



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 2018**

*(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2018 RM'000</b>	<b>Comparative Quarter Ended 30/09/2017 RM'000</b>
<b>Continuing Operations</b>		
Revenue	9,170	8,787
Cost of sales	(5,738)	(5,577)
Gross profit	3,432	3,210
Other income	1,644	1,565
Operating expenses	(4,072)	(3,389)
Share of results of associates	(80)	759
Profit before tax	924	2,145
Taxation	(266)	(322)
Net profit for the quarter from continuing operations	658	1,823
<b>Discontinued Operation</b>		
Loss from discontinued operation, net of tax	-	(458)
Net profit for the quarter	658	1,365
Other comprehensive income:		
Foreign currency translation	(873)	339
Realisation of foreign currency translation loss reclassified to profit or loss	10	-
Total comprehensive (loss)/income for the quarter	(205)	1,704
Profit/(Loss) attributable to:		
Owners of the parent	701	994
Non-controlling interests	(43)	371
	658	1,365
Total comprehensive income/(loss) attributable to:		
Owners of the parent	176	1,321
Non-controlling interests	(381)	383
	(205)	1,704
Earnings/(Loss) per share for profit attributable to owners of the parent:		
Basic and diluted (sen) - From continuing operations	0.84	1.73
- From discontinued operation	-	(0.55)
Total	0.84	1.18

**(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 2018)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At 30 September 2018**

	Unaudited As At 30/09/2018 RM'000	Audited As At 30/06/2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	3,697	3,600
Intangible assets	195	124
Investment in associates	22,750	23,677
Financial asset at amortised cost	9,928	9,925
Financial asset at fair value through other comprehensive income ("FVOCI")	28,831	28,831
	65,401	66,157
<b>Current Assets</b>		
Inventories	5,604	5,602
Trade and other receivables	10,326	11,115
Deposits, cash and bank balances	154,884	154,400
	170,814	171,117
<b>Total Assets</b>	236,215	237,274
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	(4,106)	15,405
Retained earnings	106,592	87,476
Equity attributable to owners of the parent	215,413	215,808
Non-controlling interests	14,629	15,170
<b>Total equity</b>	230,042	230,978
<b>Non-Current Liability</b>		
Deferred tax liabilities	156	156
	156	156
<b>Current Liabilities</b>		
Trade and other payables	5,919	6,056
Tax liabilities	98	84
	6,017	6,140
<b>Total liabilities</b>	6,173	6,296
<b>Total Equity and Liabilities</b>	236,215	237,274
Net Assets per share (RM)	2.57	2.57

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For The First Quarter Ended 30 September 2018***(The figures have not been audited)*

	← Attributable to Owners of the Parent →					Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
<b>In RM'000</b>							
<b>At 30 June 2018</b>	114,152	(1,225)	15,405	87,476	215,808	15,170	230,978
Effect of MFRS 9 adoption (Note A1(b))	-	-	(19,028)	18,457	(571)	(95)	(666)
<b>At 30 June 2018 (restated)</b>	114,152	(1,225)	(3,623)	105,933	215,237	15,075	230,312
Net profit/(loss) for the quarter	-	-	-	701	701	(43)	658
Other comprehensive income							
- Foreign currency translation	-	-	(535)	-	(535)	(338)	(873)
- Realisation of foreign currency translation loss reclassified to profit or loss			10	-	10	-	10
Total comprehensive income/(loss) for the quarter	-	-	(525)	701	176	(381)	(205)
Transfer of reserves of a subsidiary	-	-	42	(42)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(65)	(65)
Total transactions with owners	-	-	42	(42)	-	(65)	(65)
<b>At 30 September 2018</b>	114,152	(1,225)	(4,106)	106,592	215,413	14,629	230,042
<b>At 30 June 2017</b>	114,152	(1,225)	6,863	93,628	213,418	18,582	232,000
Net profit for the quarter	-	-	-	994	994	371	1,365
Other comprehensive income							
- Foreign currency translation	-	-	327	-	327	12	339
Total comprehensive income for the quarter	-	-	327	994	1,321	383	1,704
Transfer of reserves of a subsidiary	-	-	5	(5)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(23)	(23)
Total transactions with owners	-	-	5	(5)	-	(23)	(23)
<b>At 30 September 2017</b>	114,152	(1,225)	7,195	94,617	214,739	18,942	233,681

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For The First Quarter Ended 30 September 2018***(The figures have not been audited)*

	<b>Current Quarter Ended 30/09/2018 RM'000</b>	<b>Comparative Quarter Ended 30/09/2017 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) before tax from - continuing operations	924	2,145
- discontinued operation	-	(458)
Adjustments for :-		
Share of results of associates	80	(759)
Accretion of discount on financial asset at amortised cost	(3)	-
Amortisation of intangible assets	7	-
Depreciation of property, plant and equipment	117	186
Impairment loss on trade receivables	93	-
Interest income	(1,585)	(1,513)
Gain on disposal of property, plant and equipment	(56)	-
Other non-cash items	-	13
	(423)	(386)
Operating loss before working capital changes	455	696
Net changes in current assets	(135)	453
Net changes in current liabilities	(103)	763
Cash (used in)/generated from operations	(409)	(307)
Tax paid	(512)	456
Net cash (used in)/generated from operating activities	(512)	456
<b>Cash Flows from Investing Activities</b>		
Interest received	1,318	2,121
Net placement of deposits placed with licensed banks		
with maturity more than three (3) months	(2,106)	(63,377)
Purchase of property, plant and equipment	(158)	(121)
Purchase of intangible assets	(78)	-
Net cash used in investing activities	(1,024)	(61,377)
<b>Cash Flows from Financing Activity</b>		
Dividend paid to non-controlling interest by a subsidiary	(65)	(23)
Net cash used in financing activity	(65)	(23)
Net decrease in cash and cash equivalents	(1,601)	(60,944)
Effects of exchange rate changes on cash and cash equivalents	(21)	10
Cash and cash equivalents at beginning of the quarter	9,032	70,749
Cash and cash equivalents at end of the quarter	7,410	9,815
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	149,486	157,737
Cash and bank balances	5,398	5,251
	154,884	162,988
Deposits placed with licensed banks with maturity		
more than three (3) months	(147,474)	(151,603)
Deposits pledged to a licensed bank	-	(1,570)
	7,410	9,815

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)**

**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 *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 *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 2018.

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 2018 except for the adoption of the following Amendments of the MFRS Framework that were issued by the MASB during the financial period:-

<b>Title</b>		<b>Effective date</b>
MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15		1 January 2018
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 – 2016 Cycle	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	See MFRS 4 Paragraphs 46 and 48
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 – 2016 Cycle	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

The adoption of the above accounting standards and interpretation (including the consequential amendments) did not have any material impact on the Group’s financial statements, except for MFRS 9. The impact of the adoption of MFRS 9 in the Group’s financial statements is as follows:-

**(a) Changes in accounting policies**

The impact on the adoption of MFRS 9 in the Group’s financial statements is as follows:-

**MFRS 9 Financial Instruments (“MFRS 9”)**

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with MFRS 9. In accordance with the transition requirements under MFRS 9, comparative figures are not restated and the financial impact on the adoption of this Standard is recognised in retained earnings as at 1 July 2018.

**NOTES (IN COMPLIANCE WITH MFRS 134)****A1 Basis of Preparation (cont'd)****(a) Changes in accounting policies (cont'd)**

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets : measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”), and eliminates the existing MFRS 139 categories of held-to-maturity, loans and receivables and available-for-sale. Upon adoption of MFRS 9, financial assets previously measured at available-for-sale is now measured using FVOCI and financial assets previously measured at held-to-maturity is now measured at amortised cost.

Impairment of financial assets

MFRS 9 requires impairment assessments to be based on the Expected Credit Loss (“ECL”) model, replacing the incurred loss model under MFRS 139. The Group applied the simplified approach prescribed by MFRS 9, which requires expected lifetime losses to be recognised on the receivables.

**(b) Classification and measurement of financial instruments**

The following table is a reconciliation of the carrying amount of the Group’s statement of financial position from MFRS 139 to MFRS 9 as at 1 July 2018:-

	<b>MFRS 139</b> Carrying Amount as at <u>30 June 2018</u> RM’000	<b>Remeasurement</b> RM’000	<b>MFRS 9</b> Carrying Amount as at <u>1 July 2018</u> RM’000
<u>Trade receivables</u>			
Opening balance	9,115	-	9,115
Impairment losses *	-	(666)	(666)
Total trade receivables	<u>9,115</u>	<u>(666)</u>	<u>8,449</u>
<u>Other reserves</u>			
Opening balance	15,405	-	15,405
Fair value reserve	-	(19,028)	(19,028)
Total non-controlling interests	<u>15,405</u>	<u>(19,028)</u>	<u>(3,623)</u>
<u>Retained earnings</u>			
Opening balance	87,476	-	87,476
Fair value reserve	-	19,028	19,028
Impairment losses *	-	(571)	(571)
Total retained earnings	<u>87,476</u>	<u>18,457</u>	<u>105,933</u>
<u>Non-controlling interests</u>			
Opening balance	15,170	-	15,170
Impairment losses *	-	(95)	(95)
Total non-controlling interests	<u>15,170</u>	<u>(95)</u>	<u>15,075</u>

\* The Group applied the simplified approach in providing the ECL model.

## 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 MFRS Framework that have been issued by the MASB but are not yet effective for the Group:-

Title	Effective date	
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	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
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
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

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

### A2 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2018 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 2018, 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.

**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
<b>For Current Quarter</b>					
<b>Ended 30 September 2018</b>					
External revenue	9,170	-	-	-	9,170
Inter-segment revenue	-	-	8	(8)	-
<b>Total</b>	<b>9,170</b>	<b>-</b>	<b>8</b>	<b>(8)</b>	<b>9,170</b>
Segment results:					
Interest income	8	-	1,577	-	1,585
Depreciation	115	-	2	-	117
Amortisation of intangible assets	7	-	-	-	7
Reportable segment profit before tax	46	-	958	-	1,004
Share of results of associates	(15)	-	(65)	-	(80)
<b>Total</b>	<b>31</b>	<b>-</b>	<b>893</b>	<b>-</b>	<b>924</b>
<b>For Comparative 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
Profit before tax	207	-	1,938	-	2,145
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>

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

There were no material events from the end of the quarter to 15 November 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.

**A10 Effect of Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter except as disclosed below.



**A10 Effect of Changes in the Composition of the Group (cont'd)**

On 26 September 2018, FACB Industries Incorporated Berhad announced that its wholly-owned subsidiary, Kanzen Kagu Sdn Bhd (“KKSBB”) had convened a Final Meeting to conclude the winding up proceedings. KKSBB shall be deemed dissolved on the expiration of three (3) months after lodgement of statutory returns by the Liquidator relating to the Final Meeting on 26 September 2018 with the Companies Commission of Malaysia.

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

	RM'000
Net asset	1,082
Distribution from liquidation	<u>1,082</u>
Less : Cash and bank balances liquidated	<u>(1,082)</u>
Net cash outflow on liquidation of a subsidiary	<u><u>-</u></u>

**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

The revenue of the Group for the current quarter grew by 4% to RM9.17 million due to improved consumer sales from the bedding division. Profit before tax decreased by 57% from RM2.15 million to RM0.92 million due to negative contribution from results of associates and higher operating expenses.

The revenue for bedding operation in Malaysia increased by 4% to RM8.35 million due to improved consumer sales. Profit before tax decreased slightly due to higher marketing and distribution costs. Share of results of associates was negative due to loss reported by both the 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 RM9.17 million for the current quarter compared with RM9.81 million registered in the immediate preceding quarter as the immediate preceding quarter is normally a seasonally high quarter. A higher profit before tax of RM0.92 million was recorded for the current quarter versus RM0.33 million in the immediate preceding quarter mainly due to charging out of corporate exercise expenses in the immediate preceding quarter.

**B3 Current Year Prospects**

The performance of the Group for the financial year ending 30 June 2019 is expected to be positive mainly due to the discontinuance of the loss making steel operation.

The Group's effort to focus on new and innovative bedding products development and to actively participate in event sales to go to consumers directly has brought satisfactory consumer sales. More effective cost control will be implemented in order to improve profitability.

**B4 Achievability of Forecast Profit**

This note is not applicable.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****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 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000
<u>Continuing Operations:</u>		
Amortisation of intangible assets	7	-
Depreciation of property, plant and equipment	117	92
Impairment loss on trade receivables	93	-
Loss on foreign exchange	6	-
Interest income	(1,585)	(1,503)
Gain on disposal of property, plant and equipment	(56)	-
<u>Discontinued Operation:</u>		
Depreciation of property, plant and equipment	-	94
Loss on foreign exchange	-	57
Interest income	-	(10)

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 other material items for the current quarter.

**B7 Taxation**

Taxation comprises the following:-

	Current Quarter Ended 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000
<u>Current tax</u>		
Current year - Malaysia	263	314
- Foreign	3	8
Total tax expense	266	322

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 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 30 September 2018.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B10 Derivative Financial Instruments**

The Group has no outstanding derivative financial instruments as at 30 September 2018.

**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.

**B13 Earnings/(Loss) per Share**

The earnings/(loss) 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 <u>30/09/2018</u> RM'000	Comparative Quarter Ended <u>30/09/2017</u> RM'000
Net profit/(loss) attributable to owners of the parent		
- continuing operations	701	1,452
- discontinued operation	-	(458)
	<u>701</u>	<u>994</u>

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 21 November 2018