



FITTERS DIVERSIFIED BERHAD

Company No: 149735-M

(Incorporated in Malaysia)

Interim Financial Report

31 March 2016

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 31 March 2016.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited**

| | FIRST QUARTER | | CUMULATIVE QUARTER | |
|--|---------------|---------------|--------------------|---------------|
| | CURRENT YEAR | PRECEDING | CURRENT | PRECEDING |
| | QUARTER | YEAR | YEAR TO DATE | YEAR |
| | 31-Mar-2016 | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 107,588 | 85,717 | 107,588 | 85,717 |
| Cost of sales | (91,965) | (71,751) | (91,965) | (71,751) |
| Gross profit | 15,623 | 13,966 | 15,623 | 13,966 |
| Interest income | 761 | 118 | 761 | 118 |
| Other income | 282 | 696 | 282 | 696 |
| Selling and marketing expenses | (2,686) | (1,296) | (2,686) | (1,296) |
| Impairment loss on receivables | (700) | - | (700) | - |
| Administrative expenses | (5,592) | (6,666) | (5,592) | (6,666) |
| Depreciation and amortisation | (2,043) | (1,319) | (2,043) | (1,319) |
| Forex gain/(loss) | (37) | 31 | (37) | 31 |
| Finance costs | (1,513) | (849) | (1,513) | (849) |
| Profit before tax | 4,095 | 4,681 | 4,095 | 4,681 |
| Income tax expense | (1,348) | (1,871) | (1,348) | (1,871) |
| Profit for the financial period | 2,747 | 2,810 | 2,747 | 2,810 |
| Other comprehensive income/(loss) | (3,235) | 2,158 | (3,235) | 2,158 |
| Total comprehensive income/ (loss) for the financial period | (488) | 4,968 | (488) | 4,968 |
| Profit attributable to : | | | | |
| Owners of the Company | 3,021 | 3,271 | 3,021 | 3,271 |
| Non-controlling interests | (274) | (461) | (274) | (461) |
| | 2,747 | 2,810 | 2,747 | 2,810 |
| Earnings per share attributable to owners of the Company : | | | | |
| Basic (sen) | 0.63 | 0.68 | 0.63 | 0.68 |

(The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31 MARCH 2016

| | (Unaudited) AS AT END OF CURRENT QUARTER 31-Mar-2016 RM'000 | (Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2015 RM'000 |
|----------------------------------|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 242,899 | 245,940 |
| Investment properties | 712 | 712 |
| Intangible assets | 5,684 | 5,684 |
| Land use rights | 4,661 | 5,336 |
| Investment in an associate | 7,330 | 7,330 |
| Investment securities | 20,904 | 20,905 |
| Trade and other receivables | 3,403 | 2,437 |
| | 285,593 | 288,344 |
| Current assets | | |
| Development properties | 128,544 | 96,491 |
| Inventories | 33,390 | 29,640 |
| Current tax assets | 2,205 | 2,661 |
| Trade and other receivables | 115,332 | 105,878 |
| Other current assets | 44,323 | 79,654 |
| Deposits, cash and bank balances | 34,852 | 38,349 |
| | 358,646 | 352,673 |
| TOTAL ASSETS | 644,239 | 641,017 |

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

| | (Unaudited) AS AT END OF CURRENT QUARTER 31-Mar-2016 RM'000 | (Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2015 RM'000 |
|---|---|---|
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Loans and borrowings | 82,205 | 64,164 |
| Current tax liabilities | 3,002 | 1,831 |
| Trade and other payables | 68,652 | 75,375 |
| Other current liabilities | 12,984 | 12,291 |
| | 166,843 | 153,661 |
| Net current assets | 191,803 | 199,012 |
| Non-current liabilities | | |
| Loans and borrowings | 101,118 | 109,226 |
| Deferred tax liabilities | 1,562 | 2,097 |
| | 102,680 | 111,323 |
| TOTAL LIABILITIES | 269,523 | 264,984 |
| NET ASSETS | 374,716 | 376,033 |
| Equity attributable to owners of the Company | | |
| Share Capital | 240,130 | 240,130 |
| Treasury Shares | (1,193) | (364) |
| Revaluation Reserve | 18,247 | 18,247 |
| Capital Reserve | 7,275 | 7,275 |
| Exchange Reserve | 7,405 | 10,640 |
| Retained Earnings | 93,993 | 90,972 |
| | 365,857 | 366,900 |
| Non-controlling interests | 8,859 | 9,133 |
| Total equity | 374,716 | 376,033 |
| TOTAL EQUITY AND LIABILITES | 644,239 | 641,017 |
| Net Assets per Share (sen) ** | 76.60 | 76.52 |

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

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2015)

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited

| | [----- Attributable to owners of the Company -----] | | | | | | | | |
|-------------------------------------|---|------------------------------|----------------------------------|-------------------------------|-------------------------------|--------------------------------|-----------------|------------------------------------|------------------|
| | [----- Non-distributable -----] | | | | [----- Distributable -----] | | | Non- | Total |
| | Share Capital RM'000 | Capital Reserve RM'000 | Revaluation Reserve RM'000 | Exchange Reserve RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | Total RM'000 | Controlling Interests RM'000 | Equity RM'000 |
| <u>3 months ended 31 March 2016</u> | | | | | | | | | |
| Balance as at 1 January 2016 | 240,130 | 7,275 | 18,247 | 10,640 | (364) | 90,972 | 366,900 | 9,133 | 376,033 |
| Total comprehensive income | - | - | - | (3,235) | - | 3,021 | (214) | (274) | (488) |
| Treasury shares acquired | - | - | - | - | (829) | - | (829) | - | (829) |
| Balance as at 31 March 2016 | <u>240,130</u> | <u>7,275</u> | <u>18,247</u> | <u>7,405</u> | <u>(1,193)</u> | <u>93,993</u> | <u>365,857</u> | <u>8,859</u> | <u>374,716</u> |
| <u>3 months ended 31 March 2015</u> | | | | | | | | | |
| Balance as at 1 January 2015 | 240,130 | 7,275 | 18,391 | 4,607 | - | 84,484 | 354,887 | 11,540 | 366,427 |
| Total comprehensive income | - | - | - | 2,158 | - | 3,271 | 5,429 | (461) | 4,968 |
| Balance as at 31 March 2015 | <u>240,130</u> | <u>7,275</u> | <u>18,391</u> | <u>6,765</u> | <u>-</u> | <u>87,755</u> | <u>360,316</u> | <u>11,079</u> | <u>371,395</u> |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited

| | (Unaudited) 3 months ended 31-Mar-2016 RM'000 | (Unaudited) 3 months ended 31-Mar-2015 RM'000 |
|---|--|--|
| Profit before tax | 4,095 | 4,681 |
| Adjustment for non-cash items: | | |
| Operating items | 2,681 | 1,307 |
| Investing items | 821 | 801 |
| Operating profit before changes in working capital | <u>7,597</u> | <u>6,789</u> |
| Changes in Working Capital: | | |
| Inventories | (3,749) | (8,405) |
| Receivables | (11,455) | (286) |
| Payables | (6,723) | 14,332 |
| Property development | (32,049) | (42,863) |
| Construction contracts | 36,025 | 26,911 |
| Cash generated from operating activities | <u>(10,354)</u> | <u>(3,522)</u> |
| Net tax paid | (251) | (1,866) |
| Interest paid | (1,513) | (849) |
| Net cash generated from operating activities | <u>(12,118)</u> | <u>(6,237)</u> |
| Cash Flow from investing activities | | |
| Interest received | 761 | 118 |
| Proceeds from disposal of property, plant & equipment | - | 20 |
| Proceed from disposal of other investment | - | 28 |
| Purchase of property, plant & equipment | (1,244) | (8,847) |
| | <u>(483)</u> | <u>(8,681)</u> |
| Cash Flow from financing activities | | |
| Purchase of treasury shares | (829) | - |
| Hire Purchase & Lease repayment | (256) | (413) |
| Net drawdown of bank borrowings | 9,670 | 24,919 |
| | <u>8,585</u> | <u>24,506</u> |
| Net Change in Cash & Cash Equivalents | (4,016) | 9,588 |
| Cash & Cash Equivalents at beginning of period | 35,872 | 41,946 |
| Cash & Cash Equivalents at end of period | <u>31,856</u> | <u>51,534</u> |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - 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 2015.

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 2015.

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 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 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 include 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 and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs Framework. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs Framework when the MFRSs Framework is mandated by the MASB.

3. Auditors' Report on Preceding Annual Financial Statements

The report of the Auditors for the preceding financial year ended 31 December 2015 was not subject to any qualification.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited

4. Segmental Information

Analysis of the Group's results by business segments:

| | First Quarter | | Cumulative Quarter | |
|--|----------------|---------------|--------------------|---------------|
| | 31/3/2016 | 31/3/2015 | 31/3/2016 | 31/3/2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Fire Services | 47,758 | 41,833 | 47,758 | 41,833 |
| Property Development & Construction | 21,853 | 32,505 | 21,853 | 32,505 |
| Renewable & Waste-To-Energy | 42,165 | 32,814 | 42,165 | 32,814 |
| HYPRO PVC-O Pipes Manufacturing & Distribution | 7,529 | 446 | 7,529 | 446 |
| Investment holding and others | - | - | - | - |
| Total revenue including inter-segment sales | 119,305 | 107,598 | 119,305 | 107,598 |
| Elimination of inter-segment sales | (11,717) | (21,881) | (11,717) | (21,881) |
| Total | 107,588 | 85,717 | 107,588 | 85,717 |
| Segment Result | | | | |
| Fire Services | 3,969 | 2,743 | 3,969 | 2,743 |
| Property Development & Construction | 2,194 | 5,296 | 2,194 | 5,296 |
| Renewable & Waste-To-Energy | (1,113) | (1,505) | (1,113) | (1,505) |
| HYPRO PVC-O Pipes Manufacturing & Distribution | (755) | (1,255) | (755) | (1,255) |
| Investment holding and others | (266) | (449) | (266) | (449) |
| Total result including inter-segment profit | 4,029 | 4,830 | 4,029 | 4,830 |
| Elimination of inter-segment profit | 66 | (149) | 66 | (149) |
| Share of profit of associate, net of tax | - | - | - | - |
| Total | 4,095 | 4,681 | 4,095 | 4,681 |

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 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited****8. Dividends Paid**

On 6 April 2016, the Board of Directors of the Company has proposed a First and Final Single-Tier Dividend of 0.6 sen per ordinary share in respect of the financial year ended 31 December 2015 for the approval of the shareholders at the forthcoming Annual General Meeting of FITTERS to be held on 15 June 2016. The dividend will be payable on 9 September 2016.

9. Carrying Amount of Revalued Assets

The valuation of properties, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2015.

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 as disclosed below:-

(i) Treasury Shares

During the first quarter ended 31 March 2016, the Company repurchased its issued ordinary shares from the open market of 1,833,500 units at an average price of RM0.449 per share. The total consideration paid for the repurchase including transaction costs was RM829,067. The shares repurchased are being held as Treasury Shares in accordance with Section 67A of the Companies Act, 1965.

The Company held a total of 2,621,500 units of Treasury Shares as at 31 March 2016 at a value of RM1,192,781.

11. Subsequent Event

There was no material event subsequent to the financial quarter ended 31 March 2016.

12. Changes in Composition of the Group

There was no change in the composition of the Group during the financial period under review other than the following:-

Acquisition of subsidiary company

On 22 February 2016, FITTERS had announced the incorporation of its wholly owned subsidiary, FITTERS-Nrg Limited, with an issued capital of 100 shares of AUD1.00 each on 17 February 2016. FITTERS-Nrg Limited is a public company limited by shares. The company is registered under the Corporation Act 2001 and is taken to be registered in Queensland, Australia.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - unaudited****13. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2016 is as follows:

| | |
|-------------------------------|---------------|
| | RM'000 |
| Approved and contracted for : | |
| Property, plant and equipment | <u>22,402</u> |

14. 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 | 310,001 |
| Corporations for trade credit facilities granted to subsidiary companies | <u>150,910</u> |
| | <u>460,911</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 RM302.576 million.

There are no further contingent liabilities save for that disclosed above.

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

1. Performance Review

For the quarter ended 31 March 2016, revenue of the Group increased by 25.5% to RM107.6 million from RM85.7 million and profit before taxation of the Group declined by 12.5% to RM4.1 million from RM4.7 million in the previous corresponding quarter ended 31 March 2015.

During the quarter ended 31 March 2016, the Fire Services Division has registered an increase in revenue and pre-tax profit by RM5.9 million and RM1.2 million respectively as compared to previous corresponding quarter. However, the Property Development & Construction Division has recorded a lower pre-tax profit of RM2.2 million for the quarter under review mainly due to the lower contribution from ZetaDeSkye project and there was no new project being launched during the quarter under review. In addition, the Renewable & Waste-to-Energy Division recorded a lower loss before tax of RM1.1 million for the quarter while the Group's newly set-up pipe manufacturing business recorded a lower loss before tax of RM0.8 million for the current quarter.

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

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

| | First Quarter | | | Cumulative Quarter | | |
|-------------------|---------------|-----------|-------------|--------------------|-----------|-------------|
| | 31/3/2016 | 31/3/2015 | Changes (%) | 31/3/2016 | 31/3/2015 | Changes (%) |
| Revenue | 47,758 | 41,833 | 14.2% | 47,758 | 41,833 | 14.2% |
| Profit before tax | 3,969 | 2,743 | 44.7% | 3,969 | 2,743 | 44.7% |

Fire Services Division posted an increase in revenue and pre-tax profit by 14.2% and 44.7% respectively during the current quarter.

The increase in pre-tax profit was mainly due to recognition of profit from project variation orders for a few projects and the increase in volume from its fire door manufacturing business.

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

| | First Quarter | | | Cumulative Quarter | | |
|-------------------|---------------|-----------|-------------|--------------------|-----------|-------------|
| | 31/3/2016 | 31/3/2015 | Changes (%) | 31/3/2016 | 31/3/2015 | Changes (%) |
| Revenue | 21,853 | 32,505 | -32.8% | 21,853 | 32,505 | -32.8% |
| Profit before tax | 2,194 | 5,296 | -58.6% | 2,194 | 5,296 | -58.6% |

Revenue and pre-tax profit of Property Development & Construction Division declined by 32.8% and 58.6% respectively during the current quarter under review.

The only property project under development currently is ZetaDeSkye and its profit contribution was lower compared to corresponding quarter last year.

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

1. Performance Review (continued)

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

| | First Quarter | | | Cumulative Quarter | | |
|-----------------|---------------|-----------|-------------|--------------------|-----------|-------------|
| | 31/3/2016 | 31/3/2015 | Changes (%) | 31/3/2016 | 31/3/2015 | Changes (%) |
| Revenue | 42,165 | 32,814 | 28.5% | 42,165 | 32,814 | 28.5% |
| Loss before tax | (1,113) | (1,505) | 26.0% | (1,113) | (1,505) | 26.0% |

The Renewable & Waste-to-Energy Division recorded an increase in revenue by RM9.4 million for the quarter under review mainly due to the higher crude palm oil prices. The Division recorded a lower loss before tax of RM1.1 million for the quarter under review as compared to RM1.5 million for the previous corresponding quarter.

(iv) Business segment: HYPRO PVC-O Pipes Manufacturing & Distribution (RM'000)

| | First Quarter | | | Cumulative Quarter | | |
|-----------------|---------------|-----------|-------------|--------------------|-----------|-------------|
| | 31/3/2016 | 31/3/2015 | Changes (%) | 31/3/2016 | 31/3/2015 | Changes (%) |
| Revenue | 7,529 | 446 | >100% | 7,529 | 446 | >100% |
| Loss before tax | (755) | (1,255) | 39.8% | (755) | (1,255) | 39.8% |

HYPRO PVC-O Pipes Manufacturing & Distribution Division commenced its production during the first quarter of 2015. The Division recorded a revenue of RM7.5 million and a loss before tax of RM0.8 million for the quarter under review as compared to revenue of RM0.5 million and a loss before tax of RM1.3 million for the previous corresponding quarter.

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

The profit before taxation increased by RM2.8 million against the immediate preceding quarter mainly due to lower losses from the Renewable & Waste-To-Energy Division and HYPRO PVC-O Pipes Manufacturing & Distribution Division.

3. Commentary of Prospects

The outlook on the Malaysian economy remains challenging in 2016 with the low crude oil prices and the weak Ringgit Malaysia while consumers and businesses are still contending with rising costs. The Group will continue to implement measures such as supply and distribution efficiency, inventory management strategy and operating expenses management, as well as pursuing with its ongoing efforts to enhance the performance of its existing businesses of fire services, property development & construction and renewable & waste-to-energy while its new HYPRO PVC-O pipes manufacturing & distribution business intensifies its business development and sales initiatives. The Group's plan to redevelop the newly acquired Plaza Pekeliling is progressing accordingly.

Given the above scenario and based on the prevailing challenging market and industry conditions, the Board of Directors is cautiously optimistic of achieving a satisfactory operational and financial performance for the remaining period for the financial year ending 31 December 2016.

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

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

| | First Quarter | | Cumulative Quarter | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31/3/2016 RM'000 | 31/3/2015 RM'000 | 31/3/2016 RM'000 | 31/3/2015 RM'000 |
| Income tax | | | | |
| - Current year | 1,883 | 1,883 | 1,883 | 1,883 |
| - Prior year | - | - | - | - |
| | 1,883 | 1,883 | 1,883 | 1,883 |
| Deferred tax | (535) | (12) | (535) | (12) |
| Total income tax expense | 1,348 | 1,871 | 1,348 | 1,871 |

The effective tax rate for the Group is 32.9% for the period ended 31 March 2016 as compared to 40.0% for the previous corresponding period ended 31 March 2015. 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

(a) Status of Corporate Proposals Announced But Not Completed

Save as disclosed below, there was no corporate proposal announced but not completed as at 24 May 2016, being the latest practicable date:

(i) Long Term Incentive Plan ("LTIP")

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.

The effective date of implementation of the LTIP is 11 November 2013 and will be in force for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date.

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

6. Corporate Proposals (continued)

(a) Status of Corporate Proposals Announced But Not Completed (continued)

(ii) Proposed Listing of Subsidiary

On 10 January 2014, the Company announced the proposed listing of its wholly-owned subsidiary, namely Future NRG Sdn Bhd ("FNRG") on Catalist, the Sponsor-Supervised Board of the Singapore Exchange Securities Trading Limited.

FNRG has appointed PrimePartners Corporate Finance Pte Ltd in Singapore as the Full Sponsor in relation to the Proposed Listing and the Continuing Sponsor, and UOB Kay Hian Private Limited in Singapore as the Arranger, Underwriter and Placement Agent.

FITTERS has appointed TA Securities Holdings Berhad as the Adviser to FITTERS for the Proposed Listing in relation to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Proposed Listing is subject to, inter alia, approvals or clearance being obtained from the relevant authorities in Malaysia and Singapore, where applicable, as well as from the shareholders of FITTERS at an extraordinary general meeting to be convened, if necessary.

(b) Status of Utilisation of Proceeds Raised from Corporate Proposal

There was no corporate proposal involving fund raising.

7. Group Borrowings

The total Group borrowings are as follows:

| | As at 31/3/2016 RM'000 | As at 31/12/2015 RM'000 |
|------------------------------|---------------------------------------|--|
| Short term borrowings | | |
| Secured | | |
| Term Loans | 28,811 | 21,461 |
| Finance lease liabilities | 626 | 778 |
| Bank overdrafts | 1,833 | 1,899 |
| Bankers acceptance | 19,963 | 14,822 |
| Revolving credits | 15,800 | 15,800 |
| Unsecured | | |
| Bank overdrafts | 1,163 | 578 |
| Bankers acceptance | 8,409 | 5,726 |
| Revolving credits | 5,600 | 3,100 |
| | 82,205 | 64,164 |
| Long term borrowings | | |
| Secured | | |
| Term Loans | 100,105 | 108,108 |
| Finance lease liabilities | 1,013 | 1,118 |
| | 101,118 | 109,226 |

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

7. Group Borrowings (continued)

The above include borrowings denominated in foreign currency as follows:

| | As at 31/3/2016 RM'000 | As at 31/12/2015 RM'000 |
|------|------------------------------|-------------------------------|
| Euro | 6,127 | 6,127 |

8. Material Litigation

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

9. Dividend Payable

On 6 April 2016, the Board of Directors of the Company has proposed a First and Final Single-Tier Dividend of 0.6 sen per ordinary share in respect of the financial year ended 31 December 2015 for the approval of the shareholders at the forthcoming Annual General Meeting of FITTERS to be held on 15 June 2016. The dividend will be payable on 9 September 2016.

10. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share are calculated by dividing profit for the 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.

| | First Quarter | | Cumulative Quarter | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31/3/2016 RM'000 | 31/3/2015 RM'000 | 31/3/2016 RM'000 | 31/3/2015 RM'000 |
| Profit attributable to ordinary equity holders of the Company | 3,021 | 3,271 | 3,021 | 3,271 |
| Adjusted weighted average number of ordinary shares in issue 479,237,327 (2015: 480,260,959) ('000) | 479,237 | 480,261 | 479,237 | 480,261 |
| Basic earnings per share (sen) | 0.63 | 0.68 | 0.63 | 0.68 |

FITTERS DIVERSIFIED BERHAD
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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
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10. Earnings Per Share (continued)

(b) Diluted Earnings Per Share

The Company has potential ordinary shares in the form of warrants. The effect on the basic earnings per share for the current quarter from the assumed conversion of warrants is anti-dilutive. Accordingly, the diluted earnings per share for the current quarter is not presented.

11. Disclosure of Realised and Unrealised Profits/Losses

The breakdown of the retained earnings of the Group as at 31 March 2016 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 Malaysian Institute of Accountants.

| | Current financial period ended 31/3/2016 RM'000 | As at end of last financial year 31/12/2015 RM'000 |
|--|--|---|
| Total retained profits of FITTERS Diversified Berhad and its subsidiaries: | | |
| - Realised | 91,680 | 86,910 |
| - Unrealised | 1,562 | 2,606 |
| | <hr/> | <hr/> |
| | 93,242 | 89,516 |
| Total share of retained earnings from associates - realised | 685 | 685 |
| | <hr/> | <hr/> |
| | 93,927 | 90,201 |
| Add: Consolidation adjustments | 66 | 771 |
| | <hr/> | <hr/> |
| Total retained profits | 93,993 | 90,972 |

12. Authorisation for Issue

The interim financial statements for the period ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 31 May 2016.

FITTERS DIVERSIFIED BERHAD

DATO' WONG SWEE YEE
MANAGING DIRECTOR
Kuala Lumpur
31 May 2016