

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2021 RM'000	CURRENT YEAR TO DATE 31/03/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2021 RM'000
1. Revenue	42,551	40,797	93,067	90,854
Investment income	-	-	-	-
Other income including interest income	6,260	77	6,753	338
Operating expenses	(38,819)	(36,561)	(86,966)	(81,436)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	9,992	4,313	12,854	9,756
(b) Interest on borrowings	(366)	(328)	(1,122)	(826)
(c) Depreciation and amortisation	(546)	(684)	(1,869)	(2,049)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	9,080	3,301	9,863	6,881
(e) Share of profit/(loss) in associated companies	(5)	-	(5)	-
(f) Profit/(Loss) before taxation	9,075	3,301	9,858	6,881
(g) Income tax expenses	(399)	(1,428)	(1,148)	(2,520)
3. Profit/(Loss) for the period	8,676	1,873	8,710	4,361
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	8,676	1,873	8,710	4,361
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	8,677	1,872	8,720	4,373
(ii) Non-controlling interest	(1)	1	(10)	(12)
	8,676	1,873	8,710	4,361
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	8,677	1,872	8,720	4,373
(ii) Non-controlling interest	(1)	1	(10)	(12)
	8,676	1,873	8,710	4,361
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 131,627,069 ordinary shares - (sen)	6.59	1.62	6.62	3.79
(ii) Fully diluted based on 185,705,400 shares - (sen)	4.67	1.06	4.70	2.47
8. Net assets per share (RM)			0.8983	0.9449

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

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

	AS AT END OF CURRENT QUARTER 31/03/2022	AS AT PRECEDING FINANCIAL YEAR END 30/06/2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,464	41,298
Investment properties	7,618	7,716
Goodwill on consolidation	18,556	18,556
Other investments	4,900	-
Trade receivables	7,273	13,299
	<u>59,811</u>	<u>80,869</u>
Current assets		
Inventories	2,143	2,755
Trade receivables	102,844	90,353
Other receivables	22,973	7,595
Other investments	70	69
Cash and bank balances	9,056	3,273
	<u>137,086</u>	<u>104,045</u>
TOTAL ASSETS	<u>196,897</u>	<u>184,914</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,387	98,965
Treasury shares	(42)	(556)
Reserves	19,365	13,959
Equity attributable to owners of the parent	<u>125,710</u>	<u>112,368</u>
Non-controlling interest	349	584
Total equity	<u>126,059</u>	<u>112,952</u>
Non-current liabilities		
Borrowings	3,576	2,706
Deferred tax liabilities	1,461	4,560
Trade payables	3,203	6,345
	<u>8,240</u>	<u>13,611</u>
Current liabilities		
Trade payables	34,205	29,784
Other payables	6,536	6,265
Borrowings	17,155	20,368
Provision for taxation	4,702	1,934
	<u>62,598</u>	<u>58,351</u>
Total liabilities	<u>70,838</u>	<u>71,962</u>
TOTAL EQUITY AND LIABILITIES	<u>196,897</u>	<u>184,914</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022

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) / Retained earnings 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	<u>63,782</u>	<u>35,183</u>	<u>(556)</u>	<u>11,001</u>	<u>(47)</u>	<u>3,005</u>	<u>112,368</u>	<u>584</u>	<u>112,952</u>
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	3,396	(3,396)	-	-	-	-	-	-	-
Realisation of revaluation reserve	-	-	-	(8,746)	-	8,746	-	-	-
Dividend paid	-	-	-	-	-	(2,803)	(2,803)	(225)	(3,028)
Dividend in specie	-	-	514	-	-	(514)	-	-	-
Total comprehensive income	-	-	-	-	-	8,720	8,720	(10)	8,710
Foreign currency translation reserve	-	-	-	-	3	-	3	-	3
AS AT 31 MARCH 2022	<u>74,600</u>	<u>31,787</u>	<u>(42)</u>	<u>2,255</u>	<u>(44)</u>	<u>17,154</u>	<u>125,710</u>	<u>349</u>	<u>126,059</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022

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

	Unaudited 31/03/2022 RM'000	Audited 30/06/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	9,858	9,107
Adjustments for:		
Depreciation of investment properties	176	225
Depreciation of property, plant and equipment	1,693	2,571
Impairment losses on receivables	23	1,105
Inventories written off	-	7
Write-back of payables	-	(165)
Interest expense	1,122	1,131
Interest income	(23)	(20)
Loss/(Gain) on disposal of investment in subsidiaries	-	(4)
Loss/(Gain) on disposal of property, plant and equipment	(6,280)	-
Unrealised gain on foreign exchange	-	(58)
Operating (loss)/profit before working capital changes	<u>6,569</u>	<u>13,899</u>
Changes in working capital:		
Inventories	612	612
Receivables	(7,872)	(13,499)
Payables	<u>1,552</u>	<u>(6,447)</u>
Cash (used in)/generated from operations	861	(5,435)
Income tax paid	<u>(1,480)</u>	<u>(1,374)</u>
Net cash (used in)/generated from operating activities	<u>(619)</u>	<u>(6,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	10,712	-
Purchase of property, plant and equipment	(111)	(68)
Purchase of investment property	(36)	-
Placement of other investment	(4,901)	(1)
Capital repayment to a subsidiary	-	(232)
Interest received	23	20
Net cash (used in)/generated from investing activities	<u>5,687</u>	<u>(281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement	7,422	-
Interest paid	(1,122)	(1,131)
Dividend paid	(3,028)	-
Advances from directors	-	145
Placement of fixed deposits	(63)	562
Loans (repaid)/raised	(5,964)	(1,318)
Repayment of hire purchase and lease payables	(910)	495
Net cash generated from/(used in) financing activities	<u>(3,665)</u>	<u>(1,247)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,403	(8,337)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(4,632)	3,698
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3	7
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(3,226)</u>	<u>(4,632)</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	95	31
Cash and bank balances	8,962	3,242
Bank Overdrafts	(12,188)	(7,874)
Fixed deposit with maturity more than 3 months	(95)	(31)
	<u>(3,226)</u>	<u>(4,632)</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

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 581,400 Redeemable Convertible Preference Shares A (RCPS A) and 21,074,000 Redeemable Convertible Preference Shares B (RCPS B) to 4,291,300 ordinary shares during the current quarter. As at the end of the current quarter the number of ordinary shares is 140,446,374. During the current quarter, the Company distributed 1,346,115 treasury shares as dividend in specie to entitled shareholders on the basis of one (1) ordinary share for every hundred (100) existing ordinary shares held in the Company. As at the end of the current quarter the number of treasury shares is 109,872.

7. Dividends paid

On 7 January 2022, the Company paid single-tier first interim dividend of 0.5 sen per ordinary share and 0.6 sen for each RCPS A and RCPS B held on the entitlement date. The total cash paid amounted to RM2.8m. On 14 January 2022, the Company paid an interim dividend in specie of one (1) ordinary share for every hundred (100) existing ordinary shares held on the entitlement date.

8. Segmental Information

Period ended 31 March 2022	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	9,664	3,786	31,133
Trading and retail	-	30	543
Interior fit-out	7,080	2,010	6,054
Investment holding	-	4,679	10,442
Construction	83,326	6,443	128,432
Others	-	(8)	1
Total before Group elimination	100,070	16,940	176,605
Inter segment elimination	(7,003)	(7,077)	-
Consolidation adjustment	-	(5)	20,292
After elimination	93,067	9,858	196,897

Period ended 31 March 2021	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	14,086	720	32,972
Trading and retail	1	(31)	649
Interior fit-out	(146)	(1,083)	11,166
Investment holding	-	(1,291)	595
Construction	76,913	8,525	128,859
Others	-	(8)	150
Total before Group elimination	90,854	6,832	174,391
Inter segment elimination	-	54	-
Consolidation adjustment	-	(5)	21,155
After elimination	90,854	6,881	195,546

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

Q3 group turnover improved marginally by 4% to RM42.6m from RM40.8m for the corresponding period a year ago. The manufacturing division's gross sales increased by 15% to RM3.1m compared to RM2.7m a year earlier. Total number of stores shipped and stores sales from Starbucks improved by 27% in the current quarter as compared to the corresponding period last year. Gross margin for Starbucks was low due to insufficient sales to absorb fixed factory operating expenses and overheads as well as additional expenses that was incurred due to factory relocation as well as cost of repair to machineries due to flash floods. Other sales for the current quarter was minimal at RM166k. Operating expenses for the current quarter was higher due mainly to higher staff cost as compared to the previous quarter. The division recorded an operating profit for the quarter of RM4.3m as compared to a loss of RM439k a year earlier due to recognition of one-off pre-tax gain on factory disposal of RM6.1m. YTD turnover fell by 31% to RM9.7m from RM14.1m a year ago and correspondingly resulted in lower gross margin. YTD profit was at RM3.8m from RM720k for the same period a year ago.

Including inter-segment sales, the IFO division recorded turnover of RM5.9m in the current quarter. Except for the inter-segment sales in the current quarter, the division has not secured any material external projects as the division remains selective in submitting tenders for external projects in view of the current economic situation. Operating expenses increased as compared to the corresponding quarter due to increase in operations in the division. With the inter-segment sales, the division recorded operating profit of RM1.3m for the current quarter as compared to operating loss of RM431k a year earlier. YTD turnover including inter-segment sales improved to RM7.1m while YTD profit was at RM933k from a loss of RM1.1m a year ago on margin recognized from inter-segment sales.

The construction division's turnover improved marginally by 3% to RM39.4m from RM38.3m for the same period a year ago. 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 slightly lower in the current quarter as compared to last year. The division registered a reduction of 16% in operating profit to RM3.9m for the quarter compared to RM4.7m a year ago. At the end of the quarter the division has unbilled contracts of approximately RM155m carried forward. YTD turnover increased by 8% to RM83.3m compared to RM76.9m last year, meanwhile YTD PBT was down by 24% to RM6.4m from RM8.5m for the same period last year.

On consolidated basis, PBT increased almost 3 times to RM9.1m from RM3.3m a year ago on one-off gain on factory disposal and PAT was also higher at RM8.7m compared to RM1.9m for the same period last year.

15. Comparison with Preceding Quarter

PBT for the current quarter increased to RM9.1m from RM1.9m in the preceding quarter due mainly to one-off pre-tax gain on factory disposal of RM6.1m and higher turnover and margin from the construction division.

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 external projects in view of the current economic situation. As such the decision has been made to scale down the operations and for the moment will concentrate on projects to be awarded by other divisions within the Group.

The construction division now has three ongoing projects with a combined contract sum of RM302 million that will provide profit visibility 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.

With Malaysia transitioning to endemicity, the overall economic activity is projected to recover. However, the outlook is clouded by the current geopolitical tension, higher inflation and rising interest rate, higher input costs and disruption of supply chains. As a result of all these factors, the respective divisions could see some margin compression.

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)	1,965	2,714
Under/(over) provision in prior years	181	181
Deferred tax	(3,099)	(3,099)
Real Property Gains Tax	1,352	1,352
	-----	-----
Total tax	399	1,148
	=====	=====

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	12,188	-
Bankers acceptances	-	-
Hire Purchase	1,165	1,064
Term loans	204	2,512
Invoice Financing	3,598	
Bank Guarantee	-	
Local bill purchase	-	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	17,155	3,576

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 RM8,719,513 and the average number of shares in issue net of treasury shares of 131,627,069; 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 185,705,400.

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	(8)	(23)
Other income	(101)	(397)
Interest expenses	366	1,122
Depreciation and amortization	546	1,869
Provisions for and write off of		
- Receivables	-	-
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	(6,128)	(6,280)
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(23)	(53)

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 2022.