

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPT 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	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2020 RM'000	30/9/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
1. Revenue	21,492	42,909	21,492	42,909
Investment income	-	-	-	-
Other income including interest income	130	616	130	616
Operating expenses	(19,680)	(40,303)	(19,680)	(40,303)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	1,942	3,223	1,942	3,223
(b) Interest on borrowings	(111)	(389)	(111)	(389)
(c) Depreciation and amortisation	(684)	(659)	(684)	(659)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	1,147	2,175	1,147	2,175
(e) Share of profit/(loss) in associated companies	-	-	-	-
(f) Profit/(Loss) before taxation	1,147	2,175	1,147	2,175
(g) Income tax expenses	(426)	(717)	(426)	(717)
3. Profit/(Loss) for the period	721	1,458	721	1,458
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	721	1,458	721	1,458
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	728	1,374	728	1,374
(ii) Non-controlling interest	(7)	84	(7)	84
	721	1,458	721	1,458
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	728	1,374	728	1,374
(ii) Non-controlling interest	(7)	84	(7)	84
	721	1,458	721	1,458
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 114,358,942 ordinary shares - (sen)	0.64	1.29	0.64	1.29
(ii) Fully diluted based on 177,070,318 shares - (sen)	0.41	0.78	0.41	0.78
8. Net assets per share (RM)			0.9435	0.9528

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPT 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 30/9/2020	AS AT PRECEDING FINANCIAL YEAR END 30/6/2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,215	43,472
Investment properties	7,885	7,941
Goodwill on consolidation	18,556	18,556
Trade receivables	9,574	8,434
	<u>79,230</u>	<u>78,403</u>
Current assets		
Inventories	3,067	3,374
Trade receivables	86,935	82,290
Other receivables	7,397	8,092
Fixed deposits with licensed banks	641	1,781
Cash and bank balances	2,993	4,668
	<u>101,033</u>	<u>100,205</u>
TOTAL ASSETS	<u>180,263</u>	<u>178,608</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	98,965	98,965
Treasury shares	(556)	(556)
Reserves	8,963	8,218
Equity attributable to owners of the parent	<u>107,372</u>	<u>106,627</u>
Non-controlling interest	812	819
Total equity	<u>108,184</u>	<u>107,446</u>
Non-current liabilities		
Borrowings	2,932	2,825
Deferred tax liabilities	4,913	4,823
Trade payables	4,658	4,409
	<u>12,503</u>	<u>12,057</u>
Current liabilities		
Trade payables	30,200	27,721
Other payables	14,326	16,733
Borrowings	15,355	14,959
Provision for taxation	(305)	(308)
	<u>59,576</u>	<u>59,105</u>
Total liabilities	<u>72,079</u>	<u>71,162</u>
TOTAL EQUITY AND LIABILITIES	<u>180,263</u>	<u>178,608</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPT 2020

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

	<-----Attributable to owners of the parent----->						Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	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			
At 1 JULY 2019	57,685	41,280	(1,322)	6,752	(11)	(5,325)	99,059	741	99,800
Conversion of shares	398	(398)	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(254)	-	-	-	(254)	-	(254)
Dividend paid	-	-	-	-	-	(880)	(880)	(225)	(1,105)
Dividend in specie	-	-	1,020	-	-	(1,020)	-	-	-
Revaluation on leasehold land and buildings	-	-	-	4,249	-	-	4,249	-	4,249
Total comprehensive income	-	-	-	-	-	4,474	4,474	303	4,777
Other comprehensive income	-	-	-	-	(21)	-	(21)	-	(21)
AS AT 30 JUNE 2020	<u>58,083</u>	<u>40,882</u>	<u>(556)</u>	<u>11,001</u>	<u>(32)</u>	<u>(2,751)</u>	<u>106,627</u>	<u>819</u>	<u>107,446</u>
At 1 JULY 2020	58,083	40,882	(556)	11,001	(32)	(2,751)	106,627	819	107,446
Conversion of shares	4,150	(4,150)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	728	728	(7)	721
Other comprehensive income	-	-	-	-	17	-	17	-	17
AS AT 30 SEPT 2020	<u>62,233</u>	<u>36,732</u>	<u>(556)</u>	<u>11,001</u>	<u>(15)</u>	<u>(2,023)</u>	<u>107,372</u>	<u>812</u>	<u>108,184</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 30 SEPT 2020

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

	Unaudited 30/09/2020 RM'000	Audited 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,147	6,766
Adjustments for:		
Bad debts written off	-	137
Depreciation of investment properties	56	227
Depreciation of property, plant and equipment	628	2,661
Impairment losses on receivables	-	146
Inventories written off	-	350
Payables written off	-	(251)
Interest expense	111	1,209
Interest income	(9)	(196)
Property, plant and equipment written off	-	85
Loss/(Gain) on disposal of investment property	-	(48)
Loss/(Gain) on disposal of property, plant and equipment	-	(7)
Amortisation of intangible assets	-	243
Unrealised gain on foreign exchange	-	(75)
Operating (loss)/profit before working capital changes	<u>1,933</u>	<u>11,247</u>
Changes in working capital:		
Inventories	308	(36,601)
Receivables	(5,092)	37,481
Payables	<u>321</u>	<u>(16,532)</u>
Cash (used in)/generated from operations	(2,530)	(4,405)
Income tax paid	<u>(333)</u>	<u>(2,225)</u>
Net cash (used in)/generated from operating activities	<u>(2,863)</u>	<u>(6,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	76
Proceeds from disposal of investment property	-	380
Purchase of property, plant and equipment	(370)	(928)
Purchase of investment property	-	(16)
Interest received	<u>9</u>	<u>196</u>
Net cash (used in)/generated from investing activities	<u>(361)</u>	<u>(292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(111)	(1,209)
Dividend paid	-	(1,105)
Advances from directors	-	(723)
Fixed deposit held as security value	-	1,624
Placement of fixed deposits	-	391
Loans (repaid)/raised	(826)	6,304
Repayment of hire purchase and lease payables	130	(185)
Acquisition of treasury shares	-	(254)
Net cash generated from/(used in) financing activities	<u>(807)</u>	<u>4,843</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,031)	(2,078)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,798	5,900
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	17	(24)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(216)</u>	<u>3,798</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	641	1,780
Cash and bank balances	2,993	4,668
Bank Overdrafts	(3,289)	(2,089)
Fixed deposit with maturity more than 3 months	<u>(561)</u>	<u>(561)</u>
	<u>(216)</u>	<u>3,798</u>

FEDERAL INTERNATIONAL HOLDINGS BHD

INTERIM FINANCIAL REPORT –1st QUARTER ENDED 30 SEPT 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 2020 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 2020.

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 2020.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2020 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2020. 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 conversions of 24,997,600 Redeemable Convertible Preference Shares A (RCPS A) and 16,500,000 Redeemable Convertible Preference Shares (RCPS B) to 6,589,156 ordinary shares during the current quarter. As at the end of the current quarter the number of ordinary shares is 116,112,343. During the current quarter, the Company did not buy any shares as treasury shares and the number of treasury shares held remains at 1,455,987.

7. Dividends paid

No dividend was paid during the quarter.

8. Segmental Information

Period ended 30 Sept 2020	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	5,841	(907)	34,787
Trading and retail	1	(8)	666
Interior fit-out	(12)	(6,355)	12,373
Investment holding	-	(364)	774
Construction	15,662	1,390	110,509
Others	-	(3)	-
Total before Group elimination	21,492	(6,247)	159,109
Inter segment elimination	-	7,394	21,155
After elimination	21,492	1,147	180,264

Period ended 30 Sept 2019	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	6,535	815	34,980
Trading and retail	-	(37)	1,866
Interior fit-out	9,177	13	21,873
Investment holding	-	(634)	1,363
Construction	27,446	2,021	107,813
Others	-	(3)	-
Total before Group elimination	43,158	2,175	167,895
Inter segment elimination	(249)	-	21,599
After elimination	42,909	2,175	189,494

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.

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

Q1 group turnover fell by 50% to RM21.5m from RM42.9m for the corresponding period a year ago on lower revenue from the construction division and the scale down of IFO division that has not been able to secure any project. The manufacturing division's gross sales was 10% lower at RM5.8m compared to RM6.5m a year earlier. Due to impact of Covid-19 pandemic, total number of stores shipped and stores sales from Starbucks was down by 55% as compared to the corresponding period last year. Reduction in Starbucks sales was mitigated by local sales in supplying furniture to the hospitality industry at RM2.9m for the current quarter as compared to local sale of RM14k a year earlier. Gross margin for the quarter was lower due to lower margin from local sales which accounts for 50% of the current quarter turnover. Operating expenses was lower on account of lower staff costs compared to the previous year. The division's operating profit for the quarter decreased by 54% to RM0.4m from RM0.8m a year earlier.

The IFO division has no turnover for the quarter as compared to RM9.2m a year ago as the division has not been able to secure any project resulting in it having to downsize its operations. Gross margin for the quarter is from write back of over provision of cost from contract works no longer required while operating expenses fell on substantially lower staff cost and overheads upon the division scaling down its operations to mitigate operating losses. The division made an operating loss of RM242k compared to marginal profit of RM29k a year earlier due to expenses in relation to remaining staff and overheads in the division for the current quarter.

The construction division's turnover fell by 43% to RM15.7m from RM27.5m for the same period a year ago on lower billings from on-going projects that have to catch up on construction work progress due to impact of MCO resulting in suspension of work at site earlier. Gross margin was higher on final account of certain projects while operating expenses was lower on lower staff cost. The division registered a lower operating profit of RM1.4m for the quarter compared to RM2.0m a year ago. At the end of the quarter the division has unbilled contacts of approximately RM271m carried forward.

On consolidated basis, PBT fell by 47% to RM1.1m from RM2.2m a year ago on lower contribution from all divisions while PAT was 33% lower at RM1.0m compared to RM1.5m for the same period last year.

15. Comparison with Preceding Quarter

The current quarter recorded a PBT of RM1.1m as compared to a loss of RM1.2m in the preceding quarter due mainly to substantially higher turnover from the construction division and margin yield from the manufacturing division.

16. Current Year Prospects.

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. 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 external projects in recent months and do not anticipate to secure any substantial future external projects. As such a decision has been made to scale down the operations to mitigate operating losses.

The construction division has balance unbilled work of RM271m 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 FY2021. 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.

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)	336	336
Under/(over) provision in prior years	-	-
Deferred tax	90	90
	-----	-----
Total tax	426	426
	=====	=====

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	3,289	-
Bankers acceptances	980	-
Hire Purchase	925	1,304
Term loans	386	1,628
Invoice Financing	3,461	
Local bill purchase	6,314	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	15,355	2,932

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 RM728,158 and the average number of shares in issue net of treasury shares of 114,358,942; 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 177,070,318.

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	(9)	(9)
Other income	(14)	(14)
Interest expenses	111	111
Depreciation and amortization	683	683
Provisions for and write off of		
- Receivables	(2)	(2)
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	-	-
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	48	48

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 Sept 2020.