



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 2017**  
*(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2017 RM'000</b>	<b>Comparative Quarter Ended 30/09/2016 RM'000</b>
<b>Continuing Operations</b>		
Revenue	8,787	8,101
Direct operating costs	(5,577)	(5,154)
Gross profit	3,210	2,947
Other income	1,565	1,689
Operating expenses	(3,389)	(3,128)
Share of results of associates	759	1,214
Profit before tax	2,145	2,722
Taxation	(322)	(384)
Net profit for the quarter from continuing operations	1,823	2,338
<b>Discontinued Operation</b>		
Loss from discontinued operation, net of tax (Note A12)	(458)	(396)
Net profit for the quarter	1,365	1,942
Other comprehensive income:		
Foreign currency translation differences	339	(721)
Total comprehensive income for the quarter	1,704	1,221
Profit attributable to:		
Owners of the parent	994	1,390
Non-controlling interests	371	552
	1,365	1,942
Total comprehensive income attributable to:		
Owners of the parent	1,321	995
Non-controlling interests	383	226
	1,704	1,221
Earnings/(Loss) per share for profit attributable to owners of the parent:		
Basic (sen) - From continuing operations	1.73	2.13
- From discontinued operation	(0.55)	(0.47)
Total	1.18	1.66
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 2017)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At 30 September 2017**

	Unaudited As At 30/09/2017 RM'000	Audited As At 30/06/2017 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	5,218	5,283
Investment in associates	25,738	24,653
Available-for-sale investment	20,351	20,351
Deferred tax assets	1,100	1,100
	52,407	51,387
<b>Current Assets</b>		
Inventories	13,716	13,665
Trade and other receivables	12,798	14,174
Deposits, cash and bank balances	162,988	160,545
	189,502	188,384
<b>Total Assets</b>	241,909	239,771
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	(11,833)	(12,165)
Retained earnings	113,645	112,656
Equity attributable to owners of the parent	214,739	213,418
Non-controlling interests	18,942	18,582
<b>Total equity</b>	233,681	232,000
<b>Non-Current Liability</b>		
Deferred tax liabilities	150	150
	150	150
<b>Current Liabilities</b>		
Trade and other payables	7,868	7,410
Tax liabilities	210	211
	8,078	7,621
<b>Total liabilities</b>	8,228	7,771
<b>Total Equity and Liabilities</b>	241,909	239,771
Net Assets per share (RM)	2.56	2.54

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For The First Quarter Ended 30 September 2017**

*(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			
<b>At 30 June 2017</b>	85,163	(1,225)	28,989	(12,165)	112,656	213,418	18,582	232,000
Net profit for the quarter	-	-	-	-	994	994	371	1,365
Other comprehensive income								
- Foreign currency translation differences	-	-	-	327	-	327	12	339
Total comprehensive income for the quarter	-	-	-	327	994	1,321	383	1,704
Transfer	-	-	-	5	(5)	-	-	-
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(23)	(23)
<b>At 30 September 2017</b>	<b>85,163</b>	<b>(1,225)</b>	<b>28,989</b>	<b>(11,833)</b>	<b>113,645</b>	<b>214,739</b>	<b>18,942</b>	<b>233,681</b>
<b>At 30 June 2016</b>	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
<b>At 30 September 2016</b>	<b>85,163</b>	<b>(1,225)</b>	<b>28,989</b>	<b>(12,234)</b>	<b>107,628</b>	<b>208,321</b>	<b>16,607</b>	<b>224,928</b>

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For The First Quarter Ended 30 September 2017***(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2017 RM'000</b>	<b>Comparative Quarter Ended 30/09/2016 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) before tax from - continuing operations	2,145	2,722
- discontinued operation	(458)	(396)
Adjustments for :-		
Share of results of associates	(759)	(1,214)
Depreciation of property, plant and equipment	186	179
Impairment loss on trade receivables	-	27
Interest income	(1,513)	(1,515)
Other non-cash items	13	(11)
Operating loss before working capital changes	(386)	(208)
Net changes in current assets	696	2,485
Net changes in current liabilities	453	(1,728)
Cash generated from operations	763	549
Interest received	2,121	1,513
Income tax paid	(307)	(495)
Net cash generated from operating activities	<u>2,577</u>	<u>1,567</u>
<b>Cash Flows from Investing Activity</b>		
Purchase of property, plant and equipment	(121)	(28)
Net cash used in investing activity	<u>(121)</u>	<u>(28)</u>
<b>Cash Flows from Financing Activity</b>		
Dividend paid to non-controlling interest by a subsidiary	(23)	-
Net cash used in financing activity	<u>(23)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,433	1,539
Effects of exchange rate changes	10	(24)
Cash and cash equivalents at the beginning of the quarter	158,975	154,814
Cash and cash equivalents at the end of the quarter	<u>161,418</u>	<u>156,329</u>
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	157,737	151,157
Cash and bank balances	5,251	6,742
	162,988	157,899
Deposits pledged to licensed bank	(1,570)	(1,570)
	<u>161,418</u>	<u>156,329</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)**

**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 2017.

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 2017.

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

	<b>Effective dates for financial periods beginning on or after</b>
Annual Improvements to MFRSs 2014-2016 Cycle :	
• Amendments to MFRS 1	1 January 2018
• Amendments to MFRS 128	1 January 2018
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 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts 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
IC Interpretation 23	Uncertainty over Income Tax Treatments 1 January 2019
MFRS 16	Leases 1 January 2019
MFRS 17	Insurance Contracts 1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred until further notice

Note : \* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

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 2017 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 2017, 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 current quarter.

**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
<b>For Current Quarter</b>					
<b>Ended 30 September 2017</b>					
Revenue from					
continuing operations:					
External revenue	8,787	-	-	-	8,787
Inter-segment revenue	-	-	8	(8)	-
	8,787	-	8	(8)	8,787
Revenue from					
discontinued operation	-	3,583	3	(3)	3,583
<b>Total</b>	<b>8,787</b>	<b>3,583</b>	<b>11</b>	<b>(11)</b>	<b>12,370</b>
Results from continuing operations:					
Interest income	11	-	1,492	-	1,503
Depreciation	92	-	-	-	92
Reportable segment profit before tax	147	-	1,239	-	1,386
Share of results of associates	60	-	699	-	759
<b>Profit before tax</b>	<b>207</b>	<b>-</b>	<b>1,938</b>	<b>-</b>	<b>2,145</b>
Loss before tax from					
discontinued operation	-	(458)	-	-	(458)
<b>Total</b>	<b>207</b>	<b>(458)</b>	<b>1,938</b>	<b>-</b>	<b>1,687</b>

**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
<b>For Comparative Quarter Ended 30 September 2016</b>					
Revenue from					
continuing operations:					
External revenue	8,101	-	-	-	8,101
Inter-segment revenue	-	-	8	(8)	-
	<u>8,101</u>	<u>-</u>	<u>8</u>	<u>(8)</u>	<u>8,101</u>
Revenue from					
discontinued operation	-	3,497	3	(3)	3,497
Total	<u>8,101</u>	<u>3,497</u>	<u>11</u>	<u>(11)</u>	<u>11,598</u>
Results from continuing operations:					
Interest income	12	-	1,499	-	1,511
Depreciation	86	-	-	-	86
Reportable segment profit before tax	231	-	1,277	-	1,508
Share of results of associates	109	-	1,105	-	1,214
Profit before tax	<u>340</u>	<u>-</u>	<u>2,382</u>	<u>-</u>	<u>2,722</u>
Loss before tax from					
discontinued operation	-	(396)	-	-	(396)
Total	<u>340</u>	<u>(396)</u>	<u>2,382</u>	<u>-</u>	<u>2,326</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 16 November 2017 (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**

Saved as disclosed in note A13 below, 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.

**A12 Discontinued Operation**

KT Fittings Sdn Bhd ("KTF"), a wholly-owned subsidiary of FACB Industries Incorporated Berhad ("FACBII"), would gradually downsize and cease its steel operation during the current financial year. The result of KTF is presented separately in the Condensed Consolidated Statement of Comprehensive Income as "Loss from discontinued operation, net of tax".

**A12 Discontinued Operation (cont'd)**

The result of the discontinued operation is as follows:-

	Current Quarter Ended <u>30/09/2017</u> RM'000	Comparative Quarter Ended <u>30/09/2016</u> RM'000
Revenue	3,583	3,497
Loss before tax	(458)	(396)
Taxation	-	-
Net loss for the quarter from discontinued operation	<u>(458)</u>	<u>(396)</u>

The cash flows attributable to the discontinued operation is as follows:-

	Current Quarter Ended <u>30/09/2017</u> RM'000	Comparative Quarter Ended <u>30/09/2016</u> RM'000
Net cash generated from/(used in) operating activities	2,119	(219)
Net cash used in investing activities	-	(28)
Effect on cash flows	<u>2,119</u>	<u>(247)</u>

**A13 Other Events**

- (a) On 22 August 2017, FACBII made an announcement on a notice pursuant to Section 308(4) of the Companies Act, 1965 relating to the striking-off of its wholly-owned subsidiary Dream Tours Sdn Bhd ("DTSB").

DTSB is incorporated in Malaysia and dormant. The striking-off of DTSB is not expected to have any material effect on the net asset and the earnings of the Company for the financial year ending 30 June 2018.

- (b) On 7 September 2017, FACBII announced that its wholly-owned subsidiary, KKSB has been placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016.

The member's voluntary winding-up of KKSB is not expected to have any material effect on the net asset and the earnings of the Company for the financial year ending 30 June 2018.



**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 lower profit before tax of RM2.15 million on the back of RM8.79 million in revenue compared with the profit before tax of RM2.72 million and revenue of RM8.10 million in the preceding year comparative quarter.

The bedding operation in Malaysia reported lower profit before tax albeit a 10% increase in revenue due to higher marketing & distribution cost spent. Associates in China recorded lower profit for current quarter due to lower profit from both bedding and power businesses.

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

The Group registered lower revenue of RM8.79 million for the current quarter compared with RM10.97 million registered in the immediate preceding quarter ended 30 June 2017. Higher revenue recorded in the immediate preceding quarter was due to the seasonally high sales in the final financial quarter of bedding operation. A higher profit before tax of RM2.15 million was recorded versus RM1.58 million mainly due to impairment loss on plant and equipment in the power business in the immediate preceding quarter.

**B3 Current Year Prospects**

The performance of the Group for the financial year ending 30 June 2018 is expected to be challenging in view of weak domestic consumer sentiment and higher raw materials costs.

Effective advertising and promotional activities and cost control measures have been implemented in order to maintain the market share and profit margin.

**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>30/09/2017</u> RM'000	Comparative Quarter Ended <u>30/09/2016</u> RM'000
<u>Continuing Operations:</u>		
Depreciation of property, plant and equipment	92	86
Impairment loss on trade receivables	-	27
Interest income	(1,503)	(1,511)
<u>Discontinued Operation:</u>		
Depreciation of property, plant and equipment	94	93
Loss/(Gain) on foreign exchange	57	(99)
Interest income	(10)	(4)

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.

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

Taxation comprises the following:-

	Current Quarter Ended 30/09/2017 RM'000	Comparative Quarter Ended 30/09/2016 RM'000
<u>Current tax</u>		
Current year - Malaysia	314	342
- Foreign	8	42
Total tax expense	322	384

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 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 2017.

**B10 Derivative Financial Instruments**

The Group has no outstanding derivative financial instruments as at 30 September 2017.

**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 single-tier dividend of 4 sen per ordinary share in respect of the financial year ended 30 June 2017 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 2018 when approved by shareholders.

**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/(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 30/09/2017 RM'000	Comparative Quarter Ended 30/09/2016 RM'000
Net profit/(loss) attributable to owners of the parent		
- continuing operations	1,452	1,786
- discontinued operation	(458)	(396)
	994	1,390

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

	As at <u>30/09/2017</u> RM'000	As at <u>30/09/2016</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	110,069	104,129
- Unrealised	826	689
	<u>110,895</u>	<u>104,818</u>
Total share of retained profits from associates		
- Realised	2,827	2,894
- Unrealised	-	-
	<u>113,722</u>	<u>107,712</u>
Consolidation adjustments	(77)	(84)
Total Group retained profits as per unaudited consolidated financial statements	<u><u>113,645</u></u>	<u><u>107,628</u></u>

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 22 November 2017