



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 2017**
(The figures have not been audited)

	Current Quarter Ended 31/12/2017 RM'000	Comparative Quarter Ended 31/12/2016 RM'000	6 Months Cumulative To Date 31/12/2017 RM'000	6 Months Cumulative To Date 31/12/2016 RM'000
Continuing Operations				
Revenue	10,147	11,688	18,934	19,789
Direct operating costs	(6,303)	(7,638)	(11,880)	(12,792)
Gross profit	3,844	4,050	7,054	6,997
Other income	1,519	1,474	3,084	3,163
Operating expenses	(4,134)	(3,925)	(7,523)	(7,053)
Share of results of associates	998	(346)	1,757	868
Profit before tax	2,227	1,253	4,372	3,975
Taxation	(315)	(421)	(637)	(805)
Net profit for the period from continuing operations	1,912	832	3,735	3,170
Discontinued Operation				
Loss from discontinued operation, net of tax (Note A12)	(2,873)	(49)	(3,331)	(445)
Net (loss)/profit for the period	(961)	783	404	2,725
Other comprehensive income				
Foreign currency translation differences	(460)	-	(121)	(721)
Fair value adjustments of available-for-sale ("AFS") investments	-	(1,696)	-	(1,696)
Total comprehensive income for the period	(1,421)	(913)	283	308
Profit/(loss) attributable to:				
Owners of the parent	(1,359)	970	(365)	2,360
Non-controlling interests	398	(187)	769	365
	(961)	783	404	2,725

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2017 (Cont'd)**
(The figures have not been audited)

	Current Quarter Ended 31/12/2017 RM'000	Comparative Quarter Ended 31/12/2016 RM'000	6 Months Cumulative To Date 31/12/2017 RM'000	6 Months Cumulative To Date 31/12/2016 RM'000
Total comprehensive income attributable to:				
Owners of the parent	(1,638)	(726)	(317)	269
Non-controlling interests	217	(187)	600	39
	<u>(1,421)</u>	<u>(913)</u>	<u>283</u>	<u>308</u>
Earnings/(Loss) per share for profit/(loss) attributable to owners of the parent (sen) :				
Basic - From continuing operations	1.80	1.21	3.53	3.34
- From discontinued operation	(3.42)	(0.06)	(3.97)	(0.53)
	<u>(1.62)</u>	<u>1.15</u>	<u>(0.44)</u>	<u>2.81</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 2017)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2017

	Unaudited As At 31/12/2017 RM'000	Audited As At 30/06/2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,087	5,283
Investment in associates	26,289	24,653
Available-for-sale investment	20,351	20,351
Deferred tax assets	1,100	1,100
	52,827	51,387
Current Assets		
Inventories	7,596	13,665
Trade and other receivables	12,337	14,174
Deposits, cash and bank balances	167,309	160,545
	187,242	188,384
Total Assets	240,069	239,771
EQUITY AND LIABILITIES		
Equity		
Share capital	85,163	85,163
Share premium	28,989	28,989
Treasury shares	(1,225)	(1,225)
Other reserves	(12,112)	(12,165)
Retained earnings	112,286	112,656
Equity attributable to owners of the parent	213,101	213,418
Non-controlling interests	19,159	18,582
Total equity	232,260	232,000
Non-Current Liability		
Deferred tax liabilities	150	150
	150	150
Current Liabilities		
Trade and other payables	7,354	7,410
Tax liabilities	305	211
	7,659	7,621
Total liabilities	7,809	7,771
Total Equity and Liabilities	240,069	239,771
Net Assets per share (RM)	2.54	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 Period Ended 31 December 2017***(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 2017	85,163	(1,225)	28,989	(12,165)	112,656	213,418	18,582	232,000
Net (loss)/profit for the period	-	-	-	-	(365)	(365)	769	404
Other comprehensive income								
- Foreign currency translation differences	-	-	-	48	-	48	(169)	(121)
Total comprehensive income for the period	-	-	-	48	(365)	(317)	600	283
Transfer	-	-	-	5	(5)	-	-	-
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	(23)	(23)
Balance at 31 December 2017	85,163	(1,225)	28,989	(12,112)	112,286	213,101	19,159	232,260
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

(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 Period Ended 31 December 2017***(The figures have not been audited)*

	Current Period Ended 31/12/2017 RM'000	Comparative Period Ended 31/12/2016 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before tax from - continuing operations	4,372	3,975
- discontinued operation	(3,331)	(445)
Adjustments for :-		
Share of results of associates	(1,757)	(868)
Depreciation of property, plant and equipment	373	355
Impairment loss on trade receivables	232	88
Interest income	(3,055)	(2,989)
Other non-cash items	-	(48)
Operating (loss)/profit before working capital changes	(3,166)	68
Net changes in current assets	8,461	(993)
Net changes in current liabilities	(56)	(1,801)
Cash generated from/(used in) operations	5,239	(2,726)
Interest received	2,457	2,912
Income tax paid	(732)	(922)
Net cash generated from/(used in) operating activities	6,964	(736)
Cash Flows from Investing Activity		
Purchase of property, plant and equipment	(177)	(51)
Net cash used in investing activity	(177)	(51)
Cash Flows from Financing Activity		
Dividend paid to non-controlling interest by a subsidiary	(23)	(140)
Net cash used in financing activity	(23)	(140)
Net increase/(decrease) in cash and cash equivalents	6,764	(927)
Effects of exchange rate changes	-	(24)
Cash and cash equivalents at the beginning of the period	158,975	154,815
Cash and cash equivalents at the end of the period	165,739	153,864
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	160,749	151,593
Cash and bank balances	6,560	3,841
	167,309	155,434
Deposits pledged to licensed bank	(1,570)	(1,570)
	165,739	153,864

(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:-

	Effective dates for financial periods beginning on or after
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
Annual Improvements to MFRSs 2015-2017 Cycle :	
• Amendments to MFRS 3	1 January 2019
• Amendments to MFRS 11	1 January 2019
• Amendments to MFRS 112	1 January 2019
• Amendments to MFRS 123	1 January 2019
MFRS 16	Leases 1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation 1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures 1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments 1 January 2019

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

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:- (cont'd)

		Effective dates for financial periods beginning on or after
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.

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 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 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 and financial year-to-date.

NOTES (IN COMPLIANCE WITH MFRS 134)**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 2017					
Revenue from					
continuing operations:					
External revenue	18,934	-	-	-	18,934
Inter-segment revenue	-	-	15	(15)	-
	18,934	-	15	(15)	18,934
Revenue from					
discontinued operation	-	10,287	6	(6)	10,287
Total	18,934	10,287	21	(21)	29,221
Results from continuing operations:					
Interest income	23	-	2,999	-	3,022
Depreciation	186	-	-	-	186
Reportable segment profit before tax	249	-	2,366	-	2,615
Share of results of associates	175	-	1,582	-	1,757
Profit before tax	424	-	3,948	-	4,372
Loss before tax from					
discontinued operation	-	(3,331)	-	-	(3,331)
Total	424	(3,331)	3,948	-	1,041
For Comparative Period					
Ended 31 December 2016					
Revenue from					
continuing operations:					
External revenue	19,789	-	-	-	19,789
Inter-segment revenue	-	-	15	(15)	-
	19,789	-	15	(15)	19,789
Revenue from					
discontinued operation	-	7,199	6	(6)	7,199
Total	19,789	7,199	21	(21)	26,988
Results from continuing operations:					
Interest income	23	-	2,959	-	2,982
Depreciation	167	-	1	-	168
Reportable segment profit before tax	586	-	2,521	-	3,107
Share of results of associates	275	-	593	-	868
Profit before tax	861	-	3,114	-	3,975
Loss before tax from					
discontinued operation	-	(445)	-	-	(445)
Total	861	(445)	3,114	-	3,530

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

There were no material events from the end of the quarter to 19 February 2018 (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 and financial year-to-date.

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 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

KT Fittings Sdn Bhd (“KTF”), a wholly-owned subsidiary of FACB Industries Incorporated Berhad (“FACBII”), has ceased its production of stainless steel fittings during the current quarter. The result of KTF is presented separately in the Condensed Consolidated Statement of Comprehensive Income as “Loss from discontinued operation, net of tax”.

The result of the discontinued operation is as follows:-

	Current Quarter Ended <u>31/12/2017</u> RM'000	Comparative Quarter Ended <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2017</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000
Revenue	6,704	3,702	10,287	7,199
Loss before tax	(2,873)	(49)	(3,331)	(445)
Taxation	-	-	-	-
Net loss for the period from discontinued operation	<u>(2,873)</u>	<u>(49)</u>	<u>(3,331)</u>	<u>(445)</u>

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

	Current Period Ended <u>31/12/2017</u> RM'000	Comparative Period Ended <u>31/12/2016</u> RM'000
Net cash generated from/(used in) operating activities	5,077	(1,808)
Net cash used in investing activities	-	(50)
Effect on cash flows	<u>5,077</u>	<u>(1,858)</u>

NOTES (IN COMPLIANCE WITH MFRS 134)**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, Kanzen Kagu Sdn Bhd (“KKSBB”) 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 KKSBB 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.

- (c) On 22 November 2017, FACBII announced that its wholly-owned subsidiary, KTF is in the process of downsizing its operation and the subsidiary is expected to cease the production of stainless steel fittings in the financial year ending 30 June 2018 (“Proposed Cessation”).

The Proposed Cessation is not expected to have any material effect on the earnings and earnings per share of the Company for the financial year ending 30 June 2018.

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

- (a) Current Quarter vs Preceding Year Comparative Quarter

Continuing operations

For the current quarter, the Group reported a profit before tax of RM2.23 million on the back of RM10.15 million in revenue compared with the profit before tax of RM1.25 million and revenue of RM11.69 million in the preceding year comparative quarter.

The bedding operation in Malaysia reported lower profit before tax as a result of the 15% reduction in revenue. Higher profit contribution was recorded by associates in power business.

Discontinued operation

For the current quarter, the stainless steel fittings operation recorded a higher loss of RM2.87 million on the back of RM6.70 million in revenue compared with RM0.05 million and revenue of RM3.70 million in the preceding year comparative quarter. The loss is mainly due to the clearance of the ex-stock at lower prices and payment relating to cessation of employment for the employees.

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

For the first half of the financial year, the Group reported a higher profit before tax of RM4.37 million compared with RM3.98 million in the comparative first half of the preceding financial year. Revenue declined by 4% to RM18.93 million whilst gross profit margin improved two percentage point to 37% over the comparative period.

The bedding operations in Malaysia reported lower revenue and profit before tax. Higher profit contribution recorded from associates in China mainly came from power business.

Discontinued operation

For the first half of the financial year, the stainless steel fittings operation recorded a higher loss of RM3.33 million compared with RM0.45 million in the comparative first half of the preceding financial year. The higher loss was recorded as disclosed in Note B1(a) above.

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

The Group registered higher revenue of RM10.15 million for the current quarter compared with RM8.79 million registered in the immediate preceding quarter ended 30 September 2017. Higher revenue recorded in the immediate preceding quarter was due to higher bedding revenue. A higher profit before tax of RM2.23 million was recorded versus RM2.15 million mainly attributable to higher profit contribution from associates in power business.

Discontinued operations

Higher revenue at RM6.70 million and higher loss of RM2.87 million for the current quarter was due to the clearance of ex-stock at lower prices as disclosed in Note B1(a) above.

B3 Current Year Prospects

The Group expects the performance for the remaining quarters ending 30 June 2018 to be positive.

The bedding division will employ effective advertising and promotional activities to achieve higher sales and implement cost control measures to maintain profit margin.

Investment in associates in China for the power business is expected to continue to contribute positively to the Group.

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>31/12/2017</u> RM'000	Comparative Quarter Ended <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2017</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000
<u>Continuing Operations:</u>				
Depreciation of property, plant and equipment	94	82	186	168
Impairment loss on trade receivables	232	61	232	88
Loss/(Gain) on foreign exchange	1	(3)	1	(3)
Interest income	(1,519)	(1,471)	(3,022)	(2,982)
<u>Discontinued Operation:</u>				
Depreciation of property, plant and equipment	93	94	187	187
(Gain)/Loss on foreign exchange	94	(102)	151	(201)
Interest income	(23)	(3)	(33)	(7)

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 and financial year-to-date.

B7 Taxation

Taxation comprises the following:-

	Current Quarter Ended <u>31/12/2017</u> RM'000	Comparative Quarter Ended <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2017</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	311	421	625	763
- Foreign	4	-	12	42
Total tax expense	315	421	637	805

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 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 31 December 2017.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 December 2017.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**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 4 sen per ordinary share in respect of the financial year ended 30 June 2017 amounting to RM3,355,312 has been approved by the shareholders at the Thirty Eighth Annual General Meeting and paid on 25 January 2018.

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/(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>31/12/2017</u> RM'000	Comparative Quarter Ended <u>31/12/2016</u> RM'000	6 Months Cumulative To Date <u>31/12/2017</u> RM'000	6 Months Cumulative To Date <u>31/12/2016</u> RM'000
Net profit/(loss) attributable to owners of the parent				
- continuing operations	1,514	1,019	2,966	2,805
- discontinued operation	(2,873)	(49)	(3,331)	(445)
	<u>(1,359)</u>	<u>970</u>	<u>(365)</u>	<u>2,360</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 26 February 2018