



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Second Quarter Ended 31 December 2011
(The figures have not been audited)

	Current Quarter Ended 31/12/2011 RM'000	Comparative Quarter Ended 31/12/2010 RM'000	6 Months Cumulative To Date 31/12/2011 RM'000	6 Months Cumulative To Date 31/12/2010 RM'000
Revenue	61,862	58,821	124,878	115,280
Direct operating costs	(56,395)	(55,477)	(113,010)	(107,913)
Gross profit	5,467	3,344	11,868	7,367
Other operating income	910	987	2,828	1,960
Operating expenses	(5,968)	(5,636)	(12,582)	(12,353)
Finance costs	(761)	(668)	(1,496)	(1,341)
Share of results of associated companies	486	84	1,084	577
Profit/(Loss) before taxation	134	(1,889)	1,702	(3,790)
Taxation	(4)	472	(169)	846
Net profit/(loss) for the period	130	(1,417)	1,533	(2,944)
Other comprehensive income				
Exchange differences on translation of foreign operations	15	14	(465)	(283)
Total comprehensive income for the period	145	(1,403)	1,068	(3,227)
(Loss)/Profit attributable to:				
Owners of the parent	(763)	(2,121)	200	(4,087)
Non-controlling interests	893	704	1,333	1,143
	130	(1,417)	1,533	(2,944)
Total comprehensive income attributable to:				
Owners of the parent	(748)	(2,107)	(265)	(3,975)
Non-controlling interests	893	704	1,333	748
	145	(1,403)	1,068	(3,227)
(Loss)/Earnings per share for (loss)/profit attributable to owners of the parent (sen):				
Basic	(0.91)	(2.53)	0.24	(4.87)
Diluted	N/A	N/A	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 2011)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2011

	Unaudited	Audited
	As At 31/12/2011 RM'000	As At 30/06/2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	55,603	56,658
Capital work-in-progress	-	1,020
Investment in associated companies	15,864	14,780
Available-for-sale investments	41	41
Deferred tax assets	9,216	9,254
	80,724	81,753
Current Assets		
Inventories	87,600	81,734
Trade and other receivables	84,119	86,097
Deposits, cash and bank balances	15,000	14,688
	186,719	182,519
Total Assets	267,443	264,272
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Reserves	87,003	87,268
Equity attributable to owners of the parent	172,166	172,431
Non-controlling interests	20,580	19,325
Total equity	192,746	191,756
Non-Current Liability		
Deferred tax liabilities	2,001	2,315
	2,001	2,315
Current Liabilities		
Trade and other payables	17,856	20,706
Derivative liabilities	61	73
Short term borrowings	54,192	48,896
Tax liabilities	587	526
	72,696	70,201
Total liabilities	74,697	72,516
Total Equity and Liabilities	267,443	264,272
Net Assets per share (RM)	2.05	2.06

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The Period Ended 31 December 2011***(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 Profits			
In RM'000								
Balance at 30 June 2011	85,163	(1,225)	28,989	3,337	56,167	172,431	19,325	191,756
Net profit for the period	-	-	-	-	200	200	1,333	1,533
Other comprehensive income	-	-	-	(465)	-	(465)	-	(465)
Total comprehensive income for the period	-	-	-	(465)	200	(265)	1,333	1,068
Dividend	-	-	-	-	-	-	(78)	(78)
Balance at 31 December 2011	85,163	(1,225)	28,989	2,872	56,367	172,166	20,580	192,746
Balance at 30 June 2010	85,163	(1,225)	28,989	3,013	65,477	181,417	18,740	200,157
Effect 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
Net (loss)/profit for the period	-	-	-	-	(4,087)	(4,087)	1,143	(2,944)
Other comprehensive income	-	-	-	112	-	112	(395)	(283)
Total comprehensive income for the period	-	-	-	112	(4,087)	(3,975)	748	(3,227)
Balance at 31 December 2010	85,163	(1,225)	28,989	3,125	61,400	177,452	19,488	196,940

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The Period Ended 31 December 2011***(The figures have not been audited)*

	Current Period Ended 31/12/2011 RM'000	Comparative Period Ended 31/12/2010 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation	1,702	(3,790)
Adjustments for :-		
Share of results of associated companies	(1,084)	(577)
Depreciation of property, plant and equipment	2,539	2,489
Interest expense	1,334	1,180
Interest income	(1,392)	(1,512)
Other non-cash items	(694)	1,036
Operating profit/(loss) before working capital changes	2,405	(1,174)
Net changes in current assets	(3,012)	8,621
Net changes in current liabilities	(2,850)	(7,463)
Cash used in operations	(3,457)	(16)
Interest received	176	405
Income tax paid	(759)	(1,121)
Interest paid	(1,334)	(1,200)
Net cash used in operating activities	(5,374)	(1,932)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(550)	(441)
Proceeds from disposal of property, plant and equipment	161	12
Capital work-in-progress incurred	-	(20)
Dividend received from associated companies	620	564
Net cash from investing activities	231	115
Cash Flows from Financing Activities		
Drawdown/(repayment) of borrowings	5,296	(2,843)
Dividend paid to non-controlling interest by a subsidiary company	(78)	-
Net cash from/(used in) financing activities	5,218	(2,843)
Net increase/(decrease) in cash and cash equivalents	75	(4,660)
Effects of exchange rate changes	237	(375)
Cash and cash equivalents at beginning of the period	14,688	37,914
Cash and cash equivalents at end of the period	15,000	32,879
Cash and cash equivalents comprise :-		
Cash and bank balances	3,471	4,215
Deposits with licensed financial institutions	11,529	28,664
	15,000	32,879

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011)

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

The condensed consolidated interim financial statements have been prepared in accordance with the Financial Reporting Standards (“FRS”) 134 on Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22, Appendix 9B Part A 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 2011.

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 significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2011 except for the following:-

- (i) Adoption of New and Revised FRSs, Amendments to FRSs, Issues Committee (“IC”) Interpretations and Technical Releases (“TRs”)

FRSs and Interpretations	For financial periods beginning on or after
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010)”	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
TR 3 Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i-4 Shariah Compliant Sale Contracts	1 January 2011

NOTES (IN COMPLIANCE WITH FRS 134)**A1 Basis of Preparation (cont'd)****(ii) Revised FRS and Amendments to FRSs issued but are not yet effective for the Group's current period report**

FRSs		For financial periods beginning on or after
FRS 124	Related Party Disclosures (Revised)	1 January 2012
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2012

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and TRs upon their initial applications are not expected to have any significant impact on the financial statements of the Group.

(iii) MFRS Framework issued but not yet effective

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”) in conjunction with the MASB’s plan to converge with International Financial Reporting Standards (“IFRS”) in 2012. The MFRS Framework comprises Standards as issued by the International Accounting Standards Board (“IASB”) that are effective on 1 January 2012 and new/revised Standards that will be effective after 1 January 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer.

As such, the Group will prepare its first financial statements using the MFRS Framework for the financial year ending 30 June 2013. In presenting its first MFRS financial statements, the Group may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework.

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

A2 Qualification of Financial Statements

The Group’s most recent annual audited financial statements for the year ended 30 June 2011 was not qualified.

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 unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year-to-date.

NOTES (IN COMPLIANCE WITH FRS 134)**A5 Nature and Amount of Changes in Estimates**

There were no changes in estimates of amounts reported in the previous interim period of the current financial year or changes in estimate 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 Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 31 December 2011, 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 and financial year-to-date.

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
For Current Period					
Ended 31 December 2011					
External revenue	92,012	23,499	9,367	-	124,878
Inter-segment revenue	-	-	41	(41)	-
Interest income	36	30	1,326	-	1,392
Interest expense	1,293	-	41	-	1,334
Depreciation	2,241	266	32	-	2,539
Reportable segment (loss)/profit before taxation	(3,154)	1,738	2,034	-	618
Share of results of associated companies	-	106	978	-	1,084
(Loss)/Profit before taxation	(3,154)	1,844	3,012	-	1,702
For Comparative Period					
Ended 31 December 2010					
External revenue	85,550	20,206	9,524	-	115,280
Inter-segment revenue	-	-	41	(41)	-
Interest income	66	35	1,411	-	1,512
Interest expense	1,148	-	32	-	1,180
Depreciation	2,205	253	31	-	2,489
Reportable segment (loss)/profit before taxation	(6,456)	1,661	428	-	(4,367)
Share of results of associated companies	-	(233)	810	-	577
(Loss)/Profit before taxation	(6,456)	1,428	1,238	-	(3,790)

NOTES (IN COMPLIANCE WITH FRS 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 February 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 and financial year-to-date.

A10 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 16 February 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM57 million (30 June 2011 : RM65 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.

A12 Other Event

On 7 October 2011, FACB Industries Incorporated Berhad ("FACBII") announced that in relation to the settlement by Dapan Holdings Sdn Bhd ("DHSB"), a subsidiary of Karambunai Corp Bhd ("KCB"), of the sum of RM32,505,193 due on 6 October 2011, KCB and DHSB are currently in discussion and joint consultation with FACBII to vary the terms of the settlement. Further details will be announced once the terms of the settlement proposal have been finalised and the relevant approvals (including shareholders' approval) will be sought in due course.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B1 Performance Review****(a) The Current Quarter vs Preceding Year Comparative Quarter**

For the current quarter, the Group reported a profit before taxation of RM0.13 million on the back of RM61.86 million in revenue as compared to a loss before taxation of RM1.89 million and revenue of RM58.82 million in the preceding year comparative quarter, mainly due to improved performance from the steel division.

The steel division recorded better revenue in the current quarter from higher steel delivery tonnage and higher average selling prices. Improved profit margin had contributed to the better results. The bedding division achieved higher revenue and profit before taxation mainly due to the improvement in the retail business with better shelves off-takes. The other divisions reported slightly lower revenue with an increase in profit before taxation. Higher profit contribution recorded from associated companies in the businesses of bedding and power generation.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B1 Performance Review (cont'd)****(b) Current Period vs Preceding Year Comparative Period**

For the first half of the financial year, the Group registered a profit before taxation of RM1.70 million against a loss before taxation of RM3.79 million in the comparative first half of the preceding financial year. Revenue also increased by 8% to RM124.88 million. Higher gross profit margin was recorded at 10% compared to 6% in the comparative period. The improved performance for the Group was attributable to better performance from all divisions.

The steel division recorded better results from higher steel delivery tonnage and higher average selling prices. Higher export sales revenue recorded due to some improvement in oversea demands. Improved gross profit margin had enabled steel division to record better performance. The bedding division recorded better revenue and profit before taxation due to continued increase in demand of its products. The other divisions recorded higher profit before taxation mainly due to the unrealised foreign exchange gain recognised in current period. Higher contribution recorded from associated companies in the businesses of bedding and power generation.

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

The Group reported profit before taxation of RM0.13 million for the current quarter compared to RM1.57 million registered in the immediate preceding quarter ended 30 September 2011. Decrease in profit before taxation mainly came from the steel division as a result of softer selling prices and weaker demand of steel products.

B3 Current Year Prospects

The steel division's prospect remains challenging. The unfolding financial crisis in the Euro zone and the uncertain global economic outlook if deteriorated could further dampen the market demand of steel products. On the domestic front, ongoing infra structure projects are expected to bring positive impact to the sales of steel products. The Group's other divisions are expected to maintain sales performance and results in the coming quarters. The Group will continue its efforts to improve its financial performance for the remaining quarters of the financial year ending 30 June 2012.

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 THE LISTING REQUIREMENTS OF BMSB**B6 Notes to the Condensed Consolidated Statement of Comprehensive Income**

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

	Current Quarter Ended <u>31/12/2011</u> RM'000	Comparative Quarter Ended <u>31/12/2010</u> RM'000	6 Months Cumulative To Date <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2010</u> RM'000
Depreciation of property, plant and equipment	1,270	1,272	2,539	2,489
Gain on disposal of property, plant and equipment	(75)	(6)	(75)	(7)
Loss/(Gain) on foreign exchange	245	32	(649)	1,028
Impairment loss on trade receivables	93	-	142	-
Interest expense	688	586	1,334	1,180
Interest income	(769)	(767)	(1,392)	(1,512)
Inventories written off	-	5	-	5
Net fair value (gain)/loss on derivatives	(169)	117	(12)	55

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

B7 Taxation

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2011</u> RM'000	Comparative Quarter Ended <u>31/12/2010</u> RM'000	6 Months Cumulative To Date <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2010</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	540	489	822	736
- Foreign	102	80	137	105
Overprovision in prior year - Malaysia	(514)	-	(514)	-
<u>Deferred tax</u>				
Reversal of temporary differences	(640)	(1,041)	(792)	(1,687)
Underprovision in prior year	516	-	516	-
Tax expense/(credit)	4	(472)	169	(846)

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 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 Borrowings

The Group's borrowings as at 31 December 2011 were as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Short Term Borrowings</u>			
Finance lease payable	7	-	7
Trade financing facilities	-	54,185	54,185
Total	7	54,185	54,192

B10 Derivative Financial Instruments

As at 31 December 2011, 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 Loss</u> RM'000
Currency forward contracts - less than 1 year	11,711	11,772	61

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 and financial year-to-date.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B13 (Loss)/Earnings per Share**

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

	Current Quarter Ended <u>31/12/2011</u> RM'000	Comparative Quarter Ended <u>31/12/2010</u> RM'000	6 Months Cumulative To Date <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2010</u> RM'000
Net (loss)/profit attributable to owners of the parent	(763)	(2,121)	200	(4,087)

B14 Realised and Unrealised Profits or Losses

	As at <u>31/12/2011</u> RM'000	As at <u>31/12/2010</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	49,738	54,540
- Unrealised	5,704	5,742
	<u>55,442</u>	<u>60,282</u>
Total share of retained profits from associated companies		
- Realised	3,042	3,213
- Unrealised	-	-
	<u>3,042</u>	<u>3,213</u>
Consolidation adjustments	(2,117)	(2,095)
Total Group retained profits as per unaudited consolidated financial statements	<u>56,367</u>	<u>61,400</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 22 February 2012