

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022

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 30/09/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2021 RM'000	CURRENT YEAR TO DATE 30/09/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2021 RM'000
1. Revenue	35,586	15,172	35,586	15,172
Investment income	-	-	-	-
Other income including interest income	386	171	386	171
Operating expenses	(32,520)	(15,473)	(32,520)	(15,473)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	3,452	(130)	3,452	(130)
(b) Interest on borrowings	(351)	(359)	(351)	(359)
(c) Depreciation and amortisation	(484)	(670)	(484)	(670)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	2,617	(1,159)	2,617	(1,159)
(e) Share of profit/(loss) in associated companies	(55)	-	(55)	-
(f) Profit/(Loss) before taxation	2,562	(1,159)	2,562	(1,159)
(g) Income tax expenses	(679)	(174)	(679)	(174)
3. Profit/(Loss) for the period	1,883	(1,333)	1,883	(1,333)
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	1,883	(1,333)	1,883	(1,333)
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	1,884	(1,333)	1,884	(1,333)
(ii) Non-controlling interest	(1)	-	(1)	-
	1,883	(1,333)	1,883	(1,333)
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	1,884	(1,333)	1,884	(1,333)
(ii) Non-controlling interest	(1)	-	(1)	-
	1,883	(1,333)	1,883	(1,333)
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 140,349,659 ordinary shares - (sen)	1.34	(1.10)	1.34	(1.10)
(ii) Fully diluted based on 190,786,425 shares - (sen)	0.99	(0.75)	0.99	(0.75)
8. Net assets per share (RM)			0.9363	0.8839

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 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 30/09/2022	AS AT PRECEDING FINANCIAL YEAR END 30/06/2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,570	20,753
Investment properties	7,679	7,726
Goodwill on consolidation	18,556	18,556
Investment in a joint venture	426	481
Other investments	4,900	4,900
Trade receivables	7,805	7,608
	<u>59,936</u>	<u>60,024</u>
Current assets		
Inventories	2,053	1,976
Trade receivables	107,245	107,234
Other receivables	12,247	11,643
Other investments	5,610	5,580
Cash and bank balances	6,738	9,216
	<u>133,893</u>	<u>135,649</u>
TOTAL ASSETS	<u>193,829</u>	<u>195,673</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,386	106,386
Treasury shares	(42)	(42)
Reserves	25,362	23,496
Equity attributable to owners of the parent	<u>131,706</u>	<u>129,840</u>
Non-controlling interest	(292)	(291)
Total equity	<u>131,414</u>	<u>129,549</u>
Non-current liabilities		
Borrowings	3,145	3,132
Deferred tax liabilities	1,234	1,234
Trade payables	4,260	3,387
	<u>8,639</u>	<u>7,753</u>
Current liabilities		
Trade payables	21,965	25,526
Other payables	6,661	6,166
Borrowings	20,187	21,485
Provision for taxation	4,963	5,194
	<u>53,776</u>	<u>58,371</u>
Total liabilities	<u>62,415</u>	<u>66,124</u>
TOTAL EQUITY AND LIABILITIES	<u>193,829</u>	<u>195,673</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 2021	63,782	35,182	(556)	11,001	(47)	3,005	112,368	584	112,952
Conversion of shares	3,406	(3,406)	-	-	-	-	-	-	-
Issue of ordinary shares	7,422	-	-	-	-	-	7,422	-	7,422
Reversal of revaluation on leasehold land and building	-	-	-	(8,747)	-	8,747	-	-	-
Dividends paid	-	-	-	-	-	(3,470)	(3,470)	(225)	(3,695)
Dividend in specie	-	-	514	-	-	(514)	-	-	-
Profit for the financial year	-	-	-	-	-	13,306	13,306	(428)	12,878
Foreign currency translation reserve	-	-	-	-	(8)	-	(8)	-	(8)
Reclassification	-	-	-	-	-	222	222	(222)	-
AS AT 30 JUNE 2022	<u>74,610</u>	<u>31,776</u>	<u>(42)</u>	<u>2,254</u>	<u>(55)</u>	<u>21,296</u>	<u>129,840</u>	<u>(291)</u>	<u>129,549</u>
At 1 JULY 2022	74,610	31,776	(42)	2,254	(55)	21,296	129,840	(291)	129,549
Profit for the financial year	-	-	-	-	-	1,884	1,884	(1)	1,883
Foreign currency translation reserve	-	-	-	-	(18)	-	(18)	-	(18)
AS AT 30 SEPTEMBER 2022	<u>74,610</u>	<u>31,776</u>	<u>(42)</u>	<u>2,254</u>	<u>(73)</u>	<u>23,180</u>	<u>131,706</u>	<u>(292)</u>	<u>131,414</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

	Unaudited 30/09/2022 RM'000	Audited 30/06/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,562	14,971
Adjustments for:		
Bad debts written off	-	14
Deposits written off	-	21
Depreciation of investment properties	46	231
Depreciation of property, plant and equipment	438	2,209
Impairment losses on receivables	-	91
Interest expense	351	1,453
Interest income	(54)	(55)
Property, plant and equipment written off	-	106
Loss/(Gain) on disposal of investment property	-	(57)
Loss/(Gain) on disposal of property, plant and equipment	-	(6,382)
Unrealised gain on foreign exchange	-	(86)
Operating (loss)/profit before working capital changes	<u>3,343</u>	<u>12,516</u>
Changes in working capital:		
Inventories	(77)	779
Receivables	(811)	(13,073)
Payables	<u>(2,192)</u>	<u>(7,025)</u>
Cash (used in)/generated from operations	263	(6,803)
Income tax paid	<u>(910)</u>	<u>(2,160)</u>
Net cash (used in)/generated from operating activities	<u>(647)</u>	<u>(8,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	24,746
Proceeds from disposal of an investment property	-	100
Purchase of property, plant and equipment	(254)	(203)
Investment in an associate	55	(481)
Placement of other investment	(30)	(10,410)
Advances to a joint venture	-	(2,225)
Interest received	54	55
Net cash (used in)/generated from investing activities	<u>(175)</u>	<u>11,582</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	7,422
Interest paid	(351)	(1,453)
Dividend paid	-	(3,695)
Repayment to directors	-	(294)
Placement of fixed deposits	(1)	(2)
Loans (repaid)/raised	(560)	(6,089)
Repayment of hire purchase and lease payables	<u>(239)</u>	<u>(1,204)</u>
Net cash generated from/(used in) financing activities	<u>(1,151)</u>	<u>(5,315)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,973)	(2,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(7,313)	(4,632)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(18)	15
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(9,304)</u>	<u>(7,313)</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	34	33
Cash and bank balances	6,704	9,182
Bank Overdrafts	(16,008)	(16,495)
Fixed deposit with maturity more than 3 months	<u>(34)</u>	<u>(33)</u>
	<u>(9,304)</u>	<u>(7,313)</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 2022 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 2022.

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 2022.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2022 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2022. 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. As at the end of the current quarter the number of ordinary shares is 140,459,531. During the current quarter, the Company did not buy any shares as treasury shares and the number of treasury shares held remains at 109,872.

7. Dividends paid

No dividend was paid during the quarter.

8. Segmental Information

Period ended 30 September 2022	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	5,385	512	19,506
Trading and retail	-	(4)	71
Interior fit-out	2,723	378	5,484
Investment holding	-	(602)	14,778
Construction	29,997	2,891	133,860
Others	-	(2)	1
Total before Group elimination	38,105	3,173	173,700
Inter segment elimination	(2,519)	(611)	20,129
After elimination	35,586	2,562	193,829

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

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 except for the contract between Pembinaan Federal Sdn Bhd (“PFSB”), a wholly-owned subsidiary company and Kemajuan Masteron Sdn Bhd, a director related company for construction works for retail and 8 levels of carpark podium in respect of the proposed construction of 2 blocks of serviced apartment on Lot PT 45333, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor Darul Ehsan for the sum of approximately RM29,377,000.

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

14. Review of Performance

Q1 group turnover more than doubled to RM35.6m from RM15.2m for the corresponding period a year ago on higher revenue from all divisions. The manufacturing division’s gross sales increased by 2.3 times to RM5.4m compared to RM2.3m a year earlier. Total number of stores shipped and stores sales from our major customer improved by 123% in the current quarter as compared to the corresponding period last year due to impact of MCO 3.0 enhanced lockdown measures previously. On account of the higher turnover, the division recorded a higher gross margin for the period as compared to a gross loss margin last year. Other sales for the current quarter was negligible at RM24k as compared to RM207k a year earlier. Operating expenses for the current quarter was higher due mainly to higher staff cost as compared to the previous year corresponding quarter. The division recorded an operating profit for the quarter of RM0.6m as compared to a loss of RM0.7m a year earlier.

Including inter-segment sales, the IFO division recorded turnover of RM2.7m 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 was substantially lower compared to a year earlier due mainly to the lower depreciation charges and related expenses as certain investment properties was disposed to other division within the Group. With the inter-segment sales, the division recorded operating profit of RM0.4m for the current quarter as compared to operating loss of RM0.4m a year earlier on margin recognized from the inter-segment sales.

The construction division’s turnover improved by 2.3 times to RM30m from RM12.8m for the same period a year ago. Gross margin was higher on account of the higher billings. Operating expenses was higher in the current quarter as compared to last year due mainly to higher staff cost and higher expenses on the increased level of operations. The division registered significant improvement in operating profit to RM2.2m from RM0.3m as compared to a year ago. At the end of the quarter the division has unbilled contracts of approximately RM117m carried forward.

On consolidated basis, PBT was at RM2.6m from a LBT of RM1.2m a year ago on higher contribution from all divisions while PAT was at RM1.9m compared to LAT of RM1.3m for the same period last year.

15. Comparison with Preceding Quarter

PBT for the current quarter decreased to RM2.6m from RM5.2m in the preceding quarter due mainly to lower margin from the construction division in the current quarter.

16. Current Year Prospects.

The manufacturing division of the Group has seen a significant reduction in export orders due to the slowdown in global retail sector 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 customers' 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 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, while awaiting to secure viable external projects.

The construction division now has ongoing projects with a combined contract sum of RM318 million that will provide profit visibility and is expected 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 2023. The prospect for the current year will hinge on the timely and uninterrupted execution of these projects as well as managing the effects on hike in construction cost.

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.

On its longer-term expansion strategy, the Group expects its' venture into the renewable energy segment to gain momentum. Warrants RE Assets Sdn Bhd (WREA), a 50% owned company of the Group, together with Asia Greentech Fund has to-date completed the acquisition of solar plants with a total capacity of 15MW. On the other hand, Sunview Group Bhd (Sunview) which is WREA's technical partner and a leading solar power system provider and installer has just been listed on the ACE Market of Bursa Malaysia and the Group has a 3.66% direct stake in Sunview.

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)	679	679
Under/(over) provision in prior years	-	-
Deferred tax	-	-
Real Property Gains Tax	-	-
	-----	-----
Total tax	679	679
	=====	=====

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	16,009	-
Bankers acceptances	-	-
Hire Purchase	901	793
Term loans	153	2,352
Invoice Financing	3,124	
Bank Guarantee	-	
Local bill purchase	-	
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	20,187	3,145

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 RM1,883,769 and the average number of shares in issue net of treasury shares of 140,349,659; 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 190,786,425.

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	(54)	(54)
Other income	(241)	(241)
Interest expenses	351	351
Depreciation and amortization	484	484
Provisions for and write off of		
- Receivables	-	-
- Inventories	-	-
(Gain)/Loss on disposal of		
- Property, plant and equipment	-	-
- Investments	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss	(91)	(91)

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 2022.