



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Third Quarter Ended 31 March 2012**  
*(The figures have not been audited)*

	<b>Current Quarter Ended 31/03/2012 RM'000</b>	<b>Comparative Quarter Ended 31/03/2011 RM'000</b>	<b>9 Months Cumulative To Date 31/03/2012 RM'000</b>	<b>9 Months Cumulative To Date 31/03/2011 RM'000</b>
Revenue	62,170	62,419	187,048	177,699
Direct operating costs	(59,684)	(55,149)	(172,694)	(163,062)
Gross profit	2,486	7,270	14,354	14,637
Other operating income	816	1,121	3,644	3,081
Operating expenses	(5,989)	(6,109)	(18,571)	(18,462)
Finance costs	(674)	(571)	(2,170)	(1,912)
Share of results of associated companies	398	287	1,482	864
(Loss)/Profit before taxation	(2,963)	1,998	(1,261)	(1,792)
Taxation	766	(663)	597	183
Net (loss)/profit for the period	(2,197)	1,335	(664)	(1,609)
Other comprehensive income				
Exchange differences on translation of foreign operations	165	197	(300)	(86)
Total comprehensive income for the period	(2,032)	1,532	(964)	(1,695)
(Loss)/Profit attributable to:				
Owners of the parent	(2,654)	950	(2,454)	(3,137)
Non-controlling interests	457	385	1,790	1,528
	(2,197)	1,335	(664)	(1,609)
Total comprehensive income attributable to:				
Owners of the parent	(2,489)	1,147	(2,754)	(2,828)
Non-controlling interests	457	385	1,790	1,133
	(2,032)	1,532	(964)	(1,695)
<b>(Loss)/Earnings per share for (loss)/profit attributable to owners of the parent (sen):</b>				
Basic	(3.16)	1.13	(2.93)	(3.74)
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 March 2012**

	Unaudited As At 31/03/2012 RM'000	Audited As At 30/06/2011 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	54,360	56,658
Capital work-in-progress	-	1,020
Investment in associated companies	14,661	14,780
Available-for-sale investments	41	41
Deferred tax assets	9,724	9,254
	78,786	81,753
<b>Current Assets</b>		
Inventories	71,959	81,734
Trade and other receivables	79,781	86,097
Deposits, cash and bank balances	20,464	14,688
	172,204	182,519
<b>Total Assets</b>	250,990	264,272
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	85,163	85,163
Reserves	84,514	87,268
Equity attributable to owners of the parent	169,677	172,431
Non-controlling interests	19,752	19,325
<b>Total equity</b>	189,429	191,756
<b>Non-Current Liability</b>		
Deferred tax liabilities	1,557	2,315
	1,557	2,315
<b>Current Liabilities</b>		
Trade and other payables	16,860	20,706
Derivative liabilities	18	73
Short term borrowings	42,696	48,896
Tax liabilities	430	526
	60,004	70,201
<b>Total liabilities</b>	61,561	72,516
<b>Total Equity and Liabilities</b>	250,990	264,272
Net Assets per share (RM)	2.02	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 March 2012**

*(The figures have not been audited)*

	← Attributable to Owners of the Parent →						Non- controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Profits	Total		
<b>In RM'000</b>								
<b>Balance at 30 June 2011</b>	85,163	(1,225)	28,989	3,337	56,167	172,431	19,325	191,756
Net (loss)/profit for the period	-	-	-	-	(2,454)	(2,454)	1,790	(664)
Other comprehensive income	-	-	-	(300)	-	(300)	-	(300)
Total comprehensive income for the period	-	-	-	(300)	(2,454)	(2,754)	1,790	(964)
Transfer	-	-	-	19	(19)	-	-	-
Dividends	-	-	-	-	-	-	(1,363)	(1,363)
<b>Balance at 31 March 2012</b>	85,163	(1,225)	28,989	3,056	53,694	169,677	19,752	189,429
<b>Balance at 30 June 2010</b>	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	-	-	-	-	(3,137)	(3,137)	1,528	(1,609)
Other comprehensive income	-	-	-	309	-	309	(395)	(86)
Total comprehensive income for the period	-	-	-	309	(3,137)	(2,828)	1,133	(1,695)
Transfer	-	-	-	10	(10)	-	-	-
Dividends	-	-	-	-	(2,516)	(2,516)	(25)	(2,541)
<b>Balance at 31 March 2011</b>	85,163	(1,225)	28,989	3,332	59,824	176,083	19,848	195,931

**(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 March 2012***(The figures have not been audited)*

	<b>9 Month Period Ended 31/03/2012 RM'000</b>	<b>9 Month Period Ended 31/03/2011 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(1,261)	(1,792)
Adjustments for :-		
Share of results of associated companies	(1,482)	(864)
Depreciation of property, plant and equipment	3,787	3,723
Interest expense	1,933	1,644
Interest income	(2,200)	(2,128)
Other non-cash items	(35)	1,067
Operating profit before working capital changes	742	1,650
Net changes in current assets	18,462	(6,386)
Net changes in current liabilities	(3,846)	(7,634)
Cash from/(used in) operations	15,358	(12,370)
Interest received	315	516
Income tax paid	(1,004)	(1,644)
Interest paid	(1,933)	(1,657)
Net cash from/(used in) operating activities	12,736	(15,155)
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(555)	(892)
Proceeds from disposal of property, plant and equipment	161	162
Capital work-in-progress incurred	-	(184)
Dividend received from associated companies	932	564
Net cash from/(used in) investing activities	538	(350)
<b>Cash Flows from Financing Activities</b>		
Repayment of borrowings	(6,200)	(1,890)
Dividend paid	-	(2,516)
Dividends paid to non-controlling interests by subsidiary companies	(1,363)	-
Net cash used in financing activities	(7,563)	(4,406)
Net increase/(decrease) in cash and cash equivalents	5,711	(19,911)
Effects of exchange rate changes	65	(474)
Cash and cash equivalents at beginning of the period	14,688	37,914
Cash and cash equivalents at end of the period	20,464	17,529
Cash and cash equivalents comprise :-		
Cash and bank balances	6,668	5,913
Deposits with licensed financial institutions	13,796	11,616
	20,464	17,529

**(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”)

<b>FRSs and Interpretations</b>	<b>For financial periods beginning on or after</b>
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**

<b>FRSs</b>	<b>For financial periods beginning on or after</b>	
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS 124	Related Party Disclosures (Revised)	1 January 2012
FRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS 128	Investments in Associates and Joint Venture (as amended in November 2011)	1 January 2013
Amendments to FRS 1	Government Loans	1 January 2013
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7	Disclosures – Offsetting Financial Assets And Financial Liabilities	1 January 2013
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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.

**NOTES (IN COMPLIANCE WITH FRS 134)****A1 Basis of Preparation (cont'd)****(iii) MFRS Framework issued but not yet effective (cont'd)**

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.

**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 March 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 and financial year-to-date.

**NOTES (IN COMPLIANCE WITH FRS 134)****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 Period</b>					
<b>Ended 31 March 2012</b>					
External revenue	139,343	33,919	13,786	-	187,048
Inter-segment revenue	-	-	62	(62)	-
Interest income	99	46	2,055	-	2,200
Interest expense	1,873	-	60	-	1,933
Depreciation	3,340	401	46	-	3,787
Reportable segment (loss)/profit before taxation	(7,265)	2,243	2,279	-	(2,743)
Share of results of associated companies	-	(7)	1,489	-	1,482
(Loss)/Profit before taxation	(7,265)	2,236	3,768	-	(1,261)
<b>For Comparative Period</b>					
<b>Ended 31 March 2011</b>					
External revenue	132,693	30,891	14,115	-	177,699
Inter-segment revenue	-	-	62	(62)	-
Interest income	79	54	1,995	-	2,128
Interest expense	1,596	-	48	-	1,644
Depreciation	3,299	379	45	-	3,723
Reportable segment (loss)/profit before taxation	(5,416)	2,075	685	-	(2,656)
Share of results of associated companies	-	(314)	1,178	-	864
(Loss)/Profit before taxation	(5,416)	1,761	1,863	-	(1,792)

**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 23 May 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 23 May 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM35 million (30 June 2011 : RM65 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.



**NOTES (IN COMPLIANCE WITH FRS 134)****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 posted a loss before taxation of RM2.96 million on the back of RM62.17 million in revenue as opposed to profit before taxation of RM2.00 million and revenue of RM62.42 million in the preceding year comparative quarter.

The steel division recorded loss before taxation in the current quarter. The division’s gross margin was squeezed as a result of its inability to pass on the costs to customers. The bedding division achieved higher profit before taxation mainly due to improved margin despite a marginal reduction in revenue. The other divisions managed to sustain the performance. Higher profit contribution also recorded by associated companies in the businesses of power generation.

**(b) Current Period vs Preceding Year Comparative Period**

For the nine month period ended 31 March 2012, the Group suffered a loss before taxation of RM1.26 million compared with RM1.79 million in the comparative period of the preceding year with a 5% increase in revenue to RM187.05 million.

The steel division posted a loss before taxation as a result of the erosion in gross margin. The bedding division recorded better revenue and profit before taxation due to increase in demand of its products. The other divisions recorded higher profit before taxation due to positive foreign currency exchange rates. Higher contribution from associated companies in China was mainly due to improved performance in bedding and power generation operations.

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

The Group reported loss before taxation of RM2.96 million for the current quarter against profit before taxation of RM0.13 million in the immediate preceding quarter ended 31 December 2011. Loss before taxation mainly came from the steel division that suffered from lower profit margin and sales delivery tonnage.

**B3 Current Year Prospects**

The steel division’s prospect remains challenging under the current downcycle of the steel sector. Positive impacts are expected upon the stabilization of global economy and active implementation of domestic infra-structure projects. The Group’s other divisions are expected to maintain sales performance and results in the remaining quarter.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****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>31/03/2012</u> RM'000	Comparative Quarter Ended <u>31/03/2011</u> RM'000	9 Months Cumulative To Date <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2011</u> RM'000
Depreciation of property, plant and equipment	1,248	1,234	3,787	3,723
Gain on disposal of property, plant and equipment	-	(150)	(75)	(157)
Loss on foreign exchange	654	233	5	1,261
Impairment loss on trade receivables	30	-	172	-
Interest expense	599	464	1,933	1,644
Interest income	(808)	(616)	(2,200)	(2,128)
Inventories written off	-	-	-	5
Net fair value gain on derivatives	(43)	(56)	(55)	(1)

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>31/03/2012</u> RM'000	Comparative Quarter Ended <u>31/03/2011</u> RM'000	9 Months Cumulative To Date <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2011</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	89	290	911	1,026
- Foreign	109	38	246	143
Overprovision in prior year - Malaysia	-	-	(514)	-
- Foreign	(12)	-	(12)	-
<u>Deferred tax</u>				
Reversal of temporary differences	(952)	335	(1,744)	(1,352)
Underprovision in prior year	-	-	516	-
Tax expense/(credit)	<u>(766)</u>	<u>663</u>	<u>(597)</u>	<u>(183)</u>

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B7 Taxation (cont'd)**

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.

**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 March 2012 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	2	-	2
Trade financing facilities	-	42,694	42,694
Total	2	42,694	42,696

**B10 Derivative Financial Instruments**

As at 31 March 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 Loss</u> RM'000
Currency forward contracts - less than 1 year	10,272	10,290	18

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>31/03/2012</u> RM'000	Comparative Quarter Ended <u>31/03/2011</u> RM'000	9 Months Cumulative To Date <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2011</u> RM'000
Net (loss)/profit attributable to owners of the parent	(2,654)	950	(2,454)	(3,137)

**B14 Realised and Unrealised Profits or Losses**

	As at <u>31/03/2012</u> RM'000	As at <u>31/03/2011</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	47,015	54,613
- Unrealised	7,554	5,435
	<u>54,569</u>	<u>60,048</u>
Total share of retained profits from associated companies		
- Realised	1,242	1,871
- Unrealised	-	-
	<u>55,811</u>	<u>61,919</u>
Consolidation adjustments	(2,117)	(2,095)
Total Group retained profits as per unaudited consolidated financial statements	<u>53,694</u>	<u>59,824</u>

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 28 May 2012