



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Second Quarter Ended 31 December 2012

(The figures have not been audited)

	Current Quarter Ended 31/12/2012 RM'000	Restated Comparative Quarter Ended 31/12/2011 RM'000	6 Months Cumulative To Date 31/12/2012 RM'000	Restated 6 Months Cumulative To Date 31/12/2011 RM'000
Continuing Operations				
Revenue	16,849	28,170	29,923	53,772
Direct operating costs	(11,770)	(23,327)	(21,569)	(45,118)
Gross profit	5,079	4,843	8,354	8,654
Other operating income	2,828	1,301	4,323	3,321
Operating expenses	(5,364)	(4,487)	(9,674)	(9,013)
Finance costs	(22)	(97)	(51)	(242)
Share of results of associates	1,210	486	2,216	1,084
Profit before taxation	3,731	2,046	5,168	3,804
Taxation	(856)	18	(4,938)	(210)
Net profit for the period from continuing operations	2,875	2,064	230	3,594
Discontinued Operation				
Loss from discontinued operation, net of tax	(3,483)	(1,952)	(4,939)	(2,097)
Net (loss)/profit for the period	(608)	112	(4,709)	1,497
Other comprehensive income				
Exchange differences on translation of foreign operations	-	15	(5)	(465)
Total comprehensive income for the period	(608)	127	(4,714)	1,032
(Loss)/Profit attributable to:				
Owners of the parent	(1,216)	(781)	(5,591)	164
Non-controlling interests	608	893	882	1,333
	(608)	112	(4,709)	1,497
Total comprehensive income attributable to:				
Owners of the parent	(1,216)	(766)	(5,596)	(301)
Non-controlling interests	608	893	882	1,333
	(608)	127	(4,714)	1,032
(Loss)/Earnings per share for (loss)/profit attributable to owners of the parent (sen):				
From continuing operations	2.70	1.40	(0.78)	2.70
From discontinued operation	(4.15)	(2.33)	(5.89)	(2.50)
	(1.45)	(0.93)	(6.67)	0.20
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 2012)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As At 31 December 2012**

	Unaudited As At 31/12/2012 RM'000	Restated As At 30/06/2012 RM'000	Restated As At 01/07/2011 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	5,876	52,191	56,658
Capital work-in-progress	-	-	1,020
Associates	19,912	17,696	14,780
Available-for-sale investments	41	41	41
Deferred tax assets	395	2,657	10,932
	<u>26,224</u>	<u>72,585</u>	<u>83,431</u>
Current Assets			
Inventories	5,849	60,430	81,734
Trade and other receivables	51,917	76,652	86,097
Derivative assets	-	-	-
Deposits, cash and bank balances	29,856	25,112	14,688
	<u>87,622</u>	<u>162,194</u>	<u>182,519</u>
Assets classified as held for sale (Note A12)	104,152	-	-
	<u>191,774</u>	<u>162,194</u>	<u>182,519</u>
Total Assets	<u>217,998</u>	<u>234,779</u>	<u>265,950</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	85,163	85,163	85,163
Share premium	28,989	28,989	28,989
Treasury shares	(1,225)	(1,225)	(1,225)
Other reserves	5,106	4,831	3,337
Retained earnings	38,222	43,813	59,766
Equity attributable to owners of the parent	<u>156,255</u>	<u>161,571</u>	<u>176,030</u>
Non-controlling interests	14,971	22,657	19,548
Total equity	<u>171,226</u>	<u>184,228</u>	<u>195,578</u>
Non-Current Liability			
Deferred tax liabilities	197	197	171
	<u>197</u>	<u>197</u>	<u>171</u>
Current Liabilities			
Trade and other payables	23,540	18,634	20,706
Derivative liabilities	-	99	73
Bank borrowings	-	31,180	48,896
Tax liabilities	296	441	526
	<u>23,836</u>	<u>50,354</u>	<u>70,201</u>
Liabilities classified as held for sale (Note A12)	22,739	-	-
	<u>46,575</u>	<u>50,354</u>	<u>70,201</u>
Total liabilities	<u>46,772</u>	<u>50,551</u>	<u>70,372</u>
Total Equity and Liabilities	<u>217,998</u>	<u>234,779</u>	<u>265,950</u>
Net Assets per share (RM)	1.86	1.93	2.10

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The Period Ended 31 December 2012***(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 Earnings			
In RM'000								
Balance at 30 June 2012 (as previously stated)	85,163	(1,225)	28,989	4,831	40,292	158,050	22,441	180,491
Effect of transition to MFRS	-	-	-	-	3,521	3,521	216	3,737
As restated	85,163	(1,225)	28,989	4,831	43,813	161,571	22,657	184,228
Net (loss)/profit for the period	-	-	-	-	(5,591)	(5,591)	882	(4,709)
Other comprehensive income	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive income for the period	-	-	-	(5)	(5,591)	(5,596)	882	(4,714)
Dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,578)	(1,578)
Acquisition of non-controlling interest	-	-	-	-	-	-	(6,990)	(6,990)
Discount on acquisition of non-controlling interest	-	-	-	280	-	280	-	280
Balance at 31 December 2012	85,163	(1,225)	28,989	5,106	38,222	156,255	14,971	171,226
Balance at 30 June 2011 (as previously stated)	85,163	(1,225)	28,989	3,337	56,167	172,431	19,325	191,756
Effect of transition to MFRS	-	-	-	-	3,599	3,599	223	3,822
As restated	85,163	(1,225)	28,989	3,337	59,766	176,030	19,548	195,578
Net profit for the period	-	-	-	-	164	164	1,333	1,497
Other comprehensive income	-	-	-	(465)	-	(465)	-	(465)
Total comprehensive income for the period	-	-	-	(465)	164	(301)	1,333	1,032
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(78)	(78)
Balance at 31 December 2011	85,163	(1,225)	28,989	2,872	59,930	175,729	20,803	196,532

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The Period Ended 31 December 2012***(The figures have not been audited)*

	Current Period Ended 31/12/2012 RM'000	Comparative Period Ended 31/12/2011 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from - continuing operations	5,168	3,804
- discontinued operation	(4,935)	(2,102)
Adjustments for :-		
Share of results of associates	(2,216)	(1,084)
Depreciation of property, plant and equipment	2,221	2,539
Interest expense	574	1,334
Interest income	(1,622)	(1,392)
Other non-cash items	851	(694)
Operating profit before working capital changes	41	2,405
Net changes in current assets	18,050	(3,012)
Net changes in current liabilities	7,843	(2,850)
Cash generated from/(used in) operations	25,934	(3,457)
Interest received	270	176
Income tax paid	(104)	(759)
Interest paid	(574)	(1,334)
Net cash from/(used in) operating activities	25,526	(5,374)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(26)	(550)
Proceeds from disposal of property, plant and equipment	1	161
Acquisition of shares from non-controlling interest	(6,710)	-
Dividend received from associates	3,141	620
Net cash (used in)/from investing activities	(3,594)	231
Cash Flows from Financing Activities		
(Repayment)/ Drawdown of borrowings	(13,188)	5,296
Dividend paid to non-controlling interests by subsidiaries	(1,578)	(78)
Net cash (used in)/from financing activities	(14,766)	5,218
Net increase in cash and cash equivalents	7,166	75
Effects of exchange rate changes	(229)	237
Cash and cash equivalents at beginning of the period	25,113	14,688
Cash and cash equivalents at end of the period	32,050	15,000
Cash and cash equivalents comprise :-		
Cash and bank balances	4,581	3,471
Deposits with licensed financial institutions	25,275	11,529
Cash and cash equivalents classified as held for sale (Note A12)	2,194	-
	32,050	15,000

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012)

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

The condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 on Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 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 2012, which were prepared under Financial Reporting Standards (“FRS”).

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 condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 30 June 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position and financial performance is set below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the condensed consolidated statement of cash flows.

(i) Application of MFRS 1

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 2012 except for the following:-

Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS (Revised) Property, Plant and Equipment which was effective for the periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded the leasehold land and buildings at revalued amounts, but had not adopted a policy of revaluation, and continued to carry on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation (cont'd)****(i) Application of MFRS 1 (cont'd)**Property, plant and equipment (cont'd)

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The deferred tax liabilities on the revaluation reserves amounted to RM3.82 million at the date of transition was transferred from deferred tax liabilities to retained earnings and non-controlling interests on the date of transition. The reversal of the respective deferred tax liabilities was similarly adjusted in the Condensed Statement of Comprehensive Income.

The reconciliations of transitioning effects for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

Reconciliation of Condensed Consolidated Statement of Comprehensive Income

<u>Comparative period ended 31 December 2011</u>	<u>FRS</u> RM'000	Effect of transition to MFRS RM'000	Discontinued Operation RM'000	<u>MFRS</u> RM'000
Taxation	(169)	(36)	(5)	(210)

Reconciliation of Condensed Consolidated Statement of Financial Position

<u>As at 1 July 2011</u>	<u>FRS</u> RM'000	Effect of transition to MFRS RM'000	<u>MFRS</u> RM'000
Net deferred tax assets	6,939	3,822	10,761
Retained earnings	56,167	3,599	59,766
Non-controlling interests	19,325	223	19,548

<u>As at 31 December 2011</u>	<u>FRS</u> RM'000	Effect of transition to MFRS RM'000	<u>MFRS</u> RM'000
Net deferred tax assets	7,215	3,786	11,001
Retained earnings	56,367	3,563	59,930
Non-controlling interests	20,580	223	20,803

<u>As at 30 June 2012</u>	<u>FRS</u> RM'000	Effect of transition to MFRS RM'000	<u>MFRS</u> RM'000
Net deferred tax assets/(liabilities)	(1,277)	3,737	2,460
Retained earnings	40,292	3,521	43,813
Non-controlling interests	22,441	216	22,657

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation (cont'd)****(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

The following MFRSs, Amendments to MFRSs and IC Interpretation have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:-

		Effective for annual periods beginning on or after
MFRS 3	Business Combinations	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
MFRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
	Amendments to MFRSs contained in the document entitled “Annual Improvements 2009-2011 Cycle”	

The adoption of the above new and revised MFRSs, Amendments to MFRSs and IC Interpretation is not expected to have any significant impact on the interim financial report in the period of initial application.

A2 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2012 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.

NOTES (IN COMPLIANCE WITH MFRS 134)

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 December 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.

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 2012					
Revenue from					
continuing operations:					
External revenue	-	21,963	7,960	-	29,923
Inter-segment revenue	-	-	41	(41)	-
	-	21,963	8,001	(41)	29,923
Revenue from					
discontinued operation	56,390	-	-	-	56,390
Total	56,390	21,963	8,001	(41)	86,313
Results from continuing operations:					
Interest income	1	34	1,568	-	1,603
Interest expense	-	-	43	-	43
Depreciation	468	262	31	-	761
Reportable segment (loss)/profit					
before taxation	12	287	2,653	-	2,952
Share of results of associates	-	231	1,985	-	2,216
Profit before taxation	12	518	4,638	-	5,168
Loss before taxation from					
discontinued operation	(4,935)	-	-	-	(4,935)
Total	(4,923)	518	4,638	-	233

NOTES (IN COMPLIANCE WITH MFRS 134)**A8 Reportable Segments (cont'd)**

	<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 Comparative Period					
Ended 31 December 2011					
Revenue from					
continuing operations:					
External revenue	20,906	23,499	9,367	-	53,772
Inter-segment revenue	-	-	41	(41)	-
	<u>20,906</u>	<u>23,499</u>	<u>9,408</u>	<u>(41)</u>	<u>53,772</u>
Revenue from					
discontinued operation					
	71,106	-	-	-	71,106
Total	<u>92,012</u>	<u>23,499</u>	<u>9,408</u>	<u>(41)</u>	<u>124,878</u>
Results from continuing operations:					
Interest income	9	30	1,326	-	1,365
Interest expense	179	-	41	-	220
Depreciation	634	266	32	-	932
Reportable segment (loss)/profit					
before taxation	(1,052)	1,738	2,034	-	2,720
Share of results of associates	-	106	978	-	1,084
Profit before taxation	<u>(1,052)</u>	<u>1,844</u>	<u>3,012</u>	<u>-</u>	<u>3,804</u>
Loss before taxation from					
discontinued operation					
	(2,102)	-	-	-	(2,102)
Total	<u>(3,154)</u>	<u>1,844</u>	<u>3,012</u>	<u>-</u>	<u>1,702</u>

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 26 February 2013 (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

On 22 October 2012, FACB Industries Incorporated Berhad ("FACBII") entered into a share sale agreement for the acquisition of 5,249,999 ordinary shares of RM1 each and 7,000,000 preference shares of RM1 each in Restonic (M) Sdn Bhd ("Restonic") representing 30% and 100% of the ordinary shares and preference shares respectively in Restonic from Pacific Brands Holdings Pty Ltd, a wholly-owned subsidiary of Pacific Brands Limited which is a publicly listed company incorporated in Victoria, Australia, for a total purchase consideration of RM6,709,955 fully satisfied via cash ("Acquisition"). As at 30 June 2012, FACBII owned 50% plus 1 ordinary share in Restonic. The Acquisition was completed on 30 October 2012, FACBII now own 80% of ordinary shares and 100% preference shares in Restonic.

A11 Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities of the Company as at 26 February 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM7 million (30 June 2012 : RM37 million) in respect of corporate guarantees extended in support of banking facilities/operations of the subsidiaries.

NOTES (IN COMPLIANCE WITH MFRS 134)**A12 Property/Disposal Group Held For Sale**

On 12 December 2012, FACBII announced the following :-

Its wholly-owned subsidiary, Kanzen Kagu Sdn Bhd ("KKSBB") had entered into a conditional sale and purchase agreement with Absolute Deal Sdn Bhd ("ADSB") for the proposed disposal by KKSBB of a parcel of leasehold industrial land erected upon with two detached factories and other supporting structures, measuring 81,520.56 square metres held under H.S.(D) 132498/ Lot PT 64, Section 23, City of Shah Alam, District of Petaling, Selangor Darul Ehsan (collectively referred to as the "Property") to ADSB for a total cash consideration of RM97.00 million; and

FACBII had entered into a conditional share sale agreement with Kentzu Steel for the proposed disposal by FACBII of 10,000,000 ordinary shares of RM1 each, representing 100% equity interest in Kanzen Tetsu Sdn Bhd ("KTSB") ("Sale Shares") to Kentzu Steel for a total cash consideration of RM34.50 million.

The decision to dispose its subsidiary, KTSB, which is involved in the manufacturing of stainless steel welded pipes and butt-weld fittings was due to substantial losses incurred for the past two financial years. The proposed disposals will allow the Group to rationalise its core businesses by disposing of its steel manufacturing business, which is mainly held via its subsidiaries, namely KTSB and KKSBB.

As at 31 December 2012, the Property of KKSBB and the assets and liabilities of KTSB have been presented on the Condensed Consolidated Statement of Financial Position as a property/disposal group held for sale and results of the subsidiary, KTSB is presented separately on the Condensed Consolidated Statement of Comprehensive Income as discontinued operation.

The results of the discontinued operation was as follows:-

	Current Quarter Ended <u>31/12/2012</u> RM'000	Comparative Quarter Ended <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2012</u> RM'000	6 Months Cumulative To Date <u>31/12/2011</u> RM'000
Revenue	26,261	33,692	56,390	71,106
Loss before taxation	(3,481)	(1,912)	(4,935)	(2,102)
Taxation	(2)	(40)	(4)	5
Net loss for the period from discontinued operation	(3,483)	(1,952)	(4,939)	(2,097)

NOTES (IN COMPLIANCE WITH MFRS 134)**A12 Property/Disposal Group Held For Sale (cont'd)**

The cashflows attributable to the discontinued operation were as follows:-

	Current Period Ended <u>31/12/2012</u> RM'000	Comparative Period Ended <u>31/12/2011</u> RM'000
Net cash from/(used in) operating activities	10,959	(9,277)
Net cash from/(used in) investing activities	18	(98)
Net cash (used in)/from financing activities	<u>(13,188)</u>	<u>7,766</u>
Total cash flows	<u>(2,211)</u>	<u>(1,609)</u>

The property and the major classes of assets and liabilities classified as assets and liabilities held for sale as at 31 December 2012 are as follows:-

	Carrying amounts as at 31/12/2012 <u>RM'000</u>
<u>Assets:</u>	
Property, plant and equipment	44,021
Inventories	44,683
Trade and other receivables	13,254
Cash and cash equivalents	<u>2,194</u>
Assets classified as held for sale	<u>104,152</u>
<u>Liabilities:</u>	
Trade and other payables	(2,937)
Bank borrowings	(17,992)
Tax liabilities	(382)
Deferred tax liabilities	(1,409)
Derivative liabilities	<u>(19)</u>
Liabilities classified as held for sale	<u>22,739</u>

A13 Other Event

On 6 December 2012, FACBII announced that the Company had entered into a settlement agreement with Dapan Holdings Sdn Bhd ("DHSB"), an indirectly wholly owned subsidiary of Karambunai Corp Bhd ("KCB") for the proposed capitalisation of debt owing by KCB to be fully satisfied via the issuance of new KCB Shares ("Settlement Shares") to FACBII at an issue price of RM0.1111 per ordinary share of RM0.10 each in KCB ("Proposed Capitalisation"). As at 30 November 2012, the debt owing by DHSB to FACBII, including all interest accumulated, amounted to RM35,633,818. Upon completion of the Proposed Capitalisation to FACBII, RM35,633,818 and the interest accumulated on the total debt due to FACBII shall be (and shall be deemed to be) fully and irrevocably settled, satisfied, released, discharged and cancelled by the issuance of the Settlement Shares and KCB and DHSB shall be (and will be deemed to be) irrevocably released from its obligations, claims and liabilities to FACBII in respect thereof. The total number of Settlement Shares to be issued to FACBII will depend on the total amount owing to FACBII by DHSB including interest that may be accrued preceding the announcement of the book closure date for the Proposed Rights Issue with Warrants.

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

For the current quarter, the Group reported a higher profit before taxation of RM3.73 million on the back of RM16.85 million in revenue as compared to a profit before taxation of RM2.05 million and revenue of RM28.17 million in the preceding year comparative quarter.

The bedding division recorded lower profit before taxation due to lower revenue and bad debts written off as well as warranty claim expenses incurred by a subsidiary in China. The other divisions reported lower revenue with an increase in profit before taxation mainly attributable to gain arising from disposal of an associate amounted to RM1.37 million. Higher profit contribution recorded from associates in the businesses of bedding and power generation.

(b) Current Period vs Preceding Year Comparative Period

For the first half of the financial year, the Group registered a profit before taxation of RM5.17 million compared with RM3.80 million in the comparative first half of the preceding financial year despite a 44% reduction in revenue to register at RM29.92 million as a result of cessation of carbon steel piping and slitting service operations in previous financial year. Higher gross profit margin was achieved at 28% compared to 16% in the comparative period.

The bedding division reported a lower profit before taxation due to lower revenue and loss suffered by a subsidiary in China as a result of the warranty claim and bad debts written off. The other divisions recorded higher profit before taxation mainly due to gain from disposal of an associate. Higher profit contribution recorded from associates 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 RM3.73 million for the current quarter compared with RM1.44 million registered in the immediate preceding quarter ended 30 September 2012. Revenue increased by 28% to RM16.85 million. The improved performance for the Group was contributed from bedding and other divisions as well as associates.

B3 Current Year Prospects

Subsequent to the disposal of the steel division, the Group is expected to perform positively for the remaining quarters of the financial year ending 30 June 2013.

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

	Current Quarter Ended <u>31/12/2012</u> RM'000	Comparative Quarter Ended <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2012</u> RM'000	6 Months Cumulative To Date <u>31/12/2011</u> RM'000
<u>Continuing Operations:</u>				
Bad debts written off	417	-	417	-
Depreciation of property, plant and equipment	379	468	761	932
Loss/(Gain) on disposal of property, plant and equipment	11	(3)	11	(3)
(Gain)/Loss on foreign exchange	(36)	28	171	(653)
Impairment loss on trade receivables	37	93	106	142
Interest expense	21	94	43	220
Interest income	(806)	(749)	(1,603)	(1,365)
Net fair value loss/(gain) on derivatives	-	7	-	(44)
<u>Discontinued Operation:</u>				
Depreciation of property, plant and equipment	724	802	1,460	1,607
Gain on disposal of property, plant and equipment	-	(72)	-	(72)
(Gain)/Loss on foreign exchange	(76)	187	70	4
Interest expense	236	594	531	1,114
Interest income	(4)	(20)	(19)	(27)
Net fair value loss/(gain) on derivatives	79	(176)	(80)	32

Apart from the above, there was no write off of inventories, 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.

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

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2012</u> RM'000	<u>Restated</u> Comparative Quarter Ended <u>31/12/2011</u> RM'000	6 Months Cumulative To Date <u>31/12/2012</u> RM'000	<u>Restated</u> 6 Months Cumulative To Date <u>31/12/2011</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	581	536	806	814
- Foreign	275	102	461	137
Overprovision in prior year - Malaysia	-	(514)	-	(514)
<u>Deferred tax</u>				
Reversal of temporary differences	-	(142)	3,671	(227)
Tax expense/(credit) from continuing operations	856	(18)	4,938	210
Discontinued operation				
- current year tax	2	4	4	8
- deferred tax	-	(480)	-	(529)
- underprovision of tax in prior year	-	516	-	516
	<u>2</u>	<u>40</u>	<u>4</u>	<u>(5)</u>
Total tax expense/(credit)	<u>858</u>	<u>22</u>	<u>4,942</u>	<u>205</u>

The effective tax rate of the Group (excluding the share of results of associates) for the current quarter to date was higher than the statutory rate due principally to the derecognition of unutilised tax losses as deferred tax asset and 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 except as disclosed in Notes A12 and A13.

B9 Group Borrowing

The Group's borrowing as at 31 December 2012 classified as liabilities held for sale (Note A12) 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	-	17,992	17,992

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

B10 Derivative Financial Instruments

As at 31 December 2012, the Group has the following outstanding derivative financial instruments classified as liabilities held for sale (Note A12):-

<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	4,592	4,611	19

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.

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.

	<u>Current Quarter Ended</u> <u>31/12/2012</u> RM'000	<u>Restated Comparative Quarter Ended</u> <u>31/12/2011</u> RM'000	<u>6 Months Cumulative To Date</u> <u>31/12/2012</u> RM'000	<u>Restated 6 Months Cumulative To Date</u> <u>31/12/2011</u> RM'000
Net (loss)/profit attributable to owners of the parent				
- continuing operations	2,267	1,171	(652)	2,261
- discontinued operation	(3,483)	(1,952)	(4,939)	(2,097)
	<u>(1,216)</u>	<u>(781)</u>	<u>(5,591)</u>	<u>164</u>

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

	As at <u>31/12/2012</u> RM'000	<u>Restated</u> As at <u>31/12/2011</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	35,922	50,336
- Unrealised	(1,999)	9,267
	<u>33,923</u>	<u>59,603</u>
Total share of retained profits from associates		
- Realised	4,319	2,445
- Unrealised	-	-
	<u>38,242</u>	<u>62,048</u>
Consolidation adjustments	(20)	(2,118)
Total Group retained profits as per unaudited consolidated financial statements	<u>38,222</u>	<u>59,930</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 27 February 2013