

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPT 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
	30/9/2021 RM'000	30/9/2020 RM'000	30/9/2021 RM'000	30/9/2020 RM'000
1. Revenue	15,172	21,492	15,172	21,492
Investment income	-	-	-	-
Other income including interest income	171	130	171	130
Operating expenses	(15,473)	(19,680)	(15,473)	(19,680)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	(130)	1,942	(130)	1,942
(b) Interest on borrowings	(359)	(111)	(359)	(111)
(c) Depreciation and amortisation	(670)	(684)	(670)	(684)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	(1,159)	1,147	(1,159)	1,147
(e) Share of profit/(loss) in associated companies	-	-	-	-
(f) Profit/(Loss) before taxation	(1,159)	1,147	(1,159)	1,147
(g) Income tax expenses	(174)	(426)	(174)	(426)
3. Profit/(Loss) for the period	(1,333)	721	(1,333)	721
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	(1,333)	721	(1,333)	721
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	(1,333)	728	(1,333)	728
(ii) Non-controlling interest	-	(7)	-	(7)
	(1,333)	721	(1,333)	721
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	(1,333)	728	(1,333)	728
(ii) Non-controlling interest	-	(7)	-	(7)
	(1,333)	721	(1,333)	721
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 121,429,230 ordinary shares - (sen)	(1.10)	0.64	(1.10)	0.64
(ii) Fully diluted based on 177,204,766 shares - (sen)	(0.75)	0.41	(0.75)	0.41
8. Net assets per share (RM)			0.8839	0.9435

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPT 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 30/9/2021	AS AT PRECEDING FINANCIAL YEAR END 30/6/2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,688	41,298
Investment properties	7,659	7,716
Goodwill on consolidation	18,556	18,556
Other investments	4,900	-
Trade receivables	14,013	13,299
	<u>85,816</u>	<u>80,869</u>
Current assets		
Inventories	2,524	2,755
Trade receivables	91,572	90,353
Other receivables	7,176	7,595
Other investments	70	69
Cash and bank balances	12,772	3,273
	<u>114,114</u>	<u>104,045</u>
TOTAL ASSETS	<u>199,930</u>	<u>184,914</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,387	98,965
Treasury shares	(556)	(556)
Reserves	12,641	13,959
Equity attributable to owners of the parent	<u>118,472</u>	<u>112,368</u>
Non-controlling interest	584	584
Total equity	<u>119,056</u>	<u>112,952</u>
Non-current liabilities		
Borrowings	2,593	2,706
Deferred tax liabilities	4,560	4,560
Trade payables	6,767	6,345
	<u>13,920</u>	<u>13,611</u>
Current liabilities		
Trade payables	26,165	29,784
Other payables	10,639	6,265
Borrowings	28,151	20,368
Provision for taxation	1,999	1,934
	<u>66,954</u>	<u>58,351</u>
Total liabilities	<u>80,874</u>	<u>71,962</u>
TOTAL EQUITY AND LIABILITIES	<u>199,930</u>	<u>184,914</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPT 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 2020	58,082	40,883	(556)	11,001	(31)	(2,751)	106,628	818	107,446
Conversion of shares	5,700	(5,700)	-	-	-	-	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	(11)	(11)	10	(1)
Capital reduction in subsidiary	-	-	-	-	-	-	-	(232)	(232)
Total comprehensive income	-	-	-	-	-	5,767	5,767	(12)	5,755
Foreign currency translation reserve	-	-	-	-	(16)	-	(16)	-	(16)
AS AT 30 JUNE 2021	63,782	35,183	(556)	11,001	(47)	3,005	112,368	584	112,952
At 1 JULY 2021	63,782	35,183	(556)	11,001	(47)	3,005	112,368	584	112,952
Private placement	7,422	-	-	-	-	-	7,422	-	7,422
Conversion of shares	1,568	(1,568)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(1,333)	(1,333)	-	(1,333)
Foreign currency translation reserve	-	-	-	-	15	-	15	-	15
AS AT 30 SEPT 2021	72,772	33,615	(556)	11,001	(32)	1,672	118,472	584	119,056

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPT 2021

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

	Unaudited 30/09/2021 RM'000	Audited 30/06/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(1,159)	9,107
Adjustments for:		
Depreciation of investment properties	56	225
Depreciation of property, plant and equipment	614	2,571
Impairment losses on receivables	-	1,105
Inventories written off	-	7
Write-back of payables	-	(165)
Interest expense	359	1,131
Interest income	(9)	(20)
Loss/(Gain) on disposal of investment in subsidiaries	-	(4)
Unrealised gain on foreign exchange	-	(58)
Operating (loss)/profit before working capital changes	<u>(139)</u>	<u>13,899</u>
Changes in working capital:		
Inventories	231	612
Receivables	(1,516)	(13,499)
Payables	<u>1,177</u>	<u>(6,447)</u>
Cash (used in)/generated from operations	<u>(247)</u>	<u>(5,435)</u>
Income tax paid	<u>(109)</u>	<u>(1,374)</u>
Net cash (used in)/generated from operating activities	<u>(356)</u>	<u>(6,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3)	(68)
Placement of other investment	(4,900)	(1)
Capital repayment to a subsidiary	-	(232)
Interest received	<u>9</u>	<u>20</u>
Net cash (used in)/generated from investing activities	<u>(4,894)</u>	<u>(281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement	7,422	-
Interest paid	(359)	(1,131)
Advances from directors	-	145
Placement of fixed deposits	(2)	562
Loans (repaid)/raised	563	(1,318)
Repayment of hire purchase and lease payables	<u>(291)</u>	<u>495</u>
Net cash generated from/(used in) financing activities	<u>7,333</u>	<u>(1,247)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,083	(8,337)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(4,632)	3,698
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	15	7
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(2,534)</u>	<u>(4,632)</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	34	31
Cash and bank balances	12,738	3,242
Bank Overdrafts	(15,272)	(7,874)
Fixed deposit with maturity more than 3 months	<u>(34)</u>	<u>(31)</u>
	<u>(2,534)</u>	<u>(4,632)</u>

FEDERAL INTERNATIONAL HOLDINGS BHD

INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 30 SEPTEMBER 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 2021 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 2021.

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 2021.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2021 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2021. 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 549,000 Redeemable Convertible Preference Shares A (RCPS A) and 18,009,300 Redeemable Convertible Preference Shares B (RCPS B) to 3,674,096 ordinary shares during the current quarter. There were also 12,370,000 new ordinary shares issued in the current quarter upon completion of the Private Placement exercise. As at the end of the current quarter the number of ordinary shares is 136,155,074. 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 September 2021	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	2,324	(666)	32,646
Trading and retail	-	(7)	560
Interior fit-out	-	(355)	8,788
Investment holding	-	2,566	8,818
Construction	12,848	304	128,018
Others	-	(1)	1
Total before Group elimination	15,172	1,841	178,831
Inter segment elimination	-	(3,000)	21,099
After elimination	15,172	(1,159)	199,930

Period ended 30 September 2020	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	5,841	374	34,787
Trading and retail	1	(8)	666
Interior fit-out	(12)	(242)	12,373
Investment holding	-	(364)	774
Construction	15,662	1,390	110,509
Others	-	(3)	-
Total before Group elimination	21,492	1,147	159,109
Inter segment elimination	-	-	21,155
After elimination	21,492	1,147	180,264

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 other than the incorporation of Warrants RE Assets Sdn Bhd on 21 September 2021, in which the Company has 50% equity interest.

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 29% to RM15.2m from RM21.5m for the corresponding period a year ago on lower revenue from all divisions. The manufacturing division's gross sales decreased by 60% to RM2.3m compared to RM5.8m a year earlier. Due to impact of MCO 3.0 enhanced lockdown measures resulting in the factory only able to be in operation for 3 weeks in the entire quarter, total number of stores shipped and stores sales from Starbucks was down 43% as compared to the corresponding period last year. As a result of that, Starbucks registered a gross loss margin for the quarter due to insufficient sales to absorb fixed factory operating expenses and overheads. Local sales for the current quarter was minimal at RM207k as compared to RM2.9m a year earlier. Operating expenses was substantially lower due mainly to lower staff costs compared to the previous quarter. The division recorded a loss for the quarter of RM0.7m as compared to a profit of RM0.4m a year earlier.

The IFO division did not record any turnover for the quarter as the division has not been able to secure any external projects and has been very selective in submitting tenders for projects in view of the current economic situation, resulting in it having to downsize its operations. Lower operating expenses recorded by the division is from substantially lower staff cost and overheads upon the division scaling down its operations. The division recorded a higher operating loss of RM355k compared to loss of RM242k a year earlier due to write back of over provision of cost from contract works no longer required a year earlier.

The construction division's turnover fell by 18% to RM12.8m from RM15.7m for the same period a year ago on lower billings from on-going projects due to impact of MCO 3.0. Gross margin was lower compared to the corresponding quarter due to margin recognized on final account of certain projects a year earlier. Operating expenses was lower mainly due to lower staff cost. The division registered a lower operating profit of RM0.3m for the quarter compared to RM1.4m a year ago. At the end of the quarter the division has unbilled contacts of approximately RM180m carried forward.

On consolidated basis, LBT was at RM1.2m from a PBT of RM1.1m a year ago on lower contribution from all divisions while LAT was at RM1.3m compared to PAT of RM0.7m for the same period last year.

15. Comparison with Preceding Quarter

The current quarter recorded a LBT of RM1.2m compared to a PBT of RM2m in the preceding quarter due mainly to impact of reinstatement of a nationwide lockdown in mid-May that had significantly constrained economic activities.

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 has been very selective in submitting tenders for projects in view of the current economic situation. 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. On 24 September 2021, Warrants RE Assets Sdn Bhd ("WREA"), has entered into a Memorandum of Understanding with SPIC Energy Malaysia Berhad, for both parties to enter into a business collaboration to acquire in part or in whole operating Feed-In Tariff, Net Metering and Large Scale Solar solar farm. On 2 November 2021, WREA has entered into a Memorandum of Understanding with Fabulous Sunview Sdn Bhd ("Sunview"), for business collaboration in the Renewable Energy Projects development in Malaysia. The Company also has a 6.72% interest in Sunview. The collaboration marked the Group's venture into the renewable energy 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)	174	174
Under/(over) provision in prior years	-	-
Deferred tax	-	-
	-----	-----
Total tax	174	174
	=====	=====

19. Status of corporate proposal

On 11 February 2021, the Company proposed to undertake the private placement of up to 17,852,600 new ordinary shares to independent third party investors to be identified later. On 17 September 2021, the Company has resolved to fix the issue price of the placement shares at RM0.60 per placement share. On 29 September 2021, the private placement is deemed completed by raising a total of RM7,422,000 for a total of 12,370,000 placement shares on the Main Market of Bursa Securities.

As at the date of this report, the said proceeds have been utilized as follows:

	Expected time frame for utilisation	Proposed utilisation (based on actual amount raised) RM'000	Actual utilisation as of the date of this report RM'000	Balance available for utilisation RM'000
Partial financing of the construction cost for the following ongoing projects:				
(a) Verando (Block A and B)	Within 18 months	7,280	7,000	280
(b) Koi Prima (Block D)	Within 18 months	NIL	NIL	NIL
Estimated expenses in relation to the Private Placement	Within 1 month	142	142	NIL
Total		7,422	7,142	280

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

- **Group Borrowings :**

RM'000	Short term	Long term
Secured :		
Bank overdrafts	15,272	-
Bankers acceptances	-	-
Hire Purchase	1,254	1,379
Term loans	243	1,214
Invoice Financing	3,372	
Bank Guarantee	-	
Local bill purchase	8,010	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	28,151	2,593

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 loss attributable to shareholders of RM1,332,542 and the average number of shares in issue net of treasury shares of 121,429,230; 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 177,204,766.

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	(136)	(136)
Interest expenses	359	359
Depreciation and amortization	670	670
Provisions for and write off of		
- Receivables	-	-
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	(6)	(6)
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(20)	(20)

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 September 2021.