



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 2018**  
*(The figures have not been audited)*

|   | <b>Current<br/>Quarter<br/>Ended<br/>31/12/2018<br/>RM'000</b> | <b>Comparative<br/>Quarter<br/>Ended<br/>31/12/2017<br/>RM'000</b> | <b>6 Months<br/>Cumulative<br/>To Date<br/>31/12/2018<br/>RM'000</b> | <b>6 Months<br/>Cumulative<br/>To Date<br/>31/12/2017<br/>RM'000</b> |
|---|--|--|--|--|
| <b>Continuing Operations</b>  |  |  |  |  |
| Revenue   | 9,838  | 10,147   | 19,008   | 18,934   |
| Cost of sales   | (6,331)  | (6,303)  | (12,069)   | (11,880)   |
| Gross profit  | 3,507  | 3,844  | 6,939  | 7,054  |
| Other income  | 1,622  | 1,519  | 3,266  | 3,084  |
| Operating expenses  | (4,249)  | (4,134)  | (8,321)  | (7,523)  |
| Share of results of associates  | 808  | 998  | 728  | 1,757  |
| Profit before tax   | 1,688  | 2,227  | 2,612  | 4,372  |
| Taxation  | (234)  | (315)  | (500)  | (637)  |
| Net profit for the period from<br>continuing operations                               | 1,454  | 1,912  | 2,112  | 3,735  |
| <b>Discontinued Operation</b>   |  |  |  |  |
| Loss from discontinued operation,<br>net of tax                                       | -  | (2,873)  | -  | (3,331)  |
| Net profit/(loss) for the period  | 1,454  | (961)  | 2,112  | 404  |
| <b>Other comprehensive income</b>   |  |  |  |  |
| Foreign currency translation  | -  | (460)  | (873)  | (121)  |
| Realisation of foreign currency<br>translation loss reclassified to<br>profit or loss | -  | -  | 10   | -  |
| Total comprehensive<br>income/(loss) for the period                                   | 1,454  | (1,421)  | 1,249  | 283  |
| <b>Profit/(loss) attributable to:</b>   |  |  |  |  |
| Owners of the parent  | 1,079  | (1,359)  | 1,780  | (365)  |
| Non-controlling interests   | 375  | 398  | 332  | 769  |
|   | 1,454  | (961)  | 2,112  | 404  |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2018 (Cont'd)**  
(The figures have not been audited)

|  | <b>Current<br/>Quarter<br/>Ended<br/>31/12/2018<br/>RM'000</b> | <b>Comparative<br/>Quarter<br/>Ended<br/>31/12/2017<br/>RM'000</b> | <b>6 Months<br/>Cumulative<br/>To Date<br/>31/12/2018<br/>RM'000</b> | <b>6 Months<br/>Cumulative<br/>To Date<br/>31/12/2017<br/>RM'000</b> |
|--|--|--|--|--|
| Total comprehensive income/<br>(loss) attributable to:   |  |  |  |  |
| Owners of the parent   | 1,079  | (1,638)  | 1,255  | (317)  |
| Non-controlling interests  | 375  | 217  | (6)  | 600  |
|  | <u>1,454</u>   | <u>(1,421)</u>   | <u>1,249</u>   | <u>283</u>   |
| <b>Earnings/(Loss) per share for<br/>profit/(loss) attributable to<br/>owners of the parent:</b> |  |  |  |  |
| Basic and diluted (sen) from:  |  |  |  |  |
| - Continuing operations  | 1.29   | 1.80   | 2.12   | 3.53   |
| - Discontinued operation   | -  | (3.42)   | -  | (3.97)   |
|  | <u>1.29</u>  | <u>(1.62)</u>  | <u>2.12</u>  | <u>(0.44)</u>  |

(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 31 December 2018**

|   | Unaudited<br>As At<br>31/12/2018<br>RM'000 | Audited<br>As At<br>30/06/2018<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-Current Assets</b>   |  |  |
| Property, plant and equipment   | 3,589                                      | 3,600                                    |
| Intangible assets   | 188  | 124                                      |
| Investment in associates  | 23,138                                     | 23,677                                   |
| Financial asset at amortised cost   | 9,930                                      | 9,925                                    |
| Financial asset at fair value through<br>other comprehensive income ("FVOCI") | 28,831                                     | 28,831                                   |
|   | 65,676                                     | 66,157                                   |
| <b>Current Assets</b>   |  |  |
| Inventories   | 6,637                                      | 5,602                                    |
| Trade and other receivables   | 11,737                                     | 11,115                                   |
| Deposits, cash and bank balances  | 154,270                                    | 154,400                                  |
|   | 172,644                                    | 171,117                                  |
| <b>Total Assets</b>   | 238,320                                    | 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   | 107,671                                    | 87,476                                   |
| Equity attributable to owners of the parent                                   | 216,492                                    | 215,808                                  |
| Non-controlling interests   | 15,004                                     | 15,170                                   |
| <b>Total equity</b>   | 231,496                                    | 230,978                                  |
| <b>Non-Current Liability</b>  |  |  |
| Deferred tax liabilities  | 156  | 156                                      |
|   | 156  | 156                                      |
| <b>Current Liabilities</b>  |  |  |
| Trade and other payables  | 6,502                                      | 6,056                                    |
| Tax liabilities   | 166  | 84                                       |
|   | 6,668                                      | 6,140                                    |
| <b>Total liabilities</b>  | 6,824                                      | 6,296                                    |
| <b>Total Equity and Liabilities</b>   | 238,320                                    | 237,274                                  |
| Net Assets per share (RM)   | 2.58                                       | 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 Period Ended 31 December 2018**

*(The figures have not been audited)*

|   | ← Attributable to Owners of the Parent → |                    |                   |                      |         | Non-<br>Controlling<br>Interests | Total<br>Equity |
|---|--|--------------------|-------------------|----------------------|---------|----------------------------------|-----------------|
|   | Share<br>Capital                         | Treasury<br>Shares | Other<br>Reserves | Retained<br>Earnings | Total   |                                  |                 |
| <b>In RM'000</b>  |  |                    |                   |                      |         |                                  |                 |
| <b>At 1 July 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 1 July 2018 (restated)</b>  | 114,152                                  | (1,225)            | (3,623)           | 105,933              | 215,237 | 15,075                           | 230,312         |
| Net profit for the period   | -  | -                  | -                 | 1,780                | 1,780   | 332                              | 2,112           |
| 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 period                                  | -  | -                  | (525)             | 1,780                | 1,255   | (6)                              | 1,249           |
| 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 31 December 2018</b>  | 114,152                                  | (1,225)            | (4,106)           | 107,671              | 216,492 | 15,004                           | 231,496         |
| <b>At 1 July 2017</b>   | 114,152                                  | (1,225)            | (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  | -  | -                  | 48                | -                    | 48      | (169)                            | (121)           |
| Total comprehensive income/(loss) for the period                                  | -  | -                  | 48                | (365)                | (317)   | 600                              | 283             |
| 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 31 December 2017</b>  | 114,152                                  | (1,225)            | (12,112)          | 112,286              | 213,101 | 19,159                           | 232,260         |

**(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 Period Ended 31 December 2018***(The figures have not been audited)*

|  | <b>Current<br/>Period<br/>Ended<br/>31/12/2018<br/>RM'000</b> | <b>Comparative<br/>Period<br/>Ended<br/>31/12/2017<br/>RM'000</b> |
|--|---|---|
| <b>Cash Flows from Operating Activities</b>  |   |   |
| Profit/(Loss) before tax from - continuing operations  | 2,612   | 4,372   |
| - discontinued operation   | -   | (3,331)   |
| Adjustments for :-   |   |   |
| Share of results of associates   | (728)   | (1,757)   |
| Accretion of discount on financial asset at amortised cost                                       | (5)   | -   |
| Amortisation of intangible assets  | 14  | -   |
| Depreciation of property, plant and equipment  | 225   | 373   |
| Impairment loss on trade receivables   | 198   | 232   |
| Interest income  | (3,187)   | (3,055)   |
| Gain on disposal of property, plant and equipment  | (56)  | -   |
| Other non-cash items   | -   | -   |
| Operating loss before working capital changes  | (927)   | (3,166)   |
| Net changes in current assets  | (968)   | 8,461   |
| Net changes in current liabilities   | 448   | (56)  |
| Cash (used in)/generated from operations   | (1,447)   | 5,239   |
| Tax paid   | (786)   | (732)   |
| Net cash (used in)/generated from operating activities   | (2,233)   | 4,507   |
| <b>Cash Flows from Investing Activities</b>  |   |   |
| Interest received  | 2,425   | 2,457   |
| Net placement of deposits placed with licensed banks<br>with maturity more than three (3) months | (2,572)   | (10,669)  |
| Purchase of property, plant and equipment  | (78)  | (177)   |
| Purchase of intangible assets  | (158)   | -   |
| Net cash used in investing activities  | (383)   | (8,389)   |
| <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  | (2,681)   | (3,905)   |
| Effects of exchange rate changes on cash and cash equivalents                                    | (21)  | -   |
| Cash and cash equivalents at beginning of the period   | 9,032   | 70,749  |
| Cash and cash equivalents at end of the period   | 6,330   | 66,844  |
| Cash and cash equivalents comprise :-  |   |   |
| Deposits with licensed financial institutions  | 149,678   | 160,749   |
| Cash and bank balances   | 4,592   | 6,560   |
|  | 154,270   | 167,309   |
| Deposits placed with licensed banks with maturity<br>more than three (3) months                  | (147,940)   | (98,895)  |
| Deposits pledged to a licensed bank  | -   | (1,570)   |
|  | 6,330   | 66,844  |

**(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 Standards and 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 primary classification and measurement 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>                                 | <b>Remeasurement</b> | <b>MFRS 9</b>                                  |
|----------------------------------|---|----------------------|--|
|                                  | Carrying<br>Amount as at<br><u>30 June 2018</u> |                      | Carrying<br>Amount as at<br><u>1 July 2018</u> |
|                                  | RM’000  | RM’000               | 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 other reserves             | <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 Standards and Amendments of the MFRS Framework that have been issued by the MASB but are not yet effective for the Group:-

| <b>Title</b>   | <b>Effective date</b>   |                |
|--|---|----------------|
| 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 |
| Amendments to MFRS 3   | Definition of a Business  | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108                                    | Definition of Material  | 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 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.



**NOTES (IN COMPLIANCE WITH MFRS 134)****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 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 and financial year-to-date.

**A8 Reportable Segments**

|                                      | Bedding       | Steel          | All Other<br>Segments | Eliminations | Total         |
|--------------------------------------|---------------|----------------|-----------------------|--------------|---------------|
|                                      | RM'000        | RM'000         | RM'000                | RM'000       | RM'000        |
| <b>For Current Period</b>            |               |                |                       |              |               |
| <b>Ended 31 December 2018</b>        |               |                |                       |              |               |
| External revenue                     | 19,008        | -              | -                     | -            | 19,008        |
| Inter-segment revenue                | -             | -              | 15                    | (15)         | -             |
| <b>Total</b>                         | <b>19,008</b> | <b>-</b>       | <b>15</b>             | <b>(15)</b>  | <b>19,008</b> |
| Segment results:                     |               |                |                       |              |               |
| Interest income                      | 12            | -              | 3,175                 | -            | 3,187         |
| Depreciation                         | 223           | -              | 2                     | -            | 225           |
| Amortisation of intangible assets    | 14            | -              | -                     | -            | 14            |
| Reportable segment profit before tax | 42            | -              | 1,842                 | -            | 1,884         |
| Share of results of associates       | (87)          | -              | 815                   | -            | 728           |
| <b>Total</b>                         | <b>(45)</b>   | <b>-</b>       | <b>2,657</b>          | <b>-</b>     | <b>2,612</b>  |
| <b>For Comparative Period</b>        |               |                |                       |              |               |
| <b>Ended 31 December 2017</b>        |               |                |                       |              |               |
| Revenue from                         |               |                |                       |              |               |
| continuing operations:               |               |                |                       |              |               |
| External revenue                     | 18,934        | -              | -                     | -            | 18,934        |
| Inter-segment revenue                | -             | -              | 15                    | (15)         | -             |
|                                      | <b>18,934</b> | <b>-</b>       | <b>15</b>             | <b>(15)</b>  | <b>18,934</b> |
| Revenue from                         |               |                |                       |              |               |
| discontinued operation               | -             | 10,287         | 6                     | (6)          | 10,287        |
| <b>Total</b>                         | <b>18,934</b> | <b>10,287</b>  | <b>21</b>             | <b>(21)</b>  | <b>29,221</b> |
| 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         |
| <b>Profit before tax</b>             | <b>424</b>    | <b>-</b>       | <b>3,948</b>          | <b>-</b>     | <b>4,372</b>  |
| Loss before tax from                 |               |                |                       |              |               |
| discontinued operation               | -             | (3,331)        | -                     | -            | (3,331)       |
| <b>Total</b>                         | <b>424</b>    | <b>(3,331)</b> | <b>3,948</b>          | <b>-</b>     | <b>1,041</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 21 February 2019 (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.

**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 and financial year-to-date except as disclosed below.

On 26 September 2018, FACB Industries Incorporated Berhad announced that its wholly-owned subsidiary, Kanzen Kagu Sdn Bhd (“KKSB”) had convened a Final Meeting to conclude the winding up proceedings. KKSB 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                   | 1,082   |
| Less : Cash and bank balances liquidated        | (1,082) |
| Net cash outflow on liquidation of a subsidiary | -       |

**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 net profit of RM1.45 million on the back of RM9.84 million in revenue compared with the net loss of RM0.96 million and revenue of RM10.15 million in the preceding year comparative quarter. The discontinuance of the loss making stainless steel business has enabled the Group to report net profit this year.

The bedding operations recorded a lower gross profit margin due mainly to higher mix of lower margin consumers' sales. Associates in power business contributed lower profit due to lower demand on steam.

**(b) Current Period vs Preceding Year Comparative Period**

For the first half of the financial year, the Group reported a net profit of RM2.11 million compared with RM0.40 million in the comparative first half of the preceding financial year. Revenue improvement derived from better consumers' sales. The better net profit performance was due to the discontinuance of the loss making stainless steel operation.

The bedding operation recorded a lower gross profit margin due to higher mix of lower margin sales. Lower contribution of RM0.73 million compared with RM1.76 million from associates in China for both bedding & power businesses due mainly to poor retail sentiment.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB****B2 Material Change in the Profit Before Tax as compared with the Immediate Preceding Quarter**

The Group registered higher revenue of RM9.84 million for the current quarter compared with RM9.17 million registered in the immediate preceding quarter ended 30 September 2018 attributable to growth in bedding revenue. A higher net profit of RM1.45 million was recorded for the current quarter versus RM0.66 million mainly due to higher profit contribution from associate in power business.

**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 stainless steel operation. Bedding Malaysia performance is expected to improve with higher delivery.

The Group's effort to focus on new and innovative bedding product development and to actively participate in event sales to go to consumers directly has brought satisfactory result in consumer sales. Continuous measures were implemented on cost control to improve profitability.

**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<br>Quarter<br>Ended<br><u>31/12/2018</u><br>RM'000 | Comparative<br>Quarter<br>Ended<br><u>31/12/2017</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2018</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2017</u><br>RM'000 |
|---|--|--|--|--|
| <u>Continuing Operations:</u>                     |  |  |  |  |
| Amortisation of intangible assets                 | 7  | -  | 14   | -  |
| Depreciation of property, plant and equipment     | 108  | 94   | 225  | 186  |
| Impairment loss on trade receivables              | 105  | 232  | 198  | 232  |
| Loss on foreign exchange                          | -  | 1  | 6  | 1  |
| Interest income                                   | (1,602)  | (1,519)  | (3,187)  | (3,022)  |
| Gain on disposal of property, Plant and equipment | -  | -  | (56)   | -  |
| <u>Discontinued Operation:</u>                    |  |  |  |  |
| Depreciation of property, plant and equipment     | -  | 93   | -  | 187  |
| Loss on foreign exchange                          | -  | 94   | -  | 151  |
| Interest income                                   | -  | (23)   | -  | (33)   |

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 and financial year-to-date.

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

Taxation comprises the following:-

|                         | Current<br>Quarter<br>Ended<br><u>31/12/2018</u><br>RM'000 | Comparative<br>Quarter<br>Ended<br><u>31/12/2017</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2018</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2017</u><br>RM'000 |
|-------------------------|--|--|--|--|
| <u>Current tax</u>      |  |  |  |  |
| Current year - Malaysia | 224  | 311  | 487  | 625  |
| - Foreign               | 10   | 4  | 13   | 12   |
| Total tax expense       | 234  | 315  | 500  | 637  |

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 2018.

**B10 Derivative Financial Instruments**

The Group has no outstanding derivative financial instruments as at 31 December 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 and financial year-to-date.

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

The earnings/(loss) 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<br>Quarter<br>Ended<br><u>31/12/2018</u><br>RM'000 | Comparative<br>Quarter<br>Ended<br><u>31/12/2017</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2018</u><br>RM'000 | 6 Months<br>Cumulative<br>To Date<br><u>31/12/2017</u><br>RM'000 |
|---|--|--|--|--|
| Net profit/(loss) attributable<br>to owners of the parent |  |  |  |  |
| - continuing operations                                   | 1,079  | 1,514  | 1,780  | 2,966  |
| - discontinued operation                                  | -  | (2,873)  | -  | (3,331)  |
|   | 1,079  | (1,359)  | 1,780  | (365)  |

By Order of the Board

**FACB INDUSTRIES INCORPORATED BERHAD**

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 27 February 2019