



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The First Quarter Ended 30 September 2010
(The figures have not been audited)

	Current Quarter Ended 30/09/2010 RM'000	Comparative Quarter Ended 30/09/2009 RM'000
Revenue	56,459	52,325
Direct operating costs	(52,436)	(43,613)
Gross profit	4,023	8,712
Other operating income	973	884
Operating expenses	(6,717)	(5,916)
Finance costs	(673)	(497)
Share of associated companies results after tax	493	907
(Loss)/Profit before taxation	(1,901)	4,090
Taxation	374	(920)
Net (loss)/profit for the quarter	(1,527)	3,170
Other comprehensive (loss)/income		
Translation of foreign operations	(297)	142
Total comprehensive (loss)/income for the quarter	(1,824)	3,312
(Loss)/Profit attributable to:		
Owners of the Company	(1,966)	2,782
Non-controlling interests	439	388
	(1,527)	3,170
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(1,868)	2,924
Non-controlling interests	44	388
	(1,824)	3,312
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company (sen):		
Basic	(2.34)	3.32
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 2010)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 September 2010

	Unaudited	Audited
	As At 30/09/2010 RM'000	As At 30/06/2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	59,282	60,550
Capital work-in-progress	14	14
Investment in associated companies	18,353	17,860
Available-for-sale investments	41	41
Deferred tax assets	8,159	7,719
Amount owing by a related party	13,373	13,373
	99,222	99,557
Current Assets		
Inventories	77,444	73,448
Trade and other receivables	62,456	64,336
Derivative assets	95	-
Deposits, cash and bank balances	33,163	37,914
	173,158	175,698
Total Assets	272,380	275,255
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Reserves	94,396	96,254
Equity attributable to owners of the Company	179,559	181,417
Non-controlling interests	18,784	18,740
Total equity	198,343	200,157
Non-Current Liabilities		
Long term borrowings	540	1,063
Deferred tax liabilities	2,416	2,622
	2,956	3,685
Current Liabilities		
Trade and other payables	14,575	23,727
Derivative liabilities	23	-
Short term borrowings	55,823	47,025
Taxation	660	661
	71,081	71,413
Total liabilities	74,037	75,098
Total Equity and Liabilities	272,380	275,255
Net Assets per share (RM)	2.14	2.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The First Quarter Ended 30 September 2010

In RM'000	← Attributable to Owners of the Company →						Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Profits	Total		
Balance at 30 June 2010								
As previously reported	85,163	(1,225)	28,989	3,013	65,477	181,417	18,740	200,157
Effects of adopting FRS 139	-	-	-	-	10	10	-	10
As restated	85,163	(1,225)	28,989	3,013	65,487	181,427	18,740	200,167
Total comprehensive (loss)/income for the quarter	-	-	-	98	(1,966)	(1,868)	44	(1,824)
Balance at 30 September 2010	85,163	(1,225)	28,989	3,111	63,521	179,559	18,784	198,343
Balance at 30 June 2009	85,163	(1,225)	28,989	2,132	54,743	169,802	24,029	193,831
Total comprehensive income for the quarter	-	-	-	142	2,782	2,924	388	3,312
Balance at 30 September 2009	85,163	(1,225)	28,989	2,274	57,525	172,726	24,417	197,143

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The First Quarter Ended 30 September 2010

	Current Quarter Ended 30/09/2010 RM'000	Comparative Quarter Ended 30/09/2009 RM'000
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	(1,901)	4,090
Adjustments for :-		
Non-cash items	1,677	718
Non-operating items	(151)	(189)
Operating (loss)/profit before working capital changes	(375)	4,619
Net changes in current assets	(1,836)	(8,500)
Net changes in current liabilities	(9,751)	931
Cash used in operations	(11,962)	(2,950)
Interest received	187	134
Income tax paid	(628)	(225)
Interest paid	(586)	(434)
Net cash used in operating activities	(12,989)	(3,475)
Cash Flows from Investing Activities		
Equity investments	564	-
Other investments	(220)	(421)
Net cash generated from/(used in) investing activities	344	(421)
Cash Flows from Financing Activities		
Drawdown of borrowings	8,275	3,522
Net cash generated from financing activities	8,275	3,522
Net decrease in cash and cash equivalents	(4,370)	(374)
Effects of exchange rate changes	(381)	(85)
Cash and cash equivalents at beginning of the quarter	37,914	41,519
Cash and cash equivalents at end of the quarter	33,163	41,060
Cash and cash equivalents comprise :-		
Cash and bank balances	2,927	6,001
Deposits with licensed financial institutions	30,236	35,059
	33,163	41,060

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

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 2010 except for the following new and revised FRSs, Issues Committee (“IC”) Interpretations and amendments to FRSs and IC Interpretations which are applicable to its financial statements:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:-

FRS 7 Financial Instruments: Disclosures

This standard requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.

NOTES (IN COMPLIANCE WITH FRS 134)**A1 Accounting Policies and Methods of Computation (cont'd)*****FRS 101 Presentation of Financial Statements***

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as to total comprehensive income. There is no impact on the results of the Group since these changes affect only the presentation of items of income and expense. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard.

The effects on the comparatives to the Group on adoption of FRS 101 are as follows:-

	Income Statement As previously <u>reported</u> RM'000	Effects of Adopting <u>FRS 101</u> RM'000	Statement of Comprehensive Income <u>As restated</u> RM'000
For the quarter ended 30 September 2009			
Net profit for the quarter	3,170	-	3,170
Other comprehensive income			
- Translation of foreign operations	-	142	<u>142</u>
Total comprehensive income for the quarter			<u><u>3,312</u></u>
Total comprehensive income attributable to:			
Owners of the Company	-		2,924
Non-controlling interests	-		<u>388</u>
			<u><u>3,312</u></u>

Amendments to FRS 117 Leases

This amendment removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The Group has reassessed and reclassified the leasehold land to property, plant and equipment.

As a result of the reclassification, the comparative amounts have been restated as follows:-

	Previously <u>stated</u> RM'000	Effects of <u>reclassification</u> RM'000	<u>Restated</u> RM'000
Balance as at 30 June 2010			
Prepaid land lease payments	15,593	(15,593)	-
Property, plant and equipment	44,957	15,593	60,550

The adoption of Amendments to FRS 117 does not have any impact to the financial results of the Group for the current quarter and preceding year comparative quarter.

NOTES (IN COMPLIANCE WITH FRS 134)**A1 Accounting Policies and Methods of Computation (cont'd)*****FRS 139 Financial Instruments: Recognition and Measurement***

FRS 139 sets out the new requirements of the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurements at the statement of financial position date reflect the designation of the financial instruments. The Group determines the classification at initial recognition.

Financial assets are classified as financial assets at fair value through profit or loss accounts, loans and receivables or available-for-sale, as appropriate. The Group's financial assets include cash, short term deposits, loans and receivables.

Financial liabilities are classified as financial liabilities at fair value through profit or loss accounts or loans and borrowing, as appropriate. The Group's financial liabilities include trade and other payables.

In accordance with FRS 139, the recognition, derecognition and measurement are applied prospectively. The effects of the remeasurement on 1 July 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits as disclosed in the statement of changes in equity.

The adoption of the above new policies has the following effects to the Group:-

	<u>Retained Profits</u> RM'000
Balance as at 30 June 2010	
Balance Sheet, as previously reported	65,477
Adjustment arising from adoption of FRS 139 :	
- recognition of derivatives previously not recognised	<u>10</u>
Statement of Financial Position, as restated	<u>65,487</u>

	<u>Previously stated</u> RM'000	<u>Effects of adopting FRS 139</u> RM'000	<u>Restated</u> RM'000
Balance as at 30 June 2010			
Other investments	41	(41)	-
Available-for-sale investments	-	41	41

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no material effect to the Group's consolidated financial statements of the quarter or the comparative consolidated financial statements of the previous financial year.

A2 Seasonal or Cyclical Factors

The Group's operations for the current quarter 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.

A4 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.

NOTES (IN COMPLIANCE WITH FRS 134)**A5 Debt and Equity Securities**

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 30 September 2010, 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.

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
For Current Quarter Ended 30 September 2010					
External revenue	43,267	8,939	4,253	-	56,459
Inter-segment revenue	-	-	20	(20)	-
Interest income	28	17	700	-	745
Interest expense	578	-	16	-	594
Depreciation	1,076	126	15	-	1,217
Reportable segment (loss)/profit before taxation	(2,511)	410	(293)	-	(2,394)
Share of associated companies profits after tax	-	-	493	-	493
For Comparative Quarter Ended 30 September 2009					
External revenue	39,060	9,322	3,943	-	52,325
Inter-segment revenue	-	-	20	(20)	-
Interest income	56	22	513	-	591
Interest expense	384	-	18	-	402
Depreciation	1,176	143	17	-	1,336
Reportable segment profit before taxation	2,468	421	294	-	3,183
Share of associated companies profits after tax	-	-	907	-	907

A8 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 18 November 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.

A9 Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

NOTES (IN COMPLIANCE WITH FRS 134)**A10 Changes in Contingent Liabilities or Contingent Assets**

The contingent liabilities of the Company as at 18 November 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM61 million (30 June 2010 : RM68 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.

A11 Other Event

On 7 October 2010, FACB Industries Incorporated Berhad ("FACBII") announced that, in relation to the Proposed Disposal of its 60% equity interest in Beribu Ukiran Sdn Bhd ("BUSB") to Karambunai Corp Bhd ("KCB") and Proposed Novation to Dapan Holdings Sdn Bhd ("DHSB"), a subsidiary of KCB, of the amount due and owing by BUSB to FACBII, DHSB had requested for the payment of RM16,956,007 due on 6 October 2010 be made by 6 October 2011 as DHSB's property launches had been delayed due to economic slowdown and softer property market condition. 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 posted a loss before taxation of RM1.90 million on the back of RM56.46 million in revenue in contrast to a profit before taxation of RM4.09 million and revenue of RM52.33 million reported in the preceding year comparative quarter.

Overall market demand for steel products started to soften since second half of year 2010 in anticipation of the slower global economic growth. The underlying demand for steel products remained cautious. Besides, the soaring raw material costs have adversely affected the gross profit margin of the Group.

In the opinion of the Directors, the results for the current quarter have not been affected by any transaction or event of a material or unusual nature which has arisen between 30 September 2010 and the date of this announcement.

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

The Group reported loss before taxation of RM1.90 million for the current quarter compared to profit before taxation of RM4.76 million registered in the preceding quarter ended 30 June 2010. The loss recorded in the current quarter was mainly attributable to the factors as disclosed in note B1.

B3 Current Year Prospects

The slower global economic growth and the uncertain outlook of the steel industry are the factors that will affect the Group profitability for the remaining quarters of the financial year ending 2011. The Group will continue to consolidate its strength to improve on margins and profitability of its businesses.

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**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 Taxation

Taxation comprises the following:-

	Current Quarter Ended 30/09/2010 RM'000	Comparative Quarter Ended 30/09/2009 RM'000
Current tax expense	272	249
Deferred tax assets	(440)	484
Deferred tax liabilities	(206)	187
Tax (credit)/expense	<u>(374)</u>	<u>920</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.

B8 Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter.

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 30 September 2010 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	527	-	527
Hire purchase payable	13	-	13
	<u>540</u>	<u>-</u>	<u>540</u>
<u>Short Term Borrowings</u>			
Term loans	2,020	-	2,020
Hire purchase payable	21	-	21
Trade financing facilities	-	53,782	53,782
	<u>2,041</u>	<u>53,782</u>	<u>55,823</u>
Total	<u>2,581</u>	<u>53,782</u>	<u>56,363</u>

ADDITIONAL INFORMATION REQUIRED BY BSMM LISTING REQUIREMENTS**B11 Derivative Financial Instruments**

As at 30 September 2010, the Group has the following outstanding derivative financial instruments:-

<u>Type of Derivatives</u>	<u>Notional Amount</u> RM'000	<u>Fair Value</u> RM'000	<u>Fair Value Net Gain</u> RM'000
Currency forward contracts - less than 1 year	3,084	3,012	72

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.

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.

B14 (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 equity holders of the Company of (RM1.97) million and RM2.78 million with the weighted average number of shares in issue (excluding treasury shares) of 83,882,800.

B15 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2010 was not qualified.

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)
Group Company Secretary

Kuala Lumpur
Date : 24 November 2010