



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The First Quarter Ended 30 September 2013

(The figures have not been audited)

	Current Quarter Ended 30/09/2013 RM'000	Comparative Quarter Ended 30/09/2012 RM'000
Continuing Operations		
Revenue	15,241	7,388
Direct operating costs	(10,806)	(4,805)
Gross profit	4,435	2,583
Other operating income	62,849	952
Operating expenses	(4,636)	(3,372)
Finance costs	-	(7)
Share of results of associates	991	1,006
Profit before taxation	63,639	1,162
Taxation	955	(4,058)
Net profit/(loss) for the quarter from continuing operations	64,594	(2,896)
Discontinued Operations		
Profit/(Loss) from discontinued operations, net of tax (Note A12)	203	(1,205)
Net profit/(loss) for the quarter	64,797	(4,101)
Other comprehensive income		
Exchange differences on translation of foreign operations	2	(5)
Total comprehensive income for the quarter	64,799	(4,106)
Profit/(Loss) attributable to:		
Owners of the parent	64,284	(4,375)
Non-controlling interests	513	274
	64,797	(4,101)
Total comprehensive income attributable to:		
Owners of the parent	64,286	(4,380)
Non-controlling interests	513	274
	64,799	(4,106)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the parent (sen):		
From continuing operations	76.50	(3.90)
From discontinued operations	0.14	(1.32)
	76.64	(5.22)
Diluted	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 2013)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 September 2013

	Unaudited	Audited
	As At 30/09/2013 RM'000	As At 30/06/2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,418	6,725
Capital work-in-progress	248	1,133
Associates	20,885	19,894
Available-for-sale investments	41	41
Deferred tax assets	1,000	1,000
	29,592	28,793
Current Assets		
Inventories	16,442	17,611
Trade and other receivables	54,302	54,801
Deposits, cash and bank balances	148,989	59,931
	219,733	132,343
Asset classified as held for sale	-	35,029
	219,733	167,372
Total Assets	249,325	196,165
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	5,512	5,510
Retained earnings	100,125	35,841
Equity attributable to owners of the parent	218,564	154,278
Non-controlling interests	15,525	15,181
Total equity	234,089	169,459
Non-Current Liability		
Deferred tax liabilities	192	1,601
	192	1,601
Current Liabilities		
Trade and other payables	14,073	24,129
Tax liabilities	971	976
	15,044	25,105
Total liabilities	15,236	26,706
Total Equity and Liabilities	249,235	196,165
Net Assets per share (RM)	2.61	1.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The First Quarter Ended 30 September 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 2013	85,163	(1,225)	28,989	5,510	35,841	154,278	15,181	169,459
Net profit for the quarter	-	-	-	-	64,284	64,284	513	64,797
Other comprehensive income	-	-	-	2	-	2	-	2
Total comprehensive income for the quarter	-	-	-	2	64,284	64,286	513	64,799
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(169)	(169)
Balance at 30 September 2013	85,163	(1,225)	28,989	5,512	100,125	218,564	15,525	234,089
Balance at 30 June 2012	85,163	(1,225)	28,989	4,831	43,813	161,571	22,657	184,228
Net (loss)/profit for the quarter	-	-	-	-	(4,375)	(4,375)	274	(4,101)
Other comprehensive income	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive income for the quarter	-	-	-	(5)	(4,375)	(4,380)	274	(4,106)
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(98)	(98)
Balance at 30 September 2012	85,163	(1,225)	28,989	4,826	39,438	157,191	22,833	180,024

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The First Quarter Ended 30 September 2013***(The figures have not been audited)*

	Current Quarter Ended 30/09/2013 RM'000	Comparative Quarter Ended 30/09/2012 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from - continuing operations	63,639	1,162
- discontinued operations	203	(1,179)
Adjustments for :-		
Share of results of associates	(991)	(1,006)
Depreciation of property, plant and equipment	156	1,118
Interest expense	-	317
Interest income	(1,462)	(812)
Gain on disposal of property, plant and equipment	(60,961)	-
Other non-cash items	(81)	359
Operating profit/(loss) before working capital changes	503	(41)
Net changes in current assets	2,008	10,481
Net changes in current liabilities	(10,056)	(3,124)
Cash (used in)/generated from operations	(7,545)	7,316
Interest received	911	145
Income tax (paid)/refund	(470)	421
Interest paid	-	(317)
Net cash (used in)/from operating activities	(7,104)	7,565
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(100)	(1)
Capital work-in-progress incurred	(123)	-
Proceeds from disposal of property, plant and equipment	96,249	-
Dividend received from associates	161	1,512
Net cash from investing activities	96,187	1,511
Cash Flows from Financing Activities		
Repayment of borrowings	-	(7,728)
Dividend paid to non-controlling interest by a subsidiary	(169)	(98)
Net cash used in financing activities	(169)	(7,826)
Net increase in cash and cash equivalents	88,914	1,250
Effects of exchange rate changes	144	(220)
Cash and cash equivalents at beginning of the quarter	59,931	25,113
Cash and cash equivalents at end of the quarter	148,989	26,143
Cash and cash equivalents comprise :-		
Cash and bank balances	6,987	9,003
Deposits with licensed financial institutions	142,002	17,140
	148,989	26,143

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013)

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

The unaudited 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 unaudited condensed consolidated interim financial statements also comply with IAS 34 on Interim Financial Reporting issued by International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013.

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 2013 except for the following:-

(i) Adoption of New and Revised MFRSs, Amendments to MFRSs, IC Interpretations which are effective for financial period beginning 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119 (2011)	Employee Benefits
MFRS 127 (2011)	Separate Financial Statements
MFRS 128 (2011)	Investments in Associates and Joint Ventures
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRSs and IC Interpretation contained in the document entitled “Annual Improvements 2009-2011 Cycle”

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

The following are the MFRSs and Amendments to MFRSs that 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
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
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets 1 January 2014
MFRS 9 (IFRS 9 (2009))	Financial Instruments (IFRS 9 issued by IASB in November 2009) 1 January 2015
MFRS 9 (IFRS 9 (2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010) 1 January 2015

The adoption of the above MFRSs and Amendments to MFRSs 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 2013 was not qualified.

A3 Seasonal or Cyclical Factors

The Group's operations for the current quarter 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.

A5 Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in the previous financial years which have a material effect in the current quarter.

A6 Debt and Equity Securities

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

NOTES (IN COMPLIANCE WITH MFRS 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
For Current Quarter					
Ended 30 September 2013					
Revenue from					
continuing operations:					
External revenue	6,632	8,609	-	-	15,241
Inter-segment revenue	-	-	11	(11)	-
	<u>6,632</u>	<u>8,609</u>	<u>11</u>	<u>(11)</u>	<u>15,241</u>
Revenue from discontinued operations	-	-	332	-	332
Total	<u>6,632</u>	<u>8,609</u>	<u>343</u>	<u>(11)</u>	<u>15,573</u>
Results from continuing operations:					
Interest income	16	19	1,426	-	1,461
Depreciation	63	89	1	-	153
Reportable segment profit before taxation	5	398	62,245	-	62,648
Share of results of associates	-	150	841	-	991
Profit before taxation	<u>5</u>	<u>548</u>	<u>63,086</u>	<u>-</u>	<u>63,639</u>
Profit before taxation from discontinued operations	-	-	203	-	203
Total	<u>5</u>	<u>548</u>	<u>63,289</u>	<u>-</u>	<u>63,842</u>
For Comparative Quarter					
Ended 30 September 2012					
Revenue from					
continuing operations:					
External revenue	-	7,388	-	-	7,388
Inter-segment revenue	-	-	20	(20)	-
	<u>-</u>	<u>7,388</u>	<u>20</u>	<u>(20)</u>	<u>7,388</u>
Revenue from discontinued operations	30,129	1,821	3,865	-	35,815
Total	<u>30,129</u>	<u>9,209</u>	<u>3,885</u>	<u>(20)</u>	<u>43,203</u>
Results from continuing operations:					
Interest income	-	18	778	-	796
Depreciation	235	114	-	-	349
Reportable segment (loss)/profit before taxation	(326)	79	403	-	156
Share of results of associates	-	84	922	-	1,006
(Loss)/Profit before taxation	<u>(326)</u>	<u>163</u>	<u>1,325</u>	<u>-</u>	<u>1,162</u>
(Loss)/Profit before taxation from discontinued operations	(1,005)	(280)	106	-	(1,179)
Total	<u>(1,331)</u>	<u>(117)</u>	<u>1,431</u>	<u>-</u>	<u>(17)</u>

NOTES (IN COMPLIANCE WITH MFRS 134)**A9 Material Events Subsequent to the End of the Quarter under Review**

On 28 October 2013, FACB Industries Incorporated Berhad (“FACBII”) announced that the debt settlement of RM37,683,036 owing by Dapan Holdings Sdn Bhd (“DHSB”) to FACBII has been fully settled via the issuance and allotment of a total of 339,181,242 Settlement Shares by Karambunai Corp Bhd (“KCB”) to FACBII, which were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00am on 28 October 2013, marking the completion of the capitalisation of debt owing by DHSB to FACBII.

Save for the above, there was no material event from the end of the quarter to 21 November 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.

A10 Effect of Changes in the Composition of the Group

There was no changes in the composition of the Group during the current quarter.

A11 Changes in Contingent Liabilities or Contingent Assets

There was no contingent liabilities or contingent assets as at the date of this report which may have a material impact on the financial position of the Group.

A12 Discontinued Operations

In the previous financial year, the Group completed the disposal of its 100% equity interest in Kanzen Tetsu Sdn Bhd (“KTSB”) and 51% equity interest in Dreamland Qingdao Pte Ltd (“DQ”). The comparative results of KTSB and DQ have been re-presented to show the discontinued operations, net of tax separately from continuing operations in the Condensed Consolidated Statement of Comprehensive Income.

Nantong Dreamland Steel Products Co Ltd (“NDSP”), a 55%-owned subsidiary of Dreamland Spring Sdn Bhd, had ceased its operation in the previous financial year. The result of NDSP is presented separately in the Condensed Consolidated Statement of Comprehensive Income as “Profit/(Loss) from discontinued operation, net of tax”.

The results of the discontinued operations were as follows:-

	Current Quarter Ended 30/09/2013 RM’000	Comparative Quarter Ended 30/09/2012 RM’000
Revenue	332	35,815
Profit/(Loss) before taxation	203	(1,179)
Taxation	-	(26)
Net profit/(loss) for the quarter from discontinued operations	203	(1,205)

NOTES (IN COMPLIANCE WITH MFRS 134)**A12 Discontinued Operations (cont'd)**

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

	Current Quarter Ended <u>30/09/2013</u> RM'000	Comparative Quarter Ended <u>30/09/2012</u> RM'000
Net cash from operating activities	1,024	3,637
Net cash from/(used in) investing activities	97	(1)
Net cash used in financing activities	(169)	(7,826)
Total cash flows	<u>952</u>	<u>(4,190)</u>

A13 Other Events

On 16 July 2013, Kanzen Kagu Sdn Bhd, a wholly owned subsidiary of FACBII completed the disposal of a parcel of leasehold industrial land erected upon with two detached factories and other supporting structures ("the Property") for a total cash consideration of RM97.00 million.

FACBII had on 30 July 2013 mutually agreed with KCB and DHSB to extend the cut-off date until 31 January 2014 to fulfil the conditions as set out in the settlement agreement dated 6 December 2012 entered into between FACBII, KCB and DHSB in relation to the Proposed Capitalisation of debt owing by DHSB to FACBII. The Proposed Capitalisation of debt owing by DHSB to FACBII to be fully satisfied via the issuance of new ordinary shares of RM0.10 each in KCB to FACBII was approved by the shareholders by way of poll at the Extraordinary General Meeting held on 27 September 2013.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B1 Performance Review for Continuing Operations**

Current Quarter vs Preceding Year Comparative Quarter

For the current quarter, the Group reported a profit before taxation of RM63.64 million on the back of RM15.24 million in revenue compared to the profit before taxation of RM1.16 million and revenue of RM7.39 million in the preceding year comparative quarter.

The bedding operations in Malaysia recorded higher profit before taxation on the back of higher revenue and profit margin. The rebranding of Dreamland exercise has been carried out to improve the brand's presence in sales outlet and consumers. The stainless steel fitting recorded marginal profit as business operations stabilized since commencement of operation in the previous quarter. Profit contribution from associates in China continued to be consistent. Gain on disposal of the Property as disclosed in note A13 has been included under other operating income.

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

The Group registered higher revenue of RM15.24 million and profit before taxation of RM63.64 million for the current quarter as compared with the immediate preceding quarter ended 30 June 2013. Increase in revenue was due to higher revenue contribution from the stainless steel fitting operation. Higher profit in this quarter was due to gain from disposal of the Property as mentioned in note A13.

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

The Group expects to maintain positive results for the remaining quarters ending 30 June 2014.

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>30/09/2013</u> RM'000	Comparative Quarter Ended <u>30/09/2012</u> RM'000
<u>Continuing Operations:</u>		
Depreciation of property, plant and equipment	153	349
Gain on disposal of property, plant and equipment	(61,123)	-
(Gain)/Loss on foreign exchange	(188)	216
Impairment loss on trade receivables	58	69
Interest income	(1,461)	(796)
<u>Discontinued Operations:</u>		
Depreciation of property, plant and equipment	3	769
Loss on disposal of property, plant and equipment	162	-
Loss on foreign exchange	1	137
Interest expense	-	317
Interest income	(1)	(16)
Net fair value gain on derivatives	-	(159)

Apart from the above, there was no write off of receivables, write off of inventories, impairment of assets, gains or loss on disposal of quoted or unquoted investments and exceptional item for the current quarter.

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

Taxation comprises the following:-

	Current Quarter Ended <u>30/09/2013</u> RM'000	Comparative Quarter Ended <u>30/09/2012</u> RM'000
<u>Current tax</u>		
Current year - Malaysia	414	225
- Foreign	40	162
<u>Deferred tax</u>		
Reversal of temporary differences	(1,409)	3,671
Tax (credit)/expense from continuing operations	<u>(955)</u>	<u>4,058</u>
Discontinued Operations:		
<u>Current tax</u>		
Current year - Malaysia	-	2
- Foreign	-	24
	<u>-</u>	<u>26</u>
Total tax (credit)/expense	<u>(955)</u>	<u>4,084</u>

The effective tax rate of the Group (excluding the share of results of associates) for the current quarter was lower than the statutory rate due principally to certain income which is not subject to tax.

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

There was no borrowing as at 30 September 2013.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 30 September 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 Proposed or Declared

A 3.2% gross final dividend per ordinary shares less 25% tax in respect of the financial year ended 30 June 2013 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend which will be accounted for in the financial year ending 30 June 2014 when approved by shareholders.

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

The earnings/(loss) per share (basic) for the current quarter and preceding year corresponding quarter are calculated by dividing the Group's net profit/(loss) for the quarter 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>30/09/2013</u> RM'000	Comparative Quarter Ended <u>30/09/2012</u> RM'000
Net profit/(loss) attributable to owners of the parent		
- continuing operations	64,172	(3,270)
- discontinued operations	112	(1,105)
	<u>64,284</u>	<u>(4,375)</u>

B14 Realised and Unrealised Profits or Losses

	As at <u>30/09/2013</u> RM'000	As at <u>30/09/2012</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	95,049	39,010
- Unrealised	511	(1,937)
	<u>95,560</u>	<u>37,073</u>
Total share of retained profits from associates		
- Realised	4,605	2,385
- Unrealised	-	-
	<u>4,605</u>	<u>2,385</u>
Consolidation adjustments	(40)	(20)
Total Group retained profits as per unaudited consolidated financial statements	<u>100,125</u>	<u>39,438</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 27 November 2013