



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Fourth Quarter Ended 30 June 2012**  
*(The figures have not been audited)*

			Audited	
	<b>Current Quarter Ended 30/06/2012 RM'000</b>	<b>Comparative Quarter Ended 30/06/2011 RM'000</b>	<b>Current Year Ended 30/06/2012 RM'000</b>	<b>Comparative Year Ended 30/06/2011 RM'000</b>
Revenue	57,522	74,699	244,570	252,398
Direct operating costs	(56,170)	(69,548)	(228,864)	(232,610)
Gross profit	1,352	5,151	15,706	19,788
Other operating income	3,864	1,234	7,508	4,315
Operating expenses	(6,557)	(8,832)	(25,128)	(27,294)
Finance costs	(502)	(608)	(2,672)	(2,520)
Share of results of associated companies	137	193	1,619	1,057
Loss before taxation	(1,706)	(2,862)	(2,967)	(4,654)
Taxation	(10,180)	358	(9,583)	541
Net loss for the period/year	(11,886)	(2,504)	(12,550)	(4,113)
Other comprehensive income				
Exchange differences on translation of foreign operations	318	2	18	(84)
Total comprehensive income for the period/year	(11,568)	(2,502)	(12,532)	(4,197)
Loss attributable to:				
Owners of the parent	(13,030)	(3,653)	(15,484)	(6,790)
Non-controlling interests	1,144	1,149	2,934	2,677
	(11,886)	(2,504)	(12,550)	(4,113)
Total comprehensive income attributable to:				
Owners of the parent	(12,859)	(3,651)	(15,613)	(6,479)
Non-controlling interests	1,291	1,149	3,081	2,282
	(11,568)	(2,502)	(12,532)	(4,197)
<b>Loss per share for loss attributable to owners of the parent (sen):</b>				
Basic	(15.53)	(4.35)	(18.46)	(8.10)
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 30 June 2012**

	Unaudited	Audited
	As At 30/06/2012 RM'000	As At 30/06/2011 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	52,190	56,658
Capital work-in-progress	-	1,020
Investment in associated companies	14,798	14,780
Available-for-sale investments	41	41
Deferred tax assets	395	9,254
	<u>67,424</u>	<u>81,753</u>
<b>Current Assets</b>		
Inventories	60,429	81,734
Trade and other receivables	75,356	86,097
Deposits, cash and bank balances	25,113	14,688
	<u>160,898</u>	<u>182,519</u>
<b>Total Assets</b>	<u>228,322</u>	<u>264,272</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	85,163	85,163
Reserves	71,655	87,268
Equity attributable to owners of the parent	<u>156,818</u>	<u>172,431</u>
Non-controlling interests	20,965	19,325
<b>Total equity</b>	<u>177,783</u>	<u>191,756</u>
<b>Non-Current Liability</b>		
Deferred tax liabilities	1,475	2,315
	<u>1,475</u>	<u>2,315</u>
<b>Current Liabilities</b>		
Trade and other payables	17,214	20,706
Derivative liabilities	99	73
Short term borrowings	31,180	48,896
Tax liabilities	571	526
	<u>49,064</u>	<u>70,201</u>
<b>Total liabilities</b>	<u>50,539</u>	<u>72,516</u>
<b>Total Equity and Liabilities</b>	<u>228,322</u>	<u>264,272</u>
Net Assets per share (RM)	1.87	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 Year Ended 30 June 2012**

	← Attributable to Owners of the Parent →					Total	Non- controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Profits			
<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 year	-	-	-	-	(15,484)	(15,484)	2,934	(12,550)
Other comprehensive income	-	-	-	(129)	-	(129)	147	18
Total comprehensive income for the year	-	-	-	(129)	(15,484)	(15,613)	3,081	(12,532)
Transfer	-	-	-	30	(30)	-	-	-
Dividends	-	-	-	-	-	-	(1,441)	(1,441)
<b>Balance at 30 June 2012 (unaudited)</b>	<b>85,163</b>	<b>(1,225)</b>	<b>28,989</b>	<b>3,238</b>	<b>40,653</b>	<b>156,818</b>	<b>20,965</b>	<b>177,783</b>
<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 year	-	-	-	-	(6,790)	(6,790)	2,677	(4,113)
Other comprehensive income	-	-	-	311	-	311	(395)	(84)
Total comprehensive income for the year	-	-	-	311	(6,790)	(6,479)	2,282	(4,197)
Transfer	-	-	-	13	(13)	-	-	-
Dividends	-	-	-	-	(2,517)	(2,517)	(1,697)	(4,214)
<b>Balance at 30 June 2011 (audited)</b>	<b>85,163</b>	<b>(1,225)</b>	<b>28,989</b>	<b>3,337</b>	<b>56,167</b>	<b>172,431</b>	<b>19,325</b>	<b>191,756</b>

(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 Year Ended 30 June 2012**

	Unaudited <b>Current Year Ended 30/06/2012 RM'000</b>	Audited <b>Comparative Year Ended 30/06/2011 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(2,967)	(4,654)
Adjustments for :-		
Share of results of associated companies	(1,619)	(1,057)
Depreciation of property, plant and equipment	4,930	4,965
Interest expense	2,346	2,160
Interest income	(3,003)	(2,751)
Inventories written down	3,479	1,714
Other non-cash items	(2,712)	3,486
Operating profit before working capital changes	454	3,863
Net changes in current assets	31,289	(15,875)
Net changes in current liabilities	(3,404)	(2,293)
Cash from/(used in) operations	28,339	(14,305)
Interest received	439	595
Income tax paid	(1,086)	(1,868)
Interest paid	(2,346)	(2,160)
Net cash from/(used in) operating activities	25,346	(17,738)
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(598)	(1,431)
Proceeds from disposal of property, plant and equipment	3,471	271
Capital work-in-progress incurred	-	(1,020)
Dividend received from associated companies	1,151	553
Net cash from/(used in) investing activities	4,024	(1,627)
<b>Cash Flows from Financing Activities</b>		
(Repayment)/Drawdown of borrowings	(17,716)	808
Dividend paid	-	(2,517)
Dividends paid to non-controlling interests by subsidiary companies	(1,530)	(1,673)
Net cash used in financing activities	(19,246)	(3,382)
Net increase/(decrease) in cash and cash equivalents	10,124	(22,747)
Effects of exchange rate changes	301	(479)
Cash and cash equivalents at beginning of the year	14,688	37,914
Cash and cash equivalents at end of the year	25,113	14,688
Cash and cash equivalents comprise :-		
Cash and bank balances	7,262	4,164
Deposits with licensed financial institutions	17,851	10,524
	25,113	14,688

**(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 Release (“TR”)

<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 (Amendments to FRS 1)	1 January 2011
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 Transfers 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 i-4 Shariah Compliant Sale Contracts	1 January 2011

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations, Amendment to IC Interpretation and TR does not have any effect on the financial statements of the Group.

**NOTES (IN COMPLIANCE WITH FRS 134)****A1 Basis of Preparation (cont'd)****(ii) 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 ended 30 June 2012 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 ended 30 June 2012.

**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 ended 30 June 2012.

**A6 Debt and Equity Securities**

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 30 June 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 ended 30 June 2012.

**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 Year Ended 30 June 2012</b>					
External revenue	178,205	48,171	18,194	-	244,570
Inter-segment revenue	-	-	82	(82)	-
Interest income	117	61	2,825	-	3,003
Interest expense	2,270	-	76	-	2,346
Depreciation	4,328	538	64	-	4,930
Reportable segment (loss)/profit before taxation	(12,365)	4,467	3,312	-	(4,586)
Share of results of associated companies	-	(105)	1,724	-	1,619
(Loss)/Profit before taxation	(12,365)	4,362	5,036	-	(2,967)
Other material non-cash item:					
Inventories written down	3,479	-	-	-	3,479
<b>For Comparative Year Ended 30 June 2011</b>					
External revenue	189,095	44,710	18,593	-	252,398
Inter-segment revenue	-	-	82	(82)	-
Interest income	93	73	2,585	-	2,751
Interest expense	2,096	-	64	-	2,160
Depreciation	4,397	508	60	-	4,965
Reportable segment (loss)/profit before taxation	(8,467)	3,994	(1,238)	-	(5,711)
Share of results of associated companies	-	(356)	1,413	-	1,057
(Loss)/Profit before taxation	(8,467)	3,638	175	-	(4,654)
Other material non-cash item:					
Impairment loss on investment	-	-	1,889	-	1,889
Inventories written down	1,714	-	-	-	1,714

**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 August 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 ended 30 June 2012.

**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 ended 30 June 2012.

**NOTES (IN COMPLIANCE WITH FRS 134)****A11 Changes in Contingent Liabilities or Contingent Assets**

The contingent liabilities of the Company as at 23 August 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.

**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) Current Quarter vs Preceding Year Comparative Quarter**

For the current quarter, the Group posted a loss before taxation of RM1.71 million on the back of RM57.52 million in revenue as compared to loss before taxation of RM2.86 million and revenue of RM74.70 million in the preceding year comparative quarter.

The lower loss this quarter was mainly due to better performance from bedding division. Steel division made loss due to low margin and write down of inventory value amounted to RM3.48 million. The other divisions reported positive result in current quarter and loss recorded in the comparative quarter due to impairment of an investment.

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

For the financial year ended 30 June 2012, the Group revenue decreased by 3% to RM244.57 million and posted a loss before taxation of RM2.97 million against RM4.65 million in the previous year.

The steel division recorded higher loss before taxation. Its result was affected by the decline in nickel prices which led to weak stainless steel prices and erosion in gross margin. Higher write down in inventory value needed compared to preceding year. 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 largely due to foreign exchange gain. Higher contribution from associated companies in China was mainly due to improved performance in the operation of power generation.

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

The Group reported loss before taxation of RM1.71 million for the current quarter compared with RM2.96 million registered in the immediate preceding quarter ended 31 March 2012. The loss was mitigated by better performance achieved from its bedding division and an unrealised foreign exchange gain recognised.



**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B3 Prospects of Next Financial Year**

The steel division's prospect remains challenging under the current downcycle of the steel sector and increased economic uncertainty in Europe. Positive impacts are expected upon the stabilization of global economy and the rolled out of domestic infra-structure projects. The Group's other divisions are expected to maintain sales performance and results in the coming financial year.

**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>30/06/2012</u> RM'000	Comparative Quarter Ended <u>30/06/2011</u> RM'000	Current Year Ended <u>30/06/2012</u> RM'000	Comparative Year Ended <u>30/06/2011</u> RM'000
Depreciation of property, plant and equipment	1,143	1,242	4,930	4,965
Gain on disposal of property, plant and equipment	(2,438)	(17)	(2,513)	(174)
(Gain)/Loss on foreign exchange	(816)	(40)	(811)	1,221
Impairment loss on investment	-	1,889	-	1,889
Impairment loss on receivables	(162)	205	10	205
Interest expense	413	516	2,346	2,160
Interest income	(803)	(623)	(3,003)	(2,751)
Inventories written off	58	-	58	5
Inventories written down	3,479	1,590	3,479	1,590
Net fair value loss on derivatives	81	84	26	83
Receivables written off	-	424	-	424

Apart from the above, there was no gain or loss on disposal of quoted or unquoted investments or properties and exceptional item for the current quarter and financial year ended 30 June 2012.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B7 Taxation**

Taxation comprises the following:-

	Current Quarter Ended 30/06/2012 RM'000	Comparative Quarter Ended 30/06/2011 RM'000	Current Year Ended 30/06/2012 RM'000	Comparative Year Ended 30/06/2011 RM'000
<u>Current tax</u>				
Current year - Malaysia	855	166	1,766	1,192
- Foreign	43	76	289	219
(Over)/Underprovision in prior year - Malaysia	-	(112)	(514)	(112)
- Foreign	35	2	23	2
<u>Deferred tax</u>				
Reversal of temporary differences	9,247	(492)	7,503	(1,844)
Underprovision in prior year	-	2	516	2
Tax expense/(credit)	10,180	(358)	9,583	(541)

The effective tax rate of the Group (excluding the share of results of associated companies) for the current financial year ended 30 June 2012 was higher than the statutory rate due principally to certain expenses not being deductible for tax purposes and non-recognition of unutilized tax losses as deferred tax asset.

**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 Borrowing**

The Group's borrowing as at 30 June 2012 was as follows :-

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
<u>Short Term Borrowing</u>			
Trade financing facilities	-	31,180	31,180

**B10 Derivative Financial Instruments**

As at 30 June 2012, 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 Loss</u> RM'000
Currency forward contracts - less than 1 year	10,467	10,566	99

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B10 Derivative Financial Instruments (cont'd)**

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 ended 30 June 2012.

**B13 Loss per Share**

The loss per share (basic) for the current quarter and financial year ended 30 June 2012 are calculated by dividing the Group's net loss for the period/year 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>30/06/2012</u> RM'000	Comparative Quarter Ended <u>30/06/2011</u> RM'000	Current Year Ended <u>30/06/2012</u> RM'000	Comparative Year Ended <u>30/06/2011</u> RM'000
Net loss attributable to owners of the parent	(13,030)	(3,653)	(15,484)	(6,790)

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B14 Realised and Unrealised Profits or Losses**

	As at <u>30/06/2012</u> RM'000	As at <u>30/06/2011</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	40,593	52,222
- Unrealised	(1,299)	4,701
	<u>39,294</u>	<u>56,923</u>
Total share of retained profits from associated companies		
- Realised	1,379	1,361
- Unrealised	-	-
	<u>40,673</u>	<u>58,284</u>
Consolidation adjustments	(20)	(2,117)
Total Group retained profits as per unaudited consolidated financial statements	<u>40,653</u>	<u>56,167</u>

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 28 August 2012