



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The First Quarter Ended 30 September 2012**  
*(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2012 RM'000</b>	<b>Restated Comparative Quarter Ended 30/09/2011 RM'000</b>
Revenue	43,203	63,016
Direct operating costs	(38,781)	(56,615)
Gross profit	4,422	6,401
Other operating income	1,275	1,918
Operating expenses	(6,334)	(6,614)
Finance costs	(386)	(735)
Share of results of associates	1,006	598
(Loss)/Profit before taxation	(17)	1,568
Taxation	(4,084)	(183)
Net (loss)/profit for the quarter	(4,101)	1,385
Other comprehensive income		
Exchange differences on translation of foreign operations	(5)	(480)
Total comprehensive income for the quarter	(4,106)	905
(Loss)/Profit attributable to:		
Owners of the parent	(4,375)	945
Non-controlling interests	274	440
	(4,101)	1,385
Total comprehensive income attributable to:		
Owners of the parent	(4,380)	465
Non-controlling interests	274	440
	(4,106)	905
<b>(Loss)/Earnings per share for profit/(loss) attributable to owners of the parent (sen):</b>		
Basic	(5.22)	1.13
Diluted	N/A	N/A

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At 30 September 2012**

	Unaudited As At 30/09/2012 RM'000	Restated As At 30/06/2012 RM'000	Restated As At 01/07/2011 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	50,988	52,191	56,658
Capital work-in-progress	-	-	1,020
Associates	18,702	17,696	14,780
Available-for-sale investments	41	41	41
Deferred tax assets	395	2,657	10,932
	70,126	72,585	83,431
<b>Current Assets</b>			
Inventories	61,025	60,430	81,734
Trade and other receivables	63,841	76,652	86,097
Derivative assets	60	-	-
Deposits, cash and bank balances	26,143	25,112	14,688
	151,069	162,194	182,519
<b>Total Assets</b>	221,195	234,779	265,950
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	85,163	85,163	85,163
Share premium	28,989	28,989	28,989
Treasury shares	(1,225)	(1,225)	(1,225)
Other reserves	4,826	4,831	3,337
Retained earnings	39,438	43,813	59,766
Equity attributable to owners of the parent	157,191	161,571	176,030
Non-controlling interests	22,833	22,657	19,548
<b>Total equity</b>	180,024	184,228	195,578
<b>Non-Current Liability</b>			
Deferred tax liabilities	1,606	197	171
	1,606	197	171
<b>Current Liabilities</b>			
Trade and other payables	15,510	18,634	20,706
Derivative liabilities	-	99	73
Short term borrowings	23,452	31,180	48,896
Tax liabilities	603	441	526
	39,565	50,354	70,201
<b>Total liabilities</b>	41,171	50,551	70,372
<b>Total Equity and Liabilities</b>	221,195	234,779	265,950
Net Assets per share (RM)	1.87	1.93	2.10

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For The First Quarter Ended 30 September 2012**  
*(The figures have not been audited)*

	← Attributable to Owners of the Parent →					Total	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings			
<b>In RM'000</b>								
<b>Balance at 30 June 2012 (as previously stated)</b>	85,163	(1,225)	28,989	4,831	40,292	158,050	22,441	180,491
Effect of transition to MFRS	-	-	-	-	3,521	3,521	216	3,737
As restated	85,163	(1,225)	28,989	4,831	43,813	161,571	22,657	184,228
Net (loss)/profit for the quarter	-	-	-	-	(4,375)	(4,375)	274	(4,101)
Other comprehensive income	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive income for the quarter	-	-	-	(5)	(4,375)	(4,380)	274	(4,106)
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(98)	(98)
<b>Balance at 30 September 2012</b>	85,163	(1,225)	28,989	4,826	39,438	157,191	22,833	180,024
<b>Balance at 30 June 2011 (as previously stated)</b>	85,163	(1,225)	28,989	3,337	56,167	172,431	19,325	191,756
Effect of transition to MFRS	-	-	-	-	3,599	3,599	223	3,822
As restated	85,163	(1,225)	28,989	3,337	59,766	176,030	19,548	195,578
Net profit for the quarter	-	-	-	-	945	945	440	1,385
Other comprehensive income	-	-	-	(480)	-	(480)	-	(480)
Total comprehensive income for the quarter	-	-	-	(480)	945	465	440	905
<b>Balance at 30 September 2011</b>	85,163	(1,225)	28,989	2,857	60,711	176,495	19,988	196,483

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For The First Quarter Ended 30 September 2012***(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2012 RM'000</b>	<b>Comparative Quarter Ended 30/09/2011 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before taxation	(17)	1,568
Adjustments for :-		
Share of results of associates	(1,006)	(598)
Depreciation of property, plant and equipment	1,118	1,269
Interest expense	317	646
Interest income	(812)	(623)
Other non-cash items	359	(738)
Operating (loss)/profit before working capital changes	(41)	1,524
Net changes in current assets	10,481	4,819
Net changes in current liabilities	(3,124)	(2,931)
Cash generated from operations	7,316	3,412
Interest received	145	78
Income tax refunded/(paid)	421	(486)
Interest paid	(317)	(646)
Net cash from operating activities	7,565	2,358
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1)	(256)
Capital work-in-progress incurred	-	(12)
Dividend received from associates	1,512	620
Net cash from investing activities	1,511	352
<b>Cash Flows from Financing Activities</b>		
(Repayment)/Drawdown of borrowings	(7,728)	3,816
Dividend paid to non-controlling interest by a subsidiary	(98)	-
Net cash (used in)/from financing activities	(7,826)	3,816
Net increase in cash and cash equivalents	1,250	6,526
Effects of exchange rate changes	(220)	260
Cash and cash equivalents at beginning of the quarter	25,113	14,688
Cash and cash equivalents at end of the quarter	26,143	21,474
Cash and cash equivalents comprise :-		
Cash and bank balances	9,003	9,340
Deposits with licensed financial institutions	17,140	12,134
	26,143	21,474

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)**

**NOTES (IN COMPLIANCE WITH MFRS 134)****A1 Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 on Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012, which were prepared under Financial Reporting Standards (“FRS”).

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 30 June 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position and financial performance is set below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the condensed consolidated statement of cash flows.

**(i) Application of MFRS 1**

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 2012 except for the following:-

**Property, plant and equipment**

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS (Revised) Property, Plant and Equipment which was effective for the periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded the leasehold land and buildings at revalued amounts, but had not adopted a policy of revaluation, and continued to carry on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

**NOTES (IN COMPLIANCE WITH MFRS 134)****A1 Basis of Preparation (cont'd)****(i) Application of MFRS 1 (cont'd)**Property, plant and equipment (cont'd)

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The deferred tax liabilities on the revaluation reserves amounted to RM3.82 million at the date of transition was transferred from deferred tax liabilities to retained earnings and non-controlling interests on the date of transition. The reversal of the respective deferred tax liabilities was similarly adjusted in the Condensed Statement of Comprehensive Income.

The reconciliations of transitioning effects for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

**Reconciliation of Condensed Consolidated Statement of Comprehensive Income**

<u>Quarter ended 30 September 2011</u>	<u>FRS</u> RM'000	Effect of transition <u>to MFRS</u> RM'000	<u>MFRS</u> RM'000
Taxation	(165)	(18)	(183)

**Reconciliation of Condensed Consolidated Statement of Financial Position**

<u>As at 1 July 2011</u>	<u>FRS</u> RM'000	Effect of transition <u>to MFRS</u> RM'000	<u>MFRS</u> RM'000
Net deferred tax assets	6,939	3,822	10,761
Retained earnings	56,167	3,599	59,766
Non-controlling interests	19,325	223	19,548

<u>As at 30 September 2011</u>	<u>FRS</u> RM'000	Effect of transition <u>to MFRS</u> RM'000	<u>MFRS</u> RM'000
Net deferred tax assets	7,091	3,804	10,895
Retained earnings	57,130	3,581	60,711
Non-controlling interests	19,765	223	19,988

<u>As at 30 June 2012</u>	<u>FRS</u> RM'000	Effect of transition <u>to MFRS</u> RM'000	<u>MFRS</u> RM'000
Net deferred tax assets/(liabilities)	(1,277)	3,737	2,460
Retained earnings	40,292	3,521	43,813
Non-controlling interests	22,441	216	22,657

**NOTES (IN COMPLIANCE WITH MFRS 134)****A1 Basis of Preparation (cont'd)****(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

The following MFRSs, Amendments to MFRSs and IC Interpretation have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

		<b>Effective for annual periods beginning on or after</b>
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
MFRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

The adoption of the above new and revised MFRSs, Amendments to MFRSs and IC Interpretation is not expected to have any significant impact on the interim financial report in the period of initial application.

**A2 Qualification of Financial Statements**

The Group's most recent annual audited financial statements for the year ended 30 June 2012 was not qualified.

**A3 Seasonal or Cyclical Factors**

The Group's operations for the current quarter were not materially affected by any seasonal or cyclical factors.

**NOTES (IN COMPLIANCE WITH MFRS 134)****A4 Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter.

**A5 Nature and Amount of Changes in Estimates**

There were no changes in estimates of amounts reported in the previous financial years which have a material effect in the current quarter.

**A6 Debt and Equity Securities**

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 30 September 2012, 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.

**A7 Dividend Paid**

No dividend was paid during the current quarter.

**A8 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
<b>For Current Quarter</b>					
<b>Ended 30 September 2012</b>					
External revenue	30,129	9,209	3,865	-	43,203
Inter-segment revenue	-	-	20	(20)	-
Interest income	15	18	779	-	812
Interest expense	295	-	22	-	317
Depreciation	971	132	15	-	1,118
Reportable segment (loss)/profit before taxation	(1,336)	(201)	514	-	(1,023)
Share of results of associates	-	84	922	-	1,006
(Loss)/Profit before taxation	(1,336)	(117)	1,436	-	(17)
<b>For Comparative Quarter</b>					
<b>Ended 30 September 2011</b>					
External revenue	48,164	10,461	4,391	-	63,016
Inter-segment revenue	-	-	20	(20)	-
Interest income	11	14	598	-	623
Interest expense	630	-	16	-	646
Depreciation	1,120	132	17	-	1,269
Reportable segment (loss)/profit before taxation	(682)	405	1,247	-	970
Share of results of associates	-	60	538	-	598
(Loss)/Profit before taxation	(682)	465	1,785	-	1,568



**NOTES (IN COMPLIANCE WITH MFRS 134)****A9 Material Events Subsequent to the End of the Quarter under Review**

There was no material event from the end of the quarter under review to 16 November 2012 (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.

**A10 Effect of Changes in the Composition of the Group**

On 22 October 2012, FACB Industries Incorporated Berhad ("FACBII") entered into a share sale agreement for the acquisition of 5,249,999 ordinary shares of RM1 each and 7,000,000 preference shares of RM1 each in Restonic (M) Sdn Bhd ("Restonic") representing 30% and 100% of the ordinary shares and preference shares respectively in Restonic from Pacific Brands Holdings Pty Ltd, a wholly-owned subsidiary of Pacific Brands Limited which is a publicly listed company incorporated in Victoria, Australia, for a total purchase consideration of RM6,709,955 fully satisfied via cash ("Acquisition"). As at 30 June 2012, FACBII owned 50% plus 1 ordinary share in Restonic. The Acquisition was completed on 30 October 2012, FACBII now own 80% of ordinary shares and 100% preference shares in Restonic.

**A11 Changes in Contingent Liabilities or Contingent Assets**

The contingent liabilities of the Company as at 16 November 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM29 million (30 June 2012 : RM37 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B1 Performance Review**

Current Quarter vs Preceding Year Comparative Quarter

For the current quarter, the Group posted a loss before taxation of RM0.02 million on the back of RM43.20 million in revenue. Profit before taxation of RM1.57 million on the back of RM63.02 million in revenue was reported for the preceding year comparative quarter.

The steel division recorded loss before taxation this quarter due to weak steel prices and lower gross profit margin. The bedding division suffered a loss before taxation due to lower revenue and warranty claim expenses incurred by a subsidiary in China during the quarter. The other divisions reported lower profit before taxation mainly due to foreign exchange loss. Higher contribution from associates in China was attributable to the improved results in the operation of power plants.

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

The Group reported loss before taxation of RM0.02 million for the current quarter compared with loss before taxation of RM1.71 million registered in the immediate preceding quarter ended 30 June 2012. Higher loss recorded in the immediate preceding quarter was due to the write down of inventories in steel division and lower profits contribution from its associates.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B3 Current Year Prospects**

The steel division's prospect remains challenging under the current difficult and highly competitive market condition. The Group's other divisions are expected to maintain positive sales performance and results for the remaining quarters of the financial year ending 30 June 2013.

**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.

**B6 Notes to the Condensed Consolidated Statement of Comprehensive Income**

(Loss)/Profit before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended <u>30/09/2012</u> RM'000	Comparative Quarter Ended <u>30/09/2011</u> RM'000
Depreciation of property, plant and equipment	1,118	1,269
Impairment loss on receivables	69	49
Interest expense	317	646
Interest income	(812)	(623)
Loss/(Gain) on foreign exchange	353	(864)
Net fair value (gain)/loss on derivatives	(159)	157

Apart from the above, there was no write off of receivables, write off of inventories, impairment of assets, gain or loss on disposal of quoted or unquoted investments or properties and exceptional item for the current quarter.

**B7 Taxation**

Taxation comprises the following:-

	Current Quarter Ended <u>30/09/2012</u> RM'000	<u>Restated</u> Comparative Quarter Ended <u>30/09/2011</u> RM'000
<u>Current tax</u>		
Current quarter - Malaysia	227	282
- Foreign	186	35
<u>Deferred tax</u>		
Origination and reversal of temporary differences	3,671	(134)
Tax expense	<u>4,084</u>	<u>183</u>

The effective tax rate of the Group (excluding the share of results of associated companies) for the current quarter was higher than the statutory rate due principally to the derecognition of unutilised tax losses as deferred tax asset and certain expenses not being deductible for tax purposes.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B8 Status of Corporate Proposals**

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

**B9 Group Borrowing**

The Group's borrowing as at 30 September 2012 was as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Short Term Borrowing</u>			
Trade financing facilities	-	23,452	23,452

**B10 Derivative Financial Instruments**

As at 30 September 2012, the Group has the following outstanding derivative financial instruments:-

<u>Type of Derivatives</u>	<u>Notional</u> <u>Amount</u> RM'000	<u>Fair</u> <u>Value</u> RM'000	<u>Fair Value</u> <u>Net Gain</u> RM'000
Currency forward contracts - less than 1 year	6,404	6,344	60

The Group has entered into the above foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities.

The fair values of foreign currency forward contracts are determined by reference to the difference between the contracted rate and forward exchange rate as at the statement of financial position date applied to a contract of similar quantum and maturity profile.

The above foreign currency forward contracts were transacted with creditworthy financial institutions in Malaysia. The Group is of the view that the credit risk of non-performance by the financial institutions in these instruments is minimal.

**B11 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.

**B12 Dividend**

No dividend has been recommended by the Board of Directors in respect of the current quarter.

**B13 (Loss)/Earnings per Share**

The (loss)/earnings per share (basic) for the current quarter and preceding year corresponding quarter are calculated by dividing the Group's net (loss)/profit for the quarter attributable to owners of the parent of RM(4.38) million and RM0.95 million with the weighted average number of shares in issue (excluding treasury shares) of 83,882,800.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B14 Realised and Unrealised Profits or Losses**

	As at 30/09/2012 RM'000	<u>Restated</u> As at 30/09/2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	39,010	51,496
- Unrealised	(1,937)	9,374
	<u>37,073</u>	<u>60,870</u>
Total share of retained profits from associated companies		
- Realised	2,385	1,958
- Unrealised	-	-
	<u>39,458</u>	<u>62,828</u>
Consolidation adjustments	(20)	(2,117)
Total Group retained profits as per unaudited consolidated financial statements	<u>39,438</u>	<u>60,711</u>

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 21 November 2012