. Ltd.*	Manufacture and sale of meat netting	50	50

* Audited by a member firm of KPMG International

5. OTHER INVESTMENTS

	Group	
	2004 RM'000	2003 RM'000
Long term		
Quoted shares in Malaysia - at cost	148	148
Less: Allowance for diminution in value	(98)	(115)
	50	33

The market value of the quoted shares is RM50,190 (2003 - RM33,030).

6. GOODWILL ON CONSOLIDATION

	Group 2004 RM'000
Cost	
At 1 January/31 December	767
Accumulated amortisation	
At 1 January/1 July	-
Amortisation charge for the year	38
At 31 December	38

Notes to the Financial Statements (contd.)

6. GOODWILL ON CONSOLIDATION (CONT'D)

	Group 2004 RM'000
Net book value	
At 31 December 2004	729
At 31 December 2003	767
Amortisation charge for the year ended 31 December 2003	-

Goodwill is amortised from the date of first full year of initial recognition. Accordingly, there was no amortisation of goodwill in the prior period.

7. INVENTORIES

	Group	
	2004 RM'000	2003 RM'000
At cost:		
Raw material	7,698	6,527
Work-in-progress	4,375	3,802
Manufactured inventories	7,215	4,519
Other consumables	535	376
	19,823	15,224

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	14,303	13,880	-	-
Other receivables, deposits and prepayments	3,474	1,474	1	1
Amount due from a jointly controlled entity (trade)	340	113	1	-
Amount due from subsidiaries (non trade)	-	-	9,078	7,519
	18,117	15,467	9,080	7,520

Notes to the Financial Statements (contd.)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are:

- (i) deposits amounting to RM618,000 (2003 – Nil) in respect of property, plant and equipment of a subsidiary;
- (ii) an amount of RM630,000 (2003 – Nil) which is in respect of the balance of the sale consideration of freehold land and building of a subsidiary disposed during the year; and
- (iii) prepayments made by a subsidiary for industrial land amounting to RM252,000 (2003 – Nil) (see Note 30).

Amount due from a jointly controlled entity

The amount due from a jointly controlled entity is unsecured and interest free.

Amount due from subsidiaries

The amount due from subsidiaries is in respect advances, which are unsecured, have no fixed terms of repayment and interest free except for an amount of RM6,309,000 (2003 – RM5,386,000), which bears interest at 7% (2003 – 7%) per annum (see Note 28).

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	10,079	4,588	2,908	9
Deposits placed with licensed banks	2,258	9,552	–	2,900
	12,337	14,140	2,908	2,909

Included in the Group's deposits placed with licensed bank is an amount of RM237,000 (2003 - RM693,000) pledged for credit facilities granted to the Group.

10. TRADE AND OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	4,374	4,790	–	–
Other payables and accrued expenses	4,394	3,804	53	43
Amount due to Directors (non trade)	2,935	4,313	–	–
Amount due to subsidiaries (non trade)	–	–	4,080	4,297
	11,703	12,907	4,133	4,340

Notes to the Financial Statements (contd.)

10. TRADE AND OTHER PAYABLES (CONT'D)

Amount due to Directors

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

Amount due to subsidiaries

The amount due to subsidiaries is in respect of advances and monies due from purchase of subsidiaries in the previous period, which are unsecured, interest free and have no fixed terms of repayment.

Other payables

Included in other payables and accrued expenses of the Group is amount due to a former Director of a subsidiary amounting to RM236,000 (2003 – Nil), which is in respect of advances. The amount is unsecured, bears interest at 4% per annum (2003 – Nil) and has no fixed terms of repayment.

11. BORROWINGS

	Group	
	2004 RM'000	2003 RM'000
Current		
Term loans (secured)	1,861	1,378
Trade bills	5,849	6,154
Hire purchase liabilities	642	600
	8,352	8,132
Non-current		
Term loans (secured)	1,888	3,172
Hire purchase liabilities	706	1,050
	2,594	4,222

Notes to the Financial Statements (contd.)

11. BORROWINGS (CONT'D)

The Group's borrowings are secured by way of:

- i) a fixed charge over the subsidiaries' leasehold land and buildings;
- ii) a pledge over the subsidiaries' assets;
- iii) corporate guarantees by the Company on credit facilities granted to the subsidiaries (see Note 24);
- iv) an irrevocable, continuing and unconditional joint and several guarantees of the Group's and of the Company's Directors; and
- v) fixed deposits principal amounting to RM237,000 (2003 - RM693,000).

Terms and debt repayment schedule

	Total RM'000	Within 1 year RM'000	1-5 years RM'000
Term loans variable at 1.5% (2003 - 1.5%) above BLR per annum	3,749	1,861	1,888
Trade bills variable at 3.0% (2003 - 3.0%) above BLR per annum	5,849	5,849	-
Hire purchase liabilities fixed at 3.65% to 5.20% (2003 - 3.65% to 5.20%)	1,348	642	706
	10,946	8,352	2,594

The term loans are repayable in equal monthly and quarterly instalments over periods ranging from two (2) to three (3) years.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2004 RM'000	Interest 2004 RM'000	Principal 2004 RM'000	Payments 2003 RM'000	Interest 2003 RM'000	Principal 2003 RM'000
Group						
Less than one year	714	72	642	707	107	600
Between one and five years	782	76	706	1,186	136	1,050
	1,496	148	1,348	1,893	243	1,650

Notes to the Financial Statements (contd.)

12. SHARE CAPITAL

	Company	
	2004 RM'000	2003 RM'000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January	100,000	100
Created during the year	–	99,900
At 31 December	100,000	100,000
Issued and fully paid:		
At 1 January	40,000	*
Increased during the year		
- Acquisitions of subsidiaries	–	29,164
- Rights issue	–	6,836
- Public issue	–	3,500
- Private placement	–	500
- Bonus issue	5,000	–
At 31 December	45,000	40,000

* Denotes RM2

At an Extraordinary General Meeting held on 28 June 2004, the shareholders of the Company approved a bonus issue of 10,000,000 new ordinary shares of RM0.50 each to be credited as fully paid-up ordinary shares on the basis of one (1) new ordinary share for every eight (8) existing fully paid-up ordinary shares held. The bonus issue of 10,000,000 new ordinary shares of RM0.50 each was allotted on 23 August 2004 and credited as fully paid ordinary shares via capitalisation from the Company's share premium account of RM5,000,000.

13. RESERVES

Retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to RM584,000 of its distributable reserves at 31 December 2004, if paid out as dividends.

14. MINORITY SHAREHOLDERS' INTERESTS

These consist of minority shareholders' proportion of share capital and reserves of a subsidiary, net of their share of subsidiary's goodwill on consolidation or amortisation of goodwill charged to the minority shareholders.

Notes to the Financial Statements (contd.)

15. DEFERRED TAX

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax liabilities	1,921	1,846	-	-

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority. The recognised deferred tax assets and liabilities are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment				
- capital allowances	1,032	931	-	-
- revaluation	934	957	-	-
Provisions	(45)	(42)	-	-
	1,921	1,846	-	-

16. EMPLOYEE BENEFITS

Equity compensation benefits

Employees' Share Option Scheme

The Group offers vested share options over ordinary shares to Directors and other employees with more than one year of service. Movements in the number of share options held by employees are as follows:

	Group and Company 2004 '000
Outstanding at 1 January	-
Issued	5,798
Exercised	-
Lapsed	(110)
Outstanding at 31 December	5,688

Notes to the Financial Statements (contd.)

16. EMPLOYEE BENEFITS (CONTINUED)

	Group and Company 2004 '000
Details of share options granted during the year:	
Expiry date	7 September 2009
Exercise price per ordinary share (RM)	1.21
Aggregate proceeds if shares are issued (RM'000)	6,882

17. OPERATING PROFIT

	Group		Company	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000	2004 RM'000	2003 RM'000
Operating profit is arrived at after charging:				
Amortisation of goodwill	38	-	-	-
Allowance for doubtful debts	280	-	-	-
Auditors' remuneration	149	74	15	12
Depreciation (Note 2)	3,484	1,680	-	-
Directors' emoluments				
- remuneration	1,770	845	-	-
- fees	180	45	90	23
Inventories written off	246	-	-	-
Loss on foreign exchange (realised)	312	15	-	-
Rental of premises	334	116	-	-
and after crediting:				
Allowance for doubtful debts written back	165	-	-	-
Dividend income from unquoted shares of:				
- subsidiaries	-	-	2,961	1,200
- a jointly controlled entity	149	483	-	-
Gain on disposal of property, plant and equipment	167	1	-	-
Gain on foreign exchange (unrealised)	23	83	-	-
Rental income	33	15	-	-
Reversal of allowance for diminution in value of investments	17	-	-	-

Notes to the Financial Statements (contd.)

18. EMPLOYEE INFORMATION

	Group		Company	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000	2004 RM'000	2003 RM'000
Defined contribution plan - EPF	706	227	-	-
Other staff costs (including Directors' emoluments)	9,348	3,088	-	-
	10,054	3,315	-	-

The number of employees of the Group and Company (including Directors) at the end of the year was 776 and Nil (2003 - 542 and Nil) respectively.

19. INTEREST EXPENSE

	Group		Company	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000	2004 RM'000	2003 RM'000
Term loans	226	119	-	-
Trade bills	549	345	-	-
Hire purchase liabilities	139	89	-	-
Bank overdrafts	25	24	-	-
Others	9	-	-	-
	948	577	-	-

Notes to the Financial Statements (contd.)

20. TAX EXPENSE

	Group		Company	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000	2004 RM'000	2003 RM'000
<i>Current tax expense</i>				
- Current year provision	1,794	1,339	210	22
- Overprovision in prior year	(177)	-	(13)	-
	1,617	1,339	197	22
<i>Deferred tax expense</i>				
- Origination and reversal of temporary differences	98	36	-	-
- Reversal of deferred tax liabilities on crystallisation of revaluation reserves	(23)	(23)	-	-
	1,692	1,352	197	22
		1.1.2004 to 31.12.2004 RM'000		1.7.2003 to 31.12.2003 RM'000
		%		%
Reconciliation of effective tax rate and expense				
Group				
Profit before taxation	100	10,766	100	6,572
Income tax using Malaysian tax rate	28	3,014	28	1,840
Effects of different tax rates in foreign jurisdictions	(6)	(685)	-	-
Effect of using different tax rate for chargeable income of up to RM500,000 (1.7.2003-31.12.2003 - RM100,000) of certain subsidiaries	(1)	(101)	-	(15)
Non deductible expenses	4	393	20	1,342
Tax incentives	(3)	(275)	(4)	(295)
Tax exempt income	(4)	(400)	(21)	(1,367)
Reversal of deferred tax liabilities on crystallisation of revaluation reserves of property, plant and equipment	-	(23)	-	(23)
Other items	(1)	(54)	(2)	(130)
Overprovision in prior year	17	1,869	21	1,352
	(1)	(177)	-	-
	16	1,692	21	1,352

Notes to the Financial Statements (contd.)

20. TAX EXPENSE (CONT'D)

Company	1.1.2004 to 31.12.2004		1.7.2003 to 31.12.2003	
	%	RM'000	%	RM'000
Profit before taxation	100	3,245	100	1,285
Income tax using Malaysian tax rate	28	909	28	360
Non-deductible expenses	-	13	-	(2)
Tax exempt income	(22)	(712)	(26)	(336)
Less: Overprovision in prior year	6	210	2	22
	-	(13)	-	-
	6	197	2	22

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders for the year of RM8,424,000 (2003 – RM4,831,000) and the weighted average number of ordinary shares outstanding during the year of 90,000,000 (2003 – 41,248,489), which is calculated as follows:

	2004	2003
Net profit attributable to ordinary shareholders (RM'000)	8,424	4,831
<i>Weighted average number of ordinary shares ('000)</i>		
Issued ordinary shares at beginning of year/date of consolidation	80,000,000	2
Effects of shares issued and shares split	-	36,665,321
Effects of bonus issue	10,000,000*	4,583,166*
Weighted average number of ordinary shares	90,000,000	41,248,489

* Effects of the bonus issue have been adjusted retrospectively.

Notes to the Financial Statements (contd.)

21. EARNINGS PER ORDINARY SHARE (CONT'D)

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM8,424,000 and the weighted average number of ordinary shares outstanding during the year of 90,743,994, which is calculated as follows:

Weighted average number of ordinary shares (diluted) ('000)

	2004
Weighted average number of ordinary shares	90,000,000
Effect of ESOS granted but not exercised	743,994
Weighted average number of ordinary shares (diluted)	90,743,994

Diluted earnings per ordinary share was not computed in the prior period as there was no dilution in the ordinary shares of the Company.

22. DIVIDEND PER ORDINARY SHARE

	<i>Group and Company</i>	
	2004	2003
	RM'000	RM'000
Ordinary		
Final paid: 2003 - 3.00% (1.5 sen per share) less tax	1,200	-

The proposed final dividends of 5.2% (2.6 sen per share) tax exempt totalling RM2,340,000 and 1.1% (0.55 sen per share) less tax totalling RM360,000 have not been accounted for in the financial statements. The net dividends per ordinary share as disclosed in the Income Statement takes into account the proposed final dividend for the financial year.

Notes to the Financial Statements (contd.)

23. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating lease are as follows:

	Group	
	2004 RM'000	2003 RM'000
Due within one year	299	229
Between one to five years	1,064	871
More than five years	9,110	7,439
	10,473	8,539

The Group leases a number of office facilities and certain plant under operating leases. The leases typically run for an initial period of thirty two (32) years, with an option to review the lease at the end of the lease term. None of the leases included contingent rentals.

24. CORPORATE GUARANTEES

The Company has extended corporate guarantees in favour of third parties for banking and credit facilities granted to its subsidiaries amounting to RM43,166,000 (2003 – Nil).

During the year, the Company also pledged in favour of a third party the entire issued and fully paid-up share capital of a fully-owned subsidiary, Premier Gesture Sdn. Bhd. for banking and credit facilities granted to a subsidiary.

25. COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Capital commitments:				
Property, plant and equipment Contracted but not accounted for in financial statements	2,274	–	–	–

The capital commitment is in respect of balance of monies payable to a third party on purchase consideration of industrial land by a subsidiary, as disclosed in Note 30 to the financial statements.

Notes to the Financial Statements (contd.)

26. RELATED PARTIES

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 3 to the financial statements;
- ii) Jointly controlled entity as disclosed in Note 4 to the financial statements; and
- iii) Directors and persons connected with the Directors.

	Group		Company	
	1.1.2004 to 31.12.2004 RM'000	1.7.2003 to 31.12.2003 RM'000	2004 RM'000	2003 RM'000
<i>With subsidiaries</i>				
Management fees charged	-	-	90	46
Dividends receivable	-	-	2,961	1,200
Interest received	-	-	379	57
<i>With jointly controlled entity</i>				
Dividend received/receivable	149	483	-	-
<i>With a joint venture partner, Trunature Limited</i>				
Sales	600	-	-	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Balances with subsidiaries and jointly controlled entity at the balance sheet date are disclosed in Note 8 and Note 10 to the financial statements.

Notes to the Financial Statements (contd.)

27. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

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 mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

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

Geographical segments

The furniture webbing, covered elastic yarn and narrow fabrics segments are operated in two principal geographical areas, which are Malaysia and Vietnam. The safety webbing, rubber strips, trading and property segments are in Malaysia.

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 (contd.)

27. SEGMENTAL INFORMATION (CONTINUED)

	Furniture webbing and covered elastic yarn		Safety webbing		Rubber strips		Narrow fabrics		Others		Eliminations		Consolidated	
	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000
Business Segments														
Revenue from external customers	38,949	17,770	9,293	3,877	8,318	4,256	11,609	5,674	1,762	972	-	-	69,931	32,549
Inter-segment revenue	2,522	1,275	-	-	95	64	-	44	2,395	222	(5,012)	(1,605)	-	-
Total revenue	41,471	19,045	9,293	3,877	8,413	4,320	11,609	5,718	4,157	1,194	(5,012)	(1,605)	69,931	32,549
Segment result	6,583	6,689	2,070	1,213	1,962	947	418	164	104	838	(38)	(3,186)	11,099	6,665
Operating profit													11,099	6,665
Interest expense													(948)	(577)
Interest income													130	249
Share of profit in jointly controlled entity													485	235
Profit before taxation													10,766	6,572
Tax expense													(1,692)	(1,352)
Minority interest													(650)	(389)
Net profit for the year													8,424	4,831

* The comparatives are in respect of the post-acquisition results for the period from 1 July 2003 to 31 December 2003.

Notes to the Financial Statements (contd.)

27. SEGMENTAL INFORMATION (CONTINUED)

	Furniture webbing and covered elastic yarn		Safety webbing		Rubber strips		Narrow fabrics		Others		Eliminations		Consolidated	
	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000	2004 RM'000	2003* RM'000
Segment assets	45,302	44,038	7,060	5,724	6,843	6,896	17,689	16,146	7,155	5,552	-	-	84,049	78,356
Investment in a jointly controlled entity	1,118	788	-	-	-	-	-	-	-	-	-	-	1,118	788
	46,420	44,826	7,060	5,724	6,843	6,896	17,689	16,146	7,155	5,552	-	-	85,167	79,144
Unallocated assets													729	767
Total assets													85,896	79,911
Segment liabilities	16,172	16,968	474	683	968	1,372	4,169	5,482	258	526	801	801	22,842	25,832
Unallocated liabilities													1,921	1,846
Total liabilities													24,763	27,678
Capital expenditure	2,486	1,323	452	-	106	444	997	508	107	-	-	-	4,148	2,275
Depreciation and amortisation	1,795	843	202	107	336	185	1,125	529	26	16	38	-	3,522	1,680

* The comparatives are in respect of the post-acquisition results for the period from 1 July 2003 to 31 December 2003.

Notes to the Financial Statements (contd.)

27. SEGMENTAL INFORMATION (CONTINUED)

	Asia		Pacific		Europe		Others		Eliminations		Consolidated	
	Malaysia											
	2004	2003*	2004	2003*	2004	2003*	2004	2003*	2004	2003*	2004	2003*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical Segments												
Revenue from external customers												
by location of customers	27,473	18,409	22,039	7,413	12,876	5,050	12,555	3,282	(5,012)	(1,605)	69,931	32,549
Segment assets by location of assets	46,953	50,023	38,214	29,121	-	-	-	-	729	767	85,896	79,911
Capital expenditure by location of assets	1,981	688	2,167	1,587	-	-	-	-	-	-	4,148	2,275
Depreciation and amortisation	1,957	950	1,527	730	-	-	-	-	38	-	3,522	1,680

* The comparatives are in respect of the post-acquisition results for the period from 1 July 2003 to 31 December 2003.

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's and of the Company's business. The management reviews and agrees policies for managing each of these risks and they are summarised below.

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.

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.

In the current low interest rate scenario, the Group borrows for operations at variable rates using its hire purchase, term loans and trade financing facilities. The Company charges interest on outstanding amounts due from its foreign subsidiaries at 7% (2003 - 7%) per annum, as disclosed in Note 8 to the financial statements.

Notes to the Financial Statements (contd.)

28. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. Approximately 63% (2003 - 40%) of the Group's sales are from export market and 59% (2003 - 90%) of the Group's purchases are sourced from overseas. Most of the foreign currency transactions are denominated in US Dollars (USD) and Vietnam Dong (VND).

The Group does not hedge these exposures by purchasing or selling forward currency contracts at present as the exchange rate for US dollars is pegged at USD1 : RM3.80. 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.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows information about the Group's and the Company's exposure to interest rate risk.

Effective interest rates and repricing analysis

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

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
2004					
Financial assets					
Deposits placed with licensed banks	3.7	2,258	2,258	-	-
Financial liabilities					
Other payables	4.0	236	236	-	-
Term loans	6.4	3,749	3,749	-	-
Trade bills	8.5	5,849	5,849	-	-
		9,834	9,834	-	-

Notes to the Financial Statements (contd.)

28. FINANCIAL INSTRUMENTS (CONT'D)

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
2003					
Financial assets					
Deposits placed with licensed banks	2.6	9,552	9,552	-	-
Financial liabilities					
Term loans	6.5	4,550	4,550	-	-
Trade bills	8.3	6,154	6,154	-	-
		10,704	10,704	-	-
Company					
2004					
Financial assets					
Amount due from a subsidiary	7.0	6,309	6,309	-	-
		6,309	6,309	-	-
2003					
Financial assets					
Deposits placed with a licensed bank	2.6	2,900	2,900	-	-
Amount due from a subsidiary	7.0	5,386	5,386	-	-
		8,286	8,286	-	-

Notes to the Financial Statements (contd.)

28. FINANCIAL INSTRUMENTS (CONT'D)

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of term loans with variable interest rate are considered to approximate their carrying amounts as the rates reprice in the event of changes in the market rate of return.

The aggregate fair values of the other financial assets carried on the balance sheet as at 31 December are represented in the following table.

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Shares quoted in Malaysia	50	50	33	33

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

29. ACQUISITION OF SUBSIDIARY

On 6 July 2004, a fully-owned subsidiary of the Company, Furniweb Manufacturing (Vietnam) Co. Ltd. ("FMV") entered into a Shareholders' Agreement ('SA') to set up a private limited company in Vietnam with an authorised legal capital of USD5,000,000 (or equivalent to RM19,000,000), comprising 5,000,000 ordinary shares of USD1 each.

On 26 August 2004, FMV obtained approval from Dongnai Industrial Zone authority, Vietnam, to set up the abovementioned company, namely Furnitech Components (Vietnam) Co. Ltd. ("FCV"), in Vietnam with an issued and paid-up capital of USD1,900,000 (or equivalent to RM7,220,000), comprising 1,900,000 ordinary shares of USD1 each.

The full subscription of the shares in FCV would be funded by FMV and three (3) other partners to the SA above, Ningbo Yong Ao Metal Products Co. Ltd. (China), Shann Accessories Pty. Ltd. and Eastern Imports Pty. Ltd. (both Australia) on a 60 : 30 : 5 : 5 ratio respectively. Hence, the Group effectively acquired a 60% interest in FCV. The acquisition was accounted for using the acquisition method of accounting.

For the year ended 31 December 2004, the subsidiary contributed a net loss of RM13,000 to the consolidated net profit for the year.

Notes to the Financial Statements (contd.)

29. ACQUISITION OF SUBSIDIARY (CONT'D)

Effects of acquisition

The acquisition of the subsidiary had the following effect on the Group's operating results, assets and liabilities as at 31 December 2004:

<i>Income statement</i>	Four-month period ended 31.12.2004 RM'000
Revenue	–
Cost of sales	–
Gross profit	–
Administration expenses	(32)
Other operating income	11
Operating loss	(21)
Tax expense	–
Loss after taxation	(21)
Minority interests' share of losses	8
Net loss for the year	(13)
 <i>Balance sheet</i>	 2004 RM'000
Property, plant and equipment	107
Current assets	2,609
Current liabilities	145
Minority interests	2,571 (1,287)
Increase in Group's net assets	1,284

Notes to the Financial Statements (contd.)

29. ACQUISITION OF SUBSIDIARY (CONT'D)

The fair values of assets and liabilities assumed in the acquisition of other subsidiaries in the prior period, namely Furniweb Manufacturing Sdn. Bhd., First Elastic Corporation (M) Sdn. Bhd., Webtex Trading Sdn. Bhd., Texstrip Manufacturing Sdn. Bhd., Premier Gesture Sdn. Bhd., Premier Elastic Webbing and Accessories (V) Co. Ltd. and Furniweb Manufacturing (Vietnam) Co. Ltd., and the cash flow effects were as follows:

	1.7.2003 to 31.12.2003 RM'000
Non current assets	
Property, plant and equipment	32,978
Investments	571
	<u>33,549</u>
Current assets	35,773
Current liabilities	(30,711)
Long term liabilities	(6,355)
Minority interest at the date of acquisition	(1,526)
Net assets	30,730
Goodwill on acquisition	767
	<u>31,497</u>
Consideration, satisfied by issue of shares	(31,497)
	<u>-</u>
Cash and cash equivalents acquired	5,835
Net cash inflow	<u>5,835</u>

Notes to the Financial Statements (contd.)

29. ACQUISITION OF SUBSIDIARY (CONT'D)

The proforma income statement of the Group in the prior period based on a complete year's results of the Group was as follows:

	2003 RM'000
Revenue	62,810
Cost of sales	(41,105)
Gross profit	21,705
Distribution and selling expenses	(2,415)
Administration expenses	(7,184)
Other operating expenses	(86)
Other operating income	815
Operating profit	12,835
Interest expense	(1,025)
Interest income	592
Share of profit in a jointly controlled entity	439
Profit before taxation	12,841
Tax expense – Company and subsidiaries	(2,250)
Profit after taxation	10,591
Less: Minority interests	(743)
Profit after taxation and minority interest	9,848
Less: Pre-acquisition profits	(5,017)
Net profit for the year	4,831
Basic earnings per share (based on pre and post acquisition profits)	26.9 sen

Notes to the Financial Statements (contd.)

30. SIGNIFICANT EVENTS DURING THE YEAR

(a) Increase in share capital

At an Extraordinary General Meeting held on 28 June 2004, the shareholders of the Company approved a bonus issue of 10,000,000 new ordinary shares of RM0.50 each to be credited as fully paid-up ordinary shares on the basis of one (1) new ordinary share for every eight (8) existing fully paid-up ordinary shares held. The bonus issue of 10,000,000 new ordinary shares of RM0.50 each was allotted on 23 August 2004 and credited as fully paid ordinary shares via capitalisation from the Company's share premium account of RM5,000,000.

(b) Establishment of Employees' Share Options Scheme

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

(c) Establishment of a new subsidiary

On 6 July 2004, a fully-owned subsidiary of the Company, Furniweb Manufacturing (Vietnam) Co. Ltd. ("FMV") entered into a Shareholders' Agreement ("SA") to set up a private limited company in Vietnam with an authorised legal capital of USD5,000,000 (or equivalent to RM19,000,000), comprising 5,000,000 ordinary shares of USD1 each.

On 26 August 2004, FMV obtained approval from Dongnai Industrial Zone authority, Vietnam, to set up the abovementioned company, namely Furnitech Components (Vietnam) Co. Ltd. ("FCV"), in Vietnam with an issued and paid-up capital of USD1,900,000 (or equivalent to RM7,220,000), comprising 1,900,000 ordinary shares of USD1 each.

The full subscription of the shares in FCV would be funded by FMV and three (3) other partners to the SA above, Ningbo Yong Ao Metal Products Co. Ltd. (China), Shann Accessories Pty. Ltd. and Eastern Imports Pty. Ltd. (both Australia) on a 60 : 30 : 5 : 5 ratio respectively.

(d) Acquisition of property, plant and equipment

On 27 May 2004, a subsidiary of the Company, First Elastic Corporation (M) Sdn. Bhd. ("FEC") entered into a Sale and Purchase Agreement with a third party for the purchase of vacant industrial land, for a purchase consideration of RM2,526,480 out of which RM2,273,832 is payable within ninety (90) days from the date of FEC's receipt of Consent to Transfer documents.

31. COMPARATIVE FIGURES

The following comparatives have been reclassified to conform to the current year's presentation.

	Company	
	As restated RM	As previously stated RM
<i>Income statement</i>		
Revenue	1,245	-
Other operating income	-	1,245

List of Group Properties - 2004

Address	Owner	Description	Age	Tenure / Expiry	Existing Use	Land Area (Sq Ft.)	NBV as at 31/12/2004 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 ½ storey detached factory	12	Leasehold (60 yrs)/ 9 Jul 2041	Industrial	51,905	2,919,647	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 single storey industrial factory	12	Leasehold (60 yrs)/ 2 Sept 2040	Industrial	56,253	2,193,111	10/5/2002
Plot No. 32 Bien Hoa Industrial Zone II Long Binh Ward Bien Hoa City Dong Nai Province Vietnam	FMV	1 ½ storey factory/warehouse building with office, single storey staff quarter, single storey canteen and guard house, Double storey detached factory/warehouse building	53	Lease / 15 Jan 2044	Industrial	150,544	3,378,762	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 Darul Ehsan	Texstrip	Land and 2 ½ storey terrace house (intermediate lot)	21	Freehold	Residential	840	103,680	*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, a guard house, two car parking sheds and a motorcycle parking shed	14	Freehold	Industrial	50,444	2,547,486	10/5/2002
No. 8, Nhon Trach Industrial Zone 1 Nhon Trach District Dong Nai Province Vietnam	PEWA	1 ½ storey factory/warehouse building with office, single storey canteen and guard house	2	Lease/ 22 Jan 2046	Industrial	281,180	1,930,467	** Not available
No. 2 Nhon Trach Industrial Zone 1 Nhon Trach District Dong Nai Province Vietnam	Furnitech	Construction in progress	N/A	N/A	N/A	242,188	N/A	N/A

THERE WAS NO REVALUATION ON THE LAND AND PROPERTIES OWNED BY THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004.

Note: N/A : Not applicable

Analysis of Shareholdings as at 16 May 2005

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Capital	:	RM45,000,000
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	1 Vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 16 MAY 2005

Category	No. of holders		No. of shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 99	31	1	1,248	63	0.00	0.00
100 - 1000	68	1	36,689	1,000	0.04	0.00
1001 - 10000	646	11	1,957,179	40,500	2.17	0.05
10001 - 100000	164	4	4,443,516	69,750	4.94	0.08
100001 - 1000000	51	4	16,685,630	1,251,150	18.54	1.39
OVER 1000000	16	0	65,513,275	0	72.79	0.00
TOTAL	976	21	88,637,537	1,362,463	98.49	1.51

DIRECTORS' SHAREHOLDINGS AS AT 16 MAY 2005

(PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Lim Heen Peok	-	-	-	-
Cheah Eng Chuan	12,662,098	14.07	22,500,002 ⁽¹⁾	25.00
Lee Sim Hak	2,410,801	2.68	-	-
Ong Lock Hoo	4,485,712	4.98	-	-
Dato' Hamzah bin Mohd Salleh	,150,000	0.17	-	-
Dato' Johar bin Murat @ Murad	-	-	-	-
Lim Chee Hoong	-	-	-	-

Notes:

- Deemed interest by virtue of him holding more than 15% equity interest in Solid Rating Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

SUBSTANTIAL SHAREHOLDERS AS AT 16 MAY 2005

(PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Solid Rating Sdn Bhd	22,500,002	25.00	-	-
Cheah Eng Chuan	12,662,098	14.07	22,500,002 ⁽¹⁾	25.00
HSBC Holdings Plc	-	-	5,894,900	6.55

Notes:

- Deemed interest by virtue of him holding more than 15% equity interest in Solid Rating Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

Analysis of Shareholdings (contd.)

TOP 30 SHAREHOLDERS AS AT 16 MAY 2005

	Name of Shareholders	No. of Shares Held	Percentage (%)
1	SOLID RATING SDN BHD	22,500,002	25.00
2	CHEAH ENG CHUAN	12,662,098	14.07
3	AMMB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (5/1-9)	4,000,500	4.45
4	ONG LOCK HOO	3,564,023	3.96
5	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHUA MA YU (DEALER 072)	3,192,400	3.55
6	AMANAH RAYA BERHAD BENEFICIARY : SBB DANA AL-FAIZ	2,131,100	2.37
7	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR HWANG-DBS SELECT SMALL CAPS FUND (4579)	2,099,025	2.33
8	TAN WAH CHING	2,080,800	2.31
9	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW MEI LOON (DEALER 072)	2,000,000	2.22
10	CHAN KWONG POOI	1,988,690	2.21
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN TRUSTEES BERHAD FOR BALANCED RETURNS FUND (N14011980060)	1,875,038	2.08
12	LAI KONG MENG	1,863,690	2.07
13	LEE SIM HAK	1,710,718	1.90
14	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR HWANG-DBS DANA IZDIHAR (4207)	1,491,750	1.66
15	TAY KING @ TAY GEE TIONG	1,340,941	1.49
16	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MALAYSIAN TRUSTEES BERHAD FOR MAYBAN FIRST CAPITAL GUARANTEED TRUST FUND (230187)	1,012,500	1.13

Analysis of Shareholdings (contd.)

	Name of Shareholders	No. of Shares Held	Percentage (%)
17	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR HWANG-DBS SELECT BALANCED FUND (4405)	989,000	1.10
18	ONG LOCK HOO	921,689	1.02
19	FIRSTEX KNITTING INDUSTRY SDN BHD	891,442	0.99
20	LEE KIM LIAN	890,538	0.99
21	PANG YUET FAH	786,938	0.87
22	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN TRUSTEES BERHAD FOR HIDDEN TREASURES FUND (240218)	643,750	0.72
23	ALLIANZ LIFE INSURANCE MALAYSIA BERHAD	581,100	0.65
24	PANG YUET FAH	562,500	0.63
25	PANG YUET FAH	562,500	0.63
26	BHLB TRUSTEE BERHAD BENEFICIARY : PRUSMALL-CAP FUND	513,775	0.57
27	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR OSK-UOB EMERGING OPPORTUNITY UNIT TRUST (4611)	512,500	0.57
28	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR HWANG-DBS CAPITAL GUARANTEED FUND I (4330)	450,000	0.50
29	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR W ISMAIL BIN W NIK	443,213	0.49
30	LEE SIM HAK	424,458	0.47
		74,686,678	82.99

FORM OF PROXY

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 of
(FULL NAME IN BLOCK LETTERS) (FULL ADDRESS)

..... or failing him/her, of
(FULL NAME IN BLOCK LETTERS) (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 Fourth Annual General Meeting of the Company to be held at Nakhoda 1, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Monday, 27 June 2005 at 10.30 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 the Statutory Financial Statements for the financial year ended 31 December 2004 together with the Directors' and Auditors' Reports thereon		
2. To approve a final dividend of 2.6 sen per share tax exempt and 0.55 sen per share less tax for the financial year ended 31 December 2004		
3. To approve the payment of Directors' fees for the financial year ended 31 December 2004		
4. To re-elect Dato' Lim Heen Peok retiring in accordance with Article 91 of the Company's Articles of Association		
5. To re-elect Cheah Eng Chuan 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 KPMG 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		

* 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 2005

.....
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 49-1 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan 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.*