



# **FITTERS DIVERSIFIED BERHAD**

Registration No: 198601000595 (149735-M)

**(Incorporated in Malaysia)**

**Financial Report For The Period Ended  
31 March 2022**

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

**ANNOUNCEMENT OF UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

The Board of Directors are pleased to announce the unaudited consolidated results of the Company for the financial period ended 31 March 2022.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - unaudited**

	FIFTH QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	15 MONTHS ENDED	
	31-Mar-2022 RM'000	31-Mar-2021 RM'000	31-Mar-2022 RM'000	31-Mar-2021 RM'000
Revenue	97,765	60,086	422,772	N/A
Cost of sales	(93,668)	(59,004)	(400,852)	N/A
<b>Gross profit</b>	<b>4,097</b>	<b>1,082</b>	<b>21,920</b>	<b>N/A</b>
Interest income	90	289	1,016	N/A
Other income	330	636	2,348	N/A
Selling and marketing expenses	(320)	(293)	(1,505)	N/A
Impairment loss on receivables	(1,908)	-	(15,779)	N/A
Administrative expenses	(4,260)	(3,075)	(23,772)	N/A
Depreciation and amortisation	(2,645)	(2,648)	(12,745)	N/A
Forex gain	43	1	179	N/A
Finance costs	(541)	(650)	(3,069)	N/A
<b>Operating loss before exceptional items</b>	<b>(5,114)</b>	<b>(4,658)</b>	<b>(31,407)</b>	<b>N/A</b>
Exceptional items :				
Gain on disposal of investment in associate company	-	-	16,142	N/A
<b>Loss before tax</b>	<b>(5,114)</b>	<b>(4,658)</b>	<b>(15,265)</b>	<b>N/A</b>
Income tax expense	(99)	(368)	(1,454)	N/A
<b>Loss for the financial period</b>	<b>(5,213)</b>	<b>(5,026)</b>	<b>(16,719)</b>	<b>N/A</b>
Other comprehensive income	7	15	23	N/A
<b>Total comprehensive loss for the financial period</b>	<b>(5,206)</b>	<b>(5,011)</b>	<b>(16,696)</b>	<b>N/A</b>
<b>Loss attributable to :</b>				
Owners of the Company	(4,408)	(4,155)	(12,784)	N/A
Non-controlling interests	(805)	(871)	(3,935)	N/A
	<b>(5,213)</b>	<b>(5,026)</b>	<b>(16,719)</b>	<b>N/A</b>
Loss per share attributable to owners of the Company :				
Basic (sen)	(0.94)	(0.89)	(2.73)	N/A

Notes:

On 24 January 2022, Fitters Diversified Berhad ("FDB" or the "Company") announced the change of financial year end from 31 December 2021 to 31 March 2022. The current reporting financial period will be for a period of 3 months and 15 months, made up from 1 January 2022 to 31 March 2022 and from 1 January 2021 to 31 March 2022 respectively. As such, there are no comparative figures for the cumulative preceding year corresponding periods.

(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 MARCH 2022**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Mar-2022 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	203,838	214,730
Investment properties	2,458	1,949
Right-of-use assets	11,733	12,440
Intangible assets	5,353	5,450
Investment securities	105	105
Deferred tax assets	264	196
Trade and other receivables	-	43,313
<b>Total non-current assets</b>	<b>223,751</b>	<b>278,183</b>
<b>Current assets</b>		
Inventories	118,236	120,730
Current tax assets	2,493	1,016
Trade and other receivables	89,624	70,498
Contract assets	12,217	13,616
Investment securities	1	1
Deposits, cash and bank balances	62,421	23,399
<b>Total current assets</b>	<b>284,992</b>	<b>229,260</b>
<b>TOTAL ASSETS</b>	<b>508,743</b>	<b>507,443</b>

**FITTERS DIVERSIFIED BERHAD**

Registration No. 198601000595 (149735-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	(Unaudited) AS AT END OF CURRENT QUARTER 31-Mar-2022 RM'000	(Audited) AS AT PRECEDING FINANCIAL YEAR END 31-Dec-2020 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	71,722	71,200
Current tax liabilities	185	679
Trade and other payables	36,116	35,458
Other current liabilities	15,722	12,198
	123,745	119,535
<b>Net current assets</b>	161,247	109,725
<b>Non-current liabilities</b>		
Loans and borrowings	6,706	15,183
Deferred tax liabilities	5,966	5,198
	12,672	20,381
<b>TOTAL LIABILITIES</b>	136,417	139,916
<b>NET ASSETS</b>	372,326	367,527
<b>Equity attributable to owners of the Company</b>		
Share Capital	262,157	240,662
Treasury Shares	(3,912)	(3,912)
Revaluation Reserve	33,795	34,108
Capital Reserve	1,360	1,360
Exchange Reserve	551	528
Retained Earnings	72,044	84,515
	365,995	357,261
<b>Non-controlling interests</b>	6,331	10,266
<b>Total equity</b>	372,326	367,527
<b>TOTAL EQUITY AND LIABILITES</b>	508,743	507,443
Net Assets per Share (RM) **	0.6020	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)

## FITTERS DIVERSIFIED BERHAD

Registration No. 198601000595 (149735-M)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - unaudited

	----- Attributable to owners of the Company -----								
	[ ----- Non-distributable ----- ]				[ ----- Distributable ----- ]			Non-Controlling Interests	Total Equity
	Share Capital	Capital Reserve	Revaluation Reserve	Exchange Reserve	Treasury Shares	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>15 months ended 31 March 2022</u>									
Balance as at 1 January 2021	240,662	1,360	34,108	528	(3,912)	84,515	357,261	10,266	367,527
Shares issued pursuant to private placement	21,975	-	-	-	-	-	21,975	-	21,975
Shares issuance expenses	(480)	-	-	-	-	-	(480)	-	(480)
Realisation of revaluation reserve	-	-	(313)	-	-	313	-	-	-
Total comprehensive income/(loss)	-	-	-	23	-	(12,784)	(12,761)	(3,935)	(16,696)
Balance as at 31 March 2022	<u>262,157</u>	<u>1,360</u>	<u>33,795</u>	<u>551</u>	<u>(3,912)</u>	<u>72,044</u>	<u>365,995</u>	<u>6,331</u>	<u>372,326</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 MARCH 2022 - unaudited**

	(Unaudited) 15 months ended 31-Mar-2022 RM'000	(Audited) 12 months ended 31-Dec-2020 RM'000
Loss before tax		
- Continuing operations	(15,265)	(12,887)
	<u>(15,265)</u>	<u>(12,887)</u>
Adjustment for non-cash items:		
Operating items	27,654	15,943
Investing items	(14,023)	51
Operating (loss)/profit before changes in working capital	<u>(1,634)</u>	<u>3,107</u>
Changes in Working Capital:		
Inventories	4,455	5,798
Receivables	9,740	21,428
Payables	827	(14,138)
Property development	(1,961)	(832)
Construction contracts	4,925	13,261
Cash generated from operating activities	<u>16,352</u>	<u>28,624</u>
Net tax paid	(2,726)	(2,920)
Interest paid	(3,069)	(3,763)
Net cash generated from operating activities	<u>10,557</u>	<u>21,941</u>
Cash Flow from investing activities		
Interest received	1,016	3,748
Purchase of investment property	(575)	-
Proceeds from disposal of associated companies	16,142	-
Proceeds from disposal of property, plant & equipment	477	113
Purchase of property, plant & equipment	(1,006)	(1,339)
Net cash generated from investing activities	<u>16,054</u>	<u>2,522</u>
Cash Flow from financing activities		
Purchase of treasury shares	-	(8,435)
Disposal of treasury shares	-	2,304
Proceed from issuance of shares via private placement	21,975	-
Hire Purchase & Lease repayment	(1,352)	(1,331)
Share issuance expenses	(480)	-
Net drawdown/(repayment) of bank borrowings	(8,108)	(9,133)
Net cash generated from/(used in) financing activities	<u>12,035</u>	<u>(16,595)</u>
Net change in cash & cash equivalents	38,646	7,868
Cash & cash equivalents at beginning of year	20,739	12,871
Effect of foreign exchange rate changes on cash and cash equivalents	23	-
Cash & cash equivalents at end of period	<u>59,408</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)

**FITTERS DIVERSIFIED BERHAD**

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - 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.

As announced on 24 January 2022, the Company has changed its financial year end from 31 December 2021 to 31 March 2022. The current financial period covers 15 months period from 1 January 2021 to 31 March 2022. There will be no comparison figures for the cumulative quarters and the current quarter results will be compared to the results of the preceding year corresponding quarter accordingly.

**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 MARCH 2022 - unaudited**
**4. Segmental Information**

Analysis of the Group's results by business segments:

	Fifth Quarter		Cumulative Quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Fire Services	19,065	17,741	94,324	N/A
Property Development & Construction	4,419	2,381	14,514	N/A
Renewable & Waste-To-Energy	73,322	40,077	313,629	N/A
HYPRO® PVC-O Pipes Manufacturing & Distribution	1,890	869	5,709	N/A
Investment holding and others	-	-	-	N/A
Total revenue including inter-segment sales	98,696	61,068	428,176	N/A
Elimination of inter-segment sales	(931)	(982)	(5,404)	N/A
<b>Total</b>	<b>97,765</b>	<b>60,086</b>	<b>422,772</b>	<b>N/A</b>
<b>Segment Result</b>				
Fire Services	(416)	652	855	N/A
Property Development & Construction	(810)	(1,775)	(18,060)	N/A
Renewable & Waste-To-Energy	(1,187)	(812)	1,198	N/A
HYPRO® PVC-O Pipes Manufacturing & Distribution	(2,827)	(3,248)	(14,041)	N/A
Investment holding and others	(13)	469	15,530	N/A
Total result including inter-segment profit	(5,253)	(4,714)	(14,518)	N/A
Elimination of inter-segment profit	139	56	(747)	N/A
<b>Total</b>	<b>(5,114)</b>	<b>(4,658)</b>	<b>(15,265)</b>	<b>N/A</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 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 MARCH 2022 - unaudited****8. Dividend Paid**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 March 2022.

**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 except as disclosed below:-

**(i) Issuance of equity securities**

On 21 March 2022 and 28 March 2022, 94,000,000 and 46,303,800 Placement Shares, being the first and second tranche of Placement Shares for the Private Placement proposal, which was approved by shareholders at the EGM held on 28 January 2022, have been issued and listed on the Main Market of Bursa Securities respectively at RM0.159 per share and RM0.1518 per share.

**(ii) Treasury Shares**

There was no share buy-back and resale of treasury shares during the financial period.

As at 31 March 2022, the Company held a total of 12,817,648 units of Treasury Shares at a value of RM3,911,977.

**11. Subsequent Event**

There was no material event subsequent to the financial quarter ended 31 March 2022 other than the following:-

- (a) On 6 April 2022, the Company has incorporated a 100% owned subsidiary know as FITTERS GIM Sdn. Bhd. ("FGSB") With an issued share capital of RM50,000 divided into 50,000 shares of RM1.00 each. The intended business activity of FGSB is investment holding.

The incorporation of FGSB is not expected to have a material effect on earnings, gearing and net assets of the Group.

- (b) On 22 April 2022, the Company entered into a Letter of Intent with the intention to enter into negotiation in relation to :

- i) Proposed acquisition by Molecor Tecnologia of 79,500,555 ordinary shares, representing 72.27% of the total issued ordinary shares in Molecor SEA from FITTERS.
- ii) Proposed acquisition by United Sapphire Sdn. Bhd. of the land and the buildings erected thereon at Lot No. 5/129 and 6/129, Jalan Gebeng 2/13, Kawasan Perindustrian Gebeng, Kuantan, Pahang Darul Makmur.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - unaudited****12. Changes in Composition of the Group**

There was no change in the composition of the Group during the financial period under review other than the following:-

**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 Fire Technology Sdn Bhd, a wholly-owned subsidiary of FITTERS Group. The notice had been gazette on 29 March 2022. The striking-off is voluntary.

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

**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 March 2022.

**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
	<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 March 2022, the Group recorded an increase in revenue by 62.7% to RM97.8 million from RM60.1 million and a loss before tax of RM5.1 million as compared to RM4.6 million loss recorded in the previous corresponding quarter ended 31 March 2021.

For the 15 months under review, the Group recorded a revenue of RM422.8 million with a loss before tax of RM15.3 million.

Due to the change of the Group's financial year end from 31 December 2021 to 31 March 2022, there are no comparative figures for the cumulative proceeding year corresponding periods.

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

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

	Fifth Quarter			Cumulative Quarter		
	31/03/2022	31/03/2021	Changes	31/03/2022	31/03/2021	Changes (%)
Revenue	19,065	17,741	7.5%	94,324	N/A	-
(Loss)/profit before tax	(416)	652	-	855	N/A	-

During the quarter ended 31 March 2022, the Fire Services Division posted an increase of revenue by 7.5% to RM19.1 million from RM17.7 million and a loss before tax of RM0.4 million as compared to a profit before tax of RM0.6 million recorded in the corresponding quarter.

For the cumulative financial period, revenue recorded at RM94.3 million with a profit before tax of RM0.9 million.

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 deferral 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)**

	Fifth Quarter			Cumulative Quarter		
	31/03/2022	31/03/2021	Changes	31/03/2022	31/03/2021	Changes (%)
Revenue	4,419	2,381	85.6%	14,514	N/A	-
(Loss) before tax	(810)	(1,775)	-	(18,060)	N/A	-

During the quarter ended 31 March 2022, the Property Development & Construction Division posted an increase in revenue by 85.6% to RM4.4 million from RM2.4 million and loss before tax of RM0.8 million as compared to a loss before tax of RM1.8 million recorded in the corresponding quarter.

For the cumulative financial period, revenue recorded at RM14.5 million with a loss before tax of RM18.1 million.

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)**

	Fifth Quarter			Cumulative Quarter		
	31/03/2022	31/03/2021	Changes	31/03/2022	31/03/2021	Changes (%)
Revenue	73,322	40,077	83.0%	313,629	N/A	-
(Loss)/Profit before tax	(1,187)	(812)	-	1,198	N/A	-

The Renewable & Waste-to-Energy Division recorded an increase in revenue by 83% to RM73.3 million from RM40.1 million and a loss before tax of RM1.2 million as compared to a loss of RM0.8 million recorded in the corresponding quarter.

For the cumulative financial period, the division recorded RM313.6 million in revenue, and a profit before tax of RM1.2 million.

The Division obtained better oil extraction rate during the cumulative financial period as compared to previous year which was caused by the extreme weather in Northern Peninsula. Higher loss was recorded in the current quarter due to provision for impairment of debts of RM0.8 million.

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

	Fifth Quarter			Cumulative Quarter		
	31/03/2022	31/03/2021	Changes	31/03/2022	31/03/2021	Changes (%)
Revenue	1,890	869	117.5%	5,709	N/A	-
Loss before tax	(2,827)	(3,248)	-	(14,041)	N/A	-

HYPRO<sup>®</sup> PVC-O Pipes Manufacturing & Distribution Division recorded a revenue of RM1.9 million as compare to RM0.9 million, an increase of 117.%, and registered a loss before tax of RM2.8 million as compared to RM3.2 million in the previous corresponding quarter.

For the cumulative financial period, the division recorded RM5.7 million in revenue, with a loss before tax of RM14 million.

The undesirable performance was mainly due to tender activities and contracts awards which 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	
	31/03/2022	31/12/2021	Amount	%
Loss before taxation	(5,114)	(8,897)	3,783	42.5%

The material changes are mainly due to the following :

- i.) Fire Services division recorded a loss of RM0.4 million as compared to a profit of RM1.7 million due to slow down in projects progress work in the current quarter as a result of long festival holiday and provision for impairment of debts.
- ii.) Property, Development & Construction division recorded a loss of RM0.8 million as compared to a loss of RM9.7 million in the previous quarter due to debts written off in the previous quarter amounting to RM9.2 million agreed upon early final settlement of debt.

## **FITTERS DIVERSIFIED BERHAD**

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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 progressively increased aluminium system formwork quantity and workforce at phase 2 of Taman Putra for the past three months. With the implementation of Aluminium System Formwork, the progress of works was improving and achieved overall 22.4% of work done up to-date. Problems of shortage of workers, raw materials price hike and working hours constraint still remain the main challenge of this division.

Renewable & Waste-To-Energy segment businesses remain robust despite the challenging economic and labour shortage in 2021. The palm oil mill operates favourably towards the Group as the mill focused on its milling efficiency. At the same time, the CPO demand and price expected to remain strong in the coming quarters. The biogas plant which synergise with the palm oil mill continues to provide steady revenue to the Group. The medical waste market (for non-concessionaires) continues to be strictly regulated by the authorities and highly competitive in pricing. There has been increase in the medical waste coming from regular Covid-19 self-tests and hence increase in the 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.

In Q1 2022, the division has signed a one-year agreement with Lembaga Air Perak to supply PVC-O pipes for projects in Perak. The division has also actively participated in several other tender exercises for the supply of the product in Pahang, Negeri Sembilan, Sabah and Kedah for the Non-Revenue Water (NRW) and rural water supply projects. The division is also actively expanding its oversea market through several strategic business collaboration in India, Thailand, Philippines and Indonesia. Export to India has commenced since Q4 2021, and will continue throughout FY 2022. The export business is expected to grow further in Q3 2022.

With the easing of movement control and reopening of economic sectors in stages and transition to the endemic phase, 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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**5. Income Tax Expense**

	Fifth Quarter		Cumulative Quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	97	360	694	N/A
- Prior year	(118)	-	60	N/A
	(21)	360	754	N/A
Deferred tax	120	8	700	N/A
Total income tax expense	99	368	1,454	N/A

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 2022:

**(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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**6. Corporate Proposals (continued)**

**(ii) Proposed Private Placement and Share Issuance Scheme (continued)**

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.

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

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.

On 21 March 2022 and 28 March 2022, 94,000,000 and 46,303,800 Placement Shares, being the first and second tranche of Placement Shares for the Private Placement have been listed on the Main Market of Bursa Securities respectively at RM0.159 per share and RM0.1518 per share.

On 28 March 2022, the Company announced that the Private Placement has been completed.

The utilisation of gross proceeds of RM21.97 million raised from the Private Placement on 28 March 2022, as at the end of reporting quarter is as follows:-

Utilisation of proceeds	Intended timeframe for utilisation	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance available for utilisation (RM'000)
(i) Repayment of borrowings	Within 12 months	19,852	3,864	15,988
(ii) Working capital for the Group's palm oil mill	Within 12 months	1,523	1,300	223
(iii) Estimated expenses	Immediate	600	480	120
<b>Total</b>		<b>21,975</b>	<b>5,644</b>	<b>16,331</b>

**(iii) Proposed Rights Issue with Warrants**

On 13 May 2022, the Company announced the proposal to undertake a renounceable rights issue of up to 1,862,420,877 new ordinary shares in FITTERS together with up to 1,241,601,918 free detachable warrants in FITTERS on the basis of 3 Rights Shares together with 2 free Warrants for every 1 existing Share held by the entitled shareholders of FITTERS on an entitlement date to be determined.

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**7. Group Borrowings**

The total Group borrowings are as follows:

	As at 31/03/2022 RM'000	As at 31/12/2020 RM'000
<b>Short term borrowings</b>		
Secured		
Term Loans	21,387	17,802
Finance lease liabilities	543	707
Bank overdrafts	2,510	2,660
Bankers acceptance	15,189	14,070
Revolving credits	29,345	30,844
Unsecured		
Bank overdrafts	723	-
Bankers acceptance	2,025	5,117
	<u>71,722</u>	<u>71,200</u>
<b>Long term borrowings</b>		
Secured		
Term Loans	6,383	14,604
Finance lease liabilities	323	579
	<u>6,706</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.

On 18 May 2022, AHT has informed the Court that they have filed their Affidavit in reply to FNRG's application for Security for Cost; FNRG will file the Affidavit in Reply on or before 24 May 2022. The Court has fixed the matter for case management on 26 May 2022 for parties to update on the status of the filing of the Affidavit.

During the case management on 26 May 2022, the following has transpired :

- (a) FNRG has informed the Court that they will file the Affidavit in Reply by 26 May 2022, as per the extension granted.
- (b) AHT has requested for a later date to file their Written Submission in view of the ongoing discussions on settlement.
- (c) The Court has instructed the parties to file their Written Submissions before 15 June 2022 and fixed the matter for case management on 16 June 2022 for parties to update the Court on the status of the filing.



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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
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**9. Dividend Payable**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 March 2022.

**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.

	Fifth Quarter		Cumulative Quarter	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary equity holders of the Company	(4,408)	(4,155)	(12,784)	N/A
Adjusted weighted average number of ordinary shares in issue 467,679,511 (2021: 467,679,511) ('000)	467,680	467,680	467,680	N/A
Basic loss per share (sen)	(0.94)	(0.89)	(2.73)	N/A

**(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 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 30 May 2022.

**FITTERS DIVERSIFIED BERHAD**
**DATO' SOK ONE A/L ESEN**
**CHAIRMAN**
**Kuala Lumpur**
**30 May 2022**