



FITTERS DIVERSIFIED BERHAD

Company No: 149735-M

(Incorporated in Malaysia)

Interim Financial Report

30 June 2013

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 30 June 2013.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013 - unaudited**

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT	PRECEDING
	QUARTER	YEAR	YEAR TO DATE	YEAR
	30-Jun-2013	30-Jun-2012	30-Jun-2013	30-Jun-2012
	RM'000	RM'000	RM'000	RM'000
Revenue	111,313	108,608	181,075	197,376
Cost of sales	(85,519)	(90,087)	(135,594)	(165,168)
Gross profit	25,794	18,521	45,481	32,208
Interest income	42	-	56	10
Other income	397	146	624	347
Gain/(loss) on disposal of investments	-	-	-	59
Selling and marketing expenses	(3,280)	(1,473)	(5,160)	(3,097)
Impairment (loss)/gain of receivables	56	482	156	492
Administrative expenses	(5,910)	(5,645)	(11,678)	(11,323)
Depreciation and amortisation	(323)	(300)	(682)	(597)
Forex gain/(loss)	38	102	28	159
Finance costs	(417)	(712)	(727)	(1,314)
Share of profit/(loss) of associate, net of tax	-	126	-	292
Profit before tax	16,397	11,247	28,098	17,236
Income tax expense	(4,165)	(2,746)	(7,323)	(4,218)
Profit for the period	12,232	8,501	20,775	13,018
Other comprehensive (loss)/ income	1,174	791	1,550	(37)
Total comprehensive income for	13,406	9,292	22,325	12,981
Profit attributable to :				
Owners of the Company	12,281	8,342	20,795	12,773
Non-controlling interests	(49)	159	(20)	245
	12,232	8,501	20,775	13,018
Earnings per share attributable to owners of the Company :				
Basic (sen)	4.26	3.85	7.21	5.90
Fully diluted (sen)	4.26	3.38	7.21	5.18

(The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2013 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR 31-Dec-2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,256	43,550
Investment properties	545	550
Intangible assets	4,360	4,530
Land use rights	4,283	4,153
Investment in associates	-	-
Investment securities	27,902	29,203
Trade and other receivables	2,608	2,791
	88,954	84,777
Current Assets		
Development properties	4,088	41,636
Inventories	9,731	9,580
Trade and other receivables	158,262	138,288
Other current assets	29,644	35,482
Investment securities	1	1
Income tax Recoverable	1,385	1,608
Deposits, cash and bank balances	59,930	40,306
	263,041	266,901
TOTAL ASSETS	351,995	351,678

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013 (continued)

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2013 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR 31-Dec-2012 RM'000
EQUITY AND LIABILITIES		
Current Liabilities		
Loans and borrowings	30,596	31,758
Trade and other payables	63,252	81,065
Other current liabilities	5,358	11,216
Income tax payable	7,379	3,194
	106,585	127,233
Net current assets	156,456	139,668
Non-current liabilities		
Loans and borrowings	11	60
Deferred tax liabilities	321	315
	332	375
TOTAL LIABILITIES	106,917	127,608
NET ASSETS	245,078	224,070
Equity attributable to owners of the Company		
Share Capital	155,929	155,929
Share Premium	2,864	2,864
Treasury Shares	(15,769)	(14,452)
Warrant Reserve	-	-
Revaluation Reserves	533	533
Capital Reserves	7,275	7,275
Exchange Reserves	1,649	99
Retained Earnings	91,140	70,345
	243,621	222,593
Non-controlling Interests	1,457	1,477
Total equity	245,078	224,070
TOTAL EQUITY AND LIABILITES	351,995	351,678
Net Assets per Share (sen) **	85.41	77.52

** Net assets per share is calculated based on Total Assets (including intangibles) minus Total Liabilities divided by the total number of ordinary shares/less treasury share.

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report 31st December 2012.)

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2013 - unaudited

	[----- Attributable to Owners of the Company -----]								Non Controllin g Interests	Total Equity Total	
	[----- Non-Distributable -----]				Distributable						
	Share Capital	Share Premium	Treasury Shares	Capital Reserves	Warrant Reserve	Revaluation Reserves	Exchange Reserves	Reserves Retained Earnings	Total		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2013											
Balance as at 01 January 2013	155,929	2,864	(14,452)	7,275	-	533	99	70,345	222,593	1,477	224,070
Total comprehensive income							1,550	20,795	22,345	(20)	22,325
Treasury shares purchased		-	(1,317)	-	-	-			(1,317)	-	(1,317)
Balance as at 30 June 2013	<u>155,929</u>	<u>2,864</u>	<u>(15,769)</u>	<u>7,275</u>	<u>-</u>	<u>533</u>	<u>1,649</u>	<u>91,140</u>	<u>243,621</u>	<u>1,457</u>	<u>245,078</u>
6 months ended 30 June 2012											
Balance as at 01 January 2012	108,208	-	-	1,360	5,915	533	646	42,446	159,108	1,313	160,421
Total comprehensive income							(37)	12,773	12,736	245	12,981
Treasury shares purchased				-	-	-			-	-	-
Balance as at 30 June 2012	<u>108,208</u>	<u>-</u>	<u>-</u>	<u>1,360</u>	<u>5,915</u>	<u>533</u>	<u>609</u>	<u>55,219</u>	<u>171,844</u>	<u>1,558</u>	<u>173,402</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012.)

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2013 - unaudited

	(Unaudited) 6 months ended 30-Jun-2013 RM'000	(Unaudited) 6 months ended 30-Jun-2012 RM'000
Net Profit before tax	28,098	17,236
Adjustment for non-cash items :-		
Operating items	582	223
Investing items	765	1,065
Operating profit before changes in working capital	29,445	18,524
Changes in Working Capital :		
Inventories	(127)	(991)
Receivables	(18,052)	(2,630)
Payables	(17,812)	(11,698)
Property developments	29,494	18,144
Construction contracts	8,033	(19,350)
Cash generated from operation	30,981	1,999
Net tax refunded/(paid)	(2,909)	(4,413)
Interest paid	(727)	(1,314)
Net cash generated from operating activities	27,345	(3,728)
Cash Flow from investing activities		
Proceed from disposal of investment property	-	350
Interest received	56	10
Dividend received from associated company	-	500
Proceeds from disposal of property, plant & equipment	48	5
Purchase of property, plant & equipment	(5,297)	(2,766)
Other Investments	-	(1,588)
	(5,193)	(3,489)
Cash Flow from financing activities		
Proceed from disposal/(Purchase) of treasury shares	(1,317)	-
HP & Lease repayment	(82)	(159)
Proceeds from bank borrowings	14,200	20,105
Repayment of bank borrowings	(15,432)	(12)
	(2,631)	19,934
Net Change in Cash & Cash Equivalents	19,521	12,717
Cash & Cash Equivalents at beginning of year	37,411	5,810
Cash & Cash Equivalents at end of period	56,932	18,527

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012.)

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013 - unaudited

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for revaluation of certain freehold land and building included within property, plant and equipment and the following assets and liabilities that are stated at fair value: available-for-sale financial assets and investment properties.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

2. Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the audited financial statements for the year ended 31 December 2012.

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, certain subsidiaries in the Group which are Transitioning Entities have chosen to defer the adoption of the MFRSs Framework for an additional one year. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 December 2014.

3. Auditors' Report on Preceding Annual Financial Statements

The report of the Auditors for the preceding financial year ended 31 December 2012 was not subject to any qualification.

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4. Segmental Information

Analysis of the Group's results by business segments:

	Second Quarter		Cumulative Quarter	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Segment Revenue				
Fire Services Division	36,986	41,743	67,613	79,443
Property Development & Construction	89,446	38,943	160,385	61,589
Renewable & Waste-To-Energy	24,573	47,751	28,488	90,764
Investment holding and others	-	-	-	-
Total revenue including inter-segment sales	151,005	128,437	256,486	231,796
Elimination of inter-segment sales	(39,692)	(19,829)	(75,411)	(34,420)
Total	111,313	108,608	181,075	197,376
Segment Result				
Fire Services Division	2,387	4,796	5,357	9,997
Property Development & Construction	13,385	5,833	23,157	6,253
Renewable & Waste-To-Energy	853	55	(342)	(187)
Investment holding and others	(302)	(81)	(310)	(95)
Total result including inter-segment profit	16,323	10,603	27,862	15,968
Elimination of unrealised inter-segment profit	74	518	236	976
Share of loss of associate, net of tax	-	126	-	292
Total	16,397	11,247	28,098	17,236

5. Exceptional or Unusual Items

During the financial quarter, there was no item of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the group.

6. Changes in Estimates

There were no significant changes in estimates that have a material effect in the current quarter.

7. Comment about Seasonal or Cyclical Factors

The business operations of the Group for the quarter are not materially affected by any seasonal or cyclical factor.

8. Dividends Paid

On 27 May 2013, the Board of Directors of the Company has approved an interim dividend for FY 2013 in specie by way of distribution of treasury shares of RM0.50 each to shareholders of FITTERS on the basis of one (1) treasury share for every thirty (30) existing ordinary shares held to be payable on 12 July 2013.

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9. Carrying Amount of Revalued Assets

The valuations of properties, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2012.

10. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, shares buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares during the financial period to-date except for the following:

- (i) During the 1st quarter and 2nd quarter of the year under review, the Company repurchased 1,990,000 units and 100,000 units respectively of its issued ordinary shares from the open market at an average price of RM0.63 per share. The total consideration paid for the repurchase including transaction costs was RM1,316,784. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act.

11. Changes in Composition of the Group

There were no changes to the composition of the Group for the financial period under review.

12. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2013 is as follows :

Approved and contracted for	RM'000 <u>2,542</u>
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13. Changes in Contingent Liabilities

Corporate guarantees were given by the Company in respect of the following:

	RM'000
Banks and financial institutions credit facilities granted to subsidiary companies	117,825
Corporations for trade credit facilities to subsidiary companies	16,910
Corporations for performance project by subsidiary companies	<u>134,000</u>
	<u>268,735</u>

Corporate guarantees given to certain banks and financial institutions as required, have remained unchanged although the banking facilities extended to the subsidiary companies have been reduced. To-date, the limits of banking facilities extended to subsidiary companies has been reduced to RM 106.

There are no further contingent liabilities save for that disclosed above as at 30 June 2013.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

1. Performance Review

For the second quarter ended 30 June 2013, the revenue of the Group increased by 2.5% to RM111.313 million from RM108.608 million and the profit before taxation increased by 45.8% to RM16.397 million from RM11.247 million in the preceding corresponding financial quarter ended 30 June 2012.

Basic earning per share were up from 5.90 sen to 7.21 sen for the period.

For the 6 months under review, the revenue of the Group was reduced by 8.2% to RM181.075 million from RM197.376 million and the profit before taxation increased by 63.0% to RM28.098 million from RM17.236 million in the preceding corresponding financial quarter ended 30 June 2012.

The detailed analysis and explanation for the variances for each business segment are as followed :-

(i) **Business segment : Fire Services Division (RM'000)**

	Second Quarter			Cumulative Quarter		
	30/06/2013	30/06/2012	Changes (%)	30/06/2013	30/06/2012	Changes (%)
Revenue	36,986	41,743	-11.4%	67,613	79,443	-14.9%
Profit before tax	2,387	4,796	-50.2%	5,357	9,997	-46.4%

For the current quarter, revenue reduced by 11.4% mainly due to lower revenue from fire maintenance job. Profit before tax reduced by 50.2% as compared to previous year. The higher margin in 2012, which due to additional profit recognised from the project variation from both KLCC and Festival Mall project.

Excluding the project variation profit for KLCC and Festival Mall project, both the current quarter and cumulative quarter profit are quite in line with revenue.

(ii) **Business segment : Property Development & Construction (RM'000)**

	Second Quarter			Cumulative Quarter		
	30/06/2013	30/06/2012	Changes (%)	30/06/2013	30/06/2012	Changes (%)
Revenue	89,446	38,943	129.7%	160,385	61,589	160.4%
Profit before tax	13,385	5,833	129.5%	23,157	6,253	270.3%

For the current quarter under review, the increases of revenue and profit before tax by 129.7% and 129.5% respectively are due to the increase of sales units for Zetapark's property in particular for the "LOFT" service apartment. The incremental revenue is also due to increase on the work done for construction in progress.

(iii) **Business segment : Renewable & Waste-To-Energy (RM'000)**

	Second Quarter			Cumulative Quarter		
	30/06/2013	30/06/2012	Changes (%)	30/06/2013	30/06/2012	Changes (%)
Revenue	24,573	47,751	-48.5%	28,488	90,764	-68.6%
Profit/(Loss) before	853	55	1450.9%	(342)	(187)	-82.9%

The reduction in both revenue due to temporarily ceased in production in the first quarter to enable for the upgrading and expansion work to be carried out to the existing palm oil mill. The increase for the profit before tax is mainly due to saving on the lease rental expenses.

The operation recommenced in mid April 2013.

2. Comment on Material Changes in Profit Before Taxation Against Preceding Quarter

The increase in profit before taxation in comparison to the corresponding period in the preceding year was mainly due to increased of sales from "LOFT" service apartment, and increased in progress work done during the quarter.

3. Commentary of Prospects

Barring any unforeseen circumstances, the Board of Directors are optimistic of improving overall financial and operational performance for the year ending 31 December 2013 as compared to the current year under review.

The Board of Directors do not foresee any significant changes pertaining to material costs and selling prices which will affect the Fire Services Division, Property Development & Construction and Renewable & Waste-To-Energy segment.

As for the Renewable & Waste-To-Energy segment, the Board of Directors are anticipating a significant improvement in both revenue and profit for the remaining of the year with the recommencement of production in April 2013.

For the year ending 31 December 2013, the Group will continue its new business direction in property development, palm oil extraction and green mills. The Board of Directors foresee that these business segments will continue to contribute a major percentage of the Group's revenue and profit.

4. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

5. Income Tax Expense

	Second Quarter		Cumulative Quarter	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	4,166	2,752	7,317	4,228
- Prior year	-	-	-	-
	4,166	2,752	7,317	4,228
Deferred tax	(1)	(6)	6	(10)
Total income tax expense	4,165	2,746	7,323	4,218

The effective tax rate for the Group is 26% for the cumulative period ended 30/06/2013 as compare to 25% for the previous year ended 30/06/2012. The tax rate was higher than the statutory rate due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

6. Corporate Proposals

(1) Status of Corporate Proposals

(i) Employees' Share Option Scheme ("ESOS")

On 15 April 2013, the Company announced the proposal to establish a Long Term Incentive Plan ("Proposed LTIP") of up to 15% of the issued and paid-up share capital of the Company at any time during the duration of the Proposed LTIP, for the eligible employees and Executive Directors of the FITTERS Group.

The Listing application of the Proposed LTIP had been submitted to Bursa Malaysia Securities Berhad on 30 April 2013 and was approved vide its letter dated 15 May 2013.

(2) Status of Utilisation of Proceeds

Both the proceeds from the issuance of Warrants exercised on 21 November 2007 and issuance of shares from the warrants conversion in FYE 2012 were utilised as working capital for the Group.

7. Group Borrowings

The total Group borrowings as at 30 June 2013 are as follows:

	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Short term borrowings		
Secured		
Term Loans	-	-
Finance lease obligations	108	195
Unsecured		
Bank overdrafts	2,998	3,905
Revolving credits	15,200	16,300
Bankers acceptance	12,290	20,770
	30,596	41,170
Long term borrowings		
Secured		
Term Loans	-	23,649
Finance lease obligations	11	120
	11	23,769

8. Material Litigation

The Group does not have any material litigation as at the financial period under review.

9. Dividend Payable

On 27 May 2013, the Board of Directors of the Company has approved an interim dividend for FY 2013 in specie by way of distribution of treasury shares of RM0.50 each to shareholders of FITTERS on the basis of one (1) treasury share for every thirty (30) existing ordinary shares held to be payable on 12 July 2013.

10. Basic earnings per share

(a) Basic

Basic earnings per share are calculated by dividing profits for the net period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Second Quarter		Cumulative Quarter	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	12,281	8,342	20,795	12,773
Adjusted weighted average number of ordinary shares in issue and issuable 288,227,484 (2012: 216,415,988) ('000)	288,227	216,416	288,227	216,416
Basic earnings per share (sen)	4.26	3.85	7.21	5.90

(b) Diluted

Diluted earnings per share are calculated by dividing the net profits for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Second Quarter		Cumulative Quarter	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Adjusted weighted average number of ordinary shares in issue and issuable 288,227,484 (2012: 246,720,156)('000)	288,227	246,720	288,227	246,720
Diluted earnings per share (sen)	4.26	3.38	7.21	5.18

11. Disclosure of Realised and Unrealised Profits/Losses

The breakdown of the retained earnings of the Group as at 30 June 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

	Current financial period 30/06/2013 RM'000	As at end of last financial year 31/12/2012 RM'000
Total retained profits of FITTERS Diversified Berhad and its subsidiaries :		
- Realised	91,065	69,131
- Unrealised	395	229
	<hr/>	<hr/>
	91,460	69,360
Total share of retained earnings from associates - realised	-	913
	<hr/>	<hr/>
	91,460	70,273
Add/(Less) : Consolidation adjustments	(320)	72
	<hr/>	<hr/>
Total retained profits	91,140	70,345
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12. Authorisation for issue

The interim financial statements for the period ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 26 August 2013 .

FITTERS DIVERSIFIED BERHAD

DATO' WONG SWEE YEE
MANAGING DIRECTOR
 Selangor Darul Ehsan
 Date: 26-August-2013