



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 2016**
(The figures have not been audited)

	Current Quarter Ended 31/12/2016 RM'000	Comparative Quarter Ended 31/12/2015 RM'000	6 Months Cumulative To Date 31/12/2016 RM'000	6 Months Cumulative To Date 31/12/2015 RM'000
Revenue	15,390	13,055	26,988	25,686
Direct operating costs	(10,646)	(9,318)	(18,955)	(18,289)
Gross profit	4,744	3,737	8,033	7,397
Other income	1,579	1,501	3,371	3,891
Operating expenses	(4,773)	(4,534)	(8,742)	(8,873)
Share of results of associates	(346)	1,556	868	3,146
Profit before tax	1,204	2,260	3,530	5,561
Taxation	(421)	(846)	(805)	(1,181)
Net profit for the period	783	1,414	2,725	4,380
Other comprehensive income:				
Foreign currency translation reserve	-	1,771	(721)	1,788
Fair value adjustment of available- for-sale ("AFS") investment	(1,696)	(1,696)	(1,696)	(5,088)
Total comprehensive income for the period	(913)	1,489	308	1,080
Profit attributable to:				
Owners of the parent	970	813	2,360	2,963
Non-controlling interests	(187)	601	365	1,417
	783	1,414	2,725	4,380
Total comprehensive income attributable to:				
Owners of the parent	(726)	96	269	(1,129)
Non-controlling interests	(187)	1,393	39	2,209
	(913)	1,489	308	1,080
Earnings per share for profit attributable to owners of the parent :				
Basic (sen)	1.16	0.97	2.81	3.53
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 2016)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2016

	Unaudited As At 31/12/2016 RM'000	Audited As At 30/06/2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,328	5,632
Investment in associates	24,734	24,560
Available-for-sale investment	16,959	18,655
Deferred tax assets	885	885
	47,906	49,732
Current Assets		
Inventories	12,799	12,175
Trade and other receivables	17,466	16,889
Deposits, cash and bank balances	155,434	156,385
	185,699	185,449
Total Assets	233,605	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	(13,930)	(11,839)
Retained earnings	108,598	106,238
Equity attributable to owners of the parent	207,595	207,326
Non-controlling interests	16,280	16,381
Total equity	223,875	223,707
Non-Current Liability		
Deferred tax liabilities	119	119
	119	119
Current Liabilities		
Trade and other payables	9,349	11,187
Tax liabilities	262	168
	9,611	11,355
Total liabilities	9,730	11,474
Total Equity and Liabilities	233,605	235,181
Net Assets per share (RM)	2.47	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 Period Ended 31 December 2016***(The figures have not been audited)*

In RM'000	← Attributable to Owners of the Parent →					Total	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Retained Earnings			
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 period	-	-	-	-	2,360	2,360	365	2,725
Other comprehensive income								
- Foreign currency translation differences	-	-	-	(395)	-	(395)	(326)	(721)
- Fair value adjustment of AFS investment	-	-	-	(1,696)	-	(1,696)	-	(1,696)
Total comprehensive income for the period	-	-	-	(2,091)	2,360	269	39	308
Dividends to non-controlling interest of a subsidiary	-	-	-	-	-	-	(140)	(140)
Balance at 31 December 2016	85,163	(1,225)	28,989	(13,930)	108,598	207,595	16,280	223,875
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								
- Foreign currency translation differences	-	-	-	996	-	996	792	1,788
- Fair value adjustment of AFS investment	-	-	-	(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

(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 Period Ended 31 December 2016***(The figures have not been audited)*

	Current Period Ended 31/12/2016 RM'000	Comparative Period Ended 31/12/2015 RM'000
Cash Flows from Operating Activities		
Profit before tax	3,530	5,561
Adjustments for :-		
Share of results of associates	(868)	(3,146)
Depreciation of property, plant and equipment	355	349
Impairment loss on trade receivables	88	118
Interest income	(2,989)	(2,863)
Gain on deregistration of a subsidiary	-	(517)
Other non-cash items	(48)	(22)
Operating profit/(loss) before working capital changes	68	(520)
Net changes in current assets	(993)	2,474
Net changes in current liabilities	(1,801)	193
Cash (used in)/generated from operations	(2,726)	2,147
Interest received	2,912	2,857
Income tax paid	(922)	(898)
Net cash (used in)/generated from operating activities	(736)	4,106
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(51)	(227)
Dividend received from associates	-	2,066
Net cash outflow on deregistration of a subsidiary	-	(721)
Net cash (used in)/generated from investing activities	(51)	1,118
Cash Flows from Financing Activities		
Dividends paid	-	(2,097)
Dividends paid to non-controlling interest by a subsidiary	(140)	-
Net cash used in financing activities	(140)	(2,097)
Net (decrease)/increase in cash and cash equivalents	(927)	3,127
Effects of exchange rate changes	(24)	57
Cash and cash equivalents at the beginning of the period	154,815	149,031
Cash and cash equivalents at the end of the period	153,864	152,215
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	151,593	150,652
Cash and bank balances	3,841	3,133
	155,434	153,785
Deposits pledged to licensed bank	(1,570)	(1,570)
	153,864	152,215

(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
Annual Improvements to MFRSs 2014-2016 Cycle :	
• Amendments to MFRS12 Disclosure of Interests in Other Entities	1 January 2017
• Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
• Amendments to MFRS 128 Investments in Associates and Joint Ventures	1 January 2018
MFRS 9 Financial Instruments (IFRS 9 as 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
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	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
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 paragraphs 46 and 48

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 2016 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 2016, total shares repurchased were 1,279,700 and all the shares repurchased were held as treasury shares.

A7 Dividend Paid

No dividend was paid during the quarter and financial year-to-date.

A8 Reportable Segments

	<u>Bedding</u>	<u>Steel</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 2016					
External revenue	19,789	7,199	-	-	26,988
Inter-segment revenue	-	-	22	(22)	-
	<u>19,789</u>	<u>7,199</u>	<u>22</u>	<u>(22)</u>	<u>26,988</u>
Segment results:					
Interest income	23	7	2,959	-	2,989
Depreciation	167	187	1	-	355
Reportable segment profit/(loss) before tax	586	(451)	2,527	-	2,662
Share of results of associates	275	-	593	-	868
Profit/(Loss) before tax	<u>861</u>	<u>(451)</u>	<u>3,120</u>	<u>-</u>	<u>3,530</u>

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

	<u>Bedding</u>	<u>Steel</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 2015					
External revenue	18,475	7,211	-	-	25,686
Inter-segment revenue	-	-	22	(22)	-
	<u>18,475</u>	<u>7,211</u>	<u>22</u>	<u>(22)</u>	<u>25,686</u>
Segment results:					
Interest income	21	8	2,834	-	2,863
Depreciation	164	185	-	-	349
Reportable segment profit/(loss) before tax	550	(1,322)	3,187	-	2,415
Share of results of associates	210	-	2,936	-	3,146
Profit/(Loss) before tax	<u>760</u>	<u>(1,322)</u>	<u>6,123</u>	<u>-</u>	<u>5,561</u>

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 10 February 2017 (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.

On 6 February 2017, the Company announced that its wholly-owned subsidiary, Global Glistar Limited which was incorporated in Hong Kong has been deregistered on 27 January 2017 by Companies Registry in Hong Kong.

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****(a) Current Quarter vs Preceding Year Comparative Quarter**

For the current quarter, the Group reported a profit before tax of RM1.20 million on the back of RM15.39 million in revenue as compared to a profit before tax of RM2.26 million and revenue of RM13.06 million in the preceding year comparative quarter.

The bedding operations in Malaysia recorded better profit before tax on the back of a 20% increase in revenue. The stainless steel fitting operation posted a reduced loss before tax attributable to the increased sales volume and encouraging profit margin. The other segment recorded higher profit before tax mainly due to higher interest income. Loss recorded from associates in power business due to the distribution of incentives to ex-shareholders.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B1 Performance Review (cont'd)****(b) Current Period vs Preceding Year Comparative Period**

For the first half of the financial year, the Group reported a lower profit before tax of RM3.53 million compared with RM5.56 million in the comparative first half of the preceding financial year. Revenue increased by 5% to RM26.99 million while gross profit margin improved one percentage point to 30% over the comparative period.

The bedding operations in Malaysia reported better revenue and profit before tax. The stainless steel fitting operation posted a lower loss before tax due to improved gross profit margin. Lower profit contribution recorded from associates in China mainly due to decline in earnings from power plant operations which resulted from reason as disclosed in Note B1(a) above. Higher other income in comparative period 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 higher revenue of RM15.39 million for the current quarter compared with RM11.60 million registered in the immediate preceding quarter ended 30 September 2016 due to improved bedding revenue. A lower profit before tax of RM1.20 million versus RM2.33 million in the immediate preceding quarter was recorded due to loss incurred in associates in China.

B3 Current Year Prospects

The Group expects the prospects for the remaining quarters ending 30 June 2017 to remain challenging as the weakening of the Ringgit still persist in spite of the recent upward crude oil prices. The bedding and stainless steel fitting operations will continue to expand their customer base and improve their efficiencies on cost management.

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 Profit or Loss

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

	Current Quarter Ended <u>31/12/2016</u> RM'000	Comparative Quarter Ended <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000
Depreciation of property, plant and equipment	176	175	355	349
Gain on deregistration of a subsidiary	-	-	-	(517)
Gain on foreign exchange	(105)	(27)	(204)	(420)
Impairment loss on trade receivables	61	66	88	118
Interest income	(1,474)	(1,448)	(2,989)	(2,863)

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 investments, gain or loss on derivatives and exceptional item for the current quarter and financial year-to-date.

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

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2016</u> RM'000	Comparative Quarter Ended <u>31/12/2015</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2015</u> RM'000
<u>Current tax</u>				
Current year – Malaysia	421	391	763	697
- Foreign	-	455	42	484
Total tax expense	421	846	805	1,181

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.

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 2016.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 December 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) No interim dividend has been recommended by the Board of Directors in respect of the current quarter and financial year-to-date.

(b) A final single-tier dividend of 2.5% per ordinary share of RM1 each in respect of the financial year ended 30 June 2016 amounting to RM2,097,070 has been approved by the shareholders at the Thirty Seventh Annual General Meeting and paid on 19 January 2017.

B13 Earnings per Share

The earnings per share (basic) for the current quarter and financial year-to-date are calculated by dividing the Group's net 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.

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

	As at <u>31/12/2016</u> RM'000	As at <u>31/12/2015</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	105,177	101,517
- Unrealised	726	799
	<u>105,903</u>	<u>102,316</u>
Total share of retained profits from associates		
- Realised	2,779	2,308
- Unrealised	-	-
	<u>108,682</u>	<u>104,624</u>
Consolidation adjustments	(84)	(66)
Total Group retained profits as per unaudited consolidated financial statements	<u>108,598</u>	<u>104,558</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 15 February 2017