

# FEDERAL INTERNATIONAL HOLDINGS BERHAD

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 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 30/09/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2022 RM'000	CURRENT YEAR TO DATE 30/09/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2022 RM'000
1. Revenue	26,493	35,586	26,493	35,586
Investment income	-	-	-	-
Other income including interest income	347	386	347	386
Operating expenses	(25,059)	(32,520)	(25,059)	(32,520)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	1,781	3,452	1,781	3,452
(b) Interest on borrowings	(320)	(351)	(320)	(351)
(c) Depreciation and amortisation	(549)	(484)	(549)	(484)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	912	2,617	912	2,617
(e) Share of profit/(loss) in associated company	11	(55)	11	(55)
(f) Profit/(Loss) before taxation	923	2,562	923	2,562
(g) Income tax expenses	(656)	(679)	(656)	(679)
3. Profit/(Loss) for the period	267	1,883	267	1,883
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	267	1,883	267	1,883
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	270	1,884	270	1,884
(ii) Non-controlling interest	(3)	(1)	(3)	(1)
	267	1,883	267	1,883
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	270	1,884	270	1,884
(ii) Non-controlling interest	(3)	(1)	(3)	(1)
	267	1,883	267	1,883
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 141,164,500 ordinary shares - (sen)	0.19	1.34	0.19	1.34
(ii) Fully diluted based on 187,101,265 shares - (sen)	0.14	0.99	0.14	0.99
8. Net assets per share (RM)			0.9847	0.9363

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

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

	<b>AS AT END OF CURRENT QUARTER 30/09/2023</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 30/06/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,833	21,095
Investment properties	7,493	7,540
Goodwill on consolidation	18,556	18,556
Investment in a joint venture	2,617	2,606
Trade receivables	8,057	7,789
	<u>57,556</u>	<u>57,586</u>
<b>Current assets</b>		
Inventories	1,369	2,038
Trade receivables	114,208	99,316
Other receivables	8,226	7,224
Other investments	8,530	13,217
Cash and bank balances	10,119	12,965
	<u>142,452</u>	<u>134,760</u>
<b>TOTAL ASSETS</b>	<u>200,008</u>	<u>192,346</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	106,386	106,386
Treasury shares	(3,892)	(588)
Reserves	33,721	33,446
Equity attributable to owners of the parent	<u>136,215</u>	<u>139,244</u>
Non-controlling interest	-	27
<b>Total equity</b>	<u>136,215</u>	<u>139,271</u>
<b>Non-current liabilities</b>		
Borrowings	3,415	3,322
Deferred tax liabilities	1,446	1,446
Trade payables	4,397	3,775
	<u>9,258</u>	<u>8,543</u>
<b>Current liabilities</b>		
Trade payables	23,846	21,481
Other payables	5,573	5,274
Borrowings	20,758	13,067
Provision for taxation	4,358	4,710
	<u>54,535</u>	<u>44,532</u>
<b>Total liabilities</b>	<u>63,793</u>	<u>53,075</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>200,008</u>	<u>192,346</u>

**FEDERAL INTERNATIONAL HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 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 2022	74,610	31,776	(42)	2,255	(55)	21,296	129,840	(292)	129,548
Conversion of shares	1,890	(1,890)	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	(1,344)	(1,344)
Shares repurchased	-	-	(546)	-	-	-	(546)	-	(546)
Dividends paid	-	-	-	-	-	(3,535)	(3,535)	-	(3,535)
Profit for the financial year	-	-	-	-	-	13,395	13,395	1,663	15,058
Other comprehensive income for the financial year	-	-	-	-	90	-	90	-	90
AS AT 30 JUNE 2023	<u>76,500</u>	<u>29,886</u>	<u>(588)</u>	<u>2,255</u>	<u>35</u>	<u>31,156</u>	<u>139,244</u>	<u>27</u>	<u>139,271</u>
At 1 JULY 2023	76,500	29,886	(588)	2,255	35	31,156	139,244	27	139,271
Disposal of subsidiaries	-	-	-	-	-	-	-	39	39
Share repurchased	-	-	(3,304)	-	-	-	(3,304)	-	(3,304)
Dividend paid	-	-	-	-	-	-	-	(63)	(63)
Profit for the financial year	-	-	-	-	-	269	269	(3)	266
Other comprehensive income for the financial year	-	-	-	-	6	-	6	-	6
AS AT 30 SEPTEMBER 2023	<u>76,500</u>	<u>29,886</u>	<u>(3,892)</u>	<u>2,255</u>	<u>41</u>	<u>31,425</u>	<u>136,215</u>	<u>-</u>	<u>136,215</u>

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

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

	Unaudited 30/09/2023 RM'000	Audited 30/06/2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	923	18,453
Adjustments for:		
Depreciation of investment properties	46	186
Depreciation of property, plant and equipment	503	1,971
Impairment losses on receivables	-	1,101
Written-down of inventories	-	742
Write-back of payables	-	(39)
Reversal of impairment loss on contract assets	-	(85)
Interest expense	320	1,476
Interest income	(16)	(135)
Property, plant and equipment written off	-	-
Loss/(Gain) on disposal of property, plant and equipment	(28)	(18)
Loss/(Gain) on changes of fair value of an investment	1,228	(12,872)
Loss/(Gain) on disposal of subsidiaries	39	(1,347)
Loss/(Gain) on winding-up of a subsidiary	-	(43)
Loss/(Gain) on conversion of shares	-	2,499
Loss/(Gain) on disposal of other investments	(120)	4
Share of results of a joint venture, net of tax	(11)	374
Unrealised gain on foreign exchange	-	(68)
Operating (loss)/profit before working capital changes	<u>2,884</u>	<u>12,199</u>
Changes in working capital:		
Inventories	668	(796)
Receivables	(16,161)	8,989
Payables	4,156	(5,243)
Cash (used in)/generated from operations	<u>(8,453)</u>	<u>15,149</u>
Interest received	16	122
Interest paid	(320)	(1,476)
Income tax paid	(1,009)	(3,669)
Net cash (used in)/generated from operating activities	<u>(9,766)</u>	<u>10,126</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	28	18
Proceeds from disposal of other investments	3,579	2,090
Purchase of property, plant and equipment	(33)	(719)
Disposal of subsidiary	-	(3)
Additional investment in a joint venture	-	(2,500)
Placement of fixed deposits	5	(573)
Placement of short-term fund	-	5,542
Advances to a joint venture	-	2,225
Net cash (used in)/generated from investing activities	<u>3,579</u>	<u>6,080</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid - owners of the company	(869)	(2,665)
Dividend paid - non-controlling interests	(63)	-
Repayment to directors	-	(48)
Loans (repaid)/raised	3,621	(479)
Repayment of hire purchase and lease payables	(231)	(1,299)
Acquisition of treasury shares	(3,304)	(546)
Net cash generated from/(used in) financing activities	<u>(846)</u>	<u>(5,037)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(7,033)</u>	<u>11,169</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAF</b>	<u>3,908</u>	<u>(7,312)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>	<u>6</u>	<u>51</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAF</b>	<u>(3,119)</u>	<u>3,908</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	602	606
Cash and bank balances	9,517	12,358
Bank Overdrafts	(1,435)	(1,453)
Contract financing	(11,201)	(6,997)
Fixed deposit with maturity more than 3 months	(602)	(606)
	<u>(3,119)</u>	<u>3,908</u>

## **FEDERAL INTERNATIONAL HOLDINGS BERHAD**

### **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 2023 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 2023.

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 2023.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 July 2023 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 30 June 2023. 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 5,626,600 shares as treasury shares. As at the end of the current quarter, the number of treasury shares is 6,630,572.

## 7. Dividends paid

On 6<sup>th</sup> July 2023, the Company paid single-tier tax exempt interim dividend of 0.60 sen for each ordinary share held on the entitlement date. The total cash paid amounted to RM869K.

## 8. Segmental Information

<b>Period ended 30 September 2023</b>	<b>Turnover RM '000</b>	<b>Profit /(Loss) Before Taxation RM '000</b>	<b>Total Assets Employed RM '000</b>
Manufacture and export	5,290	1,332	17,840
Trading and retail	30	19	89
Interior fit-out	2,034	131	4,610
Investment holding	-	(1,780)	15,902
Construction	19,800	1,289	141,805
Others	-	(1)	0
Total before Group elimination	27,154	990	180,246
Inter segment elimination	(661)	(37)	-
Consolidation adjustment	-	(30)	19,762
<b>After elimination</b>	<b>26,493</b>	<b>923</b>	<b>200,008</b>

<b>Period ended 30 September 2022</b>	<b>Turnover RM '000</b>	<b>Profit /(Loss) Before Taxation RM '000</b>	<b>Total Assets Employed RM '000</b>
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)	(556)	-
Consolidation adjustment	-	(55)	20,129
<b>After elimination</b>	<b>35,586</b>	<b>2,562</b>	<b>193,829</b>

## 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 Federal Builders Industries Sdn Bhd (“FBI”), a wholly-owned subsidiary company and the following:

- a) Permodalan Masteron Sdn Bhd, a director related company for carpark podium and facility floor in respect of the proposed construction of 2 blocks of serviced apartment on Lot PT7369 Off Persiaran Puchong Permai, Puchong for the sum of RM19.6m.

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

### **14. Review of Performance**

Q1 group turnover decreased by 26% to RM26.5m from RM35.6m for the corresponding period a year ago on lower revenue from all divisions. The manufacturing division’s gross sales decreased marginally by 2% to RM5.3m compared to RM5.4m a year earlier. Total number of stores shipped and stores sales from our major customer reduced by half in the current quarter as compared to the corresponding period last year. Notwithstanding the decrease in number of stores, gross sales value decreased marginally by 2% due to the increase in pricing from our major customer, which translated into better gross margin in the current quarter. Operating profit for the division increased by more than 2.2 times to RM1.4m for the quarter compared to RM0.6m a year earlier on account of the higher gross margin.

Including inter-segment sales, the IFO division turnover reduced by 25% to RM2.0m in the current quarter from RM2.7m last year. In addition to the inter-segment sales, the division had also been awarded contracts works directly from a related party in the current quarter, and had now included construction works in addition to renovation and interior fit-out works in its operations. As for external projects in relation to interior fit-out works, the division remains selective in submitting tenders for such works. With the inter-segment sales, the division recorded operating profit of RM54k for the current quarter as compared to RM378k a year earlier on account of lower revenue and gross margin.

The construction division’s turnover decreased by 34% to RM19.8m from RM30m for the same period a year ago. 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 expenses. The division registered an operating profit of RM1.3m for the quarter compared to RM2.2m 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 RM105m carried forward.

On consolidated basis, PBT decreased by 64% to RM923k from RM2.6m a year ago on recognition of loss on fair value changes of financial assets amounting to RM1.23m in the current quarter. PAT was at RM266k compared to RM1.9m for the same period last year.

### **15. Comparison with Preceding Quarter**

PBT for the current quarter decreased to RM923k from RM11.2m in the preceding quarter due mainly to recognition of loss on fair value changes of financial assets and nett gain on fair value changes of financial assets in the current and previous quarter respectively 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 while awaiting to secure viable external projects. At the moment, the division will concentrate on projects to be awarded by other divisions within the Group and had also secured contracts directly from related party and had since included construction works in addition to renovation and interior fit-out works in its operations.

The construction division now has ongoing projects with a combined contract sum of RM396 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.

The overall economic activity is projected to recover. However, the outlook is still clouded by the current geopolitical tension, higher inflation and rising interest rate as well as higher input costs. 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)	656	656
Under/(over) provision in prior years	-	-
Deferred tax	-	-
Real Property Gains Tax	-	-
	-----	-----
Total tax	656	656
	=====	=====



**19. Status of corporate proposal**

None.

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

- **Group Borrowings :**

<b>RM'000</b>	<b>Short term</b>	<b>Long term</b>
<b>Secured :</b>		
Bank overdrafts	1,435	-
Hire Purchase	574	696
Term loans	62	2,172
Lease Liabilities	266	547
Invoice Financing	3,551	-
Contract Financing	11,201	-
Revolving Credit	3,669	-
<b>Unsecured :</b>		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
<b>Total group borrowings</b>	<b>20,758</b>	<b>3,415</b>

**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 RM270k and the average number of shares in issue net of treasury shares of 141,164,500; 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 187,101,265.

**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	(16)	(16)
Other income	(102)	(102)
Interest expenses	320	320
Depreciation and amortization	549	549
(Gain)/Loss on disposal of		
- Property, plant and equipment	(28)	(28)
- Investments	(120)	(120)
(Gain)/Loss on changes in fair value of investment	1,228	1,228
Foreign exchange (gain)/loss	(82)	(82)

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 2023.