



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 2022**
(The figures have not been audited)

| | Current Quarter Ended 30/09/2022 RM'000 | Comparative Quarter Ended 30/09/2021 RM'000 |
|--|--|--|
| Revenue | 11,292 | 5,461 |
| Cost of sales | (6,684) | (4,254) |
| Gross profit | 4,608 | 1,207 |
| Other income | 1,119 | 1,162 |
| Operating expenses | (4,672) | (2,970) |
| Finance costs | (22) | (38) |
| Share of results of associates, net of tax | (98) | 277 |
| Profit/(Loss) before tax | 935 | (362) |
| Tax expense | (288) | 136 |
| Net profit/(loss) for the quarter | 647 | (226) |
| Other comprehensive (loss)/income, net of tax: | | |
| Foreign currency translation | (171) | 389 |
| Total comprehensive income for the quarter | 476 | 163 |
| Profit/(Loss) attributable to: | | |
| Owners of the parent | 676 | (227) |
| Non-controlling interests | (29) | 1 |
| | 647 | (226) |
| Total comprehensive income/(loss) attributable to: | | |
| Owners of the parent | 581 | (11) |
| Non-controlling interests | (105) | 174 |
| | 476 | 163 |
| Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen): | | |
| Basic and diluted | 0.81 | (0.27) |
| 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 30 September 2022

| | Unaudited As At 30/09/2022 RM'000 | Audited As At 30/06/2022 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 2,947 | 3,049 |
| Right-of-use assets | 1,553 | 1,775 |
| Intangible assets | 59 | 67 |
| Investment in associates | 24,522 | 24,783 |
| Financial asset at amortised cost | 29,752 | 29,743 |
| Financial asset at fair value through other comprehensive income ("FVTOCI") | 13,567 | 13,567 |
| | 72,400 | 72,984 |
| Current Assets | | |
| Inventories | 7,655 | 5,933 |
| Trade and other receivables | 7,461 | 10,579 |
| Deposits, cash and bank balances | 151,417 | 149,695 |
| | 166,533 | 166,207 |
| TOTAL ASSETS | 238,933 | 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 | (18,484) | (18,426) |
| Retained earnings | 118,059 | 117,420 |
| | 212,502 | 211,921 |
| Non-controlling interests | 14,989 | 15,139 |
| TOTAL EQUITY | 227,491 | 227,060 |
| LIABILITIES | | |
| Non-Current Liability | | |
| Lease liabilities | 358 | 524 |
| Deferred tax liabilities | 186 | 186 |
| | 544 | 710 |
| Current Liabilities | | |
| Trade and other payables | 7,292 | 7,565 |
| Contract liability | 2,835 | 3,024 |
| Lease liabilities | 770 | 832 |
| Tax liabilities | 1 | - |
| | 10,898 | 11,421 |
| TOTAL LIABILITIES | 11,442 | 12,131 |
| TOTAL EQUITY AND LIABILITIES | 238,933 | 239,191 |
| Net Assets per share (RM) | 2.53 | 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 First Quarter Ended 30 September 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/(loss) for the quarter | - | - | - | 676 | 676 | (29) | 647 |
| Other comprehensive (loss)/income | | | | | | | |
| - 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 |
| At 1 July 2021 | 114,152 | (1,225) | (8,670) | 110,145 | 214,402 | 14,339 | 228,741 |
| Net (loss)/ profit for the quarter | - | - | - | (227) | (227) | 1 | (226) |
| Other comprehensive (loss)/income | | | | | | | |
| - Foreign currency translation | - | - | 216 | - | 216 | 173 | 389 |
| Total comprehensive income/(loss) for the quarter | - | - | 216 | (227) | (11) | 174 | 163 |
| At 30 September 2021 | 114,152 | (1,225) | (8,454) | 109,918 | 214,391 | 14,513 | 228,904 |

(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 First Quarter Ended 30 September 2022***(The figures have not been audited)*

| | Current Quarter Ended 30/09/2022 RM'000 | Comparative Quarter Ended 30/09/2021 RM'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Profit/(Loss) before tax | 935 | (362) |
| Adjustments for : | | |
| Accretion of discount on financial asset at amortised cost | (9) | (3) |
| Amortisation of intangible assets | 8 | 9 |
| Depreciation of right-of-use assets | 222 | 225 |
| Depreciation of property, plant and equipment | 102 | 104 |
| Impairment losses on trade receivables | 54 | 114 |
| Interest expense on lease liabilities | 22 | 38 |
| Interest income | (1,108) | (897) |
| Reversal of impairment loss on trade receivables | (2) | - |
| Share of results of associates, net of tax | 98 | (277) |
| Operating profit/(loss) before working capital changes | 322 | (1,049) |
| Net changes in current assets | 1,469 | 1,817 |
| Net changes in current liabilities | (272) | (1,514) |
| Net changes in contract liability | (189) | (408) |
| Cash generated from/(used in) operations | 1,330 | (1,154) |
| Tax paid | (201) | (524) |
| Net cash from/(used in) operating activities | 1,129 | (1,678) |
| Cash Flows from Investing Activities | | |
| Interest received | 893 | 994 |
| Net placement of deposits placed with licensed banks with maturity more than three (3) months | (1,688) | (641) |
| Purchase of property, plant and equipment | - | (14) |
| Net cash (used in)/from investing activities | (795) | 339 |
| Cash Flows from Financing Activities | | |
| Dividend paid to non-controlling interest by a subsidiary | (45) | - |
| Payment of lease liabilities | (250) | (252) |
| Net cash used in financing activities | (295) | (252) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 30 September 2022 (Cont'd)

(The figures have not been audited)

| | Current Quarter Ended 30/09/2022 RM'000 | Comparative Quarter Ended 30/09/2021 RM'000 |
|---|--|--|
| Net increase/(decrease) in cash and cash equivalents | 39 | (1,591) |
| Effects of exchange rate changes on cash and cash equivalents | (5) | 9 |
| Cash and cash equivalents at beginning of the quarter | <u>16,648</u> | <u>10,918</u> |
| Cash and cash equivalents at end of the quarter | <u><u>16,682</u></u> | <u><u>9,336</u></u> |
| Cash and cash equivalents comprise :- | | |
| Deposits with licensed banks | 139,189 | 155,226 |
| Cash and bank balances | <u>12,228</u> | <u>7,331</u> |
| | 151,417 | 162,557 |
| Deposits placed with licensed banks with maturity more than three (3) months | <u>(134,735)</u> | <u>(153,221)</u> |
| | <u><u>16,682</u></u> | <u><u>9,336</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 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 have not been early adopted by 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 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 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 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.

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 2022 | | | | |
| External revenue | 11,292 | - | - | 11,292 |
| Inter-segment revenue | - | 108 | (108) | - |
| Total | 11,292 | 108 | (108) | 11,292 |
| Segment results: | | | | |
| Interest expense on lease liabilities | (8) | (14) | - | (22) |
| Interest income | 17 | 1,091 | - | 1,108 |
| Amortisation of intangible assets | (8) | - | - | (8) |
| Depreciation of right-of-use assets | (144) | (78) | - | (222) |
| Depreciation of property, plant and equipment | (92) | (10) | - | (102) |
| Reportable segment profit before tax | 660 | 373 | - | 1,033 |
| Share of results of associates | - | (98) | - | (98) |
| Total | 660 | 275 | - | 935 |

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 2021 | | | | |
| External revenue | 5,461 | - | - | 5,461 |
| Inter-segment revenue | - | 25 | (25) | - |
| Total | 5,461 | 25 | (25) | 5,461 |
| Segment results: | | | | |
| Interest expense on lease liabilities | (19) | (19) | - | (38) |
| Interest income | 7 | 890 | - | 897 |
| Amortisation of intangible assets | (9) | - | - | (9) |
| Depreciation of right-of-use assets | (145) | (80) | - | (225) |
| Depreciation of property, plant and equipment | (95) | (9) | - | (104) |
| Reportable segment (loss)/profit before tax | (952) | 313 | - | (639) |
| Share of results of associates | - | 277 | - | 277 |
| Total | (952) | 590 | - | (362) |

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

There were no material events from the end of the quarter to 17 November 2022 (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 30/09/2022 RM'000 | Preceding Year Comparative Quarter 30/09/2021 RM'000 | Changes % |
|---|---|---|--------------|
| Revenue | 11,292 | 5,461 | 107% |
| Gross Profit | 4,608 | 1,207 | 282% |
| Profit/(loss) before tax | 935 | (362) | 358% |
| Additional Information: Share of results of associates | (98) | 277 | -135% |

The Group recorded revenue of RM11.29 million and profit before tax (PBT) of RM0.94 million for the current quarter ended 30 September 2022 compared to revenue of RM5.46 million and loss before tax (LBT) of RM0.36 million in the preceding year comparative quarter, representing an increase in revenue of 107% and PBT of 358%. 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 RM0.64 million compared to LBT of RM1.01 million in the preceding year comparative quarter. Comparative quarter performance was adversely affected by the reinforcement of Movement Control Order (MCO) from July to middle of September 2021. Revenue reported at RM10.71 million for current quarter increased by RM5.97 million or 126% as compared to RM4.74 million in the preceding year comparative quarter.

Associates in China recorded a net loss of RM0.10 million for the current quarter compared to net profit of RM0.28 million in the preceding year comparative quarter. Losses reported mainly attributable to the negative impact of the recurrence of Covid-19 pandemic in China and rise in cost price.

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

| | Current Quarter 30/09/2022 RM'000 | Immediate Preceding Quarter 30/06/2022 RM'000 | Changes % |
|---|---|--|--------------|
| Revenue | 11,292 | 13,959 | -19% |
| Gross Profit | 4,608 | 5,422 | -15% |
| Profit before tax | 935 | 4,138 | -77% |
| Additional Information: Share of results of associates | (98) | 1,932 | -105% |

The Group registered lower revenue of RM11.29 million for the current quarter compared to RM13.96 million registered in the immediate preceding quarter ended 30 June 2022. A lower PBT of RM0.94 million reported for the current quarter versus RM4.14 million in the immediate preceding quarter.

The bedding Malaysia recorded lower revenue of RM10.71 million and PBT of RM0.64 million compared to revenue of RM13.59 million and PBT of RM1.81 million in the immediate preceding quarter.

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 power generation operation in China reported loss for the current quarter mainly due to power rationing occurred among industrial customers in region and recurrence of Covid-19 pandemic within surrounding cities. Included in immediate preceding quarter was one time gain in reversal of assets impairment totalled RM1.44 million.

B3 Current Year Prospects

The Group expects performance for the financial year ending 30 June 2023 to be challenging. Current high inflation environment may increase cost of doing business, dent consumers' confidence and discretionary spending. At the same time, it's noted that domestic economy has reported growth that was supported by improvement in domestic demand as economic activities normalised.

The Group will undertake various initiatives to launch new products and increase promotional events to stimulate trading and improve sales.

The Group continues 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/(Loss) before tax is arrived at after charging/(crediting):-

| | Current Quarter Ended <u>30/09/2022</u> RM'000 | Comparative Quarter Ended <u>30/09/2021</u> RM'000 |
|--|--|--|
| Accretion of discount on financial asset at amortised cost | (9) | (3) |
| Amortisation of intangible assets | 8 | 9 |
| Depreciation of right-of-use assets | 222 | 225 |
| Depreciation of property, plant and equipment | 102 | 104 |
| Impairment losses on trade receivables | 54 | 114 |
| Interest expense on lease liabilities | 22 | 38 |
| Interest income | (1,108) | (897) |
| Reversal of impairment losses on trade receivables | <u>(2)</u> | <u>-</u> |

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>30/09/2022</u> RM'000 | Comparative Quarter Ended <u>30/09/2021</u> RM'000 |
|-------------------------|--|--|
| <u>Current tax</u> | | |
| Current year – Malaysia | 287 | (137) |
| - Foreign | 1 | 1 |
| Total tax expense | <u>288</u> | <u>(136)</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 2022.

B10 Derivative Financial Instruments

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

The Board of Directors has 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.

B13 Earnings/(Loss) per Share

The earnings/(loss) per share (basic) for the current quarter and preceding year comparative quarter are calculated by dividing the Group's net profit/(loss) 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>30/09/2022</u> RM'000 | Comparative Quarter Ended <u>30/09/2021</u> RM'000 |
|--|--|--|
| Net profit/(loss) attributable to owners of the parent | <u>676</u> | <u>(227)</u> |

By Order of the Board

FACB INDUSTRIES INCORPORATED BERHAD

Lee Boo Tian

LS 0007987

PC NO. 202008002588

Group Company Secretary

Kuala Lumpur

Date : 23 November 2022