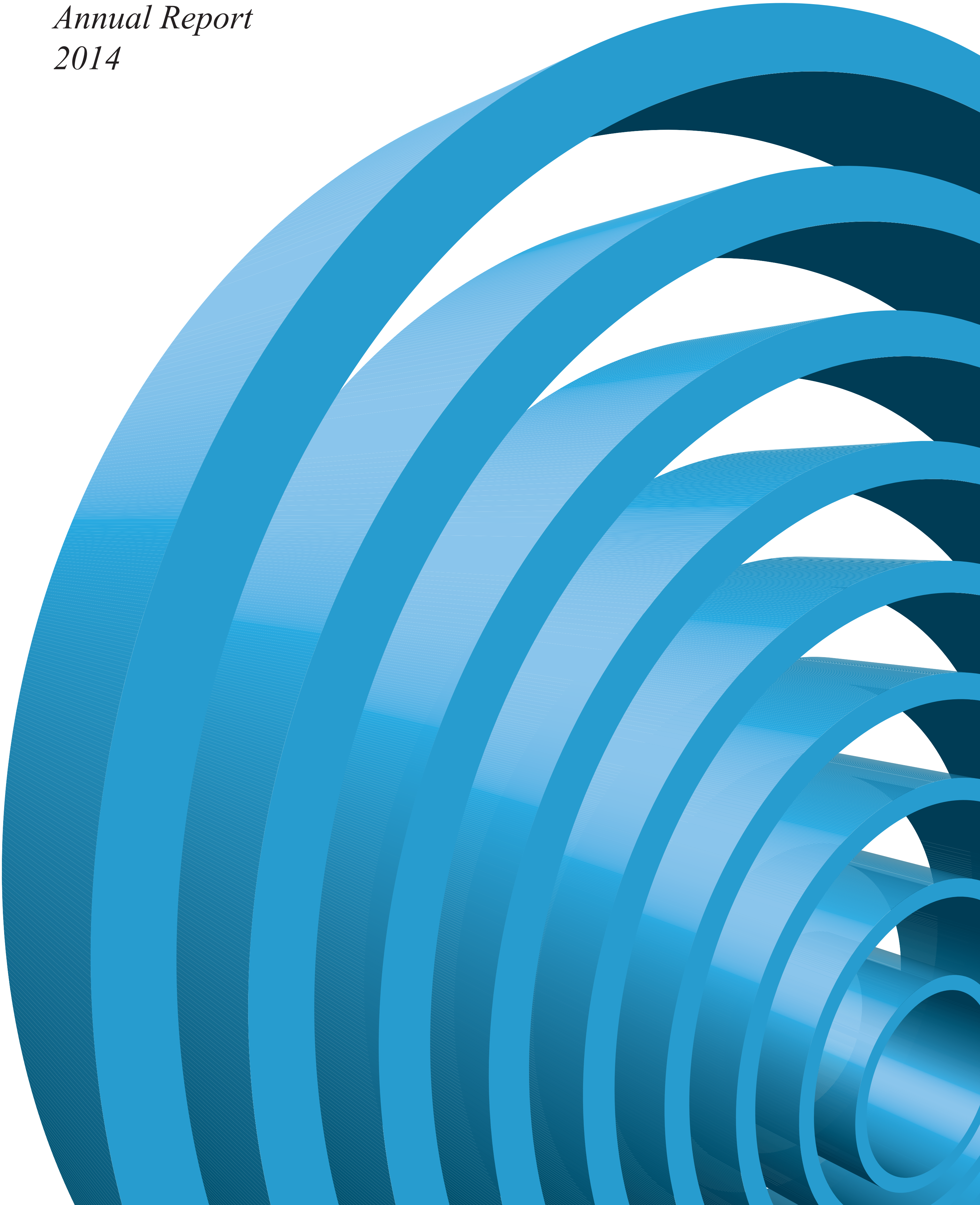
FITTERS Diversified Berhad

Diversified Growth Through Innovation & Technology

Annual Report 2014



VISION

To be a global driving force in
bringing cutting edge technology
to enhance the quality of life

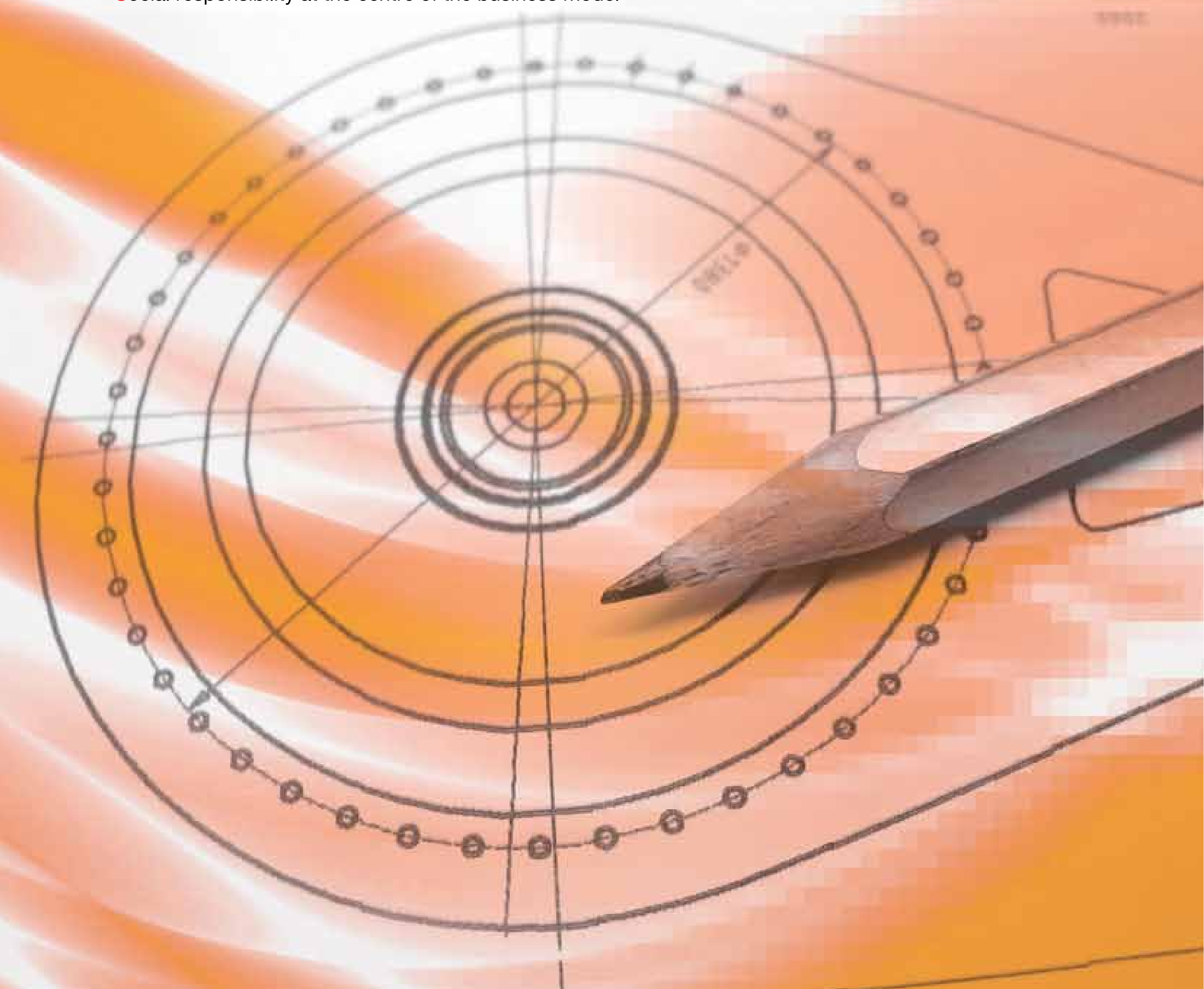
FITTERS Diversified Berhad
(149735-M)

MISSION

Provide engineering and creative
solutions through innovation and technology

CORE VALUES

Forefront in engineering
Innovative in meeting business challenges
Technology driven management and workforce – talent
Training the team to meet future challenges
Exceptional returns for stakeholders
Research emphasis towards delivery of reliable services
Social responsibility at the centre of the business model



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CORPORATE PROFILE

"The history of FITTERS Diversified Berhad Group began in the 1970s, when it commenced operations as a fire protection and prevention solutions provider."

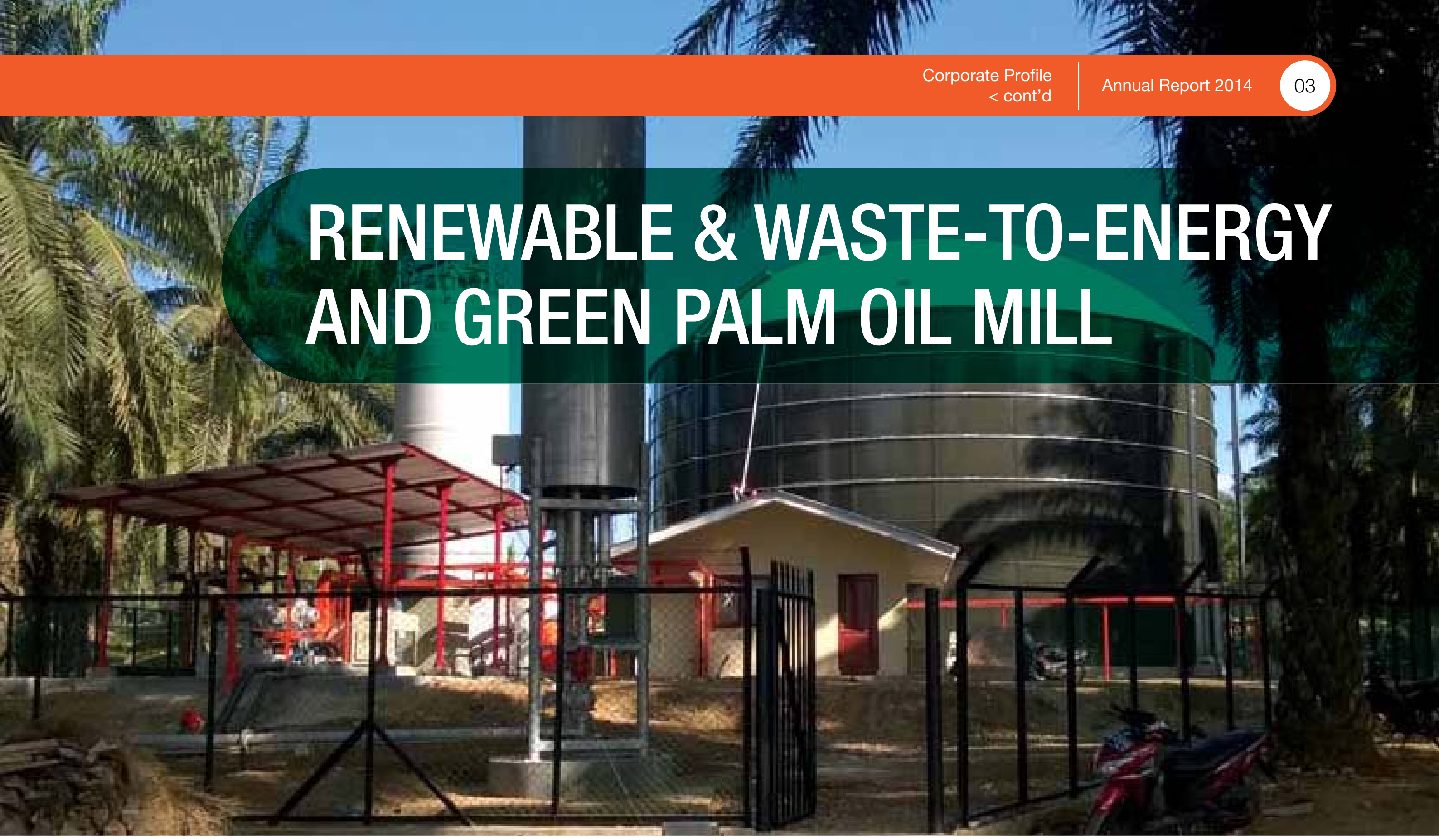
DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

FITTERS Diversified Berhad was listed on the Second Board of Bursa Malaysia on 4 October 1994 and was subsequently promoted to the Main Board of Bursa Malaysia on 4 July 2007.

Over the years, with a clear vision and strategic planning, FITTERS has boldly ventured into various businesses and has enhanced its value through the Group's diversification strategies.

Today, FITTERS is a diversified group engaged in the following core businesses:

- Fire Services
- Property Development & Construction
- Renewable & Waste-to-Energy and Green Palm Oil Mill
- HYPRO PVC-O Pipes Manufacturing & Distribution



RENEWABLE & WASTE-TO-ENERGY AND GREEN PALM OIL MILL

In 2008, FITTERS Group ventured into renewable & waste-to-energy and green palm oil mill business.

FUTURE NRG Sdn Bhd ("FNRG"), FITTERS' wholly owned subsidiary, is a technology integrator and developer of "Waste-To-Energy", "Waste-To-Resource" projects as well as "Green Mill Zero-Waste" solutions through the use of advanced proprietary technologies to produce renewable energy and recover valuable resources from waste. FNRG focuses on the following market segments:

Sustainable Green Mill

- Empty fruit bunches processing into revenue-producing products: dried long fibre ("DLF") and dried short fibre which can produce bio-fuel pellets for use in captive power and rural electrification biomass to energy projects
- Anaerobic digestion biogas capture of palm oil mill effluent prevents uncontrolled release of greenhouse gases into the atmosphere and produces biogas used for renewable energy in the DLF/pelleting process, for mill use and/or sale to grid
- Biogas can also be purified and used as an alternative for vehicle fuel, replacing the use of diesel

Biomass to Renewable Energy

- Biomass gasification for rural electrification, captive power and grid-connected plants
- Conventional steam cycle power plants apply for larger capacity projects and/or for projects with varied feedstock
- Anaerobic digestion for selected energy crops

Waste-to-Energy, Waste-to-Resource

- Treatment of industrial, medical and hazardous waste
- Biomass gasification of solid biomass waste to replace diesel powered generators
- Anaerobic digestion biogas capture to energy for a variety of waste streams (such as food and green waste)
- Production of renewable energy for sale to the national grid under the Feed-In-Tariff program

HYPRO PVC-O PIPES MANUFACTURING & DISTRIBUTION

FITTERS began its new venture into pipes manufacturing and distribution business in 2013 when its subsidiary, Molecor (SEA) Sdn Bhd, obtained the rights to the "Molecor technology" to manufacture and distribute the state-of-the-art "HYPRO" brand of eco-friendly Orientated Polyvinyl Chloride ("PVC-O") pipes in South East Asia.

Molecor (SEA) Sdn Bhd is jointly owned by FITTERS Diversified Berhad (65%), Ricwil (Malaysia) Sdn Bhd (25%) and Molecor Tecnologia S.L. (10%). Molecor Tecnologia S.L., our principal and technological partner for this venture, is a pioneer company specializing in the development of the latest technology applying molecular orientation to pipeline solutions with astonishing mechanical properties.

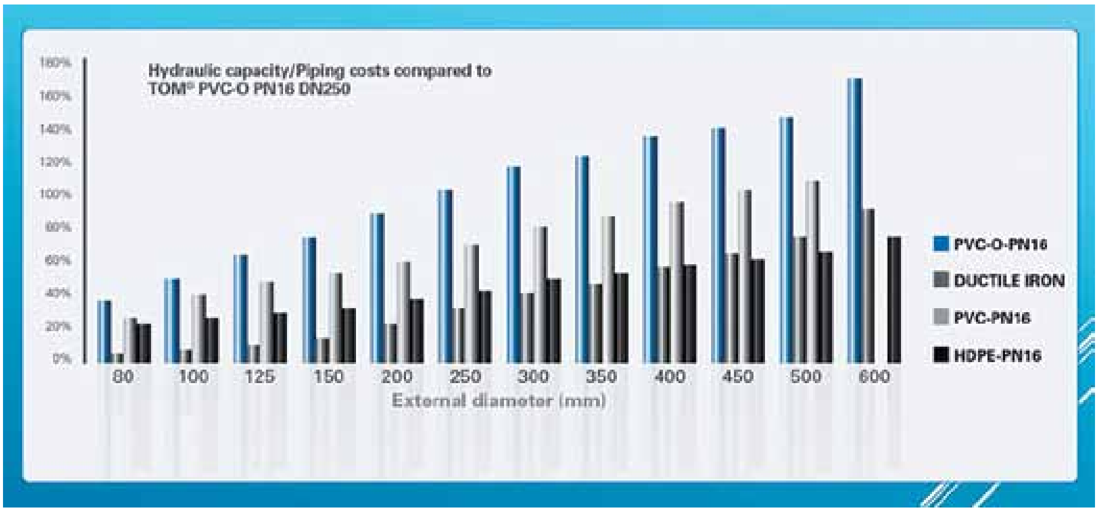
Molecor Tecnologia S.L. developed and patented the "molecular orientation" technology using hot air that gives PVC-O pipes higher impact resistance and longer lifespan of up to 50 years, as compared to the 30-year lifespan of conventional steel-based pipes. PVC-O pipes produced using "Molecor technology" have a track record of effective implementations in Australia, Italy, France, Spain, South Africa, Columbia, Ecuador and India.

HYPRO PVC-O pipes are the best option for high-quality, eco-friendly and cost-effective water transportation. Rigorous tests performed on PVC-O pipes demonstrate that they have greater short to long-term strength, drastically minimized crack propagation, significantly augmented hydraulic capacity and energy efficiency, maximum flexibility, better material savings, and involves considerably easier handling and faster installation, when compared to conventional unplasticised polyvinyl chloride ("PVC-U") and high density polyethylene ("HDPE") pipes. HYPRO PVC-O pipes provide operators, installers, engineers and water authorities an excellent solution for water transportation in Malaysia and South East Asia.

Molecor (SEA) Sdn Bhd's high-tech manufacturing plant is situated in the world class chemical and petrochemical industrial zone in Gebeng, Kuantan, Malaysia. The 8.5 acre plant site is 250km from the Kuala Lumpur headquarter, 25km from Kuantan town and a mere 5km from the Kuantan Port for better logistical connectivity throughout the region.

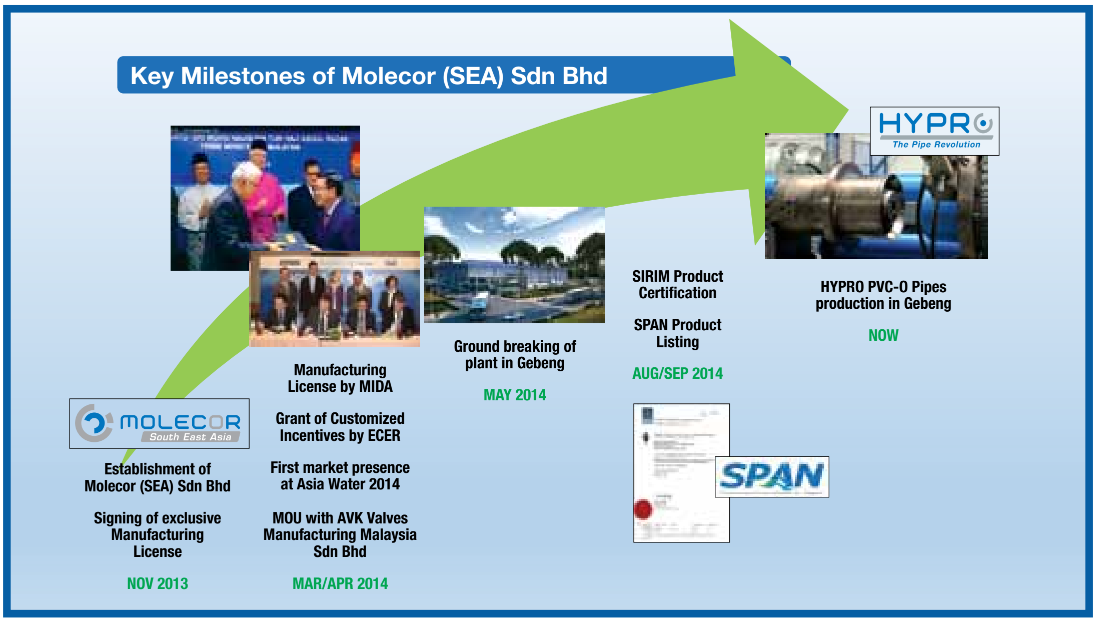
This remarkable manufacturing plant houses production lines that can produce up to 11,000 metric tonnes of HYPRO PVC-O pipes per annum. Manufacturing capacity can be scaled up to 22,000 metric tonnes per annum.

Cost Effective



Superior Overall Performance

Key Milestones



PROPERTY DEVELOPMENT & CONSTRUCTION

In 2007, FITTERS Group made its maiden foray into property development when it undertook the property development project on a prime 8.43 acres commercial land, beside a beautiful lake, in the fast growing urban area of Setapak, Kuala Lumpur. It completed the 3-storey shopping mall in 2011 and in the same year, it launched ZetaPark @ Setapak, making it an integrated commercial, retail and residential development. ZetaPark, sitting atop the vibrant Festival City Mall, comprises 424 SOHOs and 470 LOFT residences.

Following this success, the Group has launched its second project called ZetaDeSkye at Jalan Ipoh, Kuala Lumpur in the third quarter of 2013. ZetaDeSkye, an innovative product featuring a 24-storey two-tower condominium consisting of 284 units of freehold semi-D in the sky, is enjoying a high take up rate and is expected to be completed in 2016.

The successful launch of these projects has spurred the Group to look for more property development opportunities. FITTERS has earmarked a 50-acre parcel of land in Rawang, which it currently owns, for residential development with an estimated gross development value of RM380 million. On 4 March 2015, FITTERS Group has entered into a conditional sale and purchase agreement to acquire Plaza Pekeliling Office Tower Block and is planning to redevelop it into high-end work suites or high-end SOHOs or hotel and residence.


Pandu
Cermat

FIRE SERVICES DIVISION

FITTERS' Fire Services Division provides integrated fire protection and prevention solutions to a wide range of customers. With over 30-years of experience in fire safety, FITTERS is a renowned "one-stop" fire protection specialist for businesses and individuals.

FITTERS' Fire Services Division is involved in the manufacturing, trading and specialised installation of firefighting materials and equipment as well as the supply of fire safety protection services and products. Its diverse range of firefighting equipment includes, amongst others:

- Sprinklers, hose-reels, smoke and gas detectors
- FITTERS Fire-X fire extinguishers
- Pyrodor fire resistant doorsets
- Synthetic foam concentrates
- Custom-made fire safety apparel

FITTERS also manages and operates the Fire Department's privatised Computerised Fire Alarm Monitoring System ("CMS system") through its subsidiary, Master Pyroserve Sdn Bhd. With a growing subscriber base, FITTERS is the clear market leader in this segment.

FITTERS Engineering Services Sdn Bhd, an engineering and contracting firm with over 30-years of experience in the building and construction industry, provides Mechanical and Electrical Services ("M&E services"). The M&E services include:

Mechanical Works

- Air conditioning and ventilation installation
- Fire protection installation
- Water supply and sanitary installation
- Gas supply installation

Electrical Works

- Electrical power installation
- Extra low voltage installation
- Uninterruptable power supply and power engineering solutions

FireX - Your first line of Fire Defence Tool

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	*Chairman – Independent Non-Executive Director*
Dato' Wong Swee Yee	*Non-Independent Managing Director*
Datuk Dr Soh Chai Hock @ Soh Hai San	*Independent Non-Executive Director*
Encik Zahedi Bin Haji Mohd Zain	*Independent Non-Executive Director*
Dato' Ir Low Keng Kok	*Non-Independent Non-Executive Director*
Mr Chan Seng Fatt	*Independent Non-Executive Director*
Datin Goh Hooi Yin	*Non-Independent Executive Director*

COMPANY SECRETARY
Mr. Ng Yim Kong (LS 0009297)

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F : 603.2282.9980

PRINCIPAL BANKERS
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS
Chur Associates
H.S. Tay, Bahrin & Partners
Manjit Singh Sachdev,
Mohamad Radzi & Partners
Ong & Kok
Ong & Partners
Soon Eng Thye & Co
Susanna Lim & Partners

WEBSITE
http://www.fittersgroup.com

STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad
Stock Short Name : FITTERS
Stock Code : 9318

CORPORATE STRUCTURE

FITTERS Diversified Berhad (149735-M)

- 100% FITTERS Marketing Sdn Bhd (1)
- 100% Master Pyroserve Sdn Bhd (1)
- 51% FITTERS-MPS Sdn Bhd (1)
- 100% FITTERS (S) Pte Ltd (1)
- 100% FITTERS Sdn Bhd (1)
  - 100% FITTERS (Sarawak) Sdn Bhd (1)
  - 100% FITTERS Fire Technology Sdn Bhd (6)
  - 100% Modular Floor Systems (M) Sdn Bhd (6)
  - 100% FITTERS (Ipoh) Sdn Bhd (6)
  - 100% AHT NRG Asia Sdn Bhd (fka The Safety Shop Sdn Bhd) (6)
- 100% FITTERS Engineering Services Sdn Bhd (1)
  - 100% FITTERS Engineering and Maintenance Services Sdn Bhd (6)
  - 100% FITTERS Engineering Service (Johor) Sdn Bhd (6)
  - 55% FITTERS-MCCT Sdn Bhd (1)
  - 100% FITTERS Construction Sdn Bhd (fka Z'odd Design Sdn Bhd) (2)
- 100% FITTERS Property Development Sdn Bhd (2)
  - 100% ZetaPark Development Sdn Bhd (2)
  - 100% Superior Villa Sdn Bhd (2)
  - 100% Rasa Anggun Development Sdn Bhd (2)
- 100% Master Pyrodor Sdn Bhd (5)
- 100% Future NRG Sdn Bhd (3)
  - 100% Future Biomass Gasification Sdn Bhd (3)
  - 100% Solid Orient Holdings Sdn Bhd (3)
- 100% FITTERS-NRG Sdn Bhd (5)
  - 100% Liangshan Future NRG Biology Electric Power Co., Ltd (3)
- 100% Premier Equity Holdings Limited (5)
  - 100% Future NRG Asia Ltd (3)
  - 100% Future NRG (SEA) Pte Ltd (3)
- 65% Molecor (SEA) Sdn Bhd (4)
- 100% Future NRG Pte Ltd (6)
- 100% FITTERS Building Services Sdn Bhd (6)
  - 100% Pyro-Tech Systems Sdn Bhd (6)
- 100% Wintip Sdn Bhd (6)
- 100% Armatrade Sdn Bhd (6)

Legends:

1. Fire services
2. Property development & construction
3. Renewable & waste-to-energy & green palm oil mill
4. Hypro PVC-O pipes manufacturing & distribution
5. Investment holding
6. Ceased operations / dormant

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of FITTERS Diversified Berhad ("FITTERS" or "the Company"), I am pleased to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2014.

FINANCIAL REVIEW

For the financial year ended 31 December 2014 ("FY2014"), FITTERS Group recorded a profit before tax of RM42.2 million on the back of a revenue of RM347.3 million, representing a decline of 24.4% from the profit before tax of RM55.8 million and 26.5% from the revenue of RM472.5 million recorded in the previous financial year.

The Fire Services Division and the Property Development & Construction Division have delivered satisfactory results for FY2014. The Fire Services Division registered an increase in profit before tax of 6.1% to RM13.9 million in FY2014 from RM13.1 million in the last financial year, due to the stability in the business and increase in the number of projects. The Property Development & Construction Division recorded a marginal decline in profit before tax of 8.6% to RM39.4 million in FY2014 from RM43.1 million previously, as most of the construction work for the ZetaPark project was completed in first half of 2014 and the current project namely ZetaDeSkye is at 27% completion as at year end 31 December 2014. It is encouraging to note that the take up rate for our existing ZetaDeSkye project, which comprises 24-storey two tower condominium consisting of 284 units of freehold semi-D in the sky, has been promising.

The Renewable & Waste-to-Energy Division recorded a loss before tax of RM7.2 million during FY2014 as compared to profit before tax of RM2.2 million previously while the Group's newly set-up pipe manufacturing business incurred pre-operating expenses of RM2.6 million during FY2014. The performance of the Renewable & Waste-to-Energy Division was affected by the much lower throughput at our palm oil mill and long fibre facilities.

FITTERS Group will continue with its on-going efforts to further enhance the performance of its existing businesses of Fire Services, Property Development & Construction and Renewable & Waste-to-Energy. The Group has commissioned its Orientated Polyvinyl Chloride ("PVC-O") pipes manufacturing plant in early 2015 and is intensifying its marketing efforts to distribute its PVC-O pipes into the local market as well as the South East Asian countries. The Pipe Manufacturing & Distribution Division is expected to generate a new source of income to FITTERS Group and contribute positively to the Group's financial performance.

DIVIDEND

On 24 February 2014, FITTERS formalised its dividend policy of paying out at least 30% of the Group's net profit to its shareholders with effect from FY2014. The implementation of our dividend policy is a natural progression for the Group as we look forward to growing our institutional shareholders base in tandem with our business. As we are confident of growing our profitability, this dividend policy is geared towards delivering consistent returns to our shareholders.

FITTERS has on 2 July 2014 paid a single-tier first interim dividend of 2 sen per ordinary share amounting to RM6.19 million for the financial year ended 31 December 2014. The Board of Directors has on 5 May 2015 declared a single-tier second interim dividend of 0.6 sen per ordinary share amounting to RM2.88 million for the financial year ended 31 December 2014, to be payable on 19 June 2015. This means that the total dividend pay-out for financial year ended 31 December 2014 would amount to RM9.07 million as compared to RM11.97 million for the previous financial year.

KEY CORPORATE AND BUSINESS DEVELOPMENTS

On 14 May 2014, Future NRG Sdn Bhd, a wholly owned subsidiary of FITTERS, had entered into a Memorandum of Understanding with POIC Trading Sdn Bhd to promote and develop opportunities relating to the treatment and conversion of palm oil waste, especially empty fruit bunches and palm oil mill eff uents, into resources and energy and the establishment of an integrated palm biomass centre in Sabah.

Future NRG Sdn Bhd had on 15 September 2014 entered into a Heads of Agreement with AHT Services GmbH to collaborate to set up a joint venture company to be named as AHT NRG Sdn Bhd or such other name as may be agreed to by the parties and approved by the Companies Commission of Malaysia to further develop the technology on gasification and cleaning. The joint venture is expected to deploy biomass-gas generators to replace diesel powered generators.

On 6 August 2014, Molecor (SEA) Sdn Bhd, a 65% owned subsidiary of the Company, had obtained a licence from SIRIM QAS International Sdn Bhd to use the SIRIM certification mark for its PVC-O pipes and joints. This accreditation, which is in compliance with the ISO 16422:2006 certification, allows Molecor (SEA) Sdn Bhd to supply PVC-O pipes nationwide for use in water distribution pipeline.

Molecor (SEA) Sdn Bhd had accepted the letter of offer from Malaysian Investment Development Authority dated 26 December 2014 for a matching grant of 50% up to a maximum of RM10 million for a period of 3 years commencing from 14 May 2014 to 13 May 2017 for the modernisation and upgrading of facilities and equipment at its PVC-O pipe manufacturing activities.

On 1 October 2014, 31,185,800 new ordinary shares of RM0.50 each, representing 10% of the issued and paid-up share capital of FITTERS, were issued at an issue price of RM1.23 per share via a Private Placement exercise and the said shares were listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 3 October 2014.

On 13 October 2014, 137,216,949 new ordinary shares of RM0.50 each in FITTERS, on the basis of 2 bonus shares for every 5 existing FITTERS shares held, together with 137,216,949 free warrants in FITTERS, on the basis of 2 warrants for every 5 existing FITTERS shares held, were issued. The bonus shares and warrants were listed on the Main Market of Bursa Malaysia on 14 October 2014 and 21 October 2014 respectively. Each warrant entitles the holder to subscribe for 1 new FITTERS share at an exercise price of RM1.00 at any time within 5 years commencing from the date of issue of the warrants up to and including the expiry date of 12 October 2019.

FITTERS Building Services Sdn Bhd, a wholly owned subsidiary of the Company, had on 4 March 2015 entered into a sale and purchase agreement with GCP Tower Sdn Bhd to acquire 70 parcels of office lots and 363 units of car park bay at Plaza Pekeliling for a cash consideration of RM28,280,000. The proposed acquisition represents an opportunity for FITTERS to expand its property development and construction business wherein it will redevelop the said property into high-end work suites or Small Office Home Office (“SOHO”) or hotel for on-sale to the market.

CORPORATE SOCIAL RESPONSIBILITY

FITTERS Group acknowledges the importance of a corporate culture that emphasises good corporate social responsibility. While creating long term value for its shareholders, FITTERS also places significant emphasis towards corporate social responsibility in relation to the workplace, community, market place and environment.

FITTERS continues to reach out to the community with its on-going campaigns on ***“One-Home-One-Extinguisher”*** and ***“One-Car-One-Extinguisher”***, which were introduced by the Ministry of Housing and Local Authorities, with the objective of creating fire safety and prevention awareness amongst the public and promoting the need for Malaysian homes and cars to be equipped with the ***“first line of fire defence tools”***.

During the year under review, FITTERS being one of the partners of KidZania Kuala Lumpur (“KidZania”) continued its participation in FIRE Station Pavilion at KidZania to promote fire safety and prevention awareness to the public, especially the younger generation, and to educate the children on the basic fire prevention and awareness skills with hands-on experience in putting out fires.

CORPORATE GOVERNANCE

The Board of Directors of FITTERS remains firmly determined and committed in ensuring that required standards of corporate governance are practised and applied across FITTERS Group.

The Board is aware that good and effective corporate governance includes the need to attain high standards of business ethics, accountability, integrity, transparency and professionalism across all activities and overall conduct of FITTERS Group. As such, FITTERS shall continue to strive to promote a culture of integrity, excellence and professionalism among its employees.

ECONOMIC LANDSCAPE AND FUTURE OUTLOOK

The Malaysian economy is expected to expand at a more moderate pace of 4.5% to 5.5% in 2015. Domestic demand will continue to remain the anchor for growth with private investment activities to provide the added impetus. Public investment on the other hand is expected to rebound with a 5.1% increase in 2015 spurred by continued implementation of infrastructure projects notably in the utility and transportation sub-sectors.

Given the prevailing market and industry conditions, the Board of Directors is cautiously optimistic of achieving a satisfactory operational and financial performance for the financial year ending 31 December 2015. FITTERS will remain focused on its core businesses and continue with its efforts to enhance them.

The Fire Services Division will continue to be the bread and butter business for the Group generating a steady stream of income. The existing project in the Property Development & Construction Division will continue to contribute positively to the Group's financial performance. The Group will also be selectively launching projects with products that suit market demand. With anticipated improvement of throughput at our palm oil mill and long fibre facilities, the Renewable & Waste-to-Energy Division is expected to perform better than FY2014. FITTERS is confident that its new Pipe Manufacturing & Distribution Division is able to tap into the potential of the local sizeable market. Molecor (SEA) Sdn Bhd as the exclusive manufacturer and distributer of PVC-O water pipes under the HYPRO brand in Malaysia and South East Asia is anticipating an encouraging off-take for its products. The attributes of our PVC-O pipes, namely lightweight, easier to handle, highly durable and able to withstand high pressure for water transportation, make our pipes a viable choice for new pipe-laying opportunities from both the private and public sectors, including the Government's nationwide pipe replacement initiatives.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank our valued customers, suppliers, contractors, financiers, shareholders, respective government authorities and not least of all, the management and staff, for your continuous support, confidence and cooperation to the Group.

En. Mohd Nizar bin Idris, the former Chairman of the Company, and Mr Kong Sin Seng, an independent non-executive director of the Company, who have served the Board and contributed immensely to the growth of the Group have retired from the Board at the last annual general meeting. As the new Chairman of FITTERS, I wish to take this opportunity to express our sincere thanks and appreciation to them for their excellent contributions and invaluable advices to the Group. Meantime, do let me welcome Mr Chan Seng Fatt to the Board as independent non-executive director of the Company. To my fellow colleagues on the Board, I would like to express my sincere appreciation for your guidance and support, and I look forward to your continued active participation on the Board.

DATO' FU AH KIOW @ OH (FU) SOON GUAN
Chairman
5 May 2015

BOARD OF DIRECTORS' PROFILE

DATO' FU AH KIOW @ OH (FU) SOON GUAN, Malaysian

Dato' Fu Ah Kiow, aged 66 is the Chairman of the Board and an **Independent Non-Executive Director**. He was appointed to the Board on 20th June 2014.

He holds a Bachelor of Science (Honours) degree in Physics from the University of Malaya and a Master's degree in Industrial Engineering and Management Science from the Cranfield University, United Kingdom.

He has more than thirteen (13) years of distinguished service in the Malaysian Government. He was elected a Member of Parliament in 1995 and was Deputy Minister in several ministries prior to his retirement in 2008. Before joining the Government, Dato' Fu had worked as an engineer and in various managerial roles, with multinational companies, and later founded and successfully managed companies engaged in construction and M&E engineering services.

Currently, he is also on the Board as Chairman of both Tiong Nam Logistics Holdings Berhad and the STAR Publications (Malaysia) Berhad.

He has no other directorship in other public companies and neither is there any family relationship with any director and/or substantial shareholder. There is no conf ict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATO' WONG SWEE YEE, Malaysian

Dato' Wong Swee Yee, aged 57 is the founder of the Company and was first appointed to the Board on 18th January 1986. He is the **Managing Director** and an **Executive Non-Independent Director** of the Company. He is the Chairman of the Executive Committee as well as member of the Remuneration and Risk Management Committees.

He is an Associate Member of Harvard Business School Alumni Club of Malaysia and also Vice-President of the Table Tennis Association of Malaysia.

Having been actively involved in the fire safety and prevention industry since 1979, and as the founder of the Company, he has been instrumental in the growth of FITTERS Group over the years. His visionary entrepreneurial skills, undying passion and foresight had led the Company to move into both, upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by introducing state-of-the-art technology to Malaysia and through the set-up of a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for FITTERS. Over the past few years, he has been instrumental in taking the Group to greater heights, by diversifying into new areas of property development, renewable, waste-to-energy & green palm oil mill and recently into innovative PVC-O pipes manufacturing and distribution.

He has no other directorship in other public companies. Datin Goh Hooi Yin, his spouse, is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conf ict of interest with the Company. There are no convictions for any offences within the last 10 years.

ENCIK ZAHEDI BIN HAJI MOHD ZAIN, Malaysian

Encik Zahedi bin Haji Mohd Zain, aged 60 was first appointed to the Board on 26th January 1994. On 22nd December 2001, he was appointed as the Alternate Director to the late Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohd Ali and ceased on 21st March 2011 after her demise. He was appointed as an **Independent Non-Executive Director** on 1st April 2011. He is also a member of the Audit Committee and Nominating Committee.

He holds a Bachelor of Science Honours Degree (Applied Science) from Brighton Polytechnic, United Kingdom.

He started his career as a production engineer with Petronas in 1981. In 1985 he left Petronas to work in his family businesses which included automotive component parts manufacturing, property development and investment holdings.

He is also an Independent Non-Executive Director of Fajarbaru Builder Group Berhad and has no other directorship in other public companies. He has no family relationship with any director and/or substantial shareholder. There is no conf ict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATUK DR. SOH CHAI HOCK @ SOH HAI SAN, Malaysian
PJN, DSSA, DSM, JSM, KMN, AMN, PBM, LLD (USA), HON F.I.(FIRE) E.(UK), MMIM

Datuk Dr. Soh Chai Hock, aged 70 was first appointed to the Board on 1st April 2011. He is an **Independent Non-Executive Director**. He is also the Chairman of the Nominating Committee and Remuneration Committee.

Datuk Dr. Soh is National Chairman of the Malaysian Fire Prevention Council, a Government link NGO. He was conferred a 'Doctorate of Laws' (LLD) by the Anna Maria College, Paxton, Massachusetts, USA in 1998. He is professionally trained on FEMA's highest level of Command and Control program in the United States and on "Senior Crisis Management – Anti Terrorism" with the Department of State, Bureau of Diplomatic Security and Louisiana State University, USA.

He was also the co-founder and Adjunct Professor for the Master of Science ("ERP") program in University Putra Malaysia and Chief Editor for the "Guide for Fire Protection in Malaysia". In 1996, he was appointed Vice President of the Fire Chiefs Association of Asia (IFCAA) and was invited to sit in the United Nations Fire Expert Committee, Geneva, Switzerland during the Indonesian wild land fire and South East Asian haze disaster in 1997.

He was also a Post Cabinet committee member for the Ministry of Housing and Local Government, Malaysia. In 1999, he retired as the Director General of the Malaysian Fire and Rescue Services and was appointed 'Fire Expert' by the Asian Productivity Organization for 20 Asia-Pacific countries. In 2010, he was conferred the 'Fellow of the Institute of Fire Engineers, United Kingdom. He is the Advisor to Asia Pre-Hospital & Fire Rescue Federation Association (APFA) and a Panel Judge for The International Real Estate Federation (FIABCI).

Since his retirement from the public sector, he has continued to be active in both the public and private sector. He had served as an Independent Director for Proton Automobile (M) Bhd and Proton Edar Sdn Bhd, Asia Insurance (M) Bhd and HOPU Investment Management Co Ltd.

At present, he has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conf ict of interest with the Company and there are no convictions for any offences within the last 10 years.

DATO' IR. LOW KENG KOK, Malaysian

Dato' Ir. Low Keng Kok, aged 60 was appointed to the Board on 21st November 2012. He is a **Non-Independent Non-Executive Director**. He is also a member of the Audit Committee.

Dato' Low graduated from University of Malaya with a Bachelors of Engineering (Honours) Degree in civil engineering. He is a Chartered Engineer and a Chartered Environmentalist (UK). He is a Fellow of the Institute of Engineers Malaysia and Institute of Highways and Transportation (UK). He is a corporate member of the Institute of Water and Environmental Management (UK) and the Institute of Civil Engineers, UK (M.I.C.E.). He has more than 35 years of experience in the management of buildings, infrastructure and privatisation projects.

Dato' Low is a Director of Universiti Teknologi Malaysia (UTM). He was the Managing Director of Road Builder (M) Holdings Berhad from 1998 to 2007. He remained as a Director of Fajarbaru Builder Group Berhad after his retirement as the Managing Director, a post he had held from 2007 to 2012. Currently, he is also the Chairman of Molecor (SEA) Sdn Bhd, a subsidiary of FITTERS Diversified Berhad.

He has no other directorship in other public companies. There is no family relationship with any director and/or substantial shareholder. He has no conf ict of interest with the Company and there are no convictions for any offences within the last 10 years.

MR CHAN SENG FATT, Malaysian

Mr Chan Seng Fatt, aged 52, a Chartered Accountant of The Malaysian Institute Of Accountants, was appointed to the Board on 20th June 2014 as an **Independent Non-Executive Director**. He is also the Chairman of the Audit Committee and Risk Management Committee, and a member of the Nominating and Remuneration Committees.

Mr Chan has an extensive career exposure spanning more than 25 years covering various aspects of experience namely external and management auditing, financial management, corporate finance, stockbroking and senior level operation & general management.

He was the Chief Executive Officer of Tradewinds Plantation Berhad, a position which he had held for 5 years from 2007-2012. Prior to joining Tradewinds Group, he had held several senior positions in various public and private companies.

Mr Chan is also an Independent Non-Executive Director and the Chairman of Audit Committee and Risk management Committee of Salcon Berhad. He has no other directorship in other public companies and neither is there any family relationship with any director and/or substantial shareholder. There is no conf ict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATIN GOH HOOI YIN, Malaysian

Datin Goh Hooi Yin, aged 54 is an **Executive Non-Independent Director**. She was first appointed to the Board on 15th December 2008. She is a member of the Executive Committee. She holds a Bachelor of Science (Mathematics), First Class Honours degree from University of Malaya.

She started her career as an analyst with an insurance IT company. She subsequently joined an IT organization and effectively served in various positions spanning across sales & marketing, project management, consulting, customer service and profit centre responsibilities. She joined the Group's subsidiary (Master Pyroserve Sdn Bhd) for a period of 3 years; assisting in the ISO accreditation and overseeing the maintenance operations.

She has no other directorship in other public companies. She is the spouse of Dato' Wong Swee Yee, the Managing Director and a substantial shareholder of the Company. There is no conf ict of interest with the company. There are no convictions for any offences within the last 10 years.

GROUP FINANCIAL SUMMARY

Year Ended 31 December	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	347,284	472,500	410,896	446,488	189,756
Profit before taxation	42,157	55,831	38,109	29,719	18,929
Income tax expense	(12,751)	(16,339)	(10,046)	(7,436)	(4,939)
Profit for the financial year	29,406	39,492	28,063	22,283	13,990
Non-controlling interests	690	(277)	(175)	(89)	(829)
Profit attributable to owners of the parent	30,096	39,215	27,888	22,194	13,161
Share capital	240,130	155,929	155,929	108,208	108,204
Share premium	-	2,863	2,863	-	-
Treasury shares	-	(10,278)	(14,452)	-	-
Distributable reserves	84,484	103,529	70,345	42,446	20,251
Non-distributable reserves	30,273	29,949	7,908	8,454	7,033
Shareholders' Funds	354,887	281,992	222,593	159,108	135,488
Property, plant and equipment	218,459	148,459	43,550	37,617	31,684
Investment properties	740	528	550	863	1,109
Intangible assets	4,360	4,360	4,531	4,360	4,531
Land use rights	4,501	4,491	4,153	4,439	3,481
Investment in associates	-	-	-	8,002	-
Investment securities	21,541	21,541	29,203	25,656	19,294
Non-current trade and other receivables	2,693	1,311	2,791	4,734	17,260
Current assets	289,984	283,684	266,901	208,787	162,260
Total Assets	542,278	464,374	351,679	294,458	239,619
Loans and Borrowings	98,529	79,714	31,818	44,125	14,689
Net Assets	366,427	283,897	224,071	160,421	136,713
Net Assets per share (sen)	76.30	96.01	77.52	74.13	63.17
Weighted Average Number of Ordinary Shares Issue ('000)	451,874	291,434	224,523	216,416	203,440
Earnings per share (sen)	6.66	13.46	12.42	10.26	6.47

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of FITTERS Diversified Berhad ("FITTERS" or "the Company") remains firmly determined and committed in ensuring that required standards of corporate governance are practised and applied across FITTERS Group of Companies ("FITTERS Group").

The Board is aware that good and effective corporate governance includes the need to attain high standards of business ethics, accountability, integrity, transparency and professionalism across all activities and overall conduct of the FITTERS Group. As such, FITTERS shall also continue to strive to promote a culture of integrity, excellence and professionalism among its employees.

The Board is pleased to disclose below a description of how the FITTERS Group has applied the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code") throughout the financial year ended 31 December 2014.

1. BOARD OF DIRECTORS

1.1 Roles and Responsibilities of the Board

The Board plays an important role in setting the vision, purpose and strategies of the organisation. FITTERS is led and managed by a pro-active Board that is able to provide effective leadership and assumes full responsibilities for the overall performance of the Group by setting strategic plans and policies for the Company and overseeing the conduct of the Company's businesses and financial reporting. The Board also focuses on reviewing the adequacy and integrity of the Company's internal control systems and management information system, management and staff succession planning, identifying key risks and ensuring implementation of appropriate systems to manage these risks and developing shareholder's communication policy for the Company. The concepts of transparency, accountability and integrity continue to form the foundation on which the Board discharges its duties.

The Board has appropriately delegated specific tasks to four (4) Committees, being the Audit, Nominating, Remuneration and Long-Term Incentive Plan Committee. These Committees have wide ranging authorities and make recommendations to the Board which holds the ultimate responsibility.

The Board maintains a supervisory control over management through the participation of Executive Directors in the Executive Committee ("EXCO") which ensures implementation of standard operating procedures and efficient management of the FITTERS Group.

The EXCO is the principal decision making body for the day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved. The EXCO's functions are:

(a) to review operational and financial performance of all operating units;
(b) to discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running of the operating units;
(c) to act as a check and balance for major operational decisions that requires an independent and objective evaluation;
(d) to act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors;
(e) to enable faster response to operational issues; and
(f) to provide approvals based on authority levels sanction by the Board of Directors in order to facilitate effective management of the operational units.

1.2 Board Charter

The Board has developed a Board Charter which sets out its roles, structure, responsibilities, functions and processes of the Board and Committees and also the duties and responsibilities of the Management. The Board Charter will be periodically reviewed and updated by the Board, as and when deemed necessary, to ensure it remains consistent with its objectives and existing regulatory requirements. The Board Charter is available in the Company's website at www.fittersgroup.com.

1. BOARD OF DIRECTORS (CONT'D)

1.3 Code of Business Ethics

The Board has also established the Code of Business Ethics for Directors and all employees of the Group.

1.4 Sustainability

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the impact on the environmental, social and governance aspects of business operations. The Board and senior management will strive to ensure that these strategies meet the expectations of stakeholders such as customers, shareholders, business partners and the community in which it operates.

1.5 Board Composition and Balance

The Board has seven (7) members providing a balanced mix of two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors, whose varied skills and vast experiences are relevant to the Group's business operations. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan as the Independent Non-Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly ref ects the interest of the majority and minority shareholders. A brief profile of each Director is presented in the Board of Directors' Profile section of the Annual Report.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgement. All the independent Directors have demonstrated to the Board that they have exercised unbiased and independent judgement and participation in discussion, safeguarding the interest of the Group and the minority shareholders. The composition of the Board complies with Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby at least one-third of the Board is independent. The concept of independence adopted by the Board is in accordance with the definition of an Independent Director in Paragraph 1.01 of the MMLR of Bursa Securities.

1.6 Time commitment

The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2014, seven (7) Board meetings were held at the registered office of the Company.

Senior management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

All Board meetings are furnished with proper agendas with due notice issued and board papers and reports are prepared by the Management which provides updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on the new appointment.

1. BOARD OF DIRECTORS (CONT'D)

1.6 Time commitment (Cont'd)

Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan [i]	4 / 4
Dato' Wong Swee Yee	7 / 7
Encik Zahedi Bin Haji Mohd Zain	6 / 7
Datuk Dr. Soh Chai Hock @ Soh Hai San	6 / 7
Dato' Ir. Low Keng Kok	6 / 7
Mr Chan Seng Fatt [i]	4 / 4
Datin Goh Hooi Yin	7 / 7
Encik Mohammad Nizar Bin Idris [ii]	2 / 2
Mr. Kong Sin Seng [ii]	2 / 2

Notes:-
[i] Appointed on 20 June 2014
[ii] Retired on 18 June 2014

Each of the Directors has attended more than fifty percent (50%) of Board meetings, thus fulfilling the requirement of the MMLR.

Each Director is expected to attend all meetings of the Board, general meetings and each Committee Meeting that the Director is a member. The Board would agree on an annual basis on the meeting dates for the whole year so that each member of the Board is able to plan his/her schedule accordingly. This helps to ensure that the Board is committed to meet when the time arises.

The Board meets on matters reserved specifically for its decision to ensure that the overall strategic direction and control of the FITTERS Group is firmly in its hands. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall under the purview of the Board.

1.7 Supply of Information

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results and issues requiring the Board's deliberation and approval and other ad-hoc reports. For example, minutes of the Audit Committee and Nominating Committee are extended to the members of the Board at the conclusion of each of the meetings. The findings of the Risk Management Committee are also extended to the Board.

The Board members have unrestricted access to timely and accurate information, necessary in the performance of their duties as a full board as well as in their individual capacities. Whenever the need arises, senior management will be invited to board meetings to further assist the Board in understanding the Company's operations.

All Directors have access to the advice and services of the Company Secretary, the Internal Auditor and the External Auditors. In the execution of their duties as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company.

1. BOARD OF DIRECTORS (CONT'D)

1.8 Company Secretary

The Company Secretary provides guidance to the Board on matters pertaining to the Board's responsibilities in order to ensure that they are effectively discharged within relevant legal and regulatory requirements. This includes updating the Board on the MMLR and other legal and regulatory developments and their impact on the Group and its business.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. The Company Secretary and/or his representatives attend all the meetings where he and/or his representative(s) records and circulates the minutes of the meetings. He is also responsible for the safekeeping of the minutes by ensuring that they are kept at the registered office of the Company and are available for inspection, if required.

1.9 Appointments to the Board

The appointment of new Directors is under the purview of the Nominating Committee which is responsible for making recommendations to the Board of suitable candidates for appointment as Director of the Company. Suitable candidates must be approved by the Board.

As part of the process of assessing the suitability of candidate for Board membership, the Nominating Committee takes into account various factors such as the individual's educational background, experience, time commitment, the MMLR and general knowledge of the Company's business and market.

1.10 Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles of Association also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

1.11 Annual Assessment of Independence

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The assessment of the independence of the Directors based on the provisions of the MMLR covers a series of objective tests and is carried out before the appointment of the Independent Directors. Further, the Board with assistance from Nominating Committee will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Director can continue to bring independent and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conf ict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to inf uence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the financial year ended 31 December 2014, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities.

1. BOARD OF DIRECTORS (CONT'D)

1.12 Tenure of Independent Director

The Board in its Charter provided that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

1.13 Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. As an integral element in the process of appointing new Directors, there will be a period of orientation and education for the new Board members and where appropriate, visit to the Group's businesses and meetings with the senior management team to facilitate their understanding of the Group's businesses and operations.

All Directors have also attended the training programmes as required by Bursa Securities, in order to keep abreast with development in the industry as well as new regulatory development on a continuous basis.

During the financial year ended 31 December 2014, the Board members have attended individually and collectively the following training programmes:

Name of Directors	Training Programmes
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	• In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports • BDO GST Workshop Training • Appreciation & Application of ASEAN Corporate Governance Scorecard
Dato' Wong Swee Yee	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports
Datin Goh Hooi Yin	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Nominating Committee Programme 2 : Effective Board Evaluations • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports

1. BOARD OF DIRECTORS (CONT'D)

1.13 Directors' Training (Cont'd)

Name of Directors	Training Programmes
Datuk Dr. Soh Chai Hock @ Soh Hai San	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports • Enterprise Risk Management and Directors and Officers Insurance – What You Should Know • Directors Breakfast Series : "Great Companies Deserve Great Boards"
Encik Zahedi Bin Haji Mohd Zain	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports
Dato' Ir. Low Keng Kok	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports
Mr. Chan Seng Fatt	• Mandatory Accreditation Programme • In-house Directors' Training on:- (i) Amendments to Bursa Securities MMLR regarding an Independent Adviser's Role in relation to a Major Disposal and Voluntary Withdrawal of Listing (ii) Best Practice Guide in relation to Independent Advice Letters (iii) Clarification of the Disclosure Requirements in Annual Reports
Encik Mohammad Nizar Bin Idris	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements
Mr. Kong Sin Seng	• In-house Directors' Training on Amendments to Bursa Securities MMLR in relation to the review of timeframe for issuance of Annual Reports and other enhancements

The Directors will continue to undergo other relevant training programmes and seminars in order to ensure that they are well equipped with the relevant knowledge as well as emergent strategic directions and ideas that will enable them to discharge their duties in a more efficient manner.

1. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees

1.14.1 Audit Committee

The Company has an Audit Committee whose composition meets with the MMLR, where Independent Directors form the majority and a member is a qualified accountant. The Audit Committee reviews issues related to accounting policies, external financial reporting, monitors the work of the Group Internal Audit Department and ensures an objective and professional relationship is maintained with the External Auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in the Annual Report.

1.14.2 Nominating Committee

The Company had on 22 December 2001 established a Nominating Committee in line with the Code. The composition of the Nominating Committee, which consists of Independent Non-Executive Directors, is as follows:

Chairman: Datuk Dr. Soh Chai Hock @ Soh Hai San
(Independent Non-Executive Director)

Members: Mr. Chan Seng Fatt (1)
(Independent Non-Executive Director)
Encik Zahedi Bin Haji Mohd Zain
(Independent Non-Executive Director)
Mr. Kong Sin Seng (2)
(Independent Non-Executive Director)

Notes:-
(1) Appointed as member of the Nominating Committee on 20 June 2014
(2) Ceased to be a member of the Nominating Committee on 18 June 2014

The Nominating Committee's functions are to:

(a) ensure that the Company recruits, retains, trains and develops the best available executive and non-executive directors and manages Board rewards and succession effectively;
(b) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board after considering the candidates' skills, knowledge, expertise, experience, professionalism and integrity. In the case of the candidates for the position of the Independent Non-Executive Director, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
(c) consider, in making its recommendations, candidates for directorship proposed by the Managing Director and within the bounds of practicality, by any other senior executive or any Director or any shareholder;
(d) recommend to the Board, Directors to fill the seats on Board Committees;
(e) review the Board's structure and balance between Executive and Non-Executive Directors;
(f) assess the effectiveness of the Board as a whole, the effectiveness of the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors and Managing Director;
(g) review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors shall bring to the Board;
(h) perform any other ad-hoc duties that may be required by the Board; and
(i) consider succession planning.

The Board shall determine and identify from time to time via its Nominating Committee the size, skills and gender diversity of the Committees to effectively make decision and to discharge its roles and responsibilities for the benefit of the Group.

1. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees (Cont'd)

1.14.2 Nominating Committee (Cont'd)

In recommending the appropriate individual to the Board and membership of Board Committees, the Nominating Committee shall take into consideration the following criteria:

- Skills, knowledge, expertise and experience
- Professionalism
- Boardroom diversity (including gender diversity)
- Background, character, competence, time commitment and integrity
- In the case of candidates for the position of Independent Non-Executive Directors, the candidates ability to discharge such responsibilities is also evaluated

The Board is committed to provide fair and equal opportunities and to nurture diversity within the Group. The Nominating Committee will take steps to ensure women candidates are considered a part of the recruitment exercise. Currently, the Board has one (1) female Non-Independent Executive Director.

The Nominating Committee is also responsible for carrying out an assessment of the performance and effectiveness of the Board as a whole, as well as each individual on an annual basis. The annual assessment also includes specific assessment of independence of Independent Directors. In addition, the Nominating Committee also makes recommendation to the Board in relation to re-election and re-appointment of Directors.

During the financial year ended 31 December 2014, the Nominating Committee met once and deliberated on the composition and performance of the Board members, assessed the independence of Independent Directors and recommended to the Board, the Directors who are eligible to stand for re-election/re-appointment. It was concluded that the calibre, competencies, experiences, qualifications and the present mix of skills of the Board members are sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented.

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have gained extensive experience with their many years of experience on Boards for other companies and/or also as professionals in their respective fields of expertise. The Nominating Committee will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

1.14.3 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Remuneration Committee is as follows:

Chairman: Datuk Dr. Soh Chai Hock @ Soh Hai San
(Independent Non-Executive Director)

Members: Dato' Wong Swee Yee
(Managing Director)
Mr Chan Seng Fatt [(1)]
(Independent Non-Executive Director)
Mr Kong Sin Seng [(2)]
(Independent Non-Executive Director)

Notes:-
(1) Appointed as member of the Remuneration Committee on 20 June 2014
(2) Ceased to be a member of the Remuneration Committee on 18 June 2014

1. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees (Cont'd)

1.14.3 Remuneration Committee (Cont'd)

The Remuneration Committee's functions are to:

(a) assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best personnel to run the Company and the Group successfully;
(b) recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration and rewards; and
(c) oversee and review the scope and quality of human resource programmes of the Company.

The Remuneration Committee meeting was held on 4 February 2015 and deliberated on the renewal of service contracts for the Managing Director and Executive Director and the formation of the Long-Term Incentive Plan Committee.

1.14.4 Long-Term Incentive Plan Committee

The Company had on 26 February 2015 established a Long-Term Incentive Plan Committee and the composition of the Long-Term Incentive Plan Committee is as follows:

Chairman: Dato' Wong Swee Yee
(Managing Director)

Members: Datuk Dr. Soh Chai Hock @ Soh Hai San
(Independent Non-Executive Director)
Mr Chan Seng Fatt
(Independent Non-Executive Director)

2. DIRECTORS' REMUNERATION

During the financial year under review, the Remuneration Committee met to review and deliberate on the remuneration scheme. The Remuneration Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to responsibilities, contribution, corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would ref ect their contribution, relevant experience and level of responsibilities undertaken.

The details of the remuneration for Directors of the Company during the financial year ended 31 December 2014 are as follows:

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	387
Salaries	868	-
Bonuses	163	-
Benefits-in-kind	-	-
Total	1,031	387

2. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors of the Company whose total remuneration falls within the following bands:

	Number of Directors	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	-	2
RM50,001 to RM100,000	-	5
RM200,001 to RM250,000	1	-
RM750,001 to RM800,000	1	-

3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors by way of timely dissemination of information of the Company's performance and major developments through:

(a) the Annual Report;
(b) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and the Annual Results;
(c) explanatory circulars on business requiring shareholders' approval; and
(d) the Company's website www.fittersgroup.com .

As part of the Company's continuous investor relations and communications program, the Company held dialogues and briefed various research and investment analysts on the FITTERS Group's strategies, performance and major developments.

The Company's website has a section dedicated to shareholders under Investor Relations that provides shareholders with detailed information on the Group's business, commitments and latest developments.

Whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

3.2 Annual General Meeting

The Company's Annual General Meeting ("AGM") has served as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and their plans for the future. This also provides an opportunity for shareholders to have a dialogue with the Directors to share and exchange their views and opinions at the AGM. The Board, Management Team and the Company's external auditors are present to answer questions raised and provide clarification as required by the shareholders, proxies and corporate representatives.

In accordance with the MMLR and Articles of Association of the Company, the Board will conduct poll for resolutions relating to related party transactions or as may be demanded by the shareholders respectively.

3.3 Poll Voting

The Board is encouraged to put substantive resolutions to vote by way of poll at the general meetings. The Chairman will inform the shareholders of the Company of their rights to demand for a poll vote at the commencement of a general meeting.

3. RELATIONS WITH SHAREHOLDERS AND INVESTORS (CONT'D)

3.3 Poll Voting (Cont'd)

Generally, resolutions will be carried out by show of hands, except for related party transaction wherein poll will be conducted as required by the Listing Requirements or as demanded by the shareholders in accordance with the Articles of Association of the Company.

All resolutions put forth at the Twenty-Eighth AGM and Extraordinary General Meeting held on 18 June 2014 and 15 September 2014 respectively were voted by a show of hands.

3.4 Corporate Disclosure Policy

The Management will formalise a Corporate Disclosure Policy to be in compliance with the Code.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control and Risk Management

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has a Group Internal Audit Department (which reports directly to the Audit Committee) to conduct regular reviews on compliance with internal control procedures and practices and to review the effectiveness of the risk management and governance processes within the Group. The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the state of internal controls within the Group.

The Board is assisted by the Risk Management Committee ("RMC") to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework to monitor risks on a regular basis.

The Risk Management Committee consists of at least one Independent Non-Executive Director, members of EXCO and senior management team/profit centre managers.

The risk management is an ongoing exercise which comprised of the following activities held throughout Year 2014:

- Discussions on risks and status of actions taken/to be taken were deliberated in monthly management meetings which were held by operating divisions.
- Results of risks assessment and implementation of controls as stated in Risk Registers were reported in respective Internal Audit Reports during the audit period and presented to the Audit Committee on a quarterly basis.
- Risk factors were also taken into account by management in the annual budgeting process.
- Yearly revision of Risk Registers by Risk Owners where revisions were also reviewed by Group Internal Audit Department and Chairman of RMC at the beginning of the year.
- Finalised Risk Registers were compiled into the Group Risk Profile Summary and presented in RMC meeting on an annual basis, that was on 9 April 2014.
- Upon completion of the RMC meeting, the Risk Management Report which comprised of significant and high risks would be presented once a year to the Board, that was on 21 May 2014.

4.2 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the FITTERS Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4. ACCOUNTABILITY AND AUDIT (CONT'D)

4.3 Relationship with the External Auditors

The Company works closely with the External Auditors and maintains a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

4.4 Internal Audit Function

The Group Internal Audit Department is independent with unrestricted access to information and is rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the External Auditors' and Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

5. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash f ows of the Group and of the Company for the financial year.

In addition, pursuant to Paragraph 15.26(a) of the MMLR, the Board of Directors must ensure that an additional statement is included in the Company's annual report explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

In preparing the financial statements, the Directors have:
- selected accepted accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

6. COMPLIANCE STATEMENT

Given the importance of good corporate governance, the Board is satisfied that the Company has complied with most of the principles and recommendations of the Code and will continue to adopt the principles and recommendations of the Code.

This Statement is approved in accordance with a resolution of the Board dated 5 May 2015.

7. ADDITIONAL COMPLIANCE INFORMATION

7.1 Status of utilization of proceeds raised from corporate proposals during the financial year ended 31 December 2014

During the financial year ended 31 December 2014, the Company has completed its private placement of 31,185,800 new ordinary shares of RM0.50 each, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company.

The status of the utilisation of the proceeds from this private placement is as follows:-

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)
Working capital	37,429	37,901	(472)
Expenses in relation to the private placement	930	458	472
Total	38,359	38,359	-

7.2 Share Buy-Backs for the financial year ended 31 December 2014

There were no share buy-backs by the Company during the financial year ended 31 December 2014. The Company has resold a total of 16,161,536 treasury shares at the open market during the financial year under review.

Details of the treasury shares resold were as follows:-

Month	No. of Treasury Shares Resold	Highest Price RM	Lowest Price RM	Average Price RM	Total Consideration RM
March 2014	13,641,536	0.915	0.89	0.90	12,312,142
September 2014	2,520,000	1.32	1.32	1.32	3,328,034
Total	16,161,536			0.97	15,640,176

7.3 Options or Convertible Securities

During the financial year ended 31 December 2014, no options or warrants were exercised.

7.4 Depository Receipt Programme

During the financial year ended 31 December 2014, the Company did not sponsor any Depository Receipt Programme.

7.5 Sanctions and/or penalties imposed on the company and its subsidiaries, directors or management by the relevant authorities

During the financial year 2014, there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

7.6 Non-Audit Fees

During the financial year ended 31 December 2014, the total non-audit fees paid to the Company's auditors and firm affiliated to the auditors' firm was RM79,000.

7. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

7.7 Variation in results

There were no variances of 10% or more between the results for the financial year ended 31 December 2014 and the unaudited results previously announced.

7.8 Profit Guarantee

There were no profit guarantees made or given in relation to the financial year ended 31 December 2014.

7.9 Material contracts awarded to directors and substantial shareholders

There were no material contracts entered into by the Company and its subsidiaries involving directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2014.

7.10 Recurrent Related Parties Transactions ("RRPT") of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2014

Pursuant to Practice Note 12 issued by the Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 18 June 2014, are set out below:

Nature of RRPT	Subsidiary of FITTERS involved in the Transaction	Related Party	Interested Directors/Major Shareholders/ Person Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 18 June 2014 [(3)] (RM'000)		Actual Value Transacted during the financial year ended 31 December 2014 (RM'000)	
				Subcontract From	Subcontract To	Subcontract From	Subcontract To
Subcontract works [(1)]	FSB Group, PTS	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	-	8,000	-	4,074
				Sale To	Purchase From	Sale To	Purchase From
Sales and purchases of goods and services [(2)]	FSB Group	Fsabah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	1,500	-	307	-
	FMKT			1,000	-	272	-
	MPS			100	-	92	-
	FSPL			100	-	-	-
	PTS	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	20	-	-	-
	FMKT			30	-	-	-
Aggregate				**2,750**	**8,000**	**671**	**4,074**

7. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

7.10 Recurrent Related Parties Transactions ("RRPT") of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2014 (Cont'd)

Notes: -

(1) Portions of certain contracts secured are subcontracted due to certain product expertise is unique to that particular company inclusive of manpower and miscellaneous items, which are used in the installation of fire fighting, protection and prevention equipment and systems, and in the manufacture of fire rated doors by the Related Party. In turn, in respect of FITTERS Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to FITTERS Group in the ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(2) Sale of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations. In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies. Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

	Seller	Purchaser
(i) Sale of finished goods	*FSB Group, PTS, FMKT*	*Fsabah, Wai Soon Engineering*
(ii) Centralised purchasing	*MPS, FSPL*	*Fsabah*

(3) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the FITTERS Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

(4) Abbreviations used above

Fsabah	*FITTERS (Sabah) Sdn Bhd*
FSBGroup	*FITTERS Sdn Bhd & its subsidiaries*
FMKT	*FITTERS Marketing Sdn Bhd*
MPS	*Master Pyroserve Sdn Bhd*
PTS	*Pyro-Tech Systems Sdn Bhd*
Wai Soon Engineering	*Wai Soon Engineering Sdn Bhd*
FSPL	*FITTERS (S) Pte Ltd*

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

AUDIT COMMITTEE REPORT

The Board of Directors of FITTERS Diversified Berhad ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was formed in June 1994. The current Audit Committee comprises three (3) members of the Board of which, all are Non-Executive Directors with two (2) of them being Independent Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. All members of the Audit Committee are able to analyse and interpret financial statements and data without difficulties so as to properly discharge their duties as the said members.

During the financial year under review, four (4) Audit Committee Meetings were held. The attendance of each Audit Committee member is tabulated below:

Audit Committee Members	**No. of Meetings Attended**
Mr Chan Seng Fatt [(1)] *(Chairman / Independent Non-Executive Director)*	2 / 2
Dato' Ir. Low Keng Kok [(2)] *(Member / Non-Independent Non-Executive Director)*	1 / 2
Encik Zahedi Bin Haji Mohd Zain *(Member / Independent Non-Executive Director)*	4 / 4
Mr Kong Sin Seng [(3)] *(Chairman / Independent Non-Executive Director)*	2 / 2
Encik Mohammad Nizar Bin Idris [(4)] *(Member / Independent Non-Executive Director)*	2 / 2

Notes:-
[(1)] Appointed as Chairman of Audit Committee on 20 June 2014
[(2)] Appointed as member of Audit Committee on 20 June 2014
[(3)] Ceased to be Chairman of Audit Committee on 18 June 2014
[(4)] Ceased to be member of Audit Committee on 18 June 2014

The Company Secretary shall be the Secretary of the Audit Committee.

Meetings shall be held not less than four (4) times a year. When necessary or as required, the External Auditors may have meetings with the Audit Committee to discuss matters pertaining to the Company. The Audit Committee shall meet with the External Auditors without the executive board members' presence at least twice a year.

During the financial year, other Directors and representatives from the senior management of the Company attended Audit Committee meetings only at the Audit Committee's invitation.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are set out as follows:-

1. **Membership**

   In the event of any vacancy in the Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

   The term of office and performance of the Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether the Audit Committee members have carried out their duties in accordance with their terms of reference.

2. Authority

The Audit Committee shall have explicit authority to investigate any matter within its terms of reference. It has unrestricted access to information pertaining to the Company, all employees, internal and external auditors.

The Audit Committee is authorised to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

3. Responsibilities

The duties and responsibilities of the Audit Committee are:

(a) Financial Review

- To review the quarterly and year-end financial statements of the Company, prior to recommendation to the Board on their release and adoption, focusing particularly on:–
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - major judgemental areas;
  - significant and unusual event; and
  - ensure that the Company's financial statements comply with the new MFRS issued by the Malaysian Accounting Standards Board.

(b) External Audit

- To review with External Auditors:
  - the Audit Plan and their evaluation of the system of internal controls;
  - the management letter, management responses and Audit Report;
  - any matters and reservations arising from the audit; and
  - any matters the auditors may wish to discuss (in the absence of management where necessary).

- To ensure there is proper coordination where more than one audit firm is involved;

- To review with the External Auditors the Statement of Risk Management and Internal Control for inclusion in the Annual Report;

- To assess the performance of External Auditors and make recommendations to the Board with regards to their audit fees, engagement and removal; and

- To meet with External Auditors without the presence of Management or Executive Directors.

(c) Internal Audit

- To review the adequacy of the scope, functions and resources of the Company's Group Internal Audit Department and that it has the necessary authority to carry out its work. This includes having unrestricted accessibility to the Company's records, activities, assets and personnel in the course of carrying out audit assignments;

- To review the Internal Audit Plan in order to ensure that auditable areas are adequately covered with risk based approach being adopted;

- To review the Internal Audit Reports (which include follow-up findings) and to ensure that appropriate actions are taken on the Internal Auditor's recommendations;

- To assess the performance and decide on the remuneration of internal audit staff; and

- To approve any appointment or termination of internal audit staff.

(d) Related Party Transactions

- To review any related party transaction and conflict of interest situation that may arise within the Company or the FITTERS Group of Companies ("the Group") including any transaction, procedure or course of conduct that raises questions on management integrity.

(e) Other Matters

- To review the effectiveness of management information and other systems of control within the Company;

- To verify the allocation of options as being in compliance with the criteria pursuant to the Long Term Incentive Plan, at the end of each financial year (if any); and

- To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year under review, the following activities were carried out by the Audit Committee:-

(i) Reviewed the External Auditors' Audit Plan on the nature and scope of audit work.
(ii) Reviewed the audit findings, auditing and accounting issues arising from the statutory audit of the audited financial statements.
(iii) Reviewed the annual audited financial statements of the Company.
(iv) Reviewed the announcements of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.
(v) Reviewed the related party transactions and the shareholders' circular in relation to the recurrent related party transactions.
(vi) Reviewed the Group Internal Audit Department's resource requirements, and Internal Audit Plan.
(vii) Reviewed the internal control weaknesses, risk issues, recommendations proposed by the Group Internal Audit Department and management's responses. The actions taken by management to improve the system of internal controls based on the Internal Audit Reports were also discussed.
(viii) Reviewed the Statement on Risk Management and Internal Control for disclosure in the Annual Report.
(ix) Convened meetings with External Auditors without the presence of the Management and Executive Directors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of the Group Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following activities:

(i) The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.

(ii) Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2014, the Group Internal Audit Department had carried out audits and follow-up audits on various operating units within the Group as in accordance with the approved Internal Audit Plan.

Internal Audit Reports incorporating audit recommendations and management responses with regards to audit findings were issued to the Audit Committee and the Management of the respective operating units. Improved procedures and practices were recommended to strengthen the internal controls and follow-up audits were carried out to assess the status of implementation of the agreed audit recommendations by Management.

During the financial year ended 31 December 2014, the total cost incurred by the Internal Audit Function of the Group was RM116,238.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Board of Directors of public listed companies to include in its Annual Report “a statement about the state of internal control of the listed corporation as a group”. The Board of Directors is committed to maintaining a sound internal control system in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2014.

RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders’ investment and the FITTERS Group of Companies’ (“the Group”) assets. This includes reviewing the strategic direction, financial, operational and compliance controls, risk profile and management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such control systems are designed to manage and control risks to an acceptable level. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group’s business objectives. The process is regularly reviewed by the Board of Directors and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”). The Board of Directors has received assurance from the Managing Director and the Group Financial Controller that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

GROUP RISK MANAGEMENT FRAMEWORK

The Group believes in establishing an effective risk management framework in order to ensure continuity in business growth and enhancement of shareholders’ value.

The Group has in place a formal risk management framework to identify, evaluate and manage significant risks impacting the Group. The process is supported by policies, procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group.

Being an integral part of the Group’s operations, each employee is entrusted with the responsibility for managing or mitigating risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management. The process requires management to identify and assess all type of risks, magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate or eliminate these risks.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board to ensure it is responsive to the changes in the business environment.

Using a guided risk management framework, the risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as “high” and “significant” together with their corrective measures will be summarised and compiled for review by the Risk Management Committee and subsequent presentation to the Board. The Board annually reviews and discuss with Risk Management Committee and management at Board meetings, the summary of risk tolerance and additional internal controls to be implemented.

GROUP INTERNAL AUDIT FUNCTION

The Group internal audit function is carried out by the Group Internal Audit Department, which has an independent status in the Group and reports functionally to the Audit Committee. The description of the Audit Committee’s functions is detailed in the Audit Committee Report, which can be found in this Annual Report.

The internal audit function was designated to provide assurance of the effectiveness of the system of internal controls within the Group. The Group Internal Audit Department conducts independent reviews of the key activities within the Group's operating units based on annual Internal Audit Plan which was approved by the Audit Committee. Follow-up audit reviews and deliberation of Internal Audit Reports are performed to ensure that appropriate actions are taken by management to address internal control weaknesses that were highlighted. Other internal audit assignments also included ad hoc assessments/ investigations as and when required by the Board or Management.

KEY INTERNAL CONTROL PROCESSES

The Group has an established system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows:

- Organisation: The Group's structure is designed to clearly delineate various subsidiaries/divisions, authorisation levels and proper segregation of duties.

- Authority Level: The Group has set authority levels for different categories of transactions such as acquisitions, disposals, tenders, capital expenditures and other material/significant transactions. Proper research, assessment and analysis will be carried out by relevant appointed parties for all major business transactions/investment decisions.

- Board Delegated Committees: The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and reviews the performance of its business units. The Risk Management Committee ("RMC"), headed by an Independent Non-Executive Director and comprises of all Head of Divisions oversees the Group's risk management process as guided by its Risk Management Framework.

- Monthly Performance Review: The monthly management meetings report on the performance and profitability of each business unit through the review of key performance indicators (KPI), budgets and management reports. Where it is relevant, the internal audit findings and recommendations will also be communicated to relevant personnel for further actions.

- Group Standard Operating Procedures (SOP): The Group's SOP laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies within the Group have ISO 9001:2008 accreditation for their operational processes.

- Centralisation of Functions: Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.

- Audit Committee ("AC"): The AC has full unrestricted access to any information pertaining to the Group and has direct communication channels with the External and Internal Auditors. AC deliberates the findings and recommendations highlighted in the internal audit reports in quarterly meetings held for the purpose of reviewing the Group's quarterly unconsolidated results and other issues that warrant the AC's attention.

NO MATERIAL LOSSES AS A RESULT OF DEFICIENCIES IN INTERNAL CONTROL

No material losses were incurred by the Group during the financial year under review as a result of deficiencies in internal control.

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board is of the opinion that the system of internal controls that are established throughout the Group is effective and manageable. The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control in order to safeguard the interest of customers, regulators, employees, shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors passed on 5 May 2015.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention systems.

The principal activities of the subsidiaries are detailed in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit, net of tax	29,405,916	42,624,711
Other comprehensive income	1,265,254	(47,356)
	30,671,170	42,577,355
Total comprehensive income attributable to:		
Owners of the parent	31,361,085	42,577,355
Non-controlling interests	(689,915)	-
	30,671,170	42,577,355

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the financial year, the Company paid the dividends as follows:

(i) A single-tier interim dividend of 4% (2 sen per ordinary shares of RM0.50) in respect of the financial year ended 31 December 2013 amounting to RM5,913,933 on 4th April 2014; and

(ii) A single-tier interim dividend of 4% (2 sen per ordinary shares of RM0.50) in respect of the financial year ended 31 December 2014 amounting to RM6,186,764 on 2nd July 2014.

The director do not recommend the payment of any final dividend in respect of the financial year ended 31st December 2014.

DIRECTORS

The directors in office since the date of the last report are:

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	Chairman	Appointed on 20.6.2014
Dato' Wong Swee Yee	Managing Director	
Datin Goh Hooi Yin	Non-Independent Executive Director	
Dato' Ir Low Keng Kok	Non-Independent Non-Executive Director	
Datuk Soh Chai Hock @ Soh Hai San	Independent Non-Executive Director	
Chan Seng Fatt	Independent Non-Executive Director	Appointed on 20.6.2014
Zahedi bin Haji Mohd Zain	Independent Non-Executive Director	
Kong Sin Seng	Independent Non-Executive Director	Resigned on 18.6.2014
Mohammad Nizar bin Idris	Chairman	Resigned on 18.6.2014

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a fulltime employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50/- each				
	At 1.1.2014	Acquired	Bonus shares issued	Sold	At 31.12.2014
Direct Interest:					
Dato' Wong Swee Yee	94,750,672	1,000,000	38,100,268	-	133,850,940
Zahedi bin Haji Mohd Zain	7,766	-	3,106	-	10,872
Datin Goh Hooi Yin	1,531,012	-	612,404	-	2,143,416
Dato' Ir Low Keng Kok	18,496,666	-	7,398,666	-	25,895,332
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	516,666	-	206,666	-	723,332
Deemed Interest:					
Dato' Wong Swee Yee (i)	1,589,944	-	612,404	58,932	2,143,416
Zahedi bin Haji Mohd Zain (ii)	285,857	-	114,342	-	400,199
Datin Goh Hooi Yin (iii)	94,750,672	1,000,000	38,100,268	-	133,850,940

	Number of warrants				
	At 1.1.2014	Acquired	Free warrants issued	Exercised/ Sold	At 31.12.2014
Direct Interest:					
Dato' Wong Swee Yee	-	-	38,100,268	-	38,100,268
Zahedi bin Haji Mohd Zain	-	-	3,106	-	3,106
Datin Goh Hooi Yin	-	-	612,404	-	612,404
Dato' Ir Low Keng Kok	-	-	7,398,666	-	7,398,666
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	-	-	206,666	-	206,666
Deemed Interest:					
Dato' Wong Swee Yee (i)	-	-	612,404	-	612,404
Zahedi bin Haji Mohd Zain (ii)	-	-	114,342	-	114,342
Datin Goh Hooi Yin (iii)	-	-	38,100,268	-	38,100,268

(i) Interest in shares held by spouse.
(ii) Interests in shares held by another body corporate, Sijas Holdings Sdn Bhd and Saleha & AnakAnak Holdings Sdn Bhd.
(iii) Interest in shares held by spouse.

Dato' Wong Swee Yee and Datin Goh Hooi Yin by virtue their interest in shares in the Company is deemed to have interests in shares in all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paidup ordinary share capital from RM155,929,105 to RM240,130,480 by way of issuance of:

(a) 31,185,800 new ordinary shares of RM0.50 each at RM1.23 per ordinary share via a private placement exercise for a total cash consideration of RM38,358,534/- for working capital purposes.

(b) 137,216,949 new ordinary shares of RM0.50 each by way of bonus issue on the basis of two (2) new ordinary shares for every five (5) existing ordinary shares.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

TREASURY SHARES

During the financial year, the Company disposed off all of its treasury shares of 16,161,536 units in the open market at an average price of RM0.97 per share. The total proceeds from the disposal net of transaction costs is RM15,640,176/- with a total gain of RM5,361,389/-.

EMPLOYEE SHARE OPTION PLAN

The Company's Employee Share Options Plan ("ESOS") for eligible full time employee and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 17th June 2013 and the Securities Commission approved the Company's ESOS allocation list on 15th May 2013. The effective date of implementation will be on 11th November 2013 and will be in force for a period of five years and may be extended for up to another five years immediately from the expiry of the first five years.

As at the date of this report, no ESOS has been granted.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

    (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

    (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liabilities have become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during and after the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

…………………………………
DATO' WONG SWEE YEE

…………………………………
DATIN GOH HOOI YIN

Kuala Lumpur

Date: 16th April 2015

STATEMENT BY DIRECTORS

We, **Dato' Wong Swee Yee** and **Datin Goh Hooi Yin**, being two of the directors of FITTERS Diversified Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 44 to 122 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2014 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 123, which is not part of the financial statements, has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

On behalf of the Board,

…………………………………
DATO' WONG SWEE YEE
Director

…………………………………
DATIN GOH HOOI YIN
Director

Kuala Lumpur

Date: 16th April 2015

STATUTORY DECLARATION

I, Chong Wei Wei, being the officer primarily responsible for the financial management of FITTERS Diversified Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 44 to 122 and the supplementary information set out on page 123 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………………….
CHONG WEI WEI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16th April 2015.

Before me,

……………………………………….
Zulkifla Mohd Dahlim
W541
Commissioner for Oaths

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	4	347,283,931	472,500,676	44,800,000	31,370,000
Cost of sales	5	(266,929,998)	(384,153,887)	-	-
Gross profit		80,353,933	88,346,789	44,800,000	31,370,000
Other income	6	2,683,980	6,133,605	3,732,234	3,189,220
Administrative expenses		(37,279,792)	(36,771,660)	(3,966,314)	(4,053,076)
Finance costs	7	(3,600,787)	(1,877,173)	(1,057,397)	(519,982)
Share of results of associates		-	-	-	-
Profit before taxation	8	42,157,334	55,831,561	43,508,523	29,986,162
Income tax expense	11	(12,751,418)	(16,338,705)	(883,812)	(1,179,280)
Profit for the financial year		29,405,916	39,492,856	42,624,711	28,806,882
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		1,307,545	3,199,777	-	-
Items that are not reclassified to profit or loss in subsequent periods					
Amortisation of revaluation reserve		(42,291)	-	(47,356)	-
Revaluation of land and building		-	18,842,097	-	7,377,559
Other comprehensive income for the financial year, net of tax		1,265,254	22,041,874	(47,356)	7,377,559
Total comprehensive income for the financial year		30,671,170	61,534,730	42,577,355	36,184,441
Profit attributable to:					
Owners of the parent		30,095,831	39,215,435	42,624,711	28,806,882
Non-controlling interests		(689,915)	277,421	-	-
		29,405,916	39,492,856	42,624,711	28,806,882
Total comprehensive income attributable to:					
Owners of the parent		31,361,085	61,257,309	42,577,355	36,184,441
Non-controlling interests		(689,915)	277,421	-	-
		30,671,170	61,534,730	42,577,355	36,184,441
Earnings per share attributable to owners of the parents (sen per share)					
Basic	12 (a)	6.66	13.46		
Diluted	12 (b)	6.66	13.46		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	218,459,764	148,459,223	38,328,165	15,174,644
Investment properties	14	739,956	528,070	-	-
Intangible assets	15	4,360,417	4,360,417	-	-
Land use rights	16	4,500,770	4,491,148	-	-
Investment in subsidiaries	17	-	-	76,156,871	56,981,868
Investment securities	18	21,540,504	21,540,504	-	-
Trade and other receivables	19	2,692,989	1,311,184	-	-
		252,294,400	180,690,546	114,485,036	72,156,512
Current assets					
Development properties	20	63,448,502	50,964,585	-	-
Inventories	21	8,594,450	9,992,121	-	-
Trade and other receivables	19	108,112,947	103,145,636	185,058,699	147,103,649
Other current assets	22	63,027,947	73,462,769	-	-
Investment securities	18	649	649	-	-
Income tax recoverable		3,154,864	945,643	-	66,510
Deposits, cash and bank balances	24	43,644,585	45,172,344	7,696,340	1,442,194
		289,983,944	283,683,747	192,755,039	148,612,353
TOTAL ASSETS		542,278,344	464,374,293	307,240,075	220,768,865

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	25	240,130,480	155,929,105	240,130,480	155,929,105
Share premium	25	-	2,863,512	-	2,863,512
Treasury shares	25 (b)	-	(10,278,787)	-	(10,278,787)
Other reserves	26	30,272,582	29,949,433	13,409,743	13,825,977
Retained earnings	27	84,484,459	103,528,946	24,122,449	31,236,121
		354,887,521	281,992,209	277,662,672	193,575,928
Non-controlling interests		11,540,003	1,904,918	-	-
TOTAL EQUITY		366,427,524	283,897,127	277,662,672	193,575,928
Current liabilities					
Loans and borrowings	28	26,866,118	24,330,052	13,090,146	7,500,000
Trade and other payables	29	62,012,681	83,835,350	2,881,449	10,058,416
Other current liabilities	30	10,978,267	11,761,167	-	-
Income tax payable		1,747,484	3,860,458	236,279	-
		101,604,550	123,787,027	16,207,874	17,558,416
Non-current liabilities					
Deferred tax liabilities	31	2,583,784	1,305,907	643,637	634,521
Loans and borrowings	28	71,662,486	55,384,232	12,725,892	9,000,000
		74,246,270	56,690,139	13,369,529	9,634,521
TOTAL LIABILITIES		175,850,820	180,477,166	29,577,403	27,192,937
TOTAL EQUITY AND LIABILITIES		542,278,344	464,374,293	307,240,075	220,768,865

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

	<— Non-distributable					—>	Distributable			
Group	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1st January 2013	155,929,105	2,863,512	(14,452,065)	7,275,249	533,179	99,131	70,345,045	222,593,156	1,477,439	224,070,595
Total comprehensive income	-	-	-	-	18,842,097	3,199,777	39,215,435	61,257,309	277,421	61,534,730
Transactions with owners:										
Purchase of own shares	-	-	(1,883,198)	-	-	-	-	(1,883,198)	-	(1,883,198)
Distribution of treasury shares as dividend	-	-	6,056,476	-	-	-	(6,056,476)	-	-	-
Change in stake	-	-	-	-	-	-	24,942	24,942	150,058	175,000
At 31st December 2013	155,929,105	2,863,512	(10,278,787)	7,275,249	19,375,276	3,298,908	103,528,946	281,992,209	1,904,918	283,897,127
Total comprehensive income	-	-	-	-	(42,291)	1,307,545	30,095,831	31,361,085	(689,915)	30,671,170
Transactions with owners:										
Dividend paid	-	-	-	-	-	-	(12,100,698)	(12,100,698)	-	(12,100,698)
Gain on resale of treasury shares transferred to share premium reserve	-	5,361,389	10,278,787	-	-	-	-	15,640,176	-	15,640,176
Issuance of shares										
-Bonus issue	68,608,475	(30,532,649)	-	-	-	-	(38,075,826)	-	-	-
-Bonus share issuance expenses	-	(457,886)	-	-	-	-	-	(457,886)	-	(457,886)
-Private placement	15,592,900	22,765,634	-	-	-	-	-	38,358,534	-	38,358,534
Issuance of shares to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	10,325,000	10,325,000
Reclassification	-	-	-	-	(942,105)	-	942,105	-	-	-
Realisation of revaluation reserve	-	-	-	-	-	-	94,101	94,101	-	94,101
At 31st December 2014	240,130,480	-	-	7,275,249	18,390,880	4,606,453	84,484,459	354,887,521	11,540,003	366,427,524

	<— Non-distributable				—>	Distributable	
Company	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Asset Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 1st January 2013	155,929,105	2,863,512	(14,452,065)	5,915,239	533,179	8,485,715	159,274,685
Total comprehensive income	-	-	-	-	7,377,559	28,806,882	36,184,441
Transactions with owners:							
Purchase of own shares	-	-	(1,883,198)	-	-	-	(1,883,198)
Distribution of treasury shares as dividend	-	-	6,056,476	-	-	(6,056,476)	-
At 31st December 2013	155,929,105	2,863,512	(10,278,787)	5,915,239	7,910,738	31,236,121	193,575,928
Total comprehensive income	-	-	-	-	(47,356)	42,624,711	42,577,355
Transactions with owners:							
Dividend paid	-	-	-	-	-	(12,100,698)	(12,100,698)
Gain on resale of treasury shares transferred to share premium reserve	-	5,361,389	10,278,787	-	-	-	15,640,176
Issuance of shares							
-Bonus issue	68,608,475	(30,532,649)	-	-	-	(38,075,826)	-
-Bonus share issuance expenses	-	(457,886)	-	-	-	-	(457,886)
-Private placement	15,592,900	22,765,634	-	-	-	-	38,358,534
Reclassification	-	-	-	-	(368,878)	368,878	-
Realisation of revaluation reserve	-	-	-	-	-	69,263	69,263
At 31st December 2014	240,130,480	-	-	5,915,239	7,494,504	24,122,449	277,662,672

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Operating activities				
Profit before tax	42,157,334	55,831,561	43,508,523	29,986,162
Adjustments for:				
Amortisation of land use rights	128,593	188,953	-	-
Bad debts:				
- recovered	(87,848)	-	-	-
- written off	2,770,226	35,810	-	-
Bargain purchase	-	95,400	-	-
Dividend income	-	(976,950)	(44,800,000)	(31,370,000)
Impairment loss on trade receivables	182,656	499,319	-	-
Investment properties:				
- depreciation	22,310	21,757	-	-
Intangible assets written off	-	170,182	-	-
Inventories:				
- written back	(274,842)	(82,111)	-	-
- written down	(249,599)	-	-	-
Interest income from:				
- short term deposits	(496,496)	(421,553)	(75,097)	(13,220)
- subsidiaries	-	-	(416,137)	-
Interest expense	3,600,788	1,655,433	1,057,397	519,982
Net fair value gain on loans and receivables	(43,471)	(713,969)	-	-
Payables written back	-	(1,209,547)	-	-
Property, plant and equipment:				
- (gain)/loss on disposal	(65,013)	13,157	-	-
- depreciation	3,508,569	1,248,674	321,527	294,218
- written off	21,212	108,180	-	-
Reversal of impairment loss on trade receivables	(216,288)	(974,198)	-	-
Unrealised loss on foreign exchange	1,811,506	234,948	-	-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Operating profit before working capital changes	52,769,637	55,725,046	(403,787)	(582,858)
Construction contracts	(881,459)	7,011,565	-	-
Development properties	(1,950,536)	(48,955,696)	-	-
Inventories	1,922,112	(329,450)	-	-
Trade and other receivables	(8,954,392)	6,198,469	25,024	(13,119,517)
Trade and other payables	(23,634,175)	(2,026,300)	(1,222,379)	1,398,978
Subsidiaries	-	-	(17,893,525)	(14,556,703)
	19,271,187	17,623,634	(19,494,667)	(26,860,100)
Interest paid	(3,600,788)	(1,877,173)	(1,057,397)	(519,982)
Income tax refunded	933,031	1,313,818	-	3,807
Income tax paid	(16,678,076)	(15,333,606)	(550,000)	(90,150)
Net cash from operating activities	(74,646)	1,726,673	(21,102,064)	(27,466,425)
Investing activities				
Acquisition of subsidiary	-	-	(3)	-
Interest received	496,496	421,553	75,097	13,220
Proceeds from disposal of property, plant and equipment	88,000	50,794	1	-
Purchase of property, plant and equipment (Note A)	(48,573,561)	(18,661,259)	(17,725,049)	(29,295)
Purchase of investment property	(234,196)	-	-	-
Redemption of convertible preference shares	-	6,361,500	-	-
Net cash outflows of investment in subsidiaries (Note B)	-	(1,995,913)	-	-
Net cash from investing activities	(48,223,261)	(13,823,325)	(17,649,954)	(16,075)

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Financing activities				
Dividend paid	(12,100,697)	-	(12,100,697)	-
Proceed from issuance of share to non-controlling interest of a subsidiary	10,325,000	-	-	-
Purchase of treasury shares	-	(1,883,198)	-	(1,883,198)
Proceeds from sale of treasury shares	15,640,176	-	15,640,176	-
Proceeds from issuance of shares	38,358,534	-	38,358,534	-
Repayment of finance lease obligations	(1,543,114)	(1,091,004)	(26,040)	(36,643)
Repayment of term loans	(4,414,657)	(14,692,776)	(1,131,000)	-
Share issuance expenses	(457,887)	-	(457,887)	-
Drawdown of term loans	1,000,000	32,869,000	-	10,000,000
Revolving credits and bankers' acceptance	(203,300)	2,274,276	3,500,000	6,500,000
Net cash from financing activities	46,604,055	17,476,298	43,783,086	14,580,159
Net (decrease)/increase in cash and cash equivalents	(1,693,852)	5,379,646	5,031,068	(12,902,341)
Effect of foreign exchange rate changes	256,901	592,270	-	-
Cash and cash equivalents at beginning of the financial year	43,383,346	37,411,430	1,442,194	14,344,535
Cash and cash equivalents at end of the financial year	41,946,395	43,383,346	6,473,262	1,442,194

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Purchases of property, plant and equipment during the year were by way of:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Cash	48,573,561	18,661,259	17,725,049	29,295
Deposits paid	-	19,465,000	-	-
Finance lease obligations	1,112,000	4,324,655	650,000	-
Financed by term loan	22,954,199	25,317,366	5,100,000	-
Contra settlement	-	17,417,634	-	-
Capitalisation of term loan expenses	-	221,740	-	-
	72,639,760	85,407,654	23,475,049	29,295

B. EFFECT ON ACQUISITION OF SUBSIDIARIES

Group

(i) Effects on acquisition of Future NRG Pte. Ltd. ("FNPL")

	Group 2014 RM
Cash and bank balances	3
Net identifiable assets/ Total purchase consideration	3
Less: Cash and cash equivalents	(3)
Net cash outflow on investment in subsidiaries	-

On 6 March 2014, the Company subscribed for one (1) ordinary shares of S$1.00 in Future NRG Pte Ltd ("FNPL"), a private company limited by shares incorporated in Singapore, representing 100% equity interest in FNPL. FNPL remained dormant as at the financial year ended 31 December 2014.

(ii) Effects on acquisition of Rasa Anggun Development Sdn. Bhd. ("RAD")

	Group 2013 RM
Other receivables	3,267,000
Property development costs	177,257
Other payables	(2,453,109)
Net identifiable assets	991,148
Bargain purchase	8,852
Total purchase consideration	1,000,000
Less: Cash and cash equivalents	-
Net cash outflow on investment in subsidiaries	(1,000,000)

On 16th July 2013, the Company through its subsidiary, FITTERS Property Development Sdn Bhd, acquired 1,000,000 ordinary shares of RM1.00 each of Rasa Anggun Development Sdn Bhd ("RAD"), a company incorporated in Malaysia for RM1,000,000, representing 100% equity interest in RAD. The subsidiary was acquired through a total cash consideration of RM1,000,000.

(iii) Effects on acquisition of Superior Villa Sdn. Bhd. ("SVSB")

	Group 2013 RM
Other receivables	270,000
Cash and bank balances	4,087
Property development costs	4,643,065
Other payables	(4,002,200)
Tax payables	(1,500)
Net identifiable assets	913,452
Bargain purchase	86,548
Total purchase consideration	1,000,000
Less: Cash and cash equivalents	(4,087)
Net cash outflow on investment in subsidiaries	(995,913)

On 16th July 2013, the Company through its subsidiary, FITTERS Property Development Sdn Bhd, acquired 1,000,000 ordinary shares of RM1.00 each of Superior Villa Sdn Bhd ("SVSB"), a company incorporated in Malaysia for RM1,000,000, representing 100% equity interest in SVSB.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention systems.

The principal activities of the subsidiaries are detailed in Note 17.

There have been no significant changes in the nature of these principal activities during the financial year.

Both principal place of business and registered office of the Company is located at No 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16th April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to FRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to FRSs and new IC Int that are mandatory for the current financial year:-

<u>Amendments/Improvements to FRSs</u>

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(a) Adoption of Amendments/Improvements to FRSs and New IC Int (Cont'd)

The adoption of the above amendments/improvements to FRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements

Amendments to FRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to FRS 12 and FRS 127.

In addition, amendments to FRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of FRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with FRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to FRS 136 Impairment of Assets

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of FRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of Interests in Other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/1 January 2016
FRS 119	Employee Benefits	1 July 2014/1 January 2016
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/1 January 2016
FRS 140	Investment Property	1 July 2014

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement
FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 Financial Instruments: Recognition and Measurement or FRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 Financial Instruments: Presentation.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(c) MASB Approved Accounting Standards, MFRSs (Cont'd)

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

Amendments to MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

(c) MASB Approved Accounting Standards, MFRSs (Cont'd)

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.3 Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

If business combination is achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statement for like transactions and events in similar circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(b) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(c) Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(c) Foreign currency (Cont'd)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Plant, equipment and machineries	20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(e) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follow:

Buildings	2%

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(f) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Acquisition on or after 1st January 2011

For acquisitions on or after 1st January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(i) Goodwill (Cont'd)

Acquisition between 1st January 2006 and 1st January 2011

For acquisitions between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisition prior to 1st January 2006

For acquisitions prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(g) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(h) Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount, that increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(i) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(i) Financial Assets (Cont'd)

(ii) Loans and Receivables (Cont'd)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(j) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(l) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(m) Development properties

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(n) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(p) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(r) Employee benefits

(i) Defined contribution plans

The Group and the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(s) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(s) Leases (Cont'd)

(i) As lessee (Cont'd)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Revenue from services

Revenue from services rendered (including administrative services) is recognised net of discounts and when services are performed.

(iv) Revenue from property development

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the stage of completion method and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

(v) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(u) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(v) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(w) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(x) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(y) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(z) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical Judgements Made in Applying Accounting Policies

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amounts recognised in the financial statements.

3.2 Key Source of Estimation Uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(a) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Construction contracts

The Group recognises construction revenue and costs, including rendering of services, in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key Source of Estimation Uncertainty (Cont'd)

(e) Impairment of property, plant and equipment and investment property

The Group reviews the carrying amounts of its property, plant and equipment and investment property at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated. In determining the assets' fair value, the Group will obtain the best available quotation for the amount at which the assets could be exchanged between knowledgeable, willing sellers in an arm's length transaction at the date of valuation.

In determining the value in use of an asset, which requires the determination of future economic benefits expected to be derived from the continued use and ultimate disposition of such asset, the Group makes estimates and assumption that involves significant judgement and estimation. While the Group believes that the assumptions are appropriate and reasonable, changes in these assumptions may affect the assessment of the value in use and could have an impact on the Group's financial position and results of operations.

(f) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(g) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the estimation of the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4. REVENUE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Sale of goods	49,140,621	43,665,336	-	-
Construction contract revenue	70,987,467	76,194,500	-	-
Rendering of services	14,183,903	13,439,788	-	-
Property development	97,199,420	225,042,736	-	-
Sale of palm oil	113,184,453	107,307,116	-	-
Renewable energy	2,588,067	6,851,200	-	-
Dividend income from subsidiaries				
- tax-exempt	-	-	44,800,000	28,220,000
- non tax-exempt	-	-	-	3,150,000
	347,283,931	472,500,676	44,800,000	31,370,000

5. COST OF SALES

	Group 2014 RM	Group 2013 RM
Cost of goods sold	41,720,349	36,540,840
Construction contract costs	42,208,239	67,125,465
Cost of services rendered	2,820,551	2,656,257
Property development costs	66,282,359	167,382,108
Cost of palm oil sold	111,842,971	104,733,289
Cost of renewable energy	2,055,529	5,715,928
	266,929,998	384,153,887

6. OTHER INCOME

Included in other income of the Group and of the Company are:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Administrative fee from subsidiaries	-	-	1,936,000	1,916,000
Bad debts recovered	87,848	-	-	-
Dividend received from investment in RCPS	-	976,950	-	-
Foreign exchange gain:				
- realised	452,112	378,428	-	-
- unrealised	59,928	114,809	-	-
Interest income from short term deposits	496,496	421,553	75,097	13,220
Interest income from subsidiaries	-	-	416,137	-
Net fair value gain on loans and receivables	43,471	713,969	-	-
Payables written back	-	1,209,547	-	-
Rental income from operating leases other than those relating to investment properties	28,100	24,400	1,305,000	1,260,000

7. FINANCE COSTS

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Interest expense on:				
- bankers' acceptances	500,130	551,470	-	-
- bank overdrafts	54,194	150,694	-	-
- obligations under finance lease	205,608	201,769	10,136	832
- revolving credits	349,905	576,819	330,237	447,177
- term loans	2,490,950	396,421	717,024	71,973
Total finance costs	3,600,787	1,877,173	1,057,397	519,982

8. PROFIT BEFORE TAXATION

The following amounts have been included in arriving at profit before taxation:

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Auditors' remuneration				
- statutory audits	219,787	149,616	30,000	30,000
- under provision in prior year	50,248	32,882	-	9,000
- other services	8,000	8,000	8,000	8,000
Amortisation of land use rights	128,593	188,953	-	-
Bad debts written off	2,770,226	35,810	-	-
Bargain purchase	-	95,400	-	-
Depreciation of investment properties	22,310	21,757	-	-
Direct operating expenses arising from investment properties	3,309	2,273	-	-
Employee benefits expense	18,853,605	23,471,774	2,323,709	2,584,229
Impairment loss on trade receivables	182,656	499,319	-	-
Intangible assets written off	-	170,182	-	-
Inventories:				
- written back	(274,842)	(82,111)	-	-
- written down	(249,599)	-	-	-
Loss on foreign exchange				
- realised	2,148	73	-	-
- unrealised	1,871,434	349,757	-	-
Non-executive directors' remuneration	387,000	414,000	387,000	318,000
Property, plant and equipment				
- depreciation	3,508,569	1,248,674	321,527	294,218
- (gain)/loss on disposal	(65,013)	13,157	-	-
- written off	21,212	108,180	-	-
Rental expenses on:-				
- land and buildings	893,196	730,218	-	-
- plant and machineries	213,747	677,086	-	-
Reversal of impairment loss on trade receivables	(216,288)	(974,198)	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	16,075,189	20,902,586	1,739,672	2,033,517
Social security contributions	201,984	127,776	7,780	7,421
Contributions to defined contribution plan	2,099,021	1,998,457	249,112	248,917
Other benefits	780,787	689,635	327,145	294,374
Less: Capitalised as capital work-in-progress				
- Wages and salaries	(270,041)	(217,300)	-	-
- Social security contribution	(32,405)	(904)	-	-
- Contributions to defined contribution plan	(930)	(28,476)	-	-
	18,853,605	23,471,774	2,323,709	2,584,229

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,651,284 (2013: RM4,632,053) and RM1,031,420 (2013: RM1,013,628) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive:				
Salaries and other emoluments	2,734,488	3,792,510	715,620	715,620
Bonus	449,400	393,000	162,600	135,000
Defined contribution plan	467,396	446,543	153,200	163,008
Total executive directors' remuneration (excluding benefits-in-kind)	3,651,284	4,632,053	1,031,420	1,013,628
Estimated money value of benefits-in-kind	-	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,651,284	4,632,053	1,031,420	1,013,628
Non-Executive:				
Fees	387,000	414,000	387,000	318,000
Other emoluments	-	-	-	-
Defined contribution plan	-	-	-	-
Total non-executive directors' remuneration	387,000	414,000	387,000	318,000
Total directors' remuneration	4,038,284	5,046,053	1,418,420	1,331,628

10. DIRECTORS' REMUNERATION (CONT'D)

The numbers of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group Number Of Directors 2014	2013
Executive directors:		
RM450,001 - RM500,000	-	1
RM550,001 - RM600,000	1	-
RM1,900,001 - RM1,950,000	1	-
RM1,950,001 - RM2,000,000	-	1
Non-Executive directors:		
RM0 - RM50,000	2	1
RM50,001 - RM100,000	3	4
RM100,001 - RM150,000	2	-

11. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current income tax:				
- Malaysian income tax	11,604,011	15,189,941	862,244	778,270
- Foreign tax	4,765	22,968	-	-
	11,608,776	15,212,909	862,244	778,270
Under/(over) provision in prior years:				
- Malaysian income tax	80,523	157,189	(9,455)	4,326
- Foreign tax	(266,683)	(21,499)	-	-
	(186,160)	135,690	(9,455)	4,326
	11,422,616	15,348,599	852,789	782,596
Deferred tax:				
- Current year	1,300,936	-	31,023	27,806
- Under provision in prior year	27,866	48,001	-	-
	1,328,802	48,001	31,023	27,806
	12,751,418	15,396,600	883,812	810,402
Deferred tax related to other comprehensive income:				
- Net surplus on revaluation on property, plant and equipment	-	942,105	-	368,878
Total income tax expense	12,751,418	16,338,705	883,812	1,179,280

11. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	42,157,334	55,831,561	43,508,523	29,986,162
Tax at Malaysian statutory tax rate of 25%	10,539,334	13,957,890	10,877,131	7,496,541
Expenses not deductible for tax purposes	2,241,130	1,019,696	1,216,136	317,678
Income not subject to tax	(73,164)	(194,948)	(11,200,000)	(7,055,000)
Utilisation of previously unrecognised deferred tax assets	(1,980,196)	(1,485,174)	-	46,857
Reversal of deferred tax assets not recognised in the financial statements	2,071,470	1,915,445	-	-
Deferred tax assets recognised in different tax rate	111,138	-	-	-
(Over)/under provision of income tax in prior years	(186,160)	135,690	(9,455)	4,326
Under provision of deferred tax in prior years	27,866	48,001	-	-
Income tax expense for the year	12,751,418	15,396,600	883,812	810,402

Domestic current income tax is calculated at the statutory tax rate of 25% (2013 : 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
Profit attributable to owners of the parent (RM)	30,095,831	39,215,435
Weighted average number of ordinary shares in issue	451,874,325	291,433,776
Basic earnings per share (sen)	6.66	13.46

(b) Diluted

The Company has no potential dilution of earning per share during the financial year.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land at Valuation RM	Building at Valuation RM	Long Term Leasehold Land at Valuation RM	Plant Equipment And Machineries RM	Motor Vehicles RM	Tools And Office Equipment RM	Furniture And Fittings RM	Renovation RM	Capital Work-in progress RM	Total RM
Cost, unless otherwise stated:										
At 1st January 2014	22,493,387	13,367,069	498,000	4,274,044	3,612,100	3,751,963	513,496	916,008	109,152,113	158,578,180
Additions	-	-	-	71,390	1,510,438	419,544	29,434	218,124	70,390,830	72,639,760
Disposals	-	-	-	-	(732,761)	(4,825)	(867)	-	-	(738,453)
Write off	-	-	-	(1,145,015)	-	(853,610)	(106,951)	(22,763)	-	(2,128,339)
Reclassification	-	-	-	62,327,717	-	-	-	-	(62,327,717)	-
Exchange differences	-	-	-	6,181	9,487	14,851	740	925	901,019	933,203
At 31st December 2014	22,493,387	13,367,069	498,000	65,534,317	4,399,264	3,327,923	435,852	1,112,294	118,116,245	229,284,351
Accumulated depreciation and impairment losses:										
At 1st January 2014	-	204,728	6,373	2,885,881	3,048,144	3,054,746	308,680	610,405	-	10,118,957
Depreciation for the financial year	-	264,944	7,200	2,280,996	508,633	273,711	45,644	127,441	-	3,508,569
Disposals	-	-	-	-	(710,592)	(4,011)	(863)	-	-	(715,466)
Write off	-	-	-	(1,137,212)	-	(844,264)	(102,891)	(22,760)	-	(2,107,127)
Exchange differences	-	-	-	4,312	5,504	8,919	507	412	-	19,654
At 31st December 2014	-	469,672	13,573	4,033,977	2,851,689	2,489,101	251,077	715,498	-	10,824,587
Net carrying amount	22,493,387	12,897,397	484,427	61,500,340	1,547,575	838,822	184,775	396,796	118,116,245	218,459,764

Group	Freehold Land at Valuation RM	Building at Valuation RM	Long Term Leasehold Land at Valuation RM	Plant Equipment And Machineries RM	Motor Vehicles RM	Tools And Office Equipment RM	Furniture And Fittings RM	Renovation RM	Capital Work-in progress RM	Total RM
Cost, unless otherwise stated:										
At 1st January 2013	2,603,959	9,420,375	280,000	3,416,741	3,367,926	3,540,607	508,857	858,933	30,294,341	54,291,739
Additions	6,000,000	873,000	-	896,979	250,600	188,399	2,962	55,645	77,140,069	85,407,654
Revaluation	13,889,428	4,688,956	263,713	-	-	-	-	-	-	18,842,097
Elimination of accumulated depreciation on revaluation	-	(1,788,662)	(45,713)	-	-	-	-	-	-	(1,834,375)
Disposals	-	-	-	(57,241)	(29,898)	(3,100)	-	-	-	(90,239)
Write off	-	(150,600)	-	-	-	-	-	-	-	(150,600)
Reclassification	-	324,000	-	-	-	-	-	-	(324,000)	-
Exchange differences	-	-	-	17,565	23,472	26,057	1,677	1,430	2,041,703	2,111,904
At 31st December 2013	22,493,387	13,367,069	498,000	4,274,044	3,612,100	3,751,963	513,496	916,008	109,152,113	158,578,180
Accumulated depreciation and impairment losses:										
At 1st January 2013	-	1,788,662	45,713	2,726,078	2,659,863	2,750,806	261,416	509,135	-	10,741,673
Elimination of accumulated depreciation on revaluation	-	(1,788,662)	(45,713)	-	-	-	-	-	-	(1,834,375)
Depreciation for the financial year	-	247,148	6,373	168,109	391,395	288,615	46,050	100,984	-	1,248,674
Disposals	-	-	-	(13,836)	(11,212)	(1,240)	-	-	-	(26,288)
Write off	-	(42,420)	-	-	-	-	-	-	-	(42,420)
Exchange differences	-	-	-	5,530	8,098	16,565	1,214	286	-	31,693
At 31st December 2013	-	204,728	6,373	2,885,881	3,048,144	3,054,746	308,680	610,405	-	10,118,957
Net carrying amount	22,493,387	13,162,341	491,627	1,388,163	563,956	697,217	204,816	305,603	109,152,113	148,459,223

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land at Valuation RM	Building at Valuation RM	Motor Vehicles RM	Tools And Office Equipment RM	Furniture And Fittings RM	Capital Work-in progress RM	Total RM
Cost, unless otherwise stated:							
At 1st January 2014	4,500,000	10,500,000	263,281	246,695	338,286	-	15,848,262
Additions	-	-	839,888	45,190	-	22,588,012	23,473,090
Transfer from a subsidiary	-	-	-	1,959	-	-	1,959
Disposals	-	-	(257,880)	-	-	-	(257,880)
At 31st December 2014	4,500,000	10,500,000	845,289	293,844	338,286	22,588,012	39,065,431
Accumulated depreciation and impairment losses							
At 1st January 2014	-	42,530	261,660	199,386	170,042	-	673,618
Depreciation for the financial year	-	210,000	57,073	20,763	33,691	-	321,527
Disposals	-	-	(257,879)	-	-	-	(257,879)
At 31st December 2014	-	252,530	60,854	220,149	203,733	-	737,266
Net carrying amount	4,500,000	10,247,470	784,435	73,695	134,553	22,588,012	38,328,165

Company	Freehold Land at Valuation RM	Building at Valuation RM	Motor Vehicles RM	Tools And Office Equipment RM	Furniture And Fittings RM	Total RM
Cost, unless otherwise stated:						
At 1st January 2013	767,844	8,444,733	263,281	217,400	338,286	10,031,544
Additions	-	-	-	29,295	-	29,295
Revaluation	3,732,156	3,645,403	-	-	-	7,377,559
Elimination of accumulated depreciation on revaluation	-	(1,590,136)	-	-	-	(1,590,136)
At 31st December 2013	4,500,000	10,500,000	263,281	246,695	338,286	15,848,262
Accumulated depreciation and impairment losses						
At 1st January 2013	-	1,421,241	226,197	185,788	136,310	1,969,536
Elimination of accumulated depreciation on revaluation	-	(1,590,136)	-	-	-	(1,590,136)
Depreciation for the financial year	-	211,425	35,463	13,598	33,732	294,218
At 31st December 2013	-	42,530	261,660	199,386	170,042	673,618
Net carrying amount	4,500,000	10,457,470	1,621	47,309	168,244	15,174,644

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Revaluation of land and buildings

Except for certain land and buildings which are carried at valuation, all other assets of the Group and Company are carried at cost. Analysis of cost and valuation for land and buildings are as follows:

Group	Freehold Land RM	Building RM	Long Term Leasehold Land RM	Total RM
31st December 2014				
Cost or valuation				
- Cost	8,457,619	9,959,372	280,000	18,696,991
- At 2013 valuation	14,035,768	5,196,359	263,713	19,495,840
	22,493,387	15,155,731	543,713	38,192,831
Net carrying amount	22,493,387	12,897,397	484,427	35,875,211
31st December 2013				
Cost or valuation				
- Cost	8,457,619	9,959,372	280,000	18,696,991
- At 2013 valuation	14,035,768	5,196,359	263,713	19,495,840
	22,493,387	15,155,731	543,713	38,192,831
Net carrying amount	22,493,387	13,162,341	491,627	36,147,355
Company				
31st December 2014				
Cost or valuation				
- Cost	621,504	7,937,330	-	8,558,834
- At 2013 valuation	3,878,496	4,152,806	-	8,031,302
	4,500,000	12,090,136	-	16,590,136
Net carrying amount	4,500,000	10,247,470	-	14,747,470
31st December 2013				
Cost or valuation				
- Cost	621,504	7,937,330	-	8,558,834
- At 2013 valuation	3,878,496	4,152,806	-	8,031,302
	4,500,000	12,090,136	-	16,590,136
Net carrying amount	4,500,000	10,457,470	-	14,957,470

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Revaluation of land and buildings (Continued)

In year 2013, the freehold land, building and long term leasehold land of the Group and Company were revalued by the directors based on independent professional valuations on the market value basis.

Properties	Name of valuers
1) Freehold land and building in Bandar Sri Damansara	PA International Property Consultants Sdn. Bhd.
2) Leasehold land and building, in Pulau Pinang	KGV International Property Consultants (PG) Sdn. Bhd.
3) Leasehold land and building in Ipoh	Landmark Valuers & Consultants
4) Freehold building in Johor Bahru	KGV International Property Consultants (PG) Sdn. Bhd.
5) Freehold land in Cameron Highlands	Firdaus & Associates Property Professionals Sdn. Bhd.

(b) Fair value information

Fair value of the land and buildings are categorised under level 3 of fair value. Level 3 fair value is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued and it is estimated using observable inputs for the financial assets and liabilities.

(c) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Capital work-in-progress	-	6,006,650	-	-
Motor vehicles	1,381,472	235,273	-	-
Plant and machinery	5,786,915	-	-	-
	7,168,387	6,241,923	-	-

(d) As at reporting date, titles to certain land and building with net book value of RM Nil/- (2013: RM108,180/-) have yet to be registered in the subsidiaries' name.

(e) Included in the capital work in progress of the Group are:

(i) an amount of RM23,419,892/- (2013: RM22,143,920/-) which represents the cost of a biomass-power-plant under construction located on certain plots of state-owned land in the People's Republic of China ("PRC");

(ii) an amount of RM26,155,098 (2013 : RM76,868,708) which represents the cost of palm oil mill and equipment acquired which is not ready for intended used, located at Kedah;

(iii) an amount of RM64,626,828 (2013 : RM Nil) which represents the cost of PVC-O Pipe plant and machinery which is not ready for intended used, located at Kuantan; and

(iv) an amount of RM Nil (2013 : RM221,740) finance costs which has been capitalised during the financial year.

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) Included in property, plant and equipment of the Group and the Company are assets pledged to the licensed banks to secure credit facilities granted to the subsidiaries with the following carrying amounts:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Freehold land	10,500,000	6,767,844	4,500,000	767,844
Building	11,444,470	8,051,597	10,247,470	6,854,597
Plant and machineries	53,691,235	-	-	-
Office equipment	84,574	21,979	-	-
Mobile machineries	771,544	856,900	-	-
Capital work-in-progress	26,155,098	76,868,708	5,100,000	-
	102,646,921	92,567,028	19,847,470	7,622,441

14. INVESTMENT PROPERTIES

	Group	
	2014 RM	**2013 RM**
Cost		
At 1st January	1,087,874	1,087,874
Addition	234,196	-
Disposal	-	-
At 31st December	1,322,070	1,087,874
Accumulated depreciation and impairment losses		
At 1st January	559,804	538,047
Depreciation charge for the financial year	22,310	21,757
Disposal	-	-
At 31st December	582,114	559,804
Net carrying amount	739,956	528,070
Estimated fair value of investment properties by directors	956,920	689,874

Titles to properties

As at reporting date, titles to investment properties with carrying amount of RM739,956 (2013: RM528,070) have yet to be registered in the subsidiaries' name.

15. INTANGIBLE ASSETS

Group	Goodwill RM	Computer Software RM	Total RM
At 1st January 2013	4,360,416	170,183	4,530,599
Write off	-	(170,182)	(170,182)
At 31st December 2013	4,360,416	1	4,360,417
Write off	-	-	-
At 31st December 2014	4,360,416	1	4,360,417

Computer software

The computer software is amortised over 3 years on straight-line basis.

Goodwill

During the financial year, the management has carried out a review of the recoverable amount of goodwill. The recoverable amount was based on value-in-use and was determined at the cash-generating unit ("CGU") of the Malaysian based assets.

Impairment testing of goodwill

Goodwill has been allocated to the Group's CGU identified according to country of operation as follows:

	2014 RM	2013 RM
Malaysia - Contracting		
At 1st January/31st December	4,360,416	4,360,416

Key assumption used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2014	2013	2014	2013	2014	2013
Contracting	19.29%	8.82%	4.00%	4.00%	12.00%	12.00%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

15. INTANGIBLE ASSETS (CONT'D)

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of contracting unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

16. LAND USE RIGHTS

	Group	
	2014	**2013**
	RM	**RM**
At 1st January	4,491,148	4,152,805
Amortisation	(128,593)	(188,953)
Exchange differences	138,215	527,296
At 31st December	4,500,770	4,491,148

The Group has land use rights over certain plots of state-owned land in the People's Republic of China ("PRC") where the Group's biomass-power-plant under construction is located. The land use rights are not transferable and have a remaining tenure of 48 years.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	**2013**
	RM	**RM**
Unquoted shares, at cost		
In Malaysia	77,875,194	58,700,191
Outside Malaysia	32,536	32,536
	77,907,730	58,732,727
Less: Accumulated impairment losses	(1,750,859)	(1,750,859)
	76,156,871	56,981,868

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Direct subsidiaries				
FITTERS Sdn Bhd	Malaysia	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment	100	100
Master Pyrodor Sdn Bhd	Malaysia	Property holdings	100	100
FITTERS (S) Pte Ltd #	Singapore	Trading and installation of fire safety materials and equipment	100	100
Molecor (SEA) Sdn Bhd ("MSSB")	Malaysia	Manufacturing and distribution of PVC-O pipes	65	65
FITTERS Engineering Services Sdn Bhd	Malaysia	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment	100	100
FITTERS Marketing Sdn Bhd	Malaysia	Marketing of fire resistant doors and general building materials	100	100
FITTERS Building Services Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS-MPS Sdn Bhd ("FMPS")	Malaysia	Design, installation and maintenance of fire protection systems	51	51
Master Pyroserve Sdn Bhd	Malaysia	Install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba dan Penyelamat Malaysia	100	100
Armatrade Sdn Bhd	Malaysia	Ceased operations	100	100
Wintip Sdn Bhd	Malaysia	Investment holding	100	100

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Direct subsidiaries				
Future NRG Sdn Bhd	Malaysia	Renewable energy development	100	100
Premier Equity Holdings Limited *	British Virgin Island	Investment holding	100	100
FITTERS-NRG Sdn Bhd	Malaysia	Renewable energy development	100	100
FITTERS Property Development Sdn Bhd	Malaysia	Property development	100	100
Future NRG Pte Ltd	Singapore	Dormant	100	-
Subsidiaries of FITTERS Sdn Bhd				
FITTERS (Ipoh) Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS (Sarawak) Sdn Bhd	Malaysia	Trading of fire safety materials and equipment	100	100
The Safety Shop Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS Fire Technology Sdn Bhd	Malaysia	Manufacture and supply of fire fighting equipment and materials	100	100
Modular Floor Systems (M) Sdn Bhd	Malaysia	Manufacture and trading of raised access-flooring systems	100	100
Subsidiaries of FITTERS Building Services Sdn Bhd				
Pyro-Tech Systems Sdn Bhd	Malaysia	Manufacture of fire rated doors	100	100

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of FITTERS Engineering Services Sdn Bhd				
FITTERS Engineering and Maintenance Services Sdn Bhd	Malaysia	Maintenance of all types of fire protection systems	100	100
FITTERS Engineering Service (Johor) Sdn Bhd	Malaysia	Design, supply, installation, repair and maintenance of fire protection systems	100	100
FITTERS Construction Sdn Bhd (formerly known as Z'odd Design Sdn Bhd)	Malaysia	Construction of civil work, residential and commercial building	100	100
FITTERS-MCCT Sdn Bhd ("FMCCT")	Malaysia	Mechanical engineering works contractors and fabricators	55	55
Subsidiaries of Future NRG Sdn Bhd				
Future Biomass Gasification Sdn Bhd	Malaysia	Renewable energy development	100	100
Liangshan Future NRG Biology Electric Power Co., Ltd #	People's Republic of China	Build and operate the Liangshan Biomass Power Plant	-	100
Future NRG Asia Ltd *	British Virgin Island	Renewable energy development	-	100
Future NRG (SEA) Pte Ltd #	Singapore	Renewable energy development	-	100
Solid Orient Holdings Sdn Bhd	Malaysia	Operation of palm oil mill	100	100

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of FITTERS Property Development Sdn Bhd				
ZetaPark Development Sdn Bhd	Malaysia	Property development	100	100
Superior Villa Sdn Bhd	Malaysia	Property development	100	100
Rasa Anggun Development Sdn Bhd	Malaysia	Property development	100	100
Subsidiaries of Premier Equity Holdings Limited				
Future NRG Asia Ltd *	British Virgin Island	Renewable energy development	100	-
Future NRG (SEA) Pte Ltd #	Singapore	Renewable energy development	100	-
Subsidiary of FITTERS-NRG Sdn Bhd				
Liangshan Future NRG Biology Electric Power Co., Ltd #	People's Republic of China	Build and operate the Liangshan Biomass Power Plant	100	-

Audited by firms other than Baker Tilly Monteiro Heng

* Not audited as it is a British Virgin Island company

(a) On 6th March 2014, the Company subscribed for one (1) ordinary shares of SGD1 in Future NRG Pte Ltd ("FNPL"), a private company limited by shares incorporated in Singapore, representing 100% equity interest in FNPL. FNPL remained dormant as at the financial year ended 31st December 2014.

(b) On 20th January and 22nd August 2014 respectively, the Company subscribed for an additional 12,675,000 and 6,500,000 ordinary shares of RM1.00 each in Molecor (SEA) Sdn Bhd ("MSSB"), fully paid in cash. MSSB had not commenced its business activities during the financial year ended 31st December 2014.

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries

The Group's subsidiaries that have materials non-controlling interest ("NCI") are as follow:

	FMPS RM	FMCCT RM	MSSB RM	Total RM
2014				
NCI Percentage of ownership interest and voting interest	49%	45%	35%	
Carrying amount of NCI (RM)	669,371	1,328,497	9,542,135	11,540,003
Profit/(Loss) allocated to NCI (RM)	4,805	215,587	(910,307)	(689,915)
2013				
NCI Percentage of ownership interest and voting interest	49%	45%	35%	
Carrying amount of NCI (RM)	664,566	1,112,909	127,443	1,904,918
Profit/(Loss) allocated to NCI (RM)	93,415	206,621	(22,615)	277,421
2014				
Summarised financial information before intra-group elimination				
As at 31st December				
Non-current assets	1,326,534	286,619	43,071,542	44,684,695
Current assets	4,682,636	4,798,705	2,484,910	11,966,251
Non-current liabilities	-	(192,241)	(16,779,234)	(16,971,475)
Current liabilities	(4,643,107)	(1,940,868)	(1,513,974)	(8,097,949)
Net assets	1,366,063	2,952,215	27,263,244	31,581,522
Year ended 31st December				
Revenue	7,700,626	7,705,861	-	15,406,487
Profit/(loss) for the year	9,807	479,083	(2,600,879)	(2,111,989)
Total comprehensive income/(loss)	9,807	479,083	(2,600,879)	(2,111,989)
Cash flows from operating activities	(269,108)	97,942	(12,889,210)	(13,060,376)
Cash flows from investing activities	-	(54,099)	(25,015,336)	(25,069,435)
Cash flows from financing activities	-	(23,185)	29,061,807	29,038,622
Net (decrease)/increase in cash and cash equivalents	(269,108)	20,658	(8,842,739)	(9,091,189)

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries (Cont'd)

	FMPS RM	FMCCT RM	MSSB RM	Total RM
2013				
Summarised financial information before intra-group elimination				
As at 31st December				
Non-current assets	244,700	16,847	-	261,547
Current assets	7,835,665	4,217,647	18,008,772	30,062,084
Non-current liabilities	-	(1,849)	-	(1,849)
Current liabilities	(6,719,436)	(1,759,513)	(17,644,649)	(26,123,598)
Net assets	1,360,929	2,473,132	364,123	4,198,184
Year ended 31st December				
Revenue	12,484,342	6,433,714	-	18,918,056
Profit/(loss) for the year	195,314	459,157	(64,863)	589,608
Total comprehensive income/(loss)	195,314	459,157	(64,863)	589,608
Cash flows from operating activities	14,217	(101,133)	10,308,232	10,221,316
Cash flows from investing activities	-	(6,363)	-	(6,363)
Cash flows from financing activities	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	14,217	(107,496)	10,308,232	10,214,953

18. INVESTMENT SECURITIES

	2014 Carrying Amount RM	2014 Market Value Of Quoted Investments RM	2013 Carrying Amount RM	2013 Market Value of Quoted Investments RM
Group				
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)	649	362	649	499
Total current investment securities	649		649	
Non-current				
Fair value through profit or loss				
- Convertible redeemable preference shares (unquoted), at cost	18,582,334	#	18,582,334	#
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	2,853,170	#	2,853,170	#
- Corporate memberships in golf club	105,000	#	105,000	#
Total non-current investment securities	21,540,504		21,540,504	
Total investment securities	21,541,153		21,541,153	

\# The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably.

Their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumptions required for valuing these financial instruments using valuation techniques are subject to material uncertainties.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade receivables				
Third parties	72,585,832	76,013,472	-	-
Less: Allowance for impairment	(4,454,559)	(7,258,417)	-	-
	68,131,273	68,755,055	-	-
Amounts due from related companies	700,008	477,231	-	-
Retention sum on contracts	6,076,146	8,574,467	-	-
Trade receivables, net	74,907,427	77,806,753	-	-
Other receivables				
Amounts due from subsidiaries	-	-	171,811,909	133,831,835
Sundry receivables	24,321,088	13,286,730	11,775,488	89,193
Refundable deposits	3,325,046	2,772,943	40,611	45,611
Prepayment	5,559,386	9,279,210	1,430,691	13,137,010
	33,205,520	25,338,883	185,058,699	147,103,649
	108,112,947	103,145,636	185,058,699	147,103,649
Non-current				
Trade receivables				
Retention sum on contracts	2,692,989	1,311,184	-	-
Trade receivables, net	2,692,989	1,311,184	-	-
Total trade and other receivables (current and non-current)	110,805,936	104,456,820	185,058,699	147,103,649

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2013: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount totalling RM15,733,919/- (2013: RM Nil) which represents the stakeholders' sum received from house buyers.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2014 RM	Group 2013 RM
Neither past due nor impaired **	65,248,998	66,602,136
1 to 30 days past due not impaired	3,817,446	3,849,806
31 to 60 days past due not impaired	1,282,759	3,316,183
61 to 90 days past due not impaired	1,036,137	1,144,381
91 to 120 days past due not impaired	2,921,140	658,600
More than 121 days past due not impaired	3,293,936	3,546,831
	12,351,418	12,515,801
Impaired	4,454,559	7,258,417
	82,054,975	86,376,354

** Included in neither past due nor impaired are retention sums amounted to RM8,769,135 (2013: RM9,885,651).

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12,351,418 (2013: RM12,515,801) that are past due at the reporting date but not impaired.

In assessing the extent of non-recoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these debts as fully recoverable. Accordingly, no further impairment has been made for doubtful recovery in respect of these debts.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired 2014 RM	2013 RM
Trade receivables - nominal amounts	4,454,559	7,258,417
Less: Allowance for impairment	(4,454,559)	(7,258,417)
	-	-

Movement in allowance accounts:

	Group 2014 RM	2013 RM
At beginning of financial year	7,258,417	7,769,106
Allowance made during the financial year	182,656	499,319
Written off	(2,770,226)	(35,810)
Reversal of allowance for impairment losses	(216,288)	(974,198)
At end of financial year	4,454,559	7,258,417

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Prepayment

Included in prepayment are amount totalling RM Nil (2013: RM Nil) which represent cost incurred for tendering of projects.

(c) Amount due from subsidiaries and related parties

Amount due from subsidiaries and related parties are unsecured, non-interest bearing and are repayment on demand.

Included in amount due from subsidiaries is an amount totalling RM416,137/- (2013: RM Nil) which represents the interest receivable from a subsidiary that bears the interest at 8% (2013: RM Nil) per annum.

20. DEVELOPMENT PROPERTIES

Property development costs

	Leasehold Land RM	Freehold Land RM	Development Costs RM	Total RM
Group				
Cumulative property development costs				
At 1st January 2013	22,167,944	-	104,081,408	126,092,026
Costs incurred during the financial year	32,670,000	4,356,720	139,683,815	176,710,535
At 31st December 2013	54,837,944	4,356,720	243,765,223	302,802,561
Costs incurred during the financial year	-	7,800,000	70,966,276	78,766,276
At 31st December 2014	54,837,944	12,156,720	314,731,499	381,568,837
Cumulative costs recognised in profit or loss				
At 1st January 2013	(8,016,817)	-	(76,439,051)	(84,455,868)
Recognised during the financial year	(11,701,374)	(349,025)	(155,331,709)	(167,382,108)
At 31st December 2013	(19,718,191)	(349,025)	(231,770,760)	(251,837,976)
Recognised during the financial year	(2,107,099)	(4,704,406)	(59,470,854)	(66,282,359)
At 31st December 2014	(21,825,290)	(5,053,431)	(291,241,614)	(318,120,335)
Property development costs at 31st December 2014	33,012,654	7,103,289	23,489,885	63,448,502
31st December 2013	35,119,753	4,007,695	11,994,463	50,964,585

Included in development costs is an interest expense amounting to RM2,457,415 (2013 : RM578,554) has been capitalised as development costs.

21. INVENTORIES

	Group 2014 RM	2013 RM
Cost		
Raw materials	2,978,386	4,477,285
Work-in-progress	610,757	720,646
Finished goods	5,005,307	4,794,190
	8,594,450	9,992,121

22. OTHER CURRENT ASSETS

	Group 2014 RM	Group 2013 RM
Accrued billings in respect of property development costs	25,859,785	36,393,166
Amount due from customers for contracts	37,168,162	37,069,603
	63,027,947	73,462,769

23. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group 2014 RM	Group 2013 RM
Construction contract costs incurred to date	737,830,411	678,264,957
Attributable profits	85,727,462	69,828,809
	823,557,873	748,093,766
Less: Progress billings	(797,367,978)	(722,785,330)
	26,189,895	25,308,436
Presented as:		
Gross amount due from customers for contracts	37,168,162	37,069,603
Gross amount due to customers for contracts	(10,978,267)	(11,761,167)
	26,189,895	25,308,436
Retention sums on construction contract, included within trade receivables	8,769,135	9,885,651

The cost incurred to date on construction contracts include the following charges made during the financial year:

	Group 2014 RM	Group 2013 RM
Hire of plant and machinery	1,237,379	4,240,137
Wages and salaries	1,133,674	4,233,374
Social security contributions	6,721	7,643
Contribution to defined contribution plans	101,473	36,207
Rental expense for building	105,667	217,712

24. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash at bank and on hand	34,782,180	37,033,207	692,988	1,442,194
Cash held under Housing Development Accounts	423,952	6,063,202	-	-
Deposits with licensed banks	8,438,453	2,075,935	7,003,352	-
	43,644,585	45,172,344	7,696,340	1,442,194

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in deposits with licensed banks are short-term deposits made for varying periods of between 7 and 20 days depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31st December 2014 for the Group were 1.90% (2013: 1.90%).

Deposits with licensed banks of the Group amounting to RM20,000 (2013: RM20,000) are pledged as securities for borrowings.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and deposits	43,644,585	45,172,344	7,696,340	1,442,194
Bank overdraft	(1,698,190)	(1,788,998)	(1,223,078)	-
	41,946,395	43,383,346	6,473,262	1,442,194

25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary share of RM0.50 each 2014 Units	Number of ordinary share of RM0.50 each 2013 Units	Amount 2014 RM	Amount 2013 RM
Authorised share capital				
At 1st January/31st December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

Group and Company	Number of ordinary share of RM0.50 each: Share capital (Issued and fully paid) Units	Treasury shares Units	Amount: Share Capital (Issued and fully paid) RM	Share premium RM	Total share Capital and share Premium RM	Treasury shares RM
At 1st January 2013	311,858,210	22,811,000	155,929,105	2,863,512	158,792,617	(14,452,065)
Purchase of own shares	-	2,914,500	-	-	-	(1,883,198)
Distribution of treasury shares as dividend	-	(9,563,964)	-	-	-	6,056,476
At 31st December 2013	311,858,210	16,161,536	155,929,105	2,863,512	158,792,617	(10,278,787)
Gain on resale of treasury shares transferred to share premium reserve	-	(16,161,536)	-	5,361,389	5,361,389	10,278,787
Issuance of shares						
- Bonus issue	137,216,949	-	68,608,475	(30,532,649)	38,075,826	-
- Bonus share issuance expenses	-	-	-	(457,886)	(457,886)	-
- Private placement	31,185,800	-	15,592,900	22,765,634	38,358,534	-
At 31st December 2014	480,260,959	-	240,130,480	-	240,130,480	-

(a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM155,929,105 to RM240,130,480 by way of issuance of:

(i) 31,185,800 new ordinary shares of RM0.50 each at RM1.23 per ordinary share via a private placement exercise for a total cash consideration of RM38,358,534/- for working capital purposes.

(ii) 137,216,949 new ordinary shares of RM0.50 each by way of bonus issue on the basis of two (2) new ordinary shares for every five (5) existing ordinary shares.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a special resolution passed in the Annual General Meeting held on 20th June 2012, granted their approval for the Company's plan to repurchase their own issued ordinary shares. The directors of the Company are committed to enchancing the value of the Company for its shareholders and believe that the repurchase place can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company disposed off all of its treasury shares of 16,161,536 units via the open market at an average price of RM0.97 per share. The total proceeds from the disposal net of transaction costs was RM15,640,176/- with a total gain of RM5,361,389.

26. OTHER RESERVES

	Asset revaluation reserve RM	Capital reserve RM	Foreign currency translation reserve RM	Total RM
Group				
At 1st January 2013	533,179	7,275,249	99,131	7,907,559
Other comprehensive loss:				
Foreign currency translation	-	-	3,199,777	3,199,777
Revaluation of property, plant and equipment	18,842,097	-	-	18,842,097
At 31st December 2013	19,375,276	7,275,249	3,298,908	29,949,433
Other comprehensive loss:				
Foreign currency translation	-	-	1,307,545	1,307,545
Reclassification	(942,105)	-	-	(942,105)
Realisation of revaluation reserve	(42,291)	-	-	(42,291)
At 31st December 2014	18,390,880	7,275,249	4,606,453	30,272,582
Company				
At 1st January 2013	533,179	5,915,239	-	6,448,418
Revaluation of property, plant and equipment	7,377,559	-	-	7,377,559
At 31st December 2013	7,910,738	5,915,239	-	13,825,977
Reclassification	(368,878)	-	-	(368,878)
Realisation of revaluation reserve	(47,356)	-	-	(47,356)
At 31st December 2014	7,494,504	5,915,239	-	13,409,743

The nature and purpose of each category of reserve are as follows:

(a) Asset revaluation reserve

Asset revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

(b) Capital reserve

Included in the capital reserve, RM1,360,010 represents a reserve set aside for bonus issues made by subsidiaries. The balance of the reserve represents balance of the unexercised warrants in the previous years.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

27. RETAINED EARNINGS

The credit in the Section 108 balance as at 31st December 2014 expired in accordance with the Finance Act 2007. With effect from 1st January 2014, the Company will be able to distribute dividend out of its retained earning under the single tier system.

28. LOANS AND BORROWINGS

		Group		Company	
		2014	2013	2014	2013
	Maturity	RM	RM	RM	RM
Current					
Secured:					
Obligations under finance leases	2015	1,688,631	1,457,054	81,068	-
Term loans	2015	6,826,597	4,228,000	1,786,000	1,000,000
Bank overdrafts	On demand	1,223,078	1,788,998	1,223,078	-
Revolving credit	On demand	10,000,000	6,500,000	10,000,000	6,500,000
Bankers' acceptances	On demand	-	10,356,000	-	-
		19,738,306	24,330,052	13,090,146	7,500,000
Unsecured:					
Bank overdrafts	On demand	475,112	-	-	-
Bankers' acceptances	On demand	6,652,700	-	-	-
		7,127,812	-	-	-
		26,866,118	24,330,052	13,090,146	7,500,000
Non-current					
Secured:					
Obligations under finance leases	2016	1,314,977	1,977,668	542,892	-
Term loans	2023	70,347,509	53,406,564	12,183,000	9,000,000
		71,662,486	55,384,232	12,725,892	9,000,000
Total loans and borrowings		98,528,604	79,714,284	25,816,038	16,500,000

28. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings as at 31st December 2014 are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
On demand or within one year	26,866,118	24,330,052	13,090,146	7,500,000
More than 1 year and less than 2 years	11,460,956	6,930,762	1,871,491	1,000,000
More than 2 year and less than 5 years	30,100,278	27,640,260	5,641,012	8,000,000
More than 5 years	30,101,252	20,813,210	5,213,389	-
	98,528,604	79,714,284	25,816,038	16,500,000

Obligations under finance leases

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Future minimum lease payments:				
Not later than 1 year	1,819,560	1,641,075	108,528	-
Later than 1 year and not later than 2 years	687,106	1,579,752	108,528	-
Later than 2 years and not later than 5 years	544,512	489,763	325,584	-
Later than 5 years	180,839	-	180,839	-
Total minimum lease payments	3,232,017	3,710,590	723,479	-
Less: Future finance charges	(228,409)	(275,868)	(99,519)	-
Present value of finance lease liabilities	3,003,608	3,434,722	623,960	-
Analysis of present value of finance lease liabilities:				
Not later than 1 year	1,688,631	1,457,054	81,068	-
Later than 1 year and not later than 2 years	648,812	1,977,668	85,491	-
Later than 2 years and not later than 5 years	491,776	-	283,012	-
Later than 5 years	174,389	-	174,389	-
	3,003,608	3,434,722	623,960	-
Less: Amount due within 12 months	(1,688,631)	(1,457,054)	(81,068)	-
Amount due after 12 months	1,314,977	1,977,668	542,892	-

Group

The average discount rate implicit in the leases is 2.73% p.a. (2013: 2.71% p.a.). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Company

The average discount rate implicit in the leases is 2.41% p.a. (2013: Nil.). These obligations are denominated in the respective functional currencies of the relevant entities in the Company.

28. LOANS AND BORROWINGS (CONT'D)

Bank overdrafts

Group

(a) Bank overdrafts are denominated in RM, bear interest at BLR + 1.0 to 2.0% p.a.

(b) The bank overdraft of the Group are secured by way of:
(i) corporate guarantee provided by the Company;
(ii) short term fixed deposits with licensed bank of the Group amounting to RM20,000 (2013: RM20,000); and
(iii) properties owned by a debtor of the Group.

Company

(a) Bank overdrafts are denominated in RM, bear interest at BLR + 1.0% p.a.

(b) The bank overdraft of the Company are secured by way of :
(i) corporate guarantee of the Company; and
(ii) properties owned by a debtor of the Company.

Term loans

Group

(a) The term loans of the Group bear a weighted average effective interest rate of:
(i) cost of Funds + 1.5% per annum; and
(ii) BLR + 1.0% to 1.5% per annum

(b) The term loans of the Group are secured by way of :
(i) a first legal charge over a freehold land and all the plant and machineries of the said land;
(ii) an open charge over a leasehold land of the Group's property development;
(iii) corporate guarantee provided by the Company;
(iv) first party legal charge over a freehold land and building of the Company in Sungai Buloh, Selangor,
(v) a debenture creating first fixed and floating charges over all present and future assets of the Group located at Kuantan, Pahang;
(vi) first party first legal charge over a freehold land of the Company in Kuantan, Pahang;
(vii) a third party first legal charge over a freehold land in Jalan Ipoh, Kuala Lumpur; and
(viii) specific debenture incorporating first fixed and floating charges over all assets in relation to one of the development projects of the Group in Jalan Ipoh, Kuala Lumpur.

Company

(a) The term loans of the Company bear a weighted average effective interest rate of:
(i) Cost of Funds + 1.5% per annum ; and
(ii) BLR + 1.5% per annum

(b) The term loans of the Company are secured by way of:
(i) first party legal charge over a freehold land and building of the Company in Sungai Buloh, Selangor;
(ii) first party first legal charge over a freehold land of the Company in Kuantan, Pahang; and
(iii) third party debenture by its subsidiary, Molecor (SEA) Sdn Bhd.

Revolving credit

The revolving credits of the Group and the Company are secured by the properties owned by a debtor of the Group and Company.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade payables				
Third parties	31,721,115	58,437,914	-	-
Amount due to related parties	1,342,619	1,236,626	-	-
	33,063,734	59,674,540	-	-
Other payables				
Other payables	21,037,777	2,438,816	25,163	47,420
Deposits received	1,243,337	3,047,996	-	-
Accrued operating expenses	6,225,843	13,461,671	547,738	1,747,860
Provision for cost to completion	441,990	5,212,327	-	-
Amount due to subsidiaries	-	-	2,308,548	8,263,136
	28,948,947	24,160,810	2,881,449	10,058,416
Total trade and other payables	62,012,681	83,835,350	2,881,449	10,058,416

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2013: 30 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2013: average term of 3 months).

Included in other payables is an amount totalling RM14,375,644/- (2013: RM Nil) which represents the redeemable convertible notes subscription for the proposed listing on Catalyst, the Sponsor-Supervised Board of Singapore Exchange Securities Trading Limited via Future NRG Pte. Ltd., subsidiary of the Company, incorporated in Singapore.

(c) Amounts due to subsidiaries and related parties.

These amounts are unsecured, non-interest bearing and are repayable on demand.

30. OTHER CURRENT LIABILITIES

	Group	
	2014 RM	2013 RM
Amount due to customers for contracts	10,978,267	11,761,167

31. DEFERRED TAX LIABILITIES

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
At beginning of financial year	1,305,907	315,098	634,521	237,837
Transfer to profit or loss	1,276,991	990,106	9,116	396,684
Exchange differences	886	703	-	-
At end of financial year	2,583,784	1,305,907	643,637	634,521

The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

Group

	Revaluation on property, plant and equipment at RM	**Temporary differences between not book values and corresponding tax written down values RM**	**Total RM**
At 1st January 2013	-	315,098	315,098
Transfer to profit or loss	942,105	48,704	990,809
At 31st December 2013	942,105	363,802	1,305,907
(Recognised in)/Transfer to profit or loss	(51,810)	1,329,687	1,277,877
At 31st December 2014	890,295	1,693,489	2,583,784

Company

	Revaluation on property, plant and equipment at RM	**Temporary differences between not book values and corresponding tax written down values RM**	**Total RM**
At 1st January 2013	-	237,837	237,837
Transfer to profit or loss	368,878	27,806	396,684
At 31st December 2013	368,878	265,643	634,521
(Recognised in)/Transfer to profit or loss	(21,907)	31,023	9,116
At 31st December 2014	346,971	296,666	643,637

31. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 RM	2013 RM
Unutilised tax losses	14,055,954	15,601,792
Unabsorbed capital allowances	19,964,708	431,774
Other taxable temporary differences	(17,469,452)	(292,004)
	16,551,210	15,741,562
Potential deferred tax assets at 25%	4,137,803	3,935,391

32. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related parties information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2014 RM	2013 RM
Group		
Transaction with related parties		
Wai Soon Engineering Sdn Bhd		
- contract fees	4,074,276	3,948,522
- sales to	(140)	(12,282)
FITTERS (Sabah) Sdn Bhd		
- sales to	(670,668)	(751,007)
- rental expenses	4,800	4,800
Company		
Transaction with subsidiaries		
Administrative income receivable	(1,936,000)	(1,916,000)
Rental income	(1,305,000)	(1,260,000)
Dividend income	(44,800,000)	(31,370,000)

32. RELATED PARTY DISCLOSURES (CONT'D)

(a) Sale and purchase of goods and services (Cont'd)

Details of the related party relationships are as follows:

Related parties	Relationship
Fitters (Sabah) Sdn. Bhd.	Dato' Wong Swee Yee who is a director and major shareholder of the Company, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn. Bhd.	Wong Swee Loy who is the brother of Dato' Wong Swee Yee, is the director and major shareholder of Wai Soon Engineering Sdn Bhd.

(b) Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 10.

33. CAPITAL COMMITMENT AND CONTINGENT LIABILITY

(a) Capital commitment

Capital expenditure as at the reporting date is as follows:

	Group	
	2014 RM	**2013 RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	78,156,763	-

(b) Contingent liabilities

	Company	
	2014 RM	**2013 RM**
Unsecured		
Corporate guarantee given to corporations for performance project of a subsidiary	134,000,000	134,000,000

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables (LR);
(ii) Held for trading;
(iii) Fair value through profit or loss;
(iv) Available-for-sale; and
(v) Other financial liabilities measured at amortised cost (OL).

2014	LR/ (OL) RM	Held for trading RM	Fair value through profit or loss RM	Available for sale RM	Total RM
Group					
Financial assets					
Trade and other receivables (exclude prepayments)	105,246,550	-	-	-	105,246,550
Amount due from customers for contracts	37,168,162	-	-	-	37,168,162
Investment securities	-	649	18,582,334	2,958,170	21,541,153
Deposits, cash and bank balances	43,644,585	-	-	-	43,644,585
	186,059,297	649	18,582,334	2,958,170	207,600,450
Financial liabilities					
Trade and other payables (exclude deposits received)	(60,769,344)	-	-	-	(60,769,344)
Amount due to customers for contracts	(10,978,267)	-	-	-	(10,978,267)
Loans and borrowings	(98,528,604)	-	-	-	(98,528,604)
	(170,276,215)	-	-	-	(170,276,215)
Company					
Financial assets					
Trade and other receivables (exclude prepayments)	183,628,008	-	-	-	183,628,008
Deposits, cash and bank balances	7,696,340	-	-	-	7,696,340
	191,324,348	-	-	-	191,324,348
Financial liabilities					
Trade and other payables (exclude deposits received)	(2,881,449)	-	-	-	(2,881,449)
Loans and borrowings	(25,816,038)	-	-	-	(25,816,038)
	(28,697,487)	-	-	-	(28,697,487)

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

2013	LR/ (OL) RM	Held for trading RM	Fair value through profit or loss RM	Available for sale RM	Total RM
Group					
Financial assets					
Trade and other receivables (exclude prepayments)	95,177,610	-	-	-	95,177,610
Investment securities	-	649	18,582,334	2,958,170	21,541,153
Deposits, cash and bank balances	45,172,344	-	-	-	45,172,344
	140,349,954	649	18,582,334	2,958,170	161,891,107
Financial liabilities					
Trade and other payables (exclude deposits received)	(80,787,354)	-	-	-	(80,787,354)
Loans and borrowings	(79,714,284)	-	-	-	(79,714,284)
	(160,501,638)	-	-	-	(160,501,638)
Company					
Financial assets					
Trade and other receivables (exclude prepayments)	133,966,639	-	-	-	133,966,639
Deposits, cash and bank balances	1,442,194	-	-	-	1,442,194
	135,408,833	-	-	-	135,408,833
Financial liabilities					
Trade and other payables (exclude deposits received)	(10,058,416)	-	-	-	(10,058,416)
Loans and borrowings	(16,500,000)	-	-	-	(16,500,000)
	(26,558,416)	-	-	-	(26,558,416)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and assumptions required for valuing these financial instruments using valuation techniques are subject to material uncertainties.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments (Cont'd)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2014		2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets				
Trade and other receivables	2,692,989	2,692,989	1,311,184	1,311,184
Financial liabilities				
Obligations under finance leases	1,314,977	1,280,032	1,977,668	1,921,465
Term loans	70,347,509	64,776,712	53,406,564	49,222,640
	71,662,486	66,056,744	55,384,232	51,144,105
Company				
Financial liabilities				
Obligations under finance leases	542,892	528,465	-	-
Term loans	12,183,000	11,218,232	9,000,000	9,294,931

Interest rates used to determined fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2014	2013
Group		
Trade and other receivables	8.60%	8.35%
Obligations under finance leases	2.73%	2.93%
Term loans	8.60%	8.35%
Company		
Obligations under finance leases	2.73%	-
Term loans	8.60%	8.35%

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position,

(ii) The nominal amount relating to the corporate guarantee provided by the Company is as follow:

	2014 RM	2013 RM
Secured		
Corporate guarantee given to banks for credit facilities granted to a subsidiary	162,538,747	93,369,000
Unsecured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	81,400,000	81,825,000
Corporate guarantee given to corporations for credit facilities granted to subsidiaries	150,910,000	151,210,000
	394,848,747	326,404,000

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2014		2013	
	RM	% of total	RM	% of total
By country:				
Malaysia	72,445,397	93%	76,074,366	96%
Singapore	2,464,030	3%	3,043,571	4%
China	2,692,989	3%	-	0%
	77,602,416	100%	79,117,937	100%
By industry sectors:				
Manufacturing and trading and services	20,957,284	27%	21,434,756	27%
Construction, engineering services and property development	51,667,551	67%	53,475,448	68%
Renewable energy and palm oil	4,955,075	6%	4,185,227	5%
Investment holding and others	22,506	0%	22,506	0%
	77,602,416	100%	79,117,937	100%

At the reporting date, there is no concentration of credit risk other than the top trade receivables with total outstanding amounting to RM15,733,919/-.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 19.

Inter-company balances

The Company provides unsecured advances to its subsidiaries. The Company monitors the result of related companies regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2014	On demand or within one year RM	One to five year RM	Total RM
Group			
Trade and other payables	62,012,681	-	62,012,681
Loans and borrowings	25,177,487	71,759,966	96,937,453
Total undiscounted financial liabilities	87,190,168	71,759,966	158,950,134
Company			
Trade and other payables	2,881,449	-	2,881,449
Loans and borrowings	26,099,224	12,797,951	38,897,175
Total undiscounted financial liabilities	28,980,673	12,797,951	41,778,624
2013			
Group			
Trade and other payables	83,835,350	-	83,835,350
Loans and borrowings	24,514,073	54,986,316	79,500,389
Total undiscounted financial liabilities	108,349,423	54,986,316	163,335,739
Company			
Trade and other payables	10,058,416	-	10,058,416
Loans and borrowings	7,500,000	9,000,000	16,500,000
Total undiscounted financial liabilities	17,558,416	9,000,000	26,558,416

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM85,525 and RM15,192 (2013: RM69,780 and RM1,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Sterling Pound ("GBP"), United Stated Dollar ("USD"), European Dollar ("EURO"), Singapore Dollar ("SGD") and Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly GBP, USD, EURO, SGD and RMB.

Approximately 3.52% (2013: 3.40%) of the Group's sales are denominated in foreign currencies whilst almost 4.20% (2013: 3.40%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD, USD and RMB) amount to RM36,399 (2013: RM107,660), RM367,738 (2013 : RM371,333) and RM1,798,864 (2013: RM2,780,191) for the Group respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore, People's Republic of China ("PRC") and British Virgin Islands ("BVI"). The Group's net investments in Singapore, PRC and BVI are not hedged as currency positions in SGD, RMB and USD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax on potential fluctuation of foreign currencies relevant to the Group.

36. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 10th January 2014, Future NRG Sdn. Bhd., a wholly owned subsidiary of the Company proposed to seek a listing on Catalist, the Sponsor-Supervised Board of Singapore Exchange Securities Trading Limited via Future NRG Pte. Ltd., a company to be incorporated in Singapore.

(b) On 20th January and 22nd August 2014 respectively, the Company subscribed for an additional 12,675,000 and 6,500,000 ordinary shares of RM1.00 each in Molecor (SEA) Sdn Bhd ("MSSB"), fully paid in cash. MSSB had not commenced its business activities during the financial year ended 31 December 2014.

(c) On 6th March 2014, the Company subscribed for one share of SGD1 in Future NRG Pte. Ltd. ("FNPL"), a private company limited by shares incorporated in Singapore, representing 100% of the total equity interest in FNPL for a total consideration of SGD1.

(d) On 21st October 2014, the Company issued 137,216,949 new ordinary shares of RM0.50 each by way of bonus issue on the basis on two (2) new ordinary shares for every five (5) existing ordinary shares, and 137,216,949 free warrants on the basis of two (2) warrants for every five (5) existing ordinary shares.

(e) On 4th March 2015, FITTERS Building Services Sdn Bhd, a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement ("SPA") with GCP Tower Sdn Bhd for the purpose of acquiring 70 parcels of office lots and 363 units of car park bays located in Plaza Pekeliling for a total consideration of RM28,280,000.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital. The Group includes within net debt, is loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Loans and borrowings	98,528,604	79,714,284	25,816,038	16,500,000
Less: Cash and bank balances	(43,644,585)	(45,172,344)	(7,696,340)	(1,442,194)
Net debt	54,884,019	34,541,940	18,119,698	15,057,806
Equity attributable to the owners of the parent	354,887,521	281,992,209	277,662,672	193,575,928
Gearing ratio	15%	12%	7%	8%

38. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Manufacturing and trading services

Manufacturing and trading of safety, fire fighting equipment, industrial products and PVC-O Pipe, installation and maintenance of the Fire Departments' privatised Computerised Fire Alarm Monitoring System ("CMS").

(ii) Construction, engineering services and property development

Contract for mechanical and electrical works, corrective and preventive maintenance within the fire industry and speciality construction industry, developing and selling of properties.

(iii) Renewable energy and palm oil

Providing renewable, alternative and waste to energy, and operation of palm oil mill for the purposes of treatment, cure and extraction of palm oil.

(iv) Investment holding

The investment segment is in the business of investment holding.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

38. SEGMENT INFORMATION (CONT'D)

	Manufacturing and trading services RM	Construction engineering services and property development RM	Renewable energy and palm oil RM	Investment holding and others RM	Elimination RM		Consolidated RM
31st December 2014							
Revenue							
External sales	75,541,878	156,067,256	115,772,520	-	(97,723)		347,283,931
Inter-segment sales	22,057,062	118,287,146	8,554	1,436	(140,354,198)	(a)	-
	97,598,940	274,354,402	115,781,074	1,436	(140,451,921)		347,283,931
Results							
Segment results	6,831,392	46,964,017	(5,436,476)	79,488,541	(82,089,353)	(b)	45,758,121
Finance costs							(3,600,787)
Income tax							(12,751,418)
Profit, net of tax							29,405,916
Assets and liabilities							
Segment assets	117,087,139	304,973,758	248,216,388	378,332,194	(509,485,999)	(c)	539,123,480
Unallocated assets							3,154,864
Total assets							542,278,344
Segment liabilities	45,670,013	242,344,369	185,136,673	83,612,925	(385,244,428)	(d)	171,519,552
Unallocated liabilities							4,331,268
Total liabilities							175,850,820
Other information							
Capital expenditure	43,385,975	545,158	6,189,370	23,805,009	(1,051,556)		72,873,956
Depreciation and amortisation	378,085	350,085	2,601,847	329,455	-		3,659,472
Bad debts written off	360,756	2,409,470	-	-	-		2,770,226
Reversal of impairment loss on trade receivables	(122,147)	(94,141)	-	-	-		(216,288)
Impairment loss on trade receivables	182,656	-	-	-	-		182,656
Inventories written back	(275,738)	-	896	-	-		(274,842)
Inventories written off	(249,599)	-	-	-	-		(249,599)
Property, plant and equipment written off	2,082	17,780	1,350				21,212
Non cash expenses	362,838	2,427,250	1,350	-	-		2,791,438

38. SEGMENT INFORMATION (CONT'D)

	Manufacturing and trading services and theming RM	Construction engineering services and property development RM	Renewable energy and palm oil RM	Investment holding and others RM	Elimination RM		Consolidated RM
31st December 2013							
Revenue							
External sales	74,901,776	283,440,585	114,158,315	-	-		472,500,676
Inter-segment sales	31,146,389	141,569,019	784,451	-	(173,499,859)	(a)	-
	106,048,165	425,009,604	114,942,766	-	(173,499,859)		472,500,676
Results							
Segment results	3,710,788	54,043,150	4,024,731	30,362,331	(34,432,266)	(b)	57,708,734
Finance costs							(1,877,173)
Income tax							(16,338,705)
Profit, net of tax							39,492,856
Assets and liabilities							
Segment assets	76,744,595	277,827,875	212,579,487	283,585,398	(387,308,705)	(c)	463,428,650
Unallocated assets							945,643
Total assets							464,374,293
Segment liabilities	57,118,363	165,938,885	143,056,106	94,361,420	(285,163,973)	(d)	175,310,801
Unallocated liabilities							5,166,365
Total liabilities							180,477,166
Other information							
Capital expenditure	162,063	292,609	84,923,687	29,295	-		85,407,654
Depreciation and amortisation	552,117	302,138	292,800	312,329	-		1,459,384
Reversal of impairment loss on trade receivables	(273,759)	(700,439)	-	-	-		(974,198)
Impairment loss on trade receivables	310,359	188,960	-	-	-		499,319
Inventories written back	(82,111)	-	-	-	-		(82,111)
Non cash expenses	108,180	35,810	-	-	-		143,990

38. SEGMENT INFORMATION (CONT'D)

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(a) Inter-segment revenues are eliminated on consolidation.

(b) Profit from inter segment sales are eliminated on consolidation.

(c) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM	2013 RM
Investment in subsidiaries	(127,432,793)	(108,275,790)
Intangible assets	4,360,416	4,360,416
Property, plant and equipments	(953,832)	-
Investment properties	(97,723)	-
Land use right	(2,036,000)	-
Trade and other receivables	(294,996)	(12,777,791)
Other current assets	602,435	311,077
Inter-segment assets	(383,733,056)	(270,802,335)
Cash and banks	99,550	(124,282)
	(509,485,999)	(387,308,705)

(d) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM	2013 RM
Trade and other payables	(3,092)	(12,664,753)
Inter-segment liabilities	(385,241,336)	(272,499,220)
	(385,244,428)	(285,163,973)

38. SEGMENT INFORMATION (CONT'D)

Information about major customers

Major customers' information is revenue from transactions with a single external customer amount to ten percent or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

Major customer include revenue from a major customer amounting to RM69,911,683 arising from sales of palm oil in Malaysia.

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2014 RM	2013 RM
Malaysia	335,066,577	464,305,776
Singapore	12,217,354	8,184,174
China	-	10,726
	347,283,931	472,500,676

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segments assets		Capital expenditure	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	491,430,732	411,993,439	72,391,491	84,395,585
Singapore	16,892,708	21,984,080	107,512	194,568
China	33,954,904	30,396,774	374,953	817,501
	542,278,344	464,374,293	72,873,956	85,407,654

SUPPLEMENTARY INFORMATION
ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31st December 2014 into realised and unrealised profits presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings				
- realised	80,026,965	101,905,557	23,478,812	30,601,600
- unrealised	4,395,290	1,540,855	643,637	634,521
	84,422,255	103,446,412	24,122,449	31,236,121
Total share of retained earnings from associates				
- realised	-	-	-	-
	84,422,255	103,446,412	24,122,449	31,236,121
Less: Consolidation adjustments	62,204	82,534	-	-
Total retained earnings as per statement of financial position	84,484,459	103,528,946	24,122,449	31,236,121

The determination of realised and unrealised profits is based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FITTERS DIVERSIFIED BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FITTERS Diversified Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 122.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 16th April 2015

LIST OF PROPERTIES HELD BY THE GROUP

As At 31 December 2014

	Description	Address	Net Book Value RM	Tenure	Date of last valuation/ acquisition	Existing Use	Age Of Building (Year)
1.	5-storey office block 1,779.20 m^2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	14,747,470	Freehold	03-06-2013	Office	21
2.	2-storey shop house 143.07 m^2	12 Jalan Sagu 5, Taman Daya 81100 Johor Bahru Johor Darul Takzim	340,797	Freehold	21-05-2013	Office	21
3.	3-storey shop house 143.07 m^2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	1,261,300	Leasehold expire in 2093	25-04-2013	Office	20
4.	2-storey shop office 130.0 m^2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh, Perak	350,588	Leasehold expire in 2093	02-05-2013	Office	20
5.	Office 172.8 m^2	32-03 (Bk) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	62,310	Freehold	21-12-2001	Vacant	13
6.	Office 163.4 m^2	32-03 (Fr) Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	64,170	Freehold	21-12-2001	Vacant	13
7.	Office 336.22 m^2	32-01, Merchant Square Cheras Taman Juara Jaya Selangor Darul Ehsan	140,250	Freehold	29-01-2004	Vacant	11
8.	Shop Office 131.18 m^2	G-48, Jalan Putra Perdana 5/1 Taman Putra Perdana 47100 Puchong, Selangor	239,582	Leasehold expire on 19-10-2093	28-03-2011	Vacant	4
9.	Land 8.094 Hec. (20 acres)	HS (D): 34685, Lot 5585 Mukim of Ulu Telom District of Cameron Highlands Pahang	12,000,000	Freehold	18-04-2014	Agriculture	-
10.	Condominium 769 sq ft	C-10-18, 67, KL Festival City Jalan Taman Ibu Kota Taman Danau Kota 53300 Kuala Lumpur	233,644	Leasehold expire on 20-11-2106	28-11-2014	Rented	1
11.	Land 12,141 m^2	HS (D):204963, Lot PT 6127 Bandar Sri Sendayan Daerah Seremban, Negeri Sembilan	1,633,500	Freehold	21-09-2010	Industrial	-
12.	Land 20.23 Hec.	HS(D): 15865, Lot 18059 Mukim Rawang, District of Gombak Selangor Darul Ehsan	32,670,000	Leasehold expire on 26-10-2102	27-11-2012	Development	-
13.	Factory complex 125,130 m^2	No.3998, Batu 5, Jalan Baling 09300 Kuala Ketil, Kedah	7,175,056	Freehold	01-11-2013	Industrial	2
14.	1-storey factory & 2-storey office 34,358 m^2	Lot 5/129 and 6/129 Kawasan Perindustrian Gebeng Phase II Kuantan, Pahang Darul Makmur	22,527,366	Leasehold expire on 30-06-2113	01-07-2014	Industrial	1

ANALYSIS OF SHAREHOLDINGS
As At 5 May 2015

Authorised Share Capital	:	RM500,000,000.00 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	:	RM240,130,479.50 (480,260,959 Ordinary Shares of RM0.50 each)
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 5 MAY 2015

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	437	7.13	24,229	0.01
100 – 1,000	387	6.31	156,523	0.03
1,001 – 10,000	2,172	35.41	12,708,476	2.65
10,001 – 100,000	2,746	44.77	80,832,491	16.83
100,001 to less than 5% of issued shares	387	6.31	261,760,664	54.50
5% and above of issued shares	4	0.07	124,778,576	25.98
Total	**6,133**	**100.00**	**480,260,959**	**100.00**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 5 MAY 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1.	Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	723,332	0.15	-	-
2.	Dato' Wong Swee Yee	133,850,940	27.87	2,143,416 [(1)]	0.45
3.	Datuk Dr. Soh Chai Hock @ Soh Hai San	-	-	-	-
4.	Datin Goh Hooi Yin	2,143,416	0.45	133,850,940 [(2)]	27.87
5.	Mr. Chan Seng Fatt	-	-	-	-
6.	Dato' Ir. Low Keng Kok	25,895,332	5.39	-	-
7.	Encik Zahedi Bin Hj Mohd Zain	10,872	Neg.	400,199 [(3)]	0.08

Notes:-
[(1)] Deemed interested in his spouse, Datin Goh Hooi Yin's direct shareholdings in FITTERS Diversified Berhad ("FITTERS").
[(2)] Deemed interested in her spouse, Dato' Wong Swee Yee's direct shareholdings in FITTERS.
[(3)] Deemed interested by virtue of his substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd by virtue of Section 6A(4) of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 MAY 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1.	Dato' Wong Swee Yee	133,850,940	27.87	2,143,416 [(1)]	0.45
2.	Datin Goh Hooi Yin	2,143,416	0.45	133,850,940 [(2)]	27.87
3.	Dato' Ir. Low Keng Kok	25,895,332	5.39	-	-

Notes:-
[(1)] Deemed interested in his spouse, Datin Goh Hooi Yin's direct shareholdings in FITTERS.
[(2)] Deemed interested in her spouse, Dato' Wong Swee Yee's direct shareholdings in FITTERS.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (8092341)	47,667,666	9.93
2.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Swee Yee (KLM)	26,034,176	5.42
3.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	25,895,332	5.39
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	25,181,402	5.24
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Swee Yee (PBCL-0G0107)	24,000,000	5.00
6.	Tee Tiam Lee	19,320,000	4.02
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	11,630,500	2.42
8.	Kong Hon Kong	9,320,000	1.94
9.	Citigroup Nominees (Asing) Sdn Bhd CILTD for PHEIM SICAV-SIF	7,430,000	1.55
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	6,800,000	1.42
11.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	6,780,000	1.41
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	5,457,600	1.14
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	4,727,240	0.98
14.	Pembinaan Musali Sdn Bhd	4,300,000	0.90
15.	Wong Swee Yee	4,167,696	0.87
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Twee Yong	3,828,160	0.80
17.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	3,423,100	0.71
18.	Leong Kok Wah	3,167,720	0.66
19.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	3,008,098	0.63
20.	Wong Kim Yin	2,752,200	0.57

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
21.	Yon Yu Hon @ Hon Yew Hon	2,585,868	0.54
22.	Lai Lan @ Loow Lai Lan	2,478,551	0.52
23.	Teo Kwee Hock	2,364,842	0.49
24.	Sim Keng Chor	2,310,000	0.48
25.	Goh Hooi Yin	2,143,416	0.45
26.	Ang Kheng Thong	2,095,770	0.44
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Tze Yu @ Ho Chue Yu	2,001,360	0.42
28.	Gan Kim Cheong	2,000,400	0.42
29.	Sim Keng Chor	1,960,000	0.41
30.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ching Neoh (STA1)	1,820,018	0.38
	Total	**266,651,115**	**55.52**

ANALYSIS OF WARRANT HOLDINGS

As At 5 May 2015

Free Issue of Warrants 2014/2019	:	137,216,949
No. of Warrants Unexercised	:	137,216,949
Exercise Period	:	From the date of issuance of 13 October 2014 to the maturity date on 12 October 2019
Exercise Price	:	RM1.00 which shall be satisfied fully in cash
Exercise Right	:	Each warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share of RM0.50 each at the Exercise Price

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 5 MAY 2015

Size of Holdings	No. of Holders	%	No. of Warrants Held	%
1 – 99	699	15.48	19,641	0.01
100 – 1,000	446	9.88	240,371	0.18
1,001 – 10,000	2,313	51.22	9,267,859	6.75
10,001 – 100,000	908	20.11	28,612,051	20.85
100,001 to less than 5% of total warrants	145	3.21	48,058,093	35.02
5% and above of total warrants	5	0.11	51,018,934	37.18
Total	**4,516**	**100.00**	**137,216,949**	**100.00**

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 5 MAY 2015

		Direct Warrant Holdings		Indirect Warrant Holdings	
No.	Name	No. of Warrants Held	%	No. of Warrants Held	%
1.	Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	206,666	0.15	-	-
2.	Dato' Wong Swee Yee	43,620,268	31.79	612,404 (1)	0.45
3.	Datuk Dr. Soh Chai Hock @ Soh Hai San	-	-	-	-
4.	Datin Goh Hooi Yin	612,404	0.45	43,620,268 (2)	31.79
5.	Mr. Chan Seng Fatt	-	-	-	-
6.	Dato' Ir. Low Keng Kok	7,398,666	5.39	-	-
7.	Encik Zahedi Bin Hj Mohd Zain	3,106	Neg	114,342 (3)	0.08

Notes:-

(1) Deemed interested in his spouse, Datin Goh Hooi Yin's direct warrant holdings in FITTERS Diversified Berhad ("FITTERS").

(2) Deemed interested in her spouse, Dato' Wong Swee Yee's direct warrant holdings in FITTERS.

(3) Deemed interested by virtue of his substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd by virtue of Section 6A(4) of the Companies Act, 1965.

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	15,242,599	11.11
2.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (8092341)	13,619,333	9.93
3.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Swee Yee (KLM)	7,438,336	5.42
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	7,398,666	5.39
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	7,320,000	5.33
6.	Tee Tiam Lee	5,520,000	4.02
7.	Gan Kim Cheong	1,942,600	1.42
8.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	1,880,000	1.37
9.	Leong Kok Wah	1,794,320	1.31
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	1,350,640	0.98
11.	Ang Kheng Thong	1,197,391	0.87
12.	Pembinaan Musali Sdn Bhd	1,160,000	0.85
13.	Lim Cheng Ten	1,000,000	0.73
14.	Wong Kim Yin	869,600	0.63
15.	Yon Yu Hon @ Hon Yew Hon	738,819	0.54
16.	Lai Lan @ Loow Lai Lan	708,157	0.52
17.	Sim Keng Chor	660,000	0.48
18.	Goh Hooi Yin	612,404	0.45
19.	Lim Cheng Ten	598,400	0.44
20.	Lim Twee Yong	571,200	0.42

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Name	No. of Warrants Held	%
21.	Wong Choo Swee @ Ng Kong Swee	540,000	0.39
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG London (Prime Brokerage)	503,800	0.37
23.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Hong Leong (CEB)	500,000	0.36
24.	Leong Kok Hou	492,000	0.36
25.	Ong Chin Kim	490,000	0.36
26.	Shu Siew Yin	485,000	0.35
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Sii Ming @ Kong Chak Ming	480,000	0.35
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Sim Keng Chor	480,000	0.35
29.	Theang Kok Keong	480,000	0.35
30.	Lim Kah Eng	471,852	0.34
	Total	**76,545,117**	**55.78**

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting of FITTERS Diversified Berhad (Company No. 149735-M) will be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Friday, 26 June 2015 at 11.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS	**Ordinary Resolution**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon.	**Note C**
2. To re-elect Datin Goh Hooi Yin as Director who retires pursuant to Article 83 of the Articles of Association of the Company.	**1**
3. To re-elect the following Directors who retire pursuant to Article 90 of the Articles of Association of the Company:-	
(a) Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	**2**
(b) Mr Chan Seng Fatt	**3**
4. To re-appoint Datuk Dr. Soh Chai Hock @ Soh Hai San as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.	**4**
5. To approve the payment of Directors' fees for the financial year ended 31 December 2014.	**5**
6. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	**6**

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

7.1 **Proposed Renewal of Authority for Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** — **7**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7.2 **Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")** — **8**

"**THAT** pursuant to paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("FITTERS Group") to enter into and give effect to specified Recurrent Related Party Transactions of a revenue or trading nature and with classes of the related parties as stated in Section 2.4 of the Circular to Shareholders dated 29 May 2015 which are necessary for the FITTERS Group's day to day operations subject to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;

SPECIAL BUSINESS **Ordinary Resolution**

(b) disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

THAT such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 143 (2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Mandate."

7.3 **Proposed Renewal of Share Buy-Back Mandate** 9

"**THAT** subject to compliance with Section 67A of the Companies Act 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities and all other prevailing laws, rules, regulations, orders, guidelines and requirements issued and/or amended from time to time by any relevant authority, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at Twenty-Eighth Annual General Meeting of the Company held on 18 June 2014, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back.

The retained profits of the Company stood at RM24,122,449 for the financial year ended 31 December 2014.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

SPECIAL BUSINESS **Ordinary Resolution**

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

8. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
FITTERS Diversified Berhad
NG YIM KONG (LS 0009297)
Company Secretary

Kuala Lumpur
29 May 2015

Notes:

A. PROXY

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.
2. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

B. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining whether a member is entitled to attend the Twenty-Ninth Annual General Meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 59 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 June 2015. Only a depositor whose name appears in the Record of Depositors as at 19 June 2015 will be entitled to attend, speak and vote at the Meeting.

C. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

This agenda item is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the said Audited Financial Statements by the shareholders. Hence, this agenda item is not subject to voting by the shareholders.

D. EXPLANATORY NOTE ON ORDINARY BUSINESS

Resolution 4 - Re-appointment of Director over 70 years of age

The proposed Ordinary Resolution No. 4 under item 4 of the Agenda is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Datuk Dr. Soh Chai Hock @ Soh Hai San who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

Notes (Cont'd):

E. EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 7 – Proposed Renewal of Authority for Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965

This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being and for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This mandate is a renewal of the last mandate granted to the Directors at the Twenty-Eighth Annual General Meeting held on 18 June 2014 which will lapse at the conclusion of the Twenty-Ninth Annual General Meeting.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment, working capital and/or acquisition or to issue new shares as consideration for investments and/or acquisition which the Directors consider would be in the best interest of the Company.

Pursuant to the mandate granted at the Twenty-Eighth Annual General Meeting, the Company has placed out 31,185,800 ordinary shares of RM0.50 each in the Company on 1 October 2014. The proceeds raised of RM38,358,534 were utilised for working capital of the Company and its subsidiaries as well as to defray expenses relating to the placement of shares.

Resolution 8 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")

The detailed text on Resolution 8 on the Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 29 May 2015 which is enclosed together with the 2014 Annual Report.

Resolution 9 - Proposed Renewal of Share Buy-Back Mandate

The detailed text on Resolution 9 on the Proposed Renewal of Share Buy-Back Mandate is included in the Share Buy-Back Statement dated 29 May 2015 which is enclosed together with the 2014 Annual Report.

FITTERS Diversified Berhad
(149735-M)

PROXY FORM

Number of shares held :	

I/We ____ NRIC No : ______________________________
(Full name in Capital Letters)

of ____
(Address)

being a member/members of FITTERS Diversified Berhad hereby appoint

____ NRIC No : ______________________________
(Full Name)

of ____
(Address)

or failing him, _____________________________________ NRIC No : ______________________________
(Full Name)

of ____
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Twenty-Ninth Annual General Meeting of FITTERS DIVERSIFIED BERHAD to be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Friday, 26 June 2015 at 11.00 a.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows:
(The next paragraph should be completed only when two proxies are appointed).

First Proxy (1) .... %

Second Proxy (2) .... %

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		

	FOR	AGAINST
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this ______________ day of ___________ 2015.

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

Notes :

1. In respect of the deposited securities, only members whose names appear in the Record of Depositors as at 19 June 2015 will be entitled to attend, speak and vote at the Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The Proxy Form appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
6. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
7. If the appointer is a corporation, the Proxy Form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

FOLD THIS FLAP FOR SEALING

FOLD HERE

AFFIX
STAMP

THE COMPANY SECRETARY
FITTERS Diversified Berhad (149735-M)
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia

FOLD HERE

FITTERS Diversified Berhad
(149735-M)
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara
52200 Kuala Lumpur
MALAYSIA

GENERAL
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