

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020

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 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2019 RM'000	CURRENT YEAR TO DATE 31/3/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2019 RM'000
1. Revenue	21,269	41,277	110,352	147,674
Investment income	-	-	-	-
Other income including interest income	306	812	1,485	1,231
Operating expenses	(18,374)	(38,220)	(100,720)	(137,776)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	3,201	3,869	11,117	11,129
(b) Interest on borrowings	(247)	(270)	(974)	(678)
(c) Depreciation and amortisation	(676)	(688)	(2,229)	(1,956)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	2,278	2,911	7,914	8,495
(e) Share of profit/(loss) in associated companies	-	-	-	-
(f) Profit/(Loss) before taxation	2,278	2,911	7,914	8,495
(g) Income tax expenses	(714)	(916)	(2,472)	(2,846)
3. Profit/(Loss) for the period	1,564	1,995	5,442	5,649
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	1,564	1,995	5,442	5,649
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	1,382	1,899	5,041	5,708
(ii) Non-controlling interest	183	96	401	(59)
	1,565	1,995	5,442	5,649
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	1,382	1,899	5,041	5,708
(ii) Non-controlling interest	183	96	401	(59)
	1,565	1,995	5,442	5,649
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 106,890,737 ordinary shares - (sen)	1.29	1.80	4.72	5.42
(ii) Fully diluted based on 176,417,053 shares - (sen)	0.78	1.09	2.86	3.26
8. Net assets per share (RM)			0.9865	0.9365

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

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

	AS AT END OF CURRENT QUARTER 31/3/2020	AS AT PRECEDING FINANCIAL YEAR END 30/6/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,333	42,508
Investment properties	4,651	5,061
Goodwill on consolidation	18,556	18,556
Intangible assets	-	243
Deferred tax assets	338	338
Trade receivables	9,766	7,357
	<u>77,644</u>	<u>74,063</u>
Current assets		
Inventories	4,310	3,815
Trade receivables	83,762	87,207
Other receivables	9,388	5,270
Fixed deposits with licensed banks	1,803	4,660
Cash and bank balances	6,954	5,737
	<u>106,217</u>	<u>106,689</u>
TOTAL ASSETS	<u>183,861</u>	<u>180,752</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	98,965	98,965
Treasury shares	(556)	(1,322)
Reserves	6,542	1,416
Equity attributable to owners of the parent	<u>104,951</u>	<u>99,059</u>
Non-controlling interest	1,141	741
Total equity	<u>106,092</u>	<u>99,800</u>
Non-current liabilities		
Borrowings	3,297	2,891
Deferred tax liabilities	4,654	3,734
Trade payables	5,777	5,988
	<u>13,728</u>	<u>12,613</u>
Current liabilities		
Trade payables	25,684	38,728
Other payables	23,591	21,678
Borrowings	14,821	7,921
Provision for taxation	(55)	12
	<u>64,041</u>	<u>68,339</u>
Total liabilities	<u>77,769</u>	<u>80,952</u>
TOTAL EQUITY AND LIABILITIES	<u>183,861</u>	<u>180,752</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

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

	<-----Attributable to owners of the parent----->								
	Ordinary Share Capital RM'000	RCPS RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 July 2018	57,685	41,280	(2,333)	6,752	13	(9,799)	93,598	1,091	94,689
Dividend paid	-	-	-	-	-	(2,221)	(2,221)	-	(2,221)
Dividend in specie	-	-	1,011	-	-	(1,011)	-	-	-
Total comprehensive income	-	-	-	-	-	7,706	7,706	(351)	7,355
Other comprehensive income	-	-	-	-	(24)	-	(24)	-	(24)
AS AT 30 JUNE 2019	<u>57,685</u>	<u>41,280</u>	<u>(1,322)</u>	<u>6,752</u>	<u>(11)</u>	<u>(5,325)</u>	<u>99,059</u>	<u>740</u>	<u>99,799</u>
At 1 July 2019	57,685	41,280	(1,322)	6,752	(11)	(5,325)	99,059	740	99,799
Dividend paid	-	-	-	-	-	(880)	(880)	-	(880)
Dividend in specie	-	-	1,020	-	-	(1,020)	-	-	-
Surplus arising on revaluation of properties	-	-	-	1,994	-	-	1,994	-	1,994
Purchase of treasury shares	-	-	(254)	-	-	-	(254)	-	(254)
Total comprehensive income	-	-	-	-	-	5,041	5,041	401	5,442
Other comprehensive income	-	-	-	-	(9)	-	(9)	-	(9)
AS AT 31 MARCH 2020	<u>57,685</u>	<u>41,280</u>	<u>(556)</u>	<u>8,746</u>	<u>(20)</u>	<u>(2,184)</u>	<u>104,951</u>	<u>1,141</u>	<u>106,092</u>

* 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 31 MARCH 2020

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

	Unaudited 31/03/2020 RM'000	Audited 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	7,914	11,300
Adjustments for:		
Bad debts written off	-	52
Depreciation of investment properties	78	110
Depreciation of property, plant and equipment	1,908	2,565
Impairment losses on receivables	-	811
Inventories written off	-	215
Payables written off	-	(218)
Interest expense	974	795
Interest income	(77)	(116)
Property, plant and equipment written off	-	38
Loss/(Gain) on disposal of subsidiary	-	(32)
Loss/(Gain) on disposal of property, plant and equipment	300	(65)
Amortisation of intangible assets	243	454
Unrealised gain on foreign exchange	-	(64)
Operating (loss)/profit before working capital changes	<u>11,340</u>	<u>15,845</u>
Changes in working capital:		
Inventories	(496)	463
Receivables	(3,083)	(33,733)
Payables	<u>(11,343)</u>	<u>30,089</u>
Cash (used in)/generated from operations	<u>(3,582)</u>	<u>12,664</u>
Income tax paid	<u>(2,249)</u>	<u>(4,248)</u>
Net cash (used in)/generated from operating activities	<u>(5,831)</u>	<u>8,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	68	88
Purchase of property, plant and equipment	(509)	(874)
Interest received	<u>77</u>	<u>116</u>
Net cash (used in)/generated from investing activities	<u>(364)</u>	<u>(670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(974)	(795)
Dividend paid	(880)	(2,221)
Advances from directors	-	613
Fixed deposit held as security value	1,624	(500)
Placement of fixed deposits	-	(30)
Loans (repaid)/raised	5,554	2,007
Repayment of hire purchase and lease payables	5	(2,607)
Acquisition of treasury shares	<u>(254)</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>5,075</u>	<u>(3,533)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,120)	4,214
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,900	1,683
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9)	3
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>4,771</u>	<u>5,900</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	1,803	4,659
Cash and bank balances	6,954	5,737
Bank Overdrafts	(3,034)	(1,920)
Pledged fixed deposits	-	(1,624)
Fixed deposit with maturity more than 3 months	<u>(952)</u>	<u>(952)</u>
	<u>4,771</u>	<u>5,900</u>

FEDERAL INTERNATIONAL HOLDINGS BHD

INTERIM FINANCIAL REPORT –3rd QUARTER ENDED 31 MARCH 2020

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 2019 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 2019.

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 2019.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2019 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2019. 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, the Company bought back 735,000 shares as treasury shares. As at the end of the current quarter the number of treasury shares held is 1,438,987.

7. Dividends paid

No dividend was paid during the quarter

8. Segmental Information

Period ended 31 March 2020	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	17,519	1,549	36,500
Trading and retail	2	(54)	691
Interior fit-out	19,537	696	13,926
Investment holding	-	(2,063)	948
Construction	73,978	8,043	110,440
Others	-	(14)	-
Total before Group elimination	111,036	8,157	162,505
Inter segment elimination	(684)	(243)	21,356
After elimination	110,352	7,914	183,861

Period ended 31 March 2019	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	18,478	2,424	34,301
Trading and retail	68	(441)	1,755
Interior fit-out	25,862	(1,120)	28,212
Investment holding	-	(2,076)	1,359
Construction	113,519	9,716	84,184
Others	-	(8)	-
Total before Group elimination	157,927	8,495	149,811
Inter segment elimination	(10,253)	-	22,053
After elimination	147,674	8,495	171,864

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 except the revaluation of the Olak Lempik Banting factory that resulted in a revaluation surplus of approximately RM2 million.

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.

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 except for contract work for showroom amounting to RM3k.

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

14. Review of Performance

Q3 group turnover declined by about 51% to RM21.3m from RM41.3m for the same period a year ago on lower revenue from the IFO and construction division. The manufacturing division's gross sales was 9% lower at RM5.1m compared to RM5.8m although no of stores shipped increased by 17% due to the lower value per stores to Japan. Sales were also affected by the cessation of production due to the Movement Control Order ("MCO") introduced by the government in the 2nd half of March 2020. Gross margin for the quarter was higher on better sales mix while operating expenses increased due to higher insurance and staff costs. The division's operating profit for the quarter fell by 35% to RM0.4m from RM0.6m a year earlier. YTD turnover fell by 5% to RM17.3m on closure of factory due to MCO and lower average sales value on stores sales to Japan although the no of stores shipped increased by 15%. Gross margin was also lower while operating expenses increased due to higher administration and staff costs. Consequently, YTD PBT shrank by 36% to RM1.5m from RM2.4m for the same period a year ago.

The IFO division's turnover fell by 80% to RM1.3m from RM6.7m a year ago on completion of the hotel projects and lower projects secured. Gross margin was however much higher on successfully claiming sales tax on previously completed project and lower overheads due to the closure of a subsidiary's factory while operating expenses fell on substantially lower staff overheads through a substantial reduction in staffs. The division made an operating profit of RM0.1m compared to a loss of RM0.2m a year ago and this improvement is attributable to the higher gross margin. YTD gross turnover grew by 20% to RM19.1m from RM15.9m on higher billing for a hotel project that yielded higher gross margin also. Coupled with lower operating costs, YTD PBT improved to RM0.7m on higher sale and gross margin from a loss of RM1.1m a year ago.

The construction division's turnover fell by 48% to RM14.8m from RM28.8m for the same period a year ago on lower billings as a result of MCO in March 2010 and over recognition of revenue in previous quarter due omission of furniture package RM22m from the hotel project. Gross margin were however higher on final account of certain projects and contract sum that incorporated interest on deferred credit terms. Operating expenses was higher on higher staff and project financing costs. The division registered a lower operating profit of RM2.5m for the quarter compared to RM3.5m a year ago. At the end of the quarter the division has unbilled contacts of approximately RM287m carried forward. YTD turnover stood at RM74.1m against RM113.5m million last year due to lower progress billings and omission of work. The division's operating profit stood at RM8.0m, down by 17% from RM9.7m achieved for the same period last year.

On consolidated basis, PBT for the quarter declined by 22% to RM2.3m from RM2.9m a year ago mainly on the lower sales from the construction and IFO division while PAT was 22% lower at RM1.6m compared to RM2.0m for the same period respectively.

15. Comparison with Preceding Quarter

PBT for the current quarter decreased to RM2.3m from RM3.5m in the preceding quarter due mainly to the lower turnover and gross margin yield from the IFO and construction divisions a substantial part of which is attributable to the effect of MCO..

16. Current Year Prospects.

The full impact of Covid-19 for the manufacturing division and the construction division will be felt in Q4 as the factory had to shut down and no construction work were carried out.

Going forward the prospect for the manufacturing division will hinge on the extent that Covid 19 pandemic has on its key customer's store expansion programme. The division has seen a substantial reduction in orders post MCO. While it is to be expected that store expansion will be reduced the extent of reduction and recovery period is not clear at this time. However the division had been successful in securing local sales that would partially mitigate the fall in export sales. Gross margins will hinge on the strength of the USD against the Ringgit and the production throughput.

The IFO division has not been able to secure any significant projects since the beginning of the financial year and in view of the poor gross margin from available external projects, the division has downsized its operations substantially to reduce overheads since the 1st quarter. The IFO operations has over the years been a laggard in terms of financial performance compared to the other divisions and the operations will be scaled down to mitigate operating losses.

The construction division has secured projects totaling approximately RM294m during the 1st quarter of the current financial year that will sustain its turnover over the next 30 months. These projects have not been cancelled. However the division had to stop work during MCO and the stringent conditions imposed to commence work has adversely affected its ability to achieve normal rate of work at sites. However this impact is expected to be temporary and the division is expected to be able to normalize its progress work in due course. As such the impact of Covid-19 is expected to be temporary in nature. The division has projects in hand that will keep it busy for the next 2 years. The prospect for the current year will hinge on the timely execution of the projects in hand.

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)	654	2,182
Under/(over) provision in prior years	-	-
Deferred tax	60	290
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Total tax	714	2,472
	=====	=====

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	3,034	-
Bankers acceptances	520	-
Hire Purchase	783	1,456
Term loans	62	1,841
Invoice Financing	2,252	
Local bill purchase	8,170	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	14,821	3,297

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 during the quarter.

24. Basic/diluted earnings per share.

The basic earnings per share is calculated based on the Group's profit attributable to shareholders of RM5,041,052 and the average number of shares in issue net of treasury shares of 106,890,737; 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 176,417,053.

25. Additional notes to the Statement of Comprehensive Income

	Current Quarter	Year- to-date
	RM '000	RM '000
(Loss) / profit for the period / year is arrived at after charging / (crediting):		
Interest income	(16)	(77)
Other income	(80)	(894)
Interest expenses	247	974
Depreciation and amortization	676	2,229
Provisions for and write off of		
- Receivables	-	-
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	(51)	(97)
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(92)	(135)

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 31 March 2020.