



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 2019**
(The figures have not been audited)

	Current Quarter Ended 30/09/2019 RM'000	Comparative Quarter Ended 30/09/2018 RM'000
Revenue	9,503	9,170
Cost of sales	(6,026)	(5,715)
Gross profit	<u>3,477</u>	<u>3,455</u>
Other income	1,567	1,644
Operating expenses	(4,466)	(4,095)
Interest expense	(38)	-
Share of results of associates, net of tax	18	(80)
Profit before tax	<u>558</u>	<u>924</u>
Tax expense	(166)	(266)
Net profit for the quarter	<u>392</u>	<u>658</u>
Other comprehensive income:		
Foreign currency translation	(241)	(863)
Fair value adjustment on financial assets	5,088	-
Total comprehensive income/(loss) for the quarter	<u>5,239</u>	<u>(205)</u>
Profit/(Loss) attributable to:		
Owners of the parent	693	701
Non-controlling interests	(301)	(43)
	<u>392</u>	<u>658</u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	5,648	176
Non-controlling interests	(409)	(381)
	<u>5,239</u>	<u>(205)</u>
Earnings per share for profit attributable to owners of the parent:		
Basic and diluted (sen)	<u>0.83</u>	<u>0.84</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 2019)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As At 30 September 2019**

	Unaudited As At 30/09/2019 RM'000	Audited As At 30/06/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,863	3,548
Intangible assets	230	236
Right-of-use assets	2,083	-
Investment in associates	18,973	19,191
Financial asset at amortised cost	9,938	9,935
Financial asset at fair value through other comprehensive income ("FVTOCI")	35,614	30,527
	70,701	63,437
Current Assets		
Inventories	6,011	5,915
Trade and other receivables	8,099	11,056
Deposits, cash and bank balances	162,464	160,141
	176,574	177,112
Total Assets	247,275	240,549
EQUITY AND LIABILITIES		
Equity		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	2,472	(2,520)
Retained earnings	108,095	107,439
Equity attributable to owners of the parent	223,494	217,846
Non-controlling interests	15,257	15,708
Total equity	238,751	233,554
Non-Current Liability		
Deferred tax liabilities	154	154
Lease liabilities	1,360	-
	1,514	154
Current Liabilities		
Trade and other payables	4,842	5,711
Tax liabilities	151	4
Contract liability	1,310	1,126
Lease liabilities	707	-
	7,010	6,841
Total liabilities	8,524	6,995
Total Equity and Liabilities	247,275	240,549
Net Assets per share (RM)	2.66	2.60

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The First Quarter Ended 30 September 2019***(The figures have not been audited)*

	← Attributable to Owners of the Parent →				Total	Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings			
In RM'000							
At 1 July 2019	114,152	(1,225)	(2,520)	107,439	217,846	15,708	233,554
Net profit/(loss) for the quarter	-	-	-	693	693	(301)	392
Other comprehensive income							
- Foreign currency translation	-	-	(133)	-	(133)	(108)	(241)
- Fair value gain on financial assets at FVTOCI	-	-	5,088	-	5,088	-	5,088
Total comprehensive income/(loss) for the quarter	-	-	4,955	693	5,648	(409)	5,239
Transfer of reserves of a subsidiary	-	-	37	(37)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(42)	(42)
Total transactions with owners	-	-	37	(37)	-	(42)	(42)
At 30 September 2019	114,152	(1,225)	2,472	108,095	223,494	15,257	238,751
At 1 July 2018 (previously reported)	114,152	(1,225)	15,405	87,476	215,808	15,170	230,978
Effect of MFRS 9 adoption	-	-	(19,028)	18,457	(571)	(95)	(666)
At 1 July 2018 (restated)	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	-	-	(525)	-	(525)	(338)	(863)
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)
At 30 September 2018	114,152	(1,225)	(4,106)	106,592	215,413	14,629	230,042

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The First Quarter Ended 30 September 2019***(The figures have not been audited)*

	Current Quarter Ended 30/09/2019 RM'000	Comparative Quarter Ended 30/09/2018 RM'000
Cash Flows from Operating Activities		
Profit before tax	558	924
Adjustments for :-		
Share of results of associates	(18)	80
Accretion of discount on financial asset at amortised cost	(3)	(3)
Amortisation of intangible assets	7	7
Amortisation of right-of-use assets	212	-
Depreciation of property, plant and equipment	118	117
Impairment loss on trade receivables	132	93
Interest expense	38	-
Interest income	(1,537)	(1,585)
Gain on disposal of property, plant and equipment	(27)	(56)
Operating loss before working capital changes	<u>(520)</u>	<u>(423)</u>
Net changes in current assets	304	455
Net changes in current liabilities	(594)	(135)
Net changes in contract liability	184	-
Cash used in from operations	<u>(626)</u>	<u>(103)</u>
Tax paid	(722)	(409)
Tax refunded	304	-
Net cash used in from operating activities	<u>(1,044)</u>	<u>(512)</u>
Cash Flows from Investing Activities		
Dividend received from associates	2,741	-
Interest received	1,313	1,318
Net withdrawal/(placement) of deposits placed with licensed banks with maturity more than three (3) months	1,578	(2,106)
Proceeds from disposal of property, plant and equipment	27	-
Purchase of property, plant and equipment	(433)	(158)
Purchase of intangible assets	(1)	(78)
Net cash generated/(used in) investing activities	<u>5,225</u>	<u>(1,024)</u>
Cash Flows from Financing Activity		
Interest paid	(38)	-
Dividend paid to non-controlling interest by a subsidiary	(42)	(65)
Payment of lease liabilities	(193)	-
Net cash used in financing activity	<u>(273)</u>	<u>(65)</u>
Net increase/(decrease) in cash and cash equivalents	3,908	(1,601)
Effects of exchange rate changes on cash and cash equivalents	(7)	(21)
Cash and cash equivalents at beginning of the quarter	10,231	9,032
Cash and cash equivalents at end of the quarter	<u>14,132</u>	<u>7,410</u>
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	151,677	149,486
Cash and bank balances	10,787	5,398
	<u>162,464</u>	<u>154,884</u>
Deposits placed with licensed banks with maturity more than three (3) months	(148,332)	(147,474)
	<u>14,132</u>	<u>7,410</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019)

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 2019.

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 2019 except for the adoption of the following Amendments of the MFRS Framework that were issued by the MASB during the financial period:-

Title		Effective date
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	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 123	Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019

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 16. The impact of the adoption of MFRS 16 in the Group’s financial statements is as follows:-

(a) MFRS 16 Leases (“MFRS 16”)

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation (cont'd)****(a) MFRS 16 Leases (“MFRS 16”) (cont'd)**

The Group applied MFRS 16 with effect from 1 July 2019 using the modified retrospective approach where comparatives are not restated. The cumulative effect of adopting MFRS 16 are recognised as adjustments to the opening balance on 1 July 2019 as follows:

	Impact of adopting MFRS 16 at 1 July 2019 RM'000
Right-of-use assets	2,295
Prepaid lease payments	(35)
Lease liabilities	2,260

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
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 2019 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.

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 30 September 2019, 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>All Other</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	Segments	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
For Current Quarter				
Ended 30 September 2019				
External revenue	9,503	-	-	9,503
Inter-segment revenue	-	8	(8)	-
Total	9,503	8	(8)	9,503
Segment results:				
Interest income	10	1,527	-	1,537
Interest expense	9	29	-	38
Depreciation	114	4	-	118
Amortisation of intangible assets	7	-	-	7
Amortisation of right-of-use assets	131	81	-	212
Reportable segment profit before tax	(287)	827	-	540
Share of results of associates	-	18	-	18
Total	(287)	845	-	558
For Comparative Quarter				
Ended 30 September 2018				
External revenue	9,170	-	-	9,170
Inter-segment revenue	-	8	(8)	-
Total	9,170	8	(8)	9,170
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)
Total	31	893	-	924

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

There were no material events from the end of the quarter to 14 November 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.

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.

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 RM9.50 million due to improved sales from the bedding division. Profit before tax decreased by 40% from RM0.92 million to RM0.56 million due to higher advertising and promotional expenses incurred in bedding business.

The revenue for bedding operation in Malaysia increased by 2% to RM8.52 million due to improved consumer sales from Event Sales division. Lower pre-tax profit reported due to higher marketing and distribution costs. However associates contributed a slight profit for the current quarter compared to losses in the preceding comparative quarter.

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

The Group registered higher revenue of RM9.50 million for the current quarter compared with RM9.36 million registered in the immediate preceding quarter ended 30 June 2019. A profit before tax of RM0.56 million reported for the current quarter versus RM0.28 million loss before tax in the immediate preceding quarter due to impairment loss to investment in associate.

B3 Current Year Prospects

The Group expects performance for the financial year ending 30 June 2020 to be positive.

The Group continues to push for operational efficiency in factory and drive new innovation in bedding products so to address the rising costs in raw materials, the evolution of consumer purchasing habits and the shifting retail environment. Power business associates are expected to maintain profitability in view of the current customer network with stable demand.

The Group would continue to look for new business opportunities for merger and acquisitions.

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>30/09/2019</u> RM'000	Comparative Quarter Ended <u>30/09/2018</u> RM'000
Amortisation of intangible assets	7	7
Amortisation of right-of-use assets	212	-
Depreciation of property, plant and equipment	118	117
Gain on disposal of property, plant and equipment	(27)	(56)
Impairment loss on trade receivables	132	93
Interest expense	38	-
Interest income	(1,537)	(1,585)
Loss on foreign exchange	62	6

Apart from the above, there was no 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 <u>30/09/2019</u> RM'000	Comparative Quarter Ended <u>30/09/2018</u> RM'000
<u>Current tax</u>		
Current year - Malaysia	164	263
- Foreign	2	3
Total tax expense	<u>166</u>	<u>266</u>

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 2019.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 30 September 2019.

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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B12 Dividend Proposed or Declared**

A final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2019 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 2020 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 <u>30/09/2019</u> RM'000	Comparative Quarter Ended <u>30/09/2018</u> RM'000
Net profit attributable to owners of the parent	<u>693</u>	<u>701</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 20 November 2019