

**FIAMMA HOLDINGS BERHAD**

Quarterly Report on consolidated results for the 1st quarter ended 31 December 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited).

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 MONTHS)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	58,077	54,312	58,077	54,312
Operating expenses	(47,678)	(42,877)	(47,678)	(42,877)
Other operating income	297	179	297	179
<b>Profit from operations</b>	<b>10,696</b>	<b>11,614</b>	<b>10,696</b>	<b>11,614</b>
Finance costs	(461)	(588)	(461)	(588)
Depreciation and amortisation	(725)	(965)	(725)	(965)
<b>Profit before taxation</b>	<b>9,510</b>	<b>10,061</b>	<b>9,510</b>	<b>10,061</b>
Taxation	(2,394)	(2,534)	(2,394)	(2,534)
<b>Profit for the period</b>	<b>7,116</b>	<b>7,527</b>	<b>7,116</b>	<b>7,527</b>
<b>Other comprehensive income</b>				
Foreign exchange translation difference	(37)	88	(37)	88
<b>Total comprehensive income</b>	<b>7,079</b>	<b>7,615</b>	<b>7,079</b>	<b>7,615</b>
Profit for the period attributable to:				
Owners of the Company	6,447	6,893	6,447	6,893
Non-Controlling Interest	669	634	669	634
<b>Profit for the period</b>	<b>7,116</b>	<b>7,527</b>	<b>7,116</b>	<b>7,527</b>
Total comprehensive income for the period attributable to:				
Owners of the Company	6,421	6,955	6,421	6,955
Non-Controlling Interest	658	660	658	660
<b>Total comprehensive income</b>	<b>7,079</b>	<b>7,615</b>	<b>7,079</b>	<b>7,615</b>
Basic earnings per share (sen) (Refer Note B11)	5.47	5.85	5.47	5.85
Diluted earnings per share (sen) (Refer Note B11)	3.79	Note 1	3.79	Note 1

Note 1: The effect is anti-dilutive

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2011.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**  
(The figures have not been audited).

	AS AT 31/12/2011 RM'000	AS AT 30/09/2011 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,911	62,739
Intangible assets	827	827
Investment properties	14,794	14,794
Land held for property development	92,753	61,446
Deferred tax assets	120	113
	<u>139,405</u>	<u>139,919</u>
<b>Current assets</b>		
Asset held for sale	-	3,000
Property development costs	25,852	25,010
Inventories	58,674	53,521
Trade and other receivables	64,529	65,376
Prepayments	767	760
Tax recoverable	139	143
Cash and cash equivalents	40,982	37,798
	<u>190,943</u>	<u>185,608</u>
<b>TOTAL ASSETS</b>	<u><b>330,348</b></u>	<u><b>325,527</b></u>
<b>EQUITY</b>		
Share capital	125,149	125,149
Treasury shares	(5,775)	(5,775)
Reserves and retained earnings	118,630	112,209
<b>Total equity attributable to owners of the Company</b>	<u>238,004</u>	<u>231,583</u>
<b>Non-controlling interest</b>	9,950	10,192
<b>TOTAL EQUITY</b>	<u><b>247,954</b></u>	<u><b>241,775</b></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,788	5,849
	<u>5,788</u>	<u>5,849</u>
<b>Current liabilities</b>		
Trade and other payables	32,028	35,089
Provision for warranties	475	475
Borrowings	42,348	41,164
Taxation	1,755	1,175
	<u>76,606</u>	<u>77,903</u>
<b>TOTAL LIABILITIES</b>	<u><b>82,394</b></u>	<u><b>83,752</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>330,348</b></u>	<u><b>325,527</b></u>
<b>Net assets per share (RM)</b>	<u><b>2.02</b></u>	<u><b>1.96</b></u>

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2011.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3 MONTHS ENDED 31 DECEMBER 2011**

(The figures have not been audited).

	ATTRIBUTABLE TO OWNERS OF THE COMPANY										TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	NON- CONTROLLING INTEREST RM'000			
<b>At 1 October 2011</b>	125,149	(5,775)	46	421	168	23,376	88,198	10,192			241,775
Total comprehensive income for the period	-	-	-	-	(26)	-	6,447	658			7,079
Revaluation reserve transferred to retained earnings upon realisation	-	-	-	-	-	(25)	25	-			-
Dividends	-	-	-	-	-	-	-	(900)			(900)
<b>At 31 December 2011</b>	<b>125,149</b>	<b>(5,775)</b>	<b>46</b>	<b>421</b>	<b>142</b>	<b>23,351</b>	<b>94,670</b>	<b>9,950</b>			<b>247,954</b>

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2011.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE 3 MONTHS ENDED 31 DECEMBER 2011**

(The figures have not been audited).

	ATTRIBUTABLE TO OWNERS OF THE COMPANY										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	CAPITAL RESERVE	TRANSLATION RESERVE	REVALUATION RESERVE	EARNINGS	RETAINED EARNINGS	REVALUATION RESERVE	NON-CONTROLLING INTEREST		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 October 2010</b>	125,149	(5,775)	46	421	16	3,042	66,802	8,094	197,795			
Total comprehensive income for the period	-	-	-	-	62	-	6,893	660	7,615			
Revaluation reserve transferred to retained earnings upon realisation	-	-	-	-	-	(4)	4	-	-			
Dividends	-	-	-	-	-	-	-	(351)	(351)			
<b>At 31 December 2010</b>	<u>125,149</u>	<u>(5,775)</u>	<u>46</u>	<u>421</u>	<u>78</u>	<u>3,038</u>	<u>73,699</u>	<u>8,403</u>	<u>205,059</u>			

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2011.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3 MONTHS ENDED 31 DECEMBER 2011**

(The figures have not been audited).

	<b>3 MONTHS ENDED 31/12/2011 RM'000</b>	<b>3 MONTHS ENDED 31/12/2010 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	9,510	10,061
Adjustments	984	1,378
Operating profit before working capital changes	10,494	11,439
Changes in working capital:		
Inventories	(5,153)	(4,877)
Property development costs	(842)	370
Trade and other receivables	847	(3,734)
Prepayments	(7)	-
Trade and other payables	(3,061)	(270)
<b>Cash generated from operations</b>	2,278	2,928
Interest paid	(380)	(519)
Tax paid net of refund	(1,910)	(1,373)
<b>Net cash (used in)/generated from operating activities</b>	(12)	1,036
<b>Cash flows from investing activities</b>		
Interest received	145	79
Land held for property development	(7)	-
Proceeds from disposal of property, plant and equipment	1	29
Proceeds from asset held for sale	3,000	-
Purchase of property, plant and equipment	(218)	(641)
<b>Net cash generated from/(used in) investing activities</b>	2,921	(533)
<b>Cash flows from financing activities</b>		
Borrowings	1,184	3,643
Dividend paid to non-controlling interest	(900)	(351)
Dividend paid	-	-
<b>Net cash generated from financing activities</b>	284	3,292
<b>Net increase in cash and cash equivalents</b>	3,193	3,795
<b>Cash and cash equivalents at beginning of period</b>	37,798	26,228
<b>Effect of exchange rate fluctuation on cash held</b>	(9)	17
<b>Cash and cash equivalents at end of period</b>	40,982	30,040
<b>Cash and cash equivalents</b>		
Deposits placed with licensed banks	16,385	13,032
Cash and bank balances	24,597	17,008
	40,982	30,040

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the financial year ended 30 September 2011.

## **Fiamma Holdings Berhad (Company No: 88716-W)**

**(“Fiamma” or “the Company”)**

**Notes to the interim financial statements for the financial quarter ended 31 December 2011.**

### **A. Compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting**

#### ***A1. Accounting Policies***

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and FRS 134, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the financial year ended 30 September 2011.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group.

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012***

- FRS 124, *Related Party Disclosures* (revised)

#### **Convergence of the FRSs with the International Financial Reporting Standards**

On 19 November 2011, the MASB issued the new Malaysian Financial Reporting Standards (“MFRS”) framework, consisting of accounting standards which are in line with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRSs issued under the MFRS framework, except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of the existing FRSs.

The Group will adopt the MFRS framework for annual period beginning on or after 1 October 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group.

The following notes 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 financial year ended 30 September 2011.

***A2. Report of the Auditors to the Members of Fiamma***

The reports of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial year ended 30 September 2011 were not subject to any qualification and did not include any adverse comments made under Section 174 (3) of the Companies Act, 1965.

***A3. Seasonality or Cyclicity of Interim Operations***

The business of the Group was not subject to material seasonal or cyclical fluctuations.

***A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows***

There are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period ended 31 December 2011.

***A5. Material Changes in Estimates of Amounts Reported***

There were no material changes in estimates used in reporting the current period as compared to the financial statement of the Group for the financial year ended 30 September 2011.

***A6. Debt and Equity Securities***

As at 31 December 2011, total number of treasury shares was 7,234,900, representing 5.8% of the total paid-up share capital of the Company. These shares were being held and retained as treasury shares as defined under Section 67A of the Companies Act, 1965.

There were no issuance, cancellation, resale and repayments of debt and equity securities for the current quarter and current financial period ended 31 December 2011.

***A7. Dividend Paid***

No dividend was paid during the current quarter.

**A8. Segment Information**

The Group's financial information analysed by operating segments is as follows:

	<b>Investment Holding &amp; Property Investment RM'000</b>	<b>Property Development RM'000</b>	<b>Trading &amp; Services RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>For the financial period ended 31 December 2011</b>					
<b><u>Operating Segments</u></b>					
External revenue	218	813	57,046	-	58,077
Inter-segment revenue	2,965	-	3,813	(6,778)	-
Total revenue	3,183	813	60,859	(6,778)	58,077
Segment results	225	(86)	9,832	-	9,971
Finance costs	(1)	-	(460)	-	(461)
Profit/(loss) before taxation	224	(86)	9,372	-	9,510
<b>For the financial period ended 31 December 2010</b>					
<b><u>Operating Segments</u></b>					
External revenue	159	1,129	53,024	-	54,312
Inter-segment revenue	714	-	4,751	(5,465)	-
Total revenue	873	1,129	57,775	(5,465)	54,312
Segment results	10	131	10,508	-	10,649
Finance costs	(1)	(94)	(493)	-	(588)
Profit before taxation	9	37	10,015	-	10,061
<b>As at 31 December 2011</b>					
<b><u>Assets</u></b>					
Operating assets	211,943	93,650	202,930	(178,434)	330,089
Tax assets					259
Total assets					330,348
<b>As at 31 December 2010</b>					
<b><u>Assets</u></b>					
Operating assets	149,127	84,451	160,614	(117,835)	276,357
Tax assets					391
Total assets					276,748



**A9. Property, Plant and Equipment**

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

**A10. Events Subsequent to the end of the Financial Period**

There were no material events as at 15 February 2012, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial period under review.

**A11. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current quarter and the period up to 15 February 2012, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

**A12. Contingent Liabilities**

Contingent liabilities of the Group are as follows:

	<b>15 Feb 2012</b>	<b>30 Sept 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees to financial institutions for facilities granted to subsidiaries	42,348	41,164
	<u>          </u>	<u>          </u>

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**B. Compliance with Bursa Malaysia Listing Requirements.**

***B1. Review of the Performance of the Group***

	<b>Current financial period ended 31 Dec 2011 RM'000</b>	<b>Preceding financial period ended 31 Dec 2010 RM'000</b>
Revenue	58,077	54,312
Profit before taxation	9,510	10,061

The Group recorded a higher revenue of RM58.077 million for the current financial period ended 31 December 2011 as compared to RM54.312 million achieved in the preceding financial period ended 31 December 2010.

The increase in Group revenue was mainly due to improved performance of the trading and services segment arising from increase in demand for the Group's products and launching of new products. There was an increase in revenue of the investment holding and property investment segment due to higher tenant occupancy for the investment properties.

The Group recorded a lower profit before taxation of RM9.510 million for the current financial period ended 31 December 2011 as compared to RM10.061 million in the preceding financial period ended 31 December 2010. The decrease in profit before taxation was mainly attributable to higher operating expenses.

***B2. Comparison with Preceding Quarter's Results***

	<b>Current quarter ended 31 Dec 2011 RM'000</b>	<b>Preceding quarter ended 30 Sept 2011 RM'000</b>
Revenue	58,077	63,436
Profit before taxation	9,510	10,184

The Group recorded a lower revenue of RM58.077 million for the current quarter ended 31 December 2011 compared to RM63.436 million achieved in the preceding quarter ended 30 September 2011. Consequently, the Group recorded a lower profit before taxation of RM9.510 million for the current quarter compared to RM10.184 million recorded in the preceding quarter ended 30 September 2011.

**B3. Prospects**

The Group will remain focused on its distribution business and continue to enhance and strengthen its several established brands. Fiamma will continue to sustain on its core competencies and supply chain system to remain as a market leader for its home appliances, sanitaryware products and healthcare equipment and devices. Going forward, the Group will continue to invest in brand building, improve product quality and after sales support and service delivery.

The Group's on-going property development activities in Kota Tinggi, Johor have taken a slower pace in view of the sluggish property market in the state. New phases of double-storey residential houses are expected to be launched in financial year 2012.

Fiamma has obtained development orders for its two development projects located in the Klang Valley. The proposed commercial development located in Jalan Tuanku Abdul Rahman, Kuala Lumpur comprises office suites and retail spaces. Construction is expected to commence in financial year 2012. The other parcel of land, located off Jalan Yap Kwan Seng, Kuala Lumpur is expected to have good development potentials for high end commercial properties and will be deferred pending more favourable market conditions.

**B4. Profit Forecast or Profit Guarantee**

Not applicable.

**B5. Taxation**

Taxation comprises the following:

	<b>Current quarter ended 31 Dec 2011 RM'000</b>
Current period tax expense	2,494
Deferred tax expense	(100)
	<u>2,394</u>
	<b>RM'000</b>
Profit before taxation	9,510
	<u>2,378</u>
Tax at the statutory income tax rates	16
Other tax effects	<u>2,394</u>
Tax expense	<u>2,394</u>

**B6. Status of Corporate Proposal**

The Group has not announced any corporate proposals, which have not been completed at the date of this announcement.

**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 December 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Current</b>			
<b><i>Repayable within 12 months</i></b>			
Bills payable	-	35,348	35,348
Revolving credit	7,000	-	7,000
Total	<u>7,000</u>	<u>35,348</u>	<u>42,348</u>

**B8. Derivatives**

There is no foreign currency forward contract as at 31 December 2011.

**B9. Changes in Material Litigation**

There was no impending material litigation as at 15 February 2012, being the date not earlier than 7 days from the date of this announcement, other than as disclosed in the most recent audited financial statements for the financial year ended 30 September 2011.

**B10. Dividend**

No interim dividend was declared for the current quarter and financial period ended 31 December 2011.

**B11. Earnings per share**

**Basic earnings per share**

The basic earnings per share for the current quarter and financial period ended 31 December 2011 is calculated by dividing the Group's net profit attributable to the owners of the Company of RM6.447 million, by the weighted average number of ordinary shares outstanding during the current quarter and financial period ended 31 December 2011.

	<b>Current quarter ended 31 Dec 2011 '000</b>
Issued ordinary shares net of treasury shares at beginning and end of the period	117,914
	=====
Basic earnings per share (sen)	5.47
	=====

**Diluted earnings per share**

The diluted earnings per share for the current quarter and financial period ended 31 December 2011 is calculated by dividing the Group's net profit attributable to the owners of the Company of RM6.447 million, by the weighted average number of ordinary shares during the current quarter and financial period ended 31 December 2011 and adjusted for the dilutive effect of all potential ordinary shares.

	<b>Current quarter ended 31 Dec 2011 '000</b>
Issued ordinary shares net of treasury shares at beginning and end of the period	117,914
Effects of dilution - warrants	52,406
	=====
Adjusted weighted average number of ordinary shares issued	170,320
	=====
Diluted earnings per share (sen)	3.79
	=====

**B12. Provision of Financial Assistance**

The amount of financial assistance provided by the Company and its subsidiaries to its non wholly-owned subsidiaries pursuant to paragraph 8.23(1) of the Listing Requirements is as follows:-

Type of transactions	Cumulative value as at 1 October 2011 RM'000	Value provided during the quarter RM'000	Cumulative value as at 31 December 2011 RM'000
Corporate guarantees to financial institutions for trade facilities granted to non wholly-owned subsidiaries	20,910	-	20,910
Advances to non wholly-owned subsidiaries	383	12	395

The above financial assistance does not have a material financial impact on the Group.

**B13. Additional Disclosures**

**Realised and unrealised profits**

	<b>Current quarter ended 31 Dec 2011 RM'000</b>
<b>Total retained earnings</b>	
- Unrealised profits	13,616
- Realised profits	141,413
	<u>155,029</u>
Less: Consolidation adjustments	(60,359)
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>94,670</u></u>

***B13. Additional Disclosures (continued)***

**Notes to the Condensed Consolidated Statement of Comprehensive Income**

Profit before taxation is arrived at after charging/crediting the following items:

	<b>Current quarter ended 31 Dec 2011 RM'000</b>
Interest income	145
Other income	152
Interest expense	380
Depreciation and amortisation	725
Inventory written down and written off	340
Loss on disposal of plant and equipment	1
Loss on foreign exchange	7
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This announcement is dated 22 February 2012.