



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME For The Second Quarter Ended 31 December 2022**
(The figures have not been audited)

	Current Quarter Ended 31/12/2022 RM'000	Comparative Quarter Ended 31/12/2021 RM'000	6 Months Cumulative To Date 31/12/2022 RM'000	6 Months Cumulative To Date 31/12/2021 RM'000
Revenue	12,652	12,582	23,944	18,043
Cost of sales	(7,362)	(7,362)	(14,046)	(11,616)
Gross profit	5,290	5,220	9,898	6,427
Other income	1,386	1,157	2,505	2,319
Operating expenses	(4,916)	(4,235)	(9,588)	(7,205)
Finance costs	(23)	(24)	(45)	(62)
Share of results of associates, net of tax	577	4,004	479	4,281
Profit before tax	2,314	6,122	3,249	5,760
Tax expense	(929)	(822)	(1,217)	(686)
Net Profit for the period	1,385	5,300	2,032	5,074
Other comprehensive (loss)/ income:				
Foreign currency translation	(954)	165	(1,125)	554
Total comprehensive income for the period	431	5,465	907	5,628
Profit attributable to:				
Owners of the parent	1,240	3,474	1,916	3,247
Non-controlling interests	145	1,826	116	1,827
	1,385	5,300	2,032	5,074
Total comprehensive income attributable to:				
Owners of the parent	714	3,564	1,295	3,553
Non-controlling interests	(283)	1,901	(388)	2,075
	431	5,465	907	5,628
Earnings per share for profit attributable to owners of the parent:				
Basic and diluted (sen)	1.48	4.14	2.28	3.87
Dividend per share (sen)				
Interim	-	-	2.60	-

(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 2022)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2022

	Unaudited As At 31/12/2022 RM'000	Audited As At 30/06/2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,989	3,049
Right-of-use assets	1,511	1,775
Intangible assets	51	67
Investment in associates	20,221	24,783
Financial asset at amortised cost	29,761	29,743
Financial asset at fair value through other comprehensive income ("FVTOCI")	13,567	13,567
	68,100	72,984
Current Assets		
Inventories	7,933	5,933
Trade and other receivables	7,528	10,579
Deposits, cash and bank balances	156,549	149,695
	172,010	166,207
TOTAL ASSETS	240,110	239,191
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	(19,010)	(18,426)
Retained earnings	119,299	117,420
	213,216	211,921
Non-controlling interests	14,706	15,139
TOTAL EQUITY	227,922	227,060
LIABILITIES		
Non-Current Liabilities		
Lease liabilities	367	524
Deferred tax liabilities	186	186
	553	710
Current Liabilities		
Trade and other payables	8,142	7,565
Contract liability	2,671	3,024
Lease liabilities	711	832
Tax liabilities	111	-
	11,635	11,421
TOTAL LIABILITIES	12,188	12,131
TOTAL EQUITY AND LIABILITIES	240,110	239,191
Net Assets per share (RM)	2.54	2.53

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For The Period Ended 31 December 2022***(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 2022	114,152	(1,225)	(18,426)	117,420	211,921	15,139	227,060
Net profit for the period	-	-	-	1,916	1,916	116	2,032
Other comprehensive loss							
- Foreign currency translation	-	-	(621)	-	(621)	(504)	(1,125)
Total comprehensive (loss)/ income for the period	-	-	(621)	1,916	1,295	(388)	907
Transfer of reserves of a subsidiary	-	-	37	(37)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(45)	(45)
Total transactions with owners	-	-	37	(37)	-	(45)	(45)
At 31 December 2022	114,152	(1,225)	(19,010)	119,299	213,216	14,706	227,922
At 1 July 2021	114,152	(1,225)	(8,670)	110,145	214,402	14,339	228,741
Net profit/(loss) for the period	-	-	-	3,247	3,247	1,827	5,074
Other comprehensive income							
- Foreign currency translation	-	-	306	-	306	248	554
Total comprehensive income for the period	-	-	306	3,247	3,553	2,075	5,628
Transfer of reserves of a subsidiary	-	-	23	(23)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(46)	(46)
Total transactions with owners	-	-	23	(23)	-	(46)	(46)
At 31 December 2021	114,152	(1,225)	(8,341)	113,369	217,955	16,368	234,323

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Period Ended 31 December 2022

(The figures have not been audited)

	Current Period Ended 31/12/2022 RM'000	Comparative Period Ended 31/12/2021 RM'000
Cash Flows from Operating Activities		
Profit before tax	3,249	5,760
Adjustments for:		
Accretion of discount on financial asset at amortised cost	(18)	(10)
Amortisation of intangible assets	16	17
Depreciation of right-of-use assets	443	400
Depreciation of property, plant and equipment	214	208
Gain on disposal of property, plant and equipment	(19)	-
Impairment losses on trade receivables	54	236
Interest expense on lease liabilities	45	62
Interest income	(2,387)	(1,850)
Reversal of impairment loss on trade receivables	-	(4)
Share of results of associates, net of tax	(479)	(4,281)
Operating profit before working capital changes	1,118	538
Net changes in current assets	632	(2,058)
Net changes in current liabilities	586	2,443
Net changes in contract liability	(353)	151
Cash generated from operations	1,983	1,074
Tax paid	(994)	(1,240)
Tax refunded	203	-
Net cash from/ (used in) operating activities	1,192	(166)
Cash Flows from Investing Activities		
Acquisition of financial assets at amortised cost	-	(19,760)
Dividend received from associates	3,941	2,966
Interest received	2,422	1,893
Net (placement)/ withdrawal of deposits placed with licensed banks with maturity more than three (3) months	(5,770)	16,689
Proceeds from disposal of property, plant and equipment	19	-
Purchase of property, plant and equipment	(154)	(59)
Net cash from investing activities	458	1,729
Cash Flows from Financing Activities		
Dividend paid to non-controlling interest by a subsidiary	(45)	(46)
Payment of lease liabilities	(502)	(448)
Net cash used in financing activities	(547)	(494)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Period Ended 31 December 2022 (Cont'd)

(The figures have not been audited)

	Current Period Ended 31/12/2022 RM'000	Comparative Period Ended 31/12/2021 RM'000
Net increase in cash and cash equivalents	1,103	1,069
Effects of exchange rate changes on cash and cash equivalents	(19)	15
Cash and cash equivalents at beginning of the period	16,648	10,918
Cash and cash equivalents at end of the period	<u>17,732</u>	<u>12,002</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	142,080	138,101
Cash and bank balances	14,469	9,792
	156,549	147,893
Deposits placed with licensed banks with maturity more than three (3) months	(138,817)	(135,891)
	<u>17,732</u>	<u>12,002</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022)

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 2022.

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 2022 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
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above 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
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9-Comparative Information</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Convenants</i>	1 January 2024
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 Standard and Amendments since the effects would only be observable for future financial years.

NOTES (IN COMPLIANCE WITH MFRS 134)

A2 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2022 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.

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 2022, 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

	<u>Bedding</u> RM'000	<u>Other Segments</u> RM'000	<u>Eliminations</u> RM'000	<u>Total</u> RM'000
For Current Period				
Ended 31 December 2022				
External revenue	23,944	-	-	23,944
Inter-segment revenue	-	4,074	(4,074)	-
Total	<u>23,944</u>	<u>4,074</u>	<u>(4,074)</u>	<u>23,944</u>
Segment results:				
Interest expense on lease liabilities	19	26	-	45
Interest income	42	2,345	-	2,387
Amortisation of intangible assets	16	-	-	16
Depreciation of right-of-use assets	261	182	-	443
Depreciation of property, plant and equipment	193	21	-	214
Reportable segment profit before tax	2,133	637	-	2,770
Share of results of associates	-	479	-	479
Total	<u>2,133</u>	<u>1,116</u>	<u>-</u>	<u>3,249</u>

NOTES (IN COMPLIANCE WITH MFRS 134)

A8 Reportable Segments (cont'd)

	<u>Bedding</u>	<u>Other</u> <u>Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Comparative Period				
Ended 31 December 2021				
External revenue	18,043	-	-	18,043
Inter-segment revenue	-	3,100	(3,100)	-
Total	18,043	3,100	(3,100)	18,043
Segment results:				
Interest expense on lease liabilities	37	25	-	62
Interest income	14	1,836	-	1,850
Amortisation of intangible assets	17	-	-	17
Depreciation of right-of-use assets	290	110	-	400
Depreciation of property, plant and equipment	190	18	-	208
Reportable segment profit before tax	724	755	-	1,479
Share of results of associates	-	4,281	-	4,281
Total	724	5,036	-	5,760

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

There were no material events from the end of the quarter to 16 February 2023 (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.

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.

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

	Preceding Year			Preceding Year		
	Current Quarter	Comparative Quarter	Changes	Current Period	Comparative Period	Changes
	31/12/2022	31/12/2021	%	31/12/2022	31/12/2021	%
Revenue	12,652	12,582	1%	23,944	18,043	33%
Gross Profit	5,290	5,220	1%	9,898	6,427	54%
Profit before tax	2,314	6,122	-62%	3,249	5,760	-44%
Additional Information: Share of results of associates	577	4,004	-86%	479	4,281	-89%

(a) Current Quarter vs Preceding Year Comparative Quarter

The Group recorded revenue of RM12.65 million and profit before tax (PBT) of RM2.31 million for the current quarter ended 31 December 2022 compared to revenue of RM12.58 million and PBT of RM6.12 million in the preceding year comparative quarter, representing an increase in revenue of 1% and decrease in PBT of 62%. The higher revenue for the current quarter mainly contributed by bedding Malaysia operation and the lower PBT was due to lower contribution from associates.

The bedding operation in Malaysia recorded a PBT of RM1.42 million compared to PBT of RM1.62 million in the preceding year comparative quarter due to higher marketing and selling expenses incurred in current quarter. Revenue reported at RM12.06 million for current quarter increased by RM0.21 million or 2% as compared to RM11.85 million in the preceding year comparative quarter.

Associates in China recorded a net profit of RM0.58 million for the current quarter compared to RM4.00 million in the preceding year comparative quarter due to interruption in demand resulted from Covid-19 related industries closure. Higher profit recorded in preceding year comparative quarter mainly due to better operating profit performance coupled with one time gains from disposal of electricity quota and property, plant and equipment which totaled RM2.96 million.

(b) Current Period vs Preceding Year Comparative Period

The Group registered higher revenue of RM23.94 million for the current period compared to RM18.04 million registered in the preceding year comparative period and lower PBT of RM3.25 million as compared to RM5.76 million in the preceding year comparative period.

The bedding operation in Malaysia reported higher revenue of RM22.77 million compared to RM16.59 million in the preceding year comparative period, represents sales growth of 37% over the period with higher consumer and project sales. Higher PBT of RM2.06 million reported compared to RM0.61 million in the preceding year comparative period which was in line with higher sales recorded and higher gross margin.

Associates in China contributed lower net profit of RM0.48 million against RM4.28 million in the preceding year comparative period. Higher profit recorded in the preceding year comparative period is as disclosed in Note B1(a) above.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

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

	Current Quarter 31/12/2022 RM'000	Immediate Preceding Quarter 30/09/2022 RM'000	Changes %
Revenue	12,652	11,292	12%
Gross Profit	5,290	4,608	15%
Profit before tax	2,314	935	147%
Additional Information: Share of results of associates	577	(98)	689%

The Group registered higher revenue of RM12.65 million for the current quarter compared to RM11.29 million registered in the immediate preceding quarter ended 30 September 2022. A higher PBT of RM2.31 million reported for the current quarter versus RM0.94 million in the immediate preceding quarter.

The bedding Malaysia recorded higher revenue of RM12.06 million and PBT of RM1.42 million compared to revenue of RM10.71 million and PBT of RM0.64 million in the immediate preceding quarter.

Associates in China recorded a net profit of RM0.58 million for the current quarter compared to RM0.10 million loss in the immediate preceding quarter. Losses reported in the immediate preceding quarter was mainly attributable to the factory production interruption resulted from the recurrence of Covid-19 pandemic in China and rise in production cost.

B3 Current Year Prospects

The performance of the Group for the financial year ending 30 June 2023 is expected to remain challenging as consumers remain cautious with spending in this challenging economic environment.

Effective cost control management and promotional activities continue to be implemented to increase market share and profitability.

The Group will continue to look for new business opportunities.

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>31/12/2022</u> RM'000	Comparative Quarter Ended <u>31/12/2021</u> RM'000	6 Months Cumulative To Date <u>31/12/2022</u> RM'000	6 Months Cumulative To Date <u>31/12/2021</u> RM'000
Accretion of discount on financial asset at amortised cost	(9)	(7)	(18)	(10)
Amortisation of intangible assets	8	8	16	17
Depreciation of right-of-use assets	221	175	443	400
Depreciation of property, plant and equipment	112	104	214	208
Gain on disposal of property, plant and equipment	(19)	-	(19)	-
Impairment loss on trade receivables	-	122	54	236
Interest expense on lease liabilities	23	24	45	62
Interest income	(1,279)	(953)	(2,387)	(1,850)
Loss on foreign exchange - realised	133	-	133	-
Reversal of impairment loss on trade receivables	2	(4)	-	(4)

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-to-date.

B7 Tax expense

Tax expense comprises the following: -

	Current Quarter Ended <u>31/12/2022</u> RM'000	Comparative Quarter Ended <u>31/12/2021</u> RM'000	6 Months Cumulative To Date <u>31/12/2022</u> RM'000	6 Months Cumulative To Date <u>31/12/2021</u> RM'000
<u>Current tax</u>				
Current year - Malaysia	531	521	818	384
- Foreign	398	301	399	302
Total tax expense	929	822	1,217	686

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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

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 2022.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 December 2022.

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

On 23 November 2022, the Board of Directors declared an interim single-tier dividend of 2.6 sen per ordinary share in respect of the financial year ending 30 June 2023 amounting to approximately RM2,180,953 and payable on 18 January 2023. The entitlement date has been fixed on 30 December 2022.

Apart from the above, no 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 financial year-to-date are calculated by dividing the Group's net profit 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 Quarter Ended <u>31/12/2022</u> RM'000	Comparative Quarter Ended <u>31/12/2021</u> RM'000	6 Months Cumulative To Date <u>31/12/2022</u> RM'000	6 Months Cumulative To Date <u>31/12/2021</u> RM'000
Net profit attributable to owners of the parent	<u>1,240</u>	<u>3,474</u>	<u>1,916</u>	<u>3,247</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

Lee Boo Tian
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PC NO. 202008002588
Group Company Secretary

Kuala Lumpur
Date: 22 February 2023