FACB INDUSTRIES INCORPORATED BERHAD ("FACB" OR THE "COMPANY")

ACQUISITION BY FACB OF 5,249,999 ORDINARY SHARES OF RM1.00 EACH AND 7,000,000 PREFERENCE SHARES OF RM1.00 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 ("PACIFIC BRANDS") FOR A TOTAL PURCHASE CONSIDERATION OF RM6,709,955 TO BE FULLY SATISFIED VIA CASH ("ACQUISITION")

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1. INTRODUCTION

The Board of Directors of FACB Industries Incorporated Berhad ("FACB" or the "Company") wishes to announce that the Company had, on 22 October 2012, entered into a Share Sale Agreement ("SSA") with Pacific Brands ("Vendor") to acquire all its 5,249,999 ordinary shares of RM1.00 each representing 30% of the total paid up ordinary shares in Restonic ("Restonic Shares") and 7,000,000 preference shares of RM1.00 each representing 100% of the total paid up preference shares in Restonic ("Restonic Preference Shares") (“Restonic Shares” and “Restonic Preference Shares” shall be collectively referred to as the "Sale Shares"), for a total purchase consideration of RM6,709,955 ("Purchase Consideration") to be satisfied entirely via cash.

As at 22 October 2012, FACB owns 50% in ordinary shares in Restonic. Upon completion of the Acquisition, FACB will own 80% of ordinary shares and 100% of preference shares in Restonic.

The Sale Shares shall be acquired free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements attached thereto.

2. DETAILS OF THE ACQUISITION

2.1 Information on Restonic

Restonic is a private limited company incorporated in Malaysia on 28 November 1981 under the Companies Act, 1965 with an authorised share capital of RM35,000,000 comprising 25,000,000 ordinary shares of RM1.00 each and 10,000,000 preference shares of RM1.00 each, of which RM24,499,999 comprising 17,499,999 ordinary shares of RM1.00 each and 7,000,000 preference shares of RM1.00 each have been issued and fully paid-up.

Restonic is principally involved in investment holding while its subsidiaries are principally involved in the manufacture, marketing and wholesale dealership of mattresses, furniture and related accessories (collectively "Restonic Group").

As at 22 October 2012, the shareholding structure in Restonic is as follows:-

Shareholders	Number of Restonic Ordinary Shares held	%	Number of Restonic Preference Shares held *	%
FACB	8,750,000	50%	-	-
Pacific Brands	5,249,999	30%	7,000,000	100%
Lembaga Tabung Angkatan Tentera	3,500,000	20%	-	-
Total	**17,499,999**	**100%**	**7,000,000**	**100%**

As at 22 October 2012, the directors of Restonic are Dato' Dr. Abdul Razak bin Abdul, Brig Jen (B) Datuk Mazlan bin Baharuddin, Bong Shee Cheng, Ian James Shannon, Mark Raphael Hogan and Rodney Graham Temple (alternate to Ian James Shannon).

Based on the latest audited consolidated financial statements of Restonic for the financial year ended ("FYE") 30 June 2011, the net assets ("NA") of Restonic was RM21.0 million while the profit after tax recorded was RM2.8 million against revenue of RM31.4 million.

2.2 Information on Pacific Brands

Pacific Brands is a wholly owned subsidiary of Pacific Brands Limited. Pacific Brands Limited is a publicly listed company incorporated in Victoria, Australia on 12 December 2003 under the Corporations Act 2001, and listed on both the Australian and New Zealand securities exchanges, with a paid up share capital of 912,915,695 fully paid ordinary shares. As at 21 September 2012, Pacific Brands Limited had a closing share price of AUD0.615 giving a market capitalization of AUD561.4 million.

Pacific Brands Limited is principally involved in the sourcing and supply of apparel, footwear and home textiles, predominantly in the Australian marketplace.

As at 21 September 2012, the directors of Pacific Brands Limited are Peter Bush (Chairman), John Pollaers (Chief Executive Officer), James King, James MacKenzie, Nora Scheinkestel and Arlene Tansey, while as at 30 June 2012 the five largest shareholders of Pacific Brands Limited were JP Morgan Nominees Australia Ltd (25.62%), National Nominees Limited (21.65%), HSBC Custody Nominees (Australia) Limited (11.08%), Citicorp Nominees Pty Limited (9.48%) and BNP Paribas Noms Pty Ltd (5.00%). No other shareholder held more than 2% of the company as at that date.

2.3 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration of RM6,709,955 was arrived at following negotiations between FACB and the Vendor on a willing-buyer willing-seller basis after taking into account of a discount of approximately RM0.6 million, representing approximately 8.22% to the consolidated net assets excluding intangible asset of Restonic as at 30 June 2011 attributable to the Acquisition of RM7.3 million.

2.4 Terms of Payment

The Purchase Consideration is immediately payable in cash on completion date of the SSA.

2.5 Salient terms of the SSA

2.5.1 Conditions of completion

Completion is conditional on both FACB and the Vendor complying with all of their obligations under Clause 4 of the SSA. The parties agree to do or procure to be done and executed all such further acts, documents and things as may be necessary to give effect to the terms and intent of the SSA.

2.5.2 Termination and damages

i. Right of Vendor to terminate

The Vendor may give a notice of termination to FACB in the event that FACB defaults in the payment of the Purchase Consideration in accordance with the provisions of the SSA or is in material breach of its obligations under the SSA and FACB fails to rectify such breach within 14 days of the Vendor giving notice to FACB to do so.

ii. Right of FACB to terminate

If the Vendor materially breaches a term of the SSA and fails to rectify such breach within 14 days of FACB giving notice to the Vendor to do so, then FACB may by giving notice to the Vendor elect to terminate its obligation to buy the Sale Shares and to perform its other obligations under the SSA by giving a notice under this Clause 8 of the SSA.

iii. Specific performance

Either party may, in the alternative to exercising their respective rights under Clause 2.5.2(i) or 2.5.2(ii) hereof, take such action in law as may be necessary to compel the party in default by way of specific performance to complete the sale or purchase in accordance with the provisions of the SSA.

2.6 Liabilities to be assumed by FACB

Save for the liabilities arising from the audited financial statements of Restonic, there are no other liabilities, including contingent liabilities and guarantees to be assumed by FACB arising from the Acquisition.

2.7 Source of Funds

The Acquisition will be funded through internally generated funds.

3. RATIONALE FOR THE ACQUISITION

Restonic Group is principally involved in the manufacture, marketing and wholesale dealership of mattresses, furniture and related accessories. For the latest audited consolidated financial statements of Restonic for the FYE 30 June 2011, the profit after tax recorded was RM2.8 million.

The Company had resolved to undertake the Acquisition in view of the positive contribution of Restonic Group to FACB and its subsidiaries (collectively "FACB Group"). The Acquisition will enable FACB Group to improve the profit attributable to equity holders of FACB.

Barring any unforeseen circumstances, the Acquisition is expected to contribute positively to the earnings of FACB Group.

4. PROSPECTS OF RESTONIC GROUP

Demand in mattress industry is expected to increase in line with the continuous economic growth, growing population and urbanization in Malaysia. In addition, the rising household income as the domestic economy advances and living standard improves especially in urban areas will boost demand in better quality mattresses such as inner spring mattresses. These are beneficial to Restonic Group, a domestic market leader in spring mattresses and bedding accessories.

There are other factors generate demand:-

a) Spring mattresses meet requirements for comfort and health consciousness.

b) The bedding industry is expected to grow healthily and Restonic has a strong market position in the market.

c) Trendy sleeping environment.

d) New products that compel people to replace their existing bedding.

e) Expansion of lodging industry.

5. RISK FACTORS

Restonic Group is generally subject to certain risks inherent in the business of the manufacture, marketing and wholesale dealership of mattresses, furniture and related accessories. The FACB Group is currently exposed to similar risks via its existing equity interest held in Restonic. As such, FACB Group is not exposed to a new business or industry risk with the Acquisition.

Other risk factors for the Acquisition include, but not limited to those associated with changes in the economic, political and regulatory conditions such as changes to government policies and administration, interest rates, taxes and exchange control regulations, as well as acquisition risks where there is no assurance that the anticipated benefits of the Acquisition will be realised or that the Company will be able to generate sufficient revenues from the Acquisition to offset the associated acquisition costs incurred. In addition, the historical financial performance of Restonic Group may not be reflective of the future financial performance of the Restonic Group. There is no assurance that the future financial performance of Restonic Group will be maintained or will contribute positively to FACB Group.

Nevertheless, FACB will address all such risks as part of FACB Group's management policies.

6. FINANCIAL EFFECTS OF THE ACQUISITION

The Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Acquisition will be fully satisfied in cash.

Upon completion of the Acquisition, profit from Restonic will improve the profit attributable to equity holders of FACB. The Acquisition is also expected to contribute positively to the earnings per share, NA and gearing of FACB Group for the future financial years.

7. APPROVALS REQUIRED

The highest percentage ratio applicable to the Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") is 6.09% as set out in Section 11 of this Announcement. As such, the Acquisition is not subject to the approval of the shareholders of the Company or other relevant authorities.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfillment of all the conditions as set out in the SSA, the Acquisition is expected to be completed by the fourth quarter of calendar year 2012.

9. INTEREST OF DIRECTORS, AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the directors and/or the major shareholders of FACB and/or persons connected with them have any interest, direct or indirect, in the Acquisition.

10. DIRECTORS' STATEMENT

The Directors of FACB, after taking into consideration of all financial and other factors, is of the opinion that the Acquisition is in the best interest of the Company.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Acquisition pursuant to paragraph 10.02(g) of the Listing Requirements is 6.09%, which is the value of the assets in relation to the Acquisition, compared with the NA of FACB Group based on the latest audited consolidated financial statements of FACB Group as at 30 June 2011.

12. DOCUMENTS FOR INSPECTION

The SSA is available for inspection at the registered office of the Company at Etiqa Twins, Tower 1, Level 13, Jalan Pinang, 50450 Kuala Lumpur between 9.30 a.m. and 5.30 p.m. from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 22 October 2012.