

FEDERAL INTERNATIONAL HOLDINGS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2024

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 31/03/2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2023 RM'000	CURRENT YEAR TO DATE 31/03/2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2023 RM'000
1. Revenue	22,049	25,239	71,551	92,504
Investment income	-	-	-	-
Other income including interest income	130	198	1,478	690
Operating expenses	(23,078)	(23,425)	(69,338)	(84,132)
2. (a) Profit/(Loss) from operations before interest on borrowings, depreciation and amortisation, income tax and minority interest	(899)	2,012	3,691	9,062
(b) Interest on borrowings	(356)	(389)	(1,097)	(1,152)
(c) Depreciation and amortisation	(455)	(477)	(1,481)	(1,449)
(d) Profit/(Loss) from operations after interest on borrowings, depreciation and amortisation	(1,710)	1,146	1,113	6,461
(e) Share of profit/(loss) in associated company	(11)	(14)	15	(97)
(f) Profit/(Loss) before taxation	(1,721)	1,132	1,128	6,364
(g) Income tax expenses	248	(286)	(816)	(1,777)
3. Profit/(Loss) for the period	(1,473)	846	312	4,587
Other comprehensive income, net of tax	-	-	-	-
4. Total comprehensive income for the period	(1,473)	846	312	4,587
5. Profit/(Loss) for the period attributable to:-				
(i) Owners of the parent	(1,473)	850	315	4,594
(ii) Non-controlling interest	-	(4)	(3)	(7)
	(1,473)	846	312	4,587
6. Total comprehensive income attributable to:-				
(i) Owners of the parent	(1,473)	850	315	4,594
(ii) Non-controlling interest	-	(4)	(3)	(7)
	(1,473)	846	312	4,587
7. (a) Earnings per share based on 5(i) above after deducting any provision for preference dividends, if any:-				
(i) Basic based on 139,277,576 ordinary shares - (sen)	(1.06)	0.60	0.23	3.25
(ii) Fully diluted based on 154,059,196 shares - (sen)	(0.96)	0.45	0.20	2.41
8. Net assets per share (RM)			0.7999	0.9078

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

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

	AS AT END OF CURRENT QUARTER 31/03/2024	AS AT PRECEDING FINANCIAL YEAR END 30/06/2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,316	21,095
Investment properties	7,400	7,540
Goodwill on consolidation	18,556	18,556
Investment in a joint venture	2,621	2,606
Trade receivables	9,806	7,789
	<u>58,699</u>	<u>57,586</u>
Current assets		
Inventories	1,734	2,038
Trade receivables	107,409	99,316
Other receivables	7,369	7,224
Other investments	6,208	13,217
Cash and bank balances	5,627	12,965
	<u>128,347</u>	<u>134,760</u>
TOTAL ASSETS	<u>187,046</u>	<u>192,346</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,708	106,386
Treasury shares	(3,892)	(588)
Reserves	31,827	33,446
Equity attributable to owners of the parent	110,643	139,244
Non-controlling interest	-	27
Total equity	<u>110,643</u>	<u>139,271</u>
Non-current liabilities		
Borrowings	3,408	3,322
Deferred tax liabilities	931	1,446
Trade payables	4,263	3,775
	<u>8,602</u>	<u>8,543</u>
Current liabilities		
Trade payables	25,345	21,481
Other payables	20,937	5,274
Borrowings	17,978	13,067
Provision for taxation	3,541	4,710
	<u>67,801</u>	<u>44,532</u>
Total liabilities	<u>76,403</u>	<u>53,075</u>
TOTAL EQUITY AND LIABILITIES	<u>187,046</u>	<u>192,346</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2024

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
Preference shares redeemed	-	(23,678)	-	-	-	-	(23,678)	-	(23,678)
Disposal of subsidiaries	-	-	-	-	-	-	-	39	39
Shares repurchased	-	-	(3,304)	-	-	-	(3,304)	-	(3,304)
Dividends paid	-	-	-	-	-	(1,894)	(1,894)	(63)	(1,957)
Profit for the financial year	-	-	-	-	-	315	315	(3)	312
Other comprehensive income for the financial year	-	-	-	-	(40)	-	(40)	-	(40)
AS AT 31 MARCH 2024	<u>76,500</u>	<u>6,208</u>	<u>(3,892)</u>	<u>2,255</u>	<u>(5)</u>	<u>29,577</u>	<u>110,643</u>	<u>-</u>	<u>110,643</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024

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

	Unaudited 31/03/2024 RM'000	Audited 30/06/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,128	18,453
Adjustments for:		
Depreciation of investment properties	139	186
Depreciation of property, plant and equipment	1,342	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	1,097	1,476
Interest income	(114)	(135)
Property, plant and equipment written off	-	-
Loss/(Gain) on disposal of property, plant and equipment	(36)	(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	68	4
Share of results of a joint venture, net of tax	(15)	374
Unrealised gain on foreign exchange	-	(68)
Operating (loss)/profit before working capital changes	<u>5,464</u>	<u>12,199</u>
Changes in working capital:		
Inventories	304	(796)
Receivables	(10,255)	8,989
Payables	<u>20,015</u>	<u>(5,243)</u>
Cash (used in)/generated from operations	<u>15,528</u>	<u>15,149</u>
Interest received	114	122
Interest paid	(1,097)	(1,476)
Shares repurchased	<u>(2,500)</u>	<u>(3,669)</u>
Net cash (used in)/generated from operating activities	<u>12,045</u>	<u>10,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	36	18
Proceeds from disposal of other investments	5,335	2,090
Purchase of property, plant and equipment	(138)	(719)
Disposal of subsidiary	-	(3)
Additional investment in a joint venture	-	(2,500)
Placement of fixed deposits	2	(573)
Placement of short-term fund	(209)	5,542
Advances to a joint venture	-	2,225
Net cash (used in)/generated from investing activities	<u>5,026</u>	<u>6,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid - owners of the company	(1,894)	(2,665)
Dividend paid - non-controlling interests	(63)	-
Repayment to directors	-	(48)
Loans (repaid)/raised	3,543	(479)
Repayment of hire purchase and lease payables	(689)	(1,299)
Redemption of preference shares	(23,678)	-
Acquisition of treasury shares	(3,304)	(546)
Net cash generated from/(used in) financing activities	<u>(26,085)</u>	<u>(5,037)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,014)</u>	<u>11,169</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAF	<u>3,908</u>	<u>(7,312)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(40)</u>	<u>51</u>
CASH AND CASH EQUIVALENTS AT END OF YEAF	<u>(5,146)</u>	<u>3,908</u>
Cash and cash equivalents comprised of :		
Fixed deposit with licensed banks	604	606
Cash and bank balances	5,023	12,358
Bank Overdrafts	(1,199)	(1,453)
Contract financing	(8,970)	(6,997)
Fixed deposit with maturity more than 3 months	(604)	(606)
	<u>(5,146)</u>	<u>3,908</u>

FEDERAL INTERNATIONAL HOLDINGS BERHAD

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024

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 was an early redemption of 236,779,100 Redeemable Convertible Preference Shares A (RCPS A) 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

On 15th March 2024, the Company paid single-tier dividend of RM0.008 for each RCPS A held on the entitlement date. Total cash paid amounted to RM1.9m.

8. Segmental Information

Period ended 31 March 2024	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	12,078	2,148	14,561
Trading and retail	69	39	82
Investment holding	-	(4,110)	11,194
Construction and interior fit-out	60,283	3,694	141,443
Others	-	(6)	-
Total before Group elimination	72,430	1,765	167,280
Inter segment elimination	(879)	(610)	-
Consolidation adjustment	-	(27)	19,766
After elimination	71,551	1,128	187,046

Period ended 31 March 2023 (Restated)	Turnover RM '000	Profit /(Loss) Before Taxation RM '000	Total Assets Employed RM '000
Manufacture and export	15,512	1,833	17,829
Trading and retail	-	(16)	62
Investment holding	-	(1,919)	8,412
Construction and interior fit-out	89,357	6,977	149,043
Others	-	(8)	5
Total before Group elimination	104,869	6,867	175,351
Inter segment elimination	(12,365)	(503)	-
Consolidation adjustment	-	-	20,086
After elimination	92,504	6,364	195,437

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 podium, facility floor and main builder works for Tower C in respect of the proposed construction of 2 blocks of serviced apartment on Lot PT7369 Off Persiaran Puchong Permai, Puchong for the sum of RM76.6m.

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

14. Review of Performance

Q3 group turnover decreased by 13% to RM22.0m from RM25.2m for the corresponding period a year ago on account of lower revenue from all divisions. The manufacturing division’s gross sales decreased by 43% to RM2.1m compared to RM3.7m a year earlier. Total number of stores shipped and stores sales from our major customer decreased by 53% in the current quarter as compared to the corresponding period last year. Including inter-segment sales, other sales for the current quarter was at RM522k as compared to RM1.7m a year earlier. As a result of the reduced sales, gross margin decreased by 45% compared to the corresponding period last year as there’s less revenue to cover the division fixed and variable production cost. Due to the above, the division’s operating profit for the quarter is at RM71k compared to RM685k a year earlier. YTD turnover decrease by 15% to RM11.9m from RM13.9m a year ago while the division recorded YTD profit of RM2.2m compared to RM2.1m for the same period a year ago.

The interior fit-out (IFO) division has already been integrated into the construction division as explained in the preceding quarters as the IFO division had since included construction works in addition to renovation and interior fit-out works in its operations. Combining both divisions allows for more streamlined project management and the integration can lead to cost savings through shared resources and improved efficiency. Comparative figures have been reclassified to conform with the current quarter presentation as both IFO division and construction division are now combined as one division.

The construction and interior fit-out (CIFO) division’s turnover decreased by 8% to RM19.9m from RM21.5m for the same period a year ago. Gross margin was lower compared to the corresponding quarter on lower margin from the existing contracts compared to the previous year. Operating expenses was higher in the current quarter as compared to last year due mainly to higher staff expenses. The division registered an operating loss of RM768k for the quarter compared to an operating profit of RM1.2m a year ago due to lower gross margin recognized from current projects. At the end of the quarter the division has unbilled contracts of approximately RM75m carried forward. The division had also secured further related party contract amounting to RM76.6m which works would commence in the subsequent quarter. YTD turnover decrease by 24% to RM59.6m from RM78.6m a year ago while the division recorded YTD profit of RM3.0m compared to RM6.3m for the same period a year ago.

On consolidated basis, LBT was at RM1.7m compared to PBT of RM1.1m a year ago on lower revenue and gross margin recognized. LAT was at RM1.5m compared to a PAT of RM846k for the same period last year.

15. Comparison with Preceding Quarter

LBT for the current quarter is at RM1.7m compared to a PBT of RM1.9m in the preceding quarter due to lower margin contributions from the respective divisions in the current quarter as explained above.

16. 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. 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.

Excluding contracts that are already more than 90% completed, the CIFO division now has ongoing secured projects with a combined contract sum of RM194 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 growth outlook remains subject to downside risks, mainly from an escalation of geopolitical tensions, higher-than-anticipated inflations and volatility in global financial markets. It is anticipated that the operating landscapes will remain volatile in terms of supply chain and price escalations. As a result of all these factors, the respective divisions could see some margin compression and the Group will continue its efforts in mitigating these risks.

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)	399	1,463
Under/(over) provision in prior years	(132)	(132)
Deferred tax	(515)	(515)
Real Property Gains Tax	-	-
	-----	-----
Total tax	(248)	816
	=====	=====

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	1,199	-
Bankers' acceptances	1,688	-
Contract Financing	8,970	-
Hire Purchase	250	778
Invoice Financing	1,908	-
Lease Liabilities	90	547
Revolving Credit	3,761	-
Term loans	112	2,083
Unsecured :		
Bank overdrafts	-	-
Bankers' acceptances	-	-
Revolving credit	-	-
Total group borrowings	17,978	3,408

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 RM315k and the average number of shares in issue net of treasury shares of 139,277,576; 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 154,059,196.

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	(67)	(114)
Other income	(119)	(356)
Interest expenses	356	1,097
Depreciation and amortization	455	1,481
(Gain)/Loss on disposal of		
- Property, plant and equipment	(8)	(36)
- Investments	188	68
Write back of provision for		
- Receivables	-	(750)
(Gain)/Loss on changes in fair value of investment	-	1,816
Foreign exchange (gain)/loss	(56)	(222)

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 2024.