



# **FITTERS DIVERSIFIED BERHAD**

Company No: 149735-M

**(Incorporated in Malaysia)**

## **Interim Financial Report**

**30 June 2017**

**FITTERS DIVERSIFIED BERHAD**

(Company No. 149735-M)

**ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 30 June 2017.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited**

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-2017 RM'000	PRECEDING	CURRENT YEAR TO DATE 30-Jun-2017 RM'000	PRECEDING
		YEAR		YEAR
		CORRESPONDING QUARTER 30-Jun-2016 RM'000		CORRESPONDING PERIOD 30-Jun-2016 RM'000
Revenue	59,000	98,566	130,275	206,154
Cost of sales	(51,310)	(84,770)	(114,081)	(176,735)
<b>Gross profit</b>	<b>7,690</b>	<b>13,796</b>	<b>16,194</b>	<b>29,419</b>
Interest income	134	162	276	923
Other income	1,005	243	1,109	524
Selling and marketing expenses	(701)	(1,705)	(1,670)	(4,391)
Impairment loss on receivables	(819)	(338)	(1,470)	(1,038)
Administrative expenses	(5,935)	(7,205)	(9,805)	(12,556)
Depreciation and amortisation	(1,931)	(1,875)	(3,858)	(3,827)
Forex loss	4	(46)	(19)	(83)
Finance costs	(1,606)	(1,529)	(3,166)	(3,042)
<b>(Loss)/Profit before tax</b>	<b>(2,159)</b>	<b>1,503</b>	<b>(2,409)</b>	<b>5,929</b>
Income tax expense	(885)	(1,664)	(1,599)	(3,012)
<b>(Loss)/Profit after tax</b>	<b>(3,044)</b>	<b>(161)</b>	<b>(4,008)</b>	<b>2,917</b>
Loss for the financial period for discontinued operation, net of tax	(163)	(288)	(475)	(619)
<b>(Loss)/Profit for the financial period</b>	<b>(3,207)</b>	<b>(449)</b>	<b>(4,483)</b>	<b>2,298</b>
Other comprehensive (loss)/profit	(447)	16	(535)	(3,219)
<b>Total comprehensive loss for the financial period</b>	<b>(3,654)</b>	<b>(433)</b>	<b>(5,018)</b>	<b>(921)</b>
<b>(Loss)/Profit attributable to :</b>				
Owners of the Company	(2,007)	430	(2,847)	3,451
Non-controlling interests	(1,200)	(879)	(1,636)	(1,153)
	<b>(3,207)</b>	<b>(449)</b>	<b>(4,483)</b>	<b>2,298</b>
(Loss)/Earnings per share attributable to owners of the Company :				
Basic (sen)	(0.43)	0.09	(0.61)	0.72

(The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 2017**

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2017 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	235,905	235,811
Investment properties	681	683
Intangible assets	5,684	5,684
Investment securities	2,320	2,321
Trade and other receivables	5,276	4,117
Deferred tax assets	748	1,111
	250,614	249,727
<b>Current assets</b>		
Development properties	94,928	92,183
Inventories	38,358	41,151
Current tax assets	1,099	2,454
Trade and other receivables	96,596	106,336
Other current assets	28,160	35,732
Assets of a disposal group classified as held for sales	33,561	34,458
Investment securities	-	1
Deposits, cash and bank balances	23,395	49,202
	316,097	361,517
<b>TOTAL ASSETS</b>	<b>566,711</b>	<b>611,244</b>

**FITTERS DIVERSIFIED BERHAD**

(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2017 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2016 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	80,163	88,011
Current tax liabilities	1,349	1,930
Trade and other payables	49,551	65,371
Other current liabilities	5,759	6,354
Liabilities of a disposal group classified as held for sales	461	332
	137,283	161,998
<b>Net current assets</b>	178,814	199,519
<b>Non-current liabilities</b>		
Loans and borrowings	74,656	86,388
Deferred tax liabilities	1,690	1,730
	76,346	88,118
<b>TOTAL LIABILITIES</b>	213,629	250,116
<b>NET ASSETS</b>	353,082	361,128
<b>Equity attributable to owners of the Company</b>		
Share Capital	240,248	240,248
Share Premium	118	118
Treasury Shares	(8,358)	(5,330)
Revaluation Reserve	18,153	18,153
Capital Reserve	7,275	7,275
Exchange Reserve	9,248	9,783
Retained Earnings	81,060	83,907
	347,744	354,154
<b>Non-controlling interests</b>	5,338	6,974
<b>Total equity</b>	353,082	361,128
<b>TOTAL EQUITY AND LIABILITES</b>	566,711	611,244
Net Assets per Share (RM) **	0.7555	0.7570

\*\* 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 2016)

**FITTEES DIVERSIFIED BERHAD**

(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited**

	[ ----- Attributable to owners of the Company ----- ]									
	[ ----- Non-distributable ----- ]					[ ----- Distributable ----- ]			Non-	Total
	Share Capital RM'000	Share Premium 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>6 months ended 30 June 2017</u>										
Balance as at 1 January 2017	240,248	118	7,275	18,153	9,783	(5,330)	83,907	354,154	6,974	361,128
Total comprehensive income	-	-	-	-	(535)	-	(2,847)	(3,382)	(1,636)	(5,018)
Treasury shares acquired	-	-	-	-	-	(3,028)	-	(3,028)	-	(3,028)
Balance as at 30 June 2017	<u>240,248</u>	<u>118</u>	<u>7,275</u>	<u>18,153</u>	<u>9,248</u>	<u>(8,358)</u>	<u>81,060</u>	<u>347,744</u>	<u>5,338</u>	<u>353,082</u>
<u>6 months ended 30 June 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
Shares issued during the period	118	118	-	-	-	-	-	236	-	236
Total comprehensive income	-	-	-	-	(3,219)	-	3,451	232	(1,153)	(921)
Treasury shares acquired	-	-	-	-	-	(1,205)	-	(1,205)	-	(1,205)
Balance as at 30 June 2016	<u>240,248</u>	<u>118</u>	<u>7,275</u>	<u>18,247</u>	<u>7,421</u>	<u>(1,569)</u>	<u>94,423</u>	<u>366,163</u>	<u>7,980</u>	<u>374,143</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 2016)

**FITTERS DIVERSIFIED BERHAD**  
(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited**

	(Unaudited) 6 months ended 30-Jun-2017 RM'000	(Unaudited) 6 months ended 30-Jun-2016 RM'000
(Loss)/Profit before tax		
- Continuing operations	(2,409)	5,929
- Discontinued operation	(475)	(619)
	<u>(2,884)</u>	<u>5,310</u>
Adjustment for non-cash items:		
Operating items	5,297	4,959
Investing items	2,893	2,259
Operating profit before changes in working capital	<u>5,306</u>	<u>12,528</u>
Changes in Working Capital:		
Inventories	2,792	(10,707)
Receivables	7,101	4,448
Payables	(15,691)	(14,894)
Property development	(2,745)	(31,594)
Construction contracts	6,977	33,919
Cash generated from operating activities	<u>3,740</u>	<u>(6,300)</u>
Net tax paid	(500)	(1,085)
Interest paid	(3,166)	(3,042)
Net cash generated from operating activities	<u>74</u>	<u>(10,427)</u>
Cash Flow from investing activities		
Interest received	276	923
Proceeds from disposal of property, plant & equipment	171	-
Purchase of property, plant & equipment	(2,295)	(7,012)
	<u>(1,848)</u>	<u>(6,089)</u>
Cash Flow from financing activities		
Purchase of treasury shares	(3,028)	(1,206)
Proceed from issuance of shares	-	236
Hire Purchase & Lease repayment	(127)	(623)
Net drawdown of bank borrowings	(20,891)	14,676
	<u>(24,046)</u>	<u>13,083</u>
Net change in cash & cash equivalents	(25,820)	(3,433)
Cash & cash equivalents at beginning of year	48,195	35,872
Cash & cash equivalents at end of period	<u>22,375</u>	<u>32,439</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

## **FITTERS DIVERSIFIED BERHAD**

(Company No. 149735-M)

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - 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 2016.

#### **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 2016.

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 for the financial year ending 31 December 2018 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 2016 was not subject to any qualification.

## FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited

#### 4. Segmental Information

Analysis of the Group's results by business segments:

	Second Quarter		Cumulative Quarter	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Fire Services	28,432	44,865	59,312	92,623
Property Development & Construction	1,436	21,748	3,641	43,601
Renewable & Waste-To-Energy	30,647	42,070	69,350	84,235
HYPRO <sup>®</sup> PVC-O Pipes Manufacturing & Distribution	1,301	1,242	2,248	8,771
Investment holding and others	-	-	-	-
Total revenue including inter-segment sales	61,816	109,925	134,551	229,230
Elimination of inter-segment sales	(2,816)	(11,359)	(4,276)	(23,076)
<b>Total</b>	<b>59,000</b>	<b>98,566</b>	<b>130,275</b>	<b>206,154</b>
<b>Segment Result</b>				
Fire Services	369	3,387	1,560	7,356
Property Development & Construction	(410)	1,600	306	3,794
Renewable & Waste-To-Energy	325	(197)	(530)	(979)
HYPRO <sup>®</sup> PVC-O Pipes Manufacturing & Distribution	(2,841)	(2,786)	(4,273)	(3,541)
Investment holding and others	640	(364)	839	(630)
Total result including inter-segment profit	(1,917)	1,640	(2,098)	6,000
Elimination of inter-segment profit	(242)	(137)	(311)	(71)
<b>Total</b>	<b>(2,159)</b>	<b>1,503</b>	<b>(2,409)</b>	<b>5,929</b>

#### 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.



## **FITTERS DIVERSIFIED BERHAD**

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### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited**

#### **8. Dividends Paid**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 30 June 2017.

#### **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 2016.

#### **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 period ended 30 June 2017, the Company repurchased its issued ordinary shares from the open market totalling 7,537,300 units at an average price of RM0.3996 per share. The total consideration paid for the repurchase including transaction costs was RM3,011,577. 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 20,217,800 units of Treasury Shares as at 30 June 2017 at a value of RM8,313,716.

#### **11. Subsequent Event**

There was no material event subsequent to the financial quarter ended 30 June 2017.

**FITTERS DIVERSIFIED BERHAD**  
(Company No. 149735-M)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 - unaudited**

**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:-

**Deregistration of subsidiary company**

FITTERS-Nrg Limited, a wholly owned subsidiary of FITTERS , had been deregistered on 6 February 2017 from the Registrar of Australian Securities and Investments Commission.

The company has not commenced operation since the date of incorporation.

**Striking off of subsidiary company**

- (a) Subsequent to application submitted on 5 December 2016 to the Accounting and Corporate Regulatory Authority of Singapore, Future NRG Pte Ltd, a wholly-owned subsidiary of FITTERS, had been officially struck off from the Registrar of Companies on 6 April 2017.

The company has not commenced operation since the date of incorporation.

- (b) Future NRG Asia Limited, a wholly owned subsidiary of FITTERS Group, had been struck off by the Registrar of Companies in British Virgins Islands on 4 May 2017.

The company has not commenced operation since the date of incorporation.

**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 30 June 2017 is as follows:

	<b>RM'000</b>
Approved and contracted for : Property, plant and equipment	<u>4,914</u>

**14. Contingent Liabilities**

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

	<b>RM'000</b>
Banks and financial institutions credit facilities granted to subsidiary companies	303,375
Corporations for trade credit facilities granted to subsidiary companies	<u>150,910</u>
	<u>454,285</u>

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 30 June 2017, the Group recorded a decline in revenue by 40.1% to RM59 million from RM98.6 million and a loss before taxation of RM2.2 million as compared to pre-tax profit of RM1.5 million in the previous corresponding quarter ended 30 June 2016.

For the 6 months under review, the Group recorded a decline in revenue by 36.8% to RM130.3 million from RM206.2 million and a loss before taxation of RM2.4 million as compared to pre-tax profit of RM5.9 million in the preceding financial period ended 30 June 2016.

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

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

	Second Quarter			Cumulative Quarter		
	30/6/2017	30/6/2016	Changes	30/6/2017	30/6/2016	Changes (%)
Revenue	28,432	44,865	-36.6%	59,312	92,623	-36.0%
(Loss)/Profit before tax	369	3,387	-89.1%	1,560	7,356	-78.8%

During the quarter ended 30 June 2017, the Fire Services Division posted a decline in both revenue and pre-tax profit by 36.6% and 89.1% respectively as compared to the previous year. For the cumulative financial period, revenue and profit before tax recorded a declined of 36.0% and 78.8% respectively.

The decline in pre-tax profit was mainly due to decrease in sales from its Computerised Fire Alarm Monitoring System ("CMS") business, and slow down in the progress of certain projects under Fire-fighting Engineering business.

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

	Second Quarter			Cumulative Quarter		
	30/6/2017	30/6/2016	Changes	30/6/2017	30/6/2016	Changes (%)
Revenue	1,436	21,748	-93.4%	3,641	43,601	-91.6%
(Loss)/Profit before tax	(410)	1,600	-125.6%	306	3,794	-91.9%

Revenue and pre-tax profit of the Property Development & Construction Division declined by 93.4% and 125.6% respectively during the current quarter and declined by 91.6% and 91.6% respectively for the financial period under review mainly due to the completion of ZetaDeSkye project and there was no new project being launched during the quarter.

**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)**

	Second Quarter			Cumulative Quarter		
	30/6/2017	30/6/2016	Changes	30/6/2017	30/6/2016	Changes (%)
Revenue	30,647	42,070	-27.2%	69,350	84,235	-17.7%
Profit/(Loss) before tax	325	(197)	265.0%	(530)	(979)	45.9%

The Renewable & Waste-to-Energy Division recorded a declined in revenue by 27.2% but recorded a profit before tax of RM0.325 million for the quarter under review as compared to loss before tax of RM0.197 million for the last financial year.

For the cumulative quarter, the division recorded a decline in revenue by 17.7% and a lower loss before tax of RM0.53 million as compared to the previous corresponding cumulative quarter.

The palm oil mill business recorded a lower sales due to lower crops during the quarter, however, with the introduction of stringent measures to improve operational efficiency, the division recorded higher profit for the quarter.

**(iv) Business segment: HYPRO<sup>®</sup> PVC-O Pipes Manufacturing & Distribution (RM'000)**

	Second Quarter			Cumulative Quarter		
	30/6/2017	30/6/2016	Changes	30/6/2017	30/6/2016	Changes (%)
Revenue	1,301	1,242	4.8%	2,248	8,771	-74.4%
Loss before tax	(2,841)	(2,786)	-2.0%	(4,273)	(3,541)	-20.7%

HYPRO<sup>®</sup> PVC-O Pipes Manufacturing & Distribution Division, a relatively new set-up, recorded a revenue of RM1.3 million and a loss before tax of RM2.8 million for the current quarter and the revenue of RM2.2 million and loss before tax of RM4.3 million for the cumulative period under review.

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

The material changes in loss before taxation for the current quarter as compared to the immediate preceding quarter are as follow :

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/6/2017	31/3/2017	Amount	%
(Loss)/Profit before taxation	(2,159)	(250)	(1,909)	764%

The material changes are mainly due to losses from Fire Services and HYPRO<sup>®</sup> PVC-O Pipes Manufacturing & Distribution Division. The Fire Services division experienced slow down in the progress of certain projects. The HYPRO<sup>®</sup> PVC-O pipes revenue has been affected by delay in the award of certain projects.

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

**3. Commentary of Prospects**

The individual market sectors in which the Group operates, continue to be characterised by short and medium term uncertainties. The Group will monitor closely the evolving market conditions and employ flexible yet prudent business development strategies to ensure that it remains resilient and responds positively through this very challenging business environment period.

The Group will intensify its efforts to enhance the performance of its existing businesses. The construction division had recently been awarded a RM97.8 million project management & construction contract; where earthworks have commenced. Its palm oil mill had turnaround with the introduction of stringent measures that improve operational efficiency. The Mill has also scheduled to start the preliminary testing of the 2MegaWatt biogas power generation facility. At the same time, its Sendayan ozonator had received all approvals and shall soon commence operations once the mandatory registration process with DOE from waste generators is completed for the minimum throughput. The marketing team of HYPRO® PVC-O pipes division is aggressively engaging the state water authorities to expand reach and is confident in recording a substantial revenue for the next two quarters. The fire services division will continue its efforts to increase its revenue stream through greater participation in cross sectoral projects and not limit its focus in the building and construction sector only.

With the prevailing market challenges and uncertainties, the Group is cautiously optimistic about its prospects of its various diversified businesses in promoting expansionist marketing strategies tempered with prudent risk management.

**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	
	30/6/2017 RM'000	30/6/2016 RM'000	30/6/2017 RM'000	30/6/2016 RM'000
Income tax				
- Current year	546	1,075	1,275	2,958
- Prior year	-	-	-	-
	546	1,075	1,275	2,958
Deferred tax	339	589	324	54
Total income tax expense	885	1,664	1,599	3,012

The effective tax rate for the Group 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.

**FITTERS DIVERSIFIED BERHAD**  
(Company No. 149735-M)

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

**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 19 May 2017, 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.

**(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:

	<b>As at 30/6/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
<b>Short term borrowings</b>		
Secured		
Term Loans	30,925	33,964
Finance lease liabilities	359	370
Bank overdrafts	123	-
Bankers acceptance	-	16,212
Revolving credits	27,045	27,045
Unsecured		
Bank overdrafts	897	1,307
Bankers acceptance	17,714	6,013
Revolving credits	3,100	3,100
	<b>80,163</b>	<b>88,011</b>
<b>Long term borrowings</b>		
Secured		
Term Loans	73,778	85,394
Finance lease liabilities	878	994
	<b>74,656</b>	<b>86,388</b>

**FITTERS DIVERSIFIED BERHAD**  
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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 30/6/2017 RM'000	As at 31/12/2016 RM'000
Euro	3,677	4,508

**8. Material Litigation**

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

**9. Dividend Payable**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 30 June 2017.

**10. Earnings Per Share**

**(a) Basic Earnings Per Share**

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

	Second Quarter		Cumulative Quarter	
	30/6/2017 RM'000	30/6/2016 RM'000	30/6/2017 RM'000	30/6/2016 RM'000
(Loss)/Profit attributable to ordinary equity holders of the Company	(2,007)	430	(2,847)	3,451
Adjusted weighted average number of ordinary shares in issue 466,260,708 (2016: 478,786,678) ('000)	466,261	478,787	466,261	478,787
Basic (loss)/earnings per share (sen)	(0.43)	0.09	(0.61)	0.72

**(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.

**FITTERS DIVERSIFIED BERHAD**  
(Company No. 149735-M)

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

**11. Disclosure of Realised and Unrealised Profits/Losses**

The breakdown of the retained earnings of the Group as at 30 June 2017 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.

	<b>Current financial year ended 30/6/2017 RM'000</b>	<b>As at end of last financial year 31/12/2016 RM'000</b>
Total retained profits of FITTERS Diversified Berhad and its subsidiaries:		
- Realised	80,635	83,831
- Unrealised	942	622
	<hr/>	<hr/>
	81,577	84,453
Total share of retained earnings from associates - realised	-	-
	<hr/>	<hr/>
	81,577	84,453
Add: Consolidation adjustments	(517)	(546)
	<hr/>	<hr/>
Total retained profits	<u>81,060</u>	<u>83,907</u>

**12. Authorisation for Issue**

The interim financial statements for the year period 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 25 August 2017.

**FITTERS DIVERSIFIED BERHAD**

**DATO' WONG SWEE YEE**  
**MANAGING DIRECTOR**  
**Kuala Lumpur**  
**25 August 2017**