



FACB INDUSTRIES INCORPORATED BERHAD (48850-K)
Registration No. 197901004632
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Fourth Quarter Ended 30 June 2020**
(The figures have not been audited)

	Current Quarter Ended 30/06/2020 RM'000	Comparative Quarter Ended 30/06/2019 RM'000	Current Year Ended 30/06/2020 RM'000	Comparative Year Ended 30/06/2019 RM'000
Revenue	6,727	9,364	34,276	38,870
Cost of sales	(4,997)	(5,950)	(22,516)	(24,489)
Gross profit	1,730	3,414	11,760	14,381
Other income	1,807	1,950	6,311	6,788
Operating expenses	(3,502)	(4,480)	(16,406)	(17,058)
Interest expense	(104)	-	(208)	-
Share of results of associates, net of tax	1,282	(1,160)	3,047	105
Profit/(Loss) before tax	1,213	(276)	4,504	4,216
Tax expense	(1,138)	(1,026)	(1,570)	(1,960)
Net (loss)/profit for the year	75	(1,302)	2,934	2,256
Other comprehensive income:				
Foreign currency translation	439	(200)	406	(1,063)
Fair value adjustment on financial assets	-	1,696	6,784	1,696
Total comprehensive income for the year	514	194	10,124	2,889
(Loss)/Profit attributable to:				
Owners of the parent	(237)	(1,568)	2,210	1,190
Non-controlling interests	312	266	724	1,066
	75	(1,302)	2,934	2,256
Total comprehensive income attributable to:				
Owners of the parent	6	18	9,219	2,251
Non-controlling interests	508	176	905	638
	514	194	10,124	2,889
(Loss)/Earnings per share for (loss)/profit attributable to owners of the parent:				
Basic and diluted (sen)	(0.28)	(1.87)	2.63	1.42

(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 June 2020**

	Unaudited As At 30/06/2020 RM'000	Audited As At 30/06/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,308	3,548
Intangible assets	150	236
Right-of-use assets	3,266	-
Investment in associates	22,623	19,191
Financial asset at amortised cost	9,945	9,935
Financial asset at fair value through other comprehensive income ("FVTOCI")	37,310	30,527
	<u>76,602</u>	<u>63,437</u>
Current Assets		
Inventories	4,721	5,915
Trade and other receivables	7,887	11,056
Deposits, cash and bank balances	158,919	160,141
	<u>171,527</u>	<u>177,112</u>
Total Assets	<u>248,129</u>	<u>240,549</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	4,526	(2,520)
Retained earnings	108,773	107,439
Equity attributable to owners of the parent	<u>226,226</u>	<u>217,846</u>
Non-controlling interests	13,961	15,708
Total equity	<u>240,187</u>	<u>233,554</u>
Non-Current Liability		
Deferred tax liabilities	146	154
Lease liabilities	2,047	-
	<u>2,193</u>	<u>154</u>
Current Liabilities		
Trade and other payables	3,790	5,711
Tax liabilities	119	4
Contract liability	1,127	1,126
Lease liabilities	713	-
	<u>5,749</u>	<u>6,841</u>
Total liabilities	<u>7,942</u>	<u>6,995</u>
Total Equity and Liabilities	<u>248,129</u>	<u>240,549</u>
Net Assets per share (RM)	2.70	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 Year Ended 30 June 2020***(The figures have not been audited)*

In RM'000	← Attributable to Owners of the Parent →				Total	Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings			
At 1 July 2019	114,152	(1,225)	(2,520)	107,439	217,846	15,708	233,554
Net profit for the year	-	-	-	2,210	2,210	724	2,934
Other comprehensive income							
- Foreign currency translation	-	-	225	-	225	181	406
- Fair value gain on financial assets at FVTOCI	-	-	6,784	-	6,784	-	6,784
Total comprehensive income for the year	-	-	7,009	2,210	9,219	905	10,124
Transfer of reserves of a subsidiary	-	-	37	(37)	-	-	-
Dividend paid	-	-	-	(839)	(839)	-	(839)
Dividend to non-controlling interest	-	-	-	-	-	(2,652)	(2,652)
Total transactions with owners	-	-	37	(876)	(839)	(2,652)	(3,491)
At 30 June 2020	114,152	(1,225)	4,526	108,773	226,226	13,961	240,187
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)	18,898	(130)	(21)	(151)
Effect of MFRS 15 adoption	-	-	-	(83)	(83)	(14)	(97)
	-	-	(19,028)	18,815	(213)	(35)	(248)
At 1 July 2018 (restated)	114,152	(1,225)	(3,623)	106,291	215,595	15,135	230,730
Net profit for the year	-	-	-	1,190	1,190	1,066	2,256
Other comprehensive income							
- Foreign currency translation	-	-	(635)	-	(635)	(428)	(1,063)
- Fair value gain on financial assets at FVTOCI	-	-	1,696	-	1,696	-	1,696
Total comprehensive income/(loss) for the year	-	-	1,061	1,190	2,251	638	2,889
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 June 2019	114,152	(1,225)	(2,520)	107,439	217,846	15,708	233,554

(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 Year Ended 30 June 2020***(The figures have not been audited)*

	Current Year Ended 30/06/2020 RM'000	Comparative Year Ended 30/06/2019 RM'000
Cash Flows from Operating Activities		
Profit before tax	4,504	4,216
Adjustments for :-		
Accretion of discount on financial asset at amortised cost	(10)	(10)
Amortisation of intangible assets	49	27
Amortisation of right-of-use assets	848	-
Depreciation of property, plant and equipment	467	383
Gain on disposal of property, plant and equipment	(27)	-
Impairment loss on amount owing by associates	-	425
Impairment loss on investments in associates	-	382
Impairment loss on trade receivables	1,100	162
Interest expense	208	-
Interest income	(5,721)	(6,330)
Inventories written down	494	13
Reversal of impairment loss on trade receivables	(14)	(371)
Reversal of inventories written down	-	(174)
Share of results of associates, net of tax	(3,047)	(105)
Other non-cash items	(1)	(1)
Operating loss before working capital changes	(1,150)	(1,383)
Net changes in current assets	(343)	2,579
Net changes in current liabilities	(1,648)	(643)
Net changes in contract liability	1	1,126
Cash (used in)/ generated from operations	(3,140)	1,679
Tax paid	(2,048)	(1,746)
Tax refunded	501	1
Net cash used in operating activities	(4,687)	(66)
Cash Flows from Investing Activities		
Dividend received from associates	2,741	-
Interest received	5,894	6,363
Net placement of deposits placed with licensed banks with maturity more than three (3) months	(1,810)	(4,542)
Proceeds from disposal of property, plant and equipment	27	-
Purchase of property, plant and equipment	(755)	(331)
Purchase of intangible assets	(25)	(140)
Net cash generated from investing activities	6,072	1,350
Cash Flows from Financing Activity		
Interest paid	(208)	-
Dividend paid	(839)	-
Dividend paid to non-controlling interest by subsidiaries	(2,652)	(65)
Payment of lease liabilities	(729)	-
Net cash used in financing activities	(4,428)	(65)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 30 June 2020 (Cont'd)

(The figures have not been audited)

	Current Year Ended 30/06/2020 RM'000	Comparative Year Ended 30/06/2019 RM'000
Net increase in cash and cash equivalents	(3,043)	1,219
Effects of exchange rate changes on cash and cash equivalents	11	(20)
Cash and cash equivalents at beginning of the year	<u>10,231</u>	<u>9,032</u>
Cash and cash equivalents at end of the year	<u><u>7,199</u></u>	<u><u>10,231</u></u>
Cash and cash equivalents comprise :-		
Deposits with licensed financial institutions	152,433	152,767
Cash and bank balances	<u>6,486</u>	<u>7,374</u>
	158,919	160,141
Deposits placed with licensed banks with maturity more than three (3) months	<u>(151,720)</u>	<u>(149,910)</u>
	<u><u>7,199</u></u>	<u><u>10,231</u></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 year:-

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
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020 (early adopted)

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*.

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

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.

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	3,859
Property, plant and equipment	(590)
Prepaid lease payments	(35)
Lease liabilities	3,234

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
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 1 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 9 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 16 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 141 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022

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 (cont'd):-

Title		Effective date
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
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 and financial year ended 30 June 2020 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 ended 30 June 2020.

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 ended 30 June 2020.

A6 Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter. As at 30 June 2020, total shares repurchased were 1,279,700 and all the shares repurchased were held as treasury shares.

A7 Dividend Paid

(a) No dividend was paid during the current quarter.

(b) Total net dividend paid during the current financial year ended 30 June 2020 was a final single-tier dividend of 1 sen per ordinary share amounting to RM838,828 in respect of financial year ended 30 June 2019.

NOTES (IN COMPLIANCE WITH MFRS 134)**A8 Reportable Segments**

	<u>Bedding</u> RM'000	<u>All Other Segments</u> RM'000	<u>Eliminations</u> RM'000	<u>Total</u> RM'000
For Current Year				
Ended 30 June 2020				
External revenue	34,276	-	-	34,276
Inter-segment revenue	-	30	(30)	-
Total	34,276	30	(30)	34,276
Segment results:				
Interest income	46	5,675	-	5,721
Interest expense	98	110	-	208
Depreciation	437	30	-	467
Amortisation of intangible assets	49	-	-	49
Amortisation of right-of-use assets	524	324	-	848
Reportable segment profit before tax	(1,501)	2,958	-	1,457
Share of results of associates	-	3,047	-	3,047
Total	(1,501)	6,005	-	4,504
	<u>Bedding</u> RM'000	<u>All Other Segments</u> RM'000	<u>Eliminations</u> RM'000	<u>Total</u> RM'000
For Comparative Year				
Ended 30 June 2019				
External revenue	38,870	-	-	38,870
Inter-segment revenue	-	30	(30)	-
Total	38,870	30	(30)	38,870
Segment results:				
Interest income	23	6,307	-	6,330
Depreciation	379	4	-	383
Amortisation of intangible assets	27	-	-	27
Reportable segment profit before tax	1,262	2,849	-	4,111
Share of results of associates	(2,009)	2,114	-	105
Total	(747)	4,963	-	4,216

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

There were no material events from the end of the quarter to 20 August 2020 (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 ended 30 June 2020.

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 ended 30 June 2020.

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**

The Group recorded revenue of RM6.73 million for current quarter which was lower by RM2.63 million or 28% as compared to RM9.36 million for the preceding year corresponding quarter. The significant decrease was mainly due to the implementation of Movement Control Order (MCO) by the Government lasting from 18 March 2020 till 12 May 2020. This had impacted the Group's operation for approximately 6 weeks for the quarter under review. Pre-tax profit RM1.21 million reported compared with pre-tax loss of RM0.28 million mainly due to the share of losses of associates for the preceding year corresponding quarter.

Revenue for bedding operation in Malaysia contracted by 29% to RM6.13 million mainly due to 6 weeks of no business operation for the current quarter during MCO. Higher profit contribution was recorded by the associates in power business in current quarter.

(b) Current Year vs Preceding Year

For the current financial year ended 30 June 2020, the Group reported a higher pre-tax profit of RM4.50 million compared with RM4.22 million in preceding year. Revenue decreased by 12% to RM34.28 million.

Revenue for the bedding operation in Malaysia contracted by 13% to RM31.04 million mainly due to the approximately 8 weeks of MCO for the current year. A pre-tax loss of RM1.68 million reported compared with pre-tax profit of RM1.13 million (before impairment of goodwill) in preceding year due to lower production and sales generated. Share of results of associates contributed RM3.05 million compared to RM0.11 million, due to impairments adjusted in the preceding year.

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

Revenue decreased by 5% compared to the immediate preceding quarter mainly due to the longer MCO period of 6 weeks in current quarter as compared to about 2 weeks in immediate preceding quarter. A lower pre-tax profit of RM1.21 million reported for the current quarter versus RM1.42 million in the immediate preceding quarter mainly due to the lower sales and lower share of results of associates.

B3 Prospects of Next Financial Year

The Group expects its performance in the next financial year to remain challenging due to the yet unabated challenge of Covid-19 pandemic. The Government had implemented various incentives and stimulus packages to assist businesses towards economy recovery.

The Group will continue its market research and innovate its products in order to gain market share and generate more sales. Continuous cost control and credit control measures would be emphasised.

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>30/06/2020</u> RM'000	Comparative Quarter Ended <u>30/06/2019</u> RM'000	Current Year Ended <u>30/06/2020</u> RM'000	Comparative Year Ended <u>30/06/2019</u> RM'000
Amortisation of intangible assets	15	6	49	27
Amortisation of right-of-use assets	211	-	848	-
Depreciation of property, plant and equipment	92	51	467	383
Gain on disposal of property, plant and equipment	-	56	(27)	-
Impairment loss on amount owing by associates	-	425	-	425
Impairment loss on trade receivables	611	(143)	1,100	162
Impairment loss on investments in associates	-	382	-	382
Interest expense	104	-	208	-
Interest income	(1,270)	(1,574)	(5,721)	(6,330)
Inventories written down	494	13	494	13
(Gain)/ Loss on foreign exchange	(1)	(1)	61	5
Reversal of inventories written down	-	(174)	-	(174)
Reversal of impairment loss on trade receivables	(14)	(371)	(14)	(371)

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 and financial year ended 30 June 2020.

B7 Tax expense

Tax expense comprises the following:-

	Current Quarter Ended <u>30/06/2020</u> RM'000	Comparative Quarter Ended <u>30/06/2019</u> RM'000	Current Year Ended <u>30/06/2020</u> RM'000	Comparative Year Ended <u>30/06/2019</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	1,083	751	1,503	1,628
- Foreign	60	277	72	334
Overprovision in prior year				
- Malaysia	(5)	-	(5)	-

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB**B7 Tax expense (cont'd)**

Tax expense comprises the following (cont'd):-

	Current Quarter Ended <u>30/06/2020</u> RM'000	Comparative Quarter Ended <u>30/06/2019</u> RM'000	Current Year Ended <u>30/06/2020</u> RM'000	Comparative Year Ended <u>30/06/2019</u> RM'000
<u>Deferred tax – Malaysia</u>				
Origination and reversal of temporary differences	-	6	-	6
(Over)/Under provision in prior year – Malaysia	-	(8)	-	(8)
Total tax expense	<u>1,138</u>	<u>1,026</u>	<u>1,570</u>	<u>1,960</u>

The effective tax rate of the Group (excluding the share of results of associates) for the current period and the financial year ended 30 June 2020 were 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 June 2020.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 30 June 2020.

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 ended 30 June 2020.

B13 (Loss)/Earnings per Share

The (loss)/earnings per share (basic) for the current quarter and financial year ended 30 June 2020 are calculated by dividing the Group's net (loss)/profit for the year 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>30/06/2020</u> RM'000	Comparative Quarter Ended <u>30/06/2019</u> RM'000	Current Year Ended <u>30/06/2020</u> RM'000	Comparative Year Ended <u>30/06/2019</u> RM'000
Net (loss)/ profit attributable to owners of the parent	<u>(237)</u>	<u>(1,568)</u>	<u>2,210</u>	<u>1,190</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)

Group Company Secretary

Kuala Lumpur

Date : 26 August 2020