



FACB INDUSTRIES INCORPORATED BERHAD
 197901004632 (48850-K)
 (Incorporated in Malaysia)

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

	Current Quarter Ended 30/09/2020 RM'000	Comparative Quarter Ended 30/09/2019 RM'000
Revenue	11,579	9,503
Cost of sales	(7,044)	(6,026)
Gross profit	4,535	3,477
Other income	1,216	1,567
Operating expenses	(4,044)	(4,466)
Finance costs	(48)	(38)
Share of results of associates, net of tax	(102)	18
Profit before tax	1,557	558
Tax expense	(722)	(166)
Net profit for the quarter	835	392
Other comprehensive (loss)/income:		
Foreign currency translation	(330)	(241)
Fair value adjustment on financial assets	-	5,088
Total comprehensive income for the quarter	505	5,239
Profit/(Loss) attributable to:		
Owners of the parent	910	693
Non-controlling interests	(75)	(301)
	835	392
Total comprehensive income/(loss) attributable to:		
Owners of the parent	728	5,648
Non-controlling interests	(223)	(409)
	505	5,239
Earnings per share for profit attributable to owners of the parent:		
Basic and diluted (sen)	1.08	0.83

(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 2020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 September 2020

	Unaudited As At 30/09/2020 RM'000	Audited As At 30/06/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,250	3,309
Right-of-use assets	3,064	3,267
Intangible assets	136	150
Investment in associates	19,413	22,623
Financial asset at amortised cost	9,948	9,945
Financial asset at fair value through other comprehensive income ("FVTOCI")	37,310	37,310
	73,121	76,604
Current Assets		
Inventories	5,464	4,721
Trade and other receivables	6,676	7,887
Deposits, cash and bank balances	165,783	158,918
	177,923	171,526
TOTAL ASSETS	251,044	248,130
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	4,389	4,526
Retained earnings	109,639	108,774
	226,955	226,227
Non-controlling interests	13,675	13,961
TOTAL EQUITY	240,630	240,188
LIABILITIES		
Non-Current Liability		
Lease liabilities	1,860	2,048
Deferred tax liabilities	146	146
	2,006	2,194
Current Liabilities		
Trade and other payables	6,483	3,787
Contract liability	1,150	1,128
Lease liabilities	723	714
Tax liabilities	52	119
	8,408	5,748
TOTAL LIABILITIES	10,414	7,942
TOTAL EQUITY AND LIABILITIES	251,044	248,130
Net Assets per share (RM)	2.71	2.70

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The First Quarter Ended 30 September 2020

(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		
In RM'000							
At 1 July 2020	114,152	(1,225)	4,526	108,774	226,227	13,961	240,188
Net profit/(loss) for the quarter	-	-	-	910	910	(75)	835
Other comprehensive (loss)/income							
- Foreign currency translation	-	-	(182)	-	(182)	(148)	(330)
Total comprehensive (loss)/income for the quarter	-	-	(182)	910	728	(223)	505
Transfer of reserves of a subsidiary	-	-	45	(45)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(63)	(63)
Total transactions with owners	-	-	45	(45)	-	(63)	(63)
At 30 September 2020	114,152	(1,225)	4,389	109,639	226,955	13,675	240,630
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 (loss)/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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The First Quarter Ended 30 September 2020

(The figures have not been audited)

	Current Quarter Ended 30/09/2020 RM'000	Comparative Quarter Ended 30/09/2019 RM'000
Cash Flows from Operating Activities		
Profit before tax	1,557	558
Adjustments for :		
Accretion of discount on financial asset at amortised cost	(3)	(3)
Amortisation of intangible assets	14	7
Depreciation of right-of-use assets	203	212
Depreciation of property, plant and equipment	103	118
Gain on disposal of property, plant and equipment	-	(27)
Impairment losses on trade receivables	43	132
Interest expense on lease liabilities	48	38
Interest income	(1,041)	(1,537)
Share of results of associates, net of tax	102	(18)
Operating loss before working capital changes	1,026	(520)
Net changes in current assets	424	304
Net changes in current liabilities	2,697	(594)
Net changes in contract liability	22	184
Cash generated from/(used in) operations	4,169	(626)
Tax paid	(711)	(722)
Tax refunded	8	304
Net cash generated from/(used in) operating activities	3,466	(1,044)
Cash Flows from Investing Activities		
Dividend received from associates	2,786	2,741
Interest received	950	1,313
Net withdrawal of deposits placed with licensed banks with maturity more than three (3) months	2,700	1,578
Proceeds from disposal of property, plant and equipment	-	27
Purchase of property, plant and equipment	(44)	(433)
Purchase of intangible assets	-	(1)
Net cash generated from investing activities	6,392	5,225
Cash Flows from Financing Activities		
Dividend paid to non-controlling interest by a subsidiary	(63)	(42)
Payment of lease liabilities	(227)	(231)
Net cash used in financing activities	(290)	(273)

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

(The figures have not been audited)

	Current Quarter Ended 30/09/2020 RM'000	Comparative Quarter Ended 30/09/2019 RM'000
Net increase in cash and cash equivalents	9,568	3,908
Effects of exchange rate changes on cash and cash equivalents	(3)	(7)
Cash and cash equivalents at beginning of the quarter	7,198	10,231
Cash and cash equivalents at end of the quarter	16,763	14,132
Cash and cash equivalents comprise :-		
Deposits with licensed banks	152,873	151,677
Cash and bank balances	12,910	10,787
	165,783	162,464
Deposits placed with licensed banks with maturity more than three (3) months	(149,020)	(148,332)
	16,763	14,132

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020)

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 2020.

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 2020 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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020

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.

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
<i>Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2</i>	1 January 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 2020 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 2020, 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	RM'000	RM'000	RM'000
For Current Quarter				
Ended 30 September 2020				
External revenue	11,579	-	-	11,579
Inter-segment revenue	-	2,928	(2,928)	-
Total	11,579	2,928	(2,928)	11,579

NOTES (IN COMPLIANCE WITH MFRS 134)

A8 Reportable Segments (cont'd)

	<u>Bedding</u>	<u>All Other</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Current Quarter				
Ended 30 September 2020				
Segment results:				
Interest expense on lease liabilities	23	25	-	48
Interest income	3	1,038	-	1,041
Amortisation of intangible assets	14	-	-	14
Depreciation of right-of-use assets	122	81	-	203
Depreciation of property, plant and equipment	94	9	-	103
Accretion of discount on financial assets at amortised cost	-	3	-	3
Impairment losses on trade receivables	43	-	-	43
Reportable segment profit before tax	1,270	389	-	1,659
Share of results of associates	-	(102)	-	(102)
Total	1,270	287	-	1,557

	<u>Bedding</u>	<u>All Other</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Comparative Quarter				
Ended 30 September 2019				
External revenue	9,503	-	-	9,503
Inter-segment revenue	-	102	(102)	-
Total	9,503	102	(102)	9,503

Segment results:				
Interest expense on lease liabilities	9	29	-	38
Interest income	10	1,527	-	1,537
Amortisation of intangible assets	7	-	-	7
Depreciation of right-of-use assets	131	81	-	212
Depreciation of property, plant and equipment	114	4	-	118
Gain on disposal of property, plant and equipment	-	27	-	27
Accretion of discount on financial assets at amortised cost	-	3	-	3
Impairment losses on trade receivables	132	-	-	132
Reportable segment profit before tax	(287)	827	-	540
Share of results of associates	-	18	-	18
Total	(287)	845	-	558

NOTES (IN COMPLIANCE WITH MFRS 134)

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

There were no material events from the end of the quarter to 19 November 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.

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 22% to RM11.58 million due to improved sales from the bedding division. Profit before tax increased by 179% from RM0.56 million to RM1.56 million due to better profit margin and lower operating expenses.

The revenue for bedding operation in Malaysia increased by 27% to RM10.79 million due to improved consumer sales from Amway and Dealers division. A pre-tax profit of RM1.21 million reported compared to pre-tax loss of RM0.32 million in preceding year comparative quarter mainly due to growth in revenue and reduction in selling and marketing expenses. Associates recorded negative contribution due to lower sales performance.

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

The Group registered higher revenue of RM11.58 million for the current quarter compared with RM6.73 million registered in the immediate preceding quarter ended 30 June 2020. The immediate preceding quarter sales was greatly impacted by Covid-19 pandemic and enforcement of various movement control order imposed by government. A higher pre-tax profit of RM1.56 million reported for the current quarter versus RM1.21 million in the immediate preceding quarter due to higher revenue and better profit margin.

B3 Current Year Prospects

The Group expects performance for the financial year ending 30 June 2021 to remain challenging due to the unpredictable impacts of Covid-19 on the domestic and global economy.

The Group continues to innovate new bedding products at an affordable price in order to capture more market share and at the same time, push for higher operational efficiency and implement effective cost control.

The Group will continue the effort to look for new business opportunities for merger and acquisitions.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

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 Quarter Ended <u>30/09/2020</u> RM'000	Comparative Quarter Ended <u>30/09/2019</u> RM'000
Amortisation of intangible assets	14	7
Depreciation of property, plant and equipment	103	118
Depreciation of right-of-use assets	203	212
Gain on disposal of property, plant and equipment	-	(27)
Impairment losses on trade receivables	43	132
Interest expense on lease liabilities	48	38
Interest income	(1,041)	(1,537)
Loss on foreign exchange	23	62

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>30/09/2020</u> RM'000	Comparative Quarter Ended <u>30/09/2019</u> RM'000
<u>Current tax</u>		
Current year - Malaysia	442	164
- Foreign	280	2
Total tax expense	<u>722</u>	<u>166</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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

B9 Group Borrowing

There was no borrowing as at 30 September 2020.

B10 Derivative Financial Instruments

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

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 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>30/09/2020</u> RM'000	Comparative Quarter Ended <u>30/09/2019</u> RM'000
Net profit attributable to owners of the parent	<u>910</u>	<u>693</u>

By Order of the Board
FACB INDUSTRIES INCORPORATED BERHAD

LEE BOO TIAN (LS 0007987)
Group Company Secretary

Kuala Lumpur
Date : 25 November 2020