

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2021

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
	30/6/2021 RM'000	30/6/2020 RM'000	30/6/2021 RM'000	30/6/2020 RM'000
1. Revenue	25,250	5,861	116,104	116,213
Investment income	-	-	-	-
Other income including interest income	65	597	403	2,082
Operating expenses	(22,246)	(6,531)	(103,682)	(107,251)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	3,069	(73)	12,825	11,044
(b) Interest on borrowings	(276)	(257)	(1,102)	(1,231)
(c) Depreciation and amortisation	(746)	(883)	(2,795)	(3,112)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	2,047	(1,213)	8,928	6,701
(e) Share of profit/(loss) in associated companies	-	-	-	-
(f) Profit/(Loss) before taxation	2,047	(1,213)	8,928	6,701
(g) Income tax expenses	(949)	754	(3,469)	(1,718)
3. Profit/(Loss) for the period	1,098	(459)	5,459	4,983
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	1,098	(459)	5,459	4,983
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	1,097	(352)	5,470	4,689
(ii) Non-controlling interest	1	(107)	(11)	294
	1,098	(459)	5,459	4,983
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	1,097	(352)	5,470	4,689
(ii) Non-controlling interest	1	(107)	(11)	294
	1,098	(459)	5,459	4,983
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 116,271,281 ordinary shares - (sen)	0.94	(0.33)	4.70	4.38
(ii) Fully diluted based on 177,070,318 shares - (sen)	0.62	(0.20)	3.09	2.66
8. Net assets per share (RM)			0.9498	0.9753

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

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

	AS AT END OF CURRENT QUARTER 30/6/2021	AS AT PRECEDING FINANCIAL YEAR END 30/6/2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,298	43,472
Investment properties	7,717	7,941
Goodwill on consolidation	18,556	18,556
Trade receivables	13,087	8,434
	<u>80,658</u>	<u>78,403</u>
Current assets		
Inventories	2,755	3,374
Trade receivables	90,112	82,290
Other receivables	7,571	8,092
Fixed deposits with licensed banks	146	1,781
Cash and bank balances	3,237	4,668
	<u>103,821</u>	<u>100,205</u>
TOTAL ASSETS	<u>184,479</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	13,714	8,218
Equity attributable to owners of the parent	<u>112,123</u>	<u>106,627</u>
Non-controlling interest	576	819
Total equity	<u>112,699</u>	<u>107,446</u>
Non-current liabilities		
Borrowings	2,914	2,825
Deferred tax liabilities	4,848	4,823
Trade payables	6,345	4,409
	<u>14,107</u>	<u>12,057</u>
Current liabilities		
Trade payables	29,717	27,721
Other payables	5,835	16,733
Borrowings	20,197	14,959
Provision for taxation	1,924	(308)
	<u>57,673</u>	<u>59,105</u>
Total liabilities	<u>71,780</u>	<u>71,162</u>
TOTAL EQUITY AND LIABILITIES	<u>184,479</u>	<u>178,608</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

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	5,700	(5,700)	-	-	-	-	-	-	-
Capital reduction in subsidiary	-	-	-	-	-	-	-	(232)	(232)
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	5,470	5,470	(11)	5,459
Other comprehensive income	-	-	-	-	26	-	26	-	26
AS AT 30 JUNE 2021	<u>63,783</u>	<u>35,182</u>	<u>(556)</u>	<u>11,001</u>	<u>(6)</u>	<u>2,719</u>	<u>112,123</u>	<u>576</u>	<u>112,699</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 JUNE 2021

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

	Unaudited 30/06/2021 RM'000	Audited 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	8,929	6,766
Adjustments for:		
Bad debts written off	-	137
Depreciation of investment properties	224	227
Depreciation of property, plant and equipment	2,571	2,661
Impairment losses on receivables	1,065	146
Inventories written off	-	350
Payables written off	-	(251)
Interest expense	1,102	1,209
Interest income	(19)	(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>13,872</u>	<u>11,247</u>
Changes in working capital:		
Inventories	620	(36,601)
Receivables	(13,021)	37,481
Payables	<u>(6,966)</u>	<u>(16,532)</u>
Cash (used in)/generated from operations	(5,495)	(4,405)
Income tax paid	<u>(1,212)</u>	<u>(2,225)</u>
Net cash (used in)/generated from operating activities	<u>(6,707)</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	(397)	(928)
Purchase of investment property	-	(16)
Acquisition of additional interest in a subsidiary	-	-
Capital reduction in subsidiary	(232)	-
Interest received	19	196
Net cash (used in)/generated from investing activities	<u>(610)</u>	<u>(292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,102)	(1,209)
Dividend paid	-	(1,105)
Advances from directors	-	(723)
Fixed deposit held as security value	485	1,624
Placement of fixed deposits	-	391
Loans (repaid)/raised	3,241	6,304
Repayment of hire purchase and lease payables	816	(185)
Acquisition of treasury shares	-	(254)
Net cash generated from/(used in) financing activities	<u>3,440</u>	<u>4,843</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,877)	(2,078)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,798	5,900
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	26	(24)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(53)</u>	<u>3,798</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	146	1,780
Cash and bank balances	3,236	4,668
Bank Overdrafts	(3,359)	(2,089)
Fixed deposit with maturity more than 3 months	(76)	(561)
	<u>(53)</u>	<u>3,798</u>

FEDERAL INTERNATIONAL HOLDINGS BHD

INTERIM FINANCIAL REPORT –4th QUARTER ENDED 30 JUNE 2021

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 2,233,200 Redeemable Convertible Preference Shares A (RCPS A) and 8,600 Redeemable Convertible Preference Shares B (RCPS B) to 295,557 ordinary shares during the current quarter. As at the end of the current quarter the number of ordinary shares is 120,110,978. 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 June 2021	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	16,263	59	32,554
Trading and retail	1	(45)	551
Interior fit-out	8	(9,136)	9,246
Investment holding	-	(1,918)	495
Construction	99,970	12,951	120,384
Others	-	(12)	150
Total before Group elimination	116,242	1,899	163,380
Inter segment elimination	(138)	7,029	21,099
After elimination	116,104	8,928	184,479

Period ended 30 June 2020	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	19,420	(1,194)	35,430
Trading and retail	3	(84)	703
Interior fit-out	21,029	2,132	13,577
Investment holding	-	(2,467)	859
Construction	76,698	9,052	103,940
Others	-	1,757	-
Total before Group elimination	117,150	9,196	154,509
Inter segment elimination	(937)	(2,495)	21,155
After elimination	116,213	6,701	175,664

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

Q4 group turnover improved by more than 4 times to RM25.2m from RM5.9m for the corresponding period a year ago on higher revenue from the construction division. The manufacturing division's gross sales increased by 15% to RM2.2m compared to RM1.9m a year earlier. Total number of stores shipped and stores sales from Starbucks doubled in the current quarter as compared to the corresponding period last year as last year's operations was affected by Covid-19 pandemic lockdown and order cancellations and/or postponed. Gross margin for the quarter improved due to better margin from Starbucks on higher sales as well as additional margin recognized from finalization of accounts from previously completed local sales. Local sales for the current quarter was negligible. Operating expenses was substantially lower due mainly to lower staff costs compared to the previous quarter. The division recorded a profit for the quarter of RM620k as compared to a loss of RM2.7m a year earlier. YTD turnover fell by 15% to RM16.3m from RM19.2m a year ago, however overall margin for the year was higher mainly due to higher margin achieved from local sales. Operating expenses for the period meanwhile was lower due to substantial savings from lower staff cost and savings from other operating expenses. YTD PBT was at RM1.3m compared to LBT of RM1.2m for the same period a year ago.

The IFO division did not record any turnover for the quarter as compared to RM1.2m a year ago as the division has not been able to secure any project resulting in it having to downsize its operations. Lower operating expenses from substantially lower staff cost and overheads upon the division scaling down its operations to mitigate operating losses was however insufficient to offset a one-off provision for LAD claim of RM1m and impairment of trade receivables of RM0.8m. The division made an operating loss of RM2.1m compared to profit of RM1.2m a year earlier. No turnover was recorded to date as compared to RM20m a year ago while YTD loss was at RM3.2m from a profit of RM1.9m a year ago.

The construction division's turnover improved tremendously by more than 8 times to RM23.1m from RM2.7m for the same period a year ago on higher billings from on-going projects. Gross margin was higher compared to the corresponding quarter on account of higher billings as well as margin recognized on final account of certain projects. Operating expenses was lower mainly due to lower staff cost. The division registered an improvement in operating profit by more than 4 times to RM4.4m for the quarter compared to RM1m a year ago. At the end of the quarter the division has unbilled contacts of approximately RM191m carried forward. YTD turnover increased by 30% to RM100m compared to RM77m last year. Other income comprising rental income, profit on material purchased on behalf of subcontractor and gain on disposal of property and asset decreased from RM0.9m to RM0.3m. The division's YTD PBT improved by 43% to RM13m from RM9.1m for the same period last year.

On consolidated basis, PBT was at RM2m from a LBT of RM1.2m a year ago on higher contribution from construction division and better results from the manufacturing division. PAT was RM1.1m compared to LAT of RM0.5m for the same period last year.

15. Comparison with Preceding Quarter

PBT for the current quarter decreased to RM2m from RM3.3m in the preceding quarter due mainly to nett effect of higher margin from both the manufacturing and construction divisions and additional provision for LAD claim and impairment of trade receivables.

16. Current Year Prospects.

The manufacturing division of the Group has seen a significant reduction in export orders due to the slowdown in Starbucks retail store expansion in the Asia Pacific region as a result of the Covid-19 pandemic. The prospect for the manufacturing division going forward will hinge on the extent the Covid-19 pandemic has on its key customer's store expansion programme and the ability to secure other sales. The division has undertaken a cost optimisation exercise to reduce its operating overheads to mitigate the effect of the lower revenue while gross margin will hinge on the strength of the United States Dollar against the Ringgit and the production throughput.

A substantial portion of the interior fit-out (IFO) division's sales is derived from the hospitality industry that has been adversely affected by the pandemic. The 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 the decision has been made to scale down the operations to a bare minimum to mitigate operating losses. The division is not expected to make any significant contribution to the group's revenue or bottom line in the near future.

The construction division has two ongoing projects with a combined contract sum of RM295 million that will provide profit visibility for the next two years and expect to secure further related party contracts in the current year to ensure that it continues to make a significant contribution to the Group's result in financial year 2022. The prospect for the current year will hinge on the timely and uninterrupted execution of these projects since the construction industry is considered a high risk industry for Covid-19 infections. In this respect the division has taken proactive measures to ensure compliance with the required standard of procedures to mitigate the risks of work stoppage due to Covid-19 infections.

The Group actively explore for new businesses that can contributes positively to the Group continued growth. The Group is venturing into the renewable energy ("RE") sector via a proposed collaboration with one of China's top five power generators, State Power Investment Corporation ("SPIC"). The collaboration marked the Group's first venture into the RE segment and would help the Group to escalate the expansion of its footprint in the new segment.

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)	872	2,926
Under/(over) provision in prior years	-	466
Deferred tax	77	77
	-----	-----
Total tax	949	3,469
	=====	=====

19. Status of corporate proposal

On 11 February 2021, the Company proposes to undertake the Proposed Private Placement of up to 17,852,600 new FIHB shares to independent third party investors to be identified later. Bursa Securities had vide its letter dated 14 September 2021 approved the Company's application for extension of time up to 22 March 2022 to complete the Proposed Private Placement.

On 17 September 2021, the Company has resolved to fix the issue price of the Placement Shares at RM0.60 per Placement Share to be issued pursuant to the Proposed Private Placement. Participating Placees had subscribed for a total number of 12,370,000 shares by payment deadline on 24 September 2021. Upon confirmation of funds received, the new shares to be issued are allotted and listed on Bursa Malaysia.

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

• Group Borrowings :

RM'000	Short term	Long term
Secured :		
Bank overdrafts	3,360	-
Bankers acceptances	-	-
Hire Purchase	1,271	1,643
Term loans	315	1,271
Invoice Financing	2,651	
Bank Guarantee	45	
Local bill purchase	12,555	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	20,197	2,914

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 RM7,176,696 and the average number of shares in issue net of treasury shares of 116,271,281; 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

	Current Quarter	Year- to-date
	RM '000	RM '000
(Loss) / profit for the period / year is arrived at after charging / (crediting):		
Interest income	(2)	(19)
Other income	(63)	(384)
Interest expenses	276	1,102
Depreciation and amortization	746	2,795
Provisions for and write off of		
- Receivables	1,065	1,065
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	-	-
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(31)	29

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 2021.