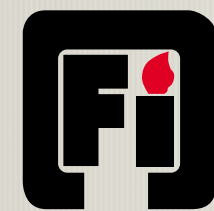




A N N U A L
R E P O R T
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FITTERS

Fitters Holdings Berhad

(149735-M)



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mission statement

Fire Safety Through Innovation and Technology

Fitters strives to lead in the fire protection industry by developing and delivering solutions that best meet customers' needs

- F**or exceptional return on investment
- I**nvaluable fire protection solutions
- T**owards customer service excellence
- T**raining in technological advancement
- E**radication of fire and safety hazards
- R**eliability and quality assurance
- S**trive for innovation and technology

events in the year 2003



February, 11

Fitters participated in the Jabatan Bomba dan Penyelamat Malaysia's Official Handing Over of Vehicles and Appliances ceremony. Fitters' Safety Apparel division took part in the event by displaying different range of **PYROSUITS** safety apparel. Fitters is outfitting Bomba officers with camouflage suits.

March, 23 to 24

Training session was organised for Fitters Maintenance Services Sdn. Bhd. (formerly known as Fimatic Maintenance Services Sdn. Bhd.) at Awana, Genting Highlands. The training is to inculcate 'Change for Growth' in all levels of staff.



April

The fund-raising campaign for world-wide underprivileged children under World Vision Humanitarian Aid Programme, was jointly launched by Fitters and World Vision. The campaign is carried out in the essence of protect your home and help a child. 30% of the revenue from the sale of Fitters' fire safety products, "Fitters Fire-X" Aerosol Dry Powder Extinguisher, "Cease Fire" Fire Safety Kit and Smoke Detector, go towards the Fund.

A game "Follow the Leader" was conducted to demonstrate responsibilities, vision, leadership, effective communication and teamwork. The climax of the training session was strategic vision workshop to focus on ways to build a vision and achieving it.

May, 10

Fitters contributed RM60,000 to the "Tabung Kumpulan Wang Kebajikan" of Jabatan Bomba dan Penyelamat Malaysia during the "Fire Fighter's Day" held at Shah Alam. The event is to recognise the contribution of fire fighters in nation building and life saving.



Dato' Wong Swee Yee presenting the mock cheque to Dato' Seri Ong Ka Ting with Dato' Jaafar Sidek, the Director General of the Fire and Rescue Department Malaysia (Bomba), looking on.



June, 2

Fitters' Golf Team won the National Level of the World Corporate Golf Challenge at the Mines Golf Club. The four-member team is a joint cooperation between Fitters and its business partners. This is Fitters' first participation. The team represented Malaysia in the International Level at La Manga Golf Club in Spain.

events in the year 2003

September, 9 to 12

4-day MALBEX exhibition held at the Malaysia International Exhibition & Convention Center (MINES). Fitters participated through Pyrodor Sdn. Bhd., Modular Floor Systems (M) Sdn. Bhd. and The Safety Shop Sdn. Bhd.



September, 24



IT-Vault Solutions Sdn. Bhd. and Securiton AG, Representative Office, jointly organised a seminar, New Generation Fire Detection for Demanding Applications, for M&E consultants, system integrators as well as end-users. It was held at Eastin Hotel Petaling Jaya. This seminar saw the relaunching of SecuriPro® Analogue Addressable Fire Alarm System, the SecuriRAS® Aspiration Smoke Detector, the SecuriSens® Transafe Linear Heat Detector. There was a sneak preview of FireView®, a fire detection technology which makes use of conventional CCTV systems.

October, 11

World Vision held its 2nd 30-Hour Famine Camp for 2003. It started at 12 noon and ended on 6.00pm the following day. The Camp first started in Melbourne, Australia in 1975. The Safety Shop Sdn. Bhd., being a partner fundraiser and supporter, participated in the event. Our General Manager presented an interesting talk on fire safety and its awareness.



October, 18



The KLCC Tower-2 bowling competition was organised by KLCC Urusharta at Mega Lanes in Sunway Pyramid Shopping Center. The competition was among companies and contractors operating in Tower 2 of Petronas Twin Towers. A total of 40 teams comprising of 3 men and 1 lady each, took part in various honours in several categories. Fitters-MPS Sdn. Bhd. (formerly known as Fimatic-MPS Sdn. Bhd.), is the resident maintenance contractor for the fire systems at KLCC, manage to garner 6th placing for team event and 5th placing for best individual-men category.

financial and corporate calendar

Financial year ended	31 December 2003
Announcement of Results	
First quarter	29 May 2003
Second quarter	26 August 2003
Third quarter	20 November 2003
Fourth quarter	26 February 2004
Seventeenth Annual General Meeting	12 June 2003
First And Final Dividend	
Notice of Book closure	21 May 2003
Entitlement date	1 July 2003
Payment date	1 August 2003
Corporate Exercise:-	
Private Placement of 3,768,000 ordinary Shares of RM1.00 each	
Date of Allotment	26 June 2003
Listed and quoted on Bursa Malaysia Securities Berhad	9 July 2003
Proposed Special Issue of 3,401,000 ordinary Shares of RM1.00 each to comply with the Foreign Investment Committee ('FIC') requirement vide FIC letter dated 17 January 2000	Received an extension of time from FIC to 31 December 2004
Other major corporate announcements:-	
Acquisition of a company, Titan Access Floors Limited by Modular Floors System (M) Sdn Bhd	7 April 2003
Received Shareholder's Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature	12 June 2003
Disposal of Equity interest in Fusan Clays & Glazes Sdn Bhd, a 73% subsidiary	16 June 2003
Appointment of Liquidator for Fitters-BES JV Sdn Bhd under voluntary winding-up upon completion of the company's intended purpose	25 August 2003
Changes to the Board – Resignation of Mr. Peter Goh Cheng Eng as Alternate Director	31 December 2003

notice of 18th annual general meeting

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of the Company will be held at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan, on Monday, 28 June 2004 at 11.30 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

Resolution No.

- | | | |
|----|--|---|
| 1. | To receive the Financial Statements for the year ended 31 December 2003 together with the Directors' and Auditors' Report thereon. | 1 |
| 2. | To declare a First and Final Dividend of 4% gross less Income Tax at 28% for the year ended 31 December 2003 as recommended by the Directors. | 2 |
| 3. | To approve the payment of Directors' fees for the year ended 31 December 2003. | 3 |
| 4. | To re-elect Dato' Wong Swee Yee who retires pursuant to Articles 83 and 120 of the Company's Articles of Association and being eligible has offered himself for re-election. | 4 |
| 5. | To reappoint the following Directors who are retiring in accordance with Section 129 (2) of the Companies Act, 1965: | |
| | a) Mr. Wong Cheek Lung | 5 |
| | b) Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali | 6 |
| 6. | To re-appoint Messrs. Ernst & Young as Auditors of the Company 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 resolutions as Ordinary Resolutions: | |
| | (a) • Proposed Authority to Issue New 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 shares in the Company at any time until conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may at their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues." | |
| | (b) • Proposed Renewal of Shareholders' Mandate for Fitters Group to Enter Into Existing and Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Shareholders' Mandate') | |
| | "THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the Company and its subsidiaries ("Fitters Group") to enter into any of the category of Recurrent Related Party Transactions of a revenue or trading nature with: | |

notice of 18th annual general meeting

i	Fitters-MPS Sdn Bhd (<i>formerly known as Fimatic-MPS Sdn Bhd</i>)	9
ii	Fitters (Sabah) Sdn Bhd	10
iii	Mechvac Engineering Sdn Bhd	11
iv	Fitters Fire Technology Sdn Bhd	12
v	Pipefabricators Sdn Bhd	13
vi	Kawalan Api Engineering Sdn Bhd	14
vii	Wai Soon Engineering Sdn Bhd	15
viii	Eraspand Sdn Bhd	16
ix	Australian Aerosols (Asia) Pty Ltd	17
x	Titan Access Floors (Aust) Pty Ltd	18

as set out in section 2.5 of the Circular to the Shareholders dated 1 June 2004 which shall be considered and approved as separate mandates, provided that:

- (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;

AND 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 AGM of the Company in 2005, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 143 (2), of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

notice of 18th annual general meeting

- (c) • **Proposed Allocation of Options Pursuant to the Company's Employee Share Option Scheme to Mr. Wong Swee Seong, by Virtue of Being a Person Connected to a Director and Major Shareholder as well as Being an Alternate Director** 19

"**THAT** the Company be and is hereby authorised to offer and grant to Mr. Wong Swee Seong, by virtue of him being a person connected to a Director and major shareholder as well as being an Alternate Director, the Options to subscribe up to a maximum of 350,000 new ordinary shares in the Company pursuant to the Employee Share Option Scheme ("ESOS") and if accepted, to allot and issue from time to time new ordinary shares pursuant to the exercise of such Options, subject always to any adjustment which may be made in accordance with the Bye-Laws of the ESOS."

- (d) • **Proposed Allocation of Options Pursuant to the Company's Employee Share Option Scheme to En. Zahedi Bin Haji Mohd Zain by Virtue of Being a person connected to a Director as well as being an Alternate Director** 20

"**THAT** the Company be and is hereby authorised to offer and grant to En. Zahedi Bin Haji Mohd Zain, by virtue of him being a person connected to a Director as well as being an Alternate Director, the Options to subscribe up to a maximum of 350,000 new ordinary shares in the Company pursuant to the Employee Share Option Scheme ("ESOS") and if accepted, to allot and issue from time to time new ordinary shares pursuant to the exercise of such Options, subject always to any adjustment which may be made in accordance with the Bye-Laws of the ESOS."

- (e) • **Proposed Allocation of options Pursuant to the Company's Employee Share Option Scheme to Mr. Mei Young Chan by Virtue of being a person connected to a Director and Major Shareholder** 21

"**THAT** the Company be and is hereby authorised to offer and grant to Mr. Mei Young Chan, by virtue of him being a person connected to a Director and major shareholder, the Options to subscribe up to a maximum of 250,000 new ordinary shares in the Company pursuant to the Employee Share Option Scheme ("ESOS") and if accepted, to allot and issue from time to time new ordinary shares pursuant to the exercise of such Options, subject always to any adjustment which may be made in accordance with the Bye-Laws of the ESOS."

ANY OTHER BUSINESS

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 18th annual general meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Dividend of 4% gross less Income Tax of 28% in respect of the financial year ended 31 December 2003 will be payable on 2 August 2004 to depositors registered in the Records of Depositors at the close of business on 2 July 2004.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 2 July 2004 in respect of ordinary transfer; 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 HOLDINGS BERHAD**

**NG YIM KONG
KUNG WHOOI NING**
Company Secretaries

Selangor Darul Ehsan
1 June 2004

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.*
2. *A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.*
3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.*
4. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*
5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *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.*

EXPLANATORY NOTES:

(a) Reappointment of Directors Over 70 Years of Age

The Resolutions No. 5 and 6 under items 5(a) and 5(b) are in accordance with Section 129 (6) of the Companies Act, 1965 which requires that a separate resolution be passed to reappoint Mr. Wong Cheek Lung and Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali, who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. These resolutions must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

notice of 18th annual general meeting

(b) Proposed Authority To Issue New Shares Pursuant To Section 132D Of The Companies Act, 1965.

The proposed ordinary resolution under item 7(a) above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

(c) Proposed Renewal Of Shareholders' Mandate For Fitters Group To Enter Into Existing And Additional Recurrent Related Party Transactions Of A Revenue Or Trading Nature ('Proposed Shareholders' Mandate')

The Ordinary Resolution proposed under item 7(b), if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting.

(d) Proposed allocation of options pursuant to the Company's Employee Share Option Scheme to Mr. Wong Swee Seong, En. Zahedi Bin Haji Mohd Zain and Mr. Mei Young Chan

It is provided under paragraph 6.11 (1) of the Bursa Malaysia Securities Berhad Listing Requirements that, "Except in the case of an issue of securities on a pro-rata basis to shareholders, a listed issuer must ensure that it or any of its subsidiaries shall not issue shares or other convertible securities to a director, major shareholder or person connected with a director or major shareholder, unless shareholders in general meeting have approved of the specific allotment to be made to such aforesaid person."

The Ordinary Resolutions 19, 20 and 21 proposed under items 7(c), (d) and (e) would allow the Company to grant options under the Company's Employee Share Option Scheme to Mr. Wong Swee Seong, En. Zahedi Bin Haji Mohd Zain and Mr. Mei Young Chan. By virtue of Mr. Wong Swee Seong, En. Zahedi Bin Haji Mohd Zain and Mr. Mei Young Chan being persons connected to Directors and/or major shareholders; and further more, Mr. Wong Swee Seong and En. Zahedi Bin Haji Mohd Zain being Alternate Directors, the shareholders' approval at the general meeting is sought.

statement accompanying the notice of annual general meeting

1. The Director who is standing for re-election under Articles 83 and 120 of the Company's Articles of Association, at the forthcoming 18th Annual General Meeting of the Company is the Managing Director, pursuant to the completion of his contract of employment:

Resolution

Dato' Wong Swee Yee

4

The Directors who are standing for reappointment in accordance to Section 129 of the Companies Act, 1965, at the forthcoming Eighteenth Annual General Meeting of the Company are:

Resolution

i Mr. Wong Cheek Lung

5

ii Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali

6

The details of the above directors who are standing for re-election and reappointment respectively are set out below:

<i>Name</i>	Dato' Wong Swee Yee	Mr. Wong Cheek Lung	Datuk Paduka Dr. Hajjah Saleha Binti Haji. Mohamed Ali
<i>Age</i>	47 years of age	81 years of age	81 years of age
<i>Nationality</i>	Malaysian	Malaysian	Malaysian
<i>Qualification</i>	Malaysian Certificate of Education. He is also an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.	Attended Chinese school	Diploma in Social Science & Economics from London School of Economics, University of London. She is a Fellow of the Faculty of Building, England and Institute of Management Consultants Malaysia. She was awarded the Doctorate, honoris causa from the University of Southern Queensland, Australia in 1997.
<i>Position in the Company</i>	Managing Director Executive, Non-Independent Director	Non-Independent and Non-Executive Director	Non-Independent and Non-Executive Director
<i>Directorships in other public companies</i>	None	None	Leong Hup Holdings Berhad, Hirotako Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad
<i>Family relationship with any director and/or substantial shareholder</i>	Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, is his brother.	He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director.	En. Zahedi Bin Haji Mohd. Zain, her Alternate Director, is also her son.
<i>Conflict of interest with the Company</i>	None	None	None

statement accompanying the notice of annual general meeting

<i>Name</i>	Dato' Wong Swee Yee	Mr. Wong Cheek Lung	Datuk Paduka Dr. Hajjah Saleha Binti Haji. Mohamed Ali
<i>Convictions for offences within the last 10 years, other than traffic offences</i>	None	None	None
<i>Number of Board meetings attended during the financial year</i>	4	3	3 The other Board meeting was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain, in her absence.
<i>Working experience and occupation</i>	<p>He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up Fitters Group. His entrepreneurial skills and foresight has 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 bringing into Malaysia state-of-the-art technology and instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for Fitters.</p>	<p>He was in the Government Services for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters</p>	<p>She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the State Welfare Officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisations including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970, is a member of the National Council of Religious Affairs Malaysia since 1974, currently a member of the National Welfare Council, Malaysia and is currently also President of the Spastic Children's Association of Selangor and Federal Territory.</p> <p>She is currently the President of the Institute of Management Consultants, Malaysia; Trustee of Sunway College Sdn Bhd; Executive Chairman of Help Institute; Chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and Chairman of Sek Men Swasta Saleha, Genting Highland. She also holds the post of an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the President of Malaysian Centre Rehabilitation - MCR and Committee Member of the UN Board.</p>

statement accompanying the notice of annual general meeting

Name	Dato' Wong Swee Yee		Mr. Wong Cheek Lung		Datuk Paduka Dr. Hajjah Saleha Binti Haji. Mohamed Ali	
	No. of shares	%	No. of shares	%	No. of shares	%
Securities holdings in: Fitters Holdings Berhad; its subsidiaries	15,170,552	36.60	1,668	0.00	37,500 (Indirect)	0.09
	-	-	-	-	-	-

2. Board meetings

There were four Board meetings held during the financial year ended 31 December 2003. Details of the attendance of the Directors appear on page 29 of the Annual Report.

3. Place, Date and Time of the Annual General Meeting

The 18th Annual General Meeting will be held at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan on Monday, 28 June 2004 at 11.30 a.m..

corporate information

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris**
Chairman

Dato' Wong Swee Yee
Managing Director

Datuk Paduka Dr. Hajjah Saleha
Binti Haji Mohamed Ali*

Mr. Wong Cheek Lung*

Mr. Kong Sin Seng**

En. Mohamad Jamil
Bin Mohd Yusof**

En. Zahedi Bin Haji Mohd Zain
Alternate Director to Datuk Paduka
Dr. Hajjah Saleha Binti Haji Mohamed Ali

Mr. Wong Swee Seong
Alternate Director to Mr. Wong Cheek Lung

* Non-Independent and
Non-Executive Director

** Independent Non-Executive Director

COMPANY SECRETARIES

Mr. Ng Yim Kong
(LS 0008343)

Ms. Kung Whooi Ning
(MIA 8537)

REGISTRAR

**Malaysian Share Registration
Services Sdn Bhd**
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 2721 2222
Fax: 03 2721 2530

HEAD OFFICE & REGISTERED OFFICE

Bangunan Fitters
Lot 2221
Kampung Jaya Industrial Area
47000 Sungai Buloh
Selangor Darul Ehsan
Tel: 03 61576199
Fax: 03 61576145

Manufacturing Trading & Services

Contact Person:
Mr. Fong Kum Kuan
Tel: 03 61576266
Fax: 03 61576146

Contracting

Contact Person:
Mr. Leo Ong Tong Ing
Tel.: 03 61560103
Fax : 03 61560102

Computerised Fire Alarm Monitoring System

Contact Person:
En. Anuar Yusof
Tel.: 03 61576199
Fax : 03 61576153

REGIONAL OFFICES

Northern

66 Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang

Contact Person:
Mr. Tee Joo Seng
Tel: 04 8290734
Fax: 04 8290731

Central

13 & 13A
Jalan Dato' Haji Megat Khas
Taman Bandaraya Utama
31400 Ipoh

Contact Person:
Mr. David Tiong
Tel: 05 5477622
Fax: 05 5477623

Southern

12 & 12A Jalan Sagu 5
Taman Daya
81100 Johor Bahru

Contact Person:
Mr. Steven Yong
Tel: 07 3559585
Fax: 07 3559610

Sarawak

Lot 286, 2nd Floor
Section 49 Westwood
Jalan Tabuan
93100 Kuching

Contact Person:
Mr. George Lee
Tel: 082 250221
Fax: 082 256221

Singapore

83 Genting Lane #06-01
Singapore 349568

Contact Person:
Mr. Pernod Sim
Tel: 02 67441171
Fax: 02 67414173

AUDITORS

Ernst & Young

Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Am Bank Berhad
Alliance Bank Malaysia Berhad
Malayan Banking Berhad
Southern Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS

Manjit Singh Sachdev,
Mohammad Radzi & Partners
Ong Ban Chai & Co.
Soon Gan Dion & Partners
Nasir, Kenzin & Tan
Jin & Co.

WEBSITE

<http://www.fittersgroup.com>

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

Stock Short Name : Fitters
Stock Code : 9318

chairman's statement

Dear Shareholders

It gives me great pleasure to announce that the year 2003 marked the 25th anniversary of Fitters. The Company has come a long way since the day it commenced business in the fire safety and prevention industry as a small concern under the flagship of Fitters International. It became a private limited company under the name of Fitters Sdn Bhd on 20 August 1982 and on 18 January 1986, Fitters Holdings Berhad was incorporated as an investment holding company. It became a public company on 18 January 1994 and was listed on Bursa Malaysia Securities Berhad then known as KLSE on 3rd October 1994.

On behalf of my colleagues on the Board of Fitters Holdings Berhad, I would like to extend our heartiest congratulations to Fitters for crossing such an important milestone in its history. I would also like to express our appreciation to our customers, employees and all of you shareholders who have given your support to the Company during all these years.

I am, now, pleased to present the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2003.

FINANCIAL REVIEW

2003 began with a gloomy outlook, beginning with the Severe Acute Respiratory Syndrome (SARS) in major parts of the world especially Asia coupled with unstable political situations in the Middle East. However, Malaysia has demonstrated great resilience in the face of uncertainty and its GDP expanded 5.2%, which exceeded the forecast of 4.5%. The supportive monetary and financial policies and the economic stimulus package implemented by Bank Negara allowed the nation's growth to be accelerated in the second half of the year.

On the back of this, Fitters has performed well. I am pleased to report that it has recorded a revenue of RM115.5 million (2002: RM89.7million), representing a 28.8% increase over 2002 (2002: 10.1% increased over 2001). Profit after taxation has likewise in tandem, increased to RM6.3 million (2002: RM2.8 million), more than doubled the previous year's figures. Due to utilisation of unabsorbed tax losses in certain subsidiaries, its tax provision is only RM1.4 million for the current financial year, compared to RM1.6 million in 2002. This has also caused the effective tax rate to be 22.8% (2002: 31.9%), which is lower than the statutory tax rate. Fitters' applaudable performance is the combined effort and continuous improvement in all facets of operations from the contracting division to the trading and manufacturing divisions in the face of improved market conditions. This significant improvement is also an indication of the underlying strength of your Company and the employees' commitment and resourcefulness to deliver value to shareholders. In line with the profit performance, the Group's operating cash flow improved substantially during the year with the Group's net borrowings reduced to RM17.4 million from RM27.7 million in 2002. Overall the Group's financial position remains healthy.

DIVIDEND

With improved results and better cash flow, the Board of Directors is pleased to propose a first and final dividend of four (4) sen gross per ordinary share of RM1.00 each less Malaysian Income Tax at 28%, amounting to RM1,193,809.77 for the financial year ended 31 December 2003. The proposed first and final dividend is subject to your approval at the 18th Annual General Meeting.

chairman's statement

CORPORATE AND BUSINESS DEVELOPMENT

During the financial year, the Company has completed the Proposed Private Placement by issuing 3,768,000 new ordinary shares of RM1.00 each, which is not more than 10% of the then existing issued and paid-up share capital. The shares were listed on the Malaysia Securities Exchange Board on 9 July 2003. The Company is now in full compliance of the capitalisation requirement for second board companies.

During the second quarter, the Group has disposed one of its subsidiaries, Fusan Clays & Glazes Sdn Bhd, which has resulted in a loss of RM 134,832 upon consolidation. The disposal would allow the Group to concentrate on its core business in the fire safety industry.

The Board has also appointed a Liquidator to voluntarily wind-up one of its subsidiary, Fitters-BES JV Sdn Bhd, a joint venture set up initially to supply and install raised access flooring system in the Petronas Twin Towers. Since the project has been successfully completed, there is no purpose to carry on the joint venture.

The Company is also proposing to issue 3,401,000 new ordinary shares to suitable Bumiputra investors to comply with the Foreign Investment Committee requirement, vide their letter dated 17 January 2000. This proposal is expected to be completed by the end of 2004.

ECONOMIC TRENDS AND DEVELOPMENT

As I have said earlier, the year 2003 was an interesting and challenging year with the Malaysian economy expanded 5.2% which was broadly across all sectors. It was mainly driven by strong domestic demand and augmented by strong export performance

The outlook for the global economy has become increasingly optimistic following the strong upturn in the second half of 2003. For 2004, global economic growth is expected to expand at an even faster pace. The Malaysian economy is expected to strengthen further in 2004 based on the assumption of stronger global economic growth. Real GDP is expected to expand by 6% - 6.5% underpinned by stronger domestic demand and reinforced by more favourable external demand. Growth will mainly be private sector driven, as the public sector gradually consolidates. The growing consumer and business confidence since the second quarter of 2003, strengthened economic fundamentals and the positive impact of pro-growth fiscal and monetary measures are expected to mutually reinforce robust consumer spending and the upturn in private investment activities. Growth in the construction sector is envisaged to increase at a moderate rate of 1.5% due to lower activity in the engineering sub-sector in both the Government and the private sector. However, activities in the residential sub-sector is expected to remain strong given the increase in new housing starts during the first nine months of 2003; on-going works on projects under construction, as well as favourable demand for property, encouraged by the incentives granted under the Economic Package which are effective until the first half of 2004. (*Bank Negara Report dated 26 March 2004*)

FUTURE OUTLOOK

Fitters will ride with the positive economic outlook and take advantage of the opportunities that will be created by the sound economic policy of the Government. The Company will continue to look at new opportunities whilst continuing to strengthen its core business activities in manufacturing, trading, contracting and services in the fire safety and prevention industry.

The Board and Management are confident that the various measures and policies implemented within the Group will continue to improve its operations in the coming year. The Company will continue to embrace its "Change for Growth" motto.

chairman's statement

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to thank all the employees of the Group for their continuing dedication, commitment and contribution in this very competitive environment.

I would also wish to express the Board's appreciation to our shareholders for their confidence and commitment; and to the customers, principals, suppliers, contractors, business associates, financiers and all the various Government Departments and Authorities for their continuing support and confidence in Fitters.

I would also wish to thank Mr. Peter Goh Cheng Eng (Alternate Director to Dato' Wong Swee Yee) who has resigned on 31st December 2003 for his contribution during his service with the Company. We wish him the very best for the future.

Finally, I would like to thank my fellow members of the Board for their continuous support in making this Company a success.

MOHAMMAD NIZAR BIN IDRIS
Chairman

Date: 18 May 2004

profile of the board of directors

EN. MOHAMMAD NIZAR BIN IDRIS

62 years.

Malaysian.

Bachelor of Law (Honours), AMP (Harvard). A Member of the Malaysian Bar.

Chairman. Independent, Non-Executive Director.

First appointed to the Board on 21 November 2000.

The Chairman of the Nomination and Remuneration Committee.

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976 he joined the Royal Dutch Shell Group. He worked in Malaysia, the Hague (Netherlands) and London. He was the first non-European to Head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997. He has no other Directorship in other public company 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.

Attended all the four Board meetings.

DATO' WONG SWEE YEE, DSSA

47 years.

Malaysian.

Malaysian Certificate of Education. He is also an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Managing Director. Executive, Non-Independent Director.

Chairman of the Executive Committee, member of the Audit Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee.

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up Fitters Group. His entrepreneurial skills and foresight has 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 bringing into Malaysia state-of-the-art technology and instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for Fitters.

He has no other Directorship in other public company. Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, is his brother. 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.

Attended all the four Board meetings.

profile of the board of directors

DATUK PADUKA DR. HAJJAH SALEHA BTE HAJI MOHAMED ALI, DPMS, AMN, PJK, JP

81 years.

Malaysian.

Diploma in Social Science & Economics from London School of Economics, University of London. She is a Fellow of the Faculty of Building, England, and Institute of Management Consultants Malaysia. She was awarded the Doctorate, honoris causa from the University of Southern Queensland, Australia in 1997.

First appointed to the Board on 26 January 1994.

Non-Independent and Non-Executive Director.

She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the State Welfare Officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisations including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970, is a member of the National Council of Religious Affairs Malaysia since 1974.

She is currently a member of the National Welfare Council, Malaysia and also President of the Spastic Children's Association of Selangor and Federal Territory. In addition she is currently the President of the Institute of Management Consultants, Malaysia; Trustee of Sunway College Sdn Bhd; Executive Chairman of Help Institute; Chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and Chairman of Sek Men Swasta Saleha, Genting Highland. She is also an Advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the President of Malaysian Centre Rehabilitation - MCR and Committee Member of the UN Board.

She sits on the Board of Leong Hup Holdings Berhad, Hirotako Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad. En. Zahedi Bin Haji Mohd. Zain, her Alternate Director, is her son. 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.

She attended three of the Board meetings. The other Board meeting was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

MR. WONG CHEEK LUNG

81 years.

Malaysian.

Attended Chinese school.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Non-Independent and Non-Executive Director.

He was in the Government Service for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters.

He has no other Directorship in other public company. He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director. 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.

Attended three of the Board meetings.

profile of the board of directors

MR. KONG SIN SENG

48 years.

Malaysian.

Holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is a member of the Institute of Chartered Accountants in England & Wales.

First appointed to the Board on 22 December 2001.

Independent, Non-executive Director.

Chairman of the Audit Committee and Risk Management Committee and is a Member of the Nomination Committee and ESOS Option Committee.

He started his carrier as an Articled Clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joint Price Waterhouse (now known as PriceWaterhouseCoopers) in 1983. He then joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000 he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd.

He has no other Directorship in other public company 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.

Attended all the four Board meetings.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

61 years.

Malaysian.

Bachelor of Science in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.

First appointed to the Board on 15 September 1997.

Independent Non-executive Director.

Member of the Audit Committee, Nomination Committee and Remuneration Committee.

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and a Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in operations and maintenance of Radio/TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

He has no other Directorship in other public company. 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.

Attended all the four Board meetings.

profile of the board of directors

EN. ZAHEDI BIN HAJI MOHD ZAIN

49 years.

Malaysian.

Bachelor of Science Hons. (Applied Science) from Brighton Polytechnic, United Kingdom.

On 22 December 2001, he was appointed as the Alternate Director to Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohd Ali. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001. Member of the Executive Committee and Risk Management Committee and Chairman of ESOS Option Committee.

He started his career as a production engineer with Petronas in 1981. In 1985 he joined Perusahaan Daput Sdn Bhd (now known as Autoliv Hirotako Safety Sdn Bhd) as an Executive Director, a position which he still holds.

He is also a Director of Hirotako Holdings Berhad since 1994. He has no other Directorships in other public company. His mother, Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, he has attended one Board meeting in her absence and three Board meetings in her presence.

MR. WONG SWEE SEONG

40 years.

Malaysian.

Bachelor of Science in Business Administration in Material and Operation Management, and a Post Graduate in International Business from Portland State University, USA. He has an Executive MBA in Human Resource Development from MIM – Hull University United Kingdom. He is also a graduate of Harvard Business School Malaysia.

On 22 December 2001, he was appointed as Alternate Director to Mr. Wong Cheek Lung. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Senior Manager – Business Development

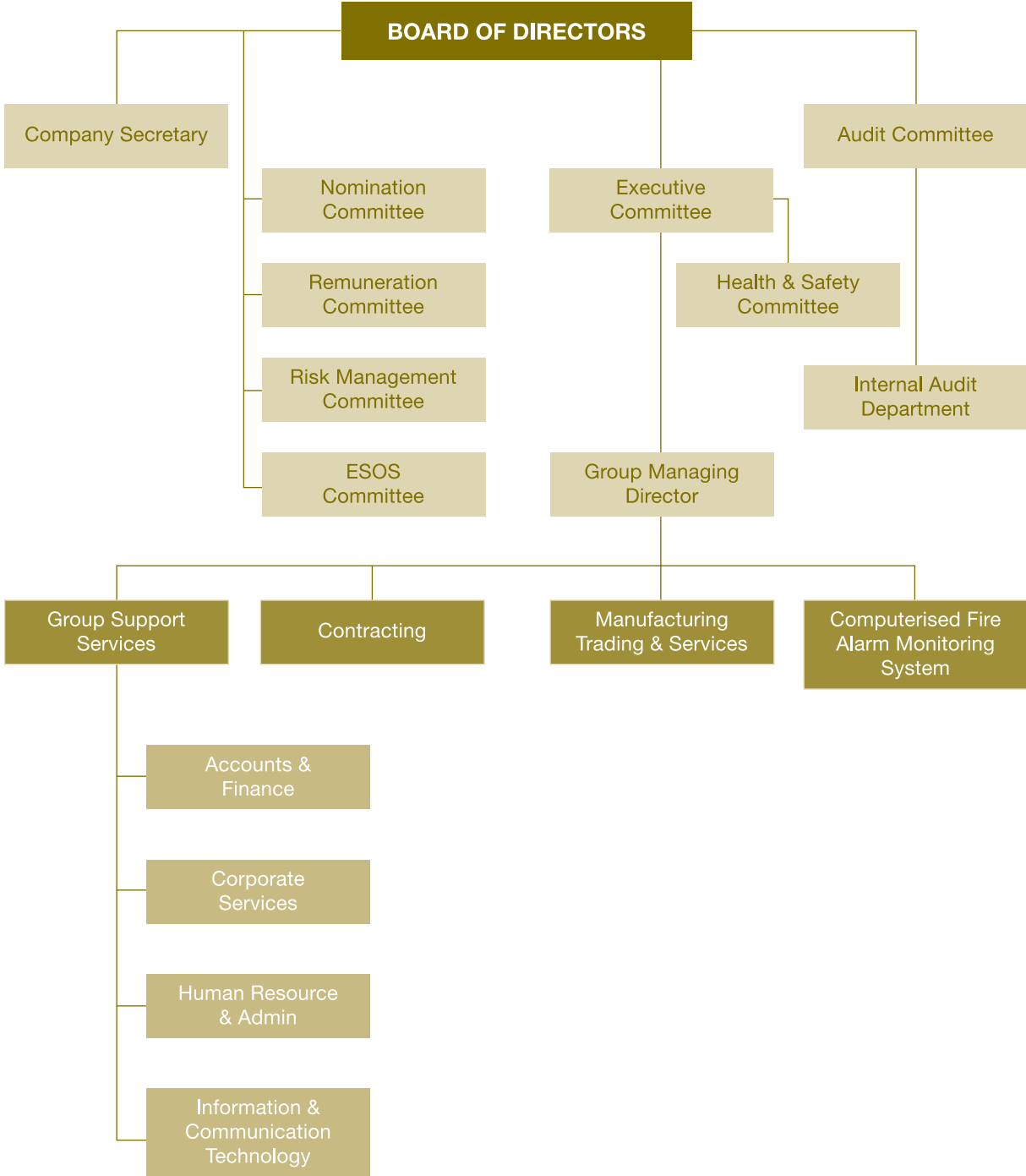
Secretary to the Risk Management Committee and Remuneration Committee

He has a vast experience in training and development of the marketing forces and project team. He had been previously involved in the implementation of policies and strategies within the Fitters Group.

He has no other Directorship in other public company. His father, Mr. Wong Cheek Lung and his brother, Dato' Wong Swee Yee are on 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.

As the Alternate Director to Mr. Wong Cheek Lung, he has attended three meetings in his presence.

group organisation chart



group operations

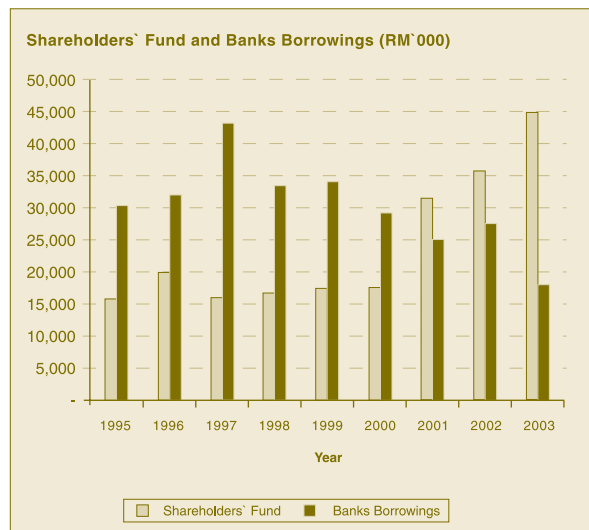
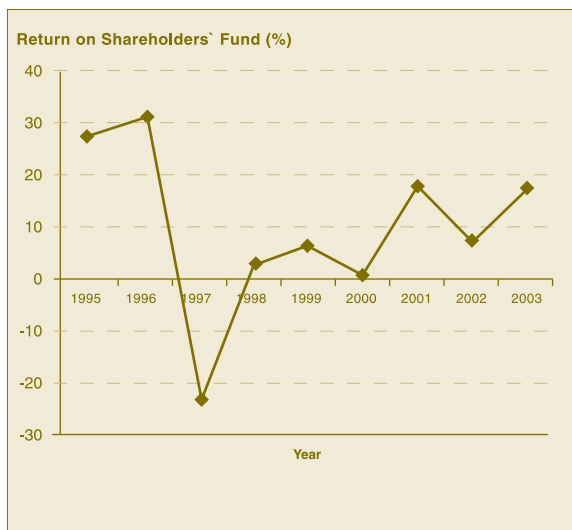
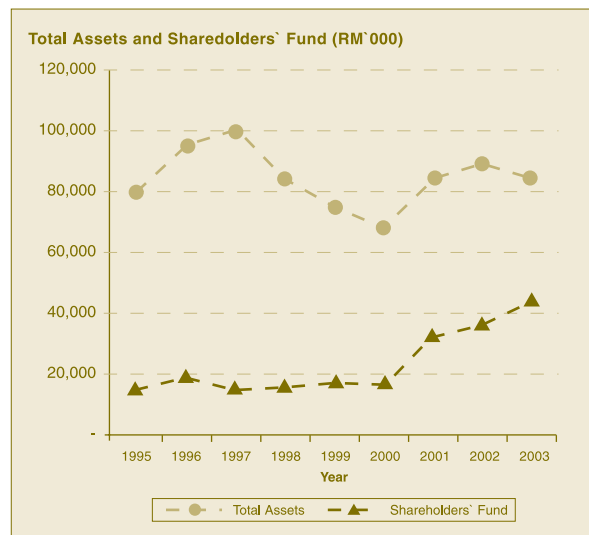
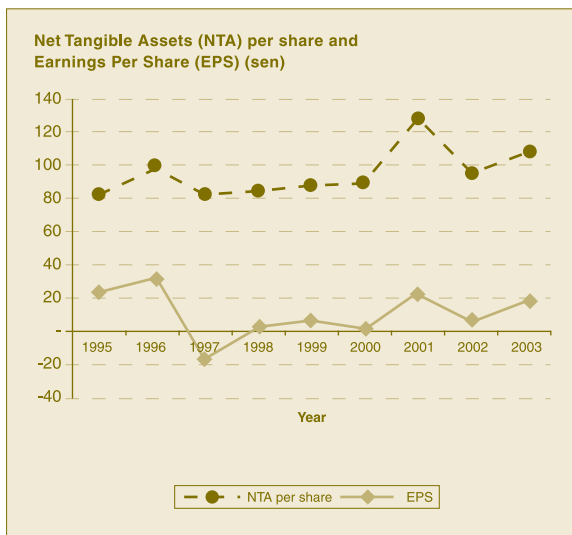
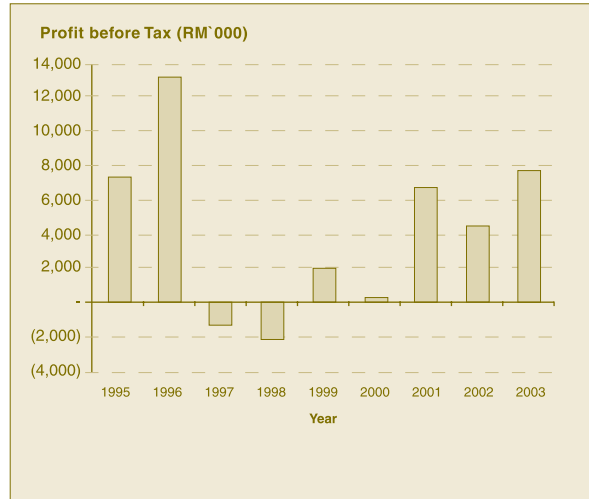
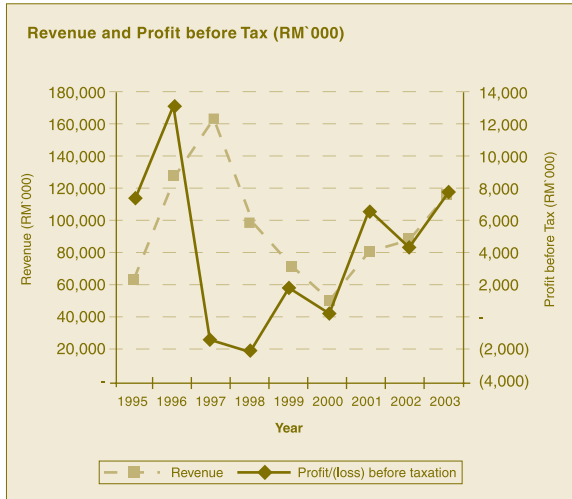


Note : Dormant companies are not included

group financial highlights

RM' 000	1995	1996	1997	1998	1999	2000	2001	2002	2003
Revenue	62,048	128,662	162,801	98,644	72,372	50,830	81,448	89,669	115,463
Profit/(loss) before taxation	7,355	13,212	(1,361)	(2,162)	2,017	376	6,658	4,415	7,782
Taxation	(2,620)	(5,035)	(1,320)	2,421	(78)	8	(820)	(1,626)	(1,438)
Profit after taxation	4,735	8,177	(2,681)	259	1,939	384	5,838	2,789	6,344
Minority interests	(310)	(1,934)	(1,081)	188	(926)	(288)	101	87	(45)
Profit/(loss) for the financial year	4,425	6,243	(3,762)	447	1,013	96	5,939	2,876	6,299
Share Capital	19,964	19,964	19,964	19,964	19,964	19,964	25,122	37,684	41,452
Distributable Reserves	10,115	14,961	10,912	11,259	11,012	11,109	17,048	7,362	13,119
Non-Distributable Reserves	1,241	1,238	1,162	1,319	2,565	2,658	5,552	5,406	5,292
Goodwill on consolidation	(15,134)	(16,046)	(16,046)	(16,046)	(16,069)	(16,069)	(15,754)	(14,697)	(14,996)
Shareholders' Fund	16,186	20,117	15,992	16,496	17,472	17,662	31,968	35,755	44,867
Fixed Assets	16,735	24,119	24,267	22,279	20,164	18,903	19,007	19,993	16,655
Investments	241	140	140	140	140	391	1,691	1,663	1,871
Deferred Expenditure	–	166	360	65	12	–	–	–	–
Development Property	–	–	–	–	–	158	170	172	172
Current Assets	62,612	70,832	75,506	60,554	56,113	50,445	61,358	65,780	65,445
Total Assets	79,588	95,257	100,272	83,038	76,429	69,897	82,226	87,608	84,143
Banks Borrowings	30,329	32,291	42,524	33,123	33,552	29,181	25,412	27,670	17,403
Net Tangible Assets	16,186	19,951	15,633	16,430	17,460	17,662	31,968	35,755	44,867
Weighted Average Share capital	19,964	19,964	19,964	19,964	19,964	19,964	25,122	37,684	39,624
NTA per share (sen)	81.08	99.94	78.30	82.30	87.46	88.47	127.25	94.88	108.24
Earnings per share (sen)	22.16	31.27	(18.84)	2.24	5.07	0.48	23.64	7.63	15.90
Return on Shareholders' Fund (%)	16.50	38.57	(18.70)	2.79	6.14	0.55	33.63	9.00	17.62

group financial highlights



group quarterly performance

	1st Quarter 31-Mar-2003 RM'000	2nd Quarter 30-June-2003 RM'000	3rd Quarter 30-Sep-2003 RM'000	4th Quarter 31-Dec-2003 RM'000	For the year 2003 RM'000
CONSOLIDATED INCOME STATEMENT					
Revenue	28,521	23,287	28,001	35,559	115,368
Cost Of Sales	(22,254)	(17,438)	(21,623)	(25,144)	(86,459)
Gross Profit	6,267	5,849	6,378	10,415	28,909
Other Operating Income:-					
- Other operating income	167	6	671	141	985
Operating Expenses	(4,996)	(5,329)	(4,986)	(5,491)	(20,802)
Profit From Operations	1,438	526	2,063	5,065	9,092
Finance cost	(433)	(393)	(207)	(345)	(1,378)
Profit Before Taxation	1,005	133	1,856	4,720	7,714
Taxation	(599)	(84)	(713)	(19)	(1,415)
Profit After Taxation	406	49	1,143	4,701	6,299
Minority Interests	59	393	(283)	(213)	(44)
Net Profit For The Period	465	442	860	4,488	6,255
Earnings Per Share (sen)	1.23	1.17	2.21	11.34	15.81
CONSOLIDATED BALANCE SHEET					
Property, plant and equipment	19,636	17,479	16,848	16,655	
Development Property	172	172	172	172	
Long Term Investments	1,868	1,868	1,868	1,871	
Goodwill on consolidation	14,697	14,996	14,996	14,996	
Current Assets					
<i>Inventories</i>	11,938	12,802	12,397	10,136	
<i>Contract Work-in-progress</i>	17,381	18,196	14,346	15,234	
<i>Trade Receivables</i>	35,168	30,859	27,237	32,997	
<i>Other Receivables</i>	4,461	4,340	4,059	4,416	
<i>Deposits with Licensed Banks</i>	1,137	1,037	885	212	
<i>Cash and bank balances</i>	1,571	6,880	2,154	2,603	
	71,656	74,114	61,078	65,598	
Current Liabilities					
<i>Contract Work-in-progress</i>	1,900	3,847	3,175	1,134	
<i>Short Term Borrowings</i>	28,615	24,162	15,797	15,738	
<i>Trade Payables</i>	16,969	16,925	11,326	11,239	
<i>Other Payables</i>	4,879	4,993	5,228	6,858	
<i>Lease and Hire Purchase Creditors</i>	365	396	286	286	
<i>Provision for Taxation</i>	421	375	542	842	
	53,149	50,698	36,354	36,097	

group quarterly performance

	1st Quarter 31-Mar-2003 RM'000	2nd Quarter 30-June-2003 RM'000	3rd Quarter 30-Sep-2003 RM'000	4th Quarter 31-Dec-2003 RM'000
Net Current Assets/(Liabilities)	18,507	23,416	24,724	29,501
	54,880	57,931	58,608	63,195
Shareholders' Funds:-				
Share Capital	37,684	41,452	41,452	41,452
Reserves				
<i>Share Premium</i>	3,206	3,206	3,206	3,206
<i>Revaluation Reserves</i>	774	774	774	774
<i>Capital Reserves</i>	1,360	1,360	1,360	1,360
<i>Retained Profit</i>	7,827	8,269	8,587	13,074
<i>Exchange Reserves</i>	132	122	103	150
	50,983	55,183	55,482	60,016
Minority Interests	2,093	975	1,259	1,472
Long Term Borrowings	352	120	659	566
Other Long Term Liabilities	596	961	848	792
Deferred Taxation	856	692	360	349
	54,880	57,931	58,608	63,195
Net Tangible Assets per Share (sen)	96.29	96.95	97.67	108.61

statement on corporate governance

The Board of Directors (“Board”) of Fitters Holdings Berhad (“Fitters” or “the Company”) recognises the exercise of good corporate governance in conducting the affairs of Fitters with integrity, transparency and professionalism as a key component in fulfilling Fitters’ Corporate Mission to provide the best solutions in the fire protection industry vis-à-vis, maximising shareholders’ return on investment.

The Board considers that it has complied throughout the financial year the Principles and Best Practices lay down by the Malaysian Code of Corporate Governance (“the Code”). The Board is hereby pleased to present how the Code have been applied and put in place during the financial year which ended on 31 December 2003.

1. THE BOARD OF DIRECTORS

1.1 Duties and Responsibilities

The Company recognises the importance of the Board’s stewardship in defining strategies and policies in conducting its business, employee relations and social obligations. The concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties. The roles and functions of the Executive and Non-Executive Directors, have been brought to bear when consolidating their invaluable knowledge and experiences in wide ranging areas in making strategic corporate decision.

The Board has appropriately delegated specific task to six Board Committees, to focus on various issues. They are the Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee. The Terms of Reference of these committees are set out on pages 39 to 44. These committees have wide ranging authority to examine particular issues and report to the Board with their recommendations where upon lies the ultimate responsibility.

The Board has a formal schedule of matters reserved specifically for its decision to ensure the overall strategic direction and control of the Group. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investment decisions, issue of new shares, related party transactions, financial performance and other matters not specifically mentioned here, which fall into the purview of the Board.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee who ensures implementation of standard operating procedures and financial limits on discretionary authority.

1.2 Board Balance

The Board has six members providing a balanced mix of one Executive, two Non-Executives and three Independent Directors. 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 En. Mohammad Nizar bin Idris 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 dominates the Board’s decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Board has identified En. Mohamad Jamil Bin Mohd. Yusof as the Senior Independent Non-Executive Director to whom concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgment. The Board complies with the Listing Requirements of paragraph 15.02 whereby at least one-third of the Board is independent.

statement on corporate governance

The Board's wide range of experience in various fields collectively form a balanced mix of specific industry knowledge, business, commercial and financial experiences. The mixes of skills, expertise and attributes form the substance to which it discharges its duties. Their individual and collective roles are important to ensure that the strategies proposed by Management are fully discussed and examined by taking into account the long-term interest of not only the shareholders but also the employees, customers, suppliers and other relevant parties.

1.3 Meetings

The Board met on a scheduled basis four times a year for the financial year ended 31 December 2003 at the registered office on 27 February 2003, 28 May 2003, 26 August 2003 and 20 November 2003. Details of attendance at these meetings are as follows:

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	4 / 4
Dato' Wong Swee Yee	4 / 4
Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali ⁽¹⁾	3 / 4
Mr. Wong Cheek Lung	3 / 4
Mr. Kong Sin Seng	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	4 / 4

Notes:

(1) The other Board meeting was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain, in her absence.

At the Board meetings, major investment decisions, business plans and directions of the Group were discussed. The financial and operational performance of the Group were also discussed and weighed against historical performance and the budget for the year. Internal control weaknesses and risk management issues were also highlighted and discussed by the Audit Committee Chairman and the Risk Management Committee Chairman. The Board was also briefed by the Remuneration Committee on major issues discussed and concluded.

The Board would receive documents on matters requiring its consideration in advance of each meeting. All proceedings of the meetings were minuted.

1.4 Supply of Information

The Board members have unrestricted access to timely and accurate information, necessary in the furtherance of their duties as a full board as well as in their individual capacity.

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 includes minutes of the previous meeting, quarterly financial results, issues requiring the Board's deliberation and approval and other ad-hoc reports. Minutes of the Executive Committees are extended to the Board at the conclusion of each Executive Committee meeting. The findings of the Risk Management Committee were also extended to the Board.

All Directors have access to the advice and services of the joint Company Secretaries, the internal auditors and the external auditors. In furtherance of their duties, as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company. However, no such advice was sought by any Director for the financial year 2003.

statement on corporate governance

1.5 Appointments to the Board

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on suitable candidate for appointment.

The composition of the Committee, which consist of Independent Non-Executive Directors, are as follows:

Chairman	En. Mohammad Nizar Bin Idris
Members	En. Mohamad Jamil Bin Mohd Yusof
	Mr. Kong Sin Seng

During the year Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the caliber, experiences, qualifications and the present mix of Board members appears to be sufficiently adequate and capable of managing the Company and ensuring the Group's strategies are properly considered and implemented. No new appointments to the Board or to any Board Committees were recommended.

1.6 Re-election

In accordance with Article 83, of the Company's Articles of Association, one third of the Directors for the time being, or the number nearest to one third, shall retire from office and be eligible for re-election, at the Annual General Meeting provided always that all Directors shall retire from office once in at least three years. In the case of filling in casual vacancy, Article 90, provides that all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity at the Annual General Meeting after their appointment.

The Article 118, further provided that the Directors may from time to time appoint anyone or more of their body to be the Managing Director. Any such appointment shall be for a period of not exceeding three years subject to reappointment and on such terms, as the Directors think fit. And in Article 120, the Managing Director while he continues to hold the office is subject to retirement by rotation and be reckoned as a Director for the purpose of determining the rotation of retirement.

Section 129 (6) of the Companies Act, 1965 which requires that a separate resolution be passed to reappoint Directors who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. The resolution must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

This process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director standing for re-election and reappointment are furnished under Statement Accompanying the Notice of Annual General Meeting which is on pages 11 to 13.

1.7 Training

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.

The Listing Requirements provided that, all first time Directors to a public company must attend the Mandatory Accreditation Programme ("MAP") within four months of their appointment. Upon successfully concluding the MAP, the Directors will undergo continuous relevant training programme, under the Continuing Education Programme ("CEP"), to further enhance their knowledge on the latest statutory, regulatory and technological developments to enable them to discharge their responsibilities effectively. Details of the CEP requirements came into effect in June 2003.

The Company has provided sufficient budget allocation for the year 2004 to ensure that all Directors are able to attend CEP seminars and courses that best suit their individual needs.

statement on corporate governance

2. DIRECTORS' REMUNERATION

2.1 Remuneration Committee

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

Chairman	En. Mohammad Nizar Bin Idris	<i>Independent Non-Executive</i>
Members	Dato' Wong Swee Yee	<i>Executive Director</i>
	En. Mohamad Jamil Bin Mohd Yusof	<i>Independent Non-Executive</i>
Secretary	En. Zahedi Bin Haji Mohd Zain (resigned on 26 February 2004)	
	Mr. Wong Swee Seong (appointed on 26 February 2004)	

The Committee has already established a formal and transparent procedure on remuneration policies for Directors and Senior Management.

During the financial year, the Committee met twice to review and deliberate on the remuneration scheme for both the Executive Directors and the Senior Management of the Company. The 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 corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their experience and level of responsibilities undertaken

2.2 Details of Directors' Remuneration

Pursuant to paragraph 9.25 of the Listing Requirements, a summary of the remuneration of the Directors for the financial year ended 31 December 2003 are as follows:

- (i) Aggregate remuneration of Directors categorised into appropriate components:

	Executive Director RM	Non-Executive Director RM	Total RM
Fees	–	6,000	6,000
Salary	876,810	–	876,810
Statutory Contribution	120,316	–	120,316
Bonus	130,000	–	130,000
Meeting Allowances	3,000	21,500	24,500
Fixed Allowances	24,000	204,000	228,000
Benefits in Kind	7,600	–	7,600
Total	1,161,726	231,500	1,393,226

statement on corporate governance

- (ii) The number of Directors whose remuneration falls into the following bands of RM50,000:

	Executive Director	Non-Executive Director	Total
Below RM50,000	–	3	3
RM50,001 to RM100,000	–	2	2
RM100,001 to RM150,000	1	–	1
RM150,001 to RM200,000	1	–	1
RM200,001 to RM250,000	–	–	–
RM250,001 to RM300,000	1	–	1
RM300,001 to RM350,000	–	–	–
RM350,001 to RM400,000	–	–	–
RM400,001 to RM450,000	–	–	–
RM450,001 to RM500,000	–	–	–
RM550,001 to RM600,000	1	–	1
Total	4	5	9

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through 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 Malaysia Securities Berhad including the Quarterly Results and 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 relation and communication, the Company held dialogues and briefed various research and investment analyst on the Group's strategy, performance and major development. However any information that may be regarded as undisclosed material information about the Group were not given.

3.2 The Annual General Meeting

The Company's Annual General Meeting ("AGM") has been serving as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage shareholders to attend and participate at the AGM in order to have the latest developments and a clear and complete picture pertaining to the Company's performance and position. This also provides an opportunity for shareholders to raise questions where the Directors are available to respond.

statement on corporate governance

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

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 an Internal Audit Department (which reports directly to the Audit Committee) to conduct periodic reviews on compliance with internal control procedures and practices and to review the effectiveness of the system. The Statement on Internal Control is set out in pages 37 to 38 which provides an overview of the state of internal controls within the Group.

4.2 Risk Management

The Risk Management Committee was formalised in 2002. Since then in 2003 it has refined the Risk Management Policies and Procedures and carried out the following activities:

- The setting up of Risk Management Workgroups comprising of key personnel from each department within the respective business.
- A series of workshops on risk management were conducted during the year. The Workshops were held to raise the level of knowledge of risk management for the managers and to enhance their understanding of the risk, which would potentially affect the operations and the results of their respective operating units.
- A database of all risk and controls has been created and information filtered to produce a detailed risk register by profiling the individual risk for each business units and areas of operations. Key risks to each unit's objectives and functions are aligned with the Group's objectives are identified and scored based on the likelihood of the risk occurring and the magnitude of impact.
- A consolidated risk profile of the Group and detailed action plans to address key risk areas were developed and presented to the Board.

4.3 Financial Reporting

The Board aims to present a balanced 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 Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.4 Relationship with the Auditors

The Company works closely with external auditors and maintained a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Internal Auditors are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that internal audit forms an integral part of an effective system of corporate governance. Thus their impartiality, integrity and objectivity are greatly respected and which are being reciprocated by their proficiency and professional due care.

audit committee report

The Board of Directors of Fitters Holdings Berhad is pleased to present the Audit Committee's report for the financial year ended 31 December 2003.

CONSTITUTION

The Audit Committee was formed in June 1994. The Terms of Reference of the Audit Committee is set out in pages 39 to 40.

COMPOSITION, MEMBERS AND MEETING

The current Audit Committee comprises of three members of the Board of which two are Independent, Non-Executive Directors. The Chairman of the Committee is a member of one of the professional accounting body as stipulated in Part II of the 1st Schedule of the Accountants Act, 1967.

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

Members		No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	Independent Non-Executive	4 / 4
Dato' Wong Swee Yee	Executive	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

Members of the Senior Management team, the Internal Auditor and the External Auditors (Ernst & Young), whenever required, have been invited to attend the Audit Committee meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, four meetings were convened by the Audit to review and discuss the following:

- i. The external auditors' scope of work and audit plans for the year, prior to the commencement of the audit;
- ii. The results of the audit, the audit report and the management letter including management's responses to the external auditors;
- iii. The Audited Financial Report of the Company for 2002 submitted by the external auditors.
- iv. The announcement 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. Recurrent related party transactions entered into by the Group to ensure that they are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies and that such transactions are not detrimental to the interest of the minority shareholders.
- vi. The Internal Audit department's resource requirements, audit programme and plan for the financial year. In reviewing the Plan, the Audit Committee delved into the scope and coverage of the activities of the respective business unit of the Group and the basis of assessment and risk evaluation of the proposed areas of audit.
- vii. The internal audit reports highlighting the risk issues, recommendations and management's response. The actions taken to improve the system of internal control based on improved opportunities identified in the internal audit reports with management were also discussed.
- viii. The Statement of Corporate Governance and Internal Control statement for disclosure in the Annual Report.

audit committee report

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of 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:

- (i) The adequacy and integrity of the internal control system in managing key risk areas to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.
- (ii) Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

During the financial year, internal audits were carried out on various subsidiaries and operating functions and units of the Group according to the Internal Audit Planning Referendum. Internal control weaknesses were identified during the financial year. However these do not have any material impact. The weaknesses noted have been, or are being, addressed. Improved measures were recommended to strengthen the controls and follow-up audits are being carried out to assess the status of implementation by Management.

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The scheme came into effect on 9 May 2001. Till date no options have been granted and exercised during the financial year 2003.

director's responsibility statement

pursuant to paragraph 15.27(a) of Bursa Malaysia Securities Berhad listing requirements

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, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent;
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquires, 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 internal control

pursuant to paragraph 15.27(b) of Bursa Malaysia Securities Berhad listing requirements

Responsibility

The Board of Directors acknowledges its responsibility for the Group's system of internal control, risk management and good corporate governance. The main activities carried out by the Group's Internal Audit function cover the view of the internal control systems, which includes financial, operational and compliance control. Internal Audit will also conduct a review on the compliance of risk management policies and procedures established by the Risk Management Committee.

As an integral part of the system of internal control, the Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group for the financial year under review. While the Board believes that the existing system in place is adequate and has been effective, even the best of systems can only provide a reasonable but not an absolute assurance against material misstatement. The control systems are thus designed and applied to manage rather than fully eliminate the risk of failure to achieve business objectives.

Risk management framework

Risk management is regarded by the Board to be an integral part of the Group's operations. Management is entrusted with the responsibility for managing 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 Group's external auditor also contribute an independent perspective on certain aspects of the internal financial controls arising from their work and report their findings to the Audit Committee.

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. Risks assessments was carried out by the respective unit's management on a regular basis to identify and evaluate any emerging new risks, update the business risks profiles that have previously been identified and follow-up with the implementation if the proposed action plans. The findings will be reported to the Audit Committee.

Key elements of internal control

The framework and key processes in the systems of internal control established by the Company to ensure their completeness, integrity and compliance are review by the Internal Audit Department. The key elements are described below:

- Formal organization structure that clearly defines the framework for the line of reporting and hierarchy of authority;
- Group Standard Operating Procedures that laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated;
- Clearly defined delegated responsibilities and authorities assigned to business units including authorization levels for all aspects of the business;
- Regular internal audit visits to business units to ensure compliance with Group's Standard Operating Procedures and review effectiveness of the existing internal control systems;
- Quarterly Audit Committee meeting are held to discuss on internal audit reports, periodic financial statements and issues that warrant the Committee's attentions;

statement on internal control

- Review minutes of the Executive Committee meetings as part of internal audit process;
- Budgetary control system is in place to establish the responsibilities and accountabilities of each business unit in terms of resources employed and contribution, control over costs and expenses and for measuring the business unit's overall financial performance, costs and profitability. The Executive Committee of the Board approves the budgets;
- Review risk policies and its compliance by Management.

The board is of the view that the system of internal control is sound and adequate. The review of all control procedures were continuously carried out throughout the period under review to ensure an effective and efficient systems of internal control, so as to safeguard the shareholders' investment and the Group's assets. The board is committed to continuously ensuring that all necessary measures are taken to enhance the existing systems of internal controls of the Group.

This Statement is made in accordance with the resolution table at the Board of Directors' Meeting dated 26 February 2004.

board committees - terms of reference

1. AUDIT COMMITTEE

OBJECTIVES

The primary objectives of the Audit Committee are:

- (a) to act as a committee of the Board; to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting;
- (b) to provide, by way of regular meetings, an additional line of communication between the Board and the auditors;

MEMBERSHIP

Appointment to the Audit Committee shall be by the Directors from among their number. The Committee shall number not fewer than three and shall comprise a majority of Directors who are Independent Directors and free from any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of an Audit Committee.

No alternate Director shall be appointed as a member of the Audit Committee.

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants he must have at least three years' working experience and:
 - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountant specified in Part II of the 1st Schedule of the Accountants Act 1967.

MEETINGS

Meetings shall be held not less than four times a year. The external auditors may request meetings if he considers that one is necessary to discuss matters which he believes should be brought to the attention of the Committee.

The external auditors shall appear before the Committee when required to do so. The external auditors shall have the right to appear and be heard at any meeting of the Committee.

The Company Secretaries shall be the Secretaries of the Committee.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors.

In the event of any vacancy in an 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 an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within the terms of reference. It is authorised to seek information it requires from employees and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

board committees - terms of reference

RESPONSIBILITIES

The Audit Committee shall have the following responsibilities:

- (a) to review with external auditors:
 - the audit plan,
 - their evaluation of the system of accounting controls,
 - the audit report on financial statements,
 - the assistance given by the Company's officers to the auditors;
- (b) to review the financial statement with management and the auditors prior to them being approved by the Board;
- (c) to review the effectiveness of management information and other systems of control within the Company;
- (d) to review procedures established by management for compliance with any regulatory or other external reporting requirements;
- (e) to review accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement;
- (f) to review quarterly report, annual financial statements and press releases relating to financial matters of importance and to recommend to the Board on their release and adoption;
- (g) to confirm that management has placed no restriction on the scope of audit;
- (h) to recommend to the Board the appointment of external auditors and the audit fee thereof;
- (i) to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors;
- (j) to review the internal audit programme, the processes and the reports and investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit;
- (k) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (l) any letter of resignation from the external auditors of the Company; and
- (m) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment.

2. EXECUTIVE COMMITTEE ("EXCO")

OBJECTIVES

To be the principal decision making body for 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.

- Act as a counter check and balance for major operational decisions that require an independent and more informative evaluation on a corporate level.
- To act as a sieve evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
- Enable more reactive and faster response to operational issues.
- Provide interim approvals based on authority levels sanctioned by the Board of Directors to facilitate effective smooth running of operational units.

OFFICE-BEARERS

i	Chairman	Dato' Wong Swee Yee
ii	Vice Chairman	Mr. Peter Goh Cheng Eng (<i>resigned on 31 December 2003</i>)
iii	Members	En. Zahedi Bin Haji Mohd Zain Mr. Fong Kum Kuan Mr. Ong Tong Ing (<i>appointed on 31 December 2003</i>)
iv	Secretary	Ms. Shin Yoke Fong

Ms. Kung Whooi Ning shall act as the Joint Secretary and will attend the EXCO Meeting in the absence of Ms. Shin Yoke Fong.

board committees - terms of reference

POWERS

Subject to the various regulatory requirements and Fitters' Discretionary Authority Policy:

- To approve transactions value not exceeding RM1,000,000.00 in the ordinary course of business operations.
- To evaluate and formulate result-oriented solutions and recommendations to the Board of Directors.
- To implement and execute any other ad-hoc directives or policies as may be sanctioned by the Board of Directors from time to time.

RULES AND PROCEEDINGS

- Quorum for EXCO meeting shall be three. The quorum must include the EXCO member representing the operational division or subject matter being discussed.
- The Chairman of the EXCO shall chair all EXCO meetings at the designated date, time and place for the meeting.
- In the event that within ten minutes the Chairman is not available, the Vice-Chairman shall take the chair and conduct the EXCO meeting.
- All notices, agenda and relevant documents for EXCO meetings must be submitted and circulated by the Secretary to the EXCO at least seven working days prior to the date of the meeting.
- Emergency EXCO meeting at shorter notice may be conducted only with the consent of at least the majority of the EXCO members.
- Every EXCO member is entitled to cast one vote by way of a show of hands.
- In the event of a tie, the Chairman shall have a casting vote.
- The Chairman shall have the right to adjourn the meeting as he deems fit.
- The Secretary shall keep minutes of the proceedings of all EXCO meetings.
- Draft minutes of EXCO meetings are to be circulated to the EXCO members within four working days after each respective EXCO meeting. The Secretary shall be informed of any proposed amendments within three working days thereto.
- Updated draft minutes shall be presented at the next Exco meeting for adoption by the Chairman of the meeting.
- The minutes once adopted and signed by the Chairman of the meeting shall be deemed the official record of EXCO meetings.
- Copy of the approved EXCO minutes is to be extended to each member of the Board of Directors.

3. NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee shall consist of not less than three members. All the members shall be non-executives Directors, the majority of whom are independent.

QUORUM

The quorum for each meeting shall be a majority of the present members.

CHAIRMAN

The members of the Nomination Committee shall elect a chairman from among their number.

board committees - terms of reference

MEETINGS

The meetings shall be held not less than once a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Nomination Committee.

Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Nomination Committee.

The Company Secretaries shall be the secretaries of the Nomination Committee.

OBJECTIVES

The primary objectives of the Nomination Committee is to assist in discharging the Board's responsibilities:

- (a) assessing the existing Directors' ability to contribute to the effective decision making of the Board;
- (b) identifying, appointing and orientating new Directors;
- (c) identifying the mix skills and experience and other qualities the Board requires for it to function completely and efficiently.

RESPONSIBILITIES

The Nomination Committee shall have the following responsibilities:

- (a) recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board.
- (b) consider in making its recommendations, candidates for Directorship proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (c) recommend to the Board, Directors to fill seats on Board Committee.
- (d) assess the effectiveness of the Board as a whole.
- (e) assess the effectiveness of the committees of the Board.
- (f) assess the contribution of each individual Director.
- (g) review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.
- (h) Any other ad-hoc duties that may be required by the Board.

AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

4. REMUNERATION COMMITTEE:

COMPOSITION

The Remuneration Committee shall consist of not less than three members, comprising of one Executive Director and two non-executive Directors.

QUORUM

The quorum for each meeting shall be a majority of the present members.

board committees - terms of reference

CHAIRMAN

The members of the Remuneration Committee shall elect a chairman from among their number who shall be a non-executive Director.

MEETINGS

The meetings shall be held not less than two times a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Remuneration Committee.

Questions arising at any meeting of Remuneration Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

The Director of Human Resources shall be the secretary of the Remuneration Committee.

OBJECTIVES

- (a) To assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and the 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 Executive Directors and senior managers to run the Company and the Group successfully.
- (b) To recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.
- (c) To oversee and review the scope and quality of human resource projects/programmes of the Company and the Group.

RESPONSIBILITIES

- (a) To recommend to the Board the remuneration of the Executive Directors and any other reward scheme to attract and retain the best Executive Directors needed to run the Company and the Group successfully.
- (b) To recommend to the Board the terms and employment of new Executive Directors.
- (c) To provide an objective and independent assessment of the benefits granted to Executive Directors, management and staff.
- (d) To conduct assessment of Executive Directors and to review the assessment of the senior management team to ensure that remuneration is directly related to performance.
- (e) To recommend to the Board the remuneration of the Chief Internal Auditor, Head of Risk Management and Compliance, any other special positions and members of the senior management team.
- (f) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of executive directors, management and staff.
- (g) To review the succession planning programme and leadership framework.
- (h) To review and assess the effectiveness of the Human Resource Division in supporting the organisation.
- (i) To furnish a report to the Board of any findings of the Committee.
- (j) To perform any other functions as defined by the Board.

AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

board committees - terms of reference

5. RISK MANAGEMENT COMMITTEE

OBJECTIVES

Assist the Board 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 a risk management framework for monitoring of risk on a regular basis.

DUTIES AND RESPONSIBILITIES

- Ensure that the risk policies and procedures of the Company are aligned to the business strategy and risk return directions of the Board.
- Ensure the Company is kept abreast of the current and changing risk profile of the Company through regular communications with management and staff.
- Act as a communication and guidance forum between the Board and the EXCO of the Company.
- Ensure, through the EXCO, that there is an adequate framework for the management of risk in the Company including policy development, organisational structure, resourcing, methodologies employed and reporting.
- Oversee the management of the total risk profile of the Company. This includes regular audit on adherence to policies and procedures set up by the Risk Management Committee.
- Provide a half yearly risk management report to the Board.

MEETINGS

Meetings are held half yearly or more frequently if required.

MEMBERSHIP

At least one independent non-executive director, members of the EXCO and Senior Management/Heads of Division.

The Secretary of the Committee shall be Mr. Wong Swee Seong.

6. EMPLOYEE SHARE OPTION SCHEME (“ESOS”) OPTION COMMITTEE

The ESOS Option Committee was established to administer and implement Fitters Holdings Berhad's ESOS in accordance with the approved bye-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matter as may be required.

The members of the ESOS Committee are as follows:

Chairman	En. Zahedi Bin Haji Mohd Zain
Members	Dato' Wong Swee Yee Kong Sin Seng

Assisted by an ESOS Working Committee

Mr. Kunaseelan
Ms. Chong Wei Wei
Ms. Kung Whooi Ning

additional compliance information

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2003

Proceeds raised from the completion of the Private Placement during the financial year ended 2003 have been utilised solely to payoff the Company's borrowings from RHB Merchant Bank Berhad.

2. SHARE BUY-BACK

No share buy-back scheme was in place during the financial year 2003.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Fitters Holdings Berhad's Employees Share Option Scheme ("ESOS") came into effect on 9 May 2001. No options have been granted and exercised during the financial year 2003. The Company has not issued any warrants or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. SANCTIONS AND / OR PENALTIES IMPOSED ON THE COMPANY & ITS SUBSIDIARIES, DIRECTORS OR MANAGEMENT BY THE RELEVANT AUTHORITIES

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

6. NON-AUDIT FEES

During the financial year, there were no non-audit fees paid or payable to the external auditors of the Company.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year 2003 and the unaudited results previously announced.

8. PROFIT GUARANTEE

There were no profit guarantees made or given in relation to the financial year 2003.

9. MATERIAL CONTRACTS AWARDED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2003.

additional compliance information

10. ANALYSIS OF SHAREHOLDING

The following analysis of shareholding is as at 30 April 2004, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

- (i) List Of Substantial Shareholders As Per The Register Of Substantial Shareholders:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. Of Shares	(%)
Dato' Wong Swee Yee	15,170,552	36.60	–	–

- (ii) Directors' Shareholdings:

- (a) In the Company:

Name	Direct interest		Deemed interest	
	No. of shares	(%)	No. of shares	(%)
1 En. Mohammad Nizar Bin Idris	–	–	–	–
2 Dato' Wong Swee Yee	15,170,552	36.60	–	–
3 Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	–	–	37,500 *	0.09
4 Mr. Wong Cheek Lung	1,668	0.00	–	–
5 Mr. Kong Sin Seng	–	–	–	–
6 En. Mohamad Jamil Bin Mohd Yusof	–	–	–	–
7 En. Zahedi Bin Haji Mohd Zain	956	0.00	37,500 *	0.09
8 Mr. Wong Swee Seong	895,668	2.16	–	–

Note* Deemed interest by virtue of his/her substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak - Anak Holdings Sdn Bhd.

- (b) In related corporation – Fitters-MPS Sdn Bhd (formerly known as Fimatic-MPS Sdn Bhd)

Name	Direct interest		Deemed interest	
	No. of shares	(%)	No. of shares	(%)
En. Zahedi Bin Haji Mohd Zain	300,000	40.00	–	–

- (iii) Distribution schedule of Ordinary shares of RM1.00:

No. of Holders	Holdings	Total Holdings	%
3	Less than 100 shares	175	0.00
124	100 to 1,000 shares	108,766	0.26
903	1,001 to 10,000 shares	2,530,014	6.10
95	10,001 to 100,000 shares	2,717,289	6.56
31	100,001 to less than 5% of issued shares	22,729,632	54.83
3	5% and above of issued shares	13,365,852	32.24
1,159		41,451,728	100.00

additional compliance information

- (iv) There is only one class of equity securities which is ordinary shares of RM1.00 each with voting rights of one vote per ordinary share. The total number of shareholders are 1,159.
- (v) List Of Thirty (30) Largest Securities Account Holders:

	Name	No. Of Shares	%
1	Wong Swee Yee	7,365,852	17.77
2	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Wong Swee Yee]</i>	3,000,000	7.24
3	UOBM Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Wong Swee Yee]</i>	3,000,000	7.24
4	Leong Hoy Kum	2,070,299	4.99
5	Tee Tiam Lee	2,063,300	4.98
6	Yap Ai Nee	2,066,500	4.99
7	Kong Hon Kong	1,996,300	4.82
8	HDM Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Wong Swee Yee (memo)]</i>	1,800,700	4.34
9	HSBC Nominees (Tempatan) Sdn Bhd <i>[HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak]</i>	1,794,000	4.33
10	AMSEC Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Beh Hang Kong]</i>	1,553,700	3.75
11	Chong Yueh Sin @ Chong Kok Poh	1,531,100	3.69
12	Alliance Group Nominees (Tempatan) Sdn Bhd <i>[Pheim Asset Management Sdn Bhd for Employees Provident Fund]</i>	1,034,500	2.50
13	Wong Swee Seong	895,668	2.16
14	Cheong Yik Lok	800,000	1.93
15	Tee Poh Lian	800,000	1.93
16	Lim Keong Huat	618,682	1.49
17	AMMB Nomines (Tempatan) Sdn Bhd <i>[Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan]</i>	549,000	1.32
18	Yon Yu Hon @ Hon Yew Hon	378,300	0.91

additional compliance information

	Name	No. Of Shares	%
19	Mayban Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Beh Hang Kong]</i>	365,900	0.88
20	KAF Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Lai Lan @ Low Lai Lan]</i>	354,500	0.85
21	HDM Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Ong Aun Kung (memo)]</i>	300,000	0.72
22	AMMB Nomines (Tempatan) Sdn Bhd <i>[Assar Asset Management Sdn Bhd for Sarawak Timber Industry Development Corporation]</i>	277,500	0.67
23	TA Nominees (Tempatan) Sdn Bhd <i>[pledged securities account for Yon Yu Hon @ Hon Yew Hon]</i>	247,500	0.60
24	Alliance Group Nominees (Tempatan) Sdn Bhd <i>[Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd]</i>	241,500	0.58
25	Hong Leong Finance Berhad <i>[pledged securities account for Paul Leong Jee Hong]</i>	190,500	0.46
26	DB (Malaysia) Nominees (Asing) Sdn Bhd <i>[Deutsche Bank AG Singapore PBD for SEA Foundation]</i>	150,000	0.36
27	Low Han Kee	142,800	0.34
28	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>[Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd]</i>	135,000	0.33
29	Goh Hooi Yin	135,000	0.33
30	Ooi Sze Lay	119,000	0.29
	Total	35,977,101	86.79

11. REVALUATION POLICY

Safe as disclosed in Note 3 (a) of the Notes to the Financial Statements on page 76, the Company does not have any other revaluation policy on landed properties.

additional compliance information

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2003

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age of building (Year)
1	Factory office 11,887.64 m2	Lot 2221 Kg. Jaya Industrial Area 47000 Sungai Buluh Selangor Darul Ehsan	6,514,189	Freehold	11-4-1990	Office, Warehouse and factory	7
2	3 storey Office 1,779.20 m2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	2,731,718	Freehold	21-8-1991	Tenanted	10
3	3 Storey Shop house 143.07 m2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	452,816	Leasehold Expiring in 2093	24-2-1995	Office	9
4	2 Storey shop house 143.07 m2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	216,716	Freehold	5-4-1993	Office	10
5	2 Storey Shop office 130.0 m2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	252,888	Leasehold Expiring in 2093	10-4-1996	Office	9
6	Office Suite 80.64 m2	No.568-8-43 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	203,980	Freehold	17-11-1997	Tenanted	4
7	Apartment 70.14 m2	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	74,210	Freehold	10-12-1999	Vacant	4
8	Shop Office 73.02 m2	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	64,100	Freehold	10-12-1999	Vacant	4
9	1 storey terrace house 121.0 m2	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	83,354	Freehold	6-10-2000	Vacant	1

additional compliance information

Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age of building (Year)
10 2 storey town house 149.8 m2	A21, Block 4 BParcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil Precinct 16 Putrajaya	346,550	Freehold	20-4-2001	Vacant	-
11 Office 172.8 m2	32-03(BK) 3 rd Floor Taman Juara Jaya Merchant Square Cheras Selangor Darul Ehsan	198,720	Freehold	21-12-2001	Vacant	2
12 Office 163.4 m2	32-03(FR) 3 rd Floor Taman Juara Jaya Merchant Square Cheras Selangor Darul Ehsan	192,960	Freehold	21-12-2001	Vacant	2

13. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS'S MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Pursuant to Practice Note 12/2000 issued by the Kuala Lumpur Stock Exchange, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 12 June 2003, are set out below:

Nature of Transactions/Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (7)		Aggregate value (8)	
		RM'000	RM'000	RM'000	RM'000
Subcontract works (1)		Subcontract From	Subcontract To	Subcontract From	Subcontract To
FE Group, FBS	Pipefab	-	10,000	-	3,714
Group, FSB	FMPS	40,000	-	15,579	-
Group	KAE	3,000	-	2,836	-
	Mechvac	-	4,000	-	-
FBS Group	Wai Soon	-	9,000	-	2,941

additional compliance information

Nature of Transactions/Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value (7)		Aggregate value (8)	
		RM'000	RM'000	RM'000	RM'000
Sales and Purchases of goods and services (2)		<u>Sell To</u>	<u>Purchase From</u>	<u>Sell To</u>	<u>Purchase From</u>
FHB, FE	FFT	–	4,000	–	1,416
Group, FBS	FMPS	1,000	–	586	–
Group, FSB	Pipefab	30	–	8	–
Group, ASB,	Fsabah	1,500	–	853	–
FMKT, MPS,	Merchvac	–	1,000	–	–
FSPL	KAE	50,000	5,000	8,582	–
FMKT	Wai Soon	20	–	14	–
Fusan Group (9)	H Rogers	–	1,500	–	–
Consultancy services (3)		<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
MFS	Eraspand	–	180	–	125
Royalty (4)		<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
FFT	AA (Asia)	–	1,000	–	119
Rental of office and warehouse (5)		<u>Rent To</u>	<u>Rent From</u>	<u>Rent To</u>	<u>Rent From</u>
MPYD	FFT		–	45	–
	FMPS/KAE		–	8	–
Fusan Group (9)	H Rogers	–	100	–	–
Provision of management support such as administration, information technology, human resources and training (6)		<u>Provided To</u>	<u>Provided From</u>	<u>Provided To</u>	<u>Provided From</u>
FHB, FDC	FFT	80	–	56	–
	FMPS	20	–	24	–
	KAE	10	–	–	–
Total Estimated value		95,775	35,780	28,591	8,315

additional compliance information

Notes:

- (1) *Portions of certain contracts secured are subcontracted due to certain product expertise unique to that particular company inclusive of manpower and miscellaneous items which are used in the installation of fire fighting protection and prevention equipment and systems and in the manufacture of fire rated doors by the Related Party. In turn, maximise from Fitters Group's expertise in project management in fire fighting, protection and prevention equipment and systems, the contracts secured by the Related Party are subcontracted to the Fitters Group in their ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.*
- (2) *Sales of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations. In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment is required in the normal course of business to optimise efficiency and to derive pricing economies. Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.*
- (3) *Consultancy services for technical expertise and design in the manufacturing of specialty floor panels.*
- (4) *Royalty payment accrued to AA (Asia) pursuant to a Royalty Agreement dated 12 January 2004 for the provision of technical knowledge for manufacturing of certain fire fighting equipment. The Royalty Agreement commenced on 31 August 2001 for 10 years and will expire on 30 August 2011.*
- (5) *The office and warehouse rented is located at Bangunan Fitters, which is registered under MPYD. A total of 4,500 square feet of warehouse space is rented out to FFT and 1,000 square feet of office space is rented out to FMPS. FMPS then sublet a small representative office to KAE. The current rental rate per month ranges from RM0.53 per square foot for warehouse to RM1.30 per square foot for office per month, which are subject to periodic review. The tenancies are for a period of three years commencing from 31 December 2002. The rental rates are determined after taking into consideration the prevailing market rate, tenure, space and support services, which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.*
- (6) *The training provided is mainly in respect of product knowledge, upgraded technical aspects of the products and computer training. Transaction prices are generally determined based on cost plus taking into consideration the nature, complexity of the required training and it is at a rate not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.*
- (7) *The estimated transaction values were 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 were further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. As indicated in the Circular to the Shareholders dated 21 May 2003, in relation to the Shareholders' Mandate on 12 June 2003, due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed.*
- (8) *Aggregate value of sales/(purchases) are made up to 30 April 2004, being the latest practical date.*
- (9) *On 16 June 2003, Fusan Clays & Glazes Sdn Bhd (Fusan Group) were disposed by FHB. Thus the Shareholders' Mandate obtained on 12 June 2003 was not applicable.*

additional compliance information

(10) *Abbreviations used above:*

<i>AA (Asia)</i>	Australian Aerosols (Asia) Pty Ltd
<i>ASB</i>	Armatrade Sdn Bhd
<i>Eraspand</i>	Eraspand Sdn Bhd
<i>FBS</i>	Fitters Building Services Sdn Bhd
<i>FDC</i>	Fitters dotCom Sdn Bhd
<i>FE</i>	Fitters Engineering Services Sdn Bhd <i>(formerly known as Fimatic Engineering Sdn Bhd)</i>
<i>FFT</i>	Fitters Fire Technology Sdn Bhd
<i>FHB</i>	Fitters Holdings Berhad
<i>FMKT</i>	Fitters Marketing Sdn Bhd
<i>FMPS</i>	Fitters-MPS Sdn Bhd <i>(formerly known as Fimatic-MPS Sdn Bhd)</i>
<i>Fsabah</i>	Fitters (Sabah) Sdn Bhd
<i>FSB</i>	Fitters Sdn Bhd
<i>FSPL</i>	Fitters (S) Pte Ltd
<i>H Rogers</i>	H Rogers (M) Sdn Bhd
<i>KAE</i>	Kawalan Api Engineering Sdn Bhd
<i>Mechvac</i>	Mechvac Engineering Sdn Bhd
<i>MFS</i>	Modular Floor Systems (M) Sdn Bhd
<i>MPS</i>	Master Pyroserve Sdn Bhd
<i>MPYD</i>	Master Pyrodor Sdn Bhd
<i>Pipefab</i>	Pipefabricators Sdn Bhd
<i>Wai Soon</i>	Wai Soon Engineering Sdn Bhd

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

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 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. During the financial year, the Company commenced the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 4 to the financial statements. During the financial year, the Group exited from the manufacturing and trading of ceramic material business with the disposal of Fusan Clay & Glazes Sdn Bhd.

Apart from the above, there have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	6,343,839	2,081,449
Minority interests	(44,614)	–
Profit for the year	6,299,225	2,081,449

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

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

On 1 August 2003, the Company paid a final dividend of 2% less tax at 28%, in respect of the financial year ended 31 December 2002, amounting to RM542,646.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 December 2003, of 4% less 28% taxation on 41,451,728 ordinary shares, amounting to a total dividend of RM1,193,810 (2.88 sen net per share) will be proposed for 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 shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.



DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

En Mohammad Nizar bin Idris	Chairman
YBhg Dato' Wong Swee Yee	Managing Director
YBhg Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	Non-Independent and Non-Executive Director
Mr Wong Cheek Lung	Non-Independent and Non-Executive Director
En Mohamad Jamil bin Mohd Yusof	Independent Non-Executive Director
Mr Kong Sin Seng	Independent Non-Executive Director
Mr Peter Goh Cheng Eng	(resigned on 31 December 2003)
<i>(Alternate Director to Dato' Wong Swee Yee)</i>	
En Zahedi bin Haji Mohd Zain	
<i>(Alternate Director to Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali)</i>	
Mr Wong Swee Seong	
<i>(Alternate Director to Wong Cheek Lung)</i>	

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 acquisition of shares in or debentures of the Company or any other body corporate.

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 as shown in Note 25 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 January 2003	Bought	Sold	31 December 2003
Company				
Direct interest				
Wong Cheek Lung	1,668	–	–	1,668
Dato' Wong Swee Yee	14,262,252	603,600	–	14,865,852
Zahedi bin Haji Mohd Zain	3,189,856	–	3,188,900	956
Wong Swee Seong	895,668	–	–	895,668
Peter Goh Cheng Eng	942,183	–	–	942,183



	Number of Ordinary Shares of RM1 Each			31 December 2003
	1 January 2003	Bought	Sold	
Company				
Indirect interest				
Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	37,500	—	—	37,500
Zahedi bin Haji Mohd Zain	37,500	—	—	37,500
Subsidiary				
Direct interest				
- Fimatic-MPS Sdn Bhd				
Zahedi bin Haji Mohd Zain	300,000	—	—	300,000

By virtue of his interest in shares in the Company, Dato' Wong Swee Yee is also deemed interested in shares in all of the Company's subsidiaries to the extent the Company has an interest.

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM37,683,728 to RM41,451,728 by way of a private placement of 3,768,000 ordinary shares of RM1 each. The new ordinary shares, which were granted listing and quotation on the Second Board of Malaysia Securities Exchange Berhad on 9 July 2003, rank pari passu in all respects with existing ordinary shares. The proceeds from this private placement were utilised to repay part of the Company's borrowings.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") 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 27 November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4 May 2001.

The scheme has yet to be implemented as at the end of the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value 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 provision for doubtful debts 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) As 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 liability 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 liability has 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.

EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 12 January 2004, the Company announced a special issue of 3,401,000 new ordinary shares of RM1 each ("Special Issue Shares") to Bumiputera investors ("Proposed Special Issue"). The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividend that may be declared in respect of financial year ended 31 December 2003 as well as to any rights, allotments and/or any other distributions the entitlement of which is prior to the allotment of the Special Issue Shares.

The Proposed Special Issue is to comply with the Bumiputera equity condition imposed by the Foreign Investment Committee ("FIC") vide its letter dated 17 January 2000 (the "Condition") by 31 December 2000. In this respect, the FIC, vide its letter dated 28 February 2004, has granted an extension of time up to 31 December 2004 for the Company to comply with the condition.



AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors

YBHG DATO' WONG SWEE YEE

ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia

Date: 15 April 2004

statement by directors

pursuant to section 169 (15) of the Companies act, 1965

We, **DATO' WONG SWEE YEE** and **ZAHEDI BIN HAJI MOHD ZAIN**, being two of the Directors of **FITTERS HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 61 to 104 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

YBHG DATO' WONG SWEE YEE

ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia

Date: 15 April 2004

statutory declaration

pursuant to section 169 (16) of the Companies act, 1965

I, **CHONG WEI WEI**, being the Officer primarily responsible for the financial management of **FITTERS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 104 are in my opinion 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.

Subscribed and solemnly declared by the abovenamed
CHONG WEI WEI at Kuala Lumpur in the Federal Territory
on 15 April 2004.

CHONG WEI WEI

Before me,

report of the auditors

to the members of Fitters Holdings Berhad (incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 61 to 104. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia

Date: 15 April 2004

SEE HUEY BENG
No. 1495/03/05 (J)
Partner

balance sheets

as at 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	16,654,746	19,993,535	2,950,545	3,093,662
Investments in subsidiaries	4	–	–	31,446,898	33,087,979
Other investments	5	1,870,992	1,663,000	–	–
Property development expenditure	6	171,799	171,799	–	–
Goodwill on consolidation	7	14,995,741	14,697,264	–	–
		33,693,278	36,525,598	34,397,443	36,181,641
CURRENT ASSETS					
Inventories	8	10,107,190	11,406,239	–	–
Due from customers on contracts	9	15,249,421	13,903,232	–	–
Trade receivables	10	33,008,948	32,577,927	–	–
Other receivables		2,044,781	1,643,863	748,975	103,964
Tax recoverable		2,218,682	2,239,855	1,290,241	1,373,518
Due from subsidiaries	11	–	–	15,821,996	15,567,810
Deposits with financial institutions	12	212,105	1,239,492	–	215,811
Cash and bank balances		2,603,406	2,769,343	3,501	2,808
		65,444,533	65,779,951	17,864,713	17,263,911
CURRENT LIABILITIES					
Due to customers on contracts	9	1,134,386	1,651,537	–	–
Trade payables	13	11,239,430	14,979,762	364,500	–
Other payables	14	6,863,759	4,459,366	452,264	363,008
Due to subsidiaries	11	–	–	1,267,430	785,095
Hire purchase and finance lease payables	15	277,976	355,679	–	–
Bank borrowings	16	15,761,892	26,155,521	1,040,058	8,466,348
Provision for taxation		693,365	92,551	–	–
		35,970,808	47,694,416	3,124,252	9,614,451
NET CURRENT ASSETS		29,473,725	18,085,535	14,740,461	7,649,460
		63,167,003	54,611,133	49,137,904	43,831,101

balance sheets

as at 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
FINANCED BY:					
SHARE CAPITAL AND RESERVES					
Share capital	17	41,451,728	37,683,728	41,451,728	37,683,728
Reserves	18	18,410,643	12,768,306	7,486,612	6,068,373
Shareholders' equities		59,862,371	50,452,034	48,938,340	43,752,101
Minority interests		1,471,942	2,151,501	–	–
		61,334,313	52,603,535	48,938,340	43,752,101
NON-CURRENT LIABILITIES					
Hire purchase and finance lease payables	15	821,698	824,303	–	–
Bank borrowings	16	541,594	334,674	–	–
Deferred taxation	19	469,398	848,621	199,564	79,000
Non-current liabilities		1,832,690	2,007,598	199,564	79,000
		63,167,003	54,611,133	49,137,904	43,831,101

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

income statements

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	20	115,462,602	89,668,850	7,012,940	1,098,000
Cost of sales	21	(86,539,016)	(61,781,577)	(3,737,983)	–
Gross profit		28,923,586	27,887,273	3,274,957	1,098,000
Other operating income	22	984,644	890,861	1,484,850	1,709,739
Distribution expenses		(2,766,253)	(2,387,731)	(127,253)	(47,480)
Administrative expenses		(17,841,675)	(18,791,885)	(1,828,029)	(1,760,940)
Other operating expenses		(202,839)	(1,738,266)	–	–
Loss on disposal of discontinuing operations	23	(134,832)	–	(111,081)	–
Profit from operations	24	8,962,631	5,860,252	2,693,444	999,319
Finance costs	26	(1,181,090)	(1,444,852)	(348,678)	(693,220)
Profit before taxation		7,781,541	4,415,400	2,344,766	306,099
Taxation	27	(1,437,702)	(1,626,542)	(263,317)	(32,751)
Profit after taxation		6,343,839	2,788,858	2,081,449	273,348
Minority interests		(44,614)	87,085	–	–
Profit for the year		6,299,225	2,875,943	2,081,449	273,348
Earnings per share	28	15.90 sen	7.63 sen		
Dividends per share	29	1.44 sen	–	1.44 sen	–

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

statements of changes in equity

for the year ended 31 December 2003

	Note	Share capital RM	Non-distributable			Exchange reserve RM	Distributable Retained profits RM	Total RM
			Share premium RM	Capital reserve RM	Revaluation reserve RM			
Group								
At 1 January 2002		25,122,485	3,206,022	1,360,010	774,022	211,489	17,047,724	47,721,752
Bonus issue	17	12,561,243	-	-	-	-	(12,561,243)	-
Foreign exchange translation differences		-	-	-	-	(145,661)	-	(145,661)
Profit for the year		-	-	-	-	-	2,875,943	2,875,943
At 31 December 2002		37,683,728	3,206,022	1,360,010	774,022	65,828	7,362,424	50,452,034
Issue of share capital	17	3,768,000	-	-	-	-	-	3,768,000
Foreign exchange translation differences		-	-	-	-	6,322	-	6,322
Profit for the year		-	-	-	-	-	6,299,225	6,299,225
Dividends	29	-	-	-	-	-	(542,646)	(542,646)
Adjustment for deferred tax	19	-	-	-	(120,564)	-	-	(120,564)
At 31 December 2003		41,451,728	3,206,022	1,360,010	653,458	72,150	13,119,003	59,862,371

	Note	Share capital RM	Non-distributable		Revaluation reserve RM	Distributable Retained profits RM	Total RM
			Share premium RM	Capital reserve RM			
Company							
At 1 January 2002		25,122,485	3,206,022	-	653,743	14,496,503	43,478,753
Bonus issue	17	12,561,243	-	-	-	(12,561,243)	-
Profit for the year		-	-	-	-	273,348	273,348
At 31 December 2002		37,683,728	3,206,022	-	653,743	2,208,608	43,752,101
Issue of share capital	17	3,768,000	-	-	-	-	3,768,000
Profit for the year		-	-	-	-	2,081,449	2,081,449
Dividends	29	-	-	-	-	(542,646)	(542,646)
Adjustment for deferred tax	19	-	-	-	(120,564)	-	(120,564)
At 31 December 2003		41,451,728	3,206,022	-	533,179	3,747,411	48,938,340

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

cash flow statements

for the year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	7,781,541	4,415,400	2,344,766	306,099
Adjustments for:				
Depreciation of property, plant and equipment	1,515,259	1,591,494	150,255	165,657
Bad debts written off	509,510	31,500	–	–
Net (gain)/loss on foreign exchange	(128,074)	99,269	(4,813)	(7,070)
Interest expense	1,181,090	1,444,852	348,678	693,220
Interest income	(137,221)	(67,933)	(2,893)	(894,124)
Dividend income	–	–	(643,000)	(1,098,000)
Impairment of goodwill on consolidation	–	1,056,771	–	–
Property, plant and equipment written off	6,113	432	–	–
Gain on disposal of property, plant and equipment	(42,534)	(28,997)	–	(3,149)
Loss on disposal of quoted loan stocks	–	1,204	–	–
Loss on disposal of a subsidiary	134,832	–	111,081	–
Inventories written off	–	589,976	–	–
Provision for impairment of value in investments	58,610	–	–	–
Provision for doubtful debts	202,839	1,738,266	–	–
Operating profit/(loss) before working capital changes	11,081,965	10,872,234	2,304,074	(837,367)
Changes in working capital:				
Inventories	493,761	(2,369,156)	–	–
Due from/(to) customers on contracts	(1,863,340)	(6,670,063)	–	–
Receivables	(5,437,480)	(14,951)	(645,011)	129,906
Payables	653,044	2,984,553	458,569	(325,855)
Subsidiary companies	–	–	871,149	4,722,152
Net cash generated from operations	4,927,950	4,802,617	2,988,781	3,688,836
Interest paid	(1,181,090)	(1,444,852)	(348,678)	(693,220)
Income tax paid	(1,298,215)	(2,428,982)	(180,040)	(163,207)
Net cash generated from operating activities	2,448,645	928,783	2,460,063	2,832,409

cash flow statements

for the year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Uplift of deposits/(deposits pledged) as securities for borrowing facilities	971,576	(162,035)	–	–
Purchase of property, plant and equipment	(714,760)	(1,335,683)	(7,138)	(574)
Proceeds from disposals of:				
- property, plant and equipment	367,641	30,931	–	3,990
- quoted loan stocks	–	26,796	–	–
- quoted shares	278,557	–	–	–
Net proceeds from disposal of a subsidiary (Note 23)	2,460,995	–	1,530,000	–
Property development expenditure	–	(1,500)	–	–
Interest received	137,221	67,933	2,893	6,872
Net cash generated from /(used in) investing activities	3,501,230	(1,373,558)	1,525,755	10,288
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of hire purchase obligations	(531,964)	(299,758)	–	–
Drawdown of term loans	1,489,090	409,129	–	–
Repayment of term loans	(437,788)	(231,022)	–	–
Proceeds from share issue	3,768,000	–	3,768,000	–
(Repayment)/drawdown of revolving credit, trust receipts and bankers' acceptances	(7,360,507)	816,843	(6,049,910)	(1,603,560)
Dividends paid	(542,646)	–	(542,646)	–
Net cash (used in)/generated from financing activities	(3,615,815)	695,192	(2,824,556)	(1,603,560)
Net increase in cash and cash equivalents	2,334,060	250,417	1,161,262	1,239,137
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(5,814,500)	(6,064,917)	(2,197,819)	(3,436,956)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(3,480,440)	(5,814,500)	(1,036,557)	(2,197,819)
Cash and cash equivalents comprise the following:				
Deposits with licensed financial institutions	212,105	1,239,492	–	215,811
Cash and bank balances	2,603,406	2,769,343	3,501	2,808
Bank overdrafts	(6,243,846)	(8,799,654)	(1,040,058)	(2,416,438)
	(3,428,335)	(4,790,819)	(1,036,557)	(2,197,819)
Less: Deposits pledged as securities for borrowing facilities	(52,105)	(1,023,681)	–	–
	(3,480,440)	(5,814,500)	(1,036,557)	(2,197,819)

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

notes to the financial statements

- 31 December 2003

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding. During the financial year, the Company commenced the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 4. During the financial year, the Group exited from the manufacturing and trading of ceramic material business with the disposal of Fusan Clay and Glazes Sdn Bhd.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Malaysia Securities Exchange Berhad. The registered office of the Company is located at:

Bangunan Fitters
Lot 2221, Kampung Jaya Industrial Area
47000 Sungai Buloh
Selangor Darul Ehsan.

The Group and the Company have 232 (2002: 291) and 16 (2002: 18) employees respectively at the end of financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of land and buildings included under property, plant and equipment.

These financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 28	Discontinuing Operations
MASB 29	Employee Benefits

The adoption of the abovementioned MASB Standards did not give rise to any material adjustment to the opening balances of retained profits of the prior and current years or to changes in comparatives.

notes to the financial statements

- 31 December 2003

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup 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.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Goodwill is not amortised but is written down when impairment in the carrying amount is identified.

(d) Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, modified to include revaluation of land and buildings, less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Certain land and buildings of the Company have not been revalued since they were first revalued in 1994. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation.

notes to the financial statements

- 31 December 2003

Freehold land and asset in the course of construction are not depreciated. Depreciation on asset in the course of construction commences when the asset is ready for its intended use. Leasehold land is depreciated over the period of the respective leases which range from 50 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Plant and machinery	20%
Motor vehicles	20%
Tools and office equipment	10% - 33 1/3%
Furniture and fittings	10%
Renovation	10%

Upon the disposal of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Revenue recognition

Revenue is recognised when delivery has occurred or services have been rendered, the price is fixed or can be measured reliably and collectibility is reasonably assured. In addition, revenue from the following sources is recognised when the conditions attached are met:

(i) Contract revenue

Revenue from construction contracts is accounted for by the percentage of completion method as described Note 2(i).

(ii) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(iii) Revenue from services

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

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(vi) Rental income

Rental income is recognised ratably over the tenancy period unless collectibility is in doubt.

notes to the financial statements

- 31 December 2003

(g) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work in progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(h) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign subsidiaries are translated at year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:

Foreign currency	2003 RM	2002 RM
1 Singapore Dollar	2.23	2.19
1 Sterling Pound	6.74	6.16
1 United State Dollar	3.83	3.83
1 Euro Dollar	4.79	4.00
1 Australia Dollar	2.85	2.16

(i) Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. 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 it is probable will be recoverable.

notes to the financial statements

- 31 December 2003

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

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

(j) Property development expenditure

Development expenditures are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. The adoption of this MASB Standard did not give rise to any material adjustment to the opening balances of retained profits of the prior and current years or to changes in comparatives.

(l) Hire purchase and finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating lease.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

notes to the financial statements

- 31 December 2003

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(m) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(p) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

notes to the financial statements

- 31 December 2003

(q) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest bearing borrowings

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

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3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work in progress RM	Total RM
Valuation/Cost								
At 1 January 2003	14,730,155	5,018,939	1,656,837	4,451,903	1,383,722	496,308	2,099,913	29,837,777
Additions	-	299,826	625,800	97,302	2,742	-	189,090	1,214,760
Written off	-	(87,600)	-	(42,960)	-	-	-	(130,560)
Disposals	-	-	(541,449)	-	-	-	-	(541,449)
Disposal of subsidiary (Note 23)	(2,200,755)	(1,564,639)	(118,700)	(86,730)	(9,996)	(207,590)	-	(4,188,410)
Exchange differences	-	-	-	1,167	567	-	-	1,734
Reclassification	346,550	-	-	-	-	-	(346,550)	-
At 31 December 2003	12,875,950	3,666,526	1,622,488	4,420,682	1,377,035	288,718	1,942,453	26,193,852
Accumulated depreciation								
At 1 January 2003	1,545,325	2,615,007	831,747	3,585,304	941,735	325,124	-	9,844,242
Charge for the year	215,662	487,085	292,451	343,970	123,257	52,834	-	1,515,259
Written off	-	(87,594)	-	(36,853)	-	-	-	(124,447)
Disposals	-	-	(216,342)	-	-	-	-	(216,342)
Disposal of subsidiary (Note 23)	(217,229)	(900,257)	(83,200)	(66,912)	(6,940)	(206,661)	-	(1,481,199)
Exchange differences	-	-	-	1,042	551	-	-	1,593
At 31 December 2003	1,543,758	2,114,241	824,656	3,826,551	1,058,603	171,297	-	9,539,106
Net book value								
At 31 December 2003	11,332,192	1,552,285	797,832	594,131	318,432	117,421	1,942,453	16,654,746
At 31 December 2002	13,184,830	2,403,932	825,090	866,599	441,987	171,184	2,099,913	19,993,535
Depreciation charge for 2002								
	242,827	537,870	256,792	355,842	131,235	66,928	-	1,591,494

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

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM	Net book value RM	
GROUP						
31 December 2003						
- At cost	2,969	–	8,246,866	8,249,835	7,172,101	
- At valuation	2,196,218	–	2,429,897	4,626,115	4,160,091	
	2,199,187	–	10,676,763	12,875,950	11,332,192	
31 December 2002						
- At cost	2,969	1,085,538	9,015,533	10,104,040	8,973,171	
- At valuation	2,196,218	–	2,429,897	4,626,115	4,211,659	
	2,199,187	1,085,538	11,445,430	14,730,155	13,184,830	
	Land and building RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
COMPANY						
Valuation/Cost						
At 1 January 2003	3,197,741	101,949	9,674	771,139	349,729	4,430,232
Additions	–	–	–	6,138	1,000	7,138
At 31 December 2003	3,197,741	101,949	9,674	777,277	350,729	4,437,370
Accumulated depreciation						
At 1 January 2003	417,425	98,824	5,412	608,071	206,838	1,336,570
Charge for the year	48,598	3,121	1,935	61,651	34,950	150,255
At 31 December 2003	466,023	101,945	7,347	669,722	241,788	1,486,825
Net book value						
At 31 December 2003	2,731,718	4	2,327	107,555	108,941	2,950,545
At 31 December 2002	2,780,316	3,125	4,262	163,068	142,891	3,093,662
Depreciation charge for 2002						
	48,598	6,298	2,213	73,239	35,309	165,657

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

Company	Freehold land RM	Net book Buildings RM	Total RM	value RM
31 December 2003:				
At valuation	764,875	2,429,897	3,194,772	2,731,718
At cost	2,969	–	2,969	–
	767,844	2,429,897	3,197,741	2,731,718
31 December 2002:				
At valuation	764,875	2,429,897	3,194,772	2,780,316
At cost	2,969	–	2,969	–
	767,844	2,429,897	3,197,741	2,780,316

- (a) Had the revalued land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the net book value of these properties would have been as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Freehold land	1,878,000	1,878,000	618,535	618,535
Buildings	1,553,724	1,592,175	1,553,724	1,592,175
	3,431,724	3,470,175	2,172,259	2,210,710

The land and buildings of the Group and Company have not been revalued since they were first revalued in 1994. The Directors have not adopted a policy of regular revaluations of these properties. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these properties continue to be stated at their 1994 valuation less accumulated depreciation.

- (b) Net book values of assets as at the balance sheet date held under hire purchase and finance lease arrangements are as follows:

	Group	
	2003 RM	2002 RM
Motor vehicles	686,056	639,215
Plant and machinery	504,391	696,067
	1,190,447	1,335,282

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- (c) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,214,760 (2002: RM2,580,856) of which RM500,000 (2002: RM1,245,173) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.
- (d) The net book values of property, plant and equipment pledged as securities for bank borrowings obtained as at the balance sheet date are as follows:

	Group	
	2003 RM	2002 RM
Freehold land and building	346,550	–
Long leasehold land	–	1,011,192
Buildings	–	981,096
Capital work in progress	–	157,460
Plant and machinery	3,294	1,753
Motor vehicles	60,322	140,752
Furniture and fittings	40	101
Office equipment	8,292	11,234
	418,498	2,303,588

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003 RM	2002 RM
At cost:		
Unquoted investments	31,446,898	33,087,979

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest		Principal Activities
	2003 %	2002 %	
Subsidiaries of the Company:			
Fitters Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment
Master Pyrodor Sdn Bhd	100	100	Property holdings
Pyrodor Sdn Bhd	100	100	Ceased operations
Fitters (S) Pte Ltd *	100	100	Trading and installation of fire safety materials and equipment

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Name of Company	Group Equity Interest		Principal Activities
	2003 %	2002 %	
Fitters Engineering Sdn Bhd	100	100	Ceased operations
Fitters Engineering Services Sdn Bhd (formerly known as Fimatic Engineering Sdn Bhd)	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Marketing Sdn Bhd	100	100	Marketing of fire resistant doors and general building materials
Securiton (M) Sdn Bhd	100	100	Ceased operations
Fitters Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters dotCom Sdn Bhd	100	100	E-enable businesses and IT- related activities
Fitters-MPS Sdn Bhd (formerly known as Fimatic- MPS Sdn Bhd)	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Concession to install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba Dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems and sales of automotive parts and equipment
Fusan Clays & Glazes Sdn Bhd #	–	73	Manufacture and supply of ceramic raw materials

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Name of Company	Group Equity Interest		Principal Activities
	2003 %	2002 %	
Subsidiaries of Fitters Sdn Bhd:			
Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories
Fitters-BES JV Sdn Bhd	70	70	Ceased operations
Fitters Property Development Sdn Bhd	100	100	Property development
Fitters Manufacturing Sdn Bhd	100	100	Investment holding
Fitters (Penang) Sdn Bhd	100	100	Ceased operations
Fitters (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment
Fitters (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
Fitters Trading Sdn Bhd	100	100	Ceased operations
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels
Subsidiary of Fitters Building Services Sdn Bhd:			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames
Subsidiaries of Fitters Engineering Services Sdn Bhd (formerly known as Fimatic Engineering Sdn Bhd):			
Fitters Maintenance Services Sdn Bhd (formerly known as Fimatic Maintenance Services Sdn Bhd)	100	100	Maintenance of all types of fire protection systems
Fitters Engineering (Johor) Sdn Bhd (formerly known as Fimatic Engineering (Johor) Sdn Bhd)	100	100	Design, supply, installation, repair and maintenance of fire protection systems
Fimatic Engineering Services (S) Sdn Bhd	100	100	Ceased operations

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Name of Company	Group Equity Interest		Principal Activities
	2003 %	2002 %	
Subsidiaries of Fitters Manufacturing Sdn Bhd:			
Fitters Fire Technology Sdn Bhd	51	51	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	51	51	Manufacture and trading of raised access-flooring systems
Subsidiaries of Fitters - MPS Sdn Bhd (formerly known as Fimatic - MPS Sdn Bhd):			
Pipefabricators Sdn Bhd	100	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Design, installation and maintenance of fire protection systems in the East Coast of Peninsular Malaysia
Subsidiary of Fusan Clays & Glazes Sdn Bhd:			
HRM Minerals Sdn Bhd #	–	99	Trading in ceramic raw materials, equipment and related products
Subsidiary of Fitters dotCom Sdn Bhd:			
IT Vault Solutions Sdn Bhd	100	100	Provision of services to facilitate IT and computer set-up
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	–	Trading of raised floor panels

Except for Fitters (S) Pte Ltd and Titan Access Floors Limited, which are incorporated in Republic of Singapore and United Kingdom respectively, all other subsidiaries are incorporated in Malaysia.

- * Audited by member firms of Ernst & Young Global
- # Audited by firms of auditors other than Ernst & Young

The Group incorporated a subsidiary, Titan Access Floors Limited, in the United Kingdom on 7 April 2003 with a share capital of 1 ordinary share of GBP1.00 each. The subsidiary commenced operations on 30 June 2003. The results of Titan since the date of incorporation is not material to the Group.

On 16 June 2003, the Group disposed off its entire equity interest in Fusan Clay & Glazes Sdn Bhd. The effects of the disposal are disclosed in Note 23 to the financial statements.

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5. OTHER INVESTMENTS

	Group	
	2003 RM	2002 RM
At cost:		
Corporate membership in golf club	140,000	140,000
Loan stocks quoted in Malaysia	285,000	223,000
Less: Accumulated impairment losses	(58,610)	–
	226,390	223,000
Shares quoted in Malaysia	204,602	–
Unquoted preference shares	1,300,000	1,300,000
	1,870,992	1,663,000
Market value of quoted loan stocks and shares	373,073	133,800

6. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2003 RM	2002 RM
At cost:		
Property development expenditure	171,799	171,799

Property development expenditure represents preliminary expenditure incurred on a property development project undertaken by the Group. The Directors, having performed an impairment review and considered all available information, view the project as viable. The Directors are relatively confident that, albeit the uncertainty, all costs in relation to the project can be recovered. Accordingly, no write down has been made on the property development expenditure.

7. GOODWILL ON CONSOLIDATION

	Group	
	2003 RM	2002 RM
At cost:		
At 1 January	14,697,264	15,754,035
Add: Negative goodwill disposed (Note 23)	298,477	–
	14,995,741	15,754,035
Less: Impairment losses recognised in income statement	–	(1,056,771)
At 31 December	14,995,741	14,697,264

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8. INVENTORIES

	Group	
	2003 RM	2002 RM
At cost:		
Raw materials	5,125,482	6,159,969
Finished goods	4,981,708	5,246,270
	10,107,190	11,406,239

9. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2003 RM	2002 RM
Construction contract costs incurred to date	85,628,779	103,581,844
Add: Attributable profits	14,223,192	12,505,268
	99,851,971	116,087,112
Less : Progress billings	(85,736,936)	(103,835,417)
	14,115,035	12,251,695
Represented by:		
Due from customers on contracts	15,249,421	13,903,232
Due to customers on contracts	(1,134,386)	(1,651,537)
	14,115,035	12,251,695

Included in amount due from customers on contracts is an amount of RM2,997,652 for the cost of work which has been carried out but is currently under dispute as disclosed in Note 31(b) to the financial statements.

10. TRADE RECEIVABLES

	Group	
	2003 RM	2002 RM
Trade receivables	35,865,918	40,475,651
Retention sums on contracts	2,987,937	1,830,671
	38,853,855	42,306,322
Less: Provision for doubtful debts	(5,844,907)	(9,728,395)
	33,008,948	32,577,927

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Movements in provision for doubtful debts during the year are as follows:

	RM
Balance as at 1 January 2003	9,728,395
Add: Current year provision	737,509
Less: Bad debts recovered	(534,670)
Bad debts written off	(3,932,134)
Disposal of subsidiary	(154,193)
<hr/>	
Balance as at 31 December 2003	5,844,907

Included in trade receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM4,720,104 (2002: RM1,565,334), out of which, RM2,692,373 is due from a director related company, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 30.

In assessing the extent of irrecoverable 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 amounts, as fully recoverable. Accordingly, no further provision has been made in respect of these amounts.

The Group's normal trade credit term ranges from 30 days to 60 days. Other credit terms are assessed and approved on a case to case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

11. DUE FROM/(TO) SUBSIDIARIES

The amounts due from and to subsidiaries are unsecured, interest free and have no fixed terms of repayment. However, in the previous year, amounts aggregating RM10,858,322 due from certain subsidiaries bore interest at 8% per annum.

12. DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with financial institutions of the Group amounting to RM52,105 (2002: RM1,023,681) are pledged as securities for borrowing facilities granted to certain subsidiaries.

As at balance sheet date, the deposits bear a weighted average interest rate of 3.25% (2002: 3.25%) per annum with an average maturity of approximately 365 days (2002: 197 days).

13. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 60 days although it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 12 months.

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14. OTHER PAYABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables	1,026,947	637,909	53,655	65,710
Accruals	5,664,812	3,651,853	232,609	137,298
Rental deposits	172,000	169,604	166,000	160,000
	6,863,759	4,459,366	452,264	363,008

15. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2003 RM	2002 RM
Minimum lease payments:		
Not later than 1 year	359,572	477,919
Later than 1 year and not later than 2 years	349,009	450,217
Later than 2 years and not later than 5 years	563,694	497,805
	1,272,275	1,425,941
Less: Future finance charges	(172,601)	(245,959)
Present value of hire purchase and finance lease liabilities	1,099,674	1,179,982
Present value of hire purchase and finance lease liabilities:		
Not later than 1 year	277,976	355,679
Later than 1 year and not later than 2 years	294,578	379,523
Later than 2 years and not later than 5 years	527,120	444,780
	1,099,674	1,179,982
Analysed as:		
Due within 12 months	277,976	355,679
Due after 12 months	821,698	824,303
	1,099,674	1,179,982

The hire purchase and finance lease liabilities bear interest during the financial year at rates ranging from 3.3% to 6.5% (2002: 4.5% to 6.5%) per annum.

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16. BANK BORROWINGS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Short term borrowings				
Secured:				
Bank overdrafts	–	1,139,122	–	–
Bankers' acceptances	–	116,000	–	–
Term loans	24,066	265,728	–	–
Trust receipts	–	99,364	–	–
	24,066	1,620,214	–	–
Unsecured:				
Bank overdrafts	6,243,846	7,660,532	1,040,058	2,416,438
Revolving credits	1,000,000	8,049,910	–	6,049,910
Bankers' acceptances	7,843,980	6,966,423	–	–
Trust receipts	–	1,858,442	–	–
Term loans	650,000	–	–	–
	15,737,826	24,535,307	1,040,058	8,466,348
	15,761,892	26,155,521	1,040,058	8,466,348
Long term borrowing				
Secured:				
Term loans	216,594	334,674	–	–
Unsecured:				
Term loans	325,000	–	–	–
	541,594	334,674	–	–
Total borrowings				
Bank overdrafts	6,243,846	8,799,654	1,040,058	2,416,438
Revolving credits	1,000,000	8,049,910	–	6,049,910
Bankers' acceptances	7,843,980	7,082,423	–	–
Trust receipts	–	1,957,806	–	–
Term loans	1,215,660	600,402	–	–
	16,303,486	26,490,195	1,040,058	8,466,348
Maturity of borrowings				
Within 1 year	15,761,892	26,155,521	1,040,058	8,466,348
More than 1 year and less than 2 years	349,066	125,812	–	–
More than 2 years and less than 5 years	72,198	157,292	–	–
5 years and more	120,330	51,570	–	–
	16,303,486	26,490,195	1,040,058	8,466,348

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The bank borrowings bear interests at the following range of rates during the year:

	Group/Company	
	2003 %	2002 %
Bank overdrafts	5.5 to 8.4	7.9 to 8.9
Revolving credits	3.6 to 8.4	3.9 to 8.4
Bankers' acceptances	3.0 to 5.3	3.0 to 3.9
Trust receipts	7.3 to 8.4	5.2 to 8.4
Term loans	5.5 to 8.5	3.9 to 8.4

One of the term loan is secured by a first legal charge over the freehold land and building of the subsidiary as well as a corporate guarantee by the Company.

The unsecured borrowings are guaranteed by the Company and certain subsidiaries.

17. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amounts	
	2003	2002	2003 RM	2002 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January	37,683,728	25,122,485	37,683,728	25,122,485
Issued during the year, at par	3,768,000	12,561,243	3,768,000	12,561,243
At 31 December	41,451,728	37,683,728	41,451,728	37,683,728

During the financial year, the Company increased its issued and paid-up share capital from RM37,683,728 to RM41,451,728 by way of a private placement of 3,768,000 ordinary shares of RM1 each. The new ordinary shares, which were granted listing and quotation on the Second Board of Malaysia Securities Exchange Berhad on 9 July 2003, rank pari passu in all respects with existing ordinary shares. The proceeds from this private placement were utilised to repay part of the Company's borrowings.

18. RESERVES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Share premium	3,206,022	3,206,022	3,206,022	3,206,022
Capital reserve	1,360,010	1,360,010	–	–
Revaluation reserve	653,458	774,022	533,179	653,743
Foreign exchange reserve	72,150	65,828	–	–
Retained profits	13,119,003	7,362,424	3,747,411	2,208,608
	18,410,643	12,768,306	7,486,612	6,068,373

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Apart from the retained profits, all other reserves of the Group and of the Company are non-distributable.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at balance sheet date.

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

(a) Share premium

Share premium is in respect of issue of shares, net of its related expenses.

(b) Capital reserve

Capital reserve arose from bonus issues by subsidiaries.

(c) Revaluation reserve

Revaluation reserve includes the cumulative net change in fair value of land and buildings.

(d) Foreign exchange reserve

Foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

19. DEFERRED TAXATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At 1 January	848,621	725,125	79,000	79,000
Adjustment for deferred tax on revaluation reserve	120,564	–	120,564	–
Recognised in the income statement (Note 27)	(494,446)	123,496	–	–
Disposal of subsidiary (Note 23)	(5,341)	–	–	–
At 31 December	469,398	848,621	199,564	79,000

The deferred tax liabilities as at balance sheet date represent liabilities arising from the excess of capital allowances claimed in advance of book depreciation.

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The following components of deferred tax have not been recognised in respect of the following items:

	Group	
	2003 RM	2002 RM
Excess of capital allowance claimed in advance of book depreciation	(679,409)	(5,022,324)
Unused tax losses	2,742,518	2,501,680
Unabsorbed capital allowances	772,884	2,625,444
Other deductible temporary differences	(83,438)	734,922
Unabsorbed reinvestment allowance	–	702,405
	2,752,555	1,542,127
Net deferred tax benefits at 28%	770,715	431,796

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as the Group could not anticipate their realisations.

Deferred tax is not provided for on the surplus arising from the revaluation of land and buildings in the prior year as it is immaterial.

The unutilised tax losses and unabsorbed capital allowances of the Group are subject to the agreement with the Inland Revenue Board.

20. REVENUE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Revenue comprises the following:				
Sale of goods	49,939,056	56,275,451	6,369,940	–
Services rendered	11,079,963	7,155,580	–	–
Contract revenue	54,443,583	26,237,819	–	–
Dividend income				
- tax-exempt	–	–	–	666,000
- non tax-exempt	–	–	643,000	432,000
	115,462,602	89,668,850	7,012,940	1,098,000

21. COST OF SALES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cost of sales comprises the following:				
Cost of inventories and others	40,606,918	42,999,715	3,737,983	–
Contract costs	45,932,098	18,781,862	–	–
	86,539,016	61,781,577	3,737,983	–

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22. OTHER OPERATING INCOME

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other operating income comprises the following:				
Rental income	538,322	512,184	504,000	492,000
Commission income	256,327	–	255,557	–
Deposits forfeited	–	220,946	–	170,946
Interest income				
- external	137,221	67,933	2,893	6,872
- inter-company	–	–	–	887,252
Administrative charges received	–	–	722,400	149,520
Others	52,774	89,798	–	3,149
	984,644	890,861	1,484,850	1,709,739

23. DISCONTINUING OPERATIONS

During the financial year, the Company disposed off its entire equity interest in Fusan Clay & Glazes Sdn Bhd ("Fusan") for a cash consideration of RM1,530,000 on 16 June 2003. Because Fusan holds a 99% equity interest in HRM Mineral Sdn Bhd ("HRM"), it is deemed that HRM has been disposed off as well. Resulting from the disposal of Fusan, the Group exited entirely from the manufacturing of ceramic material business segment.

The revenue, results and cash flows of the subsidiaries were as follows:

	Financial period ended 16.6.2003 RM	Financial year ended 31.12.2002 RM
Revenue	1,457,365	8,343,510
Cost of sales	(1,272,788)	(7,258,056)
Gross profit	184,577	1,085,454
Other operating income	8,570	1,152
Distribution expenses	(43,833)	–
Administrative expenses	(152,850)	(868,663)
Other operating expenses	–	–
(Loss)/profit from operations	(3,536)	217,943
Finance cost	(60,532)	(145,917)
(Loss)/profit before taxation	(64,068)	72,026
Taxation	–	2,911
(Loss)/profit after taxation	(64,068)	74,937
Cash flows (used in)/from operating activities	(674,208)	991,874
Cash flows from/(used in) investing activities	7,800	(14,026)
Cash flows from/(used in) financing activities	600,913	(1,448,603)
Total cash flows	(65,495)	(470,755)

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The net assets of the subsidiaries were as follows:

	16.6.2003 RM	31.12.2002 RM
Net assets disposed:		
Property, plant and equipment	2,707,211	2,766,703
Inter-companies balances	(95,564)	-
Inventories	805,288	923,672
Trade receivables	2,272,910	1,877,012
Other receivables	1,075,348	936,045
Deposits with corporations	100,000	202,154
Cash and bank balances	1,016	1,594
Trade payables	(1,713,216)	(1,750,709)
Other payables	(52,129)	(535,182)
Hire purchase and finance lease obligation	(70,318)	(81,879)
Bank borrowings	(2,329,640)	(1,567,716)
Taxation	(8,082)	(14,802)
Deferred taxation	(5,341)	(5,341)
Minority interest	(621)	(622)
	2,686,862	2,750,929

	16.6.2003 RM
Fitters Holdings Berhad's share (73.07%)	1,963,309
Negative goodwill on consolidation	(298,477)
Loss on disposal of the subsidiary	(134,832)
Total consideration satisfied by cash	1,530,000
Net cash inflow arising on disposal:	
Cash consideration	1,530,000
Cash and cash equivalents of subsidiary disposed	930,995
	2,460,995

Cash and cash equivalents of subsidiary disposed comprises of:

Deposits with financial corporations	100,000
Cash and bank balances	1,016
Bank borrowings	(1,032,011)
	(930,995)

There was no tax charge or credit arising from the disposal.

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The effect of the disposal of subsidiary on the results of the Company for the year was as follows:

	2003 RM
Total consideration	1,530,000
Less: Cost of investments in subsidiary	(1,641,081)
Loss on disposal of subsidiary	(111,081)

24. PROFIT FROM OPERATIONS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- current	132,606	125,645	18,000	18,000
- under/(over) provision in prior year	(1,700)	2,000	-	2,000
Bad debts written off	509,510	31,500	-	-
Depreciation of property, plant and equipment	1,515,259	1,591,494	150,255	165,657
Directors' remuneration (Note 25)	1,923,023	2,078,440	575,360	577,380
Impairment of goodwill on consolidation	-	1,056,771	-	-
Leasing and hire of plant and machinery	64,764	71,335	-	-
Loss on disposal of quoted loan stocks	-	1,204	-	-
Loss on disposal of subsidiary	134,832	-	111,081	-
Provision for doubtful debts	202,839	1,738,266	-	-
Provision for impairment in value of investments	58,610	-	-	-
Inventories written off	-	589,976	-	-
Property, plant and equipment written off	6,113	432	-	-
Rent of buildings	170,677	196,326	-	-
Staff costs (excluding directors' remuneration)	9,604,089	9,453,022	834,596	785,103
Foreign exchange (gain)/loss	(128,074)	99,269	(4,813)	(7,070)
Gain on disposal of property, plant and equipment	(42,534)	(28,997)	-	(3,149)

Staff costs includes:

Wages and salaries	8,020,339	7,416,460	586,079	625,706
Social security costs	79,551	70,386	5,675	5,956
Pension costs - defined contribution plans	912,742	892,516	66,634	72,284
Other staff related expenses	591,457	1,073,660	176,208	81,157
	9,604,089	9,453,022	834,596	785,103

notes to the financial statements

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25. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Directors of the Company				
Executive:				
- salaries and other emoluments	1,154,126	1,090,268	336,260	336,780
- benefits in kind	7,600	7,600	7,600	7,600
	1,161,726	1,097,868	343,860	344,380
Non-Executive:				
- salaries and other emoluments	225,500	221,000	225,500	221,000
- fees	6,000	12,000	6,000	12,000
	231,500	233,000	231,500	233,000
Other Directors				
Executive:				
- salaries and other emoluments	433,816	632,703	-	-
- fees	95,981	114,869	-	-
	529,797	747,572	-	-
Total	1,923,023	2,078,440	575,360	577,380
Analysis excluding benefits in kind:				
Total executive Directors' remuneration	1,683,923	1,837,840	336,260	336,780
Total non-executive Directors' remuneration	231,500	233,000	231,500	233,000
Total	1,915,423	2,070,840	567,760	569,780

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The Directors of the Company whose total remuneration during the year fell within the following bands is analysed as follows:

	Range of remuneration earned during the financial year
Mohammad Nizar bin Idris	RM50,000 to RM100,000
Dato' Wong Swee Yee	RM550,000 to RM600,000
Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	< RM50,000
Wong Cheek Lung	RM50,000 to RM100,000
Mohamad Jamil bin Mohd Yusof	< RM50,000
Kong Sin Seng	< RM50,000
Peter Goh Cheng Eng	RM250,000 to RM300,000
Zahedi bin Haji Mohd Zain	RM100,000 to RM150,000
Wong Swee Seong	RM150,000 to RM200,000

26. FINANCE COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest on:				
- bankers' acceptances	247,607	188,320	-	-
- hire purchase and finance lease	114,461	62,752	-	-
- overdrafts	462,669	541,583	143,054	249,213
- revolving credits	291,250	565,001	205,624	444,007
- term loans	42,304	32,121	-	-
- trust receipts	22,799	55,075	-	-
	1,181,090	1,444,852	348,678	693,220

27. TAXATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Malaysian taxation based on results for the year:				
- current	1,778,344	1,408,213	167,910	14,717
- under provision in prior years	153,804	94,833	95,407	18,034
	1,932,148	1,503,046	263,317	32,751
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 19)	-	123,496	-	-
Over provision in prior years (Note 19)	(494,446)	-	-	-
	(494,446)	123,496	-	-
	1,437,702	1,626,542	263,317	32,751

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit before taxation	7,781,541	4,415,400	2,344,766	306,099
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	2,178,831	1,236,312	656,534	85,708
Effect of different tax rates in other countries	26,313	(36,840)	–	–
Income not subject to income tax	(525,506)	(611,390)	–	(189,341)
Expenses not deductible for tax purposes	559,538	978,605	143,044	118,350
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(816,905)	(249,004)	(633,348)	–
Deferred tax assets not recognised during the year	346,505	214,026	–	–
Over provision of deferred tax in prior years	(494,446)	–	–	–
Under provided in prior years	153,804	94,833	95,407	18,034
Others	9,568	–	1,680	–
Tax expense for the year	1,437,702	1,626,542	263,317	32,751

Tax losses are analysed as follows:

Tax savings recognised during the year arising from:				
- utilisation of current year tax losses	–	299,355	–	299,355
- utilisation of tax losses brought forward from previous years	365,591	149,390	333,599	–
Unutilised tax losses carried forward	2,808,539	2,501,680	49,648	294,379

Unabsorbed capital allowances are analysed as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax savings recognised during the year arising from:				
- Utilisation of current year unabsorbed capital allowances	–	–	–	–
- Utilisation of unabsorbed capital allowances brought forward from previous years	451,314	99,614	299,749	–
Unabsorbed capital allowances carried forward	821,584	2,625,444	–	299,749

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28. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003	2002
Basic		
Profit for the year (RM)	6,299,225	2,875,943
Weighted average number of ordinary shares ordinary share in issue	39,624,506	37,683,728
Basic earnings per share (sen)	15.90	7.63

There are no dilutive potential ordinary share in issue as at balance sheet date.

29. DIVIDENDS

	Amount		Net Dividends per Share	
	2003 RM	2002 RM	2003 Sen	2002 Sen
Final dividend of 2% less 28% taxation	542,646	–	1.44	–

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 December 2003, of 4% less 28% taxation on 41,451,728 ordinary shares, amounting to a total dividend of RM1,193,810 (2.88 sen net per share) will be proposed for 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 shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2003 RM	2002 RM
Transactions with subsidiaries		
Administration income receivable	722,400	(149,520)
Interest income receivable	–	(887,252)
Sales to a related company	4,602,000	–

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	Group	
	2003 RM	2002 RM
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee receivable	(2,669,913)	(20,560)
- Sales	(7,592,586)	(11,106,117)
- Amount due from	5,192,149	4,435,028
Wai Soon Engineering		
- Sales	-	(23,593)
- Contract fee payable	-	2,414,999
- Amount due to	-	(197,837)
Fitters (Sabah) Sdn Bhd		
- Sales	(790,170)	(505,657)
- Amount due from	490,661	174,468
H Rogers (M) Sdn Bhd		
- Purchases	45,810	968,509
- Amount due to	-	(418,949)
Titan Access Floors (Aust) Pty Ltd ('Titan')		
- Sales	(63,733)	-
- Amount due from	63,733	-
Eraspand Sdn Bhd		
- Consultancy fee payable	150,000	150,000
Wai Soon Engineering Sdn Bhd		
- Sales	(14,428)	(2,990)
- Contract fee payable	3,189,755	579,303
- Rental receivable	(20,000)	-
- Amount due to	(1,228,881)	(576,313)

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. There are no practical means available to identify the balances outstanding as at the balance sheet date with respect to the above transactions.

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The related parties relationships are as follows:

Related parties	Relationship
Kawalan Api Engineering Sdn Bhd ("KAE")	<p>Muhammad Imran bin Baharuddin who is a Director of Pipefabricators Sdn Bhd (a subsidiary), is also a Director and major shareholder of KAE.</p> <p>Zabidi bin Haji Mohd Zain who is a Director and major shareholder of KAE, is a person connected to Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali, who is a Director of Fitters Holdings Berhad. He is also a person connected to Zahedi bin Haji Mohd Zain, who is an alternate Director to Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali. Zahedi bin Haji Mohd Zain is also a major shareholder of Fitters Holdings Berhad.</p> <p>Zabidi bin Haji Mohd Zain is also connected to Zahari bin Haji Mohd Zain, who is a Director and major shareholder of Fitters-MPS Sdn Bhd.</p>
Wai Soon Engineering	<p>Wai Soon Engineering is wholly owned by Wong Swee Loy who is the brother of Dato' Wong Swee Yee and Wong Swee Seong, both are Directors of the Fitters Holdings Berhad.</p>
Fitters (Sabah) Sdn Bhd	<p>Dato' Wong Swee Yee who is a Director and major shareholder of Fitters Holdings Berhad, is also a Director and major shareholder of Fitters (Sabah) Sdn Bhd.</p>
Wai Soon Engineering Sdn Bhd	<p>Wong Swee Loy who is the brother of Dato' Wong Swee Yee and Wong Swee Seong, both are Directors of Fitters Holdings Berhad, is also a Director and major shareholder of Wai Soon Engineering Sdn Bhd.</p> <p>Wong Swee Loy is also the son of Wong Cheek Lung who is a Director of Fitters Holdings Berhad.</p>
Eraspand Sdn Bhd	<p>Mark Alan Gray who is a Director and major shareholder of Modular Floor Systems (M) Sdn Bhd, is also a Director and major shareholder of Eraspand Sdn Bhd.</p>
Titan Access Floors (Aust) Pty Ltd ("Titan")	<p>Mark Allan Gray, a director and major shareholder of Modular Floor Systems (M) Sdn Bhd, is a director and major shareholder of Titan.</p>

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31. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2003 RM	2002 RM
(a) Guarantees given to financial institutions in respect of facilities granted to subsidiaries	48,881,032	39,240,372
Guarantees given to corporations in respect of credit facilities granted to subsidiaries	2,150,000	2,425,000
	<hr/> 51,031,032	<hr/> 41,665,372

- (b) On 8 April 1999, Armatrade Sdn Bhd ("Armatrade"), a subsidiary, made a claim against a debtor for a sum of RM6,555,842 together with interest and costs for contract work performed. Arising from this action, a counter claim was made by the debtor against Armatrade for a sum of RM10,624,530 together with interest and costs for delays in works and unsatisfactory workmanship.

In another action commenced on 1 September 1999, a third party has made a claim against the debtor for the sum of RM32,759,184 together with interest and costs while the debtor is counter claiming, inter alia, for the sum of RM78,090,502 together with interest and costs. The debtor is a contractor to the third party while Armatrade is a contractor to the debtor.

As both cases are still pending hearing of interlocutory applications at the High Court, the Directors are of the opinion that it is too remote to predict the outcome of the above cases at this juncture.

32. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

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(c) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Sterling Pound, Australian Dollar and Euro. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Ringgit Malaysia 2003 RM	Ringgit Malaysia 2002 RM
Trade Receivables		
United State Dollar	320,200	—
Australian Dollar	75,789	—
	395,989	—
Trade Payables		
Sterling Pound	271,943	823,746
United State Dollar	444,262	151,564
Australian Dollar	16,469	8,426
Euro	34,691	25,742
	767,365	1,009,478

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

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(f) Fair values

The net fair values of financial assets which are not carried at fair values on the balance sheet of the Group are presented as follows:

	Carrying amount RM	Group Fair value RM
31 December 2003:		
Non-current investments		
Corporate membership in golf club	140,000	90,885
Quoted loan stocks	226,390	166,540
Quoted shares	204,602	206,533
<hr/>		
31 December 2002:		
Non-current investments		
Corporate membership in golf club	140,000	92,775
Quoted loan stocks	223,000	133,800
<hr/>		

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, short term borrowings and contingent liabilities approximate their fair values due to the relatively short term nature of these financial statements.

It is not practical to determine the fair value of amounts due from/(to) subsidiaries due to principally a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Directors do not anticipate the carrying amounts of amounts due from/(to) subsidiaries and unquoted preference shares recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2003 are not materially different from their carrying values.

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33. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation.

The following comparative figures have been reclassified to conform with current year's presentation:

	As Restated RM	Adjustments RM	As previously Stated RM
Cash Flow Statements			
Group			
Receivables	(14,951)	(31,500)	16,549
Bad debts written off	31,500	31,500	–
Net loss on foreign exchange	99,269	99,269	–
Payables	2,984,553	(99,269)	3,083,822
Company			
Subsidiary companies	4,722,152	1,098,000	3,624,152
Dividend income	1,098,000	1,098,000	–
Net gain on foreign exchange	7,070	7,070	–
Payables	(325,855)	7,070	(332,925)
Segmental Information			
Group			
Non cash expenses	3,416,945	(701,993)	4,118,938

34. SEGMENT INFORMATION

(a) Business segments

The group is organised into three major business segments:

(i) Fire and safety products and services

Manufacturing, trading, installation, supply and repair and maintenance of fire fighting equipment.

(ii) Automotive parts and equipment

Assembly and sale of automotive parts and related products.

(iii) Ceramic materials

Manufacturing, wholesaling, dealing, retailing and supplying all kinds of ceramic products. On 16 June 2003, with the disposal of Fusan Clays & Glazes Sdn Bhd, the entire ceramic materials business segment was sold.

The Directors are of the opinion that all inter segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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	Fire and safety product and services RM	Automotive parts and equipment RM	Ceramic materials RM	Elimination RM	Consolidated RM
2003					
REVENUE AND EXPENSES					
Revenue					
External sales	112,327,555	1,677,682	1,457,365	–	115,462,602
Inter-segment sales	90,829,605	354,538	984,652	(92,168,795)	–
Total revenue	203,157,160	2,032,220	2,442,017	(92,168,795)	115,462,602
Results					
Profit from operations	8,814,018	203,410	(18,489)	(36,308)	8,962,631
Finance costs					(1,181,090)
Taxation					(1,437,702)
Profit after taxation					6,343,839
Minority interest					(44,614)
Net profit for the year					6,299,225
ASSETS AND LIABILITIES					
Segment assets	96,619,688	4,085,265	–	(1,567,142)	99,137,811
Segment liabilities	37,701,599	1,669,041	–	(1,567,142)	37,803,498
OTHER INFORMATION					
Capital expenditure	1,561,310	–	–	–	1,561,310
Depreciation	1,387,846	67,921	59,492	–	1,515,259
Non cash expenses	969,730	(84,367)	–	–	885,363

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	Fire and safety product and services RM	Automotive parts and equipment RM	Ceramic materials RM	Elimination RM	Consolidated RM
2002					
REVENUE AND EXPENSES					
Revenue					
External sales	78,741,135	2,584,205	8,343,510	–	89,668,850
Inter-segment sales	64,227,811	148,529	3,603,597	(67,979,937)	–
Total revenue	142,968,946	2,732,734	11,947,107	(67,979,937)	89,668,850
Results					
Segment results	5,643,542	126,231	171,798	(81,319)	5,860,252
Finance costs					(1,444,852)
Taxation					(1,626,542)
Profit after taxation					2,788,858
Minority interest					87,085
Net profit for the year					2,875,943
ASSETS AND LIABILITIES					
Segment assets	93,302,755	4,560,477	6,707,180	(2,264,863)	102,305,549
Segment liabilities	45,616,563	2,394,685	3,955,629	(2,264,863)	49,702,014
OTHER INFORMATION					
Capital expenditure	2,551,798	13,880	15,178		2,580,856
Depreciation	1,281,146	69,538	240,810		1,591,494
Non cash expenses	3,186,151	230,794	–		3,416,945

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(b) Geographical segments

The Group's operations are mainly in there geographical areas, Malaysia, Singapore and United Kingdom. Detail are as follows:

	Malaysia RM	United Singapore RM	Kingdom RM	Consolidated RM
2003				
Total revenue from external customers	114,317,198	178,654	966,750	115,462,602
Segment assets	96,119,661	1,834,254	1,183,896	99,137,811
Capital expenditure	1,561,310	–	–	1,561,310
2002				
Total revenue from external customers	87,384,629	2,284,221	–	89,668,850
Segment assets	100,109,106	2,196,443	–	102,305,549
Capital expenditure	2,577,549	3,307	–	2,580,856



FITTERS

FITTERS HOLDINGS BERHAD

(Company No: 149735-M)
(Incorporated in Malaysia)

PROXY FORM

I/We NRIC No:
(Full name in Capital Letters)

of
(Address)

being a member/members of **FITTERS HOLDINGS 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 Annual General Meeting of **FITTERS HOLDINGS BERHAD** to be held at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan on Monday, 28 June 2004 at 11.30 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).

Number of shares held:	
------------------------	--

First Proxy (1) %

Second Proxy (2) %

NO		FOR	AGAINST
1	RESOLUTION 1		
2	RESOLUTION 2		
3	RESOLUTION 3		
4	RESOLUTION 4		
5	RESOLUTION 5		
6	RESOLUTION 6		
7	RESOLUTION 7		
8	RESOLUTION 8		
9	RESOLUTION 9		
10	RESOLUTION 10		
11	RESOLUTION 11		

NO		FOR	AGAINST
12	RESOLUTION 12		
13	RESOLUTION 13		
14	RESOLUTION 14		
15	RESOLUTION 15		
16	RESOLUTION 16		
17	RESOLUTION 17		
18	RESOLUTION 18		
19	RESOLUTION 19		
20	RESOLUTION 20		
21	RESOLUTION 21		

(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).

Date this day of 2004

.....
(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

Notes:

- 1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.
- 2) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
- 3) The instrument appointing a proxy must be deposited at the Company's Registered Office at Bangunan Fitters, Lot 2221, Kampung Jaya Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- 4) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 5) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 6) If the appointor 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

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
Fitters Holdings Berhad (149735-M)
Bangunan Fitters, Lot 2221
Kampung Jaya Industrial Area
47000 Sungai Buloh
Selangor Darul Ehsan

1st fold here