

# FEDERAL INTERNATIONAL HOLDINGS BERHAD

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019

These figures have not been audited and should be read in conjunction with the latest audited financial statements

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2018 RM'000	CURRENT YEAR TO DATE 30/6/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2018 RM'000
1. Revenue	58,823	23,699	206,497	149,408
Investment income	-	-	-	-
Other income including interest income	486	969	1,717	1,744
Operating expenses	(54,590)	(22,140)	(192,366)	(137,409)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	4,719	2,526	15,648	13,743
(b) Interest on borrowings	(222)	(207)	(900)	(707)
(c) Depreciation and amortisation	(1,173)	(583)	(3,129)	(3,316)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	3,324	1,738	11,819	9,720
(e) Share of profit/(loss) in associated companies	-	-	-	-
(f) Profit/(Loss) before taxation	3,324	1,738	11,819	9,720
(g) Income tax expenses	(1,093)	313	(3,939)	(2,696)
3. Profit/(Loss) for the period	2,231	2,051	7,880	7,024
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	2,231	2,051	7,880	7,024
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	2,465	1,438	8,173	3,800
(ii) Non-controlling interest	(234)	613	(293)	3,224
	2,231	2,051	7,880	7,024
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	2,465	1,438	8,173	3,800
(ii) Non-controlling interest	(234)	613	(293)	3,224
	2,231	2,051	7,880	7,024
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 105,584,416 ordinary shares - (sen)	2.33	1.34	7.74	3.55
(ii) Fully diluted based on 175,110,732 shares - (sen)	1.41	1.34	4.67	2.15
8. Net assets per share (RM)			0.9442	0.9083

**FEDERAL INTERNATIONAL HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

These figures have not been audited and should be read in conjunction with the latest audited financial statements

	<b>AS AT END OF CURRENT QUARTER 30/6/2019</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	43,203	43,146
Investment properties	4,497	4,607
Goodwill on consolidation	18,556	18,556
Intangible assets	243	697
Deferred tax assets	807	807
Trade receivables	7,357	11,136
	<u>74,663</u>	<u>78,949</u>
<b>Current assets</b>		
Inventories	4,008	4,486
Trade receivables	88,658	51,117
Other receivables	5,479	4,645
Fixed deposits with licensed banks	4,650	4,652
Cash and bank balances	5,371	2,213
	<u>108,166</u>	<u>67,113</u>
<b>TOTAL ASSETS</b>	<u>182,829</u>	<u>146,062</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	98,965	98,965
Treasury shares	(1,322)	(2,333)
Reserves	1,906	(3,034)
Equity attributable to owners of the parent	<u>99,549</u>	<u>93,598</u>
Non-controlling interest	798	1,091
<b>Total equity</b>	<u>100,347</u>	<u>94,689</u>
<b>Non-current liabilities</b>		
Borrowings	2,947	2,829
Deferred tax liabilities	4,348	3,648
Trade payables	5,988	4,951
	<u>13,283</u>	<u>11,428</u>
<b>Current liabilities</b>		
Trade payables	39,778	20,709
Other payables	20,905	10,246
Borrowings	8,706	8,118
Provision for taxation	(190)	872
	<u>69,199</u>	<u>39,945</u>
<b>Total liabilities</b>	<u>82,482</u>	<u>51,373</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>182,829</u>	<u>146,062</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2019

These figures have not been audited and should be read in conjunction with the latest audited financial statements

	← Share Capital →		← Attributable to owners of the parent →				← Distributable →		Total Equity RM'000	
	Ordinary Share Capital RM	RCPS RM	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Treasury shares RM'000	Total RM'000		
At 1 July 2017	57,685	27,000	-	5,752	15	(1,048)	-	80,405	11,664	102,069
Redeemable convertible preference shares issued	-	14,280	-	-	-	-	-	14,280	-	14,280
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	(10,483)	-	(10,483)	(10,757)	(24,260)
Dividend paid	-	-	-	-	-	(2,118)	-	(2,118)	-	(2,118)
Purchase of Treasury shares	-	-	-	-	-	-	(2,333)	(2,333)	-	(2,333)
Total comprehensive income	-	-	-	-	-	3,850	-	3,850	3,224	7,074
Other comprehensive income	-	-	-	-	(2)	-	-	(2)	-	(2)
AS AT 30 JUNE 2018	57,685	41,280	-	6,752	14	(9,799)	(2,333)	93,599	1,091	94,690
At 1 July 2018	57,685	41,280	-	6,752	14	(8,789)	(2,333)	93,599	1,091	94,690
Dividend paid	-	-	-	-	-	(2,221)	-	(2,221)	-	(2,221)
Dividend in specie	-	-	-	-	-	(1,011)	1,011	-	-	-
Total comprehensive income	-	-	-	-	-	8,173	-	8,173	(283)	7,890
Other comprehensive income	-	-	-	-	(2)	-	-	(2)	-	(2)
AS AT 30 JUNE 2019	57,685	41,280	-	5,752	12	(4,858)	(1,322)	98,549	788	100,347

\* With the Companies Act 2016 coming into effect on 31 January 2017, the credit balance of the share premium becomes part of the share capital. Such credit balance may be utilised within 24 months after the commencement of the Act for purposes as set out in transitional provisions of the Act.



FEDERAL INTERNATIONAL HOLDINGS BERHAD  
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE PERIOD ENDED 30 JUNE 2019

These figures have not been audited and should be read in conjunction with the latest audited financial statements

	Unaudited 30/06/2019 RM'000	Audited 30/06/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	11,819	9,758
Adjustments for:		
Bad debts written off	-	1
Depreciation of investment properties	110	98
Depreciation of property, plant and equipment	2,565	2,334
Written-down of inventories	-	31
Inventories written off	-	237
Reversal of gain on financial liabilities amortised at cost	-	520
Reversal of loss on financial assets amortised at cost	-	(833)
Interest expense	900	718
Interest income	(116)	(224)
Property, plant and equipment written off	-	259
Loss/(Gain) on disposal of property, plant and equipment	(26)	(8)
Amortisation of intangible assets	454	884
Unrealised gain on foreign exchange	-	(36)
Operating (loss)/profit before working capital changes	<u>15,719</u>	<u>13,739</u>
Changes in working capital:		
Inventories	478	1,350
Receivables	(34,607)	7,911
Payables	30,765	(8,951)
Cash (used in)/generated from operations	<u>12,355</u>	<u>16,049</u>
Income tax paid	(4,300)	(4,437)
Net cash (used in)/generated from operating activities	<u>8,055</u>	<u>11,612</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	88	25
Purchase of property, plant and equipment	(2,029)	(2,902)
Acquisition of additional interest in a subsidiary	(2)	(2)
Acquisition of subsidiary, net of cash acquired	-	(10,000)
Interest received	116	224
Net cash (used in)/generated from investing activities	<u>(1,827)</u>	<u>(12,655)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(900)	(718)
Dividend paid	(2,221)	(2,118)
Fixed deposit held as security value	(500)	(500)
Loans (repaid)/raised	2,062	(215)
Repayment of hire purchase and lease payables	(1,582)	(2,747)
Acquisition of treasury shares	-	(2,333)
Net cash generated from/(used in) financing activities	<u>(3,141)</u>	<u>(8,631)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,087</b>	<b>(9,677)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,605</b>	<b>12,282</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>5,692</u></b>	<b><u>2,605</u></b>
Cash and cash equivalents comprised of:		
Fixed deposit with licensed banks	4,650	4,652
Cash and bank balances	5,371	2,213
Bank overdrafts	(2,705)	(3,136)
Pledged fixed deposits	(1,624)	(1,124)
	<u>5,692</u>	<u>2,605</u>

## **FEDERAL INTERNATIONAL HOLDINGS BHD**

### **INTERIM FINANCIAL REPORT –4<sup>th</sup> QUARTER ENDED 30 JUNE 2019**

#### **NOTES TO THE INTERIM FINANCIAL REPORT**

##### **1. Basis of preparation**

These interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”). The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to these interim financial statements. The explanatory notes attached 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 since the year ended 30 June 2018.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2018.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2018 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2018. The adoption of the new standards and amendments/annual improvements to existing standards did not have any significant impact to the Group during the current quarter and financial period to date.

##### **2. Audit Report of Preceding Audited Financial Statements**

The preceding year’s annual audited financial statements were not subject to any qualifications from the auditors.

##### **3. Seasonal or Cyclical Factors**

The operations are subject to the cyclical nature of the property and construction industry especially in the residential and hospitality segments.

##### **4. Unusual items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that were material and unusual because of their nature, size or incidence in the current quarter.

##### **5. Changes in estimates**

There were no material changes in estimates of amount reported in prior interim periods or in previous financial years which have a material effect in the current quarter.

##### **6. Debt and equity securities**

There were no issuances, cancellation, repurchase, resale and repayments of debt and equity securities during the current quarter. During the current quarter, there were no treasury shares purchased from the open market or cancellation of treasury shares.

##### **7. Dividends paid**

On 4 June 2019, the Company paid an interim dividend of 0.5 sen per ordinary share and 0.2 sen for each RCPS A and RCPS B held on the entitlement date.



## 8. Segmental Information

Period ended 30 June 2019	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	25,275	4,074	35,033
Trading and retail	91	(454)	1,801
Interior fit-out	39,017	(1,111)	27,786
Investment holding	-	(2,638)	1,449
Construction	149,379	12,416	95,160
Others	-	(14)	-
Total before Group elimination	213,762	12,273	161,229
Inter segment elimination	(7,265)	(454)	21,599
<b>After elimination</b>	<b>206,497</b>	<b>11,819</b>	<b>182,828</b>

Period ended 30 June 2018	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	24,720	3,428	34,791
Trading and retail	1,579	(453)	3,143
Interior fit-out	26,088	(1,001)	25,862
Investment holding	-	(3,466)	3,862
Construction	105,933	12,109	59,569
Others	-	(13)	-
Total before Group elimination	158,320	10,604	127,227
Inter segment elimination	(8,912)	(884)	22,053
<b>After elimination</b>	<b>149,408</b>	<b>9,720</b>	<b>149,280</b>

## 9. Valuation of Property, Plant and Equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current financial quarter under review.

## 10. Material Events Subsequent to the Quarter End

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements of the interim period.

## 11. Changes in Group Composition

There were no changes in the composition of the Group for the financial quarter under review except for the disposal of a dormant subsidiary company, Layang Kaji Sdn Bhd to Dato Choy Wai Hin and Choy Sook Kuen.

## 12. Changes in Contingent Liabilities

There were no changes in contingent liabilities or contingent assets as at the date of this announcement.

## 13. Related party transactions

There were no related party transactions for the financial quarter under review.



**ADDITIONAL INFORMATION REQUIRED PURSUANT TO APPENDIX 9B OF  
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES  
BERHAD**

**14. Review of Performance**

Q4 group turnover rose by 148% to RM58.8m from RM23.7m for the corresponding period a year ago on higher sales from the IFO and construction division. The manufacturing division's gross sales grew by 8% to RM6.8m on higher store sales to the Philippines and higher sales of tabletops. Local sales were negligible at RM67k compared to RM100k a year earlier. Gross margin for the quarter improved due to better sales mix and higher US exchange rates while operating expenses was about the same as the previous year. Underpinned by the higher sales, the division's operating profit increased by 116% to RM1.7m from RM0.8m for the quarter under review. YTD manufacturing sales were about 3% higher at RM25.0m (FY18 RM24.3m). Starbuck sales grew by 4% to RM25.0m on higher sales to India while local sales shrunk by 71% to RM0.3m due to absence of inter-segment sales to the Fitout division. YTD PBT for the division grew by approximately 19% to RM4.1m from RM3.4m a year earlier as higher gross margin more than offset higher operating costs.

The trading division's sales were negligible for the quarter following the closure of its retail operation and the transfer of its project operation to the IFO division. The division registered a very marginal loss of RM13k for the quarter on lower staff costs compared to RM250k last year that had one-time impairment for stocks. YTD the division's operating loss of RM0.4m on one-time costs was the same as the previous year while turnover was down to just RM100k from RM1.6m a year earlier.

Including inter-segment sales, the IFO division's turnover increased by more than 4 folds to RM16.2m from RM3.5m for the corresponding last year on higher billing from hotel projects locally and overseas. Gross margin was however lower for the quarter due to the intense competition in the industry and one-time stock impairments and staffs gratuity payment arising amounting to RM0.3m arising from closure of a factory. Operating expenses were marginally higher due to the new manufacturing facilities. The division broke even for the quarter under review compared a loss of RM0.7m a year earlier on account of the higher turnover. YTD gross turnover grew by 82% to RM32.1m compared to RM17.6m a year ago due to the Sheraton Hotel project. However, due to the one-time factory closure costs, the division's operating loss for the year increased by 10% to RM1.1m from RM1.0m for the corresponding period a year earlier.

The construction division's turnover grew by 2.5 folds to RM35.8m from RM14.1m for the same period a year ago on higher billings from ongoing projects ie Sheraton 4 Point hotel and Verando projects. Gross margin were however lower due to last year enjoying an extraordinary high margin from budget to actual costs adjustment for a project. Operating expenses was higher on higher staff and finance costs. The division registered a lower operating profit of RM2.7m compared to RM2.9m a year ago due to the absence of one-time write back for deemed interest on retention sum receivable of RM0.7m arising from change in accounting standard last year. At the end of the quarter the division has unbilled contacts of approximately RM100m carried forward. YTD turnover grew by 40% to RM149.1m from RM105.9m in the preceding year on higher billings from the hotel project. PBT increased by 2% to RM12.4m from RM12.1m on higher sales that more than offset the lower margin.

On consolidated basis the Group results after MI improved substantially due the consolidation of the balance 40% equity in Pembinaan Federal Sdn Bhd. Group PBT after head office expenses and amortization for intangible asset for the current quarter expanded by 90% to RM3.3m from RM1.7m a year ago while PAT for the quarter rose by 10% to RM2.2m for the quarter compared to RM2.0m in the previous year. Profit attributable to shareholders increased by 92% to RM2.8m for the quarter compared to



RM1.4m in the previous year. The Group ended the financial year with profit attributable to shareholders rising by more than 120% to RM8.2m from RM3.8m a year ago.

**15. Comparison with Preceding Quarter**

PBT for the current quarter increased to RM3.3m from RM2.9m in the preceding quarter due to the better performance from the manufacturing and IFO division that more than offset the lower contribution from construction division and amortisation for intangible asset amounting to RM0.5m.

**16. Current Year Prospects.**

The Manufacturing division does not expect to see much growth in orders from Starbucks in the current year as higher sales expected from Japan, the Philippines and India will be offset by lower sales from Thailand and Malaysia. The division is continuing to look at opportunities to expand its products and market including those arising from the continuing US and China trade war and the prospect for the year will depend on the success of this initiative. Gross margins will hinge on the strength of the USD against the Ringgit. The division is in negotiation to supply furniture to the hospitality industry to boost its export sales and the prospect for the year will depend on the success of these negotiations.

The Trading division will not make any significant contribution to the Group results and the closure of the retail operations will be positive for the Group in the long run as it has not been profitable. Operating loss will not be significant due to the inactivity.

The IFO division does not expect to improve on its turnover in the current year due to the very difficult operating conditions in the overall IFO industry. The key initiatives will be to mitigate operating loss by continuing to reduce operating costs while it rides out the current challenging conditions.

The construction division has unbilled sales of about RM100m brought forward and is confident of securing further related party contracts in the current year to ensure that it continue to make a significant contribution to the Group's result in FY2020. The prospect for the current year will hinge on the timely execution of the projects in hand and the projects that are expected to be awarded in the current year. These include the main building works for the 2 tower blocks of Verando project.

**17. Profit Forecast and Profit Guarantee**

Not applicable.

**18. Taxation**

	<u>Current Quarter</u>	<u>Year-to-date</u>
	RM'000	RM'000
Current year provision / (write-back)	756	3,084
Under/(over) provision in prior years	-	155
Deferred tax	337	700
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Total tax	1,093	3,939
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**19. Status of corporate proposal**

None

**20. Group borrowings and debt securities as at end of reporting period**

• **Group Borrowings :**

RM'000	Short term	Long term
Secured :		



Bank overdrafts	2,705	-
Bankers acceptances	691	-
Hire Purchase	552	1,048
Term loans	474	1,899
Invoice Financing	2,284	
Local bill purchase	2,000	
<b>Unsecured :</b>		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
<b>Total group borrowings</b>	<b>8,706</b>	<b>2,947</b>

**21. Off Balance Sheet Financial Instruments.**

There were no off balance sheet financial instruments at the date of this report other than as follows:-

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. The Company has carried out an assessment of the probability and timing of default, the sufficiency of assets to meet the financial obligations at subsidiary level, assets pledged as security in respect of facility guaranteed in determining the necessity to fair value the financial guarantee in its books.

**22. Changes in material litigation**

There were no changes in material litigation during the interim period to-date.

**23. Dividend proposed**

No dividend had been proposed.

**24. Basic/diluted earnings per share.**

The basic earnings per share is calculated based on the Group's profit attributable to shareholders of RM8,172,930 and the average number of shares in issue net of treasury shares of 105,584,416; whereas diluted earnings per share is calculated based on the average number of shares in issue net of treasury shares plus weighted average number of redeemable convertible preference shares of 175,110,732.

**25. Additional notes to the Statement of Comprehensive Income**

	<u>Current Quarter</u>	<u>Year- to-date</u>
	RM '000	RM '000
(Loss) / profit for the period / year is arrived at after charging / (crediting):		
Interest income	(46)	(116)
Other income	(210)	(1,006)
Interest expenses	222	900
Depreciation and amortization	1,173	3,129
Provisions for and write off of		
- Receivables	-	-
- Inventories	-	-
(Gain)/Loss on disposal of		

- Property, plant and equipment	-	(66)
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(63)	(111)

Other than the items highlighted above which have been included in the Statement of Profit or Loss and Other Comprehensive Income, there were no gain or loss on derivatives and exceptional items for the current quarter and period ended 30 June 2019.