



# **FITTERS DIVERSIFIED BERHAD**

Registration No: 198601000595 (149735-M)

**(Incorporated in Malaysia)**

## **Interim Financial Report**

**30 June 2020**

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 30 June 2020.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - unaudited**

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-2020 RM'000	30-Jun-2019 RM'000	30-Jun-2020 RM'000	30-Jun-2019 RM'000
Revenue	51,990	68,634	106,032	138,415
Cost of sales	(47,353)	(57,372)	(100,531)	(114,287)
<b>Gross profit</b>	<b>4,637</b>	<b>11,262</b>	<b>5,501</b>	<b>24,128</b>
Interest income	1,073	886	2,006	1,593
Other income	785	475	1,147	972
Selling and marketing expenses	(225)	(284)	(673)	(1,491)
Impairment loss on receivables	13	-	-	(106)
Administrative expenses	(3,315)	(5,285)	(7,575)	(9,991)
Depreciation and amortisation	(2,667)	(2,689)	(5,370)	(5,484)
Forex gain/ (loss)	-	51	3	63
Finance costs	(1,227)	(1,318)	(2,357)	(2,649)
<b>Operating (loss)/profit before exceptional items</b>	<b>(926)</b>	<b>3,098</b>	<b>(7,318)</b>	<b>7,035</b>
Exceptional items	-	-	-	-
<b>(Loss)/profit before tax</b>	<b>(926)</b>	<b>3,098</b>	<b>(7,318)</b>	<b>7,035</b>
Income tax expense	(519)	(1,102)	(988)	(2,513)
<b>(Loss)/profit for the financial period</b>	<b>(1,445)</b>	<b>1,996</b>	<b>(8,306)</b>	<b>4,522</b>
Other comprehensive (loss)	18	25	11	11
<b>Total comprehensive (loss)/profit for the financial period</b>	<b>(1,427)</b>	<b>2,021</b>	<b>(8,295)</b>	<b>4,533</b>
<b>(Loss)/profit attributable to :</b>				
Owners of the Company	(675)	1,981	(7,115)	4,444
Non-controlling interests	(770)	15	(1,191)	78
	<b>(1,445)</b>	<b>1,996</b>	<b>(8,306)</b>	<b>4,522</b>
(Losses)/earnings per share attributable to owners of the Company :				
Basic (sen)	(0.15)	0.42	(1.55)	0.94

(The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2020 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	224,830	229,518
Investment properties	1,290	1,305
Right-of-use assets	12,481	12,912
Intangible assets	5,489	5,528
Investment securities	106	105
Deferred tax assets	210	272
Trade and other receivables	41,431	38,537
<b>Total non-current assets</b>	<b>285,837</b>	<b>288,177</b>
<b>Current assets</b>		
Inventories	125,373	125,696
Current tax assets	1,314	1,005
Trade and other receivables	95,598	96,450
Contract assets	5,946	21,936
Investment securities	1	1
Deposits, cash and bank balances	17,715	15,033
<b>Total current assets</b>	<b>245,947</b>	<b>260,121</b>
<b>TOTAL ASSETS</b>	<b>531,784</b>	<b>548,298</b>

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	(Unaudited) AS AT END OF CURRENT QUARTER 30-Jun-2020 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	72,425	71,440
Current tax liabilities	267	370
Trade and other payables	51,596	49,607
Other current liabilities	5,926	7,257
	130,214	128,674
<b>Net current assets</b>	115,733	131,447
<b>Non-current liabilities</b>		
Loans and borrowings	22,429	24,587
Deferred tax liabilities	5,267	5,150
	27,696	29,737
<b>TOTAL LIABILITIES</b>	157,910	158,411
<b>NET ASSETS</b>	373,874	389,887
<b>Equity attributable to owners of the Company</b>		
Share Capital	240,662	240,662
Treasury Shares	(5,870)	(7,823)
Revaluation Reserve	34,354	34,354
Capital Reserve	1,360	1,360
Exchange Reserve	539	528
Retained Earnings	90,602	107,388
	361,647	376,469
<b>Non-controlling interests</b>	12,227	13,418
<b>Total equity</b>	373,874	389,887
<b>TOTAL EQUITY AND LIABILITES</b>	531,784	548,298
Net Assets per Share (RM) **	0.7812	0.8167

\*\* 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 2019)

**FITTEES DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - unaudited**

	[ ----- Attributable to owners of the Company ----- ]								
	[ ----- Non-distributable ----- ]				[ ----- Distributable ----- ]				
	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	Non- Controlling Interests RM'000	Total Equity RM'000
<u>6 months ended 30 June 2020</u>									
Balance as at 1 January 2020	240,662	1,360	34,354	528	(7,823)	107,388	376,469	13,418	389,887
Total comprehensive income/(loss)	-	-	-	11	-	(7,115)	(7,104)	(1,191)	(8,295)
Treasury shares acquired	-	-	-	-	(7,718)	-	(7,718)	-	(7,718)
Treasury shares disposed	-	-	-	-	-	-	-	-	-
Dividend paid in specie	-	-	-	-	9,671	(9,671)	-	-	-
Balance as at 30 June 2020	<u>240,662</u>	<u>1,360</u>	<u>34,354</u>	<u>539</u>	<u>(5,870)</u>	<u>90,602</u>	<u>361,647</u>	<u>12,227</u>	<u>373,874</u>
<u>6 months ended 30 June 2019</u>									
Balance as at 1 January 2019	240,471	7,275	34,600	524	(14,489)	99,409	367,790	13,604	381,394
Total comprehensive income/ (loss)	-	-	-	11	-	4,444	4,455	78	4,533
Treasury shares acquired	-	-	-	-	(2,463)	-	(2,463)	-	(2,463)
Treasury shares disposed	191	-	-	-	12,387	-	12,578	-	12,578
Balance as at 30 June 2019	<u>240,662</u>	<u>7,275</u>	<u>34,600</u>	<u>535</u>	<u>(4,565)</u>	<u>103,853</u>	<u>382,360</u>	<u>13,682</u>	<u>396,042</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 2019)

**FITTERS DIVERSIFIED BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - unaudited**

	(Unaudited) 6 months ended 30-Jun-2020 RM'000	(Unaudited) 6 months ended 30-Jun-2019 RM'000
Profit/ (Loss) before tax		
- Continuing operations	(7,318)	7,035
- Discontinued operation	-	-
	<u>(7,318)</u>	<u>7,035</u>
Adjustment for non-cash items:		
Operating items	5,350	5,554
Investing items	367	1,071
Operating profit before changes in working capital	<u>(1,601)</u>	<u>13,660</u>
Changes in Working Capital:		
Inventories	913	1,808
Receivables	(2,038)	14,002
Payables	1,989	(24,379)
Property development	(589)	3,784
Construction contracts	14,659	6,197
Cash generated from operating activities	<u>13,333</u>	<u>15,072</u>
Net tax paid	(1,222)	(2,456)
Interest paid	(2,357)	(2,649)
Net cash generated from operating activities	<u>9,754</u>	<u>9,967</u>
Cash Flow from investing activities		
Interest received	2,006	1,593
Proceeds from disposal of property, plant & equipment	-	3
Purchase of property, plant & equipment	(43)	(858)
	<u>1,963</u>	<u>738</u>
Cash Flow from financing activities		
Purchase of treasury shares	(7,718)	(2,464)
Disposal of treasury shares	-	12,578
Hire Purchase & Lease repayment	(679)	(231)
Net drawdown/(repayment) of bank borrowings	(2,015)	(18,102)
	<u>(10,412)</u>	<u>(8,219)</u>
Net change in cash & cash equivalents	1,305	2,486
Cash & cash equivalents at beginning of year	12,871	13,184
Effect of foreign exchange rate changes on cash and cash equivalents	12	-
Cash & cash equivalents at end of period	<u>14,188</u>	<u>15,670</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019)

**FITTERS DIVERSIFIED BERHAD**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - 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 MFRS 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 2019.

**2. Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the year ended 31 Decemeber 2019 except for the adoption of the following relevant new MFRSs, amendments to MFRSs and IC interpretations that are effective for annual periods beginning on or after 1 January 2020.

- : MFRS 3 : Business Combinations
- : MFRS 7 : Financial Instruments : Disclosures
- : MFRS 9 : Financial Instruments
- : MFRS 101 : Presentations of Financial Statements
- : MFRS 108 : Accounting Policies, Changes in Accounting Estimate and Errors
- : MFRS 139 : Financial Instruments : Recognition and Measurement

The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations does not have any material impact on the financial position and results of the Group.

**3. Auditors' Report on Preceding Annual Financial Statements**

The report of the Auditors for the preceding financial year ended 31 December 2019 was not subject to any qualification.

**FITTERS DIVERSIFIED BERHAD**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - unaudited**

**4. Segmental Information**

Analysis of the Group's results by business segments:

	Second Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Fire Services	18,461	25,072	38,809	51,787
Property Development & Construction	3,239	7,419	3,820	16,621
Renewable & Waste-To-Energy	31,022	30,362	65,415	55,707
HYPRO <sup>®</sup> PVC-O Pipes Manufacturing & Distribution	191	6,689	459	15,841
Investment holding and others	-	-	-	-
Total revenue including inter-segment sales	52,913	69,542	108,503	139,956
Elimination of inter-segment sales	(923)	(908)	(2,471)	(1,541)
<b>Total</b>	<b>51,990</b>	<b>68,634</b>	<b>106,032</b>	<b>138,415</b>
<b>Segment Result</b>				
Fire Services	919	900	425	1,883
Property Development & Construction	1,036	3,128	1,157	6,391
Renewable & Waste-To-Energy	152	(570)	(4,503)	(1,237)
HYPRO <sup>®</sup> PVC-O Pipes Manufacturing & Distribution	(2,675)	226	(3,521)	580
Investment holding and others	(278)	823	(553)	635
Total result including inter-segment profit	(846)	4,507	(6,995)	8,252
Elimination of inter-segment profit	(80)	(1,409)	(323)	(1,217)
<b>Total</b>	<b>(926)</b>	<b>3,098</b>	<b>(7,318)</b>	<b>7,035</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.

**8. Dividend Paid**

On 9 March 2020, the Board of Directors of the Company has approved an Interim Single-Tier Dividend in specie by way of distribution of treasury shares to the shareholders of FITTERS on the basis of 1 treasury share for every 15 existing shares held in respect of the financial year ending 31 December 2020.

The share dividend was distributed on 17 April 2020.

**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 2019.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - unaudited**

**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:-

**Treasury Shares**

- (i) During the period ended 30 June 2020, the Company repurchased its issued ordinary shares from the open market totalling 26,984,000 units at an average price of RM0.2860 per share. The total consideration paid for the repurchase including transaction costs was RM7,718,115. The shares repurchased are being held as Treasury Shares in accordance with Section 127 of the Companies Act, 2016.
- (ii) On 17 April 2020, the Company paid an interim dividend in specie by way of distribution of 28,931,752 units of treasury shares amounting to RM9,671,525 in respect of the financial year ended 31 December 2020.

The Company held a total of 17,559,248 units of Treasury Shares as at 30 June 2020 at a value of RM5,869,838.

**11. Subsequent Event**

There was no material event subsequent to the financial quarter ended 30 June 2020.

**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:-

**Striking off of subsidiary company**

- (a) Pursuant to Section 551(3) of the Companies Act, 2016, publication of the notice of striking off had been made to strike off and dissolved FITTERS Engineering & Maintenance Services Sdn Bhd, a wholly-owned subsidiary of FITTERS Group. The notice had been gazette on 30 March 2020.

The dissolution of the company has no material effect on the earnings and net assets of the Group.

**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 2020 is as follows:

	<b>RM'000</b>
Approved and contracted for : Property, plant and equipment	223
	223

**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	300,125
Corporations for trade credit facilities granted to subsidiary companies	139,100
	439,225

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

## FITTERS DIVERSIFIED BERHAD

Registration No. 198601000595 (149735-M)

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

#### 1. Performance Review

For the quarter ended 30 June 2020, the Group recorded a decline in revenue by 24.3% to RM52.0 million from RM68.6 million and a loss before tax of RM0.9 million as compared to profit before tax of RM3.1 million recorded in the previous corresponding quarter ended 30 June 2019.

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		
	30/06/2020	30/06/2019	Changes	30/06/2020	30/06/2019	Changes (%)
Revenue	18,461	25,072	-26.4%	38,809	51,787	-25.1%
Profit before tax	919	900	2.1%	425	1,883	-77.4%

During the quarter ended 30 June 2020, the Fire Services Division posted a decline in revenue by 26.4% to RM18.5 million from RM25.1 million and a profit before tax of RM0.92 million as compared to a profit before tax of RM0.9 million recorded in the same quarter in FY2019.

For the cumulative financial period, revenue and profit before tax recorded a decline of 25.1% & 77.4% respectively.

The decline was mainly due to slow down in the progress work of a few projects under the Engineering division and intense competition resulting to a lower sales and margin, compounded by delay in certification for work done during the Movement Control Order ("MCO")/ Conditional MCO ("CMCO") period.

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

	Second Quarter			Cumulative Quarter		
	30/06/2020	30/06/2019	Changes	30/06/2020	30/06/2019	Changes (%)
Revenue	3,239	7,419	-56.3%	3,820	16,621	-77.0%
Profit before tax	1,036	3,128	-66.9%	1,157	6,391	-81.9%

During the quarter ended 30 June 2020, both revenue and profit before tax recorded a decline by 56.3% and 66.9% respectively as compared to the same quarter in FY2019.

For the cumulative financial period, revenue and profit before tax recorded a decline of 77.0% & 81.9% respectively.

The decline was mainly due to the tail-end construction progress of the Azalea project and delay in Phase 2 work commencement arising from the challenges brought about by the Covid-19 pandemic.

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

	Second Quarter			Cumulative Quarter		
	30/06/2020	30/06/2019	Changes	30/06/2020	30/06/2019	Changes (%)
Revenue	31,022	30,362	2.2%	65,415	55,707	17.4%
Profit/(loss) before tax	152	(570)	-	(4,503)	(1,237)	-

The Renewable & Waste-to-Energy Division recorded an increase in revenue by 2.2% to RM31.0 million from RM30.4 million and a profit before tax of RM0.2 million as compared to a loss before tax of RM0.6 million recorded in the same quarter in FY2019. This is in view of the improving OER rate during the reporting quarter.

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**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) (continued)**

For the cumulative financial period, the division recorded RM65.4 million in revenue, an increase of 17.4% and a loss before tax of RM4.5 million as compared to RM1.2 million in the previous financial period.

The loss for the cumulative period was due to a unusually low OER extraction rate caused by the extreme weather in Northern Peninsula during the first quarter of FY2020 and RM1.5 million spent on parts replacement expenses.

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

	Second Quarter			Cumulative Quarter		
	30/06/2020	30/06/2019	Changes	30/06/2020	30/06/2019	Changes (%)
Revenue	191	6,689	-97.1%	459	15,841	-97.1%
(Loss)/profit before tax	(2,675)	226	-	(3,521)	580	-

HYPRO® PVC-O Pipes Manufacturing & Distribution Division recorded a revenue of RM0.2 million, a decline of 97.1% and registered a loss before tax of RM2.7 million as compared to a profit before tax of RM0.2 million in the previous corresponding quarter.

For the cumulative financial period, the division recorded RM0.5 million in revenue, a decline of 97% and a loss before tax of RM3.5 million as compared to a profit of RM0.6 million in the previous financial period under review.

Tender specifications activities and contracts awards were either delayed or halted during the MCO/CMCO period. Most of Molecor's pipeline consists of Government-driven projects; which are facing challenges amidst the Covid-19 pandemic and current political situation; which is expected to improve in the second half of FY2020.

**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	
	30/06/2020	31/03/2020	Amount	%
(Loss) before taxation	(926)	(6,392)	5,466	-85.5%

The material changes are mainly due to the following :

- i.) Renewable & Waste-To-Energy Division recorded a profit of RM0.2 million as compared to previous quarter loss of RM4.7 million due to lower production OER and parts replacements expenses recorded in the previous quarter.
- ii.) HYPRO® PVC-O Pipes Manufacturing & Distribution Division recorded a loss of RM2.7 million as compared to a loss of RM0.8 million in the previous quarter due to delays in tender specifications and awards amidst the Covid-19 pandemic and political situation.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**  
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**3. Commentary of Prospects**

The market environment is expected to remain challenging for the remainder of the year due to the unprecedented challenges posed by the Covid-19 pandemic. The Group had since taken immediate actions on cost rationalisation and business protection measures to mitigate downside to the minimal and controllable level. This includes temporary suspension of staff recruitment while still maintaining an effective operational structure and salary reduction for board members, management team and senior executives of the Group.

The building and construction sector which was already facing a slowdown is adversely affected by the pandemic. During the MCO period, work progress was at a standstill. However during the CMCO period, site activities began, albeit operating under strict Standard Operating Procedures (SOP) with regards to hygiene and sanitization of office premises and project site. As a result, the property development & construction division, was able to complete the Phase 1 RM97.8 million contract for Azalea@Taman Putra and successfully handover to the developer. The Project Management and Construction contract for Phase 2 of Taman Putra project valued at RM81.5 million which originally scheduled to commence in the first half of 2020, has been deferred due to delay in obtaining the relevant approvals from the authorities as the decision process was disrupted by the MCO, CMCO & RMCO situation. Preliminary work for Phase 2 is expected to commence in the second half of 2020.

The palm oil mill and power generation operations under Solid Orient Holdings Sdn Bhd (SOH) and Future Biomass Gasification Sdn Bhd (FBG) reports a positive turnaround in the second quarter 2020. Both the businesses are able to continue to operate during the MCO period albeit at a lower capacity than projected. Covid-19 has caused disruptions in the operation and supply chain of the palm oil industry from the purchase of Fresh Fruit Bunches (FFB) to the sales of palm products. The management believes that the mill operation will continue to be sustainable as the crude palm oil (CPO) demand remains robust despite the global pandemic. Further, the 2MW biogas power plant is able to utilise the waste from the mill to generate additional revenue. As the workforce is adopting to the new normal, the mill management will continue to be vigilant and adhere to the government's SOP.

The medical waste market (for non-concessionaires) continues to be strictly regulated by the authorities and highly competitive. The management has endeavoured to rationalise operations commercially vis-à-vis within the regulatory guidelines imposed by the DOE. Towards achieving the dateline for compliance of certain conditions to enable renewal of the operating licence, the management continues to engage the authorities to make a case for F-NRG's ozonation process (which is cleaner and environmental friendly as compared to the incineration process) while reasoning the relevance and applicability of some new requirements imposed by the authorities. With the surge of concern arising from Covid-19, it is vital to ensure safe handling of medical waste with best practices and carry out preventive maintenance to optimize productivity. The management shall follow through and work with the relevant authorities towards enabling increased revenue generation to sustain operations.

Molecor had, until the end of 2019, made notable progress in the pipe industry with installation of more than 720 km of HYPRO® PVC-O pipes across Peninsular and East Malaysia. The move by the authorities and industry players in recognition of HYPRO® PVC-O pipes for superior durability, versatility and cost savings compared to conventional and traditional pipes was encouraging. While the management was aggressively making efforts in expanding our product's acceptance to the authorities for installation in new projects, the onslaught of the pandemic and overall political changes have caused delays in the awards and implementation of several projects in various States. Nevertheless, there are encouraging signs that these projects are back on track and an increasing number of projects are now being specified with HYPRO® PVC-O pipes, especially in the old pipe rehabilitation programme. The Management is confident that the company is well positioned for a revenue and profitability growth in the local pipe market towards the second half of 2020.

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

**3. Commentary of Prospects (continued)**

The fire services sector, being dependent on building and construction activities is impacted by the MCO, CMCO and RMCO which had caused certification of work done to be delayed. The division will make every effort to catch-up on its order book work progress throughout the year to generate revenue and profitability.

With the extremely challenging market conditions amidst the pandemic and political uncertainty, the Group remains cautious about its prospects for the year 2020.

**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	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Income tax				
- Current year	516	1,204	809	2,424
- Prior year	-	-	-	-
	516	1,204	809	2,424
Deferred tax	3	(101)	179	90
Total income tax expense	519	1,103	988	2,514

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.

**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 31 March 2020:

**(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.

Pursuant to the provisions of the By-Laws of LTIP, on 9 November 2018, the board had approved to extend the duration of the LTIP for another five (5) years immediately from the Expiry Date. The extended LTIP will now expire on 11 November 2023.

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**6. Corporate Proposals (continued)**

**(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</b>	<b>As at</b>
	<b>30/06/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Secured		
Term Loans	14,285	20,175
Finance lease liabilities	914	1,020
Bank overdrafts	2,656	1,962
Bankers acceptance	17,354	12,072
Revolving credits	31,445	27,045
Unsecured		
Bank overdrafts	871	200
Bankers acceptance	4,900	8,966
Revolving credits	-	-
	<u>72,425</u>	<u>71,440</u>
<b>Long term borrowings</b>		
Secured		
Term Loans	21,573	23,312
Finance lease liabilities	856	1,275
	<u>22,429</u>	<u>24,587</u>

**8. Material Litigation**

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

**9. Dividend Payable**

On 9 March 2020, the Board of Directors of the Company has approved an Interim Single-Tier Dividend in specie by way of distribution of treasury shares to the shareholders of FITTERS on the basis of 1 treasury share for every 15 existing shares held in respect of the financial year ending 31 December 2020.

The share dividend was distributed on 17 April 2020.

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**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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to ordinary equity holders of the Company	(675)	1,981	(7,115)	4,444
Adjusted weighted average number of ordinary shares in issue 459,793,711 (2019: 473,956,387) ('000)	459,794	473,956	459,794	473,956
Basic (loss)/earnings per share (sen)	(0.15)	0.42	(1.55)	0.94

**(b) Diluted Earnings Per Share**

Diluted earnings per share are based on the profit for the financial period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on exercise of warrants.

The effect on the basic earnings per share from the assumed conversion of warrants is anti-dilutive.

**11. Authorisation for Issue**

The interim financial statements for the period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2020.

**FITTERS DIVERSIFIED BERHAD**

**DATO' WONG SWEE YEE**  
**MANAGING DIRECTOR**  
**Kuala Lumpur**  
**28 August 2020**