



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2015**
(The figures have not been audited)

	Current Quarter Ended 31/12/2015 RM'000	Comparative Quarter Ended 31/12/2014 RM'000	6 Months Cumulative To Date 31/12/2015 RM'000	6 Months Cumulative To Date 31/12/2014 RM'000
Continuing Operations				
Revenue	13,055	16,323	25,686	28,556
Direct operating costs	(9,318)	(12,065)	(18,289)	(21,654)
Gross profit	3,737	4,258	7,397	6,902
Other income	1,501	1,384	3,891	2,746
Operating expenses	(4,534)	(4,749)	(8,873)	(8,731)
Share of results of associates	1,556	1,798	3,146	2,910
Profit before tax	2,260	2,691	5,561	3,827
Taxation	(846)	(328)	(1,181)	(546)
Net profit for the period from continuing operations	1,414	2,363	4,380	3,281
Discontinued Operation				
Loss from discontinued operation, net of tax (Note A12)	-	(89)	-	(103)
Net profit for the period	1,414	2,274	4,380	3,178
Other comprehensive income				
Exchange differences on translation of foreign operation	1,771	6	1,788	8
Fair value adjustments of available-for-sale ("AFS") investments	(1,696)	(8,480)	(5,088)	(10,176)
Total comprehensive income/(loss) for the period	1,489	(6,200)	1,080	(6,990)
Profit attributable to:				
Owners of the parent	813	1,472	2,963	1,886
Non-controlling interests	601	802	1,417	1,292
	1,414	2,274	4,380	3,178

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2015 (Cont'd)**
(The figures have not been audited)

	Current Quarter Ended 31/12/2015 RM'000	Comparative Quarter Ended 31/12/2014 RM'000	6 Months Cumulative To Date 31/12/2015 RM'000	6 Months Cumulative To Date 31/12/2014 RM'000
Total comprehensive income/(loss) attributable to:				
Owners of the parent	96	(7,002)	(1,129)	(8,282)
Non-controlling interests	1,393	802	2,209	1,292
	<u>1,489</u>	<u>(6,200)</u>	<u>1,080</u>	<u>(6,990)</u>
Earnings/(Loss) per share for profit/(loss) attributable to owners of the parent (sen):				
From continuing operations	0.97	1.81	3.53	2.32
From discontinued operation	-	(0.06)	-	(0.07)
	<u>0.97</u>	<u>1.75</u>	<u>3.53</u>	<u>2.25</u>
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2015

	Unaudited As At 31/12/2015 RM'000	Audited As At 30/06/2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,735	5,857
Investment in associates	24,910	24,497
Available-for-sale investments	15,263	20,351
Deferred tax assets	1,000	1,000
	46,908	51,705
Current Assets		
Inventories	13,305	14,921
Trade and other receivables	19,957	18,221
Deposits, cash and bank balances	153,785	150,601
	187,047	183,743
Total Assets	233,955	235,448
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	(15,343)	(10,586)
Retained earnings	104,558	103,459
Equity attributable to owners of the parent	202,142	205,800
Non-controlling interests	20,046	18,643
Total equity	222,188	224,443
Non-Current Liability		
Deferred tax liabilities	110	110
	110	110
Current Liabilities		
Trade and other payables	10,574	10,364
Tax liabilities	1,083	531
	11,657	10,895
Total liabilities	11,767	11,005
Total Equity and Liabilities	233,955	235,448
Net Assets per share (RM)	2.41	2.45

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The Period Ended 31 December 2015***(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 2015	85,163	(1,225)	28,989	(10,586)	103,459	205,800	18,643	224,443
Net profit for the period	-	-	-	-	2,963	2,963	1,417	4,380
Other comprehensive income								
- Exchange differences on translation of foreign operation	-	-	-	996	-	996	792	1,788
- Fair value adjustments of AFS investments	-	-	-	(5,088)	-	(5,088)	-	(5,088)
Total comprehensive income for the period	-	-	-	(4,092)	2,963	(1,129)	2,209	1,080
Dividends paid	-	-	-	-	(2,097)	(2,097)	-	(2,097)
Deregistration of a subsidiary	-	-	-	(665)	233	(432)	(806)	(1,238)
Balance at 31 December 2015	85,163	(1,225)	28,989	(15,343)	104,558	202,142	20,046	222,188
Balance at 30 June 2014	85,163	(1,225)	28,989	(2,290)	101,060	211,697	17,092	228,789
Net profit for the period	-	-	-	-	1,886	1,886	1,292	3,178
Other comprehensive income								
- Exchange differences on translation of foreign operation	-	-	-	8	-	8	-	8
- Fair value adjustments of AFS investments	-	-	-	(10,176)	-	(10,176)	-	(10,176)
Total comprehensive loss for the period	-	-	-	(10,168)	1,886	(8,282)	1,292	(6,990)
Dividends paid	-	-	-	-	(2,349)	(2,349)	-	(2,349)
Balance at 31 December 2014	85,163	(1,225)	28,989	(12,458)	100,597	201,066	18,384	219,450

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The Period Ended 31 December 2015***(The figures have not been audited)*

	Current Period Ended 31/12/2015 RM'000	Comparative Period Ended 31/12/2014 RM'000
Cash Flows from Operating Activities		
Profit before tax from - continuing operations	5,561	3,827
- discontinued operation	-	(48)
Adjustments for :-		
Share of results of associates	(3,146)	(2,910)
Depreciation of property, plant and equipment	349	302
Impairment loss on trade receivables	118	139
Interest income	(2,863)	(2,590)
Gain on deregistration of a subsidiary	(517)	-
Other non-cash items	(22)	(66)
Operating loss before working capital changes	(520)	(1,346)
Net changes in current assets	2,474	(1,799)
Net changes in current liabilities	193	(669)
Cash generated from/(used in) operations	2,147	(3,814)
Interest received	2,857	2,516
Income tax paid	(898)	(1,141)
Net cash generated from/(used in) operating activities	4,106	(2,439)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(227)	(173)
Dividend received from associates	2,066	1,558
Net cash outflow on deregistration of a subsidiary	(721)	-
Net cash generated from investing activities	1,118	1,385
Cash Flows from Financing Activities		
Dividends paid	(2,097)	(2,349)
Net cash used in financing activities	(2,097)	(2,349)
Net increase/(decrease) in cash and cash equivalents	3,127	(3,403)
Effects of exchange rate changes	57	39
Cash and cash equivalents at the beginning of the period	150,601	151,685
Cash and cash equivalents at the end of the period	153,785	148,321
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	150,652	142,749
Cash and bank balances	3,133	5,572
	153,785	148,321

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015)

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 2015.

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 2015.

As at the date of authorisation of the interim financial statements, the Group has not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:-

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt the above MFRSs when they become effective.

NOTES (IN COMPLIANCE WITH MFRS 134)**A2 Qualification of Financial Statements**

The Group's most recent annual audited financial statements for the year ended 30 June 2015 was not qualified.

A3 Seasonal or Cyclical Factors

The Group's operations for the current quarter and financial year-to-date were not materially affected by any seasonal or cyclical factors.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year-to-date.

A5 Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in the previous interim period of the current financial year or changes in estimate of amounts reported in the previous financial years which have a material effect in the current quarter or the current financial year-to-date.

A6 Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 31 December 2015, 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

During the quarter ended 31 December 2015, a final single-tier dividend of 2.5% per ordinary share of RM1 each amounting to RM2,097,070 in respect of financial year ended 30 June 2015 was paid on 30 December 2015.

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 2015					
Revenue from					
continuing operations:					
External revenue	7,211	18,475	-	-	25,686
Inter-segment revenue	-	-	22	(22)	-
Total	<u>7,211</u>	<u>18,475</u>	<u>22</u>	<u>(22)</u>	<u>25,686</u>
Results from continuing operations:					
Interest income	8	21	2,834	-	2,863
Depreciation	185	164	-	-	349
Reportable segment (loss)/profit					
before tax	(1,322)	550	3,187	-	2,415
Share of results of associates	-	210	2,936	-	3,146
Total	<u>(1,322)</u>	<u>760</u>	<u>6,123</u>	<u>-</u>	<u>5,561</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 December 2014					
Revenue from					
continuing operations:					
External revenue	10,649	17,907	-	-	28,556
Inter-segment revenue	-	-	32	(32)	-
Total	10,649	17,907	32	(32)	28,556
Results from continuing operations:					
Interest income	3	27	2,558	-	2,588
Depreciation	150	151	1	-	302
Reportable segment (loss)/profit					
before tax	(1,326)	224	2,019	-	917
Share of results of associates	-	154	2,756	-	2,910
(Loss)/Profit before tax	(1,326)	378	4,775	-	3,827
Loss before tax from discontinued					
operation	-	-	(48)	-	(48)
Total	(1,326)	378	4,727	-	3,779

A9 Material Events Subsequent to the End of the Quarter under Review

There were no material events from the end of the quarter under review to 18 February 2016 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report) that have not been reflected in the current quarter and financial year-to-date.

A10 Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A11 Changes in Contingent Liabilities or Contingent Assets

There were 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 Operation

Nantong Dreamland Steel Products Co Ltd ("NDSP"), a 55%-owned subsidiary of Dreamland Spring Sdn Bhd ("DSS"), which was incorporated in The People's Republic of China, ceased its operation during the financial year 2013. The result of NDSP is presented separately in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income as "Loss from discontinued operation, net of tax".

On 11 September 2015, the Company announced that NDSP was deregistered and ceased to be a subsidiary of DSS.

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

The results of the discontinued operation were as follows:-

	Current Quarter Ended <u>31/12/2015</u> RM'000	Comparative Quarter Ended <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000
Revenue	-	-	-	-
Loss before tax	-	(34)	-	(48)
Taxation	-	(55)	-	(55)
Net loss for the period from discontinued operation	-	(89)	-	(103)

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

	Current Period Ended <u>31/12/2015</u> RM'000	Comparative Period Ended <u>31/12/2014</u> RM'000
Net cash used in operating activities	-	(75)
Total cash flows	-	(75)

The effect of deregistration of NDSP on the financial position of the Group was as follows:-

	RM'000
Cash and bank balances	1,602
Less : Non-controlling interest	(806)
Less : Realisation of translation reserve	(432)
Share of net assets	364
Add : Gain on deregistration	517
Distribution from deregistration	881
Less : Cash and bank balances deregistered	(1,602)
Net cash outflow on deregistration	(721)

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

For the current quarter, the Group reported a profit before tax of RM2.26 million on the back of RM13.06 million in revenue as compared to a profit before tax of RM2.69 million and revenue of RM16.32 million in the preceding year comparative quarter.

The bedding operations in Malaysia recorded higher profit before tax due to the improved in gross profit margin despite an 18% decline in revenue. The stainless steel fitting operation suffered higher loss before tax due to lower margin and sluggish international demand. The other segment recorded higher profit before tax mainly due to higher interest income. Lower profit contribution recorded from associates for current quarter due to decline earnings from power plant operations.

(b) Current Period vs Preceding Year Comparative Period

For the first half of the financial year, the Group reported a higher profit before tax of RM5.56 million compared with RM3.83 million in the comparative first half of the preceding financial year. Revenue declined by 10% to RM25.69 million whilst gross profit margin improved to 29% over 24% in the comparative period.

The bedding operations in Malaysia recorded better profit before tax and gross profit margin. The stainless steel fitting operation posted a loss before tax due to stiff competition from oversea manufacturers and the underlying sluggish international markets. Higher profit contribution recorded from associates in China mainly attributable to better results in both the businesses of power plants and bedding. Gain on deregistration of a subsidiary as disclosed in Note A12 has been included in other income.

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

The Group registered higher revenue of RM13.06 million for the current quarter compared with RM12.63 million registered in the immediate preceding quarter ended 30 September 2015 due to improved bedding revenue. A lower profit before tax of RM2.26 million versus RM3.30 million in the preceding quarter was recorded due to higher loss incurred in the stainless steel fitting operation.

B3 Current Year Prospects

The Group expects the prospects for the remaining quarters of the financial year ending 30 June 2016 to be challenging. Nonetheless, the Group's bedding and stainless steel fitting operations will continue to expand customer base and achieve efficiencies on cost management. With the strong fundamental in business operation, the Group expects a satisfactory result for the current 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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B6 Notes to the Condensed Consolidated Statement of Profit or Loss**

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

	Current Quarter Ended <u>31/12/2015</u> RM'000	Comparative Quarter Ended <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000
<u>Continuing Operations:</u>				
Depreciation of property, plant and equipment	175	149	349	302
Gain on deregistration of a subsidiary	-	-	(517)	-
Gain on foreign exchange	(27)	(132)	(420)	(148)
Impairment loss on trade receivables	66	139	118	139
Interest income	(1,448)	(1,344)	(2,863)	(2,588)
<u>Discontinued Operation:</u>				
Gain on foreign exchange	-	(1)	-	(1)
Interest income	-	(1)	-	(2)

Apart from the above, there were no interest expense, write off of receivables, write off of inventories, impairment of assets, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional item for the current quarter and financial year-to-date.

B7 Taxation

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2015</u> RM'000	Comparative Quarter Ended <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	391	325	697	543
- Foreign	455	3	484	3
Tax expense from continuing operations	846	328	1,181	546
Discontinued operation:				
Underprovision in prior years - Foreign	-	55	-	55
	-	55	-	55
Total tax expense	846	383	1,181	601

The effective tax rate of the Group (excluding the share of results of associates) for the current period to date was higher than the statutory rate due principally to certain expenses not being deductible for tax purposes.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B8 Status of Corporate Proposals**

There were 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 31 December 2015.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 December 2015.

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

No interim dividend has been recommended by the Board of Directors in respect of the current quarter and financial year-to-date.

B13 Earnings/(Loss) per Share

The earnings/(loss) per share (basic) for the current quarter and financial year-to-date are calculated by dividing the Group's net profit/(loss) 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>31/12/2015</u> RM'000	Comparative Quarter Ended <u>31/12/2014</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2014</u> RM'000
Net profit/(loss) attributable to owners of the parent				
- continuing operations	813	1,521	2,963	1,943
- discontinued operation	-	(49)	-	(57)
	<u>813</u>	<u>1,472</u>	<u>2,963</u>	<u>1,886</u>

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

	As at <u>31/12/2015</u> RM'000	As at <u>31/12/2014</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	101,517	96,524
- Unrealised	799	778
	<hr/> 102,316	<hr/> 97,302
Total share of retained profits from associates		
- Realised	2,308	3,353
- Unrealised	-	-
	<hr/> 104,624	<hr/> 100,655
Consolidation adjustments	(66)	(58)
Total Group retained profits as per unaudited consolidated financial statements	<hr/> <u>104,558</u>	<hr/> <u>100,597</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 24 February 2016