



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

CONDENSED CONSOLIDATED INCOME STATEMENTS
For The Quarter Ended 31 March 2003
(The figures have not been audited)

	Current Quarter Ended 31/3/2003 RM'000	Comparative Quarter Ended 31/3/2002 RM'000	9 Month Cumulative To Date 31/3/2003 RM'000	9 Month Cumulative To Date 31/3/2002 RM'000
Revenue	53,879	43,567	152,817	131,932
Cost of sales	(45,964)	(37,490)	(128,597)	(116,977)
Gross profit	7,915	6,077	24,220	14,955
Other operating income	702	404	2,059	1,328
Operating expenses	(5,869)	(5,185)	(17,224)	(16,723)
Profit/(loss) from operations	2,748	1,296	9,055	(440)
Finance costs	(492)	(287)	(1,351)	(982)
Share of results of associated companies	223	257	1,039	1,335
Profit/(loss) before taxation	2,479	1,266	8,743	(87)
Taxation	(871)	(523)	(1,880)	(1,771)
Profit/(loss) after taxation	1,608	743	6,863	(1,858)
Minority interests	(51)	(210)	(1,012)	728
Net profit/(loss) for the period	1,557	533	5,851	(1,130)
EPS - Basic (sen)	1.83	0.63	6.87	(1.33)
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002)

CONDENSED CONSOLIDATED BALANCE SHEETS
As At 31 March 2003

	Unaudited	Audited
	As At 31/3/2003 RM'000	As At 30/6/2002 RM'000
Non-Current Assets		
Property, plant and equipment	71,191	68,678
Land held for development	46,411	41,877
Investments in associated companies	10,567	9,762
Other investments	60	60
	128,229	120,377
Current Assets		
Land and development expenditure	6,316	8,417
Inventories	81,393	70,585
Trade and other receivables	58,054	72,232
Deposits with licensed financial institutions	33,644	33,217
Cash and bank balances	7,278	1,302
	186,685	185,753
Current Liabilities		
Trade and other payables	47,191	37,534
Short term borrowings	48,561	29,394
Taxation	1,931	1,967
	97,683	68,895
Net Current Assets	89,002	116,858
	217,231	237,235
Financed By :		
Share capital	85,163	85,163
Reserves	92,421	87,829
Shareholders' equity	177,584	172,992
Minority interests	17,724	42,446
Negative goodwill on consolidation	16,000	-
	211,308	215,438
Non-Current Liabilities		
Long term obligation	2,830	16,980
Long term borrowings	1,260	2,984
Deferred taxation	1,833	1,833
	5,923	21,797
	217,231	237,235

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For The Period Ended 31 March 2003

	9 Month Period Ended 31/3/2003 RM'000
Operating Activities	
Net profit before taxation	8,743
Adjustments for non-cash flow items :-	
Non-cash items	1,865
Non-operating items	639
Operating profit before working capital changes	11,247
Net changes in current assets	(8,107)
Net changes in current liabilities	3,487
Cash generated from operations	6,627
Income tax paid	(2,319)
Interest paid	(1,302)
Net cash generated from operating activities	3,006
Investing Activities	
Equity investments	1,138
Other investments	(8,203)
Repayment of long term obligation	(7,924)
Net cash used in investing activities	(14,989)
Financing Activities	
Bank borrowings	17,746
Proceeds from issuance of shares in a subsidiary to a minority shareholder	2,134
Dividends paid	(1,226)
Dividend paid to a minority shareholder by a subsidiary	(87)
Net cash generated from financing activities	18,567
Net increase in cash and cash equivalents	6,584
Effects of exchange rate changes	122
Cash and cash equivalents at beginning of period	33,807
Cash and cash equivalents at end of period	40,513
Cash and cash equivalents comprise :-	
Cash and bank balances	7,278
Deposits with licensed financial institutions	33,644
Bank overdrafts	(409)
	40,513

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 Interim Financial Reporting.

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Period Ended 31 March 2003

9 Month Period Ended 31/3/2003	← Non-distributable →		Distributable		Total RM'000
	Share Capital RM'000	Reserve attributable to Capital RM'000	Reserve attributable to Revenue RM'000	Retained Profits RM'000	
At 1 July 2002	85,163	28,989	1,102	57,738	172,992
Movements during the period	-	-	(33)	4,625	4,592
At 31 March 2003	<u>85,163</u>	<u>28,989</u>	<u>1,069</u>	<u>62,363</u>	<u>177,584</u>

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 Interim Financial Reporting.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002)

NOTES (IN COMPLIANCE WITH MASB 26)**A1 Accounting Policies and Methods of Computation**

The interim financial report has been prepared in accordance with MASB 26 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE"). The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 30 June 2002.

During the financial year-to-date under review, the favourable difference between the cost of an acquisition over the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as negative goodwill on consolidation. The directors have adopted a policy to amortise the negative goodwill on consolidation to the income statement over a period of 10 years.

A2 Qualification of Financial Statements

The preceding audited financial statements for the year ended 30 June 2002 was not subjected to any qualification.

A3 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.

A4 Unusual Items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter and financial year-to-date.

A5 Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in the previous interim reports 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.

A6 Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

A7 Dividends Paid

No dividend was paid during the current quarter.

NOTES (IN COMPLIANCE WITH MASB 26)**A8 Segmental Reporting for the Current Financial Year-To-Date**

The Group's segmental report for the financial year-to-date are as follows :-

	<u>Steel</u> RM'000	<u>Bedding</u> RM'000	<u>Property Development</u> RM'000	<u>Investment & Others</u> RM'000	<u>Total</u> RM'000
Revenue	118,549	33,852	416	-	152,817

Results

Profit from operations	6,347	1,832	(133)	1,009	9,055
Finance costs					(1,351)
Share of results of associated companies					1,039
Profit before taxation					8,743
Taxation					(1,880)
Profit after taxation					6,863
Minority interests					(1,012)
Net profit for the period					5,851

A9 Valuation of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without adjustment from the previous financial year ended 30 June 2002.

A10 Material Events Subsequent to the End of the Interim Period

Save for item B8, there were no material events as at 22 May 2003 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report) that have not been reflected in the financial statements for the current quarter.

A11 Effect of Changes in the Composition of the Group

- (a) On 31 July 2002, FACB Industries Incorporated Berhad ("FACBII") announced that Dreamland Qingdao Pte Ltd ("DQ") disposed of its interest in Qingdao Jinshanchuan Steel Tube Products Co Ltd ("QJSTP") for a total cash consideration of Chinese Renminbi of 255,000 to Qingdao Jinyu Wooden Product Co Ltd. QJSTP was 51%-owned by DQ, which in turn is a 51%-owned subsidiary of Dreamland Spring Sdn Bhd ("DSSB") which is a wholly owned subsidiary of FACBII. Other than the gain on disposal of QJSTP of RM0.02 million, there are no material effects on the results of the Group arising from the divestment of interest in this subsidiary.
- (b) On 30 August 2002, FACBII has acquired the remaining 3,000,000 ordinary shares of RM1.00 each in Kanzen Tetsu Sdn Bhd ("KTSB") from IOI Corporation Bhd for a cash consideration of RM11.00 million ("Acquisition"). As a result, FACBII now holds 100% equity interest in KTSB.

The total purchase consideration of RM11.00 million is currently funded via bank borrowings and would be refinanced from the part proceeds of the rights issue with warrants exercise as approved by the Securities Commission ("SC"), which is elaborated under Note B8(a). Save for the financing costs incurred in respect of the Acquisition and the negative goodwill on consolidation amounting to RM16.99 million to be amortised over a period of 10 years, there are no material effects to FACBII's consolidated profit before taxation.

NOTES (IN COMPLIANCE WITH MASB 26)**A11 Effect of Changes in the Composition of the Group (cont'd)**

- (c) On 20 November 2002, FACBII acquired the entire issued and paid-up share capital of Global Glistler Limited ("GGL"), representing 2 ordinary shares of HK\$1.00 each for a total consideration of HK\$2.00.

GGL was incorporated in Hong Kong on 1 November 2002. It acts as a special purpose vehicle for FACBII to enter into a joint venture agreement with Tianjin Pipe Corporation Limited ("TPCO") to establish a joint venture company namely, Kanzen TPCO Limited ("KTPCO") to undertake the setting-up of a plant with advanced technology in the manufacturing of stainless steel welded pipes and fittings in Tianjin, China pursuant to a Joint Venture Agreement signed on 21 November 2002 and announced to KLSE on 25 November 2002. The acquisition of GGL does not have any material effect on the results of the Group. KTPCO has yet to commence business operation.

The business license for KTPCO was issued by Tianjin City Administration of Industry and Commerce on 8 January 2003. GGL is the majority shareholder with 60% interest in the registered capital of KTPCO and the remaining 40% interest is owned by TPCO.

Save for the above, there were no other changes in the composition of the Group during the financial year-to-date.

A12 Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities of the Company as at 22 May 2003 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM64 million (30 June 2002 : RM47 million) of which RM62 million (30 June 2002 : RM47 million) is in respect of corporate guarantees extended in support of banking facilities of subsidiaries and the remaining RM2 million (30 June 2002 : NIL) is for bank guarantee issued in favour of a third party secured against the Company's fixed deposit.

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

The Group recorded a pre-tax profit of RM8.74 million for the nine month period ended 31 March 2003 on the back of RM152.82 million in revenue against loss of RM0.09 million and revenue of RM131.93 million registered in the preceding year corresponding period ended 31 March 2002.

The increase in revenue was mainly attributable to the improved selling price in the steel industry during the period concerned which is in tandem with the strengthening of the prevailing raw material price. The marginal loss recorded in the preceding year corresponding period was mainly attributable to the higher average raw material cost.

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 March 2003 and the date of this announcement.

ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS**B2 Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

For the quarter under review, the Group posted a pre-tax profit of RM2.48 million, representing a decrease of 24% compared with RM3.26 million registered in the preceding quarter ended 31 December 2002.

The drop in pre-tax profit was primarily attributable to the slow trading quarter for its bedding division as a result of the long holiday season.

B3 Current Year Prospects

Overall, whilst the performance of the Group's activities will to a certain extent be influenced by the performance of the major world economies, the Group aims to maintain a moderate performance for the financial year ending 30 June 2003.

B4 Variance of Actual Profit from Forecast Profit

Not applicable as no quarterly profit forecast was published.

B5 Taxation

	<u>Current Quarter Ended 31/3/2003</u> RM'000	<u>Cumulative To Date 31/3/2003</u> RM'000
Taxation comprises :-		
Current taxation	491	1,282
Share of taxation in associated companies	<u>74</u>	<u>235</u>
	565	1,517
Underprovision in prior years	<u>306</u>	<u>363</u>
	<u>871</u>	<u>1,880</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is lower than the statutory rate due principally to tax savings arising from the utilisation of reinvestment and capital allowances brought forward by certain subsidiaries.

B6 Profit on Sale of Unquoted Investments and/or Properties

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

B7 Quoted Securities

(a) There was no purchase nor disposal of quoted securities for the current quarter and financial year-to-date.

(b) Total investments in quoted shares as at 31 March 2003 were as follows :-

	RM'000
(i) At cost	<u>4</u>
(ii) At book value	<u>4</u>
(iii) At market value	<u>1</u>

ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS**B8 Status of Corporate Exercise**

- (a) The corporate proposals in respect of the Proposed Renounceable Rights Issue, Proposed Bonus Issue, Proposed establishment of Employees' Share Option Scheme and the listing of and quotation of new ordinary shares in the Main Board of KLSE remained unchanged as announced to the KLSE on 1 November 2002.

On 30 April 2003, the Company had announced to the KLSE that the SC, vide its letter dated 28 April 2003, granted the approval to the Company for an extension of time up to and including 27 October 2003 to complete the implementation of the said corporate proposals.

- (b) SC vide its letter dated 8 April 2003 had approved the utilization of the balance proceeds of RM29.114 million arising from the previous rights issue exercise for the purpose of working capital and investment in KTPCO.

B9 Group Borrowings

The Group's borrowings as at 31 March 2003 were as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Long Term Borrowings</u>			
Term loan	1,260	-	1,260
<u>Short Term Borrowings</u>			
Term loan *	2,860	230	3,090
Bank overdrafts	-	409	409
Time loan	-	200	200
Bankers' acceptances	-	22,536	22,536
Foreign currency trade loan *	-	9,826	9,826
Revolving credit facility	12,500	-	12,500
	<u>15,360</u>	<u>33,201</u>	<u>48,561</u>
Total	<u>16,620</u>	<u>33,201</u>	<u>49,821</u>

* Included in the above are foreign borrowings in Ringgit equivalent as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Short Term Borrowing</u>			
<u>Renminbi</u>			
Term loan	460	230	690
<u>USD</u>			
Foreign currency trade loan	-	9,826	9,826
Total	<u>460</u>	<u>10,056</u>	<u>10,516</u>

B10 Off Balance Sheet Financial InstrumentsForeign Currency Contracts

As at 22 May 2003 (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:-

ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS**B10 Off Balance Sheet Financial Instruments (cont'd)**

Committed sales in foreign currencies

Currency	Contract Amounts ('000)	Equivalent Amount in Ringgit Malaysia ('000)	Expiry Dates
EURO	95	392	28/05/2003 – 29/09/2003
USD	1,436	5,470	28/05/2003 – 04/08/2003
SGD	1,235	2,672	30/05/2003 – 29/08/2003

As these foreign currencies contracts are entered into to hedge the Group's sales in foreign currencies, the contracted rates will be used to convert the foreign currencies amounts into Ringgit Malaysia upon receipt of export proceeds.

Foreign currencies transactions in the Group are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currencies monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currencies transactions and from the translation of foreign currencies monetary assets and liabilities are included in the income statement.

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.

There are no cash requirement risks as the Group only uses forward foreign currencies contracts as its hedging instrument.

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

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

(b) Total dividend paid in the current financial year-to-date is 1.44 sen per share.

B13 Earnings per Share

The earnings per share (basic) for the current quarter and financial year-to-date are calculated by dividing the Group's profit after taxation and minority interest of RM1.56 million and RM5.85 million respectively by the number of shares in issue of 85,162,500.

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 007987)
Group Company Secretary

Kuala Lumpur
Date : 29 May 2003