FITTERS
Diversified Berhad

Diversified Growth Through Innovation & Technology

Annual Report 2015

FITTERS Diversified Berhad
(149735-M)

Vision

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

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

Contents

Corporate Profile

DIVERSIFIED GROWTH THROUGH INNOVATION & TECHNOLOGY

Having commenced operations in the 1970s, FITTERS Diversified Berhad Group started out as a fire protection and prevention solutions provider. 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.

Through the years, FITTERS has gained recognition as a "one-stop" fire protection specialist and continues to engage in the manufacturing, trading and specialised installation of firefighting equipment as well as the supply of fire safety protection products and services.

Since its promotion to the Main Board of Bursa Malaysia in 2007 and with a clear vision, bold plan and strategic planning, FITTERS has 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 (ONE-STOP Fire Protection Specialist)**
- **Property Development & Construction**
- **Renewable & Waste-to-Energy and Green Palm Oil Mill**
- **HYPRO PVC-O Pipes Manufacturing & Distribution**

Fire Services Division

With over 30-years of track record in fire safety, FITTERS is a renowned "one-stop" fire protection specialist providing integrated fire protection and prevention solutions to a wide range of customers. This business continues to be bread and butter for the Group generating a steady stream of income.

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 door-sets
- Synthetic foam concentrates
- Custom-made fire safety apparel

FireX - Your first line of Fire Defence Tool

Complementing FITTERS' position in the fire protection business, FITTERS through its subsidiary, FITTERS Engineering Services Sdn Bhd ("FESSB"), provides Mechanical and Electrical Services ("M&E services") for projects based on a design and build concept. As an engineering and contracting firm with over 30-years of experience in the building and construction industry, FESSB provides M&E services which 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

FITTERS also operates and manages the Fire Department's privatised 24-hours 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 and it supports its customers via nationwide branches and appointed authorised distributors.

Property Development & Construction

FITTERS Group made its maiden foray into property development in 2007 when it started the property development project on a prime 8.43 acres commercial land in the fast growing urban area of Setapak, Kuala Lumpur. In 2011, it completed the 3-storey shopping mall and launched ZetaPark @ Setapak, transforming it into an integrated commercial, retail and residential development. ZetaPark, sitting atop the vibrant Setapak Central (previously known as KL Festival City Mall), comprises 424 SOHOs and 470 LOFT serviced residences.

Riding on this success, the Group launched its second high-rise development project named ZetaDeSkye on a 2.84 acres of land located off Jalan Ipoh, Kuala Lumpur in late 2013. ZetaDeSkye, comprising a 24-storey two-tower condominium featuring 284 units of freehold semi-D in the sky, is enjoying a high take up rate and its completion is expected to be in second half of 2016.

Following the successful launch of these projects, the Group continues to identify niche property development opportunities. On 4 March 2015, FITTERS through its wholly owned subsidiary, FITTERS Building Services Sdn Bhd, entered into a conditional sale and purchase agreement to acquire Plaza Pekeliling Global Tower ("Plaza Pekeliling"). The said acquisition was completed on 28 August 2015. FITTERS plans to redevelop the newly acquired Plaza Pekeliling, which is strategically located in a prime location along Jalan Tun Razak, Kuala Lumpur, into innovative high-end work suites and is targeting to launch it for sale in second half of 2016. In Rawang, Selangor, the piece of land measuring 50 acres that FITTERS currently owns is earmarked for residential development.

HYPRO PVC-O Pipes Manufacturing & Distribution

In 2013, FITTERS ventured into pipes manufacturing and distribution business through its subsidiary, Molecor (SEA) Sdn Bhd, when it 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 for the South East Asia market.

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 specialising in the development of the latest technology applying molecular orientation using hot air to pipeline solutions with amazing 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 minimised 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 250 km from the Kuala Lumpur headquarter, 25 km from Kuantan town and a mere 5 km from the Kuantan Port for better logistical connectivity locally and regionally.

Todate, the HYPRO PVC-O pipes are installed in various projects in Kedah, Kelantan, Terengganu, Sabah, Sarawak, Johor, Pahang, Perlis and Sendayan. The HYPRO PVC-O pipes have also been exported to Papua New Guinea.

MOLECOR South East Asia

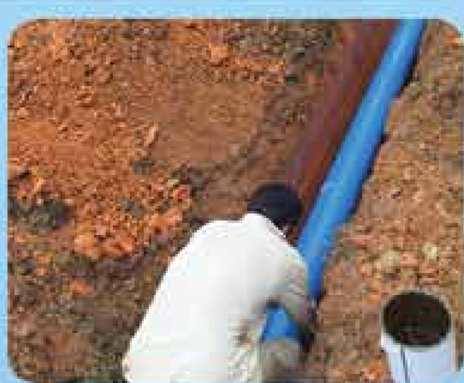
HYPRO The Pipe Revolution


Lightweight : easy to handle

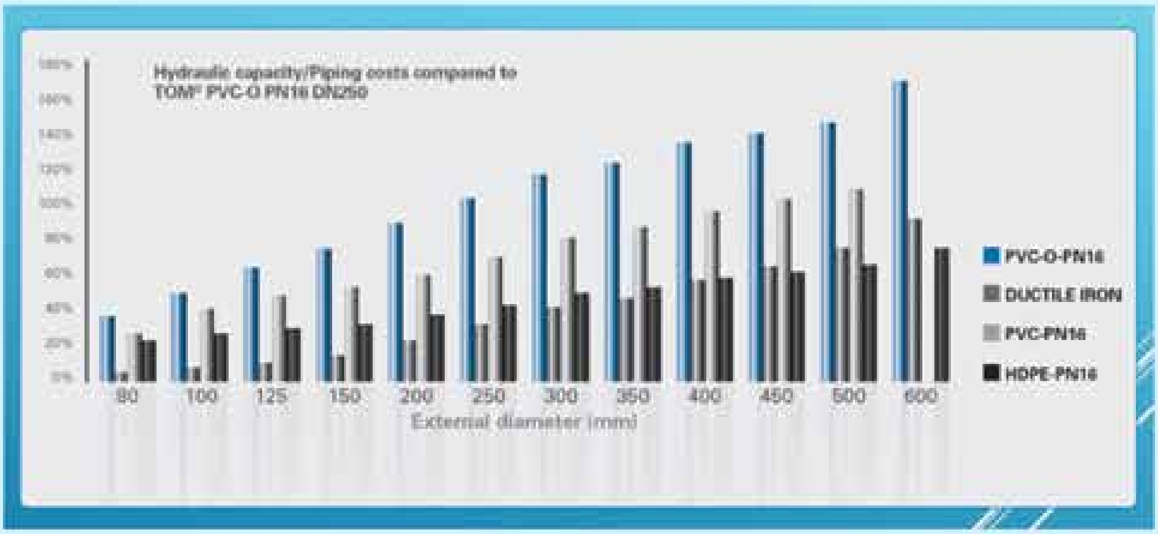

Integrated Socket System : fast and secure to connect


Corrosion Resistant

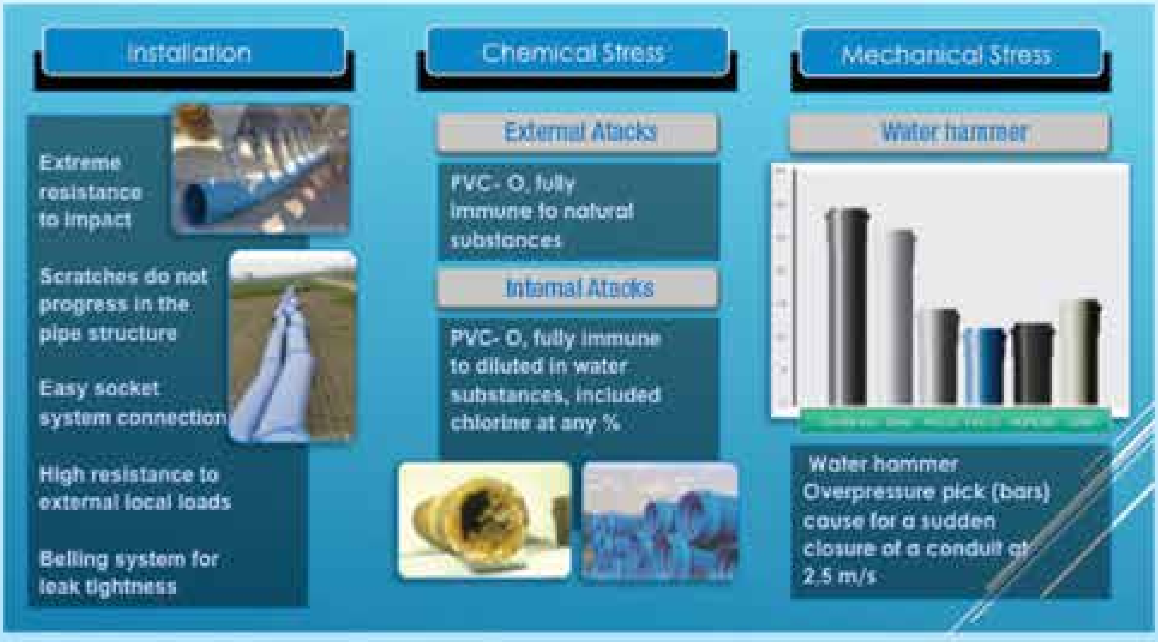




Ease of Installation : Time & Cost savings

Cost Effective



Superior Overall Performance



Certification

Renewable & Waste-to-Energy and Green Palm Oil Mill

FITTERS Group entered into renewable & waste-to-energy and green palm oil mill business in 2008.

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 also produces biogas used for renewable energy in the DLF/pelleting process, for mill use and/or sale to grid
- Biogas can also be upgraded and used as an alternative for vehicle fuel, replacing the use of diesel

Waste-to-Energy, Waste-to-Resource

- 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 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
- Treatment of industrial, medical and hazardous waste

On 24 February 2015, FNRG's wholly owned subsidiary, Future Biomass Gasification Sdn Bhd ("FBG"), received a feed-in approval from the Sustainable Energy Development Authority Malaysia to generate up to 2 megawatts of electricity from renewable resources. Subsequently, on 28 April 2015, FBG signed a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad for the sale of renewable electricity to the national grid for a period of 16 years. The renewable electricity will be produced at FITTERS Group's green mill in Baling, Kedah, which will generate biogas from palm oil mill effluent in a biogas capture plant and convert into electricity using highly efficient biogas engine generators. The biogas capture plant project is certified by the Ministry of Energy, Green Technology and Water under the Green Technology Financing Scheme and is an integration between the existing palm oil mill and the Group's state-of-the-art Green Technology.

FNRG had on 22 July 2015 acquired 40% equity in A.H.T. Syngas Technology N.V. ("AHT Syngas"), a company incorporated in Netherlands with its operations based in Germany and listed on the stock exchange in Hamburg, Germany. AHT Syngas through its wholly owned subsidiary, AHT Services GmbH ("AHT Services"), a private limited company incorporated in Germany, is a leading player in designing and manufacturing of biomass and coal-co-generation systems and technologies with proven track record in various countries. With the acquisition of equity in AHT Syngas, FITTERS Group will have further access to AHT Services' technologies and targets to market the re-engineered and localised technology at an affordable cost to Asia especially China and South East Asian region.

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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PRINCIPAL BANKERS
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS
H.S. Tay, Bahrin & Partners
Manjit Singh Sachdev, Mohamad Radzi & Partners
Ng & Ong
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 (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 (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% FITTERS Building Services Sdn Bhd (2)
  - 100% Pyro-Tech Systems Sdn Bhd (6)
- 100% Future NRG Sdn Bhd (3)
  - 100% Future Biomass Gasification Sdn Bhd (3)
  - 100% Solid Orient Holdings Sdn Bhd (3)
  - 40% A.H.T. Syngas Technology N.V. (3)
    - 100% A.H.T. Services GmbH (3)
- 100% FITTERS-NRG Sdn Bhd (3)
  - 100% Liangshan Future NRG Biology Electric Power Co., Ltd (3)
- 100% FITTERS-Nrg Limited (3)
- 100% Premier Equity Holdings Limited (5)
  - 100% Future NRG Asia Ltd (3)
  - 100% Future NRG (SEA) Pte Ltd (3)
- 100% Master Pyrodor Sdn Bhd (5)
- 65% Molecor (SEA) Sdn Bhd (4)
- 100% Future NRG Pte Ltd (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 2015 ("FY2015").

FINANCIAL REVIEW

For the FY2015, FITTERS Group registered a profit before tax of RM14.9 million on the back of a revenue of RM382.5 million, representing a decrease of 64.7% from the profit before tax of RM42.2 million and an increase of 10.1% from the revenue of RM347.3 million recorded in the preceding financial year.

The Fire Services Division has delivered satisfactory results for FY2015. The Fire Services Division posted an increase in profit before tax of 10.9% to RM15.3 million in FY2015 from RM13.8 million in the previous financial year, mainly due to higher sales volume by its fire door manufacturing business and recognition of profit from project variation orders upon finalisation of a few projects.

The Property Development & Construction Division recorded a decline in profit before tax of 55.8% to RM17.9 million in FY2015 from RM40.5 million previously, mainly due to the completion of ZetaPark project in FY2014 and there was no new project being launched during FY2015. During FY2015, the Property Development & Construction Division continued with the development of ZetaDeSkye project which is at 82% (2014: 27%) completion as at year end 31 December 2015. 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 encouraging.

The Renewable & Waste-to-Energy Division recorded a loss before tax of RM9.6 million during FY2015 as compared to a loss before tax of RM7.2 million in the last financial year. The performance of the Renewable & Waste-to-Energy Division was affected by the lower oil extraction rate trend in Kedah where our palm oil mill is located. Besides that, the current year loss included bad debts written-off and also interest and expenses in relation to corporate exercise of the division.

The Group commissioned its Orientated Polyvinyl Chloride ("PVC-O") pipes manufacturing plant in early 2015. In its early startup phase, the HYPRO PVC-O Pipes Manufacturing & Distribution Division incurred a loss before tax of RM7.3 million during FY2015 as compared to a loss before tax of RM2.6 million previously.

DIVIDEND

The Board of Directors recommends a final single-tier dividend of 0.6 sen per ordinary share for the financial year ended 31 December 2015 for the approval of shareholders at the forthcoming annual general meeting.

KEY CORPORATE AND BUSINESS DEVELOPMENTS

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, Jalan Tun Razak, Kuala Lumpur ("Plaza Pekeliling"). The vacant possession of Plaza Pekeliling was delivered on 28 August 2015 and the acquisition was deemed completed on the same date. The acquisition of Plaza Pekeliling 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 for on-sale to the market.

On 28 April 2015, Future Biomass Gasification Sdn Bhd ("FBG"), a wholly owned subsidiary of the Company, had signed a Renewable Energy Power Purchase Agreement ("REPPA") with Tenaga Nasional Berhad for the sale of renewable electricity to the national grid for a period of 16 years. The signing of REPPA followed after FBG received a feed-in approval from the Sustainable Energy Development Authority Malaysia to generate up to 2 megawatts of electricity from renewable resources. The renewable electricity will be produced at FITTERS Group's green mill in Baling, Kedah, which will generate biogas from palm oil mill effluent in a biogas capture plant and convert into electricity using highly efficient biogas engine generators. The biogas capture plant project is certified by the Ministry of Energy, Green Technology and Water under the Green Technology Financing Scheme and is an integration between the existing palm oil mill and the Group's state-of-the-art Green Technology.

Future NRG Sdn Bhd, a wholly owned subsidiary of FITTERS, had on 22 July 2015 entered into a Subscription Agreement and Share Purchase Agreements to acquire 40% equity in A.H.T. Syngas Technology N.V. ("AHT Syngas") for cash

Chairman's Statement (cont'd)

consideration of Euro 1,598,863.50 (approximately RM6.6 million). AHT Syngas is a company incorporated in Netherlands with its operations based in Germany and is listed on the stock exchange in Hamburg, Germany. AHT Syngas through its wholly owned subsidiary, AHT Services GmbH ("AHT Services"), a private limited company incorporated in Germany, is a leading player in designing and manufacturing of biomass and coal-co-generation systems and technologies with proven track record in various countries such as India, Indonesia and Japan. With the acquisition of equity in AHT Syngas, FITTERS Group will have further access to AHT Services' technologies and will market the re-engineered and localised technology at an affordable cost to Asia especially China and South East Asian region.

The Group is continuously reviewing its businesses to ensure that its investments are able to deliver returns that contribute towards sustainable growth and enhanced shareholders value.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

While delivering sustainable and growing stakeholders value through its core businesses, FITTERS Group is aware of its corporate social responsibility and the positive impact on the workplace, community and environment.

In recognition of employees' invaluable contribution towards growth, the Group places emphasis on employees welfare and their career development. The Group continues to maintain a safe and healthy workplace for all its employees and provide various trainings to relevant employees to enhance their job knowledge and skills.

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".

The Group's Renewable & Waste-to-Energy Division and HYPRO PVC-O Pipes Manufacturing & Distribution Division promote sustainability initiatives in relation to the responsible use of biomass waste and water resources in the course of its daily business activities.

Our "Green Mill Solution" converts biomass waste into valuable resources that provides additional revenue while reducing carbon footprint. Dry long fibre produced from empty fruit bunches can be used in the production of mattresses, cushions, erosion control mats, etc. while mitigating the environmental damage caused by the conventional disposal methods such as incineration, open dumping and mulching. In addition, the generation of renewable electricity from palm oil mill effluent by the biogas capture plant displaces electricity generated by fossil fuel power plants and thereby reduces emission of carbon dioxide to the atmosphere.

The environmental benefits of HYPRO PVC-O pipes have significant contribution towards lower carbon footprint. Its light weight attribute minimises the need for usage of heavy machinery during pipe installation, its larger bore provides maximum hydraulic capacity and its smooth inner surface reduces fluid flow frictions and pumping losses in the network, therefore reducing the pumping energy during operation. Water that flows through HYPRO PVC-O pipes do not suffer any kind of alteration therefore promising water quality.

CORPORATE GOVERNANCE

The Board of Directors of FITTERS remains committed in ensuring that the Group carries out its business operations within the required standards of corporate governance.

In observing and maintaining high standards of corporate governance, FITTERS Group promote a culture of integrity, excellence and professionalism among its employees. The Board believes 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 Group.

ECONOMIC LANDSCAPE AND FUTURE OUTLOOK

Going forward, downside risks to global growth remain high arising from the moderating growth momentum in a number of major economies, uncertainty surrounding energy and commodity prices and possible disorderly market conditions arising from policy shifts in major economies.

The Malaysian economy is expected to expand at a more moderate pace of 4% to 5% in 2016. Domestic demand will continue to be the key driver of growth. The Malaysian economy will continue to benefit from having diversified sources of growth, economic flexibility, low unemployment, manageable level of external debt and a well-capitalised banking system.

Despite the challenging business environment and market conditions, FITTERS Group will remain focused on its core businesses. The Group will continue to implement measures such as supply and distribution efficiency, inventory management strategy and operating expenses management, as well as pursuing with its ongoing efforts to enhance the performance of its existing businesses.

The Fire Services Division will continue to be the bread and butter business, generating a steady stream of income, for the Group. On the property front, FITTERS Group will continue with its ongoing project namely ZetaDeSkye, which is expected to be completed in second half of 2016, and will proceed with its plan to redevelop the newly acquired Plaza Pekeliling that is strategically located in a prime location along Jalan Tun Razak, Kuala Lumpur, into high-end work suites. The Renewable & Waste-to-Energy Division is expected to perform better than FY2015 in view of the anticipated improvement of throughput at our palm oil mill and dry long fibre facilities and the new revenue stream from the medical waste treatment plant and the biogas capture plant upon completion during FY2016. The new HYPRO PVC-O Pipes Manufacturing & Distribution Division will intensify its business development and sales initiatives to distribute its PVC-O pipes into the local market as well as the South East Asian countries. 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.

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 2016.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to thank our valued customers, suppliers, contractors, financiers, shareholders and respective government authorities for their continuous support and confidence to the Group.

To my fellow colleagues on the Board, I wish to take this opportunity to express my sincere appreciation for your guidance and contribution, and I look forward to your continued active participation on the Board. Last but not least, we would also like to extend our appreciation for the loyalty, commitment and dedication of the management and staff of the Group.

DATO' FU AH KIOW @ OH (FU) SOON GUAN
Chairman
8 April 2016

Board of Directors' Profile

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

Dato' Fu Ah Kiow, aged 67 is the Chairman of the Board and an **Independent Non-Executive Director**. He was appointed to the Board on 20 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 Tiong Nam Logistics Holdings Berhad, the Star Media Group Berhad, and Nirvana Asia Ltd, a company incorporated in Cayman Islands and listed on the Hong Kong Stock Exchange.

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 conflict 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 58 is the founder of the Company and was first appointed to the Board on 18 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.

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.

Currently, he is also a Board Member of AHT Syngas Technology N.V., a company incorporated in the Netherlands and listed on the Hamburg Stock Exchange, Germany. 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 conflict 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 71 was first appointed to the Board on 1 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 conflict of interest with the Company and 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 61 was first appointed to the Board on 26 January 1994. On 22 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 21 March 2011 after her demise. He was appointed as an **Independent Non-Executive Director** on 1 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 conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

DATO' IR. LOW KENG KOK, Malaysian

Dato' Ir. Low Keng Kok, aged 61 was appointed to the Board on 21 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 37 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 conflict 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 53, a Chartered Accountant of The Malaysian Institute Of Accountants, was appointed to the Board on 20 June 2014 as an **Independent Non-Executive Director**. He is the Chairman of the Audit Committee, Risk Management Committee and the Long-Term Incentive Plan Committee. He is also a member of the Nominating Committee and Remuneration Committee.

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 conflict 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 55 is an **Executive Non-Independent Director**. She was first appointed to the Board on 15 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 conflict of interest with the company. There are no convictions for any offences within the last 10 years.

Group Financial Summary

Financial Year Ended 31 December	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	382,486	347,284	472,500	410,896	446,488
Profit before tax	14,859	42,157	55,831	38,109	29,719
Income tax expense	(7,988)	(12,751)	(16,339)	(10,046)	(7,436)
Profit for the financial year	6,871	29,406	39,492	28,063	22,283
Non-controlling interests	2,407	690	(277)	(175)	(89)
Profit attributable to owners of the Company	9,278	30,096	39,215	27,888	22,194
Share capital	240,130	240,130	155,929	155,929	108,208
Share premium	-	-	2,863	2,863	-
Treasury shares	(364)	-	(10,278)	(14,452)	-
Other reserves	36,162	30,273	29,949	7,908	8,454
Retained earnings	90,972	84,484	103,529	70,345	42,446
Shareholders' funds	366,900	354,887	281,992	222,593	159,108
Property, plant and equipment	245,940	218,460	148,459	43,550	37,617
Investment properties	712	740	528	550	863
Intangible assets	5,684	4,360	4,360	4,531	4,360
Land use rights	5,336	4,501	4,491	4,153	4,439
Investment in associates	7,330	-	-	-	8,002
Investment securities	20,904	21,541	21,541	29,203	25,656
Non-current trade and other receivables	2,437	2,693	1,311	2,791	4,734
Current assets	352,674	289,983	283,684	266,901	208,787
Total assets	641,017	542,278	464,374	351,679	294,458
Loans and borrowings	173,390	98,528	79,714	31,818	44,125
Net assets	366,900	354,887	281,992	222,593	159,108
Net assets per share (sen)	76.52	73.89	95.37	77.01	73.52
Weighted average number of ordinary shares in issue ('000)	480,083	451,874	291,434	224,523	216,416
Basic earnings per share (sen)	1.93	6.66	13.46	12.42	10.26

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 2015.

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 Committees. 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 sanctioned by the Board of Directors in order to facilitate effective management of the operational units.

1. BOARD OF DIRECTORS (CONT'D)

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.

1.3 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 economic, environmental, social and governance aspects of the 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 reflects 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 judgment. All the Independent Directors have demonstrated to the Board that they have exercised unbiased and independent judgment 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 2015, six (6) 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.

1. BOARD OF DIRECTORS (CONT'D)

1.6 Time commitment (Cont'd)

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.

Details of attendance of these meetings are as follows:

Directors	No. of Meetings Attended
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	6 / 6
Dato' Wong Swee Yee	6 / 6
Encik Zahedi Bin Haji Mohd Zain	5 / 6
Datuk Dr. Soh Chai Hock @ Soh Hai San	5 / 6
Dato' Ir. Low Keng Kok	5 / 6
Mr Chan Seng Fatt	6 / 6
Datin Goh Hooi Yin	5 / 6

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. Minutes of the Audit Committee, Nominating Committee, Remuneration Committee, Long-Term Incentive Plan Committee, Risk Management Committee and EXCO 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 secretarial practice 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 Non-Executive 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 Non-Executive Directors can continue to bring independent and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence 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 2015, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities, and is satisfied that they are independent.

1. BOARD OF DIRECTORS (CONT'D)

1.12 Tenure of Independent Director

The Board in its Charter provides that the tenure of an Independent Director shall not exceed a cumulative or successive 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 or successive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a 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 2015, 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	• Sustainability Symposium: Responsible Business. Responsible Investing • CG Breakfast Series: Board Reward & Recognition • In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function
Dato' Wong Swee Yee	• Asean Economic Integration: Will the Asean way fail the Asean Economic Community • In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function

Statement on Corporate Governance (cont'd)

1. BOARD OF DIRECTORS (CONT'D)

1.13 Directors' Training (cont'd)

Name of Directors	Training Programmes
Datin Goh Hooi Yin	• Knowledge Sharing: Building Trust with Investors in a Digital-Social Age • Sustainability Symposium: Responsible Business. Responsible Investing • CG Breakfast Series: Board Reward & Recognition • In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function
Datuk Dr. Soh Chai Hock @ Soh Hai San	• Sustainability Symposium: Responsible Business. Responsible Investing • In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function
Encik Zahedi Bin Haji Mohd Zain	• In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function
Dato' Ir. Low Keng Kok	• In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function

1. BOARD OF DIRECTORS (CONT'D)

1.13 Directors' Training (cont'd)

Name of Directors	Training Programmes
Mr Chan Seng Fatt	• Asean Economic Integration: Will the Asean way fail the Asean Economic Community • Enterprise Risk Management • CG Breakfast Series: Board Reward & Recognition • In-house Directors' Training on: (i) New and Revised Auditing Standards on Auditor Reporting (ii) Amendment of Section 319(1) of the Capital Markets and Services Act 2007 (iii) Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports of Listed Issuers (iv) Role and Responsibility of the Audit Committee on the assessment and review of the Internal Audit Function

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.

1.14 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
(Independent Non-Executive Director)
Encik Zahedi Bin Haji Mohd Zain
(Independent Non-Executive Director)

1. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees (cont'd)

1.14.2 Nominating Committee (cont'd)

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, time commitment 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.

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, age and ethnicity 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.

1. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees (cont'd)

1.14.2 Nominating Committee (cont'd)

During the financial year ended 31 December 2015, 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
(Independent Non-Executive Director)

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.

During the financial year ended 31 December 2015, the Remuneration Committee met once 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. BOARD OF DIRECTORS (CONT'D)

1.14 Board Committees (cont'd)

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

Members: Datuk Dr. Soh Chai Hock @ Soh Hai San
(Independent Non-Executive Director)
Dato' Wong Swee Yee [2]
(Managing Director)
Mr Chan Seng Fatt [1]
(Independent Non-Executive Director)

Notes:
(1) Appointed as Chairman of Long-Term Incentive Plan Committee on 25 February 2016
(2) Resigned as Chairman of Long-Term Incentive Plan Committee on 25 February 2016 and remain as a member of Long-Term Incentive Plan Committee

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 reflect 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 2015 are as follows:

Aggregate Remuneration Categorization	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**
Fees	-	456
Salaries	909	-
Bonuses	142	-
Benefits-in-kind	-	-
Total	1,051	456

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**
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	-	2
RM250,001 to RM300,000	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.

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

3.3 Poll Voting

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. 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.

All resolutions put forth at the Twenty-Ninth AGM held on 26 June 2015 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 2015:

- 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, which was on 11 March 2015.
- 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, which was on 25 May 2015.

4. ACCOUNTABILITY AND AUDIT (CONT'D)

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.

4.3 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 flows 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 judgments 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.

Statement on Corporate Governance (cont'd)

6. COMPLIANCE STATEMENT

Given the importance of good corporate governance, the Board is satisfied that the Company has in all material aspects complied with 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 8 April 2016.

7. ADDITIONAL COMPLIANCE INFORMATION

7.1 Status of utilization of proceeds raised from corporate proposals during the financial year ended 31 December 2015

The Company did not raise funds through any corporate proposals during the financial year ended 31 December 2015.

7.2 Share Buy-Backs for the financial year ended 31 December 2015

During the financial year ended 31 December 2015, the Company bought back a total of 788,000 ordinary shares of RM0.50 each from the open market and all these shares were retained by the Company as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

Details of the shares bought back were as follows:

Month	No. of Shares Purchased and Retained as Treasury Shares ('000)	Highest Price RM	Lowest Price RM	Average Price RM	Total Consideration RM'000
August 2015	329	0.460	0.455	0.458	152
September 2015	150	0.460	0.455	0.458	69
December 2015	309	0.460	0.460	0.460	143
Total	788				364

7.3 Options or Convertible Securities

During the financial year ended 31 December 2015, no options or warrants were exercised.

7.4 Depository Receipt Programme

During the financial year ended 31 December 2015, 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 ended 31 December 2015, 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 2015, the total non-audit fees paid to the Company's auditors and firm affiliated to the auditors' firm was RM73,000.

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 2015 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 2015.

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 ended 31 December 2015.

7.10 Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2015

Pursuant to Practice Note 12 issued by the Bursa Securities, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 26 June 2015, are set out below:

Nature of RRPT	Subsidiary of FITTERS Involved in the Transaction	Related Party	Interested Directors/Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 29 May 2015[(5)] (RM'000)		Actual value transacted during the financial year ended 31 December 2015 (RM'000)	
				Subcontract From	Subcontract To	Subcontract From	Subcontract To
Subcontract works[(1)]	FMKT	Wai Soon Engineering	Dato'Wong Swee Yee and Wong Swee Loy	-	8,000	-	5,642
				Sale To	Purchase From	Sale To	Purchase From
Sales of goods and services[(2)]	FSB Group	Fsabah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	1,500	-	384	-
	FMKT			1,000	-	325	-
	MPS			200	-	108	-
	FMKT	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	100	-	63	-
Aggregate				**2,800**	**8,000**	**880**	**5,642**

Statement on Corporate Governance (cont'd)

7. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

7.10 Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2015 (cont'd)

Nature of RRPT	Subsidiary of FITTERS Involved in the Transaction	Related Party	Interested Directors/Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 29 May 2015[(5)] (RM'000)		Actual value transacted during the financial year ended 31 December 2015 (RM'000)	
				Sale To	Purchase From	Sale To	Purchase From
Sale of goods[(3)]	MSSB	Ricwil	Nomis Sim Siang Leng and Sim Keng Chor	3,000	-	-	-
		Unitrade		10,000	-	1,171	-
Purchase of goods[(4)]	FES	Unitrade	Sim Keng Chor	-	9,500	-	8,883
	FSB Group			-	100	-	1
Aggregate				**13,000**	**9,600**	**1,171**	**8,884**

7. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

7.10 Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2015 (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 manufacture of fire rated doors by the related party. 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 comprising certain fire safety and protection equipment, fire rated doors and maintenance services to the related party was performed to meet the needs of their customers at various geographical locations. Transaction prices for sales 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.

(3) Sale of HYPRO PVC-O pipes to the related party to meet the needs of their customers at various geographical locations. 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.

(4) Purchase of pipes and fittings from the related party. 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.

(5) 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.

(6) Abbreviations used above

Fsabah	*FITTERS (Sabah) Sdn Bhd*
FES	*FITTERS Engineering Services Sdn Bhd*
FSBGroup	*FITTERS Sdn Bhd & its subsidiaries*
FMKT	*FITTERS Marketing Sdn Bhd*
MPS	*Master Pyroserve Sdn Bhd*
MSSB	*Molecor (SEA) Sdn Bhd*
Ricwil	*Ricwil (Malaysia) Sdn Bhd*
Unitrade	*Syarikat Logam Unitrade Sdn Bhd*
Wai Soon Engineering	*Wai Soon Engineering Sdn Bhd*

The above recurrent related party transactions of a revenue or trading 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 2015.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was formed in June 1994. The Audit Committee currently comprises of 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 who is an Independent Non-Executive Director 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 Audit Committee 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 *(Chairman / Independent Non-Executive Director)*	4 / 4
Dato' Ir. Low Keng Kok *(Member / Non-Independent Non-Executive Director)*	4 / 4
Encik Zahedi Bin Haji Mohd Zain *(Member / Independent Non-Executive Director)*	4 / 4

The Company Secretary is the Secretary of the Audit Committee.

Audit Committee Meetings were held not less than four (4) times a year. The Audit Committee met with the External Auditors twice during the financial year ended 31 December 2015 to review and deliberate matters relating to the audit findings and audit review memorandum for the financial year ended 31 December 2014 and the Audit Plan 2015. In addition, the Audit Committee met with the External Auditors without the executive board members' presence once during the financial year ended 31 December 2015.

During the quarterly presentation of the Internal Audit Reports, other Directors and representatives from the senior management of the Company attended the Audit Committee meetings at the Audit Committee's invitation to explain matters relating to their departments or operations.

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 judgmental 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 on 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 review of previous 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's integrity.

Audit Committee Report (cont'd)

3. **Responsibilities (cont'd)**

(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 2015 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 2015.
(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 and standard operational procedures.

(ii) Internal controls of each activity based on the risk profiles established under the risk management framework which was approved by the Board of Directors.

For the financial year ended 31 December 2015, the Group Internal Audit Department had carried out audits and follow-up audits on various operating units within the Group 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 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 2015, the total cost incurred by the Internal Audit Function of the Group was RM186,895.

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 2015.

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 Chief 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 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. The 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 8 April 2016.

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 2015.

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 18 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	6,871	2,335
Attributable to:-		
Owners of the parent	9,278	2,335
Non-controlling interests	(2,407)	-
	6,871	2,335

There were no material transfers to or from reserves or provisions during the financial year other than those 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 a second interim single-tier dividend of 1.2% (0.6 sen per ordinary share of RM0.50 each) in respect of the financial year ended 31st December 2014 amounting to RM2,881,566 on 19th June 2015.

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 0.6 sen per ordinary share of RM0.50 each, amounting to RM2,865,837 in respect of the financial year ended 31st December 2015, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31st December 2016.

Directors' Report (cont'd)

DIRECTORS

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

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	Chairman
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 Dr Soh Chai Hock @ Soh Hai San	Independent Non-Executive Director
Chan Seng Fatt	Independent Non-Executive Director
Zahedi bin Haji Mohd Zain	Independent Non-Executive Director

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 shares or share options granted under the Long Term Incentive 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 full-time employee of the Company as shown in Note 11 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 required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, 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 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
Direct Interest :				
Dato' Wong Swee Yee	133,850,940	-	-	133,850,940
Datin Goh Hooi Yin	2,143,416	-	-	2,143,416
Dato' Ir Low Keng Kok	25,895,332	-	-	25,895,332
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	723,332	-	-	723,332
Zahedi bin Haji Mohd Zain	10,872	-	-	10,872
Deemed Interest :				
Dato' Wong Swee Yee [(i)]	2,143,416	100,000	-	2,243,416
Datin Goh Hooi Yin [(i)]	133,850,940	100,000	-	133,950,940
Zahedi bin Haji Mohd Zain [(ii)]	400,199	-	-	400,199

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

		Number of warrants		
	At 1.1.2015	Acquired	Exercised/ Sold	At 31.12.2015
Direct Interest :				
Dato' Wong Swee Yee	38,100,268	5,520,000	-	43,620,268
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
Zahedi bin Haji Mohd Zain	3,106	-	-	3,106
Deemed Interest :				
Dato' Wong Swee Yee (i)	612,404	-	-	612,404
Datin Goh Hooi Yin (i)	38,100,268	5,520,000	-	43,620,268
Zahedi bin Haji Mohd Zain (ii)	114,342	-	-	114,342

(i) Interest in shares held by spouse and child.

(ii) Interests in shares held by another body corporate, Sijas Holdings Sdn Bhd and Saleha & Anak-Anak Holdings Sdn Bhd.

Dato' Wong Swee Yee and Datin Goh Hooi Yin by virtue of their interest in shares of the Company is deemed to have interests in shares of 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 of the Company or its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

During the financial year, the Company repurchased 788,000 of its issued ordinary shares from the open market at an average price of RM0.46 per share. The total consideration paid for the repurchase including transaction costs was RM363,714. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

LONG TERM INCENTIVE PLAN

The Company's Long Term Incentive Plan ("LTIP") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 17th June 2013. Bursa Malaysia Securities Berhad had on 15th May 2013 approved the listing of and quotation for the new FITTERS Shares to be issued pursuant to the exercise of the options and/or vesting of new FITTERS Shares under the LTIP. The effective date of implementation of the LTIP was 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 LTIP 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 had 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.

(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 37 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 Director	DATIN GOH HOOI YIN Director

Kuala Lumpur
Date: 8th April 2016

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 47 to 130 are properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 131 has been prepared in accordance with the Guidance of 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

DATO' WONG SWEE YEE
Director

DATIN GOH HOOI YIN
Director

Kuala Lumpur
Date: 8th April 2016

Statutory Declaration

I, **Khoo Pao Yin**, 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 financial statements set out on pages 47 to 130 and the supplementary information set out on page 131 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.

KHOO PAO YIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 8th April 2016.

Before me,

ZAHIR B. GHAZALI
No: W624
Commissioner for Oaths

Statements of Comprehensive Income

for the financial year ended 31st December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	5	382,486	347,284	3,300	44,800
Cost of sales	6	(321,039)	(266,930)	-	-
Gross profit		61,447	80,354	3,300	44,800
Other income	7	4,235	2,684	5,747	3,732
Administrative expenses		(44,699)	(37,280)	(4,621)	(3,966)
Operating profit		20,983	45,758	4,426	44,566
Finance costs	8	(6,809)	(3,601)	(1,428)	(1,057)
Share of results of associates, net of tax		685	-	-	-
Profit before tax	9	14,859	42,157	2,998	43,509
Income tax expense	12	(7,988)	(12,751)	(663)	(884)
Profit for the financial year		6,871	29,406	2,335	42,625
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		6,033	1,308	-	-
Other comprehensive income for the financial year		6,033	1,308	-	-
Total comprehensive income for the financial year		12,904	30,714	2,335	42,625
Profit attributable to :					
Owners of the Company		9,278	30,096	2,335	42,625
Non-controlling interests		(2,407)	(690)	-	-
		6,871	29,406	2,335	42,625
Total comprehensive income attributable to :					
Owners of the Company		15,311	31,404	2,335	42,625
Non-controlling interests		(2,407)	(690)	-	-
		12,904	30,714	2,335	42,625
Earnings per share (sen)					
Basic	13 (a)	1.93	6.66		
Diluted	13 (b)	1.93	6.66		

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

Statements of Financial Position

as at 31st December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	245,940	218,460	39,423	38,328
Investment properties	15	712	740	-	-
Intangible assets	16	5,684	4,360	-	-
Land use rights	17	5,336	4,501	-	-
Investment in subsidiaries	18	-	-	76,157	76,157
Investment in an associate	19	7,330	-	-	-
Investment securities	20	20,904	21,541	-	-
Trade and other receivables	21	2,437	2,693	-	-
Total non-current assets		288,343	252,295	115,580	114,485
Current assets					
Development properties	22	96,491	63,448	-	-
Inventories	23	29,640	8,594	-	-
Current tax assets		2,661	3,155	-	-
Trade and other receivables	21	105,878	108,113	204,056	185,060
Other current assets	24	79,654	63,028	-	-
Investment securities	20	1	1	-	-
Deposits, cash and bank balances	26	38,349	43,644	1,609	7,696
Total current assets		352,674	289,983	205,665	192,756
TOTAL ASSETS		641,017	542,278	321,245	307,241

Statements of Financial Position as at 31st December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	27 (a)	240,130	240,130	240,130	240,130
Share premium	27 (b)	-	-	-	-
Treasury shares	27 (c)	(364)	-	(364)	-
Other reserves	28	36,162	30,273	13,320	13,410
Retained earnings		90,972	84,484	23,644	24,123
		366,900	354,887	276,730	277,663
Non-controlling interests		9,133	11,540	-	-
TOTAL EQUITY		376,033	366,427	276,730	277,663
Non-current liabilities					
Deferred tax liabilities	29	2,097	2,584	687	644
Loans and borrowings	30	109,226	71,662	19,797	12,726
Total non-current liabilities		111,323	74,246	20,484	13,370
Current liabilities					
Loans and borrowings	30	64,164	26,866	20,503	13,090
Current tax liabilities		1,831	1,748	225	236
Trade and other payables	31	75,375	62,013	3,303	2,882
Other current liabilities	32	12,291	10,978	-	-
Total current liabilities		153,661	101,605	24,031	16,208
TOTAL LIABILITIES		264,984	175,851	44,515	29,578
TOTAL EQUITY AND LIABILITIES		641,017	542,278	321,245	307,241

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

Statements of Changes in Equity

for the financial year ended 31st December 2015

Group	←		Attributable to owners of the Company				→		
		←	Non-distributable		→		Distributable			
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1st January 2014	155,929	2,864	19,375	7,275	3,299	(10,279)	103,528	281,991	1,905	283,896
Total comprehensive income	-	-	-	-	1,308	-	30,096	31,404	(690)	30,714
Transactions with owners:										
Dividend paid	-	-	-	-	-	-	(12,101)	(12,101)	-	(12,101)
Gain on resale of treasury shares transferred to share premium reserve	-	5,361	-	-	-	10,279	-	15,640	-	15,640
Issuance of shares										
-Bonus issue	68,608	(30,533)	-	-	-	-	(38,075)	-	-	-
-Bonus share issuance expenses	-	(458)	-	-	-	-	-	(458)	-	(458)
-Private placement	15,593	22,766	-	-	-	-	-	38,359	-	38,359
Issuance of shares to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	10,325	10,325
Reclassification	-	-	(942)	-	-	-	942	-	-	-
Realisation of revaluation reserve	-	-	(42)	-	-	-	94	52	-	52
At 31st December 2014	240,130	-	18,391	7,275	4,607	-	84,484	354,887	11,540	366,427
Total comprehensive income	-	-	-	-	6,033	-	9,278	15,311	(2,407)	12,904
Transactions with owners:										
Share repurchased	-	-	-	-	-	(364)	-	(364)	-	(364)
Dividend paid	-	-	-	-	-	-	(2,882)	(2,882)	-	(2,882)
Realisation of revaluation reserve	-	-	(144)	-	-	-	92	(52)	-	(52)
At 31st December 2015	240,130	-	18,247	7,275	10,640	(364)	90,972	366,900	9,133	376,033

Company	←	Attributable to owners of the Company					→
		← Non-distributable		→		Distributable	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1st January 2014	155,929	2,864	7,911	5 ,915	(10,279)	31,236	193,576
Total comprehensive income	-	-	-	-	-	42,625	42,625
Transactions with owners :							
Dividend paid	-	-	-	-	-	(12,101)	(12,101)
Gain on resale of treasury shares transferred to share premium reserve	-	5,361	-	-	10,279	-	15,640
Issuance of shares							
-Bonus issue	68,608	(30,533)	-	-	-	(38,075)	-
-Bonus share issuance expenses	-	(458)	-	-	-	-	(458)
-Private placement	15,593	22,766	-	-	-	-	38,359
Reclassification	-	-	(369)	-	-	369	-
Realisation of revaluation reserve	-	-	(47)	-	-	69	22
At 31st December 2014	240,130	-	7,495	5,915	-	24,123	277,663
Total comprehensive income	-	-	-	-	-	2,335	2,335
Transactions with owners :							
Share repurchased	-	-	-	-	(364)	-	(364)
Dividend paid	-	-	-	-	-	(2,882)	(2,882)
Realisation of revaluation reserve	-	-	(90)	-	-	68	(22)
At 31st December 2015	240,130	-	7,405	5,915	(364)	23,644	276,730

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

Statements of Cash Flows

for the financial year ended 31st December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit before tax	14,859	42,157	2,998	43,509
Adjustments for:				
Amortisation of land use rights	277	234	-	-
Bad debts recovered	-	(88)	-	-
Dividend income	-	-	(3,300)	(44,800)
Depreciation of investment properties	28	22	-	-
Inventories:				
- written back	(223)	(275)	-	-
- written down	115	250	-	-
- written off	32	-	-	-
Interest income from:				
- short term deposits	(820)	(497)	(76)	(75)
- subsidiaries	-	-	-	(416)
Interest expense	6,809	3,601	1,428	1,057
Investment securities:				
- loss on disposal	2	-	-	-
- written off	607	-	-	-
Net fair value loss/(gain) on loans and receivables	67	(43)	-	-
Property, plant and equipment:				
- gain on disposal	(40)	(65)	-	-
- depreciation	6,462	3,509	748	322
- written off	58	21	-	-
Reversal of impairment loss on amount owing by subsidiary	-	-	(264)	-
Share of results of associate	(685)	-	-	-
Trade receivables:				
- impairment loss	282	183	-	-
- reversal of impairment loss	(211)	(216)	-	-
- written off	932	-	-	-
Unrealised loss on foreign exchange	509	1,812	-	-
Operating profit/(loss) before changes in working capital	29,060	50,605	1,534	(403)
Construction contracts	(3,163)	(882)	-	-
Development properties	(45,193)	(1,951)	-	-
Inventories	(20,970)	1,422	-	-
Trade and other receivables	1,421	(6,184)	200	25
Trade and other payables	13,362	(23,634)	285	(1,222)
Subsidiaries	-	-	(15,499)	(17,894)
Net cash flows (used in)/generated from operations	(25,483)	19,376	(13,480)	(19,494)
Interest paid	(6,809)	(3,601)	(1,428)	(1,057)
Income tax refunded	465	933	70	-
Income tax paid	(8,423)	(16,678)	(723)	(550)
Net cash flows (used in)/generated from operating activities	(40,250)	30	(15,561)	(21,101)

Statements of Cash Flows for the financial year ended 31st December 2015 (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Acquisition of subsidiary	-	-	-	*
Interest received	820	497	76	75
Investment in an associate company	(6,645)	-	-	-
Proceeds from disposal of:				
- property, plant and equipment	72	88	-	#
- investment securities	28	-	-	-
Purchase of:				
- intangible asset	(1,324)	-	-	-
- investment property	-	(234)	-	-
- property, plant and equipment (Note A)	(17,041)	(48,574)	(1,840)	(17,725)
Proceeds from government grants	10,000	-	-	-
Net cash flows used in investing activities	(14,090)	(48,223)	(1,764)	(17,650)
Cash flows from financing activities				
Dividend paid	(2,882)	(12,101)	(2,882)	(12,101)
Drawdown of term loans	38,816	1,000	10,700	-
Proceeds from issuance of shares	-	38,359	-	38,359
Proceed from issuance of share to non-controlling interest of a subsidiary	-	10,325	-	-
Proceeds from sale of treasury shares	-	15,640	-	15,640
Purchase of treasury shares	(364)	-	(364)	-
Repayment of finance lease obligations	(1,763)	(1,543)	(82)	(26)
Repayment of term loans	(9,347)	(4,415)	(2,610)	(1,131)
Revolving credits and bankers' acceptance	22,795	(203)	5,800	3,500
Share issuance expenses	-	(458)	-	(458)
Net cash flows generated from financing activities	47,255	46,604	10,562	43,783
Net (decrease)/increase in cash and cash equivalents	(7,085)	(1,589)	(6,763)	5,032
Cash and cash equivalents at beginning of the financial year	41,946	43,383	6,473	1,441
Effect of foreign exchange rate changes on cash and cash equivalents	1,011	152	-	-
Cash and cash equivalents at end of the financial year	35,872	41,946	(290)	6,473

* (RM3)
# RM1

Statements of Cash Flows for the financial year ended 31st December 2015 (cont'd)

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash	17,041	48,574	1,840	17,725
Finance lease obligations	655	1,112	-	650
Financed by term loan	22,223	22,954	-	5,100
Government grant	(10,000)	-	-	-
	29,919	72,640	1,840	23,475

B. EFFECT ON ACQUISITION OF SUBSIDIARIES

Group

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 6th March 2014, the Company subscribed for one (1) ordinary share 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 31st December 2014.

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

Notes to the Financial Statements

1. CORPORATE 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. 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 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 18.

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

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 8th April 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of amendments/improvements to FRSs (cont'd)

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

Amendments to FRS 1 relate 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 3 Business Combinations

Amendments to FRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132. They also clarify 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 clarify that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11) in the financial statements of the joint arrangement itself.

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 require 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 clarify 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 relate 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 clarify that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 or FRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify 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 is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of amendments/improvements to FRSs (cont'd)

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provide 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).

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarify 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 138 Intangible Assets

Amendments to FRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify 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 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 140 Investment Property

Amendments to FRS 140 clarify 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.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate financial statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 138	Intangible Assets	1 January 2016

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

FRS 9 Financial Instruments

Key requirements of FRS 9:-

- 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 statements 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 statements of financial position.

- 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.

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (cont'd)

FRS 9 Financial Instruments (cont'd)

- 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 7 Financial Instruments: Disclosures

Amendments to FRS 7 provide 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 101 Presentation of Financial Statements

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

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 prohibit 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 clarify 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 127 Separate Financial Statements

Amendments to FRS 127 allow 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 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:
- when 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. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (cont'd)

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, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

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 address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify 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 clarify 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 allow 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.

2.4 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 2018. 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.

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 2018. 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.

2. BASIS OF PREPARATION (CONT'D)

2.4 MASB Approved Accounting Standards, MFRSs (cont'd)

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:
(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) 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.

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. BASIS OF PREPARATION (CONT'D)

2.4 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.

2.5 Basis of measurement

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 3.

2.6 Use of estimates and judgement

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 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 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.

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

3.1 Basis of consolidation (cont'd)

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.

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.

3.2 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.

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

3.3 Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3.4 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, and has been rounded to the nearest thousand, unless otherwise stated.

(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.

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

3.4 Foreign currency (cont'd)

(ii) Foreign currency transactions (cont'd)

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.

(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.

3.5 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 and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reserves a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

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

3.5 Property, Plant and Equipment and Depreciation (cont'd)

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.

3.6 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.

3.7 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.

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

3.7 Intangible assets (cont'd)

(i) Goodwill (cont'd)

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.

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.

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

3.7 Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

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.

3.8 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.

3.9 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")).

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.

Notes to the Financial Statements (cont'd)

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

3.10 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.

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.

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

3.10 Financial Assets (cont'd)

(iv) Available-for-Sale Financial Assets (cont'd)

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 Groups 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.

3.11 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.

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

3.11 Impairment of financial assets (cont'd)

(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.

3.12 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.

3.13 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 owing from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount owing to customers on contracts.

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

3.14 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.

3.15 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.

Notes to the Financial Statements (cont'd)

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

3.16 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.

3.17 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 statements 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.

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.

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

3.18 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.

3.19 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 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.

3.20 Leases

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.

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.

Notes to the Financial Statements (cont'd)

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

3.21 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.

3.22 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.

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

3.22 Income taxes (cont'd)

(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.

Notes to the Financial Statements (cont'd)

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

3.23 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.

3.24 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.

3.25 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.

3.26 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.

3.27 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.

Notes to the Financial Statements (cont'd)

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

3.27 Fair value measurements (cont'd)

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant area of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

4.1 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.

4.2 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key source of estimation uncertainty (cont'd)

(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.

(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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key source of estimation uncertainty (cont'd)

(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.

(h) Write-down of obsolete or slow moving inventories

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

5. REVENUE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Sale of goods	44,981	49,141	-	-
Sale of palm oil	155,632	113,185	-	-
Sale of pipes	4,961	-	-	-
Rendering of services	14,111	14,184	-	-
Construction contract revenue	74,202	70,987	-	-
Property development	86,691	97,199	-	-
Renewable energy	1,908	2,588	-	-
Tax exempt dividend income from subsidiaries	-	-	3,300	44,800
	382,486	347,284	3,300	44,800

6. COST OF SALES

	Group	
	2015 RM'000	**2014 RM'000**
Cost of goods sold	36,309	41,720
Cost of palm oil sold	152,757	111,843
Cost of pipes sold	5,809	-
Cost of services rendered	2,283	2,821
Construction contract costs	55,843	42,208
Property development costs	66,162	66,282
Cost of renewable energy	1,876	2,056
	321,039	266,930

Notes to the Financial Statements (cont'd)

7. OTHER INCOME

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Administrative fee from subsidiaries	-	-	2,096	1,936
Bad debts recovered	-	88	-	-
Foreign exchange gain:				
- realised	164	452	-	-
- unrealised	195	60	-	-
Interest income from short term deposits	820	497	76	75
Interest income from subsidiaries	-	-	-	416
Net fair value (loss)/gain on loans and receivables	(67)	43	-	-
Rental income from operating leases other than those relating to investment properties	188	28	3,575	1,305

8. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- bankers' acceptances	623	500	-	-
- bank overdrafts	14	54	-	-
- obligations under finance lease	145	206	28	10
- revolving credits	250	350	229	330
- term loans	4,312	2,491	1,171	717
- redeemable convertible notes	1,465	-	-	-
Total finance costs	6,809	3,601	1,428	1,057

9. PROFIT BEFORE TAX

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- statutory audits	217	220	30	30
- (over)/under provision in prior year	(8)	50	2	-
- other services	8	8	8	8
Amortisation of land use rights	277	234	-	-
Depreciation of investment properties	28	22	-	-
Direct operating expenses arising from investment properties	5	3	-	-
Employee benefits expense	20,667	18,854	2,787	2,324
Investment securities:				
- loss on disposal	2	-	-	-
- written off	607	-	-	-

Notes to the Financial Statements (cont'd)

9. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Inventories:				
- written back	(223)	(275)	-	-
- written down	115	250	-	-
- written off	32	-	-	-
Loss on foreign exchange:				
- realised	202	2	-	-
- unrealised	704	1,871	-	-
Non-executive directors' remuneration	516	387	456	387
Property, plant and equipment:				
- depreciation	6,462	3,509	748	322
- gain on disposal	(40)	(65)	-	-
- written off	58	21	-	-
Rental expenses on:				
- land and buildings	503	893	-	-
- plant and machineries	277	214	-	-
Trade receivables :				
- impairment loss	282	183	-	-
- reversal of impairment loss	(211)	(216)	-	-
- written off	932	-	-	-
Reversal of impairment loss on amount owing by subsidiary	-	-	(264)	-

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	17,750	16,075	2,089	1,740
Social security contributions	136	202	9	8
Contributions to defined contribution plan	2,190	2,099	329	249
Other benefits	947	781	360	327
Less: Capitalised as capital work-in-progress				
- Wages and salaries	(314)	(270)	-	-
- Social security contribution	(1)	(1)	-	-
- Contributions to defined contribution plan	(41)	(32)	-	-
	20,667	18,854	2,787	2,324

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM4,204,000 (2014: RM3,651,000) and RM1,051,000 (2014:RM1,031,000) respectively as further disclosed in Note 11.

Notes to the Financial Statements (cont'd)

11. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive:				
Salaries and other emoluments	2,953	2,735	716	716
Fee	212	-	-	-
Bonus	514	449	142	162
Defined contribution plan	525	467	193	153
Total executive directors' remuneration (excluding benefits-in-kind)	4,204	3,651	1,051	1,031
Estimated money value of benefits-in-kind	-	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	4,204	3,651	1,051	1,031
Non-Executive:				
Fees	516	387	456	387
Other emoluments	-	-	-	-
Defined contribution plan	-	-	-	-
Total non-executive directors' remuneration	516	387	456	387
Total directors' remuneration	4,720	4,038	1,507	1,418

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

	Number of directors	
	2015	2014
Executive directors:		
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM1,900,001 - RM1,950,000	-	1
RM2,000,001 - RM2,050,000	1	-
Non-Executive directors:		
RM0 - RM50,000	-	2
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	3	2

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current income tax:				
- Malaysian income tax	8,352	11,602	700	862
- Foreign tax	-	5	-	-
	8,352	11,607	700	862
Under/(over) provision in prior years:				
- Malaysian income tax	175	80	(58)	(9)
- Foreign tax	-	(266)	-	-
	175	(186)	(58)	(9)
	8,527	11,421	642	853
Deferred tax:				
- Current year	764	1,302	21	31
- (Over)/under provision in prior year	(1,303)	28	-	-
	(539)	1,330	21	31
Total income tax expense	7,988	12,751	663	884

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014:25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

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

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	14,859	42,157	2,998	43,509
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	3,715	10,539	750	10,877
Expenses not deductible for tax purposes	2,507	2,241	796	1,216
Income not subject to tax	(67)	(73)	(825)	(11,200)
Utilisation of previously unrecognised deferred tax assets	(1)	(1,980)	-	-
Reversal of deferred tax assets not recognised in the financial statements	2,962	2,071	-	-
Effect of changes in different tax rate	-	111	-	-
Under/(over) provision of income tax in prior years	175	(186)	(58)	(9)
(Over)/under provision of deferred tax in prior years	(1,303)	28	-	-
Income tax expense for the financial year	7,988	12,751	663	884

13. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2015	2014
Profit attributable to owners of the Company (RM'000)	9,278	30,096
Weighted average number of ordinary shares in issue ('000)	480,083	451,874
Basic earnings per share (sen)	1.93	6.66

(b) Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Notes to the Financial Statements (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land at valuation RM'000	Buildings at valuation RM'000	Long term leasehold land at valuation RM'000	Plant, equipment and machineries RM'000	Motor vehicles RM'000	Tools and office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost, unless otherwise stated :										
At 1st January 2015	22,493	13,367	498	65,534	4,400	3,328	436	1,112	118,116	229,284
Additions	-	-	-	8,100	888	925	230	17	19,759	29,919
Disposals	-	-	-	(80)	(411)	(13)	-	-	-	(504)
Write off	-	-	-	(631)	-	(220)	(48)	(227)	-	(1,126)
Reclassification	-	16,392	7,402	43,053	-	(115)	115	-	(66,847)	-
Exchange differences	-	-	-	28	42	92	4	7	4,047	4,220
At 31st December 2015	22,493	29,759	7,900	116,004	4,919	3,997	737	909	75,075	261,793
Accumulated depreciation and impairment losses:										
At 1st January 2015	-	470	13	4,034	2,852	2,490	250	715	-	10,824
Depreciation for the financial year	-	522	64	4,540	718	402	74	142	-	6,462
Disposals	-	-	-	(61)	(406)	(5)	-	-	-	(472)
Write off	-	-	-	(573)	-	(220)	(48)	(227)	-	(1,068)
Exchange differences	-	-	-	19	24	57	3	4	-	107
At 31st December 2015	-	992	77	7,959	3,188	2,724	279	634	-	15,853
Net carrying amount	22,493	28,767	7,823	108,045	1,731	1,273	458	275	75,075	245,940

Group	Freehold land at valuation RM'000	Buildings at valuation RM'000	Long term leasehold land at valuation RM'000	Plant, equipment and machineries RM'000	Motor vehicles RM'000	Tools and office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost, unless otherwise stated :										
At 1st January 2014	22,493	13,367	498	4,274	3,612	3,752	514	916	109,152	158,578
Additions	-	-	-	71	1,511	420	29	218	70,391	72,640
Disposals	-	-	-	-	(732)	(5)	(1)	-	-	(738)
Write off	-	-	-	(1,145)	-	(854)	(107)	(23)	-	(2,129)
Reclassification	-	-	-	62,328	-	-	-	-	(62,328)	-
Exchange differences	-	-	-	6	9	15	1	1	901	933
At 31st December 2014	22,493	13,367	498	65,534	4,400	3,328	436	1,112	118,116	229,284
Accumulated depreciation and impairment losses:										
At 1st January 2014	-	205	6	2,886	3,048	3,055	309	610	-	10,119
Depreciation for the financial year	-	265	7	2,281	509	274	46	127	-	3,509
Disposals	-	-	-	-	(710)	(4)	(1)	-	-	(715)
Write off	-	-	-	(1,137)	-	(844)	(104)	(23)	-	(2,108)
Exchange differences	-	-	-	4	5	9	-	1	-	19
At 31st December 2014	-	470	13	4,034	2,852	2,490	250	715	-	10,824
Net carrying amount	22,493	12,897	485	61,500	1,548	838	186	397	118,116	218,460

Notes to the Financial Statements (cont'd)

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

Company	Freehold Land at valuation RM'000	Building at valuation RM'000	Long Term Leasehold Land at Valuation RM'000	Motor Vehicles RM'000	Tools and Office Equipment RM'000	Furniture and Fittings RM'000	Capital work-in progress RM'000	Total RM'000
Cost, unless otherwise stated :								
At 1st January 2015	4 ,500	10,500	-	845	294	338	22,588	39,065
Additions	-	-	-	-	16	-	1,824	1,840
Transfer from a subsidiary	-	-	-	-	12	-	-	12
Disposals	-	-	-	-	-	-	-	-
Reclassification	-	17,010	7,402	-	-	-	(24,412)	-
At 31st December 2015	4 ,500	27,510	7,402	845	322	338	-	40,917
Accumulated depreciation and impairment losses								
At 1st January 2015	-	252	-	61	220	204	-	737
Depreciation for the financial year	-	466	56	169	23	34	-	748
Transfer from a subsidiary	-	-	-	-	9	-	-	9
Disposals	-	-	-	-	-	-	-	-
At 31st December 2015	-	718	56	230	252	238	-	1,494
Net carrying amount	4,500	26,792	7,346	615	70	100	-	39,423

Company	Freehold Land at valuation RM'000	Building at valuation RM'000	Motor Vehicles RM'000	Tools and Office Equipment RM'000	Furniture and Fittings RM'000	Capital work-in progress RM'000	Total RM'000
Cost, unless otherwise stated :							
At 1st January 2014	4,500	10,500	263	247	338	-	15,848
Additions	-	-	840	45	-	22,588	23,473
Transfer from a subsidiary	-	-	-	2	-	-	2
Disposals	-	-	(258)	-	-	-	(258)
At 31st December 2014	4,500	10,500	845	294	338	22,588	39,065
Accumulated depreciation and impairment losses							
At 1st January 2014	-	42	262	199	170	-	673
Depreciation for the financial year	-	210	57	21	34	-	322
Disposals	-	-	(258)	-	-	-	(258)
At 31st December 2014	-	252	61	220	204	-	737
Net carrying amount	4,500	10,248	784	74	134	22,588	38,328

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

(a) 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.

(b) Assets under finance leases

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	1,667	1,381	616	784
Plant and machinery	5,547	5,787	-	-
	7,214	7,168	616	784

(c) Capital work in progress

Included in the capital work in progress of the Group are :

(i) an amount of RM27,555,000 (2014: RM23,420,000) 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 RM29,180,000 (2014: RM26,155,000) which represents the cost of palm oil mill and equipment acquired which is not ready for intended use, located at Kedah;

(iii) an amount of RM Nil (2014 : RM64,627,000) which represents the cost of PVC-O Pipe plant and machinery, located at Kuantan;

(iv) an amount of RM17,124,000 (2014: RM2,781,000) which represents the cost of medical waste treatment plant and equipment which is not ready for intended use, located at Sendayan, Negeri Sembilan; and

(v) an amount of RM240,000 (2014: RM Nil) finance costs which has been capitalised during the financial year.

Notes to the Financial Statements (cont'd)

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

(d) Assets pledged as security

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Freehold land	10,500	10,500	4,500	4,500
Long term leasehold land	7,346	-	7,346	-
Buildings	27,315	11,444	26,792	10,248
Plant, equipment and machineries	100,369	54,463	-	-
Tools and office equipment	896	85	-	-
Capital work-in-progress	43,279	26,155	-	5,100
	189,705	102,647	38,638	19,848

(e) Lease period for leasehold land

Leasehold land comprises land with unexpired lease period of more than 50 years.

15. INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1st January	1,322	1,088
Addition	-	234
Disposal	-	-
At 31st December	1,322	1,322
Accumulated depreciation and impairment losses		
At 1st January	582	560
Depreciation charge for the financial year	28	22
Disposal	-	-
At 31st December	610	582
Net carrying amount	712	740
Estimated fair value of investment properties by directors	1,009	957

As at reporting date, titles to investment properties with carrying amount of RM712,000 (2014: RM740,000) have yet to be registered in the subsidiaries' name.

Notes to the Financial Statements (cont'd)

16. INTANGIBLE ASSETS

	Computer Software RM'000	Goodwill RM'000	License RM'000	Total RM'000
Group				
At 1st January 2014	#	4,360	-	4,360
Addition	-	-	-	-
At 31st December 2014	#	4,360	-	4,360
Addition	-	-	1,324	1,324
At 31st December 2015	#	4,360	1,324	5,684

RM1

(a) Computer software

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

(b) Goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGU") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

	Group 2015 RM'000	Group 2014 RM'000
Malaysia - Contracting		
At 1st January/31st December	4,360	4,360

16. INTANGIBLE ASSETS (CONT'D)

(c) License

The license to manufacture the HYPRO PVC-O pipes are allocated to the pipes manufacturing segment. The license has indefinite useful lives and it is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the license.

The carrying amount of the license is as follow:

	Group	
	2015 RM'000	**2014 RM'000**
Malaysia - Pipes Manufacturing		
At 1st January	-	-
Addition	1,324	-
At 31st December	1,324	-

(d) Impairment testing of goodwill and license

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period. The same method has also been used in the previous financial year.

The key assumptions used for value-in-use calculations are:

	Gross margin		Growth rate		Discount rate	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Contracting	16%	19%	4%	4%	12%	12%
Pipes Manufacturing	34%	-	15%	-	12%	-

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

(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.

Notes to the Financial Statements (cont'd)

16. INTANGIBLE ASSETS (CONT'D)

(d) Impairment testing of goodwill and license (cont'd)

(iii) Discount rate

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

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of contracting and pipes manufacturing units, 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.

17. LAND USE RIGHTS

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1st January	4,501	4,491
Amortisation	(277)	(234)
Exchange differences	1,112	244
At 31st December	5,336	4,501

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 45 years.

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	RM'000	**RM'000**
Unquoted shares, at cost		
In Malaysia	77,875	77,875
Outside Malaysia	33	33
	77,908	77,908
Less: Accumulated impairment losses	(1,751)	(1,751)
	76,157	76,157

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
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	Property development	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	Ceased operations	100	100
Future NRG Sdn Bhd	Malaysia	Renewable energy development	100	100

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Direct subsidiaries				
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	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
AHT NRG Asia Sdn Bhd (formerly known as The Safety Shop Sdn Bhd)	Malaysia	Renewable energy development	100	100
FITTERS Fire Technology Sdn Bhd	Malaysia	Ceased operations	100	100
Modular Floor Systems (M) Sdn Bhd	Malaysia	Ceased operations	100	100
Subsidiaries of FITTERS Building Services Sdn Bhd				
Pyro-Tech Systems Sdn Bhd	Malaysia	Ceased operations	100	100
Subsidiaries of FITTERS Engineering Services Sdn Bhd				
FITTERS Engineering and Maintenance Services Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS Engineering Services (Johor) Sdn Bhd	Malaysia	Ceased operations	100	100
FITTERS Construction Sdn Bhd	Malaysia	Construction of civil work, residential and commercial building	100	100

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Subsidiaries of FITTERS Engineering Services Sdn Bhd				
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
Solid Orient Holdings Sdn Bhd	Malaysia	Operation of palm oil mill	100	100
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	100
Future NRG (SEA) Pte Ltd #	Singapore	Renewable energy development	100	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	100

Audited by firms other than Baker Tilly Monteiro Heng
* Not audited as it is a British Virgin Island company

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	FMPS RM'000	FMCCT RM'000	MSSB RM'000	Total RM'000
2015				
NCI Percentage of ownership interest and voting interest	49%	45%	35%	
Carrying amount of NCI	775	1,370	6,988	9,133
Profit/(Loss) allocated to NCI	105	42	(2,554)	(2,407)
2014				
NCI Percentage of ownership interest and voting interest	49%	45%	35%	
Carrying amount of NCI	669	1,329	9,542	11,540
Profit/(Loss) allocated to NCI	5	216	(911)	(690)

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries (cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	FMPS RM'000	FMCCT RM'000	MSSB RM'000	Total RM'000
Summarised statements of financial position				
As at 31st December 2015				
Non-current assets	235	218	51,096	51,549
Current assets	5,554	5,249	14,790	25,593
Non-current liabilities	-	(140)	(36,902)	(37,042)
Current liabilities	(4,208)	(2,282)	(9,017)	(15,507)
Net assets	1,581	3,045	19,967	24,593
Summarised statements of comprehensive income				
Financial year ended 31st December 2015				
Revenue	6,713	5,606	4,961	17,280
Profit/(loss) for the financial year	214	93	(7,297)	(6,990)
Total comprehensive income/(loss)	214	93	(7,297)	(6,990)
Summarised cash flows information				
Financial year ended 31st December 2015				
Cash flows from operating activities	66	48	(12,946)	(12,832)
Cash flows from investing activities	-	-	(10,318)	(10,318)
Cash flows from financing activities	-	(48)	22,091	22,043
Net increase/(decrease) in cash and cash equivalents	66	-	(1,173)	(1,107)

Notes to the Financial Statements (cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries (cont'd)

	FMPS RM'000	FMCCT RM'000	MSSB RM'000	Total RM'000
Summarised statements of financial position				
As at 31st December 2014				
Non-current assets	1,326	287	43,072	44,685
Current assets	4,683	4,799	2,484	11,966
Non-current liabilities	-	(192)	(16,779)	(16,971)
Current liabilities	(4,643)	(1,941)	(1,514)	(8,098)
Net assets	1,366	2,953	27,263	31,582
Summarised statements of comprehensive income				
Financial year ended 31st December 2014				
Revenue	7,700	7,706	-	15,406
Profit/(loss) for the financial year	10	479	(2,601)	(2,112)
Total comprehensive income/(loss)	10	479	(2,601)	(2,112)
Summarised cash flows information				
Financial year ended 31st December 2014				
Cash flows from operating activities	(269)	98	(12,889)	(13,060)
Cash flows from investing activities	-	(54)	(25,015)	(25,069)
Cash flows from financing activities	-	(23)	29,061	29,038
Net (decrease)/increase in cash and cash equivalents	(269)	21	(8,843)	(9,091)

19. INVESTMENT IN AN ASSOCIATE

	Group	
	2015 RM'000	2014 RM'000
Quoted shares, at cost		
Outside Malaysia	6,645	-
Share of post-acquisition reserves	685	-
	7,330	-
Market value		
- Quoted shares	16,046	-

Notes to the Financial Statements (cont'd)

19. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of associate are as follow:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Associate of Future NRG Sdn Bhd				
AHT Syngas Technology NV	Netherlands	Investment holding	40%	-
Subsidiary of AHT Syngas Technology NV				
AHT Services GmbH	Germany	Engineering and production of biomass and coal-co-generation systems (gasification)	100%	-

On 22nd July 2015, Future NRG Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Subscription Agreement and Share Purchase Agreements to acquire 40% equity interest in AHT Syngas Technology N.V. for a total consideration of Euro 1,599,000 (approximately RM6.6 million).

(a) Fair value information

As at 31st December 2015, the fair value of AHT Syngas Technology NV, which is listed on the Hamburg Stock Exchange, was RM16,046,000 based on the quoted market price available on the stock exchange, which has been categorised within Level 1 fair value hierarchy.

The following table illustrates the summarised financial information of the Group's material associate:

	AHT Syngas Technology NV RM'000
Group	
2015	
Assets and liabilities	
Current assets	3,230
Non-current assets	19,164
Current liabilities	(160)
Net assets	22,234
Results	
Loss for the financial year	(1,700)
Other comprehensive income	-
Total comprehensive loss	(1,700)

Notes to the Financial Statements (cont'd)

20. INVESTMENT SECURITIES

	2015		2014	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Fair value through profit or loss				
- Convertible redeemable preference shares (unquoted), at cost	18,583	#	18,583	#
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	2,216	#	2,853	#
- Corporate memberships in golf club	105	#	105	#
Total non-current investment securities	20,904		21,541	
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)	1	1	1	1
Total current investment securities	1		1	
Total investment securities	20,905		21,542	

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.

Notes to the Financial Statements (cont'd)

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade receivables				
Retention sum on contracts	2,437	2,693	-	-
Trade receivables, net	2,437	2,693	-	-
Current				
Trade receivables				
Third parties	60,590	72,586	-	-
Less: Impairment for trade receivables	(4,432)	(4,455)	-	-
	56,158	68,131	-	-
Retention sum on contracts	10,135	6,076	-	-
Amounts owing by related parties	923	700	-	-
Trade receivables, net	67,216	74,907	-	-
Other receivables				
Sundry receivables	31,790	24,321	12,473	11,775
Refundable deposits	5,750	3,325	532	41
Prepayment	1,122	5,560	42	1,431
Amounts owing by subsidiaries	-	-	191,009	171,813
	38,662	33,206	204,056	185,060
	105,878	108,113	204,056	185,060
Total trade and other receivables (current and non-current)	108,315	110,806	204,056	185,060

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 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 RM12,772,000 (2014: RM15,734,000) which represents the stakeholders' sum received from house buyers.

Notes to the Financial Statements (cont'd)

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

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

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired **	54,180	65,249
1 to 30 days past due not impaired	5,657	3,817
31 to 60 days past due not impaired	3,458	1,283
61 to 90 days past due not impaired	1,590	1,036
91 to 120 days past due not impaired	2,753	2,921
More than 121 days past due not impaired	2,015	3,294
	15,473	12,351
Impaired	4,432	4,455
	74,085	82,055

** Included in neither past due nor impaired are retention sums amounted to RM12,572,000 (2014: RM8,769,000).

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 RM15,473,000 (2014: RM12,351,000) 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.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the impairment of trade receivables is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Individually impaired		
Trade receivables - nominal amounts	4,432	4,455
Less: Impairment of trade receivables	(4,432)	(4,455)
	-	-

Movement in allowance accounts:

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1st January	4,455	7,258
Changes for the financial year	282	183
Written off	(94)	(2,770)
Reversal of impairment losses	(211)	(216)
At 31st December	4,432	4,455

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) Amount owing by subsidiaries and related parties

Amount owing by subsidiaries and related parties are unsecured, non-interest bearing and are repayable on demand.

Included in amount owing by subsidiaries is an amount totalling RM Nil (2014: RM416,000) which represents the interest receivable from a subsidiary that bears the interest at Nil (2014: 8%) per annum.

Notes to the Financial Statements (cont'd)

22. DEVELOPMENT PROPERTIES

Property development costs

	Group 2015 RM'000	Group 2014 RM'000
At 1st January		
Leasehold land	33,013	35,120
Freehold land	7,103	4,007
Development cost	23,332	11,837
	63,448	50,964
Cost incurred during the financial year:		
Freehold land	40,250	7,800
Development cost	63,218	70,966
	103,468	78,766
Costs recognised in profit or loss:		
Leasehold land	(75)	(2,107)
Freehold land	(12,345)	(4,704)
Development cost	(53,742)	(59,471)
	(66,162)	(66,282)
Transfer:		
To inventories	(4,263)	-
At 31st December		
Leasehold land	32,670	33,013
Freehold land	35,008	7,103
Development cost	28,813	23,332
Carrying amounts	96,491	63,448

Included in development cost is finance costs amounting to RM2,250,000 (2014: RM2,457,000) which has been capitalised during the financial year.

23. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
At Cost		
Completed properties	4,263	-
Raw materials	8,855	2,978
Work-in-progress	-	611
Finished goods	16,522	5,005
	29,640	8,594

The cost of inventory of the Group recognised as an expense in cost of sales during the financial year was RM60,674,000 (2014: RM63,797,000).

Notes to the Financial Statements (cont'd)

24. OTHER CURRENT ASSETS

	Group 2015 RM'000	Group 2014 RM'000
Accrued billings in respect of property development costs	38,010	25,860
Amount owing from customers for contracts	41,644	37,168
	79,654	63,028

25. GROSS AMOUNT OWING FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group 2015 RM'000	Group 2014 RM'000
Construction contract costs incurred to date	751,311	737,830
Attributable profits	98,185	85,728
	849,496	823,558
Less: Progress billings	(820,143)	(797,368)
	29,353	26,190
Presented as:		
Gross amount owing from customers for contracts	41,644	37,168
Gross amount owing to customers for contracts	(12,291)	(10,978)
	29,353	26,190
Retention sums on construction contract, included within trade receivables	12,572	8,769

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

	Group 2015 RM'000	Group 2014 RM'000
Hire of plant and machinery	451	1,237
Wages and salaries	679	1,134
Social security contributions	5	7
Contribution to defined contribution plans	86	101
Rental expense for building	271	106

Notes to the Financial Statements (cont'd)

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	17,320	34,782	1,609	693
Cash held under Housing Development Accounts	15,136	424	-	-
Deposits placed with licensed banks	5,893	8,438	-	7,003
	38,349	43,644	1,609	7,696

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 30 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 2015 for the Group were 2.7% (2014: 1.9%).

Deposits with licensed banks of the Group amounting to RM4,870,000 (2014: 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	32,456	35,206	1,609	693
Deposits placed with licensed banks	5,893	8,438	-	7,003
Bank overdrafts	(2,477)	(1,698)	(1,899)	(1,223)
	35,872	41,946	(290)	6,473

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary share of RM0.50 each		←Amount→	
	2015 Units ('000)	2014 Units ('000)	2015 RM'000	2014 RM'000
Authorised share capital				
At 1st January/31st December	1,000,000	1,000,000	500,000	500,000

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

Group and Company	Number of ordinary share of RM0.50 each		← Amount →			
	Share capital (Issued and fully paid) Units ('000)	Treasury shares Units ('000)	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 1st January 2014	311,858	16,162	155,929	2,864	158,793	(10,279)
Gain on resale of treasury shares transferred to share premium reserve	-	(16,162)	-	5,361	5,361	10,279
Issuance of shares						
-Bonus issue	137,217	-	68,608	(30,533)	38,075	-
-Bonus share issuance expenses	-	-	-	(458)	(458)	-
-Private placement	31,186	-	15,593	22,766	38,359	-
At 31st December 2014	480,261	-	240,130	-	240,130	-
Shares repurchased	-	788	-	-	-	(364)
At 31st December 2015	480,261	788	240,130	-	240,130	(364)

(a) Share capital

In the previous 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 previous financial year rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 11th June 2008 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

(c) Treasury shares (cont'd)

During the financial year ended 31st December 2014, 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 RM15,640,000 with a total gain of RM5,361,000.

During the financial year ended 31st December 2015, the Company repurchased 788,000 shares of its issued shares from the open market. The average price paid for the shares repurchased was RM0.46 per share. The details of repurchase of treasury shares during the financial year are as follow:

Month	No. of shares repurchased Units ('000)	← Price per share → Highest RM	Lowest RM	Average RM	Total consideration RM'000
2015					
August 2015	329	0.460	0.455	0.458	152
September 2015	150	0.460	0.455	0.458	69
December 2015	309	0.460	0.460	0.460	143
	788				364

28. OTHER RESERVES

	Asset revaluation reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1st January 2014	19,375	7,275	3,299	29,949
Foreign currency translation	-	-	1,308	1,308
Reclassification	(942)	-	-	(942)
Realisation of revaluation reserve	(42)	-	-	(42)
At 31st December 2014	18,391	7,275	4,607	30,273
Foreign currency translation	-	-	6,033	6,033
Realisation of revaluation reserve	(144)	-	-	(144)
At 31st December 2015	18,247	7,275	10,640	36,162

Notes to the Financial Statements (cont'd)

28. OTHER RESERVES (CONT'D)

	Asset revaluation reserve RM'000	Capital reserve RM'000	Total RM'000
Company			
At 1st January 2014	7,911	5,915	13,826
Reclassification	(369)	-	(369)
Realisation of revaluation reserve	(47)	-	(47)
At 31st December 2014	7,495	5,915	13,410
Realisation of revaluation reserve	(90)	-	(90)
At 31st December 2015	7,405	5,915	13,320

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 capital 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.

Notes to the Financial Statements (cont'd)

29. DEFERRED TAX LIABILITIES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
At 1st January	2,584	1,306	644	635
Transfer to profit or loss	(539)	1,329	21	31
Crystallisation of deferred tax liabilities	52	(52)	22	(22)
Exchange differences	-	1	-	-
At 31st December	2,097	2,584	687	644

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 RM'000	**Temporary differences between net book values and corresponding tax written down values RM'000**	**Total RM'000**
At 1st January 2014	942	364	1,306
Transfer to profit or loss	-	1,330	1,330
Crystallisation of deferred tax liabilities	(52)	-	(52)
At 31st December 2014	890	1,694	2,584
Recognised in profit or loss	-	(539)	(539)
Crystallisation of deferred tax liabilities	52	-	52
At 31st December 2015	942	1,155	2,097

Notes to the Financial Statements (cont'd)

29. DEFERRED TAX LIABILITIES (CONT'D)

Company

	Revaluation on property, plant and equipment RM'000	Temporary differences between net book values and corresponding tax written down values RM'000	Total RM'000
At 1st January 2014	369	266	635
Transfer to profit or loss	-	31	31
Crystallisation of deferred tax liabilities	(22)	-	(22)
At 31st December 2014	347	297	644
Transfer to profit or loss	-	21	21
Crystallisation of deferred tax liabilities	22	-	22
At 31st December 2015	369	318	687

<u>Unrecognised deferred tax assets</u>

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

	Group	
	2015 RM'000	2014 RM'000
Unutilised tax losses	(13,900)	(6,928)
Unabsorbed capital allowances	(51,293)	(22,440)
Other taxable temporary differences	43,970	19,988
	(21,223)	(9,380)
Potential deferred tax assets at 25% (2014: 25%)	(5,306)	(2,345)

30. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Secured:					
Finance lease liabilities	2016	1,118	1,315	457	543
Term loans	2023	108,108	70,347	19,340	12,183
		109,226	71,662	19,797	12,726
Current					
Secured:					
Finance lease liabilities	2016	778	1,689	85	81
Term loans	2016	21,461	6,826	2,719	1,786
Bank overdrafts	2016	1,899	1,223	1,899	1,223
Bankers' acceptances	2016	14,822	-	-	-
Revolving credit	2016	15,800	10,000	15,800	10,000
		54,760	19,738	20,503	13,090
Unsecured:					
Bank overdrafts	2016	578	475	-	-
Bankers' acceptances	2016	5,726	6,653	-	-
Revolving credit	2016	3,100	-	-	-
		9,404	7,128	-	-
		64,164	26,866	20,503	13,090
Total loans and borrowings		173,390	98,528	40,300	25,816

The remaining maturities of the loans and borrowings as at 31st December 2015 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within 1 year	64,164	26,866	20,503	13,090
More than 1 year and less than 2 years	30,683	11,461	2,904	1,872
More than 2 years and less than 5 years	55,187	30,100	9,366	5,641
More than 5 years	23,356	30,101	7,527	5,213
	173,390	98,528	40,300	25,816

Notes to the Financial Statements (cont'd)

30. LOANS AND BORROWINGS (CONT'D)

(a) Finance lease liabilities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Future minimum lease payments:				
Not later than 1 year	843	1,820	109	109
Later than 1 year and not later than 2 years	389	687	109	109
Later than 2 years and not later than 5 years	751	544	325	325
Later than 5 years	73	181	71	181
Total minimum lease payments	2,056	3,232	614	724
Less: Future finance charges	(160)	(228)	(72)	(100)
Present value of finance lease liabilities	1,896	3,004	542	624
Analysis of present value of finance lease liabilities:				
Not later than 1 year	778	1,689	85	81
Later than 1 year and not later than 2 years	346	649	90	86
Later than 2 years and not later than 5 years	701	492	296	283
Later than 5 years	71	174	71	174
	1,896	3,004	542	624
Less: Amount due within 12 months	(778)	(1,689)	(85)	(81)
Amount due after 12 months	1,118	1,315	457	543

Group

The average effective interest rate implicit in the leases is 5.2% p.a. (2014: 5.2% p.a.). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Company

The average effective interest rate implicit in the leases is 4.8% p.a. (2014: 4.8% p.a.).

(b) 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 + 0% to 1.5% per annum

(b) The term loans of the Group are secured by way of :
 (i) a first party first legal charge over a freehold land and all the plant and machineries on the said land of the Group at Baling, Kedah;
 (ii) corporate guarantees provided by the Company;
 (iii) first party first legal charge over a freehold land and building of the Company at Sungai Buloh, Selangor;
 (iv) first party first legal charge over a leasehold land of the Company at Kuantan, Pahang;

Notes to the Financial Statements (cont'd)

30. LOANS AND BORROWINGS (CONT'D)

(b) Term loans (cont'd)

Group (cont'd)

(b) The term loans of the Group are secured by way of : (cont'd)
- (v) a debenture creating first fixed and floating charges over all present and future assets of the Group located at Kuantan, Pahang;
- (vi) a third party debenture by the Group creating second fixed and floating charges over all present and future assets of the Group located at Kuantan, Pahang;
- (vii) a third party legal charge over a freehold land at Jalan Ipoh, Kuala Lumpur;
- (viii) specific debenture incorporating first fixed and floating charges over all assets in relation to a development project of the Group at Jalan Ipoh, Kuala Lumpur;
- (ix) fixed charge over an industrial land together with the building of the Group at Sendayan, Negeri Sembilan and short term fixed deposits with licensed bank amounting to RM4,850,000;
- (x) a debenture creating a fixed and floating charge over all present and future assets of the Group located at Sendayan, Negeri Sembilan;
- (xi) charge over a leasehold land of the Group at Rawang, Selangor; and
- (xii) first party legal charge over the freehold land and building of the Group at Jalan Tun Razak, 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 + 0% per annum

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

(c) Bank overdrafts

Group

(a) Bank overdrafts are denominated in RM, bear interest at BLR + 1% to 2% p.a.

(b) The bank overdraft of the Group are secured by way of:
- (i) corporate guarantees provided by the Company;
- (ii) short term fixed deposit with licensed bank of the Group amounting to RM20,000 (2014: 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% p.a.

(b) The bank overdraft of the Company are secured by the properties owned by a debtor of the Company.

(d) Revolving credit

Group

The revolving credit of the Group are secured by way of:
- (i) corporate guarantees provided by the Company; and
- (ii) properties owned by a debtor of the Group.

Company

The revolving credit of the Company is secured by the properties owned by a debtor of the Company.

Notes to the Financial Statements (cont'd)

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Trade payables				
Third parties	37,760	31,721	-	-
Amount owing to related parties	5,614	1,343	-	-
	43,374	33,064	-	-
Other payables				
Other payables	6,665	21,038	195	25
Deposits received	497	1,243	-	-
Accruals	15,696	6,226	663	548
Provision for cost to completion	8,869	442	-	-
Amount owing to related parties	274	-	-	-
Amount owing to subsidiaries	-	-	2,445	2,309
	32,001	28,949	3,303	2,882
Total trade and other payables	75,375	62,013	3,303	2,882

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2014: 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 (2014: average term of 3 months).

Included in other payables is an amount totalling RM Nil (2014: RM14,376,000) 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 owing to subsidiaries and related parties

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

32. OTHER CURRENT LIABILITIES

	Group	
	2015 RM'000	**2014 RM'000**
Amount owing to customers for contracts	12,291	10,978

Notes to the Financial Statements (cont'd)

33. RELATED PARTY DISCLOSURES

(a) Identify of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

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.
Syarikat Logam Unitrade Sdn. Bhd.	Nomis Sim Siang Leng, a director of Molecor (SEA) Sdn Bhd ("MSSB"), and Sim Keng Chor, father of Nomis Sim Siang Leng owns 50% shareholding in Syarikat Logam Unitrade Sdn Bhd.
Ricwil (Malaysia) Sdn. Bhd.	Ricwil (Malaysia) Sdn Bhd owns 25% shareholding in MSSB. Nomis Sim Siang Leng is a director of MSSB and shareholder of Ricwil (Malaysia) Sdn Bhd. Sim Keng Chor is the father of Nomis Sim Siang Leng and major shareholder of Ricwil (Malaysia) Sdn Bhd.

(b) Significant related party transactions

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:

	2015 RM'000	2014 RM'000
Group		
Transaction with related parties		
Wai Soon Engineering Sdn Bhd		
- contract fees	5,642	4,074
- sales to	(63)	-
Fitters (Sabah) Sdn Bhd		
- sales to	(817)	(671)
- purchases from	4	5
Syarikat Logam Unitrade Sdn Bhd		
- sales to	(1,171)	-
- purchases from	8,884	-
Company		
Transaction with subsidiaries		
Administrative income receivable	(2,096)	(1,936)
Rental income	(3,575)	(1,305)
Dividend income	(3,300)	(44,800)

Notes to the Financial Statements (cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 11.

34. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

(a) Capital commitment

Capital commitment as at the reporting date is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Capital expenditure approved and contracted for:		
Property, plant and equipment	24,173	78,157

(b) Contingent liabilities

	Company	
	2015	**2014**
	RM'000	**RM'000**
Unsecured		
Corporate guarantee given to corporations for project performance of a subsidiary	-	134,000

35. 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).

	Carrying amount RM'000	LR/ (OL) RM'000	Held for trading RM'000	Fair value through profit or loss RM'000	Available for sale RM'000
2015					
Group					
Financial assets					
Trade and other receivables (exclude prepayments)	107,193	107,193	-	-	-
Amount owing from customers for contracts	41,644	41,644	-	-	-
Investment securities	20,905	-	1	18,583	2,321
Deposits, cash and bank balances	38,349	38,349	-	-	-
	208,091	187,186	1	18,583	2,321
Financial liabilities					
Trade and other payables (exclude deposits received)	(74,878)	(74,878)	-	-	-
Amount owing to customers for contracts	(12,291)	(12,291)	-	-	-
Loans and borrowings	(173,390)	(173,390)	-	-	-
	(260,559)	(260,559)	-	-	-

Notes to the Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM'000	LR/ (OL) RM'000	Held for trading RM'000	Fair value through profit or loss RM'000	Available for sale RM'000
2015					
Company					
Financial assets					
Trade and other receivables					
(exclude prepayments)	204,014	204,014	-	-	-
Deposits, cash and bank balances	1,609	1,609	-	-	-
	205,623	205,623	-	-	-
Financial liabilities					
Trade and other payables					
(exclude deposits received)	(3,303)	(3,303)	-	-	-
Loans and borrowings	(40,300)	(40,300)	-	-	-
	(43,603)	(43,603)	-	-	-
2014					
Group					
Financial assets					
Trade and other receivables					
(exclude prepayments)	105,246	105,246	-	-	-
Amount owing from customers					
for contracts	37,168	37,168	-	-	-
Investment securities	21,542	-	1	18,583	2,958
Deposits, cash and bank balances	43,644	43,644	-	-	-
	207,600	186,058	1	18,583	2,958
Financial liabilities					
Trade and other payables					
(exclude deposits received)	(60,770)	(60,770)	-	-	-
Amount owing to customers for contracts	(10,978)	(10,978)	-	-	-
Loans and borrowings	(98,528)	(98,528)	-	-	-
	(170,276)	(170,276)	-	-	-

35. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM'000	LR/ (OL) RM'000	Held for trading RM'000	Fair value through profit or loss RM'000	Available for sale RM'000
2014					
Company					
Financial assets					
Trade and other receivables					
(exclude prepayments)	183,629	183,629	-	-	-
Deposits, cash and bank balances	7,696	7,696	-	-	-
	191,325	191,325	-	-	-
Financial liabilities					
Trade and other payables					
(exclude deposits received)	(2,882)	(2,882)	-	-	-
Loans and borrowings	(25,816)	(25,816)	-	-	-
	(28,698)	(28,698)	-	-	-

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate to their 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 in an active market for valuing these financial instruments using valuation techniques and the fair value cannot be reliably measured.

Notes to the Financial Statements (cont'd)

35. 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 statements of financial position, are as follows:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		← Fair value →				← Fair value →			
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group									
2015									
Financial assets									
Trade receivables	2,437	-	-	2,437	2,437	-	-	-	-
Financial liabilities									
Finance lease liabilities	1,118	-	-	-	-	-	-	1,089	1,089
Term loans	108,108	-	-	-	-	-	-	101,443	101,443
Company									
2015									
Financial liabilities									
Finance lease liabilities	457	-	-	-	-	-	-	446	446
Term loans	19,340	-	-	-	-	-	-	18,228	18,228
Group									
2014									
Financial assets									
Trade receivables	2,693	-	-	2,693	2,693	-	-	-	-
Financial liabilities									
Finance lease liabilities	1,315	-	-	-	-	-	-	1,280	1,280
Term loans	70,347	-	-	-	-	-	-	64,777	64,777
Company									
2014									
Financial liabilities									
Finance lease liabilities	543	-	-	-	-	-	-	528	528
Term loans	12,183	-	-	-	-	-	-	11,218	11,218

Level 3 fair value

Fair value of financial instruments carried at fair value
The fair value of trade receivables is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Fair value of financial instruments not carried at fair value
The fair value of the finance lease liabilities and term loans are determined using the discounted cash flows method based on the discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Notes to the Financial Statements (cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities 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.

(a) Credit risk

Trade and other receivables

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.

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.

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

(i) The carrying amounts in the statements of financial position,

(ii) The nominal amount relating to the corporate guarantee provided by the Company is as follow:

	2015 RM'000	2014 RM'000
Secured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	217,176	162,539
Unsecured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	92,825	81,400
Corporate guarantee given to corporations for credit facilities granted to subsidiaries	150,910	150,910
	460,911	394,849

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

Notes to the Financial Statements (cont'd)

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

(a) Credit risk (cont'd)

Trade and other receivables (cont'd)

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 21. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective that the Group will not be able to collect all amounts due.

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of the subsidiaries and related companies regularly.

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			
	2015		2014	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	64,775	93%	72,444	93%
Singapore	2,441	4%	2,464	3%
China	2,437	3%	2,692	4%
	69,653	100%	77,600	100%
By industry sectors:				
Fire services division	41,511	60%	37,195	48%
Property development and construction	23,967	34%	38,121	49%
Renewable and waste-to-energy and green palm oil mill	2,061	3%	2,262	3%
Pipes manufacturing	2,092	3%	-	0%
Investment holding and others	22	0%	22	0%
	69,653	100%	77,600	100%

At the reporting date, there is no concentration of credit risk.

Notes to the Financial Statements (cont'd)

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

(a) Credit risk (cont'd)

Other financial assets

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. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise 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.

Maturity analysis

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.

		Contractual Cash Flows			
2015	**Carrying amount RM'000**	**On demand or within 1 year RM'000**	**Between 1 and 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
Group					
Trade and other payables	75,375	75,375	-	-	75,375
Loans and borrowings	173,390	64,229	85,963	23,358	173,550
Total undiscounted financial liabilities	248,765	139,604	85,963	23,358	248,925
Company					
Trade and other payables	3,303	3,303	-	-	3,303
Loans and borrowings	40,300	20,527	12,318	7,527	40,372
Total undiscounted financial liabilities	43,603	23,830	12,318	7,527	43,675

Notes to the Financial Statements (cont'd)

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

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

2014	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
		← Contractual Cash Flows →			
Group					
Trade and other payables	62,013	62,013	-	-	62,013
Loans and borrowings	98,528	26,997	41,651	30,108	98,756
Total undiscounted financial liabilities	160,541	89,010	41,651	30,108	160,769
Company					
Trade and other payables	2,882	2,882	-	-	2,882
Loans and borrowings	25,816	13,118	7,578	5,220	25,916
Total undiscounted financial liabilities	28,698	16,000	7,578	5,220	28,798

(c) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result 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 with floating interest rates. 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 RM153,000 and RM24,000 (2014: RM86,000 and RM15,000) 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.

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

(d) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result 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 States Dollar ("USD"), European Dollar ("EURO"), Singapore Dollar ("SGD") and Renminbi ("RMB").

Approximately 0.5% (2014: 3.5%) of the Group's sales are denominated in foreign currencies whilst almost 2.0% (2014: 4.2%) 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 RM337,000 (2014: RM36,000), RM23,000 (2014 : RM368,000) and RM1,170,000 (2014: RM1,799,000) 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.

37. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 4th March 2015, FITTERS Building Services Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with GCP Tower Sdn Bhd for the purpose of acquiring 70 parcels of office lots and 363 units of car park bays located at Plaza Pekeliling, Jalan Tun Razak, Kuala Lumpur for a total consideration of RM28,280,000.

(b) On 22nd July 2015, Future NRG Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Subscription Agreement and Share Purchase Agreements to acquire 40% equity interest in AHT Syngas Technology N.V. for a total consideration of Euro 1,598,863 (approximately RM6.6 million).

(c) On 17th February 2016, the Company incorporated a wholly owned subsidiary, FITTERS-Nrg Limited with an issued capital of 100 shares of AUD1.00 each. FITTERS-Nrg Limited is a public company limited by shares and is registered under the Corporations Act 2001 and is taken to be registered in Queensland, Australia.

38. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 financial years ended 31st December 2015 and 31st December 2014.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by capital. Net debt includes loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Loans and borrowings	173,390	98,528	40,300	25,816
Less: Cash and bank balances	(38,349)	(43,644)	(1,609)	(7,696)
Net debt	135,041	54,884	38,691	18,120
Equity attributable to the owners of the Company	366,900	354,887	276,730	277,663
Gearing ratio	37%	15%	14%	7%

39. SEGMENT INFORMATION

Factors used to identify reportable segments

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(i) Fire services division

Manufacturing and trading of safety, fire fighting equipment, industrial products, installation and maintenance of the Fire Department's privatised Computerised Fire Alarm Monitoring System ("CMS"), contract for mechanical and electrical engineering works, corrective and preventive maintenance within the fire industry and speciality construction industry.

(ii) Property development and construction

Development and construction in the property industry.

(iii) Renewable and waste-to-energy and green palm oil mill

Providing renewable, alternative and waste-to-energy, and operation of palm oil mill for the purposes of treatment, cure and extraction of palm oil.

39. SEGMENT INFORMATION (CONT'D)

Factors used to identify reportable segments (cont'd)

(iv) Hypro PVC-O pipes manufacturing and distribution

Manufacturing and distribution of Hypro PVC-O pipes.

(v) Investment holding

The investment segment is in the business of investment holding.

The fire services division is involved in the manufacturing, trading and specialised installation of fire fighting materials and equipment as well as the supply of fire safety protection services and products. It also manages and operates the Fire Department's privatised computerised fire alarm monitoring system. The division also provides mechanical and electrical services related to fire protection, gas supply, electrical power, air conditioning, ventilation and water supply. These operating segments are aggregated into the reportable fire services segment due to the similarity of the nature of business. The performance of these operations is evaluated internally as a single business unit.

Property development and construction segment are aggregated into one reportable segment due to the regulatory environments in which the businesses operate. The performance of these operations is evaluated internally as a single business unit.

The renewable and waste-to-energy operating segment and the green palm oil mill operating segment are aggregated into one reportable segment due to similar construction technology and business objectives. The two operating segments are evaluated internally as a single business unit.

HYPRO PVC-O pipes manufacturing and distribution is organised and identified as separate reportable segment due to the industry in which it operates.

Segment profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding investment in associate) of a segment, as included in the internal reports that are reviewed by the Group's Managing Director.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's Managing Director, hence no disclosures are made on segment liabilities.

Notes to the Financial Statements (cont'd)

39. SEGMENT INFORMATION (CONT'D)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	Hypro PVC-O pipes manufacturing and distribution RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
2015							
Revenue							
External sales	132,350	87,635	157,540	4,961	-	-	382,486
Inter-segment sales	27,600	49,075	8	-	-	(76,683) (a)	-
	159,950	136,710	157,548	4,961	-	(76,683)	382,486
Results							
Segment results	15,425	18,098	(6,391)	(5,398)	2,938	(3,689) (b)	20,983
Finance costs							(6,809)
Share of results of associate							685
Income tax expense							(7,988)
Profit for the financial year							6,871
Assets							
Segment assets	170,181	262,126	244,995	65,886	387,251	(492,083) (c)	638,356
Unallocated assets							2,661
Total assets							641,017
Other information							
Capital expenditure	965	132	18,421	19,017	1,843	(464)	39,914
Depreciation and amortisation	645	161	2,883	2,316	762	-	6,767
Gain on disposal of property, plant and equipment	(32)	(9)	1	-	-	-	(40)
Impairment for trade receivables	282	-	-	-	-	-	282
Inventories written back	(223)	-	-	-	-	-	(223)
Inventories written down	115	-	-	-	-	-	115
Inventories written off	32	-	-	-	-	-	32
Investment securities written off	-	-	-	-	607	-	607
Loss on disposal of investment securities	-	-	2	-	-	-	2
Property, plant and equipment written off	58	-	-	-	-	-	58
Reversal of impairment for trade receivables	(211)	-	-	-	-	-	(211)
Trade receivables written off	40	-	594	-	298	-	932

Notes to the Financial Statements (cont'd)

39. SEGMENT INFORMATION (CONT'D)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	Hypro PVC-O pipes manufacturing and distribution RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
2014							
Revenue							
External sales	135,901	95,708	115,773	-	-	(98)	347,284
Inter-segment sales	73,331	67,013	9	-	1	(140,354) (a)	-
	209,232	162,721	115,782	-	1	(140,452)	347,284
Results							
Segment results	23,850	32,169	(5,437)	(2,224)	79,489	(82,089) (b)	45,758
Finance costs							(3,601)
Income tax expense							(12,751)
Profit for the financial year							29,406
Assets							
Segment assets	158,458	218,047	248,216	45,556	378,332	(509,486) (c)	539,123
Unallocated assets							3,155
Total assets							542,278
Other information							
Capital expenditure	841	13	6,190	43,077	23,805	(1,052)	72,874
Depreciation and amortisation	563	159	2,708	6	329	-	3,765
Reversal of impairment loss on trade receivables	(209)	(7)	-	-	-	-	(216)
Impairment loss on trade receivables	183	-	-	-	-	-	183
Inventories written back	(276)	-	1	-	-	-	(275)
Inventories written off	250	-	-	-	-	-	250
Property, plant and equipment written off	2	18	1	-	-	-	21

Notes to the Financial Statements (cont'd)

39. 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) Reconciliation of assets

	2015 RM'000	2014 RM'000
Non-reportable segments	(125,389)	(125,753)
Investment in an associate	685	-
Inter-segment assets	(367,379)	(383,733)
	(492,083)	(509,486)

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 RM71,435,000 arising from sales of palm oil in Malaysia.

Geographical information

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segments assets		Capital expenditure	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	594,423	491,431	39,781	72,391
Singapore	8,011	16,892	45	108
China	38,583	33,955	88	375
	641,017	542,278	39,914	72,874

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 2015 and 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	86,910	80,027	22,957	23,479
- unrealised	2,606	4,395	687	644
	89,516	84,422	23,644	24,123
Total share of retained earnings from associates				
- realised	685	-	-	-
- unrealised	-	-	-	-
	90,201	84,422	23,644	24,123
Less: Consolidation adjustments	771	62	-	-
Total retained earnings as per statements of financial position	90,972	84,484	23,644	24,123

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 2015 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 47 to 130.

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 2015 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 18 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.

Independent Auditors' Report to the Members of FITTERS Diversified Berhad (cont'd)

Other Reporting Responsibilities

The supplementary information set out in page 131 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. 2916/03/18 (J)
Chartered Accountant

Kuala Lumpur
Date: 8th April 2016

List of Material Properties Held by the Group

as at 31 December 2015

	Description	Address	Net Book Value RM'000	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	14,537	Freehold	03-06-2013	Office	22
2	Land 20.23 Hec.	HS(D) 15865, Lot 18059 Mukim Rawang District of Gombak Selangor Darul Ehsan	32,670	Leasehold expire on 26-10-2102	27-11-2012	Development	-
3	18-storey Office Tower 290,798 sq ft	No 2, Jalan Tun Razak 50400 Kuala Lumpur	28,280	Freehold	28-08-2015	Commercial	33
4	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	24,100	Leasehold expire on 30-06-2113	01-07-2014	Industrial	2
5	Land 8.094 Hec. (20 acres)	HS(D) 34685, Lot 5585 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	12,000	Freehold	18-04-2014	Agriculture	-
6	Factory complex 125,130 m^2	No.3998, Batu 5 Jalan Baling 09300 Kuala Ketil Kedah Darul Aman	7,151	Freehold	01-11-2013	Industrial	10
7	Land 12,141 m^2	HS(D) 204963, Lot PT 6127 Bandar Sri Sendayan Daerah Seremban Negeri Sembilan Darul Khusus	1,634	Freehold	21-09-2010	Industrial	-
8	3-storey shop house 143.07 m^2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	1,235	Leasehold expire in 2093	25-04-2013	Office	21
9	2-storey shop office 130.0 m^2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	343	Leasehold expire in 2093	02-05-2013	Office	21
10	2-storey shop house 143.07 m^2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	334	Freehold	21-05-2013	Office	22

Analysis of Shareholdings

as at 8 April 2016

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 8 APRIL 2016

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	459	7.38	25,172	0.01
100 – 1,000	371	5.97	153,421	0.03
1,001 – 10,000	2,125	34.17	13,064,166	2.74
10,001 – 100,000	2,850	45.83	85,760,238	17.96
100,001 to less than 5% of issued shares	409	6.58	226,420,946	47.40
5% and above of issued shares	5	0.08	152,215,516	31.87
Total	**6,219**	**100.00**	**477,639,459#**	**100.00#**

Excluding a total of 2,621,500 shares bought back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 8 APRIL 2016

		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	28.02	2,243,416 (1)	0.47
3.	Datuk Dr. Soh Chai Hock @ Soh Hai San	-	-	-	-
4.	Datin Goh Hooi Yin	2,143,416	0.45	133,950,940 (2)	28.04
5.	Mr. Chan Seng Fatt	-	-	-	-
6.	Dato' Ir. Low Keng Kok	25,895,332	5.42	-	-
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 and his son, Martyn Wong Jing Xiong's direct shareholdings in FITTERS Diversified Berhad ("FITTERS").*

(2) *Deemed interested in her spouse, Dato' Wong Swee Yee's and her son, Martyn Wong Jing Xiong'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.*

Excluding a total of 2,621,500 shares bought back by the Company and retained as treasury shares.

* *Negligible.*

Analysis of Shareholdings as at 8 April 2016 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 8 APRIL 2016

		Direct Shareholdings		Indirect Shareholdings	
No.	**Name**	**No. of Shares Held**	**%#**	**No. of Shares Held**	**%#**
1.	Dato' Wong Swee Yee	133,850,940	28.02	2,243,416 (1)	0.47
2.	Datin Goh Hooi Yin	2,143,416	0.45	133,950,940 (2)	28.04
3.	Dato' Ir. Low Keng Kok	25,895,332	5.42	-	-

Notes:-

(1) *Deemed interested in his spouse, Datin Goh Hooi Yin's and his son, Martyn Wong Jing Xiong's direct shareholdings in FITTERS.*

(2) *Deemed interested in her spouse, Dato' Wong Swee Yee's and her son, Martyn Wong Jing Xiong's direct shareholdings in FITTERS.*

\# *Excluding a total of 2,621,500 shares bought back by the Company and retained as treasury shares.*

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)	46,936,910	9.83
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	29,349,098	6.14
3.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Swee Yee (KLM)	26,034,176	5.45
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	25,895,332	5.42
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Swee Yee (PBCL-0G0107)	24,000,000	5.02
6.	Tee Tiam Lee	16,000,000	3.35
7.	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	12,863,400	2.69
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	8,165,240	1.71
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	7,530,756	1.58
10.	CitiGroup Nominees (Asing) Sdn Bhd CEP for PHEIM SICAV-SIF	7,430,000	1.56
11.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	6,780,000	1.42
12.	Leong Kok Wah	6,489,320	1.36

Analysis of Shareholdings as at 8 April 2016 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%#
13.	Pembinaan Musali Sdn Bhd	4,300,000	0.90
14.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (STA 1)	3,716,800	0.78
15.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (MARGIN)	3,640,798	0.76
16.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	3,131,100	0.66
17.	Yon Yu Hon @ Hon Yew Hon	2,585,868	0.54
18.	Lai Lan @ Loow Lai Lan	2,478,551	0.52
19.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for PHEIM ASEAN Equity Fund (TCSB)	2,473,000	0.52
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Twee Yong	2,445,260	0.51
21.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Keng Chor	2,310,000	0.48
22.	Gan Kim Cheong	2,150,400	0.45
23.	Goh Hooi Yin	2,143,416	0.45
24.	Ang Kheng Thong	2,095,770	0.44
25.	Wong Kim Yin	2,088,200	0.44
26.	Goh Wee Hoon	2,075,846	0.43
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Tze Yu @ Ho Chue Yu	2,001,360	0.42
28.	Sim Keng Chor	1,960,000	0.41
29.	Wong Kai Fatt	1,787,800	0.37
30.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Kam Chee (002)	1,720,000	0.36
	Total :	**262,578,401**	**54.97**

Excluding a total of 2,621,500 shares bought back by the Company and retained as treasury shares.

Analysis of Warrant Holdings

as at 8 April 2016

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 8 APRIL 2016

Size of Holdings	No. of Holders	%	No. of Warrants Held	%
1 – 99	719	17.46	20,444	0.01
100 – 1,000	410	9.96	212,297	0.15
1,001 – 10,000	2,030	49.30	8,006,654	5.84
10,001 – 100,000	810	19.67	27,334,227	19.92
100,001 to less than 5% of total warrants	145	3.52	56,764,596	41.37
5% and above of total warrants	4	0.10	44,878,731	32.71
Total	**4,118**	**100.00**	**137,216,949**	**100.00**

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 8 APRIL 2016

		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.

** Negligible.*

Analysis of Warrant Holdings as at 8 April 2016 (cont'd)

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.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	14,799,130	10.79
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.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (8092341)	6,140,203	4.47
6.	Tee Tiam Lee	5,520,000	4.02
7.	Gan Kim Cheong	2,250,100	1.64
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.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Seow Fong	1,609,240	1.17
11.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,559,300	1.14
12.	Ang Kheng Thong	1,197,391	0.87
13.	Pembinaan Musali Sdn Bhd	1,160,000	0.85
14.	Lim Cheng Ten	1,000,000	0.73
15.	Wong Kim Yin	869,600	0.63
16.	Yon Yu Hon @ Hon Yew Hon	738,819	0.54
17.	Lai Lan @ Loow Lai Lan	708,157	0.52
18.	Lim Cheng Ten	690,900	0.50
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Keng Chor	660,000	0.48
20.	Goh Hooi Yin	612,404	0.45

Analysis of Warrant Holdings as at 8 April 2016 (cont'd)

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.	Maybank Nominees (Tempatan) Sdn Bhd Vijaye Rajan A/L Tanabal	517,300	0.38
23.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Yue Chie Hong	500,000	0.36
24.	Teh Ah Siong	500,000	0.36
25.	Ong Chin Kim	490,000	0.36
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Sii Ming @ Kong Chak Ming	480,000	0.35
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Sim Keng Chor	480,000	0.35
28.	Liew Kim Tong	479,700	0.35
29.	Liong Kai Choon	479,233	0.35
30.	Lim Kah Eng	471,852	0.34
	Total :	**78,207,250**	**57.00**

Notice of Thirtieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth 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 Wednesday, 15 June 2016 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 2015 together with the Directors' and Auditors' Reports thereon.	**Note C**
2. To approve the payment of a first and final single-tier dividend of 0.6 sen per ordinary share for the financial year ended 31 December 2015.	**1**
3. To re-elect the following Directors who retire pursuant to Article 83 of the Articles of Association of the Company:	
(a) Dato' Wong Swee Yee;	**2**
(b) Datuk Dr. Soh Chai Hock @ Soh Hai San; and	**3**
(c) Dato' Ir. Low Keng Kok.	**4**
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.	**5**
5. To approve the payment of Directors' fees for the financial year ended 31 December 2015.	**6**
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.	**7**

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** — **8**

"**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 for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")** — **9**

"**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 April 2016 which are necessary for the FITTERS Group's day to day operations subject to the following:

Notice of Thirtieth Annual General Meeting (cont'd)

Ordinary Resolution

(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;

(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 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 Annual General Meeting of the Company after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); 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** **10**

"**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-Ninth Annual General Meeting of the Company held on 26 June 2015, 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 RM23,644,000 for the financial year ended 31 December 2015.

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 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

Notice of Thirtieth Annual General Meeting (cont'd)

Ordinary Resolution

(b) the expiration of the period within which the next Annual General Meeting 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,

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.

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a First and Final Single-Tier Dividend of 0.6 sen per Ordinary Share for the financial year ended 31 December 2015, if approved by the shareholders at the Thirtieth Annual General Meeting, will be payable on 9 September 2016 to Depositors registered in the Record of Depositors at the close of business on 25 August 2016.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 pm on 25 August 2016 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
FITTERS Diversified Berhad
NG YIM KONG (LS 0009297)
Company Secretary

Kuala Lumpur
29 April 2016

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 Companies Act, 1965 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 two (2) proxies, 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.

Notice of Thirtieth Annual General Meeting (cont'd)

B. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining whether a member is entitled to attend the Thirtieth 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 8 June 2016. Only a depositor whose name appears in the Record of Depositors as at 8 June 2016 will be entitled to attend, speak and vote at the Meeting.

C. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 5 - Re-appointment of Director over 70 years of age

The proposed Ordinary Resolution No. 5 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.

E. EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 – 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-Ninth Annual General Meeting held on 26 June 2015 which will lapse at the conclusion of the Thirtieth 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.

Up to the date of this Notice, the Company has not issued any shares pursuant to the mandate granted to the Directors at the Twenty-Ninth Annual General Meeting.

Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")

The detailed text on Resolution 9 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 29 April 2016.

Resolution 10 - Proposed Renewal of Share Buy-Back Mandate

The detailed text on Resolution 10 on the Proposed Renewal of Share Buy-Back Mandate is included in the Share Buy-Back Statement dated 29 April 2016.

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 Thirtieth 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 Wednesday, 15 June 2016 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		
RESOLUTION 10		

(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 ___________ 2016.

(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 8 June 2016 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 two (2) proxies, 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
603.6276.7155

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603.6275.8692

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