

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2023

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	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000	
1.	Revenue	23,029	32,855	115,533	125,922
	Investment income	-	-	-	-
	Other income including interest income	13,463	312	14,153	7,065
	Operating expenses	(24,504)	(27,070)	(108,636)	(114,036)
2.	(a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	11,988	6,097	21,050	18,951
	(b) Interest on borrowings	(289)	(335)	(1,441)	(1,457)
	(c) Depreciation and amortisation	(519)	(544)	(1,968)	(2,413)
	(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	11,180	5,218	17,641	15,081
	(e) Share of profit/(loss) in associated company	60	(14)	(37)	(19)
	(f) Profit/(Loss) before taxation	11,240	5,204	17,604	15,062
	(g) Income tax expenses	(1,477)	(720)	(3,254)	(1,868)
3.	Profit/(Loss) for the period	9,763	4,484	14,350	13,194
	Other comprehensive income, net of tax	-	-	-	-
4.	Total comprehensive income for the period	9,763	4,484	14,350	13,194
5.	Profit/(Loss) for the period attributable to:-				
	(i) Owners of the parent	9,437	4,459	14,031	13,179
	(ii) Non-controlling interest	326	25	319	15
		9,763	4,484	14,350	13,194
6.	Total comprehensive income attributable to:-				
	(i) Owners of the parent	9,437	4,459	14,031	13,179
	(ii) Non-controlling interest	326	25	319	15
		9,763	4,484	14,350	13,194
7.	(a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
	(i) Basic based on 142,093,499 ordinary shares - (sen)	6.64	3.33	9.87	9.85
	(ii) Fully diluted based on 190,779,580 shares - (sen)	4.95	2.38	7.35	7.05
8.	Net assets per share (RM)			0.9777	0.9254

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

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

	AS AT END OF CURRENT QUARTER 30/6/2023	AS AT PRECEDING FINANCIAL YEAR END 30/6/2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,207	20,753
Investment properties	7,540	7,726
Goodwill on consolidation	18,556	18,556
Investment in a joint venture	2,944	481
Other investments	13,179	4,900
Trade receivables	7,789	7,608
	<u>70,215</u>	<u>60,024</u>
Current assets		
Inventories	2,034	1,976
Trade receivables	99,647	107,234
Other receivables	8,552	11,643
Other investments	38	5,580
Cash and bank balances	12,938	9,216
	<u>123,209</u>	<u>135,649</u>
TOTAL ASSETS	<u>193,424</u>	<u>195,673</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,386	106,386
Treasury shares	(588)	(42)
Reserves	34,918	23,496
Equity attributable to owners of the parent	<u>140,716</u>	<u>129,840</u>
Non-controlling interest	28	(291)
Total equity	<u>140,744</u>	<u>129,549</u>
Non-current liabilities		
Borrowings	2,770	3,132
Deferred tax liabilities	1,443	1,234
Trade payables	4,487	3,387
	<u>8,700</u>	<u>7,753</u>
Current liabilities		
Trade payables	22,161	25,526
Other payables	3,856	6,166
Borrowings	12,715	21,485
Provision for taxation	5,248	5,194
	<u>43,980</u>	<u>58,371</u>
Total liabilities	<u>52,680</u>	<u>66,124</u>
TOTAL EQUITY AND LIABILITIES	<u>193,424</u>	<u>195,673</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023

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	74,610	31,776	(42)	2,254	(55)	21,296	129,840	(291)	129,549
At 1 JULY 2022	74,610	31,776	(42)	2,254	(55)	21,296	129,840	(291)	129,549
Conversion of shares	1,890	(1,890)	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(2,665)	(2,665)	-	(2,665)
Share repurchased	-	-	(546)	-	-	-	(546)	-	(546)
Profit for the financial year	-	-	-	-	-	14,031	14,031	319	14,350
Foreign currency translation reserve	-	-	-	-	56	-	56	-	56
AS AT 30 JUNE 2023	76,500	29,886	(588)	2,254	1	32,662	140,716	28	140,744

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

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

	Unaudited 30/06/2023 RM'000	Audited 30/06/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	17,604	14,971
Adjustments for:		
Bad debts written off	-	14
Deposits written off	-	21
Depreciation of investment properties	186	231
Depreciation of property, plant and equipment	1,782	2,209
Impairment losses on receivables	1,112	91
Interest expense	1,441	1,453
Interest income	(135)	(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	(18)	(6,382)
Loss/(Gain) on changes of fair value of an investment	(12,872)	-
Loss/(Gain) on conversion of shares	2,499	-
Loss/(Gain) on disposal of shares	4	-
Share of results of a joint venture, net of tax	37	19
Unrealised gain on foreign exchange	-	(86)
Operating (loss)/profit before working capital changes	<u>11,640</u>	<u>12,535</u>
Changes in working capital:		
Inventories	(58)	779
Receivables	9,387	(13,061)
Payables	(4,574)	(7,025)
Cash (used in)/generated from operations	<u>16,395</u>	<u>(6,772)</u>
Income tax paid	(2,991)	(2,160)
Net cash (used in)/generated from operating activities	<u>13,404</u>	<u>(8,932)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	18	24,746
Proceeds from disposal of an investment property	-	100
Proceeds from disposal of an investment	2,090	-
Purchase of property, plant and equipment	(713)	(203)
Acquisition of interests in a joint venture, net of cash	(2,500)	(500)
Placement of other investment	5,542	(10,410)
Advances to a joint venture	-	(2,225)
Interest received	135	43
Net cash (used in)/generated from investing activities	<u>4,572</u>	<u>11,551</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	7,422
Interest paid	(1,441)	(1,453)
Dividend paid	(2,665)	(3,695)
Repayment to directors	-	(294)
Placement of fixed deposits	(1)	(2)
Loans (repaid)/raised	(8,569)	8,998
Repayment of hire purchase and lease payables	(1,133)	(1,204)
Acquisition of treasury shares	(546)	-
Net cash generated from/(used in) financing activities	<u>(14,355)</u>	<u>9,772</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,621	12,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,774	(4,632)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	56	15
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>11,451</u>	<u>7,774</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	34	33
Cash and bank balances	12,904	9,182
Bank Overdrafts	(1,453)	(1,408)
Fixed deposit with maturity more than 3 months	(34)	(33)
	<u>11,451</u>	<u>7,774</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

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 144,959,531. During the current quarter, the Company bought 894,100 shares as treasury shares. As at the end of the current quarter, the number of treasury shares is 1,003,972.

7. Dividends paid

No dividend was paid during the quarter.

8. Segmental Information

Period ended 30 June 2023	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	20,897	2,016	17,133
Trading and retail	-	396	61
Interior fit-out	12,269	3,020	2,962
Investment holding	-	11,777	22,233
Construction	98,008	6,801	130,944
Others	-	(6)	0
Total before Group elimination	131,174	24,004	173,333
Inter segment elimination	(15,641)	(6,319)	-
Consolidation adjustment	-	(81)	20,091
After elimination	115,533	17,604	193,424

Period ended 30 June 2022	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	14,171	3,181	22,227
Trading and retail	-	118	540
Interior fit-out	11,759	4,137	5,238
Investment holding	-	9,849	15,764
Construction	111,652	12,409	133,346
Others	-	(11)	1
Total before Group elimination	137,582	29,683	177,116
Inter segment elimination	(11,660)	(14,545)	-
Consolidation adjustment	-	(76)	20,222
After elimination	125,922	15,062	197,338

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 the following:

- a) Permodalan Masteron Sdn Bhd, a director related company for earthworks in respect of the proposed construction of 2 blocks of serviced apartment on Lot PT7369 Off Persiaran Puchong Permai, Puchong for the sum of RM3.24m.

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

14. Review of Performance

Q4 group turnover decreased by 30% to RM23m from RM32.9m for the corresponding period a year ago on lower revenue from all divisions. The manufacturing division’s gross sales including inter-segment sales increased by 20% to RM5.4m compared to RM4.5m a year earlier. The improvement in gross sales value is mainly due to higher inter-segment and project sales recorded in the current quarter which was partly offset by the reduction in sales to our major customer. Total number of stores shipped and stores sales from our major customer decreased by 62% in the current quarter as compared to the corresponding period last year. Gross margin from the major customer was lower for the current quarter as compared to last year on account of the lower sales volume. Including inter-segment sales, other sales for the current quarter was at RM2.8m as compared to RM317k a year earlier, which further contributed positively to the overall margin for the current quarter. The division recorded an operating profit for the quarter of RM76k compared to an operating loss of RM606k a year earlier. YTD turnover including inter-segment sales improved by 47% to RM20.9m from RM14.2m a year ago while YTD profit was at RM2.2m compared to RM3.2m for the same period a year ago.

Including inter-segment sales, the IFO division turnover reduced by 72% to RM1.3m in the current quarter from RM4.7m last year as the projects secured are near to completion. 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. Operating expenses was higher compared to a year earlier due to additional provision for doubtful debts from external project. With the inter-segment sales, the division recorded operating loss of RM20k for the current quarter as compared to RM2.1m a year earlier on account of lower revenue and the additional provision for long outstanding debts from external project. YTD turnover including inter-segment sales improved to RM12.3m from RM11.8m a year ago while YTD profit is at RM1.7m compared to RM3.1m a year ago on margin recognized from inter-segment sales.

The construction division’s turnover decreased by 31% to RM19.6m from RM28.3m for the same period a year ago as new projects awarded are still in early stage of construction whereas the previous projects are towards completion stage. Gross margin was lower compared to the corresponding quarter on lower revenue that was recognized. Operating expenses was higher in the current quarter as compared to last year due mainly to higher staff and rental expenses. The division registered an operating profit of RM1.4m for the quarter compared to RM4.4m a year ago due to lower gross margin on account of the lower revenue recognized. At the end of the quarter the division has unbilled contracts of approximately RM121m carried forward as the division had also secured a new contract during the quarter. YTD turnover decreased by 12% to RM98m compared to RM111.7m last year, meanwhile YTD PBT decreased by 45% to RM6m from RM10.9m for the same period last year.

On consolidated basis, PBT increased by 2.2 times to RM11.2m from RM5.2m a year ago on recognition of nett gain on fair value changes of financial assets amounting to RM10.4m in the current quarter. PAT was at RM9.8m compared to RM4.5m for the same period last year.

15. Comparison with Preceding Quarter

PBT for the current quarter increased to RM11.2m from RM1.1m in the preceding quarter due mainly to recognition of nett gain on fair value changes of financial assets in the current quarter as explained earlier.

16. Current Year Prospects.

The manufacturing division of the Group has seen a significant reduction in export orders due to the challenging global retail sector and inflationary environments. With global demand expected to remain subdued in the coming months and risks surrounding commodity prices looming, margin pressures could intensify. The prospect for the manufacturing division going forward will hinge 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 and moving forward would also look into securing more related party contracts, while awaiting to secure viable external projects.

With new project secured, the construction division now has ongoing projects with a combined contract sum of RM392 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. 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. WREA is also working with China's State Power Investment Corp Ltd (SPIC) to acquire operating feed-in tariff, net metering and large scale solar farm projects. While the immediate financial impact on the Group's earnings may not be substantial due to its position as a minority stakeholder, these investments serve as a strategic foothold in the renewable energy sector.

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)	357	1,794
Under/(over) provision in prior years	2	251
Deferred tax	118	209
Real Property Gains Tax	1,000	1,000
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Total tax	<u>1,477</u>	<u>3,254</u>

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	1,453	-
Hire Purchase	664	661
Term loans	170	2,109
Invoice Financing	3,431	-
Contract Financing	6,997	-
Local bill purchase	-	-
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	12,715	2,770

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 RM14,030,545 and the average number of shares in issue net of treasury shares of 142,093,499; 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 190,779,580.

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	(23)	(135)
Other income	(444)	(915)
Interest expenses	289	1,441
Depreciation and amortization	519	1,968
Provisions for and write off of		
- Receivables	1,112	1,112
(Gain)/Loss on disposal of		
- Property, plant and equipment	(16)	(18)
- Investments	4	4
(Gain)/Loss on changes in fair value of investment	(12,872)	(12,872)
Loss on conversion of unquoted shares	2,499	2,499
Foreign exchange (gain)/loss	(108)	(213)

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 2023.