



FITTERS DIVERSIFIED BERHAD

Registration No: 198601000595 (149735-M)

(Incorporated in Malaysia)

Financial Report For The Period Ended 31 December 2021

FITTERS DIVERSIFIED BERHAD
Registration No. 198601000595 (149735-M)

ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial quarter ended 31 December 2021.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - unaudited**

	FOURTH QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Revenue	104,013	51,080	325,007	215,713
Cost of sales	(97,170)	(45,860)	(307,184)	(198,228)
Gross profit	6,843	5,220	17,823	17,485
Interest income	209	1,049	926	3,748
Other income	454	1,069	2,018	2,809
Selling and marketing expenses	(259)	(601)	(1,185)	(1,565)
Impairment loss on receivables	(8,871)	264	(13,871)	252
Administrative expenses	(4,743)	(4,528)	(19,512)	(15,716)
Depreciation and amortisation	(2,142)	(8,527)	(10,100)	(16,288)
Forex gain	171	147	136	151
Finance costs	(559)	(683)	(2,528)	(3,763)
Operating loss before exceptional items	(8,897)	(6,590)	(26,293)	(12,887)
Exceptional items :				
Gain on disposal of investment in associate company	-	-	16,142	-
Loss before tax	(8,897)	(6,590)	(10,151)	(12,887)
Income tax expense	(705)	(1,203)	(1,355)	(3,342)
Loss for the financial period	(9,602)	(7,793)	(11,506)	(16,229)
Other comprehensive income	3	-	16	-
Total comprehensive loss for the financial period	(9,599)	(7,793)	(11,490)	(16,229)
Loss attributable to :				
Owners of the Company	(8,927)	(6,608)	(8,376)	(13,077)
Non-controlling interests	(675)	(1,185)	(3,130)	(3,152)
	(9,602)	(7,793)	(11,506)	(16,229)
Loss per share attributable to owners of the Company :				
Basic (sen)	(1.91)	(1.43)	(1.79)	(2.83)

(The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 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 2021**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-2021 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	205,966	214,730
Investment properties	2,477	1,949
Right-of-use assets	11,861	12,440
Intangible assets	5,372	5,450
Investment securities	105	105
Deferred tax assets	267	196
Trade and other receivables	-	43,313
Total non-current assets	226,048	278,183
Current assets		
Inventories	118,964	120,730
Current tax assets	2,487	1,016
Trade and other receivables	84,978	70,498
Contract assets	13,894	13,616
Investment securities	1	1
Deposits, cash and bank balances	48,592	23,399
Total current assets	268,916	229,260
TOTAL ASSETS	494,964	507,443

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Dec-2021 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2020 RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	69,428	71,200
Current tax liabilities	182	679
Trade and other payables	40,995	35,458
Other current liabilities	13,338	12,198
	123,943	119,535
Net current assets	144,973	109,725
Non-current liabilities		
Loans and borrowings	9,135	15,183
Deferred tax liabilities	5,849	5,198
	14,984	20,381
TOTAL LIABILITIES	138,927	139,916
NET ASSETS	356,037	367,527
Equity attributable to owners of the Company		
Share Capital	240,662	240,662
Treasury Shares	(3,912)	(3,912)
Revaluation Reserve	34,099	34,108
Capital Reserve	1,360	1,360
Exchange Reserve	544	528
Retained Earnings	76,148	84,515
	348,901	357,261
Non-controlling interests	7,136	10,266
Total equity	356,037	367,527
TOTAL EQUITY AND LIABILITES	494,964	507,443
Net Assets per Share (RM) **	0.7460	0.7639

** 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 2020)

FITTEES DIVERSIFIED BERHAD

Registration No. 198601000595 (149735-M)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - 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>12 months ended 31 December 2021</u>									
Balance as at 1 January 2021	240,662	1,360	34,108	528	(3,912)	84,515	357,261	10,266	367,527
Realisation of revaluation reserve	-	-	(9)	-	-	9	-	-	-
Total comprehensive income/(loss)	-	-	-	16	-	(8,376)	(8,360)	(3,130)	(11,490)
Treasury shares acquired	-	-	-	-	-	-	-	-	-
Treasury shares disposed	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	<u>240,662</u>	<u>1,360</u>	<u>34,099</u>	<u>544</u>	<u>(3,912)</u>	<u>76,148</u>	<u>348,901</u>	<u>7,136</u>	<u>356,037</u>
<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
Realisation of revaluation reserve	-	-	(246)	-	-	246	-	-	-
Total comprehensive income/ (loss)	-	-	-	-	-	(13,077)	(13,077)	(3,152)	(16,229)
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>34,108</u>	<u>528</u>	<u>(3,912)</u>	<u>84,515</u>	<u>357,261</u>	<u>10,266</u>	<u>367,527</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 2020)

FITTERS DIVERSIFIED BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - unaudited**

	(Unaudited) 12 months ended 31-Dec-2021 RM'000	(Audited) 12 months ended 31-Dec-2020 RM'000
Loss before tax		
- Continuing operations	(10,151)	(12,887)
- Discontinued operation	-	
	<u>(10,151)</u>	<u>(12,887)</u>
Adjustment for non-cash items:		
Operating items	22,888	15,943
Investing items	(14,493)	51
Operating (loss)/profit before changes in working capital	<u>(1,756)</u>	<u>3,107</u>
Changes in Working Capital:		
Inventories	3,469	5,798
Receivables	16,325	21,428
Payables	5,707	(14,138)
Property development	(1,703)	(832)
Construction contracts	862	13,261
Cash generated from operating activities	<u>22,904</u>	<u>28,624</u>
Net tax paid	(2,742)	(2,920)
Interest paid	(2,528)	(3,763)
Net cash generated from operating activities	<u>17,634</u>	<u>21,941</u>
Cash Flow from investing activities		
Interest received	926	3,748
Purchase of investment property	(575)	-
Proceeds from disposal of associated companies	16,142	-
Proceeds from disposal of property, plant & equipment	456	113
Purchase of property, plant & equipment	(800)	(1,339)
Net cash generated from investing activities	<u>16,149</u>	<u>2,522</u>
Cash Flow from financing activities		
Purchase of treasury shares	-	(8,435)
Disposal of treasury shares	-	2,304
Hire Purchase & Lease repayment	(1,146)	(1,331)
Net drawdown/(repayment) of bank borrowings	(7,848)	(9,133)
Net cash used in financing activities	<u>(8,994)</u>	<u>(16,595)</u>
Net change in cash & cash equivalents	24,789	7,868
Cash & cash equivalents at beginning of year	20,739	12,871
Effect of foreign exchange rate changes on cash and cash equivalents	17	-
Cash & cash equivalents at end of period	<u>45,545</u>	<u>20,739</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020)

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - 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 2020.

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 2020 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 2021.

- : MFRS 4 : Insurance Contracts
- : MFRS 7 : Financial Instruments : Disclosures
- : MFRS 9 : Financial Instruments
- : MFRS 16 : Leases
- : 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 2020 was not subject to any qualification.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - unaudited**
4. Segmental Information

Analysis of the Group's results by business segments:

	Fourth Quarter		Cumulative Quarter	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Fire Services	29,395	29,944	75,259	98,115
Property Development & Construction	4,031	135	10,095	8,753
Renewable & Waste-To-Energy	71,921	20,693	240,307	111,239
HYPRO® PVC-O Pipes Manufacturing & Distribution	81	1,895	3,819	2,661
Investment holding and others	-	-	-	-
Total revenue including inter-segment sales	105,428	52,667	329,480	220,768
Elimination of inter-segment sales	(1,415)	(1,587)	(4,473)	(5,055)
Total	104,013	51,080	325,007	215,713
Segment Result				
Fire Services	1,709	845	1,271	2,355
Property Development & Construction	(9,741)	1,159	(17,250)	4,810
Renewable & Waste-To-Energy	(417)	(6,345)	2,385	(10,683)
HYPRO® PVC-O Pipes Manufacturing & Distribution	(2,377)	(3,195)	(11,214)	(9,461)
Investment holding and others	3,323	3,712	15,543	3,174
Total result including inter-segment profit	(7,503)	(3,824)	(9,265)	(9,805)
Elimination of inter-segment profit	(1,394)	(2,766)	(886)	(3,082)
Total	(8,897)	(6,590)	(10,151)	(12,887)

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 except as disclosed below :

Future NRG Sdn Bhd, a wholly-owned subsidiary of the Company had between 23 April 2021 and 12 May 2021 disposed its entire equity interest in A.H.T. Syngas Technology N.V. ("AHT") comprising 600,000 shares in AHT representing 31% of the total issued share capital of AHT for a total consideration of Euro 3,277,246.61 or equivalent to RM16.1 million (based on the bank correspondence daily exchange rate) in the open market on the Stock Exchange of Frankfurt.

The gain to the Group arising from the disposal is approximately RM16.1 million as the cost of investment had been fully impaired in financial year 2016.

6. Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter.

7. Comment about Seasonal or Cyclical Factors

The business operations of the Group for the quarter are not materially affected by any seasonal or cyclical factor.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - 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 2021.

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 2020.

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.

The Company held a total of 12,817,648 units of Treasury Shares as at 31 December 2021 at a value of RM3,911,977.

11. Subsequent Event

There was no material event subsequent to the financial quarter ended 31 December 2021 except as disclosed below:

The Board of Directors of the Company has approved the change of the Company's financial year end from 31 December to 31 March to allow more time to facilitate better planning and operational processes in preparing of the Group's consolidated financial statements. The next audited financial statements of the Group shall be for a period of 15 months, made up from 1 January 2021 to 31 March 2022 and subsequently the financial year shall end on 31 March.

12. Changes in Composition of the Group

There was no change in the composition of the Group during the financial period under review.

13. Capital Commitments

The was no commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 December 2021.

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	270,125
Corporations for trade credit facilities granted to subsidiary companies	139,100
	<u>409,225</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 2021, the Group recorded an increase in revenue by 103.6% to RM104.0 million from RM51.1 million and a loss before tax of RM8.9 million as compared to RM6.6 million loss recorded in the previous corresponding quarter ended 31 Dec 2020.

For the 12 months under review, the Group recorded an increase in revenue by 50.7% to RM325.0 million from RM215.7 million and loss before tax of RM10.1 million as compared to a loss before tax of RM12.9 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		
	31/12/2021	31/12/2020	Changes	31/12/2021	31/12/2020	Changes (%)
Revenue	29,395	29,944	-1.8%	75,259	98,115	-23.3%
Profit before tax	1,709	845	102.2%	1,271	2,355	-46.0%

During the quarter ended 31 Dec 2021, the Fire Services Division posted a decline of revenue by 1.8% to RM29.4 million from RM29.9 million. The profit before tax increased by 102.2% to RM1.7 million as compared to RM0.8 million recorded in the same quarter in FY2020.

For the cumulative financial period, revenue recorded a decline of 23.3% and profit before tax decline by 46% as compared to the previous corresponding period.

The decline of revenue 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 deferred of goods delivery and delay in certification for work done during the Movement Control Order ("MCO") period and the total lockdown period under the National Recovery Plan("NRP").

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2021	31/12/2020	Changes	31/12/2021	31/12/2020	Changes (%)
Revenue	4,031	135	2885.9%	10,095	8,753	15.3%
(Loss)/profit before tax	(9,741)	1,159	-	(17,250)	4,810	-

During the quarter ended 31 Dec 2021, the Property Development & Construction Division posted an increase in revenue of RM4.0 million from RM0.1 million and loss before tax of RM9.7 million as compared to a profit before tax of RM1.2 million recorded in the same quarter in FY2020.

For the cumulative financial period, revenue increased by 15.3% to RM10.1 million with a loss before tax of RM17.2 million as compared to profit before tax of RM4.8 million recorded in previous year.

The implementation of MCO and NRP had delayed the construction work progress of Phase 2 of Taman Putra. The higher loss for the year was due to debts written off of RM14.2 million agreed upon early final settlement of debt.

**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		
	31/12/2021	31/12/2020	Changes	31/12/2021	31/12/2020	Changes (%)
Revenue	71,921	20,693	247.6%	240,307	111,239	116.0%
(Loss)/Profit before tax	(417)	(6,345)	-	2,385	(10,683)	-

The Renewable & Waste-to-Energy Division recorded an increase in revenue by 247.6% to RM71.9 million from RM20.1 million and a loss before tax of RM0.4 million as compared to RM6.3 million recorded in the same quarter in FY2020.

For the cumulative financial period, the division recorded RM240.3 million in revenue, an increase of 116.0% and a profit before tax of RM2.4 million as compared to loss before tax of RM10.7 million in the previous financial period.

The Division obtained better OER during the current financial period as compared to previous year which was caused by the extreme weather in Northern Peninsula. The higher loss in FY2020 was due to parts replacement expenses of RM1.5 million and impairment of RM5.3 million for a non-operating machine.

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

	Fourth Quarter			Cumulative Quarter		
	31/12/2021	31/12/2020	Changes	31/12/2021	31/12/2020	Changes (%)
Revenue	81	1,895	-95.7%	3,819	2,661	43.5%
Loss before tax	(2,377)	(3,195)	-	(11,214)	(9,461)	-

HYPRO[®] PVC-O Pipes Manufacturing & Distribution Division recorded a revenue of RM81,000, as compare to RM1.9 million and registered a loss before tax of RM2.4 million as compared to RM3.2 million in the previous corresponding quarter.

For the cumulative financial period, the division recorded RM3.8 million in revenue, an increase of 43.5.0% and a loss before tax of RM11.2 million as compared to RM9.5 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/NRP period. Most of Molecor's contracts consist of Government-driven projects, which are facing challenges amidst the Covid-19 pandemic and current political situation. As a cost control measure, the Division had temporarily stopped the production process.

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	
	31/12/2021	30/09/2021	Amount	%
Loss before taxation	(8,897)	(4,096)	(4,801)	-117.2%

The material changes are mainly due to the following :

- i.) Fire Services division recorded a profit of RM1.7 million as compared to a loss of RM0.9 million as projects had slowly recommence work in the current quarter.
- ii.) Property, Development & Construction division which recorded a loss of RM9.7 million as compared to a loss of RM0.3 million in the previous quarter due to debts written off in the current quarter amounting to RM9.2 million agreed upon early final settlement of debt.

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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 2021 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, RMCO and NRP which caused delay in work progress and certification of work done. 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 completed earth work for Phase 2 of Taman Putra. Main Building work progress was affected by bad weather, shortage of workers, raw materials price hike and working hours constraint. To overcome these challenges, the client, consultants' team and contractors have mutually agreed to implement aluminium system formwork as a speed up works measure in order to timely complete the project.

Renewable & Waste-To-Energy segment businesses are able to continue to operate during the current pandemic. The palm oil mill has received and processed higher crops this year due to better crop season. At the same time, prices of CPO continue to rise as there is strong demand of CPO and other edible oil globally. The biogas plant will continue to provide steady revenue to the Group using Waste-To-Energy. The medical waste market (for non-concessionaires) continues to be strictly regulated by the authorities and highly competitive. The source of medical waste also coming from industry sector after regular Covid-19 self-tests were made mandatory for industries and hence increase in demand of our service. It is vital to ensure compliance of SOP for the safe handling and disposal of medical waste to prevent cross-contamination exposure to the public and operation staff. 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 prolonged movement control measures in second and third quarter have resulted in delays for awards and implementation of projects involving HYPRO PVC-O products. 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.

The division has actively participated in several open tender exercises for the supply of the product in Perak, Pahang, Negeri Sembilan, Selangor and Kedah, and the authorities are in the midst of awarding tender for the work packages, namely in the Non-Revenue Water, pipe rehabilitation programme and rural water supply projects and expecting the demand of the HYPRO PVC-O pipes to be gradually increased. To division is also actively expanding its oversea market through several business collaboration with the respective local distributors and expected to commence supply from Q1 2022 onwards.

With the easing of movement control and reopening of economic sectors in stages, the Group is hopeful that business conditions will return to normalcy.

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.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**
5. Income Tax Expense

	Fourth Quarter		Cumulative Quarter	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	459	1,178	597	3,218
- Prior year	134	94	178	-
	593	1,272	775	3,218
Deferred tax	112	(69)	580	124
Total income tax expense	705	1,203	1,355	3,342

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 December 2021:

(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.

On 28 January 2022, the Company announced that the LTIP is terminated effective 28 January 2022 and will be replaced by the Share Issuance Scheme which was approved by shareholders at the EGM held on 28 January 2022..

(ii) Proposed Private Placement and Share Issuance Scheme

On 17 December 2021, the Company announced the proposal to undertake the following:-

- (i) proposed private placement of up to 144,149,100 new FITTERS Shares, representing approximately 30% of the total number of issued Shares to independent third-party investor(s) to be identified later and at an issue price to be determined later; and
- (ii) proposed establishment of a share issuance scheme (SIS) of up to 15% of the total number of issued Shares of FITTERS (excluding treasury shares, if any) to the eligible directors and employees of FITTERS and its subsidiaries.

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
6. Corporate Proposals (continued)
(ii) Proposed Private Placement and Share Issuance Scheme (continued)

The Proposal were approved by shareholders at the EGM held on 28 January 2022.

Bursa Securities had, vide its letter dated 3 January 2022, approved the listing of the Placement Shares and such number of additional shares to be issued pursuant to the Proposed SIS.

On 28 January 2022, the Company announced that the effective date for the implementation of the SIS is 28 January 2022, being the date on which the Company is in full compliance with all relevant requirements including Paragraph 6.43(1) of the Listing Requirements.

The SIS shall 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.

7. Group Borrowings

The total Group borrowings are as follows:

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Short term borrowings		
Secured		
Term Loans	19,106	17,802
Finance lease liabilities	655	707
Bank overdrafts	2,498	2,660
Bankers acceptance	15,668	14,070
Revolving credits	29,645	30,844
Unsecured		
Bank overdrafts	549	-
Bankers acceptance	1,307	5,117
	<u>69,428</u>	<u>71,200</u>
Long term borrowings		
Secured		
Term Loans	8,864	14,604
Finance lease liabilities	271	579
	<u>9,135</u>	<u>15,183</u>

8. Material Litigation

The Group does not have any material litigation for the financial year under review except as disclosed below :

Future NRG Sdn Bhd ("FNSB"), a wholly-owned subsidiary of FITTERS, had on 21 October 2021 received a sealed Writ and Statement of Claim both dated 30 August 2021 from AHT Syngas Technology ("AHT") through its solicitors claiming an amount of Euro 1.78 million based on a non-binding Heads of Agreement.

FITTERS is refuting AHT's allegations of claims as these claims are not substantiated and there was no Purchase Agreement signed.

FNRG has entered its defence and counterclaim on 15 Dec 2021. The next case management is fixed on 10 March 2022 to update the Court the status of the case pending the close of pleadings.

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 OF BURSA MALAYSIA SECURITIES BERHAD**

9. Dividend Payable

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 December 2021.

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary equity holders of the Company	(8,927)	(6,608)	(8,376)	(13,077)
Adjusted weighted average number of ordinary shares in issue 467,679,511 (2020: 462,247,475) ('000)	467,680	462,247	467,680	462,247
Basic loss per share (sen)	(1.91)	(1.43)	(1.79)	(2.83)

(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 financial statements for the period ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2022.

FITTERS DIVERSIFIED BERHAD

DATO' IR LOW KENG KOK
CHAIRMAN
 Kuala Lumpur
 28 February 2022