



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The First Quarter Ended 30 September 2016**
(The figures have not been audited)

	Current Quarter Ended 30/09/2016 RM'000	Comparative Quarter Ended 30/09/2015 RM'000
Revenue	11,598	12,631
Direct operating costs	(8,309)	(8,971)
Gross profit	3,289	3,660
Other income	1,792	2,390
Operating expenses	(3,969)	(4,339)
Share of results of associates	1,214	1,590
Profit before tax	2,326	3,301
Taxation	(384)	(335)
Net profit for the quarter	1,942	2,966
Other comprehensive income:		
Foreign currency translation differences	(721)	17
Fair value adjustment of available-for-sale ("AFS") investment	-	(3,392)
Total comprehensive income for the quarter	1,221	(409)
Profit attributable to:		
Owners of the parent	1,390	2,150
Non-controlling interests	552	816
	1,942	2,966
Total comprehensive income attributable to:		
Owners of the parent	995	(1,225)
Non-controlling interests	226	816
	1,221	(409)
Earnings per share for profit attributable to owners of the parent		
Basic (sen)	1.66	2.56
Diluted	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 2016)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 September 2016

	Unaudited	Audited
	As At 30/09/2016 RM'000	As At 30/06/2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,481	5,632
Investment in associates	25,080	24,560
Available-for-sale investment	18,655	18,655
Deferred tax assets	885	885
	50,101	49,732
Current Assets		
Inventories	12,500	12,175
Trade and other receivables	14,148	16,889
Deposits, cash and bank balances	157,899	156,385
	184,547	185,449
Total Assets	234,648	235,181
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	(12,234)	(11,839)
Retained earnings	107,628	106,238
Equity attributable to owners of the parent	208,321	207,326
Non-controlling interests	16,607	16,381
Total equity	224,928	223,707
Non-Current Liability		
Deferred tax liabilities	119	119
	119	119
Current Liabilities		
Trade and other payables	9,421	11,187
Tax liabilities	180	168
	9,601	11,355
Total liabilities	9,720	11,474
Total Equity and Liabilities	234,648	235,181
Net Assets per share (RM)	2.48	2.47

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The First Quarter Ended 30 September 2016

(The figures have not been audited)

In RM'000	← Attributable to Owners of the Parent →						Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings	Total		
Balance at 30 June 2016	85,163	(1,225)	28,989	(11,839)	106,238	207,326	16,381	223,707
Net profit for the quarter	-	-	-	-	1,390	1,390	552	1,942
Other comprehensive income								
- Foreign currency translation differences	-	-	-	(395)	-	(395)	(326)	(721)
Total comprehensive income for the quarter	-	-	-	(395)	1,390	995	226	1,221
Balance at 30 September 2016	85,163	(1,225)	28,989	(12,234)	107,628	208,321	16,607	224,928
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 quarter	-	-	-	-	2,150	2,150	816	2,966
Other comprehensive income								
- Foreign currency translation differences	-	-	-	17	-	17	-	17
- Fair value adjustment of AFS investment	-	-	-	(3,392)	-	(3,392)	-	(3,392)
Total comprehensive income for the quarter	-	-	-	(3,375)	2,150	(1,225)	816	(409)
Deregistration of a subsidiary	-	-	-	(665)	233	(432)	(806)	(1,238)
Balance at 30 September 2015	85,163	(1,225)	28,989	(14,626)	105,842	204,143	18,653	222,796

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The First Quarter Ended 30 September 2016***(The figures have not been audited)*

	Current Quarter Ended 30/09/2016 RM'000	Comparative Quarter Ended 30/09/2015 RM'000
Cash Flows from Operating Activities		
Profit before tax	2,326	3,301
Adjustments for :-		
Share of results of associates	(1,214)	(1,590)
Depreciation of property, plant and equipment	179	174
Impairment loss on trade receivables	27	52
Interest income	(1,515)	(1,415)
Gain on deregistration of a subsidiary	-	(517)
Other non-cash items	(11)	(99)
Operating loss before working capital changes	(208)	(94)
Net changes in current assets	2,485	450
Net changes in current liabilities	(1,728)	228
Cash generated from operations	549	584
Interest received	1,513	1,399
Income tax paid	(495)	(519)
Net cash generated from operating activities	<u>1,567</u>	<u>1,464</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(28)	(227)
Dividends received from associates	-	1,816
Net cash outflow on deregistration of a subsidiary	-	(721)
Net cash (used in)/generated from investing activities	<u>(28)</u>	<u>868</u>
Net increase in cash and cash equivalents	1,539	2,332
Effects of exchange rate changes	(24)	17
Cash and cash equivalents at the beginning of the quarter	154,814	149,031
Cash and cash equivalents at the end of the quarter	<u>156,329</u>	<u>151,380</u>
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	151,157	149,586
Cash and bank balances	6,742	3,364
	<u>157,899</u>	<u>152,950</u>
Deposits pledged to licensed bank	(1,570)	(1,570)
	<u>156,329</u>	<u>151,380</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

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 2016.

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 2016.

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
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
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.

A2 Qualification of Financial Statements

The Group’s most recent annual audited financial statements for the year ended 30 June 2016 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.

NOTES (IN COMPLIANCE WITH MFRS 134)**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 2016, 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.

A8 Reportable Segments

	<u>Bedding</u>	<u>Steel</u>	<u>All Other</u> <u>Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
For Current Quarter					
Ended 30 September 2016					
External revenue	8,101	3,497	-	-	11,598
Inter-segment revenue	-	-	11	(11)	-
	<u>8,101</u>	<u>3,497</u>	<u>11</u>	<u>(11)</u>	<u>11,598</u>
Segment results:					
Interest income	12	4	1,499	-	1,515
Depreciation	86	93	-	-	179
Reportable segment profit/(loss)					
before tax	231	(399)	1,280	-	1,112
Share of results of associates	109	-	1,105	-	1,214
Profit/(Loss) before tax	<u>340</u>	<u>(399)</u>	<u>2,385</u>	<u>-</u>	<u>2,326</u>
For Comparative Quarter					
Ended 30 September 2015					
External revenue	8,729	3,902	-	-	12,631
Inter-segment revenue	-	-	11	(11)	-
	<u>8,729</u>	<u>3,902</u>	<u>11</u>	<u>(11)</u>	<u>12,631</u>
Segments results:					
Interest income	10	4	1,401	-	1,415
Depreciation	82	92	-	-	174
Reportable segment profit/(loss)					
before tax	77	(327)	1,961	-	1,711
Share of results of associates	102	-	1,488	-	1,590
Profit/(Loss) before tax	<u>179</u>	<u>(327)</u>	<u>3,449</u>	<u>-</u>	<u>3,301</u>

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

There were no material events from the end of the quarter to 17 November 2016 (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.

NOTES (IN COMPLIANCE WITH MFRS 134)**A10 Effect of Changes in the Composition of the Group**

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

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.

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

Current Quarter vs Preceding Year Comparative Quarter

For the current quarter, the Group reported a lower profit before tax of RM2.33 million on the back of RM11.60 million in revenue compared with the profit before tax of RM3.30 million and revenue of RM12.63 million in the preceding year comparative quarter.

The bedding operations in Malaysia reported a reduction in revenue mainly due to lower consumers' sales. It registered a higher profit before tax from improved margin. The stainless steel fitting operation reported higher loss before tax and lower revenue due to weak selling prices. Associates in China in the businesses of power generation contributed lower profit. The higher profit before tax in preceding year comparative quarter was mainly due to gain on deregistration of a subsidiary.

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

The Group registered lower revenue of RM11.60 million and profit before tax of RM2.33 million for the current quarter as compared with the immediate preceding quarter revenue of RM15.01 million and profit before tax of RM2.71 million. The better performance in the immediate preceding quarter was due the seasonally high sales in the final financial quarter of bedding operation. Associates in China contributed better profit this quarter.

B3 Current Year Prospects

The Group expects the prospects for the remaining quarters ending 30 June 2017 to be challenging due to current uncertainties in global economy. The Group's bedding and stainless steel fitting operations will continue to expand customer base and achieve efficiencies on cost management. Investments in China are expected to contribute positively.

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>30/09/2016</u> RM'000	Comparative Quarter Ended <u>30/09/2015</u> RM'000
Depreciation of property, plant and equipment	179	174
Gain on foreign exchange	(99)	(393)
Gain on deregistration of a subsidiary	-	(517)
Impairment loss on trade receivables	27	52
Interest income	(1,515)	(1,415)

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

B7 Taxation

Taxation comprises the following:-

	Current Quarter Ended <u>30/09/2016</u> RM'000	Comparative Quarter Ended <u>30/09/2015</u> RM'000
<u>Current tax</u>		
Current year - Malaysia	342	306
- Foreign	42	29
Total tax expense	<u>384</u>	<u>335</u>

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

B8 Status of Corporate Proposals

There were no outstanding corporate proposals 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 2016.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 30 September 2016.

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 final 2.5% single-tier dividend per ordinary share in respect of the financial year ended 30 June 2016 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 2017 when approved by shareholders.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B13 Earnings per Share**

The earnings per share (basic) for the current quarter and preceding year comparative quarter are calculated by dividing the Group's net profit 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.

B14 Realised and Unrealised Profits or Losses

	As at 30/09/2016 RM'000	As at 30/09/2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	104,129	101,147
- Unrealised	689	913
	104,818	102,060
Total share of retained profits from associates		
- Realised	2,894	3,848
- Unrealised	-	-
	107,712	105,908
Consolidation adjustments	(84)	(66)
Total Group retained profits as per unaudited consolidated financial statements	107,628	105,842

By Order of the Board
FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)
Group Company Secretary

Kuala Lumpur
Date : 23 November 2016