

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 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 31/12/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2022 RM'000	CURRENT YEAR TO DATE 31/12/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2022 RM'000
1. Revenue	23,009	31,679	49,502	67,265
Investment income	-	-	-	-
Other income including interest income	1,001	106	1,348	492
Operating expenses	(21,201)	(28,187)	(46,260)	(60,707)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	2,809	3,598	4,590	7,050
(b) Interest on borrowings	(421)	(412)	(741)	(763)
(c) Depreciation and amortisation	(477)	(488)	(1,026)	(972)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	1,911	2,698	2,823	5,315
(e) Share of profit/(loss) in associated company	15	(28)	26	(83)
(f) Profit/(Loss) before taxation	1,926	2,670	2,849	5,232
(g) Income tax expenses	(408)	(812)	(1,064)	(1,491)
3. Profit/(Loss) for the period	1,518	1,858	1,785	3,741
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	1,518	1,858	1,785	3,741
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	1,518	1,860	1,788	3,744
(ii) Non-controlling interest	-	(2)	(3)	(3)
	1,518	1,858	1,785	3,741
Shares repurchased				
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	1,518	1,860	1,788	3,744
(ii) Non-controlling interest	-	(2)	(3)	(3)
	1,518	1,858	1,785	3,741
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 139,746,730 ordinary shares - (sen)	1.09	1.33	1.28	2.67
(ii) Fully diluted based on 185,683,495 shares - (sen)	0.82	0.97	0.96	1.96
8. Net assets per share (RM)			0.9954	0.9495

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

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

	AS AT END OF CURRENT QUARTER 31/12/2023	AS AT PRECEDING FINANCIAL YEAR END 30/06/2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,417	21,095
Investment properties	7,447	7,540
Goodwill on consolidation	18,556	18,556
Investment in a joint venture	2,633	2,606
Trade receivables	6,834	7,789
	<u>55,887</u>	<u>57,586</u>
Current assets		
Inventories	974	2,038
Trade receivables	127,992	99,316
Other receivables	8,179	7,224
Other investments	8,248	13,217
Cash and bank balances	9,286	12,965
	<u>154,679</u>	<u>134,760</u>
TOTAL ASSETS	<u>210,566</u>	<u>192,346</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,386	106,386
Treasury shares	(3,892)	(588)
Reserves	35,191	33,446
Equity attributable to owners of the parent	<u>137,685</u>	<u>139,244</u>
Non-controlling interest	-	27
Total equity	<u>137,685</u>	<u>139,271</u>
Non-current liabilities		
Borrowings	3,314	3,322
Deferred tax liabilities	1,446	1,446
Trade payables	4,586	3,775
	<u>9,346</u>	<u>8,543</u>
Current liabilities		
Trade payables	28,090	21,481
Other payables	5,754	5,274
Borrowings	25,971	13,067
Provision for taxation	3,720	4,710
	<u>63,535</u>	<u>44,532</u>
Total liabilities	<u>72,881</u>	<u>53,075</u>
TOTAL EQUITY AND LIABILITIES	<u>210,566</u>	<u>192,346</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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
Shares repurchased	-	-	(3,304)	-	-	-	(3,304)	-	(3,304)
Dividends paid	-	-	-	-	-	-	-	(63)	(63)
Profit for the financial year	-	-	-	-	-	1,788	1,788	(3)	1,785
Other comprehensive income for the financial year	-	-	-	-	(43)	-	(43)	-	(43)
AS AT 31 DECEMBER 2023	<u>76,500</u>	<u>29,886</u>	<u>(3,892)</u>	<u>2,255</u>	<u>(8)</u>	<u>32,944</u>	<u>137,685</u>	<u>-</u>	<u>137,685</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023

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

	Unaudited 31/12/2023 RM'000	Audited 30/06/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,849	18,453
Adjustments for:		
Depreciation of investment properties	93	186
Depreciation of property, plant and equipment	933	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	741	1,476
Interest income	(47)	(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	1,816	(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	(26)	374
Unrealised gain on foreign exchange	-	(68)
Operating (loss)/profit before working capital changes	<u>6,250</u>	<u>12,199</u>
Changes in working capital:		
Inventories	1,063	(796)
Receivables	(28,677)	8,989
Payables	8,770	(5,243)
Cash (used in)/generated from operations	<u>(12,594)</u>	<u>15,149</u>
Interest received	47	122
Interest paid	(741)	(1,476)
Shares repurchased	<u>(2,055)</u>	<u>(3,669)</u>
Net cash (used in)/generated from operating activities	<u>(15,343)</u>	<u>10,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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	(47)	(719)
Disposal of subsidiary	-	(3)
Additional investment in a joint venture	-	(2,500)
Placement of fixed deposits	18	(573)
Placement of short-term fund	(306)	5,542
Advances to a joint venture	-	2,225
Net cash (used in)/generated from investing activities	<u>3,272</u>	<u>6,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid - owners of the company	(869)	(2,665)
Dividend paid - non-controlling interests	(63)	-
Repayment to directors	-	(48)
Loans (repaid)/raised	3,653	(479)
Repayment of hire purchase and lease payables	(477)	(1,299)
Acquisition of treasury shares	(3,304)	(546)
Net cash generated from/(used in) financing activities	<u>(1,060)</u>	<u>(5,037)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,131)	11,169
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAF	3,908	(7,312)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(43)	51
CASH AND CASH EQUIVALENTS AT END OF YEAF	<u>(9,266)</u>	<u>3,908</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	588	606
Cash and bank balances	8,697	12,358
Bank Overdrafts	(1,208)	(1,453)
Contract financing	(16,755)	(6,997)
Fixed deposit with maturity more than 3 months	(588)	(606)
	<u>(9,266)</u>	<u>3,908</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 did not buy any shares as treasury shares and the number of treasury shares held remains at 6,630,572.

7. Dividends paid

No dividend was paid during the quarter.

8. Segmental Information

Period ended 31 December 2023	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	9,731	2,092	16,167
Trading and retail	44	18	116
Interior fit-out	6,702	2,185	9,029
Investment holding	-	(3,078)	11,327
Construction	33,686	2,387	154,150
Others	-	(5)	0
Total before Group elimination	50,163	3,599	190,789
Inter segment elimination	(661)	(734)	-
Consolidation adjustment	-	(16)	19,777
After elimination	49,502	2,849	210,566

Period ended 31 December 2022	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	10,218	1,231	19,272
Trading and retail	-	(10)	63
Interior fit-out	6,859	785	6,165
Investment holding	-	(1,238)	11,196
Construction	56,870	5,032	142,642
Others	-	(3)	-
Total before Group elimination	73,947	5,797	179,338
Inter segment elimination	(6,682)	(565)	-
Consolidation adjustment	-	-	20,101
After elimination	67,265	5,232	199,439

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

Q2 group turnover decreased by 27% to RM23.0m from RM31.7m for the corresponding period a year ago mainly due to the lower revenue from the construction division. The manufacturing division's gross sales decreased by 8% to RM4.4m compared to RM4.8m a year earlier. Total number of stores shipped and stores sales from our major customer decreased by 27% in the current quarter as compared to the corresponding period last year. The lower percentage decrease in gross sales value is mainly due to additional sales from the one-off bulk order of carts from the said major customer that managed to off-set part of the impact of reduction in stores shipped. Other sales for the current quarter was at RM236k as compared to RM266k a year earlier. The division's operating profit for the quarter is the same as last year at RM800k. YTD turnover decrease by 4% to RM9.7m from RM10.2m a year ago while the division recorded YTD profit of RM2.2m compared to RM1.4m for the same period a year ago.

Including inter-segment sales, the IFO division turnover increased by 13% to RM4.7m in the current quarter from RM4.1m last year. As explained last quarter, in addition to the inter-segment sales, the division had also been awarded contracts works directly from a related party, and had now included construction works in addition to renovation and interior fit-out works in its operations. With the inter-segment sales, the division's operating profit improved by 5 times to RM2.1m in the current quarter as compared to RM407k a year earlier on account of the recognition of a one-off recovery of RM1.6m owed by an external party which had been written off previously. At the end of the quarter the division has unbilled contracts of approximately RM20m carried forward. YTD turnover including inter-segment sales decrease marginally by 2% to RM6.7m from RM6.9m a year ago while YTD profit is at RM2.1m compared to RM0.8m for the same period a year ago.

The construction division's turnover decreased by 48% to RM13.9m from RM26.9m 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 RM361k for the quarter compared to RM2.1m 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 RM78m carried forward. YTD turnover decrease by 41% to RM33.7m from RM56.9m a year ago while the division recorded YTD profit of RM1.7m compared to RM4.4m for the same period a year ago.

On consolidated basis, PBT decreased by 28% to RM1.9m from RM2.7m a year ago on recognition of loss on fair value changes of financial assets amounting to RM588k in the current quarter. PAT was at RM1.5m compared to RM1.9m for the same period last year.

15. Comparison with Preceding Quarter

PBT for the current quarter increased to RM1.9m from RM923k in the preceding quarter due mainly to recognition of lower loss on fair value changes of financial assets as well as the contributions from the respective divisions in the current quarter as explained above.

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 as well as having more direct competition from local vendors where its' products are being shipped to. 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 continues to undertake measures to control 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.

The interior fit-out (IFO) division has not been able to secure any external projects and has been very selective in submitting tenders for external renovation and interior fit-out projects. As such the decision has been made for the division to concentrate on projects to be awarded by other divisions within the Group as well as to secured contracts directly from related party including construction works in addition to renovation and interior fit-out works in its operations.

Both the construction and IFO division now has ongoing projects with a combined contract sum of RM420 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.

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)	408	1,064
Under/(over) provision in prior years	-	-
Deferred tax	-	-
Real Property Gains Tax	-	-
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Total tax	408	1,064
	=====	=====

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	1,208	-
Bankers' acceptances	765	-
Contract Financing	16,755	-
Hire Purchase	384	639
Invoice Financing	2,805	-
Lease Liabilities	173	547
Revolving Credit	3,769	-
Term loans	112	2,128
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	25,971	3,314

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 RM1.788m and the average number of shares in issue net of treasury shares of 139,746,730; 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 185,683,495.

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	(31)	(47)
Other income	(135)	(237)
Interest expenses	421	741
Depreciation and amortization	477	1,026
(Gain)/Loss on disposal of		
- Property, plant and equipment	-	(28)
- Investments	-	(120)
Write back of provision for		
- Receivables	(750)	(750)
(Gain)/Loss on changes in fair value of investment	588	1,816
Foreign exchange (gain)/loss	(84)	(166)

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 December 2023.