



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Third Quarter Ended 31 March 2013

(The figures have not been audited)

	Current Quarter Ended 31/03/2013 RM'000	Restated Comparative Quarter Ended 31/03/2012 RM'000	9 Months Cumulative To Date 31/03/2013 RM'000	Restated 9 Months Cumulative To Date 31/03/2012 RM'000
Continuing Operations				
Revenue	15,879	28,194	45,802	81,940
Direct operating costs	(11,486)	(26,167)	(33,055)	(71,259)
Gross profit	4,393	2,027	12,747	10,681
Other operating income	994	561	4,420	2,985
Operating expenses	(5,859)	(4,287)	(15,533)	(13,300)
Finance costs	(18)	(84)	(69)	(326)
Share of results of associates	831	398	3,047	1,482
Profit/(Loss) before taxation	341	(1,385)	4,612	1,522
Taxation	122	248	(4,816)	38
Net profit/(loss) for the period from continuing operations	463	(1,137)	(204)	1,560
Discontinued Operation				
Loss from discontinued operation, net of tax	(8,569)	(1,078)	(12,611)	(2,278)
Net loss for the period	(8,106)	(2,215)	(12,815)	(718)
Other comprehensive income				
Exchange differences on translation of foreign operations	1	165	(4)	(300)
Total comprehensive income for the period	(8,105)	(2,050)	(12,819)	(1,018)
Loss attributable to:				
Owners of the parent	(8,188)	(2,672)	(13,779)	(2,508)
Non-controlling interests	82	457	964	1,790
	(8,106)	(2,215)	(12,815)	(718)
Total comprehensive income attributable to:				
Owners of the parent	(8,187)	(2,507)	(13,783)	(2,808)
Non-controlling interests	82	457	964	1,790
	(8,105)	(2,050)	(12,819)	(1,018)
(Loss)/Earnings per share for (loss)/profit attributable to owners of the parent (sen):				
From continuing operations	0.45	(1.90)	(1.39)	(0.27)
From discontinued operation	(10.21)	(1.29)	(15.04)	(2.72)
	(9.76)	(3.19)	(16.43)	(2.99)
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 March 2013**

	Unaudited As At 31/03/2013 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	6,741	52,191	56,658
Capital work-in-progress	439	-	1,020
Associates	18,258	17,696	14,780
Available-for-sale investments	41	41	41
Deferred tax assets	395	2,657	10,932
	<u>25,874</u>	<u>72,585</u>	<u>83,431</u>
Current Assets			
Inventories	22,115	60,430	81,734
Trade and other receivables	55,750	76,652	86,097
Deposits, cash and bank balances	23,295	25,112	14,688
	<u>101,160</u>	<u>162,194</u>	<u>182,519</u>
Assets classified as held for sale (Note A12)	62,671	-	-
	<u>163,831</u>	<u>162,194</u>	<u>182,519</u>
Total Assets	<u>189,705</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	5,131	4,831	3,337
Retained earnings	30,010	43,813	59,766
Equity attributable to owners of the parent	<u>148,068</u>	<u>161,571</u>	<u>176,030</u>
Non-controlling interests	15,052	22,657	19,548
Total equity	<u>163,120</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	24,381	18,634	20,706
Derivative liabilities	-	99	73
Bank borrowings	-	31,180	48,896
Tax liabilities	217	441	526
	<u>24,598</u>	<u>50,354</u>	<u>70,201</u>
Liabilities classified as held for sale (Note A12)	1,790	-	-
	<u>26,388</u>	<u>50,354</u>	<u>70,201</u>
Total liabilities	<u>26,585</u>	<u>50,551</u>	<u>70,372</u>
Total Equity and Liabilities	<u>189,705</u>	<u>234,779</u>	<u>265,950</u>
Net Assets per share (RM)	1.77	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 March 2013

(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	-	-	-	-	(13,779)	(13,779)	964	(12,815)
Other comprehensive income	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive income for the period	-	-	-	(4)	(13,779)	(13,783)	964	(12,819)
Transfer	-	-	-	24	(24)	-	-	-
Dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,579)	(1,579)
Acquisition of non-controlling interest	-	-	-	-	-	-	(6,990)	(6,990)
Discount on acquisition of non-controlling interest	-	-	-	280	-	280	-	280
Balance at 31 March 2013	85,163	(1,225)	28,989	5,131	30,010	148,068	15,052	163,120
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 (loss)/profit for the period	-	-	-	-	(2,508)	(2,508)	1,790	(718)
Other comprehensive income	-	-	-	(300)	-	(300)	-	(300)
Total comprehensive income for the period	-	-	-	(300)	(2,508)	(2,808)	1,790	(1,018)
Transfer	-	-	-	19	(19)	-	-	-
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,363)	(1,363)
Balance at 31 March 2012	85,163	(1,225)	28,989	3,056	57,239	173,222	19,975	193,197

(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 March 2013

(The figures have not been audited)

	Current Period Ended 31/03/2013 RM'000	Comparative Period Ended 31/03/2012 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from - continuing operations	4,612	1,522
- discontinued operation	(12,628)	(2,783)
Adjustments for :-		
Share of results of associates	(3,047)	(1,482)
Depreciation of property, plant and equipment	3,020	3,787
Interest expense	693	1,933
Interest income	(2,497)	(2,200)
Inventories written down	1,479	-
Gain on disposal of an associate	(1,373)	-
Other non-cash items	921	(35)
Operating (loss)/profit before working capital changes	(8,820)	742
Net changes in current assets	44,324	18,462
Net changes in current liabilities	5,752	(3,846)
Cash generated from operations	41,256	15,358
Interest received	491	315
Income tax paid	(376)	(1,004)
Interest paid	(693)	(1,933)
Net cash from operating activities	40,678	12,736
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(330)	(555)
Capital work-in-progress incurred	(439)	-
Proceeds from disposal of property, plant and equipment	52	161
Proceed from disposal of investment in an associate	1,373	-
Acquisition of shares from non-controlling interest	(6,710)	-
Dividend received from associates	3,141	932
Net cash (used in)/from investing activities	(2,913)	538
Cash Flows from Financing Activities		
Repayment of borrowings	(31,180)	(6,200)
Dividend paid to non-controlling interests by subsidiaries	(1,578)	(1,363)
Net cash used in financing activities	(32,758)	(7,563)
Net increase in cash and cash equivalents	5,007	5,711
Effects of exchange rate changes	(182)	65
Cash and cash equivalents at beginning of the period	25,113	14,688
Cash and cash equivalents at end of the period	29,938	20,464
Cash and cash equivalents comprise :-		
Cash and bank balances	5,536	5,117
Deposits with licensed financial institutions	17,759	12,039
Cash and cash equivalents classified as held for sale (Note A12)	6,643	3,308
	29,938	20,464

(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 March 2012</u>	Effect of transition			
	<u>FRS</u> RM'000	<u>to MFRS</u> RM'000	<u>Discontinued Operation</u> RM'000	<u>MFRS</u> RM'000
Taxation	597	(54)	(505)	38

Reconciliation of Condensed Consolidated Statement of Financial Position

<u>As at 1 July 2011</u>	Effect of transition		
	<u>FRS</u> RM'000	<u>to MFRS</u> 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 March 2012</u>	Effect of transition		
	<u>FRS</u> RM'000	<u>to MFRS</u> RM'000	<u>MFRS</u> RM'000
Net deferred tax assets	8,167	3,768	11,935
Retained earnings	53,694	3,545	57,239
Non-controlling interests	19,752	223	19,975

<u>As at 30 June 2012</u>	Effect of transition		
	<u>FRS</u> RM'000	<u>to MFRS</u> 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 10, 12 and 127	Investment Entities	1 January 2014
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.

NOTES (IN COMPLIANCE WITH MFRS 134)**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 2013, 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 March 2013					
Revenue from					
continuing operations:					
External revenue	1,079	33,380	11,343	-	45,802
Inter-segment revenue	-	-	62	(62)	-
	<u>1,079</u>	<u>33,380</u>	<u>11,405</u>	<u>(62)</u>	<u>45,802</u>
Revenue from discontinued operation	<u>68,609</u>	-	-	-	<u>68,609</u>
Total	<u>69,688</u>	<u>33,380</u>	<u>11,405</u>	<u>(62)</u>	<u>114,411</u>
Results from continuing operations:					
Interest income	5	51	2,410	-	2,466
Interest expense	-	-	59	-	59
Depreciation	508	361	46	-	915
Gain on disposal of an associate	-	-	1,373	-	1,373
Reportable segment (loss)/profit before taxation	(1,719)	416	2,868	-	1,565
Share of results of associates	-	237	2,810	-	3,047
(Loss)/Profit before taxation	<u>(1,719)</u>	<u>653</u>	<u>5,678</u>	<u>-</u>	<u>4,612</u>
Loss before taxation from discontinued operation	<u>(12,628)</u>	-	-	-	<u>(12,628)</u>
Total	<u>(14,347)</u>	<u>653</u>	<u>5,678</u>	<u>-</u>	<u>(8,016)</u>

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 March 2012					
Revenue from					
continuing operations:					
External revenue	34,235	33,919	13,786	-	81,940
Inter-segment revenue	-	-	62	(62)	-
	<u>34,235</u>	<u>33,919</u>	<u>13,848</u>	<u>(62)</u>	<u>81,940</u>
Revenue from discontinued operation	<u>105,108</u>	-	-	-	<u>105,108</u>
Total	<u><u>139,343</u></u>	<u><u>33,919</u></u>	<u><u>13,848</u></u>	<u><u>(62)</u></u>	<u><u>187,048</u></u>
Results from continuing operations:					
Interest income	23	46	2,055	-	2,124
Interest expense	240	-	60	-	300
Depreciation	950	401	46	-	1,397
Reportable segment (loss)/profit before taxation	(4,467)	2,243	2,264	-	40
Share of results of associates	-	(7)	1,489	-	1,482
(Loss)/Profit before taxation	<u>(4,467)</u>	<u>2,236</u>	<u>3,753</u>	<u>-</u>	<u>1,522</u>
Loss before taxation from discontinued operation	<u>(2,783)</u>	-	-	-	<u>(2,783)</u>
Total	<u><u>(7,250)</u></u>	<u><u>2,236</u></u>	<u><u>3,753</u></u>	<u><u>-</u></u>	<u><u>(1,261)</u></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 23 May 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 23 May 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are RM0.53 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 Sdn Bhd 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 Sdn Bhd 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 disposal will allow the Group to rationalise its core businesses by disposing of its stainless steel pipe manufacturing business.

As at 31 December 2012 and 31 March 2013, the Property of KKSBB and the assets and liabilities of KTSB have been presented in the Condensed Consolidated Statement of Financial Position as “Assets classified as held for sale” and “Liabilities classified as held for sale”, and the results of KTSB are presented separately in the Condensed Consolidated Statement of Comprehensive Income as “Loss from discontinued operation, net of tax”.

The results of the discontinued operation were as follows:-

	Current Quarter Ended <u>31/03/2013</u> RM'000	Comparative Quarter Ended <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2013</u> RM'000	9 Months Cumulative To Date <u>31/03/2012</u> RM'000
Revenue	12,219	33,976	68,609	105,108
Loss before taxation	(8,590)	(1,578)	(12,628)	(2,783)
Taxation	21	500	17	505
Net loss for the period from discontinued operation	(8,569)	(1,078)	(12,611)	(2,278)

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 31/03/2013 RM'000	Comparative Period Ended 31/03/2012 RM'000
Net cash from/(used in) operating activities	26,756	(5,032)
Net cash from/(used in) investing activities	50	(127)
Net cash (used in)/from financing activities	(31,180)	411
Total cash flows	<u>(4,374)</u>	<u>(4,748)</u>

The property and the major classes of assets and liabilities classified as assets and liabilities held for sale as at 31 March 2013 are as follows:-

	Carrying amounts as at 31/03/2013 RM'000
<u>Assets:</u>	
Property, plant and equipment	42,584
Inventories	13,422
Other receivables	22
Cash and cash equivalents	6,643
Assets classified as held for sale	<u>62,671</u>
<u>Liabilities:</u>	
Other payables	(5)
Tax liabilities	(376)
Deferred tax liabilities	(1,409)
Liabilities classified as held for sale	<u>(1,790)</u>

A13 Other Event

On 6 December 2012, FACBII announced that the Company had entered into a settlement agreement with Karambunai Corp Bhd ("KCB") and its indirectly wholly owned subsidiary Dapan Holdings Sdn Bhd ("DHSB") for the proposed capitalisation of debt owing by DHSB 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 settled by the issuance of the Settlement Shares and KCB and DHSB shall be (and will be deemed to be) released from its obligations 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 KCB's announcement of the book closure date for its Proposed Rights Issue with Warrants.

NOTES (IN COMPLIANCE WITH MFRS 134)**A14 Material Event Subsequent to the End of the Interim Period**

Subsequent to the financial year-to-date and up to 23 May 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the share sale agreement dated 12 December 2012 in relation to the Proposed Disposal of KTSB was completed on 1 April 2013.

Save for the above, there was no material event as at 23 May 2013 that has been reflected in the current quarter and financial year-to-date under review.

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 profit before taxation of RM0.34 million on the back of RM15.88 million in revenue against loss before taxation of RM1.39 million and revenue of RM28.19 million in the preceding year comparative quarter.

The lower revenue was due to cessation of carbon steel operations since April 2012. The Malaysia bedding operations recorded higher profit before taxation with better revenue in view of the increase in promotional activities. While the China bedding operations recorded lower profit before taxation due to lower revenue and warranty claim expenses. Associates in power generation contributed higher profit after taxation to the Group due to better revenue and lower operating costs.

(b) Current Period vs Preceding Year Comparative Period

For the nine month period ended 31 March 2013, the Group recorded lower revenue of RM45.80 million compared to revenue of RM81.94 million for the nine months of preceding year, subsequent to the cessation of the carbon steel operations since April 2012. The Group achieved higher profit before taxation of RM4.61 million against RM1.52 million in the comparative period of the preceding year. The Group achieved higher gross profit margin at 28% compared to 13% in the comparative period.

The Malaysia bedding operations reported better results with the increase in promotional activities while the bedding operations in China suffered loss as a result of the warranty claims. The other division recorded higher profit before taxation mainly due to gain arising from disposal of an associate. Associates in China in the businesses of bedding and power generation contributed higher profit from better revenue and lower operating costs.

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

The Group reported profit before taxation of RM0.34 million for the current quarter compared with RM3.73 million registered in the immediate preceding quarter ended 31 December 2012. Revenue reduced to RM15.88 million. The unfavourable result was due to under performance from bedding and other divisions as well as lower contribution from associates in view of the slow market demand during the festive season.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B3 Current Year Prospects**

Subsequent to the disposal of KTSB, the Group is expected to perform positively for the remaining quarter 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.

B6 Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended <u>31/03/2013</u> RM'000	Comparative Quarter Ended <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2013</u> RM'000	9 Months Cumulative To Date <u>31/03/2012</u> RM'000
<u>Continuing Operations:</u>				
Bad debts written off	-	-	417	-
Depreciation of property, plant and equipment	154	465	915	1,397
Loss/(Gain) on disposal of property, plant and equipment	-	-	11	(3)
Loss/(Gain) on foreign exchange	60	623	231	(30)
Impairment loss on trade receivables	78	30	184	172
Interest expense	16	80	59	300
Interest income	(863)	(759)	(2,466)	(2,124)
Net fair value loss/(gain) on derivatives	-	1	-	(43)
Gain on disposal of an associate	-	-	(1,373)	-
<u>Discontinued Operation:</u>				
Depreciation of property, plant and equipment	645	783	2,105	2,390
Gain on disposal of property, plant and equipment	(51)	-	(51)	(72)
(Gain)/Loss on foreign exchange	(14)	31	56	35
Interest expense	103	519	634	1,633
Interest income	(12)	(49)	(31)	(76)
Inventories written down	1,479	-	1,479	-
Net fair value gain on derivatives	(19)	(44)	(99)	(12)

Apart from the above, there was no write off of inventories, 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>31/03/2013</u> RM'000	<u>Restated</u> Comparative Quarter Ended <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2013</u> RM'000	<u>Restated</u> 9 Months Cumulative To Date <u>31/03/2012</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	443	85	1,249	899
- Foreign	1	109	462	246
Overprovision in prior year - Malaysia	(566)	-	(566)	(514)
- Foreign	-	(12)	-	(12)
<u>Deferred tax</u>				
Reversal of temporary differences	-	(430)	3,671	(657)
Tax (credit)/expense from continuing operations	(122)	(248)	4,816	(38)
Discontinued operation				
- current year tax	(4)	4	-	12
- deferred tax	-	(504)	-	(1,033)
- under/(over)provision of tax in prior years	(17)	-	(17)	516
	(21)	(500)	(17)	(505)
Total tax (credit)/expense	(143)	(748)	4,799	(543)

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

There was no borrowing as at 31 March 2013.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 March 2013.

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>31/03/2013</u> RM'000	<u>Restated</u> Comparative Quarter Ended <u>31/03/2012</u> RM'000	9 Months Cumulative To Date <u>31/03/2013</u> RM'000	<u>Restated</u> 9 Months Cumulative To Date <u>31/03/2012</u> RM'000
Net (loss)/profit attributable to owners of the parent				
- continuing operations	381	(1,594)	(1,168)	(230)
- discontinued operation	(8,569)	(1,078)	(12,611)	(2,278)
	<u>(8,188)</u>	<u>(2,672)</u>	<u>(13,779)</u>	<u>(2,508)</u>

B14 Realised and Unrealised Profits or Losses

	As at <u>31/03/2013</u> RM'000	<u>Restated</u> As at <u>31/03/2012</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	29,242	46,998
- Unrealised	(1,849)	11,116
	<u>27,393</u>	<u>58,114</u>
Total share of retained profits from associates		
- Realised	2,664	1,242
- Unrealised	-	-
	<u>30,057</u>	<u>59,356</u>
Consolidation adjustments	(47)	(2,117)
Total Group retained profits as per unaudited consolidated financial statements	<u>30,010</u>	<u>57,239</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 29 May 2013