



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 2023**
(The figures have not been audited)

	Current Quarter Ended 30/09/2023 RM'000	Comparative Quarter Ended 30/09/2022 RM'000
Revenue	12,107	11,292
Cost of sales	(7,472)	(6,684)
Gross profit	4,635	4,608
Other income	1,625	1,119
Operating expenses	(4,862)	(4,672)
Finance costs	(20)	(22)
Share of results of associates, net of tax	75	(98)
Profit before tax	1,453	935
Tax expense	(390)	(288)
Net profit for the quarter	1,063	647
Other comprehensive loss, net of tax:		
Foreign currency translation	(269)	(171)
Total comprehensive income for the quarter	794	476
Profit/(Loss) attributable to:		
Owners of the parent	1,033	676
Non-controlling interests	30	(29)
	1,063	647
Total comprehensive income/(loss) attributable to:		
Owners of the parent	884	581
Non-controlling interests	(90)	(105)
	794	476
Earnings per ordinary share attributable to equity holders of the Company (sen):		
Basic and diluted	1.23	0.81
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 2023)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 September 2023

	Unaudited As At 30/09/2023 RM'000	Audited As At 30/06/2023 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,924	3,044
Right-of-use assets	2,071	1,292
Intangible assets	29	36
Investments in associates	21,906	22,088
Deferred tax assets	1,651	1,651
Financial assets at amortised cost	29,788	29,779
Financial assets at fair value through other comprehensive income ("FVTOCI")	13,567	13,567
	71,936	71,457
Current Assets		
Inventories	5,380	6,187
Trade and other receivables	10,062	7,388
Current tax assets	397	399
Deposits, cash and bank balances	154,891	155,995
	170,730	169,969
TOTAL ASSETS	242,666	241,426
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	114,152	114,152
Treasury shares	(1,225)	(1,225)
Other reserves	(19,102)	(18,953)
Retained earnings	123,252	122,219
	217,077	216,193
Non-controlling interests	14,460	14,550
TOTAL EQUITY	231,537	230,743
LIABILITIES		
Non-Current Liabilities		
Lease liabilities	778	229
Deferred tax liabilities	290	290
	1,068	519
Current Liabilities		
Trade and other payables	5,978	6,186
Contract liability	3,076	3,183
Lease liabilities	834	608
Current tax liabilities	173	187
	10,061	10,164
TOTAL LIABILITIES	11,129	10,683
TOTAL EQUITY AND LIABILITIES	242,666	241,426
Net Assets per share (RM)	2.59	2.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The First Quarter Ended 30 September 2023

(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 2023	114,152	(1,225)	(18,953)	122,219	216,193	14,550	230,743
Net profit for the quarter	-	-	-	1,033	1,033	30	1,063
Other comprehensive loss							
- Foreign currency translation	-	-	(149)	-	(149)	(120)	(269)
Total comprehensive (loss)/income for the quarter	-	-	(149)	1,033	884	(90)	794
At 30 September 2023	114,152	(1,225)	(19,102)	123,252	217,077	14,460	231,537
At 1 July 2022	114,152	(1,225)	(18,426)	117,420	211,921	15,139	227,060
Net profit/(loss) for the quarter	-	-	-	676	676	(29)	647
Other comprehensive loss							
- Foreign currency translation	-	-	(95)	-	(95)	(76)	(171)
Total comprehensive (loss)/income for the quarter	-	-	(95)	676	581	(105)	476
Transfer of reserves of a subsidiary	-	-	37	(37)	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	(45)	(45)
Total transactions with owners	-	-	37	(37)	-	(45)	(45)
At 30 September 2022	114,152	(1,225)	(18,484)	118,059	212,502	14,989	227,491

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For The First Quarter Ended 30 September 2023***(The figures have not been audited)*

	Current Quarter Ended 30/09/2023 RM'000	Comparative Quarter Ended 30/09/2022 RM'000
Cash Flows from Operating Activities		
Profit before tax	1,453	935
Adjustments for :		
Accretion of discount on financial asset at amortised cost	(9)	(9)
Amortisation of intangible assets	7	8
Depreciation of property, plant and equipment	120	102
Depreciation of right-of-use assets	229	222
Impairment losses on trade receivables	130	54
Interest expense on lease liabilities	20	22
Interest income	(1,615)	(1,108)
Reversal of impairment losses on trade receivables	-	(2)
Share of results of associates, net of tax	(75)	98
Operating profit before working capital changes	260	322
Net changes in current assets	(2,057)	1,469
Net changes in current liabilities	(209)	(272)
Net changes in contract liability	(107)	(189)
Cash (used in)/generated from operations	(2,113)	1,330
Tax paid	(547)	(201)
Tax refunded	146	-
Net cash (used in)/from operating activities	(2,514)	1,129
Cash Flows from Investing Activities		
Interest received	1,669	893
Net placement of deposits placed with licensed banks with maturity more than three (3) months	(2,705)	(1,688)
Net cash used in investing activities	(1,036)	(795)
Cash Flows from Financing Activities		
Dividend paid to non-controlling interest by a subsidiary	-	(45)
Payment of lease liabilities	(253)	(250)
Net cash used in financing activities	(253)	(295)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The First Quarter Ended 30 September 2023 (Cont'd)

(The figures have not been audited)

	Current Quarter Ended 30/09/2023 RM'000	Comparative Quarter Ended 30/09/2022 RM'000
Net (decrease)/increase in cash and cash equivalents	(3,803)	39
Effects of exchange rate changes on cash and cash equivalents	(6)	(5)
Cash and cash equivalents at beginning of the quarter	<u>14,591</u>	<u>16,648</u>
Cash and cash equivalents at end of the quarter	<u><u>10,782</u></u>	<u><u>16,682</u></u>
Cash and cash equivalents comprise :-		
Deposits with licensed banks	147,920	139,189
Cash and bank balances	<u>6,971</u>	<u>12,228</u>
	154,891	151,417
Deposits placed with licensed banks with maturity more than three (3) months	<u>(144,109)</u>	<u>(134,735)</u>
	<u><u>10,782</u></u>	<u><u>16,682</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 2023)

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 2023.

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 2023 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 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</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
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

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 have not been early adopted by the Group:-

Title	Effective Date
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 Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer MFRS 112 paragraph 98M
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

NOTES (IN COMPLIANCE WITH MFRS 134)**A1 Basis of Preparation (cont'd)**

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.

A2 Qualification of Financial Statements

The Group's most recent annual audited financial statements for the year ended 30 June 2023 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 2023, 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>Other</u> <u>Segments</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Current Quarter				
Ended 30 September 2023				
External revenue	12,107	-	-	12,107
Inter-segment revenue	-	25	(25)	-
Total	12,107	25	(25)	12,107
Segments results:				
Amortisation of intangible assets	(7)	-	-	(7)
Depreciation of property, plant and equipment	(109)	(11)	-	(120)
Depreciation of right-of-use assets	(152)	(77)	-	(229)
Interest expense on lease liabilities	(12)	(8)	-	(20)
Interest income	63	1,552	-	1,615
Reportable segment profit before tax	653	725	-	1,378
Share of results of associates	-	75	-	75
Total	653	800	-	1,453

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

	<u>Bedding</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
For Comparative Quarter				
Ended 30 September 2022				
External revenue	11,292	-	-	11,292
Inter-segment revenue	-	108	(108)	-
Total	11,292	108	(108)	11,292
Segment results:				
Amortisation of intangible assets	(8)	-	-	(8)
Depreciation of property, plant and equipment	(92)	(10)	-	(102)
Depreciation of right-of-use assets	(144)	(78)	-	(222)
Interest expense on lease liabilities	(8)	(14)	-	(22)
Interest income	17	1,091	-	1,108
Reportable segment profit before tax	660	373	-	1,033
Share of results of associates	-	(98)	-	(98)
Total	660	275	-	935

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

There were no material events from the end of the quarter to 22 November 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.

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

	Current Quarter 30/09/2023 RM'000	Preceding Year Comparative Quarter 30/09/2022 RM'000	Changes %
Revenue	12,107	11,292	7%
Gross Profit	4,635	4,608	1%
Profit before tax	1,453	935	55%
Additional Information: Share of results of associates	75	(98)	177%

The Group recorded revenue of RM12.11 million and profit before tax (PBT) of RM1.45 million for the current quarter ended 30 September 2023 compared to revenue of RM11.29 million and PBT of RM0.94 million in the preceding year comparative quarter, representing an increase in revenue of 7% and PBT of 55%. The higher revenue and PBT for the current quarter were attributable to higher revenue reported from bedding Malaysia operation.

The bedding operation in Malaysia recorded a PBT of RM0.65 million compared to PBT of RM0.64 million in the preceding year comparative quarter. Higher revenue reported at RM11.69 million compared to RM10.71 million in the preceding year comparative quarter, representing sales growth of 9% mainly due to higher consumer sales.

Associates in China recorded a net profit of RM0.08 million for the current quarter compared to net loss of RM0.10 million in the preceding year comparative quarter. Losses reported in the preceding quarter mainly attributable to the rise in cost price.

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

	Current Quarter 30/09/2023 RM'000	Immediate Preceding Quarter 30/06/2023 RM'000	Changes %
Revenue	12,107	9,804	23%
Gross Profit	4,635	3,989	16%
Profit before tax	1,453	3,182	-54%
Additional Information: Share of results of associates	75	1,492	-95%

The Group registered higher revenue of RM12.11 million for the current quarter compared to RM9.80 million registered in the immediate preceding quarter ended 30 June 2023. A lower PBT of RM1.45 million reported for the current quarter versus RM3.18 million in the immediate preceding quarter.

The bedding operation in Malaysia reported higher revenue of RM11.69 million compared to RM9.35 million in the immediate preceding quarter mainly through better consumer sales. A lower PBT was recorded at RM 0.65 million versus RM0.78 million.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

B2 Material Change in the Profit Before Tax as compared with the Immediate Preceding Quarter (cont'd)

Associates in China contributed lower net profit of RM0.08 million compared to RM1.49 million in the immediate preceding quarter. Included in the immediate preceding quarter was one time gain in reversal of assets impairment totalled RM1.16 million.

B3 Current Year Prospects

The Group expects performance for the financial year ending 30 June 2024 to be challenging. Trading is expected to be challenging as lower growth and elevated inflation define the near term outlook. External factors like rising interest rates, tighter financial conditions, exchange rate depreciation and weaker employment market has caused the erosion of consumer purchasing power.

The Group will undertake aggressive promotions to penetrate market centers and secondary towns. New mattress models at affordable pricing are developed in line with consumer expectation to capture those who are price sensitive.

The Group will continue the effort to source for potential 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.

B6 Notes to the Condensed Consolidated Statement of Profit or Loss

Profit before tax is arrived at after charging/(crediting):-

	Current Quarter Ended 30/09/2023 RM'000	Comparative Quarter Ended 30/09/2022 RM'000
Accretion of discount on financial asset at amortised cost	(9)	(9)
Amortisation of intangible assets	7	8
Depreciation of property, plant and equipment	120	102
Depreciation of right-of-use assets	229	222
Impairment losses on trade receivables	130	54
Interest expense on lease liabilities	20	22
Interest income	(1,615)	(1,108)
Reversal of impairment losses on trade receivables	-	(2)

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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BMSB

B7 Tax expense

Tax expense comprises the following: -

	Current Quarter Ended <u>30/09/2023</u> RM'000	Comparative Quarter Ended <u>30/09/2022</u> RM'000
<u>Current tax</u>		
Current year - Malaysia	390	287
- Foreign	-	1
Total tax expense	<u>390</u>	<u>288</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 2023.

B10 Derivative Financial Instruments

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

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors has recommended a final single-tier dividend of 1.7 sen per ordinary share amounting to approximately RM1,426,000 in respect of the financial year ended 30 June 2023, with entitlement date 29 December 2023 and payable on 17 January 2024.

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>30/09/2023</u> RM'000	Comparative Quarter Ended <u>30/09/2022</u> RM'000
Net profit attributable to owners of the parent	<u>1,033</u>	<u>676</u>

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

Lee Boo Tian

LS 0007987

PC NO. 202008002588

Group Company Secretary

Kuala Lumpur

Date : 28 November 2023