



FACB INDUSTRIES INCORPORATED BERHAD (48850-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS
For The Second Quarter Ended 31 December 2009
(The figures have not been audited)

	Current Quarter Ended 31/12/2009 RM'000	Comparative Quarter Ended 31/12/2008 RM'000	6 Months Cumulative To Date 31/12/2009 RM'000	6 Months Cumulative To Date 31/12/2008 RM'000
Continuing Operations				
Revenue	54,141	92,140	106,466	199,550
Direct operating costs	(45,606)	(134,826)	(89,219)	(237,737)
Gross profit/(loss)	8,535	(42,686)	17,247	(38,187)
Other operating income	1,640	1,406	2,524	7,498
Operating expenses	(6,446)	(12,576)	(12,362)	(21,927)
Finance costs	(529)	(1,528)	(1,026)	(3,160)
Share of associated companies results after tax	871	392	1,778	909
Profit/(Loss) before taxation	4,071	(54,992)	8,161	(54,867)
Taxation	(1,111)	13,895	(2,031)	15,212
Net profit/(loss) for the period from continuing operations	2,960	(41,097)	6,130	(39,655)
Discontinued Operation				
Net profit for the period from a discontinued operation	-	-	-	161
Net profit/(loss) for the period	2,960	(41,097)	6,130	(39,494)
Attributable to:				
Equity holders of the Company	2,380	(39,757)	5,162	(37,892)
Minority interest	580	(1,340)	968	(1,602)
	2,960	(41,097)	6,130	(39,494)
Earnings/(Loss) per share attributable to equity holders of the Company (sen):				
Basic, for profit/(loss) from continuing operations	2.84	(47.40)	6.15	(45.29)
Basic, for profit from a discontinued operation	-	-	-	0.12
Basic, for profit/(loss) for the period	2.84	(47.40)	6.15	(45.17)
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

CONDENSED CONSOLIDATED BALANCE SHEETS
As At 31 December 2009

	Unaudited	Audited
	As At 31/12/2009 RM'000	As At 30/06/2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	44,714	50,815
Prepaid land lease payments	15,697	15,801
Capital work-in-progress	794	66
Investment in associated companies	18,626	16,849
Other investments	41	41
Deferred tax assets	6,567	7,372
Amount owing by a related party	13,373	19,873
	99,812	110,817
Current Assets		
Inventories	67,105	49,157
Trade and other receivables	63,150	57,321
Deposits, cash and bank balances	37,624	41,519
	167,879	147,997
Total Assets	267,691	258,814
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Reserves	90,123	84,639
Equity attributable to equity holders of the Company	175,286	169,802
Minority interest	24,997	24,029
Total equity	200,283	193,831
Non-Current Liabilities		
Long term borrowings	2,084	4,551
Deferred tax liabilities	2,222	1,880
	4,306	6,431
Current Liabilities		
Trade and other payables	20,210	18,898
Provision	2,108	6,300
Short term borrowings	39,973	32,834
Taxation	811	520
	63,102	58,552
Total liabilities	67,408	64,983
Total Equity and Liabilities	267,691	258,814
Net Assets per share (RM)	2.09	2.02

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For The Period Ended 31 December 2009

(The figures have not been audited)

	6 Month Period Ended 31/12/2009 RM'000	6 Month Period Ended 31/12/2008 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from - Continuing operations	8,161	(54,867)
- Discontinued operation	-	201
Adjustments for :-		
Non-cash items	1,158	43,505
Non-operating items	(443)	2,177
Operating profit/(loss) before working capital changes	<u>8,876</u>	<u>(8,984)</u>
Net changes in current assets	(17,314)	58,747
Net changes in current liabilities	<u>(2,677)</u>	<u>(4,144)</u>
Cash (used in)/generated from operations	(11,155)	45,619
Interest received	272	718
Income tax (paid)/refund	(559)	808
Interest paid	<u>(824)</u>	<u>(2,949)</u>
Net cash (used in)/generated from operating activities	<u>(12,226)</u>	<u>44,196</u>
Cash Flows from Investing Activities		
Equity investment	673	-
Other investments	3,001	(848)
Effect of disposal of a subsidiary company, net of cash disposed	-	2,109
Net cash generated from investing activities	<u>3,674</u>	<u>1,261</u>
Cash Flows from Financing Activities		
Drawdown of borrowings	<u>4,672</u>	<u>(27,736)</u>
Net cash generated from/(used in) financing activities	4,672	(27,736)
Net (decrease)/increase in cash and cash equivalents	(3,880)	17,721
Effects of exchange rate changes	(15)	621
Cash and cash equivalents at beginning of the period	<u>41,519</u>	<u>27,880</u>
Cash and cash equivalents at end of the period	<u><u>37,624</u></u>	<u><u>46,222</u></u>
Cash and cash equivalents comprise :-		
Cash and bank balances	7,667	6,534
Deposits with licensed financial institutions	<u>29,957</u>	<u>39,688</u>
	<u><u>37,624</u></u>	<u><u>46,222</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**For The Period Ended 31 December 2009***(The figures have not been audited)*

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Profits	Total		
In RM'000								
Balance at 30 June 2009	85,163	(1,225)	28,989	2,132	54,743	169,802	24,029	193,831
Changes in equity for current period								
Translation gain	-	-	-	322	-	322	-	322
Net profit for the period	-	-	-	-	5,162	5,162	968	6,130
Total income recognised for the period	-	-	-	322	5,162	5,484	968	6,452
Balance at 31 December 2009	85,163	(1,225)	28,989	2,454	59,905	175,286	24,997	200,283
Balance at 30 June 2008	85,163	(1,225)	28,989	2,523	92,753	208,203	28,194	236,397
Changes in equity for comparative period								
Translation (loss)/gain	-	-	-	(238)	-	(238)	439	201
Net loss for the period	-	-	-	-	(37,892)	(37,892)	(1,602)	(39,494)
Total expenses recognised for the period	-	-	-	(238)	(37,892)	(38,130)	(1,163)	(39,293)
Disposal of a subsidiary company	-	-	-	-	-	-	(1,769)	(1,769)
Balance at 31 December 2008	85,163	(1,225)	28,989	2,285	54,861	170,073	25,262	195,335

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

NOTES (IN COMPLIANCE WITH FRS 134)

A1 Accounting Policies and Methods of Computation

The quarterly report has been prepared in accordance with the Financial Reporting Standards (“FRS”) 134 on Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22, Appendix 9B Part A of Bursa Securities Main Market (“BSMM”) Listing Requirements.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2009 except for the adoption of FRS 8 Operating Segments for financial year beginning 1 July 2009. The adoption of FRS 8 does not have significant financial impact on the Group.

A2 Seasonal or Cyclical Factors

The Group’s operations for the current quarter and financial year-to-date were not materially affected by any seasonal or cyclical factors.

A3 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year-to-date.

A4 Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in the previous interim periods of the current financial year or changes in estimates of amounts reported in the previous financial years which have a material effect in the current quarter or the current financial year-to-date.

A5 Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter and financial year-to-date. As at 31 December 2009, total shares repurchased were 1,279,700 and all the shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A6 Dividend Paid

No dividend was paid during the current quarter and financial year-to-date.

A7 Reportable Segments

	<u>Steel</u>	<u>Bedding</u>	<u>All Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM’000	RM’000	RM’000	RM’000	RM’000
<u>For Current 6-Month Period Ended 31 December 2009</u>					
External revenue	76,361	21,129	8,976	-	106,466
Inter-segment revenue	-	-	41	(41)	-
Interest income	98	44	1,128	-	1,270
Interest expense	791	-	36	-	827
Depreciation and amortisation	2,286	298	34	-	2,618
Reportable segment profit before taxation	4,135	1,578	670	-	6,383
Share of associated companies profits after tax	-	-	1,778	-	1,778
Other material non-cash item: Allowance for doubtful debts	-	123	-	-	123

NOTES (IN COMPLIANCE WITH FRS 134)**A7 Reportable Segments (cont'd)**

	<u>Steel</u>	<u>Bedding</u>	<u>All Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>For Comparative 6-Month Period Ended 31 December 2008</u>					
External revenue	166,160	24,609	8,781	-	199,550
Inter-segment revenue	-	-	41	(41)	-
Interest income	100	56	572	-	728
Interest expense	2,853	-	53	-	2,906
Depreciation and amortisation	2,824	464	354	-	3,642
Reportable segment (loss)/profit before taxation	(62,911)	1,047	6,088	-	(55,776)
Share of associated companies profits after tax	-	-	909	-	909
Other material non-cash item:					
Write down of inventories	43,954	-	-	-	43,954
Allowance for doubtful debts	-	119	-	-	119

A8 Material Events Subsequent to the End of the Period under Review

There was no material event from the end of the period under review to 4 February 2010 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report) that has not been reflected in the current quarter and financial year-to-date.

A9 Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A11 Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities of the Company as at 4 February 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM59 million (30 June 2009 : RM53 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.

A12 Significant Event

On 8 December 2009, FACB Industries Incorporated Berhad ("FACBII") announced that, in relation to the Proposed Disposal of its 60% equity interest in Beribu Ukiran Sdn Bhd to Karambunai Corp Bhd, Dapan Holdings Sdn Bhd ("DHSB") had requested the Second Payment of RM6,500,000 which was due on 6 October 2009 to be made on 6 October 2010. Subject to the terms of the Proposed Novation which provides for the additional 1.5% per annum interest payable by DHSB calculated on monthly rest basis on the outstanding amount owing to FACBII for late payment up to the date of settlement, FACBII agrees to DHSB's request. For purposes of clarity, the interest chargeable shall thus be 8.25% per annum.

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**B1 Review of Performance of the Company and its Principal Subsidiaries**

For the current quarter under review, the Group recorded a profit before taxation of RM4.07 million on the back of RM54.14 million in revenue as opposed to a loss of RM54.99 million and revenue of RM92.14 million reported in the preceding year comparative quarter.

The better performance of the Group was mainly attributable to the higher gross profit margin achieved by the stainless and carbon steel divisions which benefited from the upward trend in steel prices during the current quarter. Loss recorded in the comparative quarter was attributable to the inventories losses amounted to RM39.35 million.

For the first half of the financial year ending 30 June 2010, the Group registered a profit before taxation of RM8.16 million on the back of RM106.47 million in revenue as opposed to a loss before taxation of RM54.87 million and revenue of RM199.55 million in the comparative first half of preceding financial year.

The favourable result was attributable to the higher profit margin attained in the steel division which benefited from the gradual improvement in global market sentiment. Performance in the comparative year was adversely affected by the financial crisis resulted in the collapse of global stainless and carbon steel prices and demand.

In the opinion of the Directors, the results for the current quarter and financial year-to-date have not been affected by any transaction or event of a material or unusual nature which has arisen between 31 December 2009 and the date of this announcement.

B2 Material Change in the Profit Before Taxation as compared with the Immediate Preceding Quarter

There were no material changes in the current results compared to the results of the immediate preceding quarter.

B3 Current Year Prospects

Based on the current positive operating environment with stabilising prices and recovery in market demand, we expect operating conditions for the steel division will perform positively in the foreseeable future.

B4 Achievability of Forecast Profit

This note is not applicable.

B5 Variance of Actual Profit from Forecast Profit or Profit Guarantee

This note is not applicable.

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**B6 Taxation**

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2009</u> RM'000	Comparative Quarter Ended <u>31/12/2008</u> RM'000	6 Months Cumulative To Date <u>31/12/2009</u> RM'000	6 Months Cumulative To Date <u>31/12/2008</u> RM'000
Current tax expense	637	243	886	411
Deferred tax assets	321	(9,275)	805	(9,961)
Deferred tax liabilities	153	(4,863)	340	(5,662)
Tax expense/(credit)	<u>1,111</u>	<u>(13,895)</u>	<u>2,031</u>	<u>(15,212)</u>

The effective tax rate of the Group (excluding the share of associated companies' results after tax) for the current quarter was higher than the statutory rate due principally to certain expenses not being deductible for tax purposes.

B7 Profit on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter and financial year-to-date.

B8 Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

B9 Status of Corporate Proposals

There was no outstanding corporate proposal that has been announced but not completed at the date of this quarterly report.

B10 Group Borrowings

The Group's borrowings as at 31 December 2009 were as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Long Term Borrowings</u>			
Term loans	2,055	-	2,055
Hire purchase payable	29	-	29
	<u>2,084</u>	<u>-</u>	<u>2,084</u>
<u>Short Term Borrowings</u>			
Term loans	1,917	-	1,917
Hire purchase payable	21	-	21
Trade financing facilities	-	38,035	38,035
	<u>1,938</u>	<u>38,035</u>	<u>39,973</u>
Total	<u>4,022</u>	<u>38,035</u>	<u>42,057</u>

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**B11 Off Balance Sheet Financial Instruments**

- (a) As at 4 February 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the Group has entered into the following outstanding foreign currency contracts to hedge its:-

Committed purchases in foreign currency

Currency	Contract Amounts ('000)	Equivalent Amount in Ringgit Malaysia ('000)	Expiry Dates
USD	4,910	16,566	08/02/2010 – 25/03/2010

Committed sales in foreign currencies

Currency	Contract Amounts ('000)	Equivalent Amount in Ringgit Malaysia ('000)	Expiry Dates
EURO	13	65	30/04/2010
SGD	322	780	05/02/2010 – 14/05/2010
GBP	82	452	31/03/2010 – 28/05/2010
USD	1,531	5,219	12/02/2010 – 01/06/2010

As these foreign currencies contracts are entered into to hedge the Group's purchases and sales in foreign currencies, the contracted rates will be used to convert the foreign currencies amounts into Ringgit Malaysia upon payment for imported raw materials and receipts of export proceeds.

As foreign currencies contracts are hedged with creditworthy financial institutions in line with the Group's policy, the Group does not foresee any significant credit and market risks.

- (b) Structured foreign exchange contract entered into by the Group and outstanding as at 4 February 2010 is as follows :-

Description	Notional Amount	Effective Period
USD/MYR Sale Target Redemption Forward	USD5.0 million	February 2010 to April 2010

The above contracts were entered into as hedges for USD sales and to limit the exposure to potential changes in foreign exchange rate with respect to USD estimated receipts. The expected losses on structured foreign exchange contract are recognised as a provision.

B12 Changes in Material Litigation

The Group is not engaged in any material litigation as at the date of this report which will have a material effect on the financial position of the Group.

B13 Dividend

No dividend has been recommended by the Board of Directors in respect of the current quarter and financial year-to-date.

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**B14 Earnings/(Loss) per Share**

The earnings/(loss) per share (basic) for the current quarter and financial year-to-date are calculated by dividing the Group's net profit/(loss) for the period attributable to equity holders of the Company with the weighted average number of shares in issue (excluding treasury shares) of 83,882,800.

	Current Quarter Ended <u>31/12/2009</u> RM'000	Comparative Quarter Ended <u>31/12/2008</u> RM'000	6 Months Cumulative To Date <u>31/12/2009</u> RM'000	6 Months Cumulative To Date <u>31/12/2008</u> RM'000
Net profit/(loss) attributable to equity holders of the Company from:-				
continuing operations	2,380	(39,757)	5,162	(37,989)
discontinued operation	-	-	-	97
	<u>2,380</u>	<u>(39,757)</u>	<u>5,162</u>	<u>(37,892)</u>

B15 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2009 was not qualified.

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)
Group Company Secretary

Kuala Lumpur
Date : 10 February 2010