



FITTERS DIVERSIFIED BERHAD

Company No: 149735-M

(Incorporated in Malaysia)

Interim Financial Report

31 December 2017

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 31 December 2017.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited**

	FOURTH QUARTER		CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING	CURRENT	PRECEDING	
	QUARTER	YEAR	YEAR TO DATE	YEAR	
	31-Dec-2017	CORRESPONDING	31-Dec-2017	CORRESPONDING	
	RM'000	QUARTER	PERIOD	RM'000	RM'000
		31-Dec-2016	31-Dec-2016		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	89,522	77,857	303,127	366,076	
Cost of sales	(77,663)	(71,656)	(261,316)	(315,192)	
Gross profit	11,859	6,201	41,811	50,884	
Interest income	78	379	506	1,738	
Other income	79	283	1,296	1,030	
Selling and marketing expenses	(745)	(1,226)	(3,335)	(7,874)	
Impairment loss on receivables	(570)	1,567	(2,190)	(225)	
Impairment loss on investment in associate	-	(6,885)	-	(6,885)	
Administrative expenses	(4,813)	(5,701)	(19,213)	(23,938)	
Depreciation and amortisation	(2,107)	(1,985)	(7,892)	(7,779)	
Forex loss	(87)	(191)	(195)	(371)	
Finance costs	(1,541)	(1,542)	(6,271)	(6,210)	
Loss on disposal of subsidiary	(2,944)	-	(2,944)	-	
Share of result of associate, net of loss	-	(445)	-	(445)	
Profit/(loss) before tax	(791)	(9,545)	1,573	(75)	
Income tax expense	(2,164)	(807)	(4,470)	(5,284)	
Loss after tax	(2,955)	(10,352)	(2,897)	(5,359)	
Loss for the financial period for discontinued operation, net of tax	-	(217)	(475)	(1,100)	
Loss for the financial period	(2,955)	(10,569)	(3,372)	(6,459)	
Other comprehensive (loss)/profit	(8,626)	1,409	(9,242)	(857)	
Total comprehensive loss for the financial period	(11,581)	(9,160)	(12,614)	(7,316)	
Loss attributable to :					
Owners of the Company	(1,953)	(9,986)	(417)	(4,300)	
Non-controlling interests	(1,002)	(583)	(2,955)	(2,159)	
	(2,955)	(10,569)	(3,372)	(6,459)	
Earnings per share attributable to owners of the Company :					
Basic (sen)	(0.42)	(2.10)	(0.09)	(0.90)	

(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 31 DECEMBER 2017

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-2017 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	236,863	235,811
Investment properties	1,320	683
Intangible assets	5,684	5,684
Investment securities	2,322	2,321
Trade and other receivables	5,095	4,117
Deferred tax assets	479	1,111
	251,763	249,727
Current assets		
Development properties	94,513	92,183
Inventories	39,337	41,151
Current tax assets	1,146	2,454
Trade and other receivables	114,153	106,336
Other current assets	27,153	35,732
Assets of a disposal group classified as held for sales	-	34,458
Investment securities	-	1
Deposits, cash and bank balances	20,433	49,202
	296,735	361,517
TOTAL ASSETS	548,498	611,244

FITTERS DIVERSIFIED BERHAD

(Company No. 149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-2017 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2016 RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	70,278	88,011
Current tax liabilities	246	1,930
Trade and other payables	55,937	65,371
Other current liabilities	13,433	6,354
Liabilities of a disposal group classified as held for sales	-	332
	139,894	161,998
Net current assets	156,841	199,519
Non-current liabilities		
Loans and borrowings	64,645	86,388
Deferred tax liabilities	1,779	1,730
	66,424	88,118
TOTAL LIABILITIES	206,318	250,116
NET ASSETS	342,180	361,128
Equity attributable to owners of the Company		
Share Capital	240,248	240,248
Share Premium	118	118
Treasury Shares	(11,664)	(5,330)
Revaluation Reserve	18,059	18,153
Capital Reserve	7,275	7,275
Exchange Reserve	541	9,783
Retained Earnings	83,584	83,907
	338,161	354,154
Non-controlling interests	4,019	6,974
Total equity	342,180	361,128
TOTAL EQUITY AND LIABILITES	548,498	611,244
Net Assets per Share (RM) **	0.7482	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 31 DECEMBER 2017 - unaudited

	[----- Attributable to owners of the Company -----]									
	[----- Non-distributable -----]					[----- Distributable -----]			Non-	Total
	Share	Share	Capital	Revaluation	Exchange	Treasury	Retained	Total	Controlling	Equity
	Capital	Premium	Reserve	Reserve	Reserve	Shares	Earnings	RM'000	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 31 December 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	-	-	-	-	(9,242)	-	(417)	(9,659)	(2,955)	(12,614)
Treasury shares acquired	-	-	-	-	-	(6,334)	-	(6,334)	-	(6,334)
Realisation of revaluation reserve	-	-	-	(94)	-	-	94	-	-	-
Balance as at 31 December 2017	<u>240,248</u>	<u>118</u>	<u>7,275</u>	<u>18,059</u>	<u>541</u>	<u>(11,664)</u>	<u>83,584</u>	<u>338,161</u>	<u>4,019</u>	<u>342,180</u>
<u>12 months ended 31 December 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
Realisation of revaluation reserve	-	-	-	(94)	-	-	94	-	-	-
Shares issued during the period	118	118	-	-	-	-	-	236	-	236
Total comprehensive income	-	-	-	-	(857)	-	(4,300)	(5,157)	(2,159)	(7,316)
Treasury shares acquired	-	-	-	-	-	(4,966)	-	(4,966)	-	(4,966)
Dividend paid	-	-	-	-	-	-	(2,859)	(2,859)	-	(2,859)
Balance as at 31 December 2016	<u>240,248</u>	<u>118</u>	<u>7,275</u>	<u>18,153</u>	<u>9,783</u>	<u>(5,330)</u>	<u>83,907</u>	<u>354,154</u>	<u>6,974</u>	<u>361,128</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 31 DECEMBER 2017 - unaudited

	(Unaudited) 12 months ended 31-Dec-2017 RM'000	(Audited) 12 months ended 31-Dec-2016 RM'000
(Loss)/Profit before tax		
- Continuing operations	1,573	(75)
- Discontinued operation	(475)	(1,100)
	1,098	(1,175)
Adjustment for non-cash items:		
Operating items	10,075	7,184
Investing items	5,793	12,106
Operating profit before changes in working capital	16,966	19,290
Changes in Working Capital:		
Inventories	1,813	(11,707)
Receivables	(11,092)	(4,787)
Payables	(9,306)	(9,725)
Property development	(2,331)	40,103
Construction contracts	15,658	2,190
Cash generated from operating activities	11,708	35,364
Net tax paid	(4,165)	(6,464)
Interest paid	(6,271)	(6,210)
Net cash generated from operating activities	1,272	22,690
Cash Flow from investing activities		
Interest received	506	1,738
Purchase of investment property	(666)	
Proceeds from disposal of property, plant & equipment	277	105
Proceed from disposal of other investment	-	18,583
Proceed from disposal of subsidiary, net of cash	24,452	-
Purchase of property, plant & equipment	(4,717)	(12,025)
	19,852	8,401
Cash Flow from financing activities		
Purchase of treasury shares	(6,333)	(4,966)
Proceed from issuance of shares	-	236
Dividend paid	-	(2,859)
Hire Purchase & Lease repayment	(267)	(832)
Net drawdown/(repayment) of bank borrowings	(44,272)	(10,454)
	(50,872)	(18,875)
Net change in cash & cash equivalents	(29,748)	12,216
Cash & cash equivalents at beginning of year	48,195	35,872
Effect of foreign exchange rate changes on cash and cash equivalents	-	107
Cash & cash equivalents at end of period	18,447	48,195

(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 31 DECEMBER 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 31 DECEMBER 2017 - unaudited

4. Segmental Information

Analysis of the Group's results by business segments:

	Fourth Quarter		Cumulative Quarter	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Fire Services	33,677	35,687	118,857	171,521
Property Development & Construction	6,883	11,724	14,329	63,147
Renewable & Waste-To-Energy	48,221	33,835	166,454	152,987
HYPRO [®] PVC-O Pipes Manufacturing & Distribution	2,490	2,509	13,159	14,235
Investment holding and others	-	-	-	-
Total revenue including inter-segment sales	91,271	83,755	312,799	401,890
Elimination of inter-segment sales	(1,749)	(5,898)	(9,672)	(35,814)
Total	89,522	77,857	303,127	366,076
Segment Result				
Fire Services	4,003	(2,069)	6,315	8,145
Property Development & Construction	2,697	2,389	4,224	7,726
Renewable & Waste-To-Energy	(5,151)	(7,566)	(2,591)	(8,153)
HYPRO [®] PVC-O Pipes Manufacturing & Distribution	(2,544)	(1,280)	(7,127)	(5,938)
Investment holding and others	(170)	274	659	(486)
Total result including inter-segment profit	(1,165)	(8,252)	1,480	1,294
Elimination of inter-segment profit	374	(848)	93	(924)
Share of result of associate, net of tax	-	(445)	-	(445)
Total	(791)	(9,545)	1,573	(75)

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 31 DECEMBER 2017 - unaudited

8. Dividend Paid

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 December 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 year ended 31 December 2017, the Company repurchased its issued ordinary shares from the open market totalling 15,832,500 units at an average price of RM0.3941 per share. The total consideration paid for the repurchase including transaction costs was RM6,333,360. The shares repurchased are being held as Treasury Shares in accordance with Section 67A of the Companies Act, 2016.

The Company held a total of 28,513,000 units of Treasury Shares as at 31 December 2017 at a value of RM11,663,724.

11. Subsequent Event

There was no material event subsequent to the financial quarter ended 31 December 2017.

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.

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited

12. Changes in Composition of the Group (cont'd)

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.

Disposal of subsidiary company

On 13 May 2017, FITTERS-NRG Sdn Bhd, a wholly owned subsidiary of FITTERS, had entered into a Share Sale Agreement for the disposal of its 100% owned subsidiary, Liangshan Future NRG Biology Electric Power Co., Ltd ("Liangshan") for a total cash consideration of RMB40 million (equivalent to RM24.6 million).

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

The carrying amount of Liangshan as at the disposed date are as follow:

	RM'000
Assets held for disposal	33,482
Liabilities held for disposal	(460)
	<u>33,022</u>

13. Capital Commitments

The was no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2017.

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	303,376
Corporations for trade credit facilities granted to subsidiary companies	150,910
	<u>454,286</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 31 Dec 2017, the Group recorded an increase in revenue by 15% to RM89.5 million from RM77.8 million and a loss before taxation of RM791,000, an improvement by 91.7% from a loss of RM9.5 million as compared to the previous corresponding quarter ended 31 Dec 2016.

For the 12 months under review, the Group recorded a decline in revenue by 17.2% to RM303.1 million from RM366.1 million and an increase in profit before taxation by 2197% to RM1.6 million, despite with a recognition of loss on disposal of a subsidiary amounting to RM2.9 million, as compared to a loss of RM75,000 in the preceding financial year ended 31 Dec 2016.

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

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2017	31/12/2016	Changes	31/12/2017	31/12/2016	Changes (%)
Revenue	33,677	35,687	-5.6%	118,857	171,521	-30.7%
Profit/(loss) before tax	4,003	(2,069)	293.5%	6,315	8,145	-22.5%

During the quarter ended 31 Dec 2017, the Fire Services Division posted a decline in revenue by 5.6% but recorded an increase in pre-tax profit of 293.5% as compared to the previous year. For the cumulative financial year, both revenue and profit before tax recorded a decline of 30.7% and 22.5% respectively.

The decline in pre-tax profit was mainly due to decrease in sales from its trading business, slow down in the progress of certain projects and uncertified project variation orders under Fire-fighting Engineering business.

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2017	31/12/2016	Changes	31/12/2017	31/12/2016	Changes (%)
Revenue	6,883	11,724	-41.3%	14,329	63,147	-77.3%
Profit before tax	2,697	2,389	12.9%	4,224	7,726	-45.3%

For the Property Development & Construction Division, revenue declined by 41.3% while profit before tax increased by 12.9% during the current quarter and declined by 77.3% and 45.3% respectively for the cumulative financial year under review mainly due to the completion of ZetaDeSkye project and a new project has only commenced in the fourth 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)

	Fourth Quarter			Cumulative Quarter		
	31/12/2017	31/12/2016	Changes	31/12/2017	31/12/2016	Changes (%)
Revenue	48,221	33,835	42.5%	166,454	152,987	8.8%
Profit/(loss) before tax	(5,151)	(7,566)	31.9%	(2,591)	(8,153)	68.2%

The Renewable & Waste-to-Energy Division recorded an increase in revenue by 42.5% and recorded a loss before tax of RM5.2 million for the quarter under review, a reduction in loss by 31.9% as compared to the last financial year.

For the cumulative year, the division recorded RM166.4 million in revenue, an increased by 8.8% and a loss before tax of RM2.6 million, a reduction in loss by 68.2% as compared to the previous financial year.

The improvement is primarily contributed by the palm oil mill business. With the introduction of stringent measures to improve operational efficiency, the palm oil mill business recorded higher revenue and a profit of RM3.2 million as compared to previous year of a profit of RM0.4 million. However, this improved result was off-set by the loss recognised upon disposal of a subsidiary, Liangshan, which resulted in a loss of RM2.9 million.

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2017	31/12/2016	Changes	31/12/2017	31/12/2016	Changes (%)
Revenue	2,490	2,509	-0.8%	13,159	14,235	-7.6%
Profit/(loss) before tax	(2,544)	(1,280)	-98.8%	(7,127)	(5,938)	-20.0%

HYPRO® PVC-O Pipes Manufacturing & Distribution Division, a relatively new set-up, recorded a revenue of RM2.5 million, a decline of 0.8% and a loss before tax of RM2.5 million, an increase of 98.82% as compared to the previous corresponding quarter.

For the cumulative financial year, the division recorded RM13.1 million in revenue, a decline of 7.6% and loss before tax of RM7.1 million, an increase in loss of 20% as compared to a loss of RM5.9 million in the previous financial year under review.

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

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/2017	30/9/2017	Amount	%
Profit/(loss) before taxation	(791)	4,773	(5,564)	-117%

The material changes are mainly due to the following :

- i.) Fire Services division which recorded a profit of RM4.0 million as compared to RM0.7 million during the third quarter due to the recognition of a few project variation orders under Fire-fighting Engineering business.
- ii.) Property, Development & Construction division which recorded a profit of RM2.7 million as compared to RM1.2 million during the third quarter due to costs savings from the finalisation of project.
- iii.) Renewable & Waste-To-Energy division recorded a loss of RM5.1 million as compared to a profit of RM3.1 million in third mainly due to the loss recognised upon disposal of a subsidiary amounted to RM2.9 million.
- iv.) HYPRO® PVC-O Pipes Manufacturing & Distribution Division recorded a higher loss of RM2.5 million as compared to RM0.3 million due to a declined of revenue as compared to the third quarter.

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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 as experienced in the previous quarter. The Group continues to monitor closely the market conditions and put in place prudent business development strategies to ensure that it remains resilient and proactively respond to the challenges.

The Group has intensified its efforts to enhance the performance of its existing businesses. The property development & construction division, is continuing with its progress of the RM97.8 million project management & construction contract which is poised to contribute substantially to the group's turnover and profitability for FY 2018. The stringent measures implemented earlier by our palm oil mill has yielded encouraging results and the management is committed to further enhance on its potential. The 2 Megawatt Biogas Power generation facility is expected to complete its final Acceptance Test and Performance Assessment conducted by Sustainable Energy Development Authority Malaysia (SEDA) in early March. Thereafter, Future Biomass Gasification Sdn Bhd (FBGSB) will be awarded the Feed-In Tariff Commencement Date (FiTCD) which is valid for 16 years. The management and marketing team of HYPRO® PVC-O pipes division continues to intensify its efforts to enable engagement with the relevant authorities and to expand its reach to other sectors and is confident that revenue shall increase in the coming 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 to remain profitable and competitive.

With the prevailing market challenges and uncertainties, the Group remains optimistic about its prospects of its various diversified businesses.

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

	Fourth Quarter		Cumulative Quarter	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	1,938	3,452	3,856	7,849
- Prior year	10	(148)	(68)	(1,087)
	1,948	3,304	3,788	6,762
Deferred tax	216	(2,349)	682	(1,478)
Total income tax expense	2,164	955	4,470	5,284

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, loss incurred on disposal of a subsidiary and certain expenses which are not deductible for tax purposes.

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**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:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Short term borrowings		
Secured		
Term Loans	26,114	33,964
Finance lease liabilities	345	370
Bank overdrafts	596	-
Bankers acceptance	-	16,212
Revolving credits	15,945	27,045
Unsecured		
Bank overdrafts	1,390	1,307
Bankers acceptance	24,888	6,013
Revolving credits	1,000	3,100
	<u>70,278</u>	<u>88,011</u>
Long term borrowings		
Secured		
Term Loans	63,894	85,394
Finance lease liabilities	751	994
	<u>64,645</u>	<u>86,388</u>

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7. Group Borrowings (continued)

The above include borrowings denominated in foreign currency as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Euro	2,924	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 31 December 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.

	Fourth Quarter		Cumulative Quarter	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Loss attributable to ordinary equity holders of the Company	(1,953)	(9,986)	(417)	(4,300)
Adjusted weighted average number of ordinary shares in issue 460,958,095 (2016: 476,338,857) ('000)	460,958	476,339	460,958	476,339
Basic (loss)/earnings per share (sen)	(0.42)	(2.10)	(0.09)	(0.90)

(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.

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11. Disclosure of Realised and Unrealised Profits/Losses

The breakdown of the retained earnings of the Group as at 31 December 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.

	Current financial year ended 31/12/2017 RM'000	As at end of last financial year 31/12/2016 RM'000
Total retained profits of FITTERS Diversified Berhad and its subsidiaries:		
- Realised	82,167	83,831
- Unrealised	1,359	622
	<hr/>	<hr/>
	83,526	84,453
Total share of retained earnings from associates - realised	<hr/>	<hr/>
	-	-
	83,526	84,453
Add: Consolidation adjustments	58	(546)
	<hr/>	<hr/>
Total retained profits	83,584	83,907

12. Authorisation for Issue

The interim financial statements for the year period 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2018.

FITTERS DIVERSIFIED BERHAD

DATO' WONG SWEE YEE
MANAGING DIRECTOR
Kuala Lumpur
28 February 2018