



# **FITTERS DIVERSIFIED BERHAD**

Registration No: 198601000595 (149735-M)

**(Incorporated in Malaysia)**

**Interim Financial Report**

**31 December 2020**

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 31 December 2020.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020 - unaudited**

	FOURTH QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-2020 RM'000	31-Dec-2019 RM'000	31-Dec-2020 RM'000	31-Dec-2019 RM'000
Revenue	51,080	66,109	215,713	263,004
Cost of sales	(47,888)	(59,716)	(200,256)	(222,014)
<b>Gross profit</b>	<b>3,192</b>	<b>6,393</b>	<b>15,457</b>	<b>40,990</b>
Interest income	1,048	927	3,747	3,567
Other income	1,219	1,200	2,959	2,695
Selling and marketing expenses	(601)	(452)	(1,565)	(2,702)
Impairment loss on receivables	(327)	(2,036)	(339)	(2,097)
Administrative expenses	(2,963)	(2,705)	(14,151)	(17,304)
Depreciation and amortisation	(7,661)	(3,094)	(15,422)	(11,278)
Forex gain/ (loss)	146	85	150	187
Finance costs	(683)	(1,053)	(3,763)	(5,123)
<b>Operating (loss)/profit before exceptional items</b>	<b>(6,630)</b>	<b>(735)</b>	<b>(12,927)</b>	<b>8,935</b>
Exceptional items	-	-	-	-
<b>(Loss)/profit before tax</b>	<b>(6,630)</b>	<b>(735)</b>	<b>(12,927)</b>	<b>8,935</b>
Income tax expense	(1,254)	(1,289)	(3,393)	(4,436)
<b>(Loss)/profit for the financial period</b>	<b>(7,884)</b>	<b>(2,024)</b>	<b>(16,320)</b>	<b>4,499</b>
Other comprehensive (loss)/income	(1)	5	(1)	4
<b>Total comprehensive (loss)/profit for the financial period</b>	<b>(7,885)</b>	<b>(2,019)</b>	<b>(16,321)</b>	<b>4,503</b>
<b>(Loss)/profit attributable to :</b>				
Owners of the Company	(6,699)	(1,898)	(13,168)	4,685
Non-controlling interests	(1,185)	(126)	(3,152)	(186)
	<b>(7,884)</b>	<b>(2,024)</b>	<b>(16,320)</b>	<b>4,499</b>
(Losses)/earnings per share attributable to owners of the Company :				
Basic (sen)	(1.45)	(0.41)	(2.85)	1.00

(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 31 DECEMBER 2020**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-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	215,403	229,518
Investment properties	1,949	1,305
Right-of-use assets	12,049	12,912
Intangible assets	5,450	5,528
Investment securities	106	105
Deferred tax assets	196	272
Trade and other receivables	43,313	38,537
<b>Total non-current assets</b>	<b>278,466</b>	<b>288,177</b>
<b>Current assets</b>		
Inventories	120,730	125,696
Current tax assets	914	1,005
Trade and other receivables	70,922	96,450
Contract assets	12,530	21,936
Investment securities	1	1
Deposits, cash and bank balances	23,581	15,033
<b>Total current assets</b>	<b>228,678</b>	<b>260,121</b>
<b>TOTAL ASSETS</b>	<b>507,144</b>	<b>548,298</b>

**FITTERS DIVERSIFIED BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-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	70,942	71,440
Current tax liabilities	558	370
Trade and other payables	36,356	49,607
Other current liabilities	11,111	7,257
	118,967	128,674
<b>Net current assets</b>	109,711	131,447
<b>Non-current liabilities</b>		
Loans and borrowings	15,474	24,587
Deferred tax liabilities	5,268	5,150
	20,742	29,737
<b>TOTAL LIABILITIES</b>	139,709	158,411
<b>NET ASSETS</b>	367,435	389,887
<b>Equity attributable to owners of the Company</b>		
Share Capital	240,662	240,662
Treasury Shares	(3,912)	(7,823)
Revaluation Reserve	34,354	34,354
Capital Reserve	1,360	1,360
Exchange Reserve	527	528
Retained Earnings	84,178	107,388
	357,169	376,469
<b>Non-controlling interests</b>	10,266	13,418
<b>Total equity</b>	367,435	389,887
<b>TOTAL EQUITY AND LIABILITES</b>	507,144	548,298
Net Assets per Share (RM) **	0.7637	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)

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020 - 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>12 months ended 31 December 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)	-	-	-	(1)	-	(13,168)	(13,169)	(3,152)	(16,321)
Treasury shares acquired	-	-	-	-	(8,434)	-	(8,434)	-	(8,434)
Treasury shares disposed	-	-	-	-	2,674	(371)	2,303	-	2,303
Dividend paid in specie	-	-	-	-	9,671	(9,671)	-	-	-
Balance as at 31 December 2020	<u>240,662</u>	<u>1,360</u>	<u>34,354</u>	<u>527</u>	<u>(3,912)</u>	<u>84,178</u>	<u>357,169</u>	<u>10,266</u>	<u>367,435</u>
<u>12 months ended 31 December 2019</u>									
Balance as at 1 January 2019	240,471	7,275	34,600	524	(14,489)	96,542	364,923	13,604	378,527
Realisation of revaluation reserve	-	-	(246)	-	-	246	-	-	-
Total comprehensive income/ (loss)	-	-	-	4	-	4,685	4,689	(186)	4,503
Treasury shares acquired	-	-	-	-	(5,721)	-	(5,721)	-	(5,721)
Dividend paid	-	-	-	-	-	-	-	-	-
Treasury shares disposed	191	-	-	-	12,387	-	12,578	-	12,578
Transfer from warrant reserve to retained earnings upon expiry	-	(5,915)	-	-	-	5,915	-	-	-
Balance as at 31 December 2019	<u>240,662</u>	<u>1,360</u>	<u>34,354</u>	<u>528</u>	<u>(7,823)</u>	<u>107,388</u>	<u>376,469</u>	<u>13,418</u>	<u>389,887</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 31 DECEMBER 2020 - unaudited**

	(Unaudited) 12 months ended 31-Dec-2020 RM'000	(Audited) 12 months ended 31-Dec-2019 RM'000
Profit/ (Loss) before tax		
- Continuing operations	(12,927)	8,935
- Discontinued operation	-	-
	(12,927)	8,935
Adjustment for non-cash items:		
Operating items	15,672	14,735
Investing items	52	1,593
Operating profit before changes in working capital	2,797	25,263
Changes in Working Capital:		
Inventories	5,798	6,759
Receivables	21,004	26,124
Payables	(13,251)	(29,196)
Property development	(832)	202
Construction contracts	13,260	6,037
Cash generated from operating activities	28,776	35,189
Net tax paid	(2,920)	(6,534)
Interest paid	(3,763)	(5,123)
Net cash generated from operating activities	22,093	23,532
Cash Flow from investing activities		
Interest received	3,747	3,567
Purchase of investment property	(680)	-
Proceeds from disposal of property, plant & equipment	48	72
Purchase of property, plant & equipment	(704)	(1,428)
	2,411	2,211
Cash Flow from financing activities		
Purchase of treasury shares	(8,435)	(5,721)
Disposal of treasury shares	2,304	12,578
Hire Purchase & Lease repayment	(1,050)	(561)
Net drawdown/(repayment) of bank borrowings	(9,243)	(32,356)
	(16,424)	(26,060)
Net change in cash & cash equivalents	8,080	(317)
Cash & cash equivalents at beginning of year	12,871	13,184
Effect of foreign exchange rate changes on cash and cash equivalents	1	4
Cash & cash equivalents at end of period	20,952	12,871

(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 31 DECEMBER 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 December 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.

- : MRFS 3 : Business Combinations
- : MRFS 7 : Financial Instruments : Disclosures
- : MRFS 9 : Financial Instruments
- : MRFS 101 : Presentations of Financial Statements
- : MRFS 108 : Accounting Policies, Changes in Accounting Estimate and Errors
- : MRFS 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 31 DECEMBER 2020 - unaudited**
**4. Segmental Information**

Analysis of the Group's results by business segments:

	Fourth Quarter		Cumulative Quarter	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Fire Services	29,944	24,748	98,115	98,180
Property Development & Construction	135	15,020	8,753	38,551
Renewable & Waste-To-Energy	20,693	20,880	111,239	102,444
HYPRO® PVC-O Pipes Manufacturing & Distribution	1,895	6,605	2,661	27,099
Investment holding and others	-	3,190	-	3,190
Total revenue including inter-segment sales	52,667	70,443	220,768	269,464
Elimination of inter-segment sales	(1,587)	(4,334)	(5,055)	(6,460)
<b>Total</b>	<b>51,080</b>	<b>66,109</b>	<b>215,713</b>	<b>263,004</b>
<b>Segment Result</b>				
Fire Services	845	97	2,355	2,706
Property Development & Construction	1,159	3,577	4,810	13,166
Renewable & Waste-To-Energy	(6,345)	(3,814)	(10,683)	(5,469)
HYPRO® PVC-O Pipes Manufacturing & Distribution	(3,195)	6	(9,461)	230
Investment holding and others	3,712	1,810	3,174	2,266
Total result including inter-segment profit	(3,824)	1,676	(9,805)	12,899
Elimination of inter-segment profit	(2,806)	(2,411)	(3,122)	(3,964)
<b>Total</b>	<b>(6,630)</b>	<b>(735)</b>	<b>(12,927)</b>	<b>8,935</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 31 DECEMBER 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 financial year ended 31 December 2020, the Company repurchased its issued ordinary shares from the open market totalling 30,242,400 units at an average price of RM0.2789 per share. The total consideration paid for the repurchase including transaction costs was RM8,434,554. 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.
- (iii) During the period under review, the Company also resale 8,000,000 units of its Treasury Shares via the open market at an average price of RM0.289 per share. The total shares proceeds for the disposal net of transaction costs was RM2,303,548.96.

The Company held a total of 12,817,648 units of Treasury Shares as at 31 December 2020 at a value of RM3,911,977.

**11. Subsequent Event**

There was no material event subsequent to the financial quarter ended 31 December 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 31 December 2020 is as follows:

	<b>RM'000</b>
Approved and contracted for : Property, plant and equipment	492
	492

**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	270,125
Corporations for trade credit facilities granted to subsidiary companies	139,100
	409,225

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 December 2020, the Group recorded a decline in revenue by 22.7% to RM51.1 million from RM66.1 million and a loss before tax of RM6.6 million as compared to a loss of RM0.7 million recorded in the previous corresponding quarter ended 31 December 2019.

For the 12 months under review, the Group recorded a decline in revenue by 18% to RM215.7 million from RM263.0 million and loss before tax of RM12.9 million as compared to a profit before tax of RM8.9 million recorded in previous corresponding period.

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		
	31/12/2020	31/12/2019	Changes	31/12/2020	31/12/2019	Changes (%)
Revenue	29,944	24,748	21.0%	98,115	98,180	-0.1%
Profit before tax	845	97	771.1%	2,355	2,706	-13.0%

During the quarter ended 31 December 2020, the Fire Services Division posted an increase of revenue by 21% to RM29.9 million from RM24.7 million and a profit before tax of RM0.8 million as compared to a profit before tax of RM0.1 million recorded in the same quarter in FY2019.

For the cumulative financial period, revenue and profit before tax recorded a decline of 0.1% & 13% 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 trading 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)**

	Fourth Quarter			Cumulative Quarter		
	31/12/2020	31/12/2019	Changes	31/12/2020	31/12/2019	Changes (%)
Revenue	135	15,020	-99.1%	8,753	38,551	-77.3%
Profit before tax	1,159	3,577	-67.6%	4,810	13,166	-63.5%

During the quarter ended 31 December 2020, both revenue and profit before tax recorded a decline by 99.1% and 67.6% respectively as compared to the same quarter in FY2019.

For the cumulative financial period, revenue and profit before tax recorded a decline of 77.3% & 63.5% respectively.

The decline was mainly due to the tail-end construction progress of the Azalea project, which already recorded 92% work-done as at FY2019, and delay in Phase 2 work commencement resulting from the Covid-19 pandemic.

**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		
	31/12/2020	31/12/2019	Changes	31/12/2020	31/12/2019	Changes (%)
Revenue	20,693	20,880	-0.9%	111,239	102,444	8.6%
(Loss) before tax	(6,345)	(3,814)	-	(10,683)	(5,469)	-

The Renewable & Waste-to-Energy Division recorded a decline in revenue by 0.9% to RM20.7 million from RM20.9 million and a loss before tax of RM6.3 million as compared to a loss before tax of RM3.8 million recorded in the same quarter in FY2019. The increase in loss before tax during the quarter is mainly due to a provision for impairment of RM5.3 million.

For the cumulative financial period, the division recorded RM111.2 million in revenue, an increase of 8.6% mainly due to increase in palm products prices and a loss before tax of RM10.7 million as compared to RM5.5 million in the previous financial period.

The loss for the cumulative period was mainly due to the unusual low OER caused by the extreme weather in Northern Peninsula during the first quarter of FY2020 and RM1.5 million spent on parts replacement expenses. For the current quarter, the management had made a provision for impairment on a non operating machine amounting to RM5.3 million.

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2020	31/12/2019	Changes	31/12/2020	31/12/2019	Changes (%)
Revenue	1,895	6,605	-71.3%	2,661	27,099	-90.2%
(Loss)/profit before tax	(3,195)	6	-	(9,461)	230	-

HYPRO<sup>®</sup> PVC-O Pipes Manufacturing & Distribution Division recorded a revenue of RM1.9 million, a decline of 71.3% and registered a loss before tax of RM3.2 million as compared to profit before tax of RM6 thousand in the previous corresponding quarter.

For the cumulative financial period, the division recorded RM2.7 in revenue, a decline of 90.2% and a loss before tax of RM9.5 million as compared to a profit of RM0.2 million in the previous financial period under review.

The undesirable performance was mainly due to tender activities and contracts awards were either delayed or halted during the MCO/CMCO period. Most of Molecor's contracts consists of Government-driven projects, which are facing challenges amidst the Covid-19 pandemic and current political situation.

**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	
	31/12/2020	30/09/2020	Amount	%
Profit/(loss) before taxation	(6,630)	1,021	(7,651)	749.4%

The material changes are mainly due to the following :

- i.) Property, Development & Construction division which recorded a profit of RM1.2 million as compared to RM2.5 million in the previous quarter due to the completion of the construction work for the Azalea project in July 2020.
- ii.) Renewable & Waste-To-Energy Division recorded a loss of RM6.3 million as compared to a profit of RM0.2 million in the previous quarter. This was due to the provision for impairment made on a non operating machine amounted to RM5.3 million during the current quarter.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD**
**3. Commentary of Prospects**

Despite the challenging market environment experienced in 2020 posed by the Covid-19 pandemic, the Group managed to keep the situation under control with the necessary mitigation actions taken particularly on cost rationalisation and business protection measures implemented earlier.

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 to generate revenue and profitability.

Property development & construction segment has begun all preparation works for earth work activities for Phase 2 of Taman Putra and will progress with the construction works as scheduled. The Government's re-introduction of the Home Ownership Campaign under the PENJANA plan and various property friendly incentives would help stimulate the property and construction sectors.

Renewable & Waste-To-Energy segment businesses are able to continue to operate during the MCO period, and reports a positive turnaround since the second quarter 2020. 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. Moreover, the biogas plant will continue to provide additional revenue to the Group. The medical waste market (for non-concessionaires) continues to be strictly regulated by the authorities and highly competitive. With the surge of concern arising from Covid-19, it is vital to ensure safe handling of medical waste with best practices to mitigate this unprecedented impact 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.

While the management is aggressively making efforts in expanding HYPRO PVC-O Pipe'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 and rural water supply projects.

With the recent subsidence of the Covid-19 infectious rate recorded worldwide and the rolling out of the vaccination program by various countries, the Group is cautiously optimistic of business improvement for year 2021.

**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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	1,229	1,420	3,269	4,917
- Prior year	23	4	(71)	(387)
	1,252	1,424	3,198	4,530
Deferred tax	2	(135)	195	(94)
Total income tax expense	1,254	1,289	3,393	4,436

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.

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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 31 December 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.

**(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 31/12/2020 RM'000	As at 31/12/2019 RM'000
<b>Short term borrowings</b>		
Secured		
Term Loans	17,533	20,175
Finance lease liabilities	748	1,020
Bank overdrafts	2,629	1,962
Bankers acceptance	14,070	12,072
Revolving credits	30,845	27,045
Unsecured		
Bank overdrafts	-	200
Bankers acceptance	5,117	8,966
Revolving credits	-	-
	<u>70,942</u>	<u>71,440</u>
<b>Long term borrowings</b>		
Secured		
Term Loans	14,763	23,312
Finance lease liabilities	711	1,275
	<u>15,474</u>	<u>24,587</u>

**8. Material Litigation**

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

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

**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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	(6,699)	(1,898)	(13,168)	4,685
Adjusted weighted average number of ordinary shares in issue 462,247,475 (2019: 468,474,130) ('000)	462,247	468,474	462,247	468,474
Basic earnings/(loss) per share (sen)	(1.45)	(0.41)	(2.85)	1.00

**(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 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2021.

**FITTERS DIVERSIFIED BERHAD**

**DATO' WONG SWEE YEE**  
**MANAGING DIRECTOR**  
 Kuala Lumpur  
 22 February 2021