

FACB INDUSTRIES INCORPORATED BERHAD 197901004632 (48850-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For The Third Quarter Ended 31 March 2023

(The figures have not been audited)

	Current Quarter Ended 31/03/2023 RM'000	Comparative Quarter Ended 31/03/2022 RM'000	9 Months Cumulative To Date 31/03/2023 RM'000	9 Months Cumulative To Date 31/03/2022 RM'000
Revenue	12,805	15,749	36,749	33,792
Cost of sales	(7,805)	(10,204)	(21,851)	(21,820)
Gross profit	5,000	5,545	14,898	11,972
Other income	1,521	971	4,026	3,290
Operating expenses	(4,274)	(4,584)	(13,862)	(11,789)
Finance costs	(16)	(35)	(61)	(97)
Share of results of associates,	· · ·			
net of tax	274	440	753	4,721
Profit before tax	2,505	2,337	5,754	8,097
Tax expense	(581)	(512)	(1,798)	(1,198)
Net Profit for the period	1,924	1,825	3,956	6,899
Other comprehensive (loss)/ income:				
Foreign currency translation	(40)	266	(1,165)	820
Total comprehensive income for the period	1,884	2,091	2,791	7,719
Profit attributable to:				
Owners of the parent	1,672	1,493	3,588	4,740
Non-controlling interests	252	332	368	2,159
C	1,924	1,825	3,956	6,899
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,649	1,640	2,944	5,193
Non-controlling interests	235	451	(153)	2,526
	1,884	2,091	2,791	7,719
Earnings per share for profit attributable to owners of the parent:				
Basic and diluted (sen)	1.99	1.78	4.28	5.65
Dividend per share (sen)			2.60	
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 March 2023**

	Unaudited	Audited
	As At	As At
	31/03/2023	30/06/2022
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,138	3,049
Right-of-use assets	1,291	1,775
Intangible assets	44	67
Investment in associates	20,457	24,783
Financial asset at amortised cost	29,770	29,743
Financial asset at fair value through		
other comprehensive income ("FVTOCI")	13,567	13,567
	68,267	72,984
Current Assets		
Inventories	6,628	5,933
Trade and other receivables	10,211	10,579
Deposits, cash and bank balances	153,009	149,695
	169,848	166,207
TOTAL ASSETS	238,115	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	(19,033)	(18,426)
Retained earnings	118,790	117,420
	212,684	211,921
Non-controlling interests	14,941	15,139
TOTAL EQUITY	227,625	227,060
LIABILITIES		
Non-Current Liability		
Lease liabilities	256	524
Deferred tax liabilities	186	186
	442	710
Current Liabilities		
Trade and other payables	6,407	7,565
Contract liability	2,689	3,024
Lease liabilities	589	832
Tax liabilities	363	-
	10,048	11,421
TOTAL LIABILITIES	10,490	12,131
TOTAL EQUITY AND LIABILITIES	238,115	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 March 2023

(The figures have not been audited)

	•	Attributable	e to Owners	of the Parent		Non-Controlling Interests	g Total Equity
In RM'000	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
At 1 July 2022	114,152	(1,225)	(18,426)	117,420	211,921	15,139	227,060
Net profit for the period Other comprehensive (loss)/income	-	-	-	3,588	3,588	368	3,956
- Foreign currency translation	-	-	(644)	-	(644)	(521)	(1,165)
Total comprehensive (loss)/ income for the period	-	-	(644)	3,588	2,944	(153)	2,791
Transfer of reserves of a subsidiary	-	-	37	(37)	-	-	-
Dividends paid	-	-	-	(2,181)	(2,181)	-	(2,181)
Dividend to non-controlling interest	-	-	-	-	-	(45)	(45)
Total transactions with owners	-	-	37	(2,218)	(2,181)	(45)	(2,226)
At 31 March 2023	114,152	(1,225)	(19,033)	118,790	212,684	14,941	227,625
At 1 July 2021	114,152	(1,225)	(8,670)	110,145	214,402	14,339	228,741
Net profit for the period	-	-	-	4,740	4,740	2,159	6,899
Other comprehensive income							·
- Foreign currency translation	-	-	453	-	453	367	820
Total comprehensive income for the period	-	-	453	4,740	5,193	2,526	7,719
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 March 2022	114,152	(1,225)	(8,194)	114,862	219,595	16,819	236,414

(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 March 2023

(The figures have not been audited)

	Current Period Ended 31/03/2023 RM'000	Comparative Period Ended 31/03/2022 RM'000
Cash Flows from Operating Activities		
Profit before tax	5,754	8,097
Adjustments for:		
Accretion of discount on financial asset at amortised cost	(27)	(19)
Amortisation of intangible assets	23	26
Depreciation of property, plant and equipment	340	315
Depreciation of right-of-use assets	663	645
Gain on disposal of property, plant and equipment	(20)	-
Impairment losses on trade receivables	54	236
Interest expense on lease liabilities	61	97
Interest income	(3,846)	(2,812)
Reversal of impairment loss on trade receivables	(4)	(5)
Share of results of associates, net of tax	(753)	(4,721)
Operating profit before working capital changes	2,245	1,859
Net changes in current assets	(693)	(5,226)
Net changes in current liabilities	(1,193)	3,767
Net changes in contract liability	(335)	796
Cash generated from operations	24	1,196
Tax paid	(1,364)	(1,639)
Tax refunded	204	62
Net cash used in operating activities	(1,136)	(381)
Cash Flows from Investing Activities		
Acquisition of financial assets at amortised cost	_	(19,760)
Dividend received from associates	3,941	2,966
Interest received	3,871	2,837
Net (placement)/ withdrawal of deposits placed with licensed		
banks with maturity more than three (3) months	(2,866)	17,046
Proceeds from disposal of property, plant and equipment	20	-
Purchase of property, plant and equipment	(429)	(59)
Net cash from investing activities	4,537	3,030
Cash Flows from Financing Activities		
Dividends paid	(2,181)	_
Dividend paid to non-controlling interest by a subsidiary	-	(46)
Payment of lease liabilities	(751)	(732)
Net cash used in financing activities	(2,932)	(778)
 	(=,>=)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For The Period Ended 31 March 2023 (Cont'd)

(The figures have not been audited)

	Current Period Ended 31/03/2023 RM'000	Comparative Period Ended 31/03/2022 RM'000
Net increase in cash and cash equivalents	469	1,871
Effects of exchange rate changes on cash and cash equivalents	(21)	21
Cash and cash equivalents at beginning of the period	16,648	10,918
Cash and cash equivalents at end of the period	17,096	12,810
Cash and cash equivalents comprise:		
Deposits with licensed banks	144,663	138,596
Cash and bank balances	8,346	9,748
	153,009	148,344
Deposits placed with licensed banks with maturity		
more than three (3) months	(135,913)	(135,534)
_	17,096	12,810

(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 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment -	1 January 2022
Proceeds before Intended Use	
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a	1 January 2022
Contract	
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 Initial Application of MFRS 17 and MFRS	1 January 2023
9-Comparative Information	
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or	1 January 2023
Non-current	
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and	1 January 2023
Liabilities arising from a Single Transaction	
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Convenants	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of	Deferred
Assets between an Investor and its Associate or Joint Venture	

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 March 2023, total shares repurchased were 1,279,700 and all the shares repurchased were held as treasury shares.

A7 Dividend Paid

During the current quarter ended 31 March 2023, an interim single-tier dividend of 2.6 sen per ordinary share in respect of the financial year ending 30 June 2023 amounting to RM2,180,953 was paid on 18 January 2023.

A8 Reportable Segments

	Bedding	Other Segments	Eliminations	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Current Period				
Ended 31 March 2023				
External revenue	36,749	-	-	36,749
Inter-segment revenue		4,098	(4,098)	-
Total	36,749	4,098	(4,098)	36,749
Segment results:				
Amortisation of intangible assets	23	-	-	23
Depreciation of property, plant and equipment	309	31	-	340
Depreciation of right-of-use assets	435	228	-	663
Interest expense on lease liabilities	27	34	-	61
Interest income	80	3,766	-	3,846
Reportable segment profit before tax	3,637	1,364	-	5,001
Share of results of associates	-	753	-	753
Total	3,637	2,117	<u>-</u>	5,754

NOTES (IN COMPLIANCE WITH MFRS 134)

A8 Reportable Segments (cont'd)

	Bedding RM'000	Other Segments RM'000	Eliminations RM'000	Total RM'000
For Comparative Period				
Ended 31 March 2022	22.702			22.702
External revenue	33,792	-	(0.105)	33,792
Inter-segment revenue	-	3,125	(3,125)	
Total	33,792	3,125	(3,125)	33,792
Segment results:				
Amortisation of intangible assets	26	-	-	26
Depreciation of property, plant and				
equipment	286	29	-	315
Depreciation of right-of-use assets	434	211	-	645
Interest expense on lease liabilities	51	46	-	97
Interest income	18	2,794	-	2,812
Reportable segment profit before tax	2,358	1,018	-	3,376
Share of results of associates		4,721		4,721
Total	2,358	5,739		8,097

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

There were no material events from the end of the quarter to 18 May 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			Preceding	
		Year			Year	
	Current	Comparative		Current	Comparative	
	Quarter	Quarter		Period	Period	
	31/03/2023	31/03/2022	Changes	31/03/2023	31/03/2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	12,805	15,749	-19%	36,749	33,792	9%
Gross Profit	5,000	5,545	-10%	14,898	11,972	24%
Profit before tax	2,505	2,337	7%	5,754	8,097	-29%
Additional Information:						
Share of results						
of associates	274	440	-38%	753	4,721	-84%

(a) Current Quarter vs Preceding Year Comparative Quarter

The Group recorded revenue of RM12.81 million and profit before tax (PBT) of RM2.51 million for the current quarter ended 31 March 2023 compared to revenue of RM15.75 million and PBT of RM2.34 million in the preceding year comparative quarter, representing a decline in revenue of 19% and increase in PBT of 7%.

The bedding operation in Malaysia registered lower revenue of RM12.43 million compared to RM15.26 million in the preceding year comparative quarter, a decline of 19%, due to lower consumer sales. A lower PBT was recorded at RM1.48 million versus RM1.61 million.

Associates in China recorded a net profit of RM0.27 million for the current quarter compared to RM0.44 million in the preceding year comparative quarter due to lower power demand..

(b) Current Period vs Preceding Year Comparative Period

The Group registered higher revenue of RM36.75 million for the current period compared to RM33.79 million registered in the preceding year comparative period. Lower PBT was recorded at RM5.75 million as compared to RM8.10 million in the preceding year comparative period.

The bedding operation in Malaysia reported higher revenue of RM35.20 million compared to RM31.85 million in the preceding year comparative period, representing sales growth of 11% over the period with higher Event and Project sales. Higher PBT of RM3.54 million reported compared to RM2.22 million in the preceding year comparative period which was in line with higher sales and higher gross margin.

Associates in China contributed lower net profit of RM0.75 million against RM4.72 million in the preceding year comparative period. Better operating profit performance coupled with one-off gains contributed to the better comparative period performance.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

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

	Immediate			
	Current Quarter	Preceding Quarter		
	31/03/2023	31/12/2022	Changes	
	RM'000	RM'000	%	
Revenue	12,805	12,652	1%	
Gross Profit	5,000	5,290	-5%	
Profit before tax	2,505	2,314	8%	
Additional Information: Share of results of associates	274	577	-53%	

The Group registered revenue of RM12.81 million for the current quarter which was slightly higher than RM12.65 million registered in the immediate preceding quarter ended 31 December 2022. A higher PBT of RM2.51 million reported for the current quarter versus RM2.31 million in the immediate preceding quarter.

Bedding Malaysia operation recorded higher revenue of RM12.43 million and PBT of RM1.48 million compared to revenue of RM12.06 million and PBT of RM1.42 million in the immediate preceding quarter, mainly through better consumer sales.

Associates in China recorded a net profit of RM0.27 million for the current quarter compared to RM0.58 million in the immediate preceding quarter due to weak demand on steam power.

B3 Current Year Prospects

The performance of the Group for the financial year ending 30 June 2023 is expected to remain challenging as economy recovery remains slow. Consumers' confidence is still affected by the rising cost of living and inflation.

The Group has undertaken various initiative to launch new products with affordable pricing for a large segment of the market. Effective cost control management continue to be implemented in order to ensure sustainable 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.

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	Comparative	6 Months	6 Months
	Quarter	Quarter	Cumulative	Cumulative
	Ended	Ended	To Date	To Date
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Accretion of discount on				
financial asset at amortised				
cost	(9)	(9)	(27)	(19)
Amortisation of intangible				
assets	7	9	23	26
Depreciation of property,				
plant and equipment	126	107	340	315
Depreciation of right-of-use				
assets	220	245	663	645
Gain on disposal of property,				
plant and equipment	(1)	-	(20)	-
Impairment loss on trade				
receivables	-	-	54	236
Interest expense on lease				
liabilities	16	35	61	97
Interest income	(1,459)	(962)	(3,846)	(2,812)
Loss on foreign exchange				
- realised	-	-	133	-
Reversal of impairment loss				
on trade receivables	(4)	(1)	(4)	(5)

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	Comparative Quarter	9 Months Cumulative	9 Months Cumulative
	Ended	Ended	To Date	To Date
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
Current year - Malaysia	581	512	1,399	896
- Foreign		-	399	302
Total tax expense	581	512	1,798	1,198

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 March 2023.

B10 Derivative Financial Instruments

The Group has no outstanding derivative financial instruments as at 31 March 2023.

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 paid on 18 January 2023.

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	Comparative	9 Months	9 Months
	Quarter	Quarter	Cumulative	Cumulative
	Ended	Ended	To Date	To Date
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to				
owners of the parent	1,672	1,493	3,588	4,740

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

Lee Boo Tian LS 0007987 PC NO. 202008002588 Group Company Secretary

Kuala Lumpur Date: 24 May 2023