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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty-Fifth (45th) Annual General Meeting (“AGM”) of **KUMPULAN FIMA BERHAD** (“the Company”) will be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 23 August 2017 at 3.00 p.m. for the transaction of the following business:-

## ORDINARY BUSINESS

- |    |  |                               |
|----|--|-------------------------------|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2017 and the Directors’ and Auditors’ Reports thereon.  | <b>Please refer to Note A</b> |
| 2. | To approve the payment of final dividend of 9% under the single-tier system in respect of the financial year ended 31 March 2017.  | <b>Resolution 1</b>           |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Article 114 of the Company’s Constitution and being eligible offer themselves for re-election:-                         |                               |
|    | (i) Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor   | <b>Resolution 2</b>           |
|    | (ii) Encik Azizan bin Mohd Noor  | <b>Resolution 3</b>           |
| 4. | To approve the payment of Directors’ fees for the Non-Executive Directors of the Company for the ensuing financial year.   | <b>Resolution 4</b>           |
| 5. | To approve the payment of Directors’ fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company. | <b>Resolution 5</b>           |
| 6. | To approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company.            | <b>Resolution 6</b>           |
| 7. | To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 7</b>           |

## SPECIAL BUSINESS

- |    |  |                     |
|----|--|---------------------|
| 8. | <b>PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</b> | <b>Resolution 8</b> |
|----|--|---------------------|

“THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 Part A of the Company’s Circular to Shareholders dated 28 July 2017 which are necessary for the day-to-day operations of the Company and/or its subsidiaries provided that such transactions are entered into in the ordinary course of business of the Company and/or its subsidiaries, are carried out on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in full force and effect until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (ii) the expiration of the period within which the Company's next AGM is required to be held under Section 340(1) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed under Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company be and is hereby empowered and authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Company's Constitution, as may be required) as they may consider expedient or necessary to give effect to the proposed mandate."

## 9. PROPOSED RENEWAL OF THE AUTHORITY FOR SHARES BUY-BACK

## Resolution 9

"THAT subject to compliance with the Act, the MMLR of Bursa Securities, provisions of the Company's Constitution, and all other applicable laws, guidelines, rules and regulations, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares in Kumpulan Fima Berhad ("KFIMA Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (i) the maximum aggregate number of KFIMA Shares which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any time; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company for the time being.

THAT the Directors be and are hereby authorized to deal with the KFIMA Shares so purchased at their discretion, in the following manner:

- (i) cancel the KFIMA Shares so purchased; or
- (ii) retain the KFIMA Shares so purchased as treasury shares which may be dealt with in accordance with Section 127(7) of the Act; or
- (iii) retain part of the KFIMA Shares so purchased as treasury shares and cancel the remainder of the KFIMA Shares,

# NOTICE OF ANNUAL GENERAL MEETING

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or other relevant authority for the time being in force and that the authority to deal with the purchased KFIMA Shares shall continue to be valid until all the purchased KFIMA Shares have been dealt with by the Directors of the Company;

THAT the authority conferred by this resolution shall be effective immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities.”

## 10. RETENTION OF INDEPENDENT DIRECTORS OF THE COMPANY

- (i) “THAT approval be and is hereby given to Encik Azizan bin Mohd Noor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company.” **Resolution 10**
- (ii) “THAT approval be and is hereby given to Dato’ Rosman bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.” **Resolution 11**
- (iii) “THAT approval be and is hereby given to Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor who has served as an Independent Non-Executive Director of the Company for a cumulative term of nine years, to continue to act as an Independent Non-Executive Director of the Company.” **Resolution 12**

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company’s Constitution.

# NOTICE OF ANNUAL GENERAL MEETING

## **NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the 45th AGM to be held on 23 August 2017, a single-tier final dividend of 9% for the financial year ended 31 March 2017 will be paid on 25 September 2017 to Depositors whose names appear in the Record of Depositors on 11 September 2017.

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

- (a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 11 September 2017 in respect of transfers; and
- (b) Securities bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

## **BY ORDER OF THE BOARD**

**MOHD YUSOF BIN PANDAK YATIM (MIA 4110)**

**JASMIN BT HOOD (LS 0009071)**

*Company Secretaries*

Kuala Lumpur  
28 July 2017

# NOTICE OF ANNUAL GENERAL MEETING

## (I) Note A

The Audited Financial Statements is for discussion only as it does not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Act. Hence, it is not put forward for voting.

## (II) Resolution 1

Under Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 30 May 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 25 September 2017 in accordance with the requirements under Section 132(2) and (3) of the Act.

## (III) Resolutions 2 and 3

Under the new Companies Act, 2016 which repealed Section 129(6) of the Companies Act, 1965 ("CA 1965"), there is no age limit for directors. At the 44th AGM held on 24 August 2016, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Encik Azizan bin Mohd Noor, both of whom are above the age of 70, were re-appointed pursuant to Section 129(6) of the CA 1965 to hold office until the conclusion of the next AGM. Their term of office, therefore will end at the conclusion of this AGM and they have offered themselves for re-appointment.

The proposed Ordinary Resolutions 2 and 3, if passed, will enable both Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Encik Azizan bin Mohd Noor to continue to act as Directors of the Company and they shall be subject to retirement by rotation at a later date.

The Nomination and Remuneration Committee ("NRC") of the Company has assessed the criteria and contribution of Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Encik Azizan bin Mohd Noor and recommended for their re-appointment. The Board endorsed the NRC's recommendation that Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Encik Azizan bin Mohd Noor be re-appointed as Directors of the Company.

## (IV) Resolutions 4, 5 and 6

Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 45th AGM on the following payments to Directors in three (3) separate resolutions as below:

- **Resolution 4** on payment of Directors' fees for the ensuing financial year.
- **Resolution 5** on payment of Directors' fees for the Non-Executive Directors who sit on the Board of Directors of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company.
- **Resolution 6** on payment of Directors' remuneration from 1 April 2017 until the conclusion of the next AGM of the Company.



# NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolutions 4, 5 and 6 comprises fees, allowances and other benefits payable to the Non-Executive Chairman, members of the Board and Board Committees, including fees and allowances payable to them by subsidiaries are set out in the table below:

## Company

		Fee	Meeting Allowance	Benefits
<b>Board</b>	Chairman	RM90,000	RM2,000	Medical coverage and other claimable benefits
	Member	RM60,000	RM2,000	
<b>Committees</b>	Chairman of Audit Committee	RM75,000	RM2,000	N/A
	Member of Audit Committee	RM7,500	RM2,000	N/A
	Member of Nomination and Remuneration Committee	N/A	RM2,000	N/A

## Subsidiaries

Name	Position Held	Fee Type	Amount
<b>Tan Sri Dato' Ir Muhammad Radzi bin Haji Mansor</b>	<b>International Food Corporation Limited</b>		
	Chairman	Director's fee - per annum	RM18,000
		Meeting allowance - per meeting	RM1,000
<b>Azizan bin Mohd Noor</b>	<b>Fima Bulking Services Berhad</b>		
	Chairman	Director's fee - per annum	RM18,000
		Meeting allowance - per meeting	RM1,000

The Directors' fees were last increased in FYE2014. The Directors' fees for FY 2018 will remain unchanged.

The Directors' remuneration payable is calculated based on the number of meetings for the Board, Board Committees and Board of subsidiaries as well as the number of Non-Executive Directors ("NEDs") involved in these meetings from 1 April 2017 until the conclusion of the next AGM of the Company including other benefits payable to the NEDs.

Note: The Group Managing Director does not receive any Director's fees.

# NOTICE OF ANNUAL GENERAL MEETING

## (V) Resolution 7

The Board had at its meeting held on 30 May 2017 approved the recommendation by the Audit Committee on the re-appointment of Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company. The Board and Audit Committee collectively agreed that Messrs. Hanafiah Raslan & Mohamad has met the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Securities.

## (VI) EXPLANATORY NOTES ON SPECIAL BUSINESS

### (a) Resolution 8

The proposed Ordinary Resolution 8, if passed, will empower the Company and/or its subsidiaries (“the Group”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group’s day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

### (b) Resolution 9

The proposed Ordinary Resolution 9, if passed, will renew the authority granted by the shareholders at the last AGM. The renewed authority will allow the Company to purchase its own shares of up to 10% of its prevailing ordinary issued and paid-up share capital at any time. The renewed authority, unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first.

Further information on the Proposed Renewal of Shares Buy-Back Authority is set out in the Circular to Shareholders dated 28 July 2017 which is circulated together with the Company’s 2017 Annual Report.

### (c) Resolutions 10, 11 and 12

The following Directors were appointed as Independent Non-Executive Directors of the Company and have reached the cumulative nine (9) years term limit as recommended by Malaysian Code on Corporate Governance 2012:-

Directors	Appointed on
(i) Encik Azizan bin Mohd Noor	2 April 2003
(ii) Dato’ Rosman bin Abdullah	5 May 2004
(iii) Tan Sri Dato’ Ir. Muhammad Radzi bin Haji Mansor	10 April 2008

# NOTICE OF ANNUAL GENERAL MEETING

The NRC and the Board, through the annual assessment carried out for the financial year ended 31 March 2017, concluded that the above Directors remain independent and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:-

- a) Have fulfilled the criteria as an Independent Director as defined in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- b) Have provided effective check and balance in the proceedings of the Board and the Board Committees;
- c) Have provided objectivity in decision making through unbiased and independent views as well as advice and judgement, to the Board;
- d) Have contributed sufficient time and effort and attended all the Committee and Board Meetings for an informed and balanced decision making; and
- e) Have exercised due care during their tenure as Independent Non-Executive Director of the Company and carried out professional duties in the interest of the Company and shareholders.

## Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may not be a member of the Company and a member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy must be completed and deposited at the registered office of the Company not less than forty-eight (48) hours before the time of holding the Meeting or any adjournment thereof.
4. Only members registered in the General Meeting Record of Depositors as at 16 August 2017 shall be eligible to attend the 45<sup>th</sup> AGM or appoint proxy(ies) to attend and/or vote on their behalf.
5. The voting at the 45<sup>th</sup> AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are retiring pursuant to Article 114 of the Company's Constitution and seeking re-election are:
  - a. Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor
  - b. Encik Azizan bin Mohd Noor
  
2. The Directors who are continuing to act as Independent Non-Executive Director are:
  - a. Encik Azizan bin Mohd Noor
  - b. Dato' Rosman bin Abdullah
  - c. Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor

The profiles of the above Directors are set out in the Profile of Directors section of this Annual Report.

# ADMINISTRATIVE DETAILS

## REGISTRATION

- Registration will start at 1.00 p.m. and will remain open until the conclusion of the 45th AGM or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the venue to ascertain where you should register for the AGM and join the queue accordingly.
- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter. No person will be allowed to register on behalf of another person even with the original IC of that person.
- After the verification and registration, you will be given an identification tag for e-polling process. No person will be allowed to enter the venue without the identification tag.

## REFRESHMENT

- Light refreshment will be served after the AGM.
- No person will be allowed to enter the coffee house without the identification tag.

## E-POLLING PROCEDURES

- Please remain seated until you are being ushered by the officers to the polling station located at foyer area to cast your votes.
- The Poll Administrators will be present at each polling station to assist the voting process and the independent scrutineers will also be present to monitor the process.
- At the polling station, you are required to scan the barcode on your identification wristband.
- If you are an **INDIVIDUAL SHAREHOLDER** or **CORPORATE REPRESENTATIVE**, your name or the name of the corporate shareholders and total shareholdings held in Kumpulan Fima Berhad will appear on the screen. Please cast your vote for all the resolutions by selecting your favoured option. Upon completion, please click “CONFIRM” to submit your votes.
- If you are a **PROXY** for one (1) or more shareholders, the name of the shareholder who has appointed you as proxy and his/her shareholdings in Kumpulan Fima Berhad will appear on the screen.
- If the shareholder has specified the manner in which his/her vote is to be cast, his/her vote would be pre-selected on the screen. The PROXY is only required to click “CONFIRM” to submit the votes.
- If the shareholder has not specified the voting instructions in the proxy form, the PROXY may vote on the resolutions in any manner as he/she think fits. Upon completion, please click “CONFIRM” to submit your votes.
- If you are both an **INDIVIDUAL SHAREHOLDER** as well as a **CORPORATE REPRESENTATIVE** and **PROXY** for another shareholder, the screen will show your name and total shareholdings in Kumpulan Fima Berhad, the name of the corporate shareholder and its total shareholdings and the name of the shareholder who has appointed you as proxy and his/her shareholdings held in Kumpulan Fima Berhad.
- You will need to vote in your capacity as SHAREHOLDER first before proceeding to vote in your capacity as CORPORATE REPRESENTATIVE and PROXY. Upon completion, please click “CONFIRM” to submit your votes.
- Please note that **no alteration or deletion can be made to the votes cast** once you have clicked “CONFIRM”.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor**

*Chairman / Independent Non-Executive Director*

**Dato' Roslan bin Hamir**

*Group Managing Director / Non-Independent Executive Director*

**Azizan bin Mohd Noor**

*Senior Independent Non-Executive Director*

**Rozana Zeti binti Basir**

*Non-Independent Non-Executive Director*

**Dato' Rosman bin Abdullah**

*Independent Non-Executive Director*

**Rozilawati binti Haji Basir**

*Non-Independent Non-Executive Director*

## AUDIT COMMITTEE

**Azizan bin Mohd Noor**

*Chairman*

**Dato' Rosman bin Abdullah**

*Member*

**Rozana Zeti binti Basir**

*Member*

## NOMINATION AND REMUNERATION COMMITTEE

**Dato' Rosman bin Abdullah**

*Chairman*

**Azizan bin Mohd Noor**

*Member*

**Rozilawati binti Haji Basir**

*Member*

( Note: The Nomination and Remuneration Committee ("NRC") was formed on 1 April 2017.)

## OPTIONS COMMITTEE

**Dato' Rosman bin Abdullah**

*Chairman*

**Dato' Roslan bin Hamir**

*Member*

**Rozilawati binti Haji Basir**

*Member*

( Note: The Options Committee was dissolved following the expiry of the Group's Employees' Share Scheme on 17 November 2016.)

## COMPANY SECRETARIES

**Mohd Yusof bin Pandak Yatim**

*MIA 4110*

**Jasmin binti Hood**

*LS 0009071*

## REGISTERED OFFICE

Suite 4.1, Level 4  
Block C, Plaza Damansara  
No. 45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : (+603) 2092 1211  
Fax : (+603) 2092 5923  
E-mail : info@fima.com.my  
Website : www.fima.com.my

## SHARE REGISTRAR

**Symphony Share Registrars Sdn Bhd**

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : (+603) 7849 0777

Fax : (+603) 7841 8151/52

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## AUDITORS

Messrs. Hanafiah Raslan & Mohamad

## PRINCIPAL BANKERS

Malayan Banking Berhad

Public Bank Berhad

# FINANCIAL YEAR CALENDAR

## FINANCIAL YEAR

1 April 2016 to 31 March 2017

## ANNUAL REPORT

28 July 2017

## ANNUAL GENERAL MEETING

Wednesday, 23 August 2017

## RESULT

First quarter

- Announced 25 August 2016

Second quarter

- Announced 28 November 2016

Third quarter

- Announced 27 February 2017

Fourth quarter

- Announced 30 May 2017

## FINAL DIVIDEND (Subject to the approval of the shareholders at the 45<sup>th</sup> AGM)

**ANNOUNCED**

27 July 2017

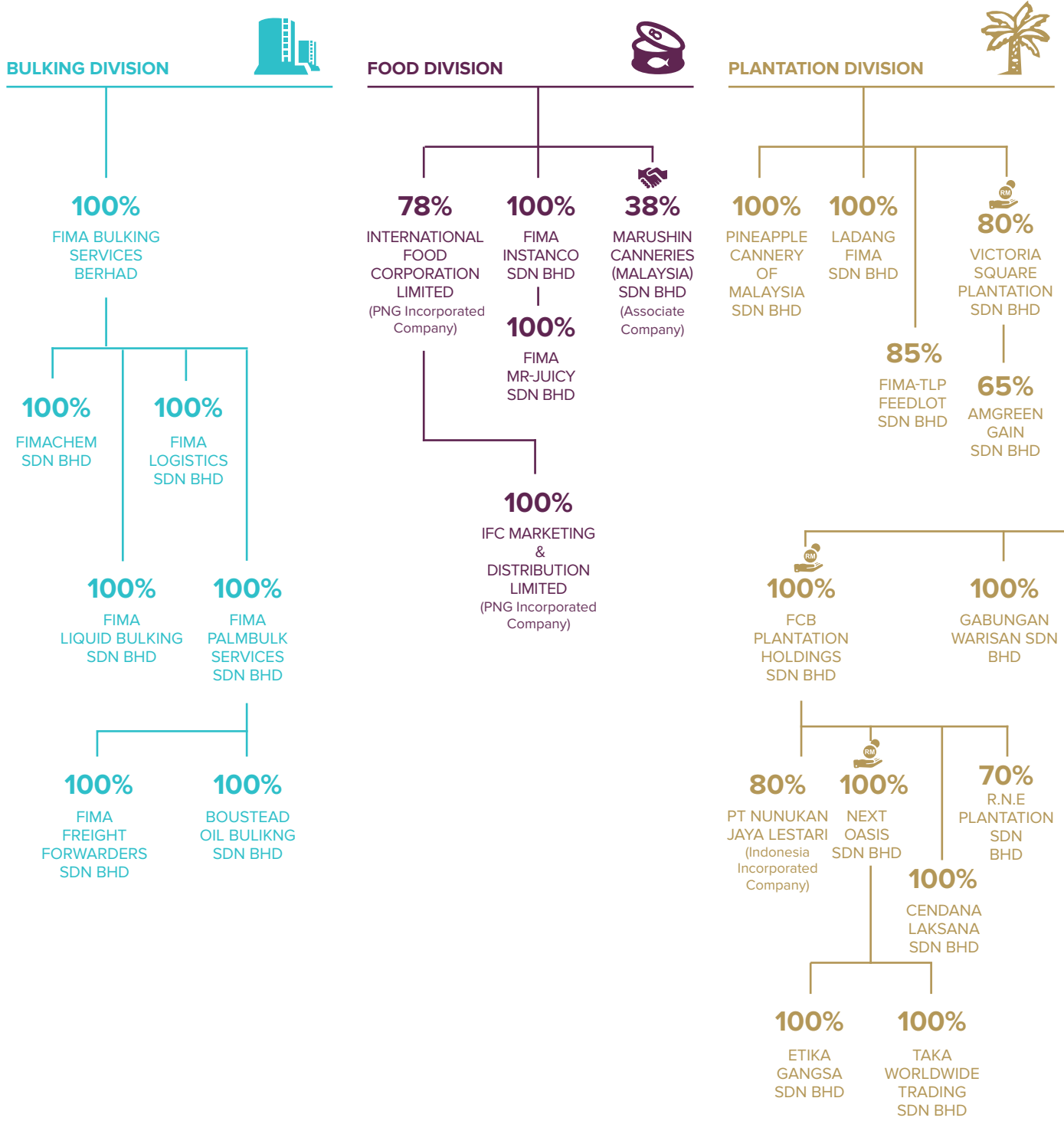
**ENTITLEMENT  
DATE**

11 September 2017

**PAYMENT DATE**

25 September 2017

# GROUP CORPORATE STRUCTURE



Bulk handling and storage of various types of liquid and semi-liquid products

Manufacture and distribution of canned fish including food packaging

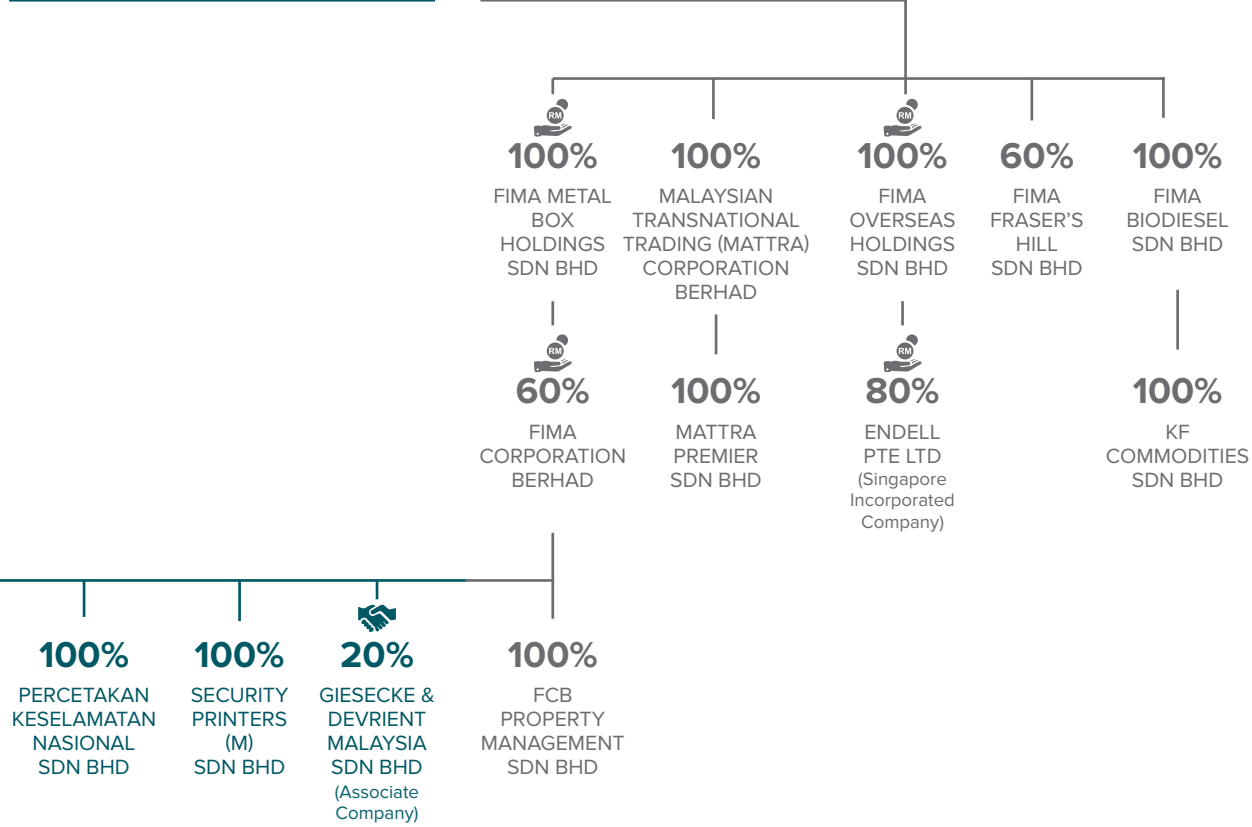
Oil palm and pineapple cultivation including oil palm production and processing



# GROUP CORPORATE STRUCTURE



**MANUFACTURING DIVISION** 

**OTHERS** 



Production and trading of security and confidential documents

Investment holdings, trading and property investment

-  Investment Holding
-  Associate Company

# PROFILE OF DIRECTORS



## TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR

**76 YEARS,  
MALE,  
MALAYSIAN** | **CHAIRMAN  
INDEPENDENT NON-  
EXECUTIVE DIRECTOR**

Date of Appointment: 10 April 2008  
Date of Last Re-appointment: 24 August 2016

### Academic / Professional Qualification(s):

- Diploma in Electrical Engineering, Faraday House Engineering College, London
- Masters in Science (Technological Economics), University of Stirling, Scotland
- Chartered Professional Engineer, Board of Engineers, Malaysia
- Chartered Professional Engineer, Engineering Council, United Kingdom
- Member, Institution of Engineers, Malaysia, Institution of Engineering and Technology, United Kingdom and Chartered Management Institute, United Kingdom

### Past Appointment(s):

- Served in various engineering and management capacities in Government with Ministry of Energy, Telecommunications and Post (1976-1979) and Jabatan Telekom Malaysia now known as Telekom Malaysia Berhad ("TM") (1965-1996)
- Served as Independent Consultant in Multimedia Development Corporation Sdn Bhd ("MDC") (1997-1999) and Director of MDC (2005-2011)
- Chairman and Director, TM (1999-2009) and Menara Kuala Lumpur Sdn Bhd (1999-2012)
- Director, Pos Malaysia Berhad (2009-2011)

### Present Directorship(s) of Public and Listed Companies:

- Independent Non-Executive Director, Mewah International Inc. (listed on the Singapore Stock Exchange)
- Pro-Chancellor, Multimedia University, Cyberjaya

### Membership of Board Committee(s):

- Remuneration Committee (Chairman)

*\*Note:*

*The Remuneration Committee was dissolved following the establishment of the Nomination and Remuneration Committee on 1 April 2017.*

### Securities holdings in the Company:

Please refer to Disclosure of Directors' interests on page 108 to 113 of Financial Statements

### Family relationship with any director and/or major shareholder of the Company:

NIL

### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

### No. of Board Meetings attended during the financial year:

7/7

# PROFILE OF DIRECTORS

## DATO' ROSLAN BIN HAMIR

50 YEARS,  
MALE,  
MALAYSIAN

GROUP MANAGING  
DIRECTOR / NON-  
INDEPENDENT  
EXECUTIVE DIRECTOR

Date of Appointment: 11 October 2002

Date of Last Re-election: 22 September 2015

### Academic / Professional Qualification(s):

ACCA with Bachelor of Arts (Honours) in  
Accounting and Finance

### Past Appointment(s):

- Auditor, Messrs. Ernst & Young (1993-1998)
- Senior Vice President, Corporate Services, Kumpulan Fima Berhad (1998-1999)

### Present Directorship(s) of Public and Listed Companies:

- Managing Director, Fima Corporation Berhad
- Chairman and Director, Narborough Plantations Plc
- Director, Fima Bulking Services Berhad (non-listed)
- Director, Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed)

### Membership of Board Committee(s):

- Options Committee\*

\*Note:

The Options Committee was dissolved on 27 February 2017 following the expiry of the Company's Employees Share Scheme on 17 November 2016.

### Securities holdings in the Company:

Please refer to Disclosure of Directors' interests on page 108 to 113 of Financial Statements

### Family relationship with any director and/or major shareholder of the Company:

NIL

### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

### No. of Board Meeting attended during the Financial Year:

7/7



# PROFILE OF DIRECTORS



## AZIZAN BIN MOHD NOOR

77 YEARS,  
MALE,  
MALAYSIAN

SENIOR  
INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

Date of Appointment: 2 April 2003  
Date of Last Re-appointment: 24 August 2016

### Academic / Professional Qualification(s):

- Member, Institute of Chartered Accountants, England & Wales (ICAEW)
- Member, Malaysian Institute of Accountants (MIA)
- Member, Malaysian Institute of Certified Public Accountants (MICPA)

### Past Appointment(s):

- Senior Auditor, Azman, Wong, Salleh & Co., Chartered Accountants (1972-1973)
- Chief Internal Auditor, Bank Bumiputra Malaysia Berhad (1973-1976)
- Senior Partner, Anuarul, Azizan, Chew & Co., Chartered Accountants (1976-2000)

### Present Directorship(s) of Public and Listed Companies:

- Chairman, Fima Bulking Services Berhad (non-listed)

### Membership of Board Committee(s):

- Audit Committee (Chairman)
- Nomination and Remuneration Committee<sup>1</sup>
- Nomination Committee<sup>2</sup>
- Remuneration Committee<sup>2</sup>

#### Notes:

1. The Nomination and Remuneration Committee ("NRC") was established on 1 April 2017.
2. The Nomination Committee and Remuneration Committee were dissolved following the establishment of the NRC on 1 April 2017.

### Securities holdings in the Company:

NIL

### Family relationship with any director and/or major shareholder of the Company:

NIL

### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

### No. of Board Meeting attended during the Financial Year:

7/7

# PROFILE OF DIRECTORS

## DATO' ROSMAN BIN ABDULLAH

50 YEARS,  
MALE,  
MALAYSIAN

INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

Date of Appointment: 5 May 2004  
Date of Last Re-election: 24 August 2016

### Academic / Professional

#### Qualification(s):

- Bachelor of Commerce (Accounting) Degree, Australian National University
- Advanced Management Programme, Oxford University
- Member, Malaysian Institute of Accountants (MIA)
- Member, Australian Society of Certified Practicing Accountants

#### Past Appointment(s):

- Auditor and Financial Advisor, Arthur Andersen & Co. (1989-1997)
- Executive Director, Malaysia Airports Holdings Berhad (1997-2003)
- Corporate Affairs Director, PECD Berhad (2003-2006)
- Group Chief Executive Officer, PECD Berhad (2006-2009)
- Chief Executive Officer, Syarikat Air Negeri Sembilan Sdn Bhd (2009-2012)
- Independent Non-Executive Director, Cliq Energy Berhad (2012-2015)

#### Present Directorship(s) of Public and Listed Companies:

- Group Managing Director, Putrajaya Perdana Berhad (non-listed)
- Independent Non-Executive Director, Hume Industries Berhad

#### Membership of Board Committee(s):

- Audit Committee
- Options Committee (Chairman)<sup>1</sup>
- Nomination and Remuneration Committee (Chairman)<sup>2</sup>
- Nomination Committee<sup>3</sup>
- Remuneration Committee<sup>3</sup>

#### Notes:

1. The Options Committee was dissolved on 27 February 2017 following the expiry of the Company's Employees Share Scheme on 17 November 2016.
2. The Nomination and Remuneration Committee ("NRC") was established on 1 April 2017.
3. The Nomination Committee and Remuneration Committee were dissolved following the establishment of the NRC on 1 April 2017.

#### Securities holdings in the Company:

Please refer to Disclosure of Directors' interests on page 108 to 113 of Financial Statements

#### Family relationship with any director and/or major shareholder of the Company:

NIL

#### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

#### No. of Board Meeting attended during the Financial Year:

7/7



# PROFILE OF DIRECTORS



## ROZANA ZETI BINTI BASIR

42 YEARS,  
FEMALE,  
MALAYSIAN

NON-INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

Date of Appointment: 30 March 2004  
Date of Last Re-election: 22 September 2015

### Academic / Professional Qualification(s):

- Bachelor of Arts in Fashion Marketing, American College, London

### Past Appointment(s):

- Visual Merchandising Executive, Metro Jaya Bhd (1998-2000)
- Corporate Services Executive, Kumpulan Fima Berhad (2000-2001)

### Present Directorship(s) of Public and Listed Companies:

NIL

### Membership of Board Committee(s):

- Audit Committee
- Nomination Committee\*

\*Note:

The Nomination Committee was dissolved following the establishment of the Nomination and Remuneration Committee on 1 April 2017.

### Securities holdings in the Company:

Please refer to Disclosure of Directors' interests on page 108 to 113 of Financial Statements

### Family relationship with any director and/or major shareholder of the Company:

- Sister of Rozilawati binti Haji Basir, a Non-Independent Non-Executive Director of the Company
- Rozana Zeti binti Basir is also a Director of BHR Enterprise Sdn Bhd, a major shareholder of the Company

### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

### No. of Board Meeting attended during the Financial Year:

7/7

# PROFILE OF DIRECTORS

## ROZILAWATI BINTI HAJI BASIR

46 YEARS,  
FEMALE,  
MALAYSIAN

NON-INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

Date of Appointment: 26 November 2009

Date of last Re-election: 24 August 2016

### Academic / Professional

#### Qualification(s):

- B.A (Hons) Degree Social Sciences majoring in Law, University of Hertfordshire, United Kingdom
- Masters in Business Administration in International Business, University of Bristol, United Kingdom

#### Past Appointment(s):

- Research & Analyst Assistant, Capitalcorp Securities Malaysia Sdn Bhd (1994-1995)
- Corporate Services Executive, Kumpulan Fima Berhad (1996-1997)
- Executive Director, Business Development, Nationwide Express Courier Services Berhad ("NECSB") (2000-2003)
- Chief Executive Officer, NECSB (2003-2010)
- Chairman and Director, NECSB (2010-2014)

#### Present Directorship(s) of Public and Listed Companies:

- Managing Director, NECSB

#### Membership of Board Committee(s):

- Options Committee<sup>1</sup>
- Nomination and Remuneration Committee<sup>2</sup>
- Remuneration Committee<sup>3</sup>

#### Notes:

1. The Options Committee was dissolved on 27 February 2017 following the expiry of the Company's Employees Share Scheme on 17 November 2016.
2. The Nomination and Remuneration Committee ("NRC") was established on 1 April 2017.
3. The Remuneration Committee was dissolved following the establishment of the NRC on 1 April 2017.

#### Securities holdings in the Company:

Please refer to Disclosure of Directors' interests on page 108 to 113 of Financial Statements

#### Family relationship with any director and/or major shareholder of the Company:

- Sister of Rozana Zeti binti Basir, a Non-Independent Non-Executive Director of the Company
- Rozilawati binti Haji Basir is also a Director of BHR Enterprise Sdn Bhd, a major shareholder of the Company

#### List of convictions for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

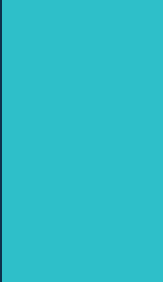
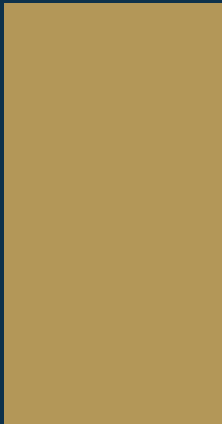
NIL

#### No. of Board Meeting attended during the Financial Year:

7/7



# KEY SENIOR MANAGEMENT





# PROFILE OF KEY SENIOR MANAGEMENT

## 1. MOHD YUSOF BIN PANDAK YATIM

63 YEARS OF AGE,  
MALE, MALAYSIAN,  
GROUP CHIEF FINANCIAL OFFICER /  
COMPANY SECRETARY

- Bachelor in Accounting, University of Malaya
- MSc in Finance, University of Strathclyde, Scotland
- Member, Malaysian Institute of Accountants

He joined Kumpulan Fima Berhad's ("KFima") Group on 1 July 1996 as an Executive Director of Capitalcorp Securities Sdn Bhd, from Kuala Lumpur Stock Exchange where he was formerly an Inspectorate Manager. He then appointed as KFima's Group Chief Financial Officer / Company Secretary on 1 June 2001.

He started his career as an Accountant with the Accountant General's ("AG") Office, Kuala Lumpur from February 1979 to March 1993. During his 14 years tenure as a Government Accountant, he held various senior positions in Federal and State governments including as an Assistant Registrar of Registrar of Companies, Chief Accountant of Selangor Waterworks, Deputy Director of Kumpulan Wang Amanah Pencen and Deputy Director of Corporate and IT Department of AG's Office. He is presently a Board member of Fima Bulking Services Berhad (non-listed) and Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed) and several other Group subsidiaries.

## 2. NAZARUDDIN BIN MOHD HADRI

50 YEARS OF AGE,  
MALE, MALAYSIAN,  
CHIEF OPERATING OFFICER  
FIMA CORPORATION BERHAD,  
EXECUTIVE DIRECTOR, OPERATIONS,  
PERCETAKAN KESELAMATAN  
NASIONAL SDN BHD

- Bachelor of Commerce majoring in Accounting, St. Mary's University, Canada

He joined Fima Corporation Berhad ("FimaCorp"), the Group's listed subsidiary in 2003 as Vice President. He was subsequently seconded to an associate company, Giesecke & Devrient Malaysia Sdn Bhd as an Executive Director. In 2005, he was appointed as Director of Operations of Percetakan Keselamatan Nasional Sdn Bhd ("PKN"), subsidiary of FimaCorp and subsequently appointed as Chief Operating Officer of FimaCorp on 23 November 2009. He was appointed as Executive Director, Operations of PKN on 25 August 2014. He is also a Board member of several of the Group's subsidiaries.

He started his career as an auditor with Ernst & Young from 1991 until 1995. He then joined a unit trust management company as Head of Finance and Administration from 1995 to 2002.

## 3. DZAKWAN BIN MANSORI

55 YEARS OF AGE,  
MALE, MALAYSIAN,  
EXECUTIVE DIRECTOR, SALES,  
PERCETAKAN KESELAMATAN  
NASIONAL SDN BHD

- Advanced Diploma in Accountancy, MARA University of Technology

He joined Fima Securities Sdn Bhd, a stock-broking arm of KFima in 1997 as Vice President of Institutional Business. His last position was Vice President of Finance and Operations before moving to Percetakan Keselamatan Nasional Sdn Bhd, the Group's subsidiary, in 2001 to head the Planning and Purchasing Division. In 2005, he was promoted as Director of Sales and was appointed to the Board as Executive Director, Sales on 25 August 2014.

He started his career in 1984 with Bank Kerjasama Rakyat Berhad and later moved to New Straits Times as Assistant Accountant in 1985. He left in June 1987 to pursue his degree and joined Coopers & Lybrand Management Consultant Berhad upon completion in July 1990. He later joined CIMB Securities Berhad and K & N Kenanga Berhad.

He is presently a Board member of Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed).

# PROFILE OF KEY SENIOR MANAGEMENT

## 4. KAMALANATHAN A/L SABAPATHY

60 YEARS OF AGE,  
MALE, MALAYSIAN,  
CHIEF EXECUTIVE OFFICER,  
BULKING GROUP

- Business Administration, University of Central Lancashire (UCLAN)
- Qualified Trained Quality Management Practitioner, Overseas Technical Scholarship (AOTS)
- Exco member, Chemical Industries Council of Malaysia

He assumed the role of Chief Executive Officer of Bulking Group on 1 October 2015. He was one of the pioneer members of Bulking Group when the Bulking Group commenced its terminal operations in 1981. He has over 35 years of experience in bulk liquid terminal management handling of edible oils, petroleum products and chemicals. Prior to assuming his current role, he was General Manager of Fimachem Sdn Bhd in which he was also involved in the commissioning of Fimachem Sdn Bhd's Terminal 2 when it was acquired in 2001.

## 5. JASMIN BINTI HOOD

44 YEARS OF AGE,  
FEMALE, MALAYSIAN,  
SENIOR GENERAL MANAGER,  
GROUP SECRETARIAL & LEGAL /  
COMPANY SECRETARY

- Bachelor of Laws (LL.B) Hons, University of Southampton
- Certificate of Legal Practice, University of Malaya
- Licensed Company Secretary, Companies Commission of Malaysia

She joined KFima on 2 January 2008 and was appointed as Company Secretary in the same year. She is currently Company Secretary to KFima's Group subsidiaries including its listed subsidiary FimaCorp and for all Board Committees of KFima and FimaCorp. She has extensive experience in legal, corporate secretarial and compliance matters having served in various positions in organisations including Golden Hope Plantations Berhad, Bursa Malaysia and Hong Leong Finance Berhad. She sits on the Board of several of the Group's subsidiaries.

# PROFILE OF KEY SENIOR MANAGEMENT

## 6. AHMAD ZAKRI BIN ABU BAKAR

59 YEARS OF AGE,  
MALE, MALAYSIAN,  
DIRECTOR, FOOD DIVISION

- MBA (Finance, International Business, Transportation & Distribution Management), Syracuse University
- Bachelor of Science (Magna cum Laude) (Finance & Marketing), Syracuse University
- Diploma in Accounting, MARA University of Technology

He joined KFima as Vice President of Group Corporate Services in 1991 and was promoted to Director, Food Division on 1 December 2007. His primary areas of responsibility include overseeing the overall business operations of the Group's Papua New Guinea subsidiary, International Food Corporation Limited. He is also a Board member of several of the Group's subsidiaries.

Prior to joining KFima, he was with Malaysian International Merchant Bankers Berhad, specialising in corporate finance from 1987 until 1991. He started his career with MBF Finance Berhad in 1981.

## 7. MOHD RIZAL BIN MAT NOR

49 YEARS OF AGE,  
MALE, MALAYSIAN,  
GENERAL MANAGER,  
PLANTATION DIVISION

- B.A (Hons) in Accounting, Polytechnic of North London

He joined the Group's subsidiary, PT Nunukan Jaya Lestari ("PT NJL") in Indonesia in 2006 as Senior Manager before being appointed as PT NJL's President Director in 2012. On 12 July 2013, he assumed the role of General Manager, Plantation Division with lead responsibility for overseeing the Group's estate operations in Malaysia and Indonesia. Mohd Rizal is a Board member of several of the Group's plantation subsidiaries.

He has extensive experience in accounting, finance and general management across a number of industries, amongst them, telecommunications and utilities.

## 8. SUSAN LEE MO LENG

57 YEARS OF AGE,  
FEMALE, MALAYSIAN,  
CHIEF FINANCIAL OFFICER /  
COMPANY SECRETARY, FIMA  
CORPORATION BERHAD

- ACCA

An Accountant by profession, she is an ACCA graduate and a chartered member of Malaysian Institute of Accountants. She joined subsidiary, Security Printers (M) Sdn Bhd in 1978 and was transferred to the holding company in 1993. As the Group Accountant since 1 July 1995, she was redesignated as Financial Controller on 1 September 2001 and subsequently appointed as Company Secretary of FimaCorp on 20 September 2001. On 23 August 2016, she was appointed as Chief Financial Officer of FimaCorp and is a Board member of FCB Property Management Sdn Bhd.

### Notes:

- None of the key senior management has any family relationship with any director and/or major shareholders of the Company.
- None of the key senior management has any conflict of interest with the Company.
- Other than traffic offences, none of the key senior management has been convicted of any offences within the past five (5) years.
- None of the key senior management has been imposed any public sanction or penalty by regulatory bodies during the financial year.

# FIVE-YEAR FINANCIAL HIGHLIGHTS

Financial Year Ended 31 March (RM Million)	2017	2016	2015	2014	2013
<b>REVENUE</b>	547.21	541.11	544.79	504.59	486.52
<b>PROFIT</b>					
Profit before taxation	84.67	111.67	122.30	129.36	142.02
Income tax expense	34.24	31.67	38.29	39.33	37.77
Non-controlling interests	20.59	23.27	25.44	29.73	26.53
Profit after taxation and non-controlling interests	29.84	56.73	58.58	60.30	77.72
<b>ASSETS AND LIABILITIES</b>					
Total assets	1,224.28	1,185.66	1,189.50	991.78	970.64
Total liabilities	197.87	186.38	211.49	128.55	138.90
Non-controlling interests	257.70	250.99	245.72	224.94	218.44
Shareholders' funds	768.70	748.30	732.29	638.28	613.30
<b>EARNINGS AND DIVIDEND</b>					
Earnings per share (sen):					
Basic	10.70	20.51	21.26	22.16	29.05
Diluted	10.70	20.31	21.10	22.03	28.80
Gross dividend per share (sen)	9.00	9.00	8.50	8.00	8.00
Net dividend per share (sen)	9.00	9.00	8.50	8.00	7.13
<b>SHARE PRICES</b>					
Transacted price per share (RM)					
Highest	1.98	2.04	2.43	2.38	2.50
Lowest	1.70	1.72	1.75	1.87	1.73

## REVENUE

RM 547.21  
MILLION

## SHAREHOLDERS' FUNDS

RM 768.70  
MILLION

## TOTAL ASSETS

RM 1,224.28  
MILLION

## PROFIT BEFORE TAXATION

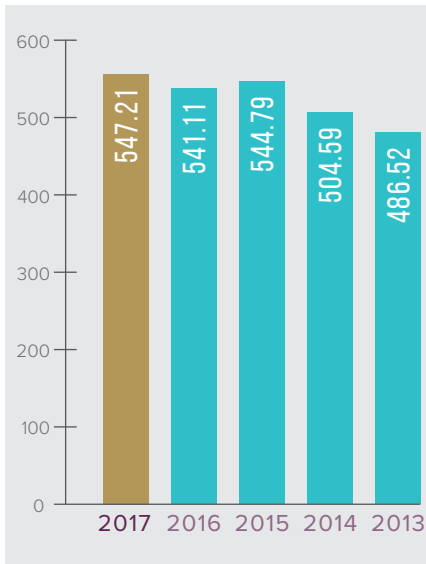
RM 84.67  
MILLION

## EARNINGS PER SHARE (BASIC)

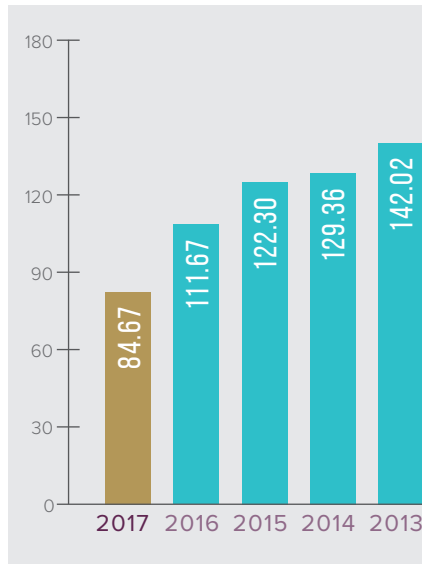
10.70  
SEN

# FIVE-YEAR FINANCIAL HIGHLIGHTS

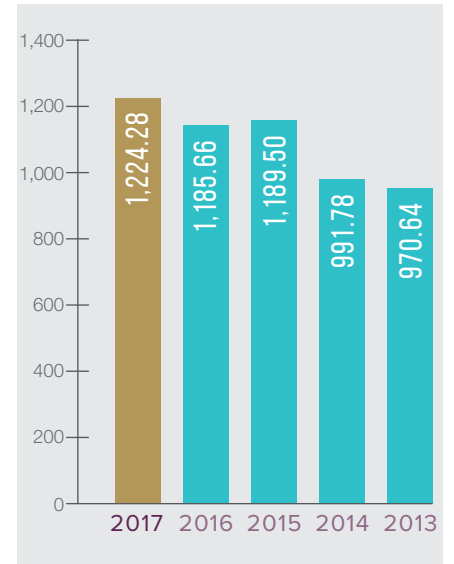
## REVENUE (RM 'MILLION)



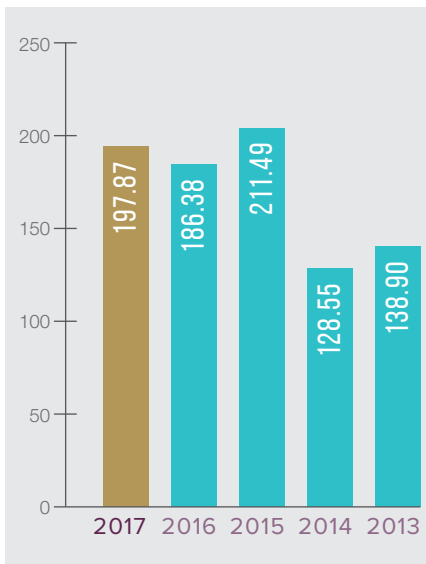
## PROFIT BEFORE TAXATION (RM 'MILLION)



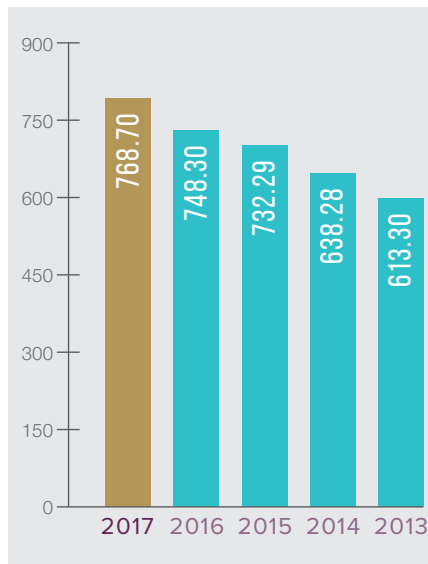
## TOTAL ASSETS (RM 'MILLION)



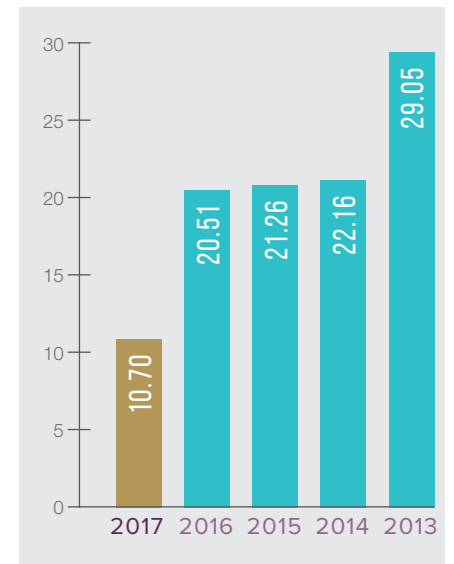
## TOTAL LIABILITIES (RM 'MILLION)



## SHAREHOLDER'S FUNDS (RM 'MILLION)



## EARNINGS PER SHARE (BASIC) (RM 'SEN)



# CHAIRMAN'S STATEMENT



## + 66.7%

INCREASE Y-0-Y

**CASH FLOW GENERATED FROM OPERATION**

## + 2.7%

INCREASE Y-0-Y

**SHAREHOLDERS' FUNDS**

## 10.70<sub>SEN</sub>

**EARNINGS PER SHARE**

## + 0.7%

INCREASE Y-0-Y

**NET ASSETS PER SHARE**

Dear Shareholders,

### FINANCIAL RESULTS AND PERFORMANCE

For the financial year ended 31 March 2017 ("FYE2017"), the Group reported consolidated revenue of RM547.21 million, 1.1% or RM6.10 million higher compared to last year. However, profit before tax ("PBT") decreased 24.2% to RM84.67 million compared with RM111.67 million recorded last year. The marked reduction in PBT was mainly due to impairment losses on property, plant and equipment and biological assets in the Group subsidiary, PT Nunukan Jaya Lestari ("PTNJL") totaling RM29.37 million which also led to the decline in the Group's

earnings before interest, taxation, depreciation and amortisation ("EBITDA") to RM119.26 million, compared to the EBITDA of RM150.43 million recorded last year. Without the impairment losses, the Group's PBT would be RM114.04 million, an improvement of 2.1% compared to last year.

Earnings per share and net assets per share stood at 10.70 sen and RM2.72, respectively, from 20.51 sen and RM2.70, respectively, the year before.

Food and Plantation Divisions have performed particularly well and continue to be potentially strong growth drivers for the Group. Contributions from the Manufacturing Division have also

remained steady. However, Bulking Division had experienced a challenging year amid tough trading conditions within the industry sector. A more detailed review of the results and the operating performance for the year of each of the Group's business divisions is presented on pages 35 to 49 of this Annual Report.

FYE2017 was characterised by unexpected events and challenging trading conditions, the most notable being the one faced by our Indonesian subsidiary, PTNJL. In August 2016, PTNJL was served with an order from the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional revoking PTNJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") ("Ministerial

# CHAIRMAN'S STATEMENT

“

**REPORTED CONSOLIDATED REVENUE OF RM547.21 MILLION, 1.1% OR RM6.10 MILLION HIGHER COMPARED TO LAST YEAR.**

”

Order”) on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003; resulting in parts of the area within the HGU to overlap with forestry areas. PTNJL has since filed an application in the Pengadilan Tata Usaha Negara in Jakarta, Indonesia (“State Administrative Court”) seeking an order to annul the Ministerial Order. PTNJL’s application in the State Administrative Court to annul the Ministerial Order was dismissed by the State Administrative Court on 13 June 2017. Subsequently on 21 June 2017, PTNJL filed an application to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the State Administrative Court’s decision.

Notwithstanding the Ministerial Order, the local government in Kabupaten Nunukan has given its undertaking and allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the suit by the Indonesian courts. The suit is still ongoing to date but rest assured, PTNJL will defend their position vigorously through available legal avenues.

## DIVIDEND

Reflecting on the Group’s cashflow, strong balance sheet and growth outlook, the Board of Directors is pleased to recommend for shareholders’ approval a final single-tier dividend of 9% for the financial year ended 31 March 2017 at the forthcoming Annual General Meeting.

The Group will continue to pursue a dividend practice that recognises the need to achieve a balance between providing reasonable returns to shareholders whilst conserving funds for new investment opportunities critical to long term growth.

## GOVERNANCE & SUSTAINABILITY

Board evaluation for FYE2017 was externally facilitated by consultants from Boardroom Corporate Services (KL) Sdn

Bhd and this provided both positive and constructive feedback. The Board evaluation process and summary are described on page 79 of this Report.

Further, the Nomination and Remuneration Committees have been combined into a single Nomination and Remuneration Committee (“NRC”) and the scope of the new NRC have been enlarged to include (i) reviewing and recommending the appropriate remuneration policies applicable to directors of subsidiaries and senior management, and (ii) the recruitment, appointment and evaluation of the performance of directors of subsidiaries and senior management. This exercise is part of the Board’s commitment to continuously strengthen the Group’s governance process and the appropriate succession arrangements for its senior leadership team which in turn is a vital element in ensuring the future of our company.

During the year we had also strengthened the Group’s sustainability governance structure. We now have an internal Sustainability Committee that will oversee monitor the progress of our sustainability endeavours. On the same token, the Group has during the year initiated analysis and tracking of the environmental impact of our operations. It is an honest self-reflection on the Group’s position and performance against the key issues facing our businesses. So in this year’s Sustainability Report you will find more comprehensive reporting on, among others, the Group’s energy use, CO2 emissions and the various efforts being undertaken to reduce the Group’s carbon footprint. It is my hope, as well as that of my fellow Board members, that you will find value in the information we have compiled and as always, we welcome your feedback.



# CHAIRMAN'S STATEMENT



## OUTLOOK

Bank Negara Malaysia expects Malaysia to register gross domestic product between 4.3% and 4.8% in 2017, on the back of domestic demand growth underpinned by private sector activity. The country's exports and imports are also expected to strengthen on projected improvement in global economic growth, higher commodity prices and sustained domestic demand. On a macro level, the IMF is forecasting global growth to pick up from 3.1% in 2016 to 3.5% and 3.6% in 2017 and 2018 respectively. Global trade activity is expected to improve on the back of policy stimulus and a gradual normalisation of large economies such as Brazil and Russia. However, uncertainties surrounding US policy direction under the new administration, knock-on effects of Brexit and calls for protectionism may pose downside risks to global growth prospects.

Economic recovery in Malaysia has to date been relatively muted, with growth driven predominantly by commodity price increases and restricted to only a few sectors of the economy. We anticipate that the year ahead is likely to continue to present a demanding operating environment. Add to that, factors such as extreme weather conditions and currency volatility are all likely to affect our businesses in the near term.

For all these reasons, we will remain prudent in our approach and will focus on building the resilience and agility of our portfolios. The Board is confident that the Group's robust balance sheet and diverse businesses will enable it to withstand the economic headwinds and cyclical nature of certain industries whilst at the same time providing us with the flexibility to pursue future opportunities.

## APPRECIATION AND ACKNOWLEDGEMENT

I wish to express my deepest gratitude to my fellow Board members for their dedication and guidance in ensuring the Group's success. I also want to thank the Group's senior management, our employees, in all parts of the Group, for their hard work and dedication. Last but not least, on behalf of the Board, I would like to convey our deepest appreciation to our customers, suppliers, business partners and all our stakeholders for continuing to partner with us and you, our valued shareholders for your continuous support and confidence.

**TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR**  
Chairman



# MANAGEMENT DISCUSSION AND ANALYSIS

The Group’s principal activities are organised in four divisions: manufacturing, plantation, bulking, canning and packaging of food products. The businesses are spread across Malaysia, Indonesia, and Papua New Guinea. The Group currently employs 2,984 people and has approximately 29,567 hectares of plantation land.

## Key Performance Objectives

The Group remains focused on providing sustainable value to our shareholders through three core objectives – to grow profitable revenue, to generate solid returns on capital employed and cash generation.

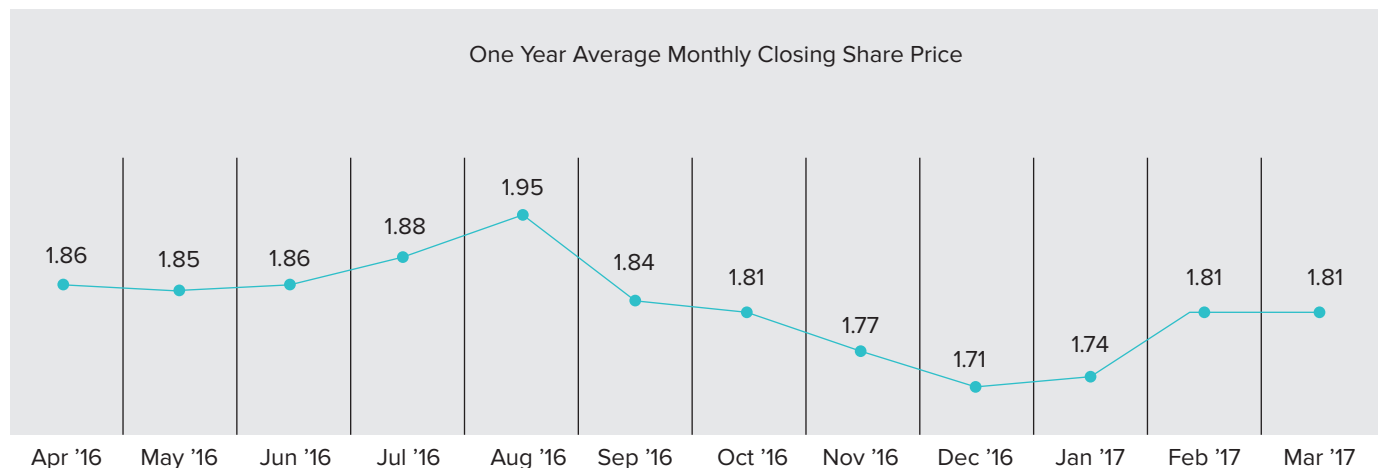
 <p><b>PROFITABLE REVENUE GROWTH</b></p>	 <p><b>SOLID RETURN ON CAPITAL EMPLOYED</b></p>	 <p><b>STRONG CASH GENERATION</b></p>
<p>The Group aims to grow revenue in sustainable manner through expansion of existing operations, products and services, growth in market share and expanding into new market.</p>	<p>Long-term contracts, investment and ownership of productive assets with continued focus on efficiencies, cost structures of the group and improved returns on capital employed.</p>	<p>Operational strategies are necessary elements for a business and are directed towards cash generation.</p> <p>Expansion and growth are focused towards high quality investment with steady cash flows.</p>

These objectives are enabled and supported by the 4 strategic drivers which provide competitive advantage to the Group and act as a guideline to direct strategy formulation and implementation by the businesses within the Group:

<p><b>MAINTAIN PRUDENT FINANCIAL PROFILE</b></p>	<p><b>STRENGTHEN CORE BUSINESSES</b></p>	<p><b>LEVERAGE ON MARKET OPPORTUNITIES</b></p>	<p><b>ESTABLISH STRONG PILLARS FOR FUTURE GROWTH</b></p>
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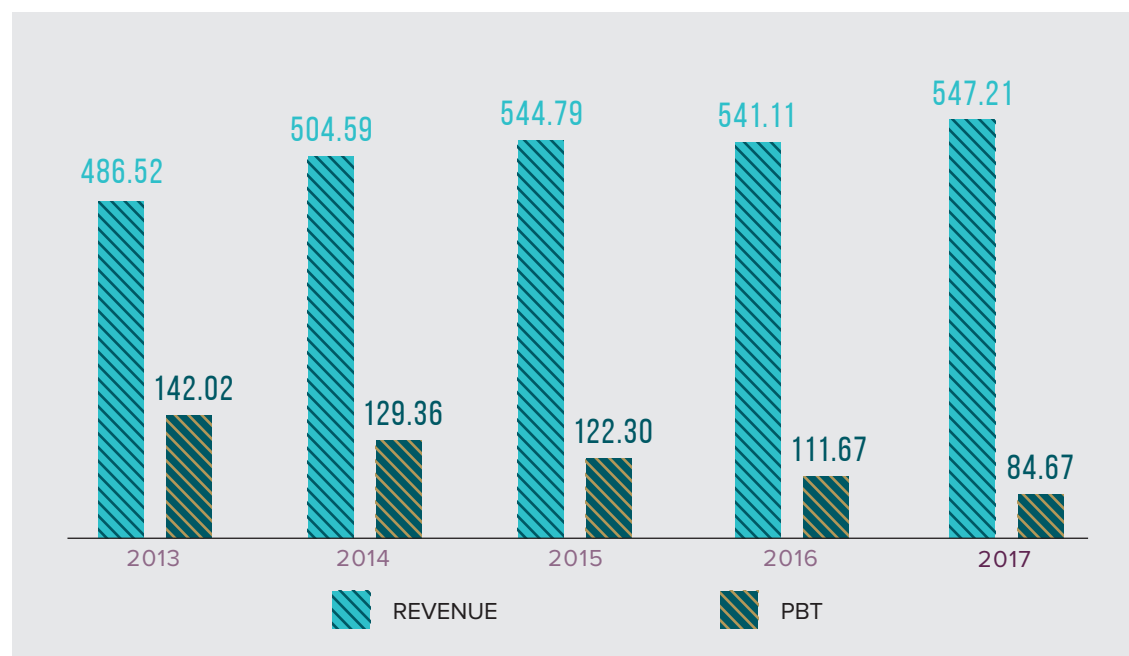
## KEY FINANCIAL ANALYSIS

### SHARE PERFORMANCE



# MANAGEMENT DISCUSSION AND ANALYSIS

## THE GROUP'S 5-YEAR REVENUE AND PBT PERFORMANCE (RM MILLION)



### Financial Highlights

		FYE2017	FYE2016	Change %
Revenue	RM million	547.21	541.11	1.1
Earnings before interest and taxation (EBIT)	RM million	85.42	112.19	(23.9)
Profit before tax (PBT)	RM million	84.67	111.67	(24.2)
Profit after tax (PAT)	RM million	50.43	80.00	(37.0)
Return on average shareholders' equity (ROAE)	%	5.0	8.1	(38.3)
Return on average capital employed (ROACE)	%	8.0	10.7	(25.2)
Total returns to shareholders - Gross dividend per share	sen	9.00*	9.00	-
Net cash flow generated from operation	RM million	192.97	107.88	78.9
Net gearing	times	0.19	0.19	-

\* subject to shareholders' approval

### Revenue

The Group's revenue for FYE2017 was RM547.21 million, compared to RM541.11 million recorded last year. The increase is attributable to improved revenue from the Plantation and Food Divisions.

Revenue from the Plantation Division increased 30.4% or RM34.24 million due to stronger Crude Palm Oil ("CPO") and Crude Palm Oil Kernel ("CPKO") selling prices despite the lower volumes of FFB harvested compared to last year. Food Division also recorded stronger revenue on the back of improved sales in the tuna segment.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Profitability

**Profit Before Tax** (“PBT”) for FYE2017 was RM84.67 million compared with RM111.67 million for FYE2016, a decline of 24.2% or RM27.00 million. The decrease in Group PBT was mainly due to an impairment loss amounting to RM29.37 million related to property, plant and equipment and biological asset. Manufacturing Division’s improved PBT was due to lower depreciation costs and favourable sales mix from high margin products. Without the impairment losses, the Group’s PBT would be RM114.04 million, an improvement of 2.1% compared to last year.

**Share of profits of associates** increased by 71.3% to RM2.86 million compared to RM1.67 million last year on the back of stronger contributions from Giesecke & Devrient Malaysia Sdn Bhd and Marushin Canneries (Malaysia) Sdn Bhd.

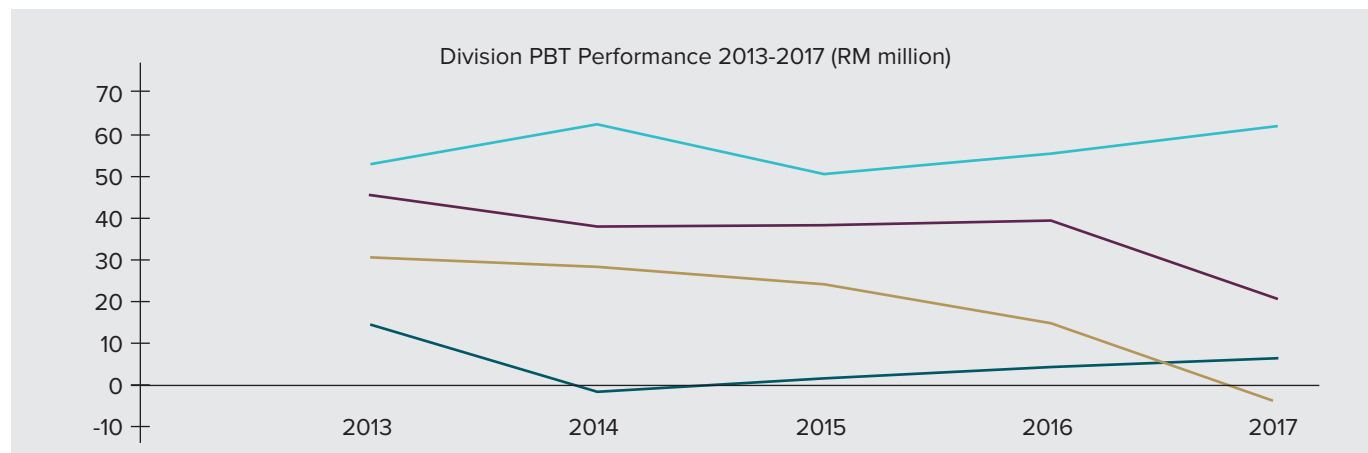
## Revenue

	2017 RM million	Contribution %	2016 RM million	Contribution %	Variance RM million	Variance %
Manufacturing	233.35	42.6	266.68	49.3	(33.33)	(12.5)
Plantation	146.87	26.8	112.63	20.8	34.24	30.4
Bulking	47.46	8.7	67.45	12.5	(19.99)	(29.6)
Food	114.26	20.9	88.42	16.3	25.84	29.2
Others	5.27	1.0	5.93	1.1	(0.66)	(11.1)
Group Results	547.21	100.0	541.11	100.0	6.10	1.1

## Group Profit Before Tax

	2017 RM million	Contribution %	2016 RM million	Contribution %	Variance RM million	Variance %
Manufacturing	59.61	70.4	54.01	48.4	5.60	10.4
Plantation	(5.96)	(7.0)	14.78	13.2	(20.74)	(140.3)
Bulking	20.00	23.6	38.88	34.8	(18.88)	(48.6)
Food	6.52	7.7	4.72	4.2	1.80	38.1
Others	1.64	1.9	(2.39)	(2.1)	4.03	168.6
Associate companies	2.86	3.4	1.67	1.5	1.19	71.3
Group Profit Before Tax	84.67	100.0	111.67	100.0	(27.0)	(24.2)

# MANAGEMENT DISCUSSION AND ANALYSIS



	2013	2014	2015	2016	2017
Manufacturing	53.15	63.39	50.54	54.01	59.61
Plantation	30.56	27.33	24.73	14.78	(5.96)
Bulking	42.81	37.28	38.08	38.88	20.00
Food	14.32	(3.44)	0.28	4.72	6.52

**Profit Attributable to Equity Holders** of the Company declined 47.4% or RM26.89 million from RM56.73 million recorded in FYE2016 to RM29.84 million in FYE2017. The marked decline was mainly due to lower contributions from Plantation and Bulking divisions.

## Expenses and Liabilities

**Cost and Expenses** before finance costs and share of profit of associates for the Group in FYE2017 was RM474.85 million compared with RM443.43 million in 2016. Higher costs and expenses were mainly due to increase in other expenses of RM52.62 million in FYE2017 due to impairment loss compared to RM24.02 million in previous year and administration expenses of RM71.87 million in FYE2017 compared to RM63.54 million last year.

**Total Liabilities** increased by 6.2% to RM197.87 million in FYE2017. The increase was largely due to higher trade and other payables (RM112.46 million) of which RM84.59 million relates to the amount payable by Manufacturing Division.

## Capital Expenditure (“CAPEX”)

**Total Assets** increased by 3.3% to RM1.22 billion in FYE2017, attributed to the increases in, biological assets, other receivables and cash and cash equivalents.

For FYE2017, the Group incurred a total of RM44.49 million for CAPEX comprising of biological assets expenditure (RM30.23 million) and property, plant & equipment (RM14.26 million). The Group retains strong discipline on CAPEX, with generally conservative business considerations and realistic benchmarks used to commensurate with the nature and risks of the activity or project.

## Liquidity and Capital Resources

The Group's cash and cash equivalents increased to RM367.78 million as at 31 March 2017 compared to RM247.59 million last year. Net operating cash flow generated in FYE2017 totaled RM192.97 million against RM107.88 million recorded last year.

The Group finances its operations through cash generated from operations and a mix of short-term bank credit facilities. This provides the Group with a balanced range of funding sources.

On the basis of our current cash, cash equivalents, and other financial resources, the ability to generate cash from operations, we believe we have the capital resources and liquidity necessary to meet our commitments, support operations, finance capital expenditures, support growth strategies and fund declared dividends.

**Shareholders' Equity** stood at RM1.03 billion, up 2.7 % over the last year due to increase in the Group's retained earnings.

**Return on Equity (“ROAE”)** declined to 5.0% in FYE2017 from 8.1% recorded in the previous financial year in tandem with the decrease in net earnings.

**Return on Capital Employed (“ROACE”)** declined by 25.7% to 8.0% in FYE2017.



# MANUFACTURING DIVISION

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## BUSINESS OVERVIEW

THE DIVISION PRODUCES A WIDE RANGE OF PRODUCTS AND SERVICES WHICH INCLUDE TRAVEL DOCUMENTS, LICENSES, AND OTHER SECURITY AND CONFIDENTIAL DOCUMENTS FOR THE LOCAL AND OVERSEAS MARKETS.

# MANUFACTURING DIVISION



CONTRIBUTING  
**42.6%**  
OF TOTAL  
GROUP REVENUE

CONTRIBUTING  
**70.4%**  
OF TOTAL  
GROUP PBT

Despite the challenging operating conditions, the Division remains the biggest contributor to the Group in FYE2017, delivering a revenue and PBT of RM233.35 million and RM59.61 million respectively, a decrease of 12.5% in revenue and an improvement of 10.4% in PBT from the previous year. The decline in revenue was due to lower sales volume from travel documents resulted from the expiry of a supply contract in Q3 of FYE2017 (which was subsequently extended until Q1 of this current financial year), mitigated by improved sales volume of transport and confidential documents. Meanwhile, PBT improved due to lower depreciation cost and favourable sales mix.

The Division's cash flow from operations remains strong at RM100.97 million in FYE2017, an increase of RM48.17 million from the previous year thereby providing us with the financial flexibility to seize any new market opportunities as and when they arise.



Trade receivables decreased by 64.1% to RM49.60 million. A significant amount of the trade receivables arise from customers with whom the Division has had a long-term relationship, and therefore the Board is of the view that the risk of non-payment is low and the receivables are collectible. During

the financial year, the Division spent RM1.81 million on capital expenditure ("CAPEX") compared to RM7.18 million in FYE2016, a decrease of 74.8%. CAPEX during FYE2017 is largely restricted to assets needed to meet or maintain the Division's operational requirements.

# MANUFACTURING DIVISION



During the year under review, the testing economic climate and heightened strategic moves by competitors had exerted pressures within the Division's traditional and niche market segments. The Division has also experienced rapidly evolving customer expectations, innovative digital technologies and new service models, which are changing end-to-end processes.

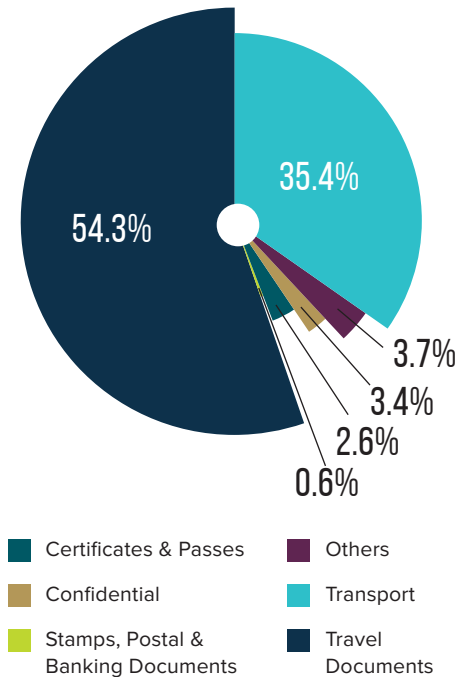
The Division expects that challenges in our existing markets will remain and the expiry of the aforesaid supply contract will have an impact on the Division's performance in this current year. On the same token, the past year's results and events reflect the attractive nature of the markets in which we operate, but it also indicates that we need to take a long hard look at our portfolio. The overall market opportunity is reflected by the exponential demand for technology-driven ID and security solutions both

locally and overseas thus creating significant potential for the Group. To seize these opportunities, the Division is now focused on adapting our businesses to ensure that we keep pace with the dynamic and accelerating market trends, and offset the decline in our traditional security printing segment. For the next few years, we have identified the following key priorities, namely:

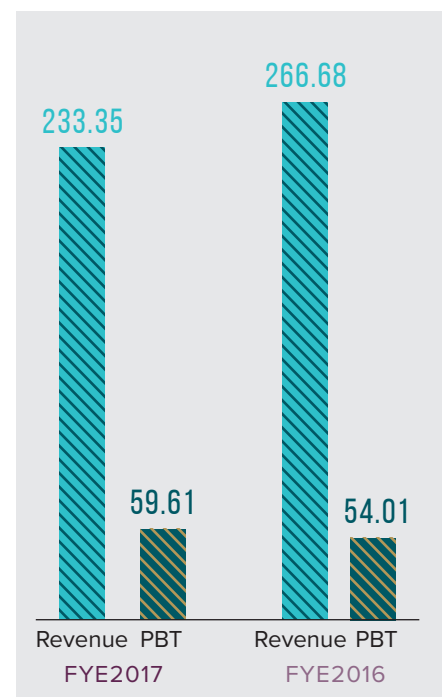
- adapting the Division to being a multi-faceted entity;
- transforming our business model while simultaneously building the capabilities needed for the future; and
- expanding our presence into adjacent geographies in particular product segments with our strategic partners.



## REVENUE CONTRIBUTION BY PRODUCTS



## MANUFACTURING DIVISION PERFORMANCE (Y-O-Y) (RM 'MILLION)





# PLANTATION DIVISION

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## BUSINESS OVERVIEW

THE GROUP OWNS AND OPERATES 13 ESTATES IN MALAYSIA AND INDONESIA WITH A LAND BANK TOTALING 29,567.20 HECTARES, OF WHICH 13,207.52 HECTARES HAVE BEEN PLANTED WITH OIL PALM.



# PLANTATION DIVISION



CONTRIBUTING  
**26.8%**  
OF TOTAL  
**GROUP REVENUE**

- RM **5.96**  
MILLION  
**DIVISION PBT**

The Group's Plantation Division recorded a revenue of RM146.87 million for the year ended 31 March 2017, an improvement of 30.4% from RM112.63 million recorded in the previous year as a result of higher average selling prices for CPO and CPKO. This was achieved despite the decline in fresh fruit bunch ("FFB") production to 149,753 metric tonne ("MT") compared to the 164,738MT harvested last year with an average yield of 19.41MT per mature hectare (FYE2016: 21.26MT). The average price for CPO (CIF, net of duty) registered during the year was RM2,625 per MT compared to RM2,064 per MT last year.

The rebound in CPO prices during the year was a consequence of the lingering effects of the El Nino weather pattern which had caused dry weather thereby resulting in a significant overall decline in FFB production and palm oil stocks which in turn pushed up palm oil prices.

Despite higher revenue on the back of improved CPO and CPKO prices coupled with lower cost of sales during the year, the Division's PBT registered a deficit

of RM5.96 million due to impairment losses on property, plant and equipment and biological assets in the Group's Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") totaling RM29.37 million. Without the impairment losses the division's PBT would be RM23.42 million, an improvement of 58.5% over last year. As mentioned earlier in the Chairman's Statement, PTNJL has instituted legal proceedings to challenge the revocation of PTNJL's land title under the Ministerial Order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional Republik Indonesia ("Ministerial Order"). As a consequence, and although the outcome of the appeal is pending, PTNJL had decided to recognise the impairment losses of the assets affected by the State Administrative Court's decision on 13 June 2017 as the matter indicates a material uncertainty that may cast an adverse effect on the manner in which the assets is expected to be used.

FFB produced by PTNJL fell 11.8% to 131,484MT (FYE2016: 149,060MT). A lower yield per hectare of 20.6MT was recorded

compared to 23.2MT last year. FFB purchased from third parties also decreased to 51,853MT from 53,198MT in the previous year. It is pleasing to note that in Peninsular Malaysia, FFB production of our Johor estates have improved markedly by 11.7% to 17,194.49MT (FYE2016: 15,396.21MT) due to better yield per mature hectare of 20.38MT against the 18.31MT achieved last year.

CPO and CPKO production during the year under review was 41,619MT (FYE2016: 45,387MT) and 3,418MT (FYE2016: 3,363MT) respectively. The Group's average oil extraction rate ("OER") of 22.7% was slightly higher compared to the 22.4% OER recorded in the previous year.

On the back of lower FFB production, the volume of FFB processed declined 9.4% to 183,328MT from 202,406MT in the previous year. The cost of FFB production averaged RM337.7 per MT while processing costs increased from RM27.2 per MT to RM34.9 per MT in line with the lower FFB processed.

# PLANTATION DIVISION

## AVERAGE CPO PRICE REALISED (RM)



### Estate Operations

During FYE2017, the Division spent RM14.23 million on CAPEX, largely towards plantation development works and construction/refurbishment of workers' quarters.

### Indonesia

Notwithstanding the on-going legal suit, PTNJL has been allowed by the local government in Kabupaten Nunukan to continue to operate its plantation operations until the final determination of by the courts. PTNJL's planted area affected by the Ministerial Order measures approximately 3,691.9 hectares. To-date, there has not been any disruption to PTNJL's business and operations.

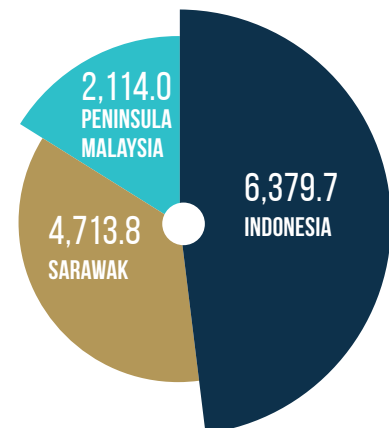
### Malaysia

The Group's estate in Miri, Sarawak has concluded its planting programme. Approximately 473.79 hectares have

attained maturity, and the estate's mature hectareage is expected to increase to 1,345 hectares in 2018. Now that the estate has been fully cultivated, management will maintain its focus on maximizing yields and bringing field standards up to the highest levels. The planned Miri palm oil mill project has been deferred following an internal review and discussions with our joint venture partners. The project would be revived once the estate's yield performance achieves satisfactory levels and market conditions improve. In the meantime, crops harvested from the estate are sent to a nearby third-party mill for processing.

The planting programme at Ladang Cendana in Kemaman, Terengganu has been completed, and harvesting of the first plantings had commenced in April 2017. As at 31 March 2017, approximately 760.1 hectares have been planted. Meanwhile, planting and development at our greenfield estates in Kelantan have been progressing well with 110.0 hectares and 230.7 hectares planted at

## PLANTED AREA (HA)



# PLANTATION DIVISION



Ladang Dabong, Kuala Krai, and Ladang Aring, Gua Musang respectively. Planting on the remaining areas at the estates has been planned for this current financial year.

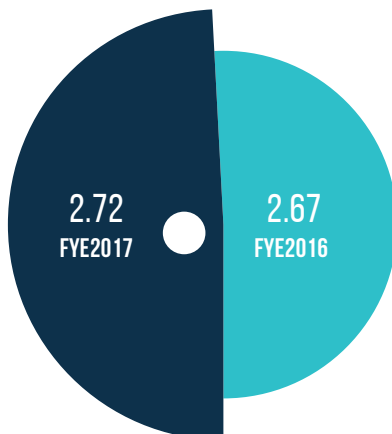
Progress in obtaining the permission and approvals for land development at our greenfield estate in Sg. Siput, Perak have been slow and are still pending to-date. Barring any further delays, we expect to receive the said approvals by the end of this current financial year.

The Division's prospects for this current year will be largely influenced by CPO prices and crop production. On a macro level, it is anticipated that commodity prices will remain unpredictable in this current year on the expected recovery in palm and soybean production, slowdown in major markets like China as well as the effects of extreme weather patterns.

Nonetheless, the Board is of the view that this sector will continue to benefit from the growing demand given that palm oil is a significant and versatile raw material

for both food and non-food industries, and expect to see sustainable growth over the long-term. In the medium term, we forecast an upward trend in FFB production as more young areas in the Group's greenfield estates attain maturity and start to produce. Subject to palm oil prices remaining at healthy levels, growth in the Group's FFB production is expected to have a favourable impact on the Group's revenue in the coming years.

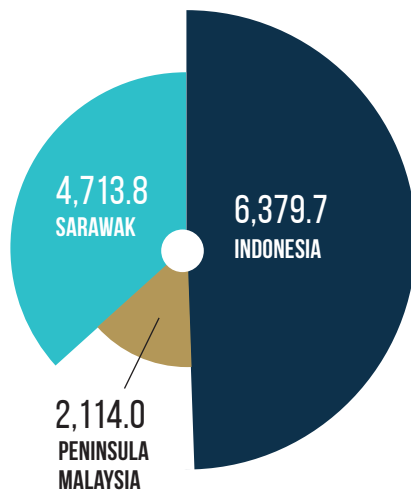
### PINEAPPLE SEGMENT REVENUE Y-O-Y (RM' MILLION)



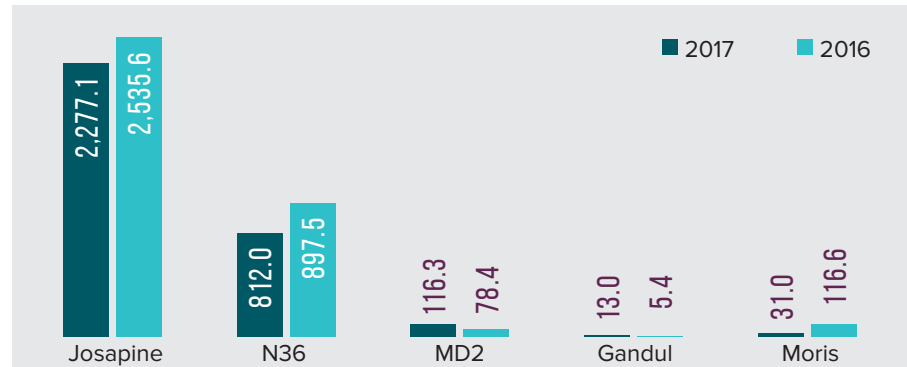
# PLANTATION DIVISION

## PLANTATION STATISTICS FYE2017

### OIL PALM PLANTED AREA (HA)



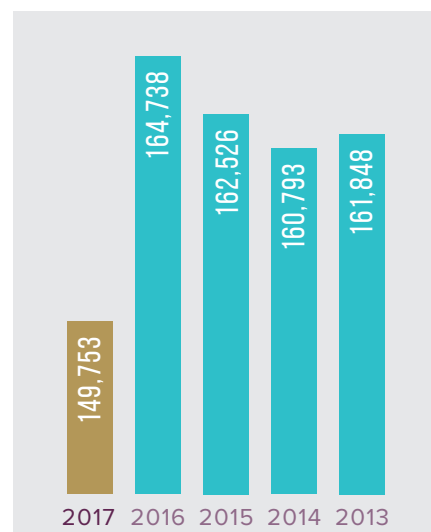
### PINEAPPLE SEGMENT PRODUCTION (MT)



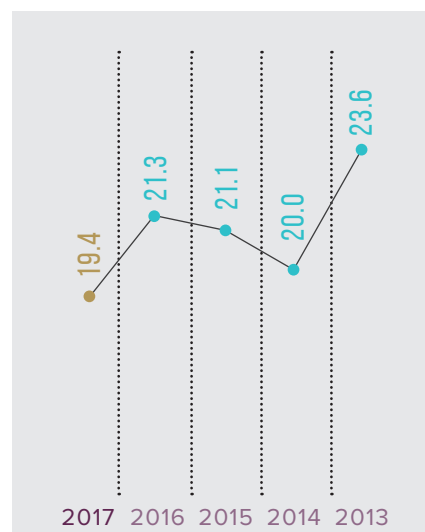
### OIL PALM PROFILES (HA)

FYE	2017	2016	2015	2014	2013
Mature					
>19 years	-	-	400.4	880.6	100.2
10-18	6,214.0	6,153.6	6,153.6	5,711.1	5,746.2
4-9	1,502.4	1,594.1	1,097.4	1,439.1	1,009.3
Immature	5,491.1	4,798.0	4,709.9	2,512.0	1,611.4
Total Planted Area	13,207.5	12,545.7	12,361.3	10,542.9	8,467.1

### FFB HARVESTED (MT)



### YIELD PER HECTARE (MT)



### OIL EXTRACTION RATE (%)





# BULKING DIVISION

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## BUSINESS OVERVIEW

THE BULKING DIVISION OPERATES FIVE LIQUID BULK TERMINALS OF WHICH THREE ARE LOCATED IN NORTH PORT IN PORT KLANG AND TWO IN BUTTERWORTH. PRESENTLY, THESE TERMINALS HAVE 271 TANKS WITH A COMBINED STORAGE TANK CAPACITY OF 275,190MT AND CAN HANDLE A BROAD RANGE OF LIQUID CARGOES RANGING FROM PALM OIL PRODUCTS TO LATEX CONCENTRATES, OLEOCHEMICALS TO SPECIALTY OILS, AS WELL AS INDUSTRIAL CHEMICALS AND TECHNICAL FATS.

THESE TERMINALS ALSO PROVIDE STORAGE FACILITIES FOR IMPORT AND EXPORT, TRANSSHIPMENT, CONTAINERIZATION, LOCAL DISPATCH, NITROGEN BLANKETING AND DRUMMING OF LIQUID PRODUCTS. OTHER SERVICES PROVIDED BY THE BULKING DIVISION INCLUDE CUSTOMS DECLARATION, FREIGHT FORWARDING, BREAK-BULKING, TRUCKING AND RELATED LOGISTICS BUSINESSES.

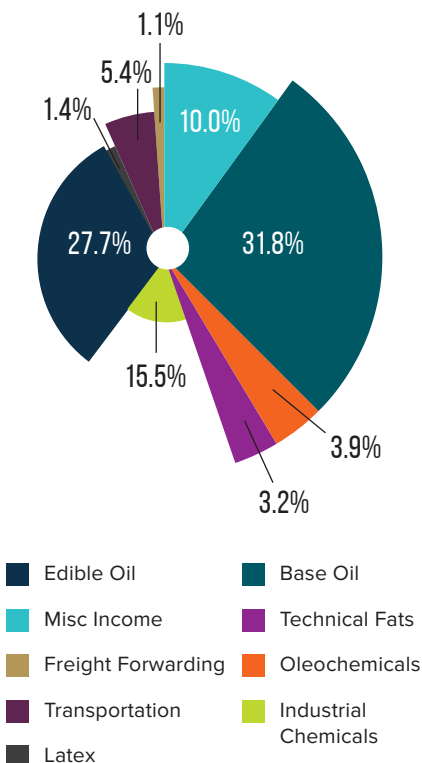
# BULKING DIVISION



CONTRIBUTING  
**8.7%**  
OF TOTAL  
GROUP REVENUE

CONTRIBUTING  
**23.6%**  
OF TOTAL  
GROUP PBT

## REVENUE CONTRIBUTION BY PRODUCTS (%)



Bulking Division posted revenue of RM47.46 million, down 29.6% compared to last year on account of lower contributions from the edible oil, oleochemicals, technical fats and industrial chemicals sub-segments. In tandem, PBT declined 48.6% to RM20.00 million from RM38.88 million recorded last year. The average occupancy rate was lower at 52.0% during the year compared to 83.2% last year. Throughput volumes were also 33.2% lower compared to last year, due in large part to the sharp decline in the edible oils sub-segment.



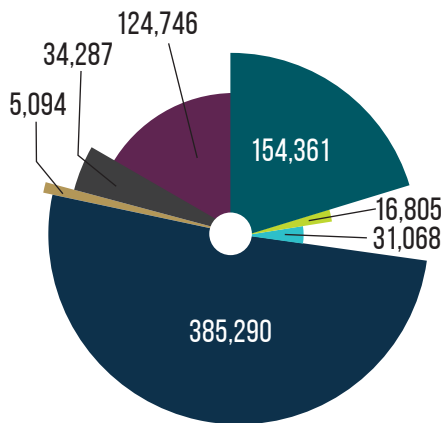
The Division had been severely impacted by the effects of low CPO production during the year, which led to low palm oil inventories, fewer MDEX tenders and reduced demand for the Division's service offerings. The demand weakness is further exacerbated by intense competition between terminals, as the decrease in overall throughput had created excess capacity for all players. On a more positive note, the decline in the edible oils storage sub-segment was offset by the buoyed demand in the base oil and latex sub-segments whose throughput grew 28.0% and 40.5% respectively y-o-y.

After taking into account the current low throughput levels and port operational requirements, the Division has decided to put on hold the planned capacity expansion project at North Port. We will review this decision once market conditions improve.

# BULKING DIVISION



## PRODUCT THROUGHPUT (MT)



- Edible Oil
- Latex
- Oleochemicals
- Transportation
- Technical Fats
- Industrial Chemicals
- Base Oil

We continued to refurbish and upgrade our terminal infrastructure as part of an ongoing commitment to improve the efficiency of our facilities, enhance our product handling equipment and IT system to meet customers' needs. We also continuously evaluate opportunities to add storage capacity, services and increase access to our terminals to capture new revenue streams and maintain our competitive edge.

Bulk liquid storage remains a fundamentally solid business. The underlying long-term demand for commodities is good, and although economic recovery will be slow, the demand for moving commodities from origin to destination is expected to grow. The Division has the necessary market presence, skills and the infrastructure to provide storage and ancillary logistics services along the commercial corridors it serves and therefore, despite the setbacks faced by the Division in FYE2017, the Board is confident that the Division would be able to return to previous levels of growth.





# FOOD DIVISION

## MANUFACTURE & DISTRIBUTION OF CANNED FISH

THE GROUP'S INVOLVEMENT IS VIA ITS SUBSIDIARY IN PAPUA NEW GUINEA ("PNG"), INTERNATIONAL FOOD CORPORATION LIMITED ("IFC") WHICH MANUFACTURES AND DISTRIBUTES CANNED MACKEREL, CANNED TUNA AND FROZEN TUNA LOINS FOR BOTH EXPORT AND DOMESTIC MARKETS.

CANNED MACKEREL AND TUNA UNDER IFC'S OWN "BESTA", "BESTA MCFLAKES" AND "BESTACHoice" BRANDS ARE PRODUCES PRIMARILY FOR THE PNG MARKET WHILE FROZEN TUNA LOINS AND PRIVATE LABEL CANNED TUNA ARE EXPORTED TO THE EUROPEAN UNION.

THE GROUP'S ASSOCIATE COMPANY, MARUSHIN CANNERIES (MALAYSIA) SDN BHD, MANUFACTURES AND MARKETS CANNED SARDINE AND MACKEREL IN MALAYSIA UNDER THE BRAND NAME "KING CUP".

## FOOD PACKAGING

KFIMA GROUP'S INVOLVEMENT IS THROUGH ITS 100% OWNED SUBSIDIARY, FIMA INSTANCO SDN BHD ("FISB") WHOSE PRINCIPAL ACTIVITIES ARE TRADING OF PRODUCTS UNDER ITS OWN "INSTANCO" AND "FARMTREE" BRANDS. FISB ALSO PROVIDES CONTRACT PACKING SERVICES OF POWDERED BEVERAGES AND CONDIMENTS FOR THIRD PARTIES.



# FOOD DIVISION



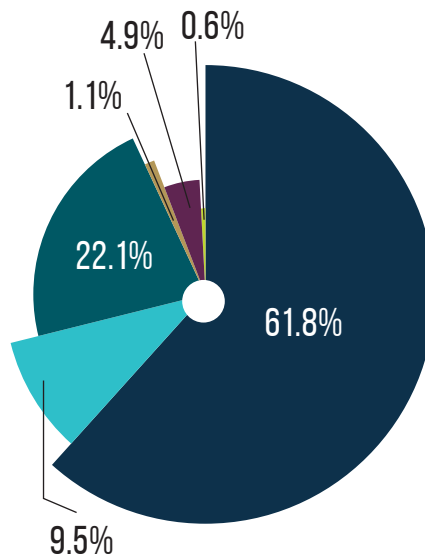
CONTRIBUTING  
**20.9%**  
OF TOTAL  
GROUP REVENUE

CONTRIBUTING  
**7.7%**  
OF TOTAL  
GROUP PBT

Food Division realized a 29.2% growth in revenue to RM114.26 million from RM88.42 million last year. PBT also improved 38.1% y-o-y to RM6.52 million, marking significant value growth for the Group.

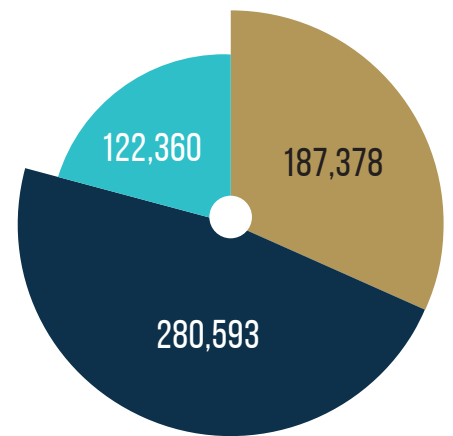
Our PNG subsidiary, International Food Corporation Limited (“IFC”) has performed particularly well and continues to represent a strong earnings driver for the Group. IFC managed to sustain strong volume and revenue growth in the tuna segment for both the local and export markets. Compared to last year, exports of tuna products to the European Union, IFC’s major export destination, have more than doubled both in terms of volume and value. The favourable growth in this segment had largely offset the flat growth of the mackerel segment which grew 3.4% volume-wise but declined 3.9% regarding value. The challenge now is to build on the upward momentum of the tuna segment through strengthening and broadening of customer base and expansion into new markets.

REVENUE CONTRIBUTION BY PRODUCT



- Mackerel
- Tuna-Loin
- Tuna-Export Can
- Fishmeal
- Tuna-In House (Local)
- Tuna-Whole Round

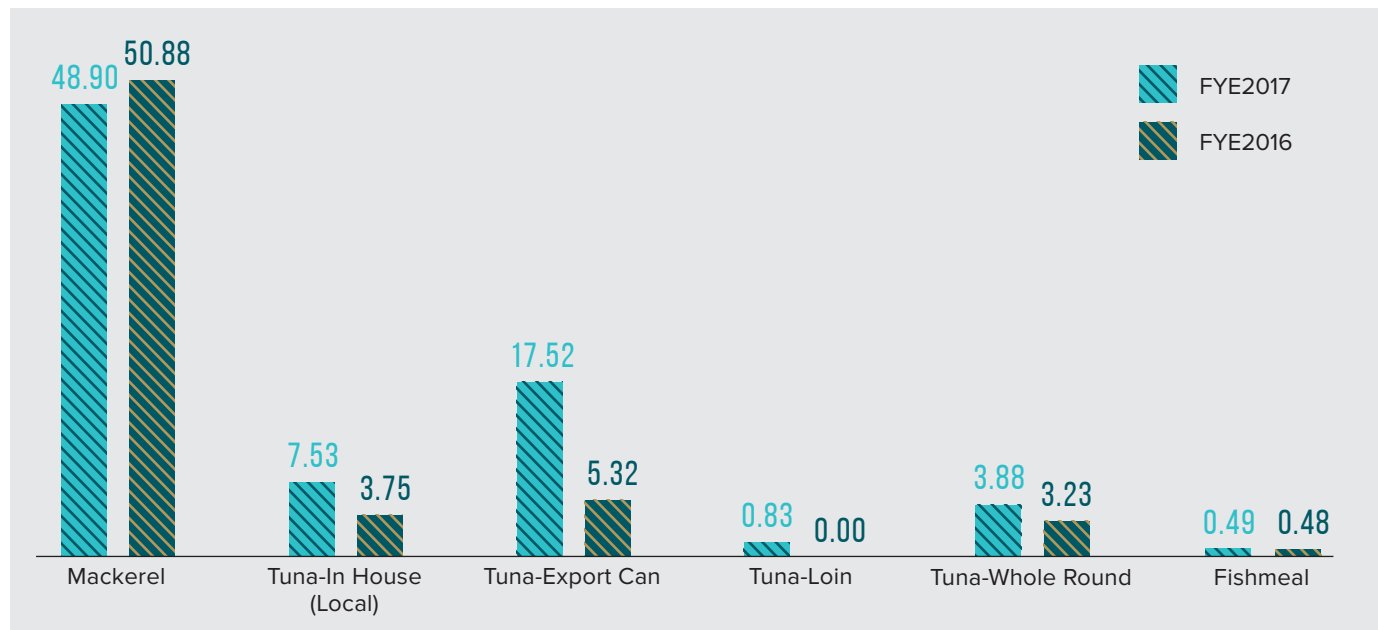
PRODUCT VOLUME BY CARTON



- Mackerel
- Tuna-Domestic
- Tuna-Export

# FOOD DIVISION

## Y-O-Y REVENUE BY PRODUCTS CATEGORIES (KINA MILLION)



On-going investments in upgrading production facilities, productivity improvements, continuous cost reduction initiatives and the hard work of our teams have also contributed to the Division's strong results. During the financial year, the Division spent RM3.99 million on CAPEX. A new cold room for tuna loins was commissioned during this period at IFC's factory premises, which provided not only additional storage capabilities but also greater process efficiency regarding handling and storage. The installation of a new can body welder for the can-making operation during the year is also expected to positively impact IFC's bottom-line moving forward as the business becomes more cost-effective. These efforts are critical in the current environment, where price increases are difficult in the face of an already challenged consumer.

Threats to the sustainability of fish supply as a result of over-fishing and climate change are real and understood. On this



# FOOD DIVISION

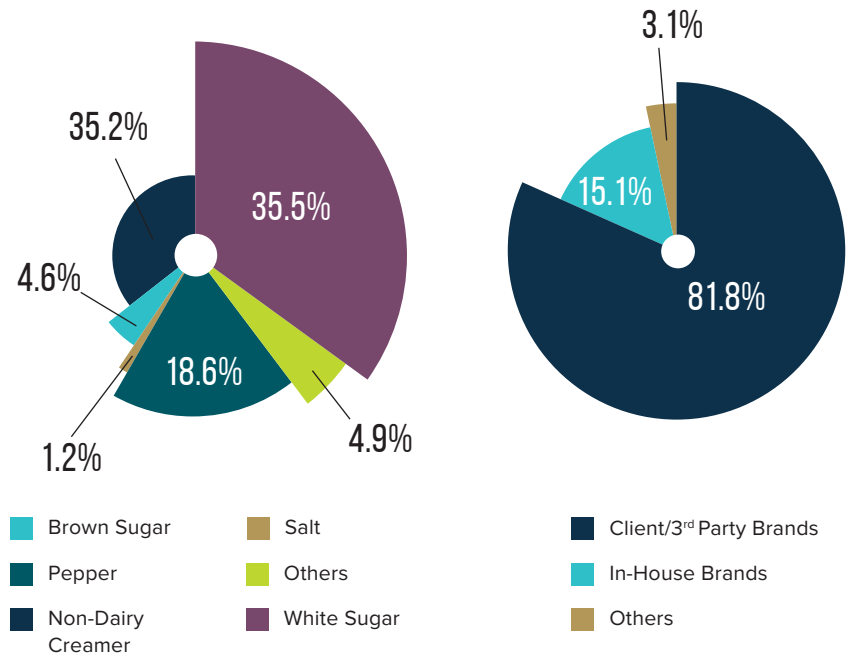


note, the Division is staunchly committed to the sustainability agenda and is pursuing strategic alliances with its raw material suppliers and fishing companies to gain additional advantage and ensure sustainability of supply.

Our food packing subsidiary, Fima Instanco Sdn Bhd ("FISB") has continued to deliver revenue and PBT growth, driven by improved sales volumes supported by a sustained focus on cost management practices. Moving forward, FISB plans to diversify its revenue base to include sale and distribution of consumer products and entering into new markets. It is hoped that the resulting scale, as well as strengthened product and service offerings, will culminate in a stronger and more robust business performance for FISB.

The Division will also continue its focus on strengthening sales volume and earnings growth by improving the Division's core product offerings and introducing new products that align with emerging consumer trends and preferences while maintaining product quality and affordability. In PNG, we also remain active and respond to any trade measures on fish, particularly tuna, and support the PNG government's initiatives to protect local businesses from export-dumping activities. The Division expects the flattish demand for IFC's canned mackerel products will continue in this current year but is optimistic that sales from new and improved product offerings can mitigate this decline.

## REVENUE CONTRIBUTION BY CATEGORIES (%)





MARKETPLACE



ENVIRONMENT



SOCIAL

# SUSTAINABILITY REPORT 2017



# SUSTAINABILITY REPORT 2017

We define sustainability in a way that brings responsibility and accountability into every activity and process while building a successful business. Doing business with sustainability in mind is not only a matter of balanced corporate responsibility, but is also sensible from a business perspective. We can only retain our competitive edge if we fully dedicate ourselves to our customers, our employees, our services, the environment and the local communities where we operate.

As our sustainability practices evolve, we know we must focus on what's right for our business. We care deeply about issues such as the health and safety of our employees, environmental protection, product quality and safety, resource conservation, support for the communities we operate in and returning profits to our shareholders. Towards this end, we will continue to work with our stakeholders and others on common-ground sustainability efforts.

In this Report, we highlight the three focus areas that are relevant to our businesses and of interest to our stakeholders, and looks at the Group's performance at each of these areas. Our approach to reporting is guided by Bursa Malaysia's Sustainability Reporting Framework which comprises amendments to the Listing Requirements, the Sustainability Reporting Guide and Toolkit thus providing stakeholders with a more comprehensive view of the Group's sustainability initiatives.

## MARKETPLACE

### ENGAGING STAKEHOLDERS

Our stakeholders' expectations revolve around good returns, sustainable profits, growth, regulatory compliances, transparency and accountability. We respond to our stakeholders' expectations in different ways, both formally and informally, depending on the nature and scale of the issue. These interactions are crucial to enable us to tackle some of the major challenges facing our operations – challenges that affect everyone along our value chain, and to seek beneficial solutions on concerns that no entity can solve on its own.



# SUSTAINABILITY REPORT 2017

STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
<p>Our people</p> 	<ul style="list-style-type: none"> <li>• Job security and wages</li> <li>• Conducive workplace</li> <li>• Career development</li> <li>• Corporate activity</li> <li>• Health and safety</li> <li>• Group's growth &amp; development</li> </ul>	<p>Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically by offering diverse employment prospects, opportunities for development, and competitive rewards and benefits that have a clear link to performance.</p> <p>The Group has in place a Whistleblowing Policy and structured grievance procedures to address employees' cares and concerns.</p>
<p>Shareholders and investors</p> 	<ul style="list-style-type: none"> <li>• Delivering profitable returns on investment</li> <li>• Financial strength &amp; resilience</li> <li>• Disclosing timely, concise and relevant information</li> <li>• Upholding corporate values</li> <li>• Business sustainability</li> </ul>	<p>We respond:</p> <ul style="list-style-type: none"> <li>• through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website.</li> <li>• by disseminating material issues to the market by way of Bursa announcements.</li> <li>• through continued improvements in our business strategies, governance framework and corporate reporting.</li> <li>• through engagements at General Meetings.</li> </ul>
<p>Customers</p> 	<ul style="list-style-type: none"> <li>• Changing needs of customers and consumers</li> <li>• Business ethics</li> <li>• Innovation</li> <li>• Supply chain/traceability issues</li> <li>• Health &amp; safety</li> <li>• Certification</li> </ul>	<p>We seek to be honest and fair in our relationships with our customers and to provide the standards of product and service that have been agreed.</p> <p>We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide.</p> <p>Certifications to support market credibility.</p>
<p>Communities</p> 	<ul style="list-style-type: none"> <li>• Economic empowerment/ livelihood</li> <li>• Community safety and health</li> </ul>	<p>Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers.</p> <p>Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions.</p>

# SUSTAINABILITY REPORT 2017

## Memberships & associations



- Advancing industry specific matters with policymakers and other key stakeholders

Our memberships provide a forum for us to promote and defend our interests in the broader industry context, to learn from and to benefit from their contribution.

Further, our participation and membership in various associations ensures that we stay in touch with current and anticipated developments.

## Suppliers



- Quality control
- Business ethics
- Training & support
- Supply chain transparency
- Sustainability requirements

We require our suppliers to live up to good social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly, and establishing trust and long-term relationships are essential.

Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities.

## National and local governments



- Compliance & regulations
- Land issues
- Level 'playing fields' for all sectors
- Local economic development programmes
- Corporate Responsibility initiatives
- Licence to operate
- Industry specific matters

We are often a major economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable governments to develop and maintain public works, services and institutions.

We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.

## SUSTAINABILITY GOVERNANCE

During the year, we established an internal Group Sustainability Committee made up of representatives from the Boards of the Company and its listed subsidiary Fima Corporation Berhad and members of Group management to oversee how the Group's sustainability programs support business goals and aspirations, and monitor the progress thereof.



# SUSTAINABILITY REPORT 2017

## IFC CERTIFICATIONS



Halal (JAKIM)



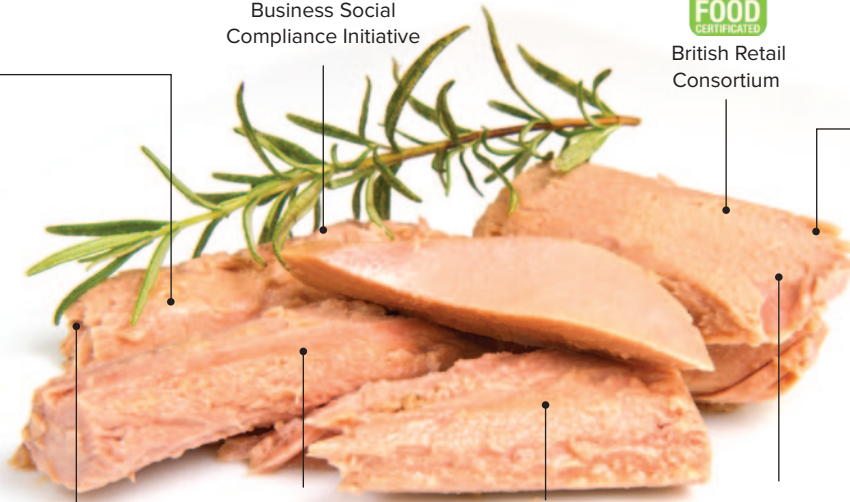
Business Social Compliance Initiative



British Retail Consortium



Good Manufacturing Practice



International Food Standard



HACCP



Dolphin Safe



Marine Stewardship Council

## QUALITY & STANDARDS

To maintain safety and quality, the Group stays current with new regulations, industry best practices and marketplace conditions and the Group's businesses consistently strive to improve and refine their requirements and standards throughout the entire supply chain.

Each business has also developed and documented policies and procedures that the business should exercise over specified processes.

The **Food Division's** production facilities, suppliers of ingredients and packaging materials are required to comply with stringent international standards and regulations, government regulations and company policies, procedures, controls, and good manufacturing practices applicable to their operations. To ensure

## FIMA INSTANCO CERTIFICATIONS



ISO 9001:2008 Certified



HACCP



Halal (JAKIM)



# SUSTAINABILITY REPORT 2017

## PRINCIPLES OF THE CODE OF CONDUCT

**THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

**ETHICAL BUSINESS BEHAVIOUR**

**FAIR REMUNERATION**

**NO DISCRIMINATION**

**OCCUPATIONAL HEALTH AND SAFETY**

**DECENT WORKING HOURS**

**NO CHILD LABOUR**

**NO PRECARIOUS EMPLOYMENT**

**SPECIAL PROTECTION FOR YOUNG WORKERS**

**PROTECTION OF THE ENVIRONMENT**

**NO BONDED LABOUR**

Further, the **Plantation Division's** Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2004 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel. The Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL has currently been put on hold, albeit temporarily as authorities await a definitive outcome of their ongoing legal suit pertaining to PTNJL's land title before resuming the audit process for ISPO consideration. Management does not believe this will have any material affect to PTNJL's operations in the near-term.



compliance with these requirements, we are subject to a number of audits and inspections. This includes (but not limited to) audits conducted by government and regulatory authorities such the National Fisheries Authority of Papua New Guinea and annual audits performed by independent third-party organizations for the British Retail Consortium (for which IFC achieved Grade A), International Food Standard, Dolphin Safe, HACCP,

GMP, Marine Stewardship Council and Halal (JAKIM) accreditations.

IFC is also subjected to the Business Social Compliance Initiative (BSCI) Code of Conduct, which is based mainly on the conventions of the International Labour Organization. We are proud to report that pursuant to a BSCI audit performed during the year, IFC had achieved BSCI Grade A.

The following companies within the **Bulking Division** adhere to globally recognized quality management systems for the handling, storage and shipment of various product categories to help maintain objective oversight of the quality of its operations.

COMPANY	ACCREDITATION	TYPE
<b>Fima Bulking Services Berhad</b>	ISO 9001:2008	Handling, storage & shipment oleochemicals, oils and fats
<b>Fimachem Sdn Bhd</b>	ISO 9001:2008	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
	OHSAS18001:2007	Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids
<b>Fima Freight Forwarders Sdn Bhd</b>	ISO 9001:2008	Freight forwarding & bulk transportation
<b>Fima Palmbulk Services Sdn Bhd</b>	ISO 9001:2008	Handling, storage & shipment of oleochemicals, edible oils, molasses and latex

# SUSTAINABILITY REPORT 2017

“

...WE ARE CONSTANTLY LOOKING AT WAYS TO REDUCE OUR ENVIRONMENTAL FOOTPRINT...

”

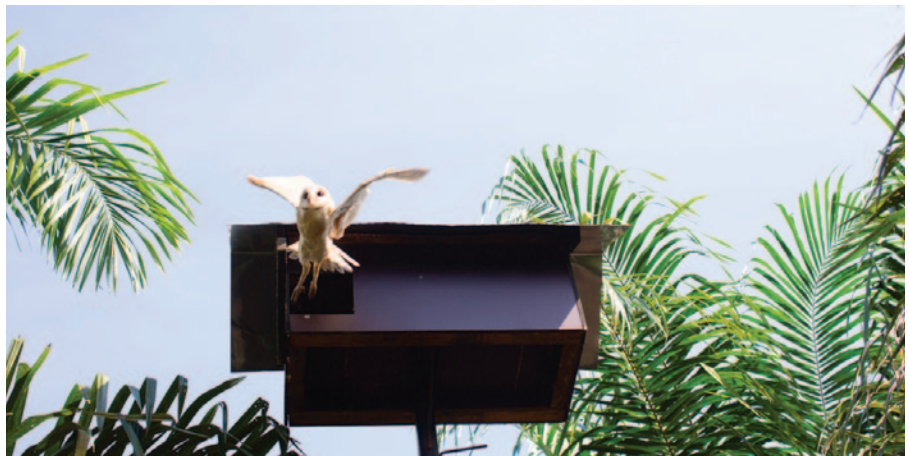
## ENVIRONMENT

The Group's businesses range from manufacturing to plantation operations. In each business segment, we are constantly looking at ways to reduce our environmental footprint. The Group's priorities within this include:

### SUSTAINABLE AGRICULTURAL PRACTICES

*Conservation areas:* Within our estates, areas alongside river banks (riparian reserves) are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and habitat for jungle flora and fauna.

*Soil Management:* We follow best industry practices e.g. application of empty fruit bunches (EFB), establishing cover crops such as *Mucuna bracteata*, *Calopogonium mucunoides* and *Calopogonium coeruleum*, alone or in



mixture, to improve soil properties and lower carbon dioxide emissions. Vetiver grass has been planted along the ponds, bunds and field drains to reduce erosion and prevent landslips whilst at the same time help clean the waste water. Vetiver grass is a deep rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals.

*Biological controls against pests:* Beneficial plants are planted to attract predators (insects) of leaf pests. These

predators feed on leaf pest larvae thereby minimising the usage of pesticides. The introduction of barn owls in estates to suppress rodent population and the placement of pheromone traps to capture Rhinoceros beetles are among methods that have been adopted and proven effective.

*Environmental assessment:* Environmental impact assessments are carried out ahead of any new plantation development.

# SUSTAINABILITY REPORT 2017

## WASTE MANAGEMENT

The **Plantation Division** adheres to a “zero waste” policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill wastes comprising Palm Oil Mill Effluent (“POME”) and EFB are converted into organic fertilizer or compost which is then applied directly at oil palm fields as a source of nutrients and to supplement fertilizer application. We monitor and treat all effluent and wastewater before discharging into the effluent pond. The organic materials in the effluent and wastewater are broken down by natural activities of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the POME is applied as land and compost application.

PTNJJL has achieved the Green rating, the second highest level in Indonesia’s Program for Pollution Control, Evaluation, and Rating (“PROPER”) in the manufacturing/agroindustry category for three consecutive years. The Green rating is awarded to businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.



PTNJJL has applied 17,671 MT or 44% of total EFB produced to the fields to allow for the slow release of organic nutrients through decomposition while conserving soil moisture and improving soil structure. The remaining 56% or 22,660 MT of EFB were processed into compost for application to the fields as well as biomass fuel for the boiler.

## Small gestures, BIG IMPACT

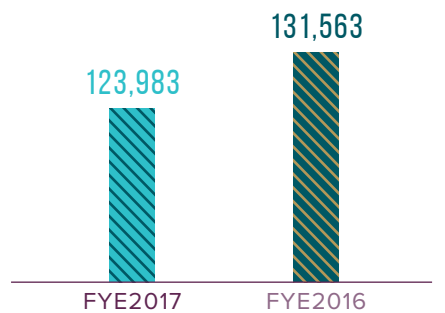
- ✓ The Group continuously seeks to identify opportunities to reduce energy use over time such as transitioning to LED lights for our corporate office and installing solar street lights at our estates.
- ✓ Employees are encouraged to power down computers, printers and lights in areas that are not in use.
- ✓ Switching from paper cheques to e-payments for a majority of transactions which also improves business efficiency.
- ✓ Recycling bins are strategically placed in and around the Head Office premises.
- ✓ Our fax system automatically images incoming faxes and archives them to prevent paper waste.

**71,013 MT**  
POME applied to estate in FYE2017

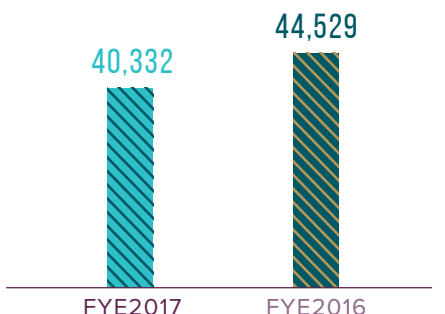
**51,169 MT**  
POME applied to compost in FYE2017

**22,660 MT**  
EFB processed in FYE2017

### TOTAL POME PRODUCED (MT)



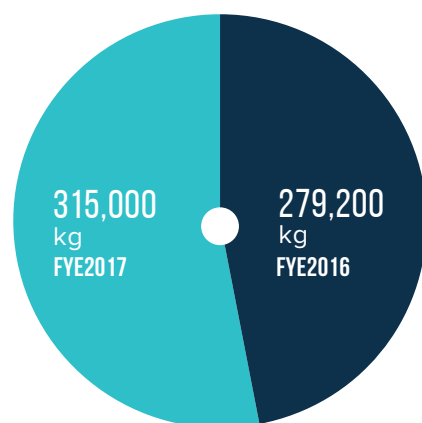
### TOTAL EFB PRODUCED (MT)



# SUSTAINABILITY REPORT 2017

Fish waste generated by fish processing activities at International Food Corporation Ltd (“IFC”), the **Food Division’s** processing plant in Papua New Guinea, are converted into fishmeal which is then sold to companies involved in the livestock industry.

## FISHMEAL



Hazardous wastes and residual products recovered from the **Bulking and Manufacturing Divisions’** terminal and manufacturing operations respectively are disposed of in accordance with stringent industry standards and statutory requirements.

## WASTE DISPOSAL BY TYPE

	Volume (MT)	
	FYE2016	FYE2017
<b>Scheduled waste:</b>		
Ink containers	2.70	3.70
Contaminated rags	2.00	2.90
Printing ink waste	1.30	5.40
Pre-slope wash	0.00	15.07
Recycled used oil	13.08	5.43
<b>Solid Waste:</b>		
Shredded paper	250.00	242.20
<b>Total:</b>	<b>269.08</b>	<b>274.7</b>

## WATER MANAGEMENT

The Group’s businesses are also focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. **Food Division’s** PNG subsidiary is continuing with their efforts to identify opportunities to reduce its water consumption using a variety of approaches including recycling water, replacing faulty equipment, and eliminating water leaks. In addition,



the **Plantation Division** has installed rainwater tanks at workers’ quarters at our Miri and PTNJL estates to harvest rainwater to be used for non-drinking purposes, namely washing and sanitation. Weirs have also been constructed across the field drains at our Miri estate to facilitate water retention and maintain the groundwater table at optimal levels.

The Group’s Indonesian subsidiary, PTNJL has set aside areas within its plantation as water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof.

# SUSTAINABILITY REPORT 2017



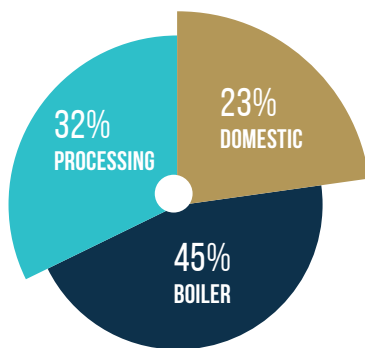
“ This year marks our inaugural disclosure on our CO<sub>2</sub> emission using tools adopted from the Greenhouse Gas Protocol to monitor and measure the Group’s CO<sub>2</sub> emissions. ”

lowers costs. As an organization with operations in 3 countries, the Group is subjected to a wide range of energy supply constraints and commercial pressures and therefore uses a wide range of fuels.

The other factor in the Group’s energy trends is the underlying efficiency of our plants. A robust approach to energy management is therefore crucial across our businesses and all regularly review their operational performance and respond appropriately. This year, a series of detailed efficiency performance tests was carried out by the Group’s Engineering Department on all boilers within the Group’s businesses. The test had several objectives, chief among them is to provide our businesses with long term maintenance planning and identifying boilers that need replacing.

We emit GHG both directly and indirectly. Our largest impact in terms of emissions is direct (scope 1) emissions mainly come from our businesses use of petrol, gas and diesel. Our main source of indirect (scope 2) emissions is electricity used in our manufacturing and processing operations.

## BREAKDOWN OF WATER USAGE



**331,172 M<sup>3</sup>**  
total mill water consumption in FYE2017

## ENERGY USE & EMISSION

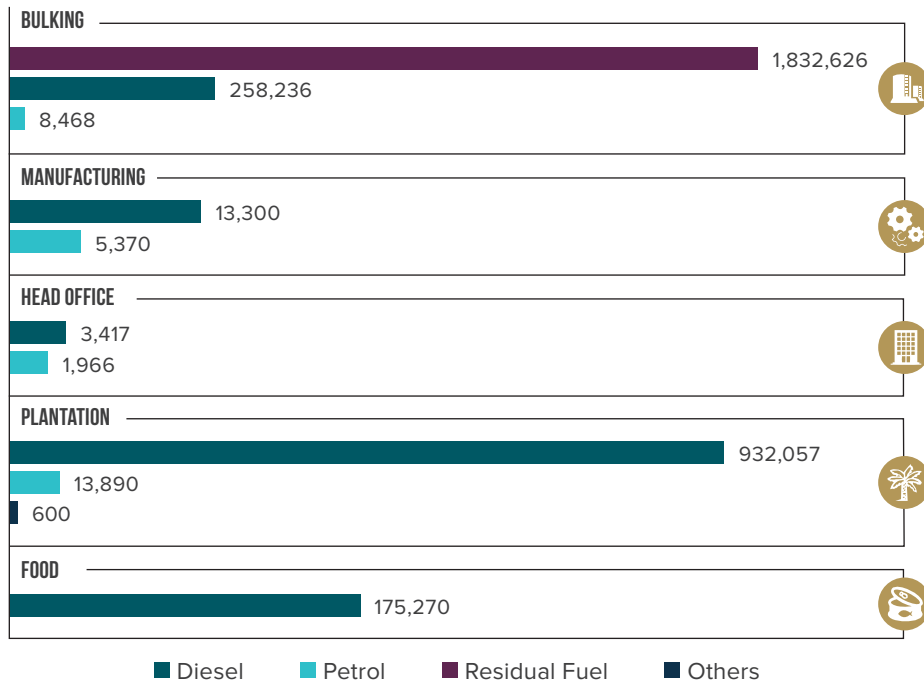
This year marks our inaugural disclosure on our CO<sub>2</sub> emission using tools adopted from the Greenhouse Gas Protocol to monitor and measure the Group’s CO<sub>2</sub> emissions. Over the last year, we have initiated analysis and tracking of our CO<sub>2</sub> emission and energy use. As we are committed to developing our measurement of energy and CO<sub>2</sub>, we will continue to refine our reporting criteria and progressively enhance our disclosures.

Efficient energy use is a key business concern. Improving our energy efficiency not only reduces the use of natural resources and emissions of CO<sub>2</sub> and other pollutants but also potentially

# SUSTAINABILITY REPORT 2017

## FUEL CONSUMPTION BY DIVISION

(litres)



# 3,245,200 LITRES

Total Group Fuel Consumption

One of IFC's most successful energy-efficiency undertakings has been to recycle the steam produced by its boilers. This steam energy which would otherwise be wasted, is captured, and reused to supply heat for heating process. As a result, IFC was able to save approximately 499,200 litres of water during the year.

## GETTING A CLEAN DEAL OUT OF RENEWABLE ENERGY

Since 2011, all biomass residue from our Sei-Menggaris palm oil mill in Indonesia are either converted into fertilizer/compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the

steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact from the utilisation of biomass as renewal energy has been significant. The electricity and heat energy generated from the cogeneration plant is used to power the oil mill, worker's quarters and as well as government facilities, schools and mosque. In FYE2017, 5,420,030 kWh of electricity was generated which is equivalent to 562 homes' electricity use for one year\*.

\*per US EPA calculator

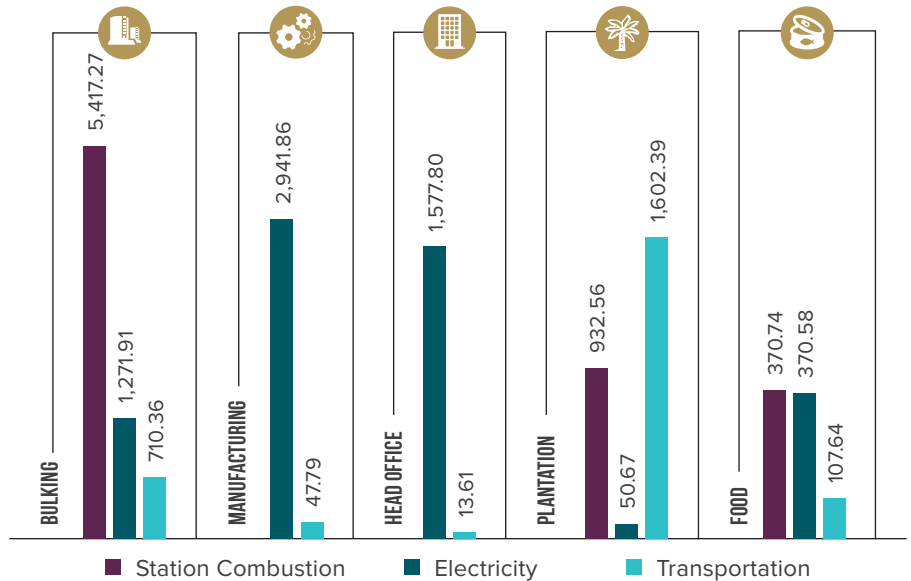


# SUSTAINABILITY REPORT 2017

## OVERALL CO<sub>2</sub>E BY DIVISION (MT)

**15,415**  
tCO<sub>2</sub>E  
Total Group CO<sub>2</sub>Emission

**6,315,906**  
kWh  
Total Group Energy Consumed



## RESPONSIBLY SOURCED SEAFOOD

The **Food Division** believes ocean sustainability is important. The Division’s PNG subsidiary, IFC, responsibly sources their fish supply to support and ensure the long-term sustainability and conservation of fish resources. Sustainability and traceability is high on IFC’s agenda when making purchase decisions.

All of the tuna that IFC purchases are caught by purse seine fishing. Purse seine fishing is among the more efficient methods of catching tuna as the amount of bycatch is minimal compared to other fishing methods. The majority of the tuna that IFC buys is skipjack and yellowfin which is widely considered to be highly fertile and abundant. Moreover, tuna fishery in PNG is managed under the National Tuna Fishery Management Plan, which regulates among others total allowable catches of tuna thereby maintaining sustainable stock levels. Moving forward, IFC intends to source

more FAD-free tuna, i.e. tuna caught without the use of fish aggregating devices. IFC also works closely with their suppliers to ensure that the tuna

they procure and process do not contain those which are illegal, unreported and unregulated (“IUU”). During FYE2017, IFC did not incur any IUU-related violations.



# SUSTAINABILITY REPORT 2017

## OCCUPATIONAL SAFETY & HEALTH

We regard safeguarding of our employees, neighbours, visitors and assets as a core indicator of our business success.

Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in occupational safety and health; and constantly carry out activities aimed at preventing work injuries. Preventive and scheduled maintenance are regularly performed on all the Group's facilities, plants, storage tanks and terminals; whereupon repairs and replacements are made when necessary or appropriate. Employees who use any machinery are trained to do so properly, while training programmes in the use of personal protective equipment for workers handling or exposed to hazardous materials are regularly conducted and have been, and will continue to be, a vital part of the Group's operations.

All divisions have health and safety committees which consist of divisional management and employees. It is to these committees that incidences are reported, and where compliance to policies is monitored and improvements are discussed.

For the second consecutive year, Fimachem Sdn Bhd was presented with Merit Awards in the Employee Health and Safety Code and Distribution Code categories at the Chemical Industries Council of Malaysia Responsible Care Awards 2016/17. During the year, PTNJL's palm oil mill was accredited with *Sistem Manajemen Keselamatan dan Kesehatan Kerja* (or "SMK3") a local Indonesian Government safety certification that is comparable with the globally recognized OHSAS 18001: 2007.



## SAFETY COUNTS

**920**  
days

without lost time  
incident achieved  
by PKN as at 31  
March 2017

**ZERO** fatality

recorded by all divisions in FYE2017.



**CICM** Chemical Industries  
Council of Malaysia



UTAMAKAN KESELAMATAN  
DAN KESEHATAN KERJA



## INCIDENT FREQUENCY RATE

Frequency Rate is recorded based on number of lost time injuries "LTI" occurring in the work place for every 1 million man-hours worked. During FYE2017, the Group recorded Lost Time Frequency Rate ("LTIFR") of 12.35 (FYE2016: 10.21) based on the following formula:

$$\text{LTIFR} = \frac{\text{No. of accident}}{\text{Total man-hours worked}} \times 1 \text{ mil}$$



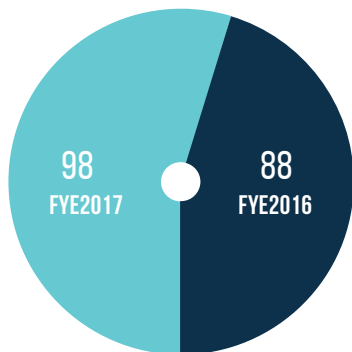
# SUSTAINABILITY REPORT 2017

The indicators help us to track the effectiveness of measures taken to improve safety and health performance in all business divisions. In addition, it helps the Group to identify the most useful preventive action.

We are pleased to report that the number of major injuries has decreased by 23%, from 13 incidences in FYE2016 to 10 incidences in FYE2017. However, an increase in the number of minor injuries from 75 to 88 has adversely impacted on our frequency rate this year to 12.35 from 10.21 last year. The total number of recorded injuries increased by 11% to 98 compared to the previous year. Most incidences this year are represented by minor injuries related to tools and logistical hazards at our Indonesian estate.

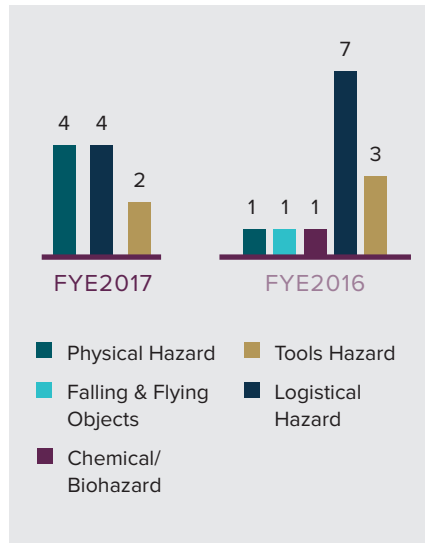


## TOTAL NUMBER OF RECORDED INJURIES

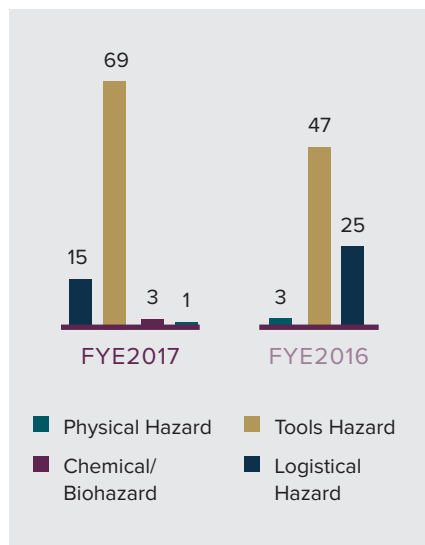


**23%** Y-O-Y reduction in major injuries

## MAJOR INJURIES BY TYPE



## MINOR INJURIES BY TYPE



**Major Injury:** Any incidences resulting in disability, medical treatment and lost time of more than 1 full working day

**Minor Injury:** Any incidences resulting in only first aid and/or no significant lost time with immediate continuation of work

**Near Misses:** These incidences have been excluded

## EMERGENCY PREPAREDNESS

Emergency preparedness is an important aspect within our operations, thus our facilities are equipped with first-aid kits, firefighting systems and have in place adequate response plans, spill prevention and other programs to respond to emergencies.

During the year, the Group did not incur any fines or sanctions for non-compliance with environmental laws or regulations.

## OIL SPILL INCIDENT

In May 2016, the Bulking Division's Butterworth terminal experienced an accidental spillage of 0.4 MT onto the shore during a CPO transfer operation. The spill was promptly cleaned up by the Division's response team and no damage to the shores was found.

The incident was duly reported to the Department of Environment and no legal sanction or penalty was imposed. Subsequent investigation by the terminal revealed the root cause to be human error. Corrective and preventive actions have since been taken, including modifications to certain work protocols to avoid future recurrence.

This was the only oil spill incident in the Group during the year under review.

# SUSTAINABILITY REPORT 2017

“

WE SUPPORT THEM BY PROVIDING A WORK ENVIRONMENT THAT IS POSITIVE AND BUILD AN INCLUSIVE CULTURE IN WHICH ALL EMPLOYEES CAN THRIVE

”

## SOCIAL

### OUR PEOPLE

Our people has always been the backbone of our success. They provide innovative and diverse thinking we need for our businesses. We support them by providing a work environment that is positive and build an inclusive culture in which all employees can thrive. We believe in the inherent benefits of a diverse and inclusive workplace, to maximise our business results and attract, recruit, engage and retain a talented workforce.



### BREAKDOWN OF EMPLOYEES BY DIVISION AS AT 31 MARCH 2017

	Head Office	Bulking	Food	Manufacturing	Plantation	Total
Senior Management	6	2	2	2	1	13
Management	10	10	12	14	6	52
Executive	24	21	30	29	40	144
Non-Executive	25	113	855	281	1,501	2,775
<b>Total</b>	<b>65</b>	<b>146</b>	<b>899</b>	<b>326</b>	<b>1,548</b>	<b>2,984</b>

### BREAKDOWN OF EMPLOYEES BY NATIONALITY

NATIONALITY/COUNTRY	MALAYSIA	INDONESIA	PAPUA NEW GUINEA	TOTAL
MALAYSIAN	659	5	9	673
INDONESIAN	156	1,269	2	1,427
PAPUA NEW GUINEAN	-	-	844	844
OTHERS	30	-	10	40
<b>TOTAL</b>	<b>845</b>	<b>1,274</b>	<b>865</b>	<b>2,984</b>
<b>RATIO OF LOCAL: FOREIGN</b>	<b>4:1</b>	<b>254:1</b>	<b>40:1</b>	

### BREAKDOWN OF EMPLOYEES BY AGE GROUP

AGE GROUP	MALE	FEMALE
<30	60%	40%
30-35	57%	43%
>55	63%	37%

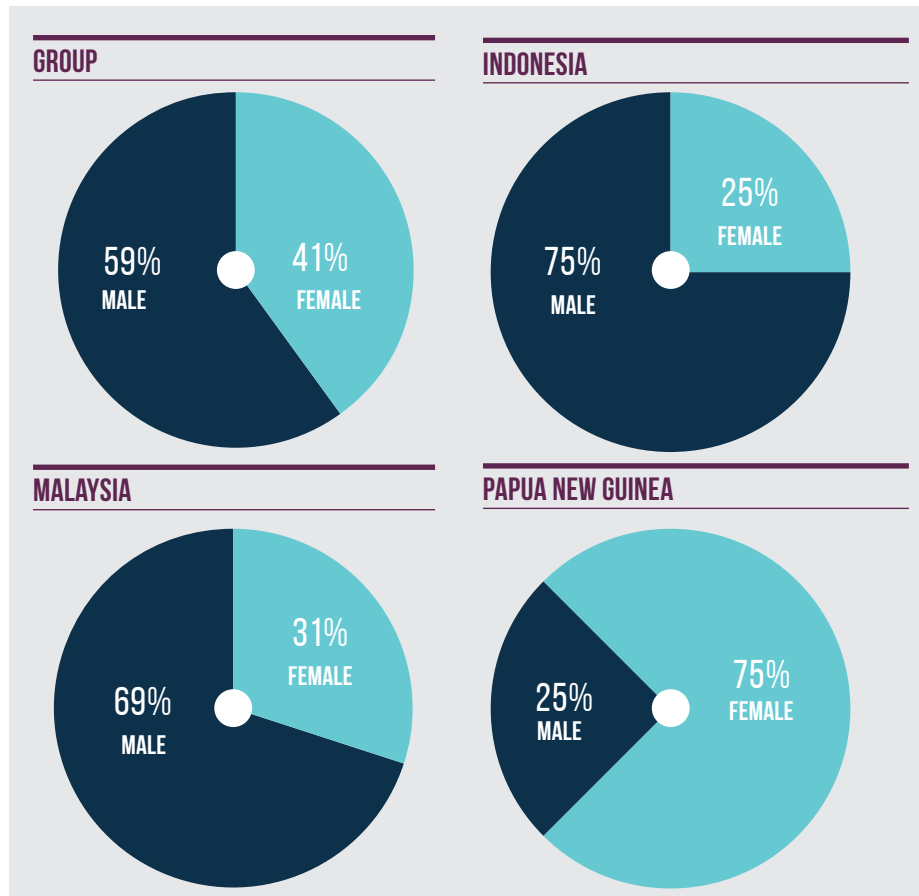
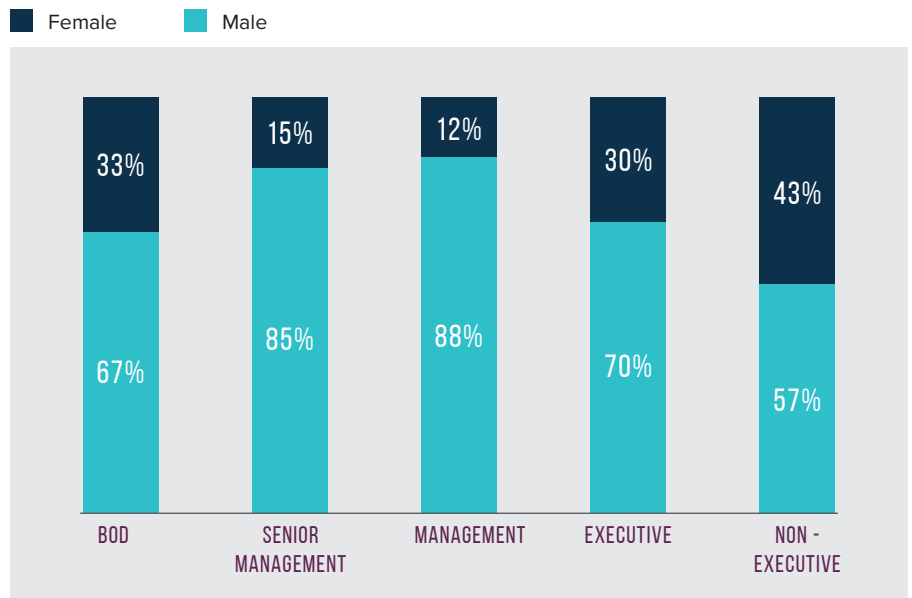
# SUSTAINABILITY REPORT 2017

## DIVERSITY AND GENDER BALANCE

The Group is committed to provide a working environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2017, the Group's workforce stood at 2,984 strong and is made up of 41% women and 59% men. It is worth noting, however, that due to the nature of certain job functions such as manual work in our plantation operations, the female take-up rate for these jobs tend to be significantly lower whereas in PNG, IFC's tuna loiners are predominantly female given that loining required delicate handling in order to prevent bruising the meat thereby affecting the quality.

## EMPLOYEE BREAKDOWN BY GENDER & POSITION AS AT 31 MARCH 2017



# SUSTAINABILITY REPORT 2017

## EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We recognise the importance of engaging, motivating, training and supporting our people. We strive to develop our employees to reach their maximum potential through training, job rotation and internal promotion opportunities. Training allocation is available annually for our employees to participate in internal or external workshops and seminars. We believe that a mixture of both internal and external training develops targeted skills and knowledge for a specific role.

Apart from training, **Bulking Division** has long provided education aid to its eligible employees in their pursuit of higher

education and/or job-related certification to equip them with the necessary skills and knowledge relevant to their day-to-day role.

All new employees undergo an induction program which helps them to familiarise with all aspects of the Company and the Group, understand the responsibilities of their new role, the culture of our business, the processes they need to follow as well as our expectations for ethical conduct. They will also be provided with the Employee Handbook before, or as soon as they start their new job. This Handbook provides new employees with information about their conditions of employment as well as the standards of professional behaviour expected.

We also set annual Key Performance Indicators (KPIs) for our employees that reflect critical success factors in their career development. This formal performance and career development reviews take place once a year at the end of the financial year. It also serves as an effective communication platform between employer and employee for



FYE	Average Training Hours Per Employee			
	2016		2017	
GENDER	Male	Female	Male	Female
Senior Management	9.6	35.0	19.1	28.3
Middle Management	7.9	12.0	14.6	24.6
Executive	3.9	10.4	7.3	14.4
Non-Executive	0.6	0.2	0.7	1.1

## TOTAL NUMBER OF EMPLOYEE TURNOVER

	Head Office	Plantation	Manufacturing	Food	Bulking
Senior Management	-	-	-	-	-
Management	-	1	-	-	-
Executive	1	1	1	1	1
Non-Executive	-	485	63	213	20
<b>Average Head Count</b>	65	1,554	345	933	145
<b>Division Turnover Rate (%)</b>	2%	31%	19%	23%	14%

16.3% of the Group's total employee turnover relates to abscondments in the Plantation Division. The majority of employees who absconded are engaged in physical labour where traditionally the employee turnover has been high. In other cases, the Group believes that the high rate of non-executive employees leaving voluntarily across the divisions has to do with the mobility of labour.

# SUSTAINABILITY REPORT 2017



	Malaysia	Indonesia	Total
<b>Total Number of Employees</b>	843	1,274	2,117
<b>Unionized Employees</b>	161	188	349
<b>% of Unionized Employees</b>	19%	15%	16%

feedback, sharing ideas, identify avenues for improvement and to recognize individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses or promotions.

### FREEDOM OF ASSOCIATION

We respect our employees' right of freedom of association and the right to join unions as well as the right to collective bargaining in accordance with local laws. As at 31 March 2017, 349 Group employees are represented by labour unions or works councils. Our collective bargaining agreements with these representative groups contain provisions covering grievance and discipline processes, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other negotiated terms and conditions of employment contained

in our collective agreements include, among others, matters such as wages and performance management.

During the year, the Group did not experience any situations with the unions that resulted in work stoppage.

### HUMAN RIGHTS

We are against any forms of forced labour and underage workers and we rigorously enforce these principle at all

our places of work. Each employee's profile and identity document is maintained in our HR data system and we continuously monitor compliance with the minimum legal working age requirements enforced by the local authorities in the countries where we operate our businesses. All employees work on their own free will and without coercion. During the year, there has been no incidence of child or forced labour in the Group.

### BENEFITS AND WELFARE

The Group's compensation structure includes fixed and variable components depending on the employee's job grade. Each location within the Group has its



# SUSTAINABILITY REPORT 2017

own locally defined employee benefit schemes. For eligible employees, these include:

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalization treatment for employees, spouse and eligible children;
- group term life and personal accident insurance;
- our Indonesian subsidiary, PTNJL provides free transportation for the workers' children to nearby local schools. There is also a clinic and crèche at the estate which is subsidised by the company that caters to the needs of the plantation staff and workers. The provision of these facilities has enabled women to join PTNJL's workforce; and
- provision of housing together with clean water and sanitation to our plantation workers.

During the year, the **Bulking Division** continued its long-standing tradition of rewarding children of employees who have excelled in the UPSR, PMR and SPM examinations with cash incentives.

KFima's Employees' Share Scheme which expired on 17 November 2016 had a healthy take-up rate and thus helps create ownership amongst employees and build a direct relationship between performance and reward.

Employees are also encouraged to participate in numerous activities organised by Kelab Sukan Fima including, among others, monthly Tafsir Al-Quran classes, Tazkirah Ramadhan, Ramadhan Iftar function, Hari Raya Open House and potluck and Fima Family Day 2017. Family days, weekend retreats, sport activities and festive gatherings were also regularly organized at the divisional level.

## A healthy SHADE OF GREEN

A new project has been rolled out during the year at the Group's estates in Johor. At Ladang Ayer Hitam, estate management has allocated 0.25 acres of land plus resources such as seeds and fertilizer for the employees to cultivate lemongrass, chillies, ginger and turmeric (kunyit). Meanwhile in Ladang Kota Tinggi, employees use the land to grow bananas and corn (when in season) in addition to leafy vegetables. At the end of the harvest, they get to take their produce home for their own consumption.

*"The project fosters a sense of mutual cooperation and respect with employees coming together to share a common interest. They take*

*immense pride in their little patches of green - which is certainly good for the morale."* Rashidi bin Mohd Yazid, Estate Manager Ladang Ayer Baloi



# SUSTAINABILITY REPORT 2017

Group employees had also participated in the “Great Eastern Bubble Dash 2016” organized by Great Eastern in Kuala Lumpur. Funds raised therefrom will go towards supporting The Heart Foundation of Malaysia.

## COMMUNITY

We believe in contributing economically and socially to the well-being of the communities where we conduct business. Supporting economic and

social development of the communities in which we operate is the right thing to do for our communities as well as for our businesses.

As part of our commitment in strengthening the local socio-economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group hires and trains local employees at our jobsites, providing technical training and skills to improve workers’ wage-earning potential. We also support local suppliers and entrepreneurs through purchasing local goods and services.

Apart from building and furnishing the mosques, schools and clinic located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PT Nunukan Jaya Lestari (“PTNJL”) also funds the monthly allowance of teachers, imams and clinic assistants.

During the year, the programme focuses on 4 schools in Klang, Selangor and 1 school in Kelantan namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Telok Gadong and SMK Kampung Jawa and SMK Laloh, Kuala Krai. The Group also made a contribution to Teach for Malaysia towards their efforts in setting-up an office space in Johor for their South Region team.

IFC renewed its partnership with the PNG Football Association and sponsored the Besta FA Cup. The division also supported activities or events organised by various agencies such as PNG under-20 Women’s Team for 2016 World Cup, Goroka Health Community Work by Susu Mamas, an NGO that supports and promotes breast feeding for infants, Mental Health Day and HIV/Aids Awareness by Angau General Hospital, Mini Cultural Show of Wawin Primary School, Morobe Show and PNG 41st Independence Day.

### Game On! BESTA BACKS PNGFA

International Food Corporation Ltd (“IFC”) is a long-time supporter of the PNG Football Association (“PNGFA”) having been the title sponsor of the Besta FA Cup since 2011.

*“We are extremely proud to support PNGFA. Through IFC’s sponsorship, we are able to give back to the wider community by nurturing young local talents through their participation in the national soccer league. This will give the youngsters much needed game experience whilst at the same time fostering community spirit and goodwill.” - Ahmad Faisal Hamdan, Chief Operating Officer, IFC*

*“Our partnership with IFC through the Besta Youth Development program has resulted in the nurturing of successful players that are in the PNG men’s team. In fact, six of the players in the PNG Men’s team came out of the Besta Youth Development program.” - PNGFA president David Chung*



Empowering underprivileged sections of society through sponsorship and providing resources is an important part of our community outreach. We continued with our sponsorship of Persatuan Al-Hunafa, a non-profit organisation towards its Titian Samara Programme designed to help secondary students with academic and social problems.

**COMMUNITY SUPPORT**  
**> RM 1,000,000**  
 Spent on Community Investments and Activities

# SUSTAINABILITY REPORT 2017



The Group's **Manufacturing Division** provided a grant to University Kebangsaan Malaysia towards their research on geopolitical detection system in Johor.

The Group offers placements to university students to undergo on-the-job programmes in various functions within the Group to gain the skills and experience they need to access entry-level job opportunities. During the

year, 2 students from Kolej Vokasional Port Dickson underwent a 4-month work-based training programme at PKN. In January 2017, PKN absorbed a contract employee who had previously underwent an internship programme with the company, as a permanent staff. Meanwhile, our Indonesian subsidiary, PTNJL also received 5 students from PDD Politeknik Negeri Nunukan, Kalimantan to undergo 2-month internship programme during the year.



PTNJL has always placed significant emphasis on community relations and corporate social responsibility initiatives, making significant investment in local communities and infrastructure with the aim of improving the standards of living of its employees and local citizens on and

around its estates. During the year, PTNJL had carried out upgrading and maintenance works on the rural roads at Desa Semaja (8km) and Mattiro Bulu (8km), providing these rural towns with the much needed connectivity and access to socio-economic services and economic opportunity.

“Extreme seasonal weather such as floods and droughts as well as frequent use by heavy goods vehicles in these areas mean that roads need to be properly maintained. The improved roads have made it easier for children to attend school, for people to reach hospitals in cases of emergency and for both local farmers and consumers to reach markets. The average travel times have significantly reduced.” – Mohd Rizal Mat Nor, President Director, PTNJL

The cost of the works was fully funded by PTNJL.



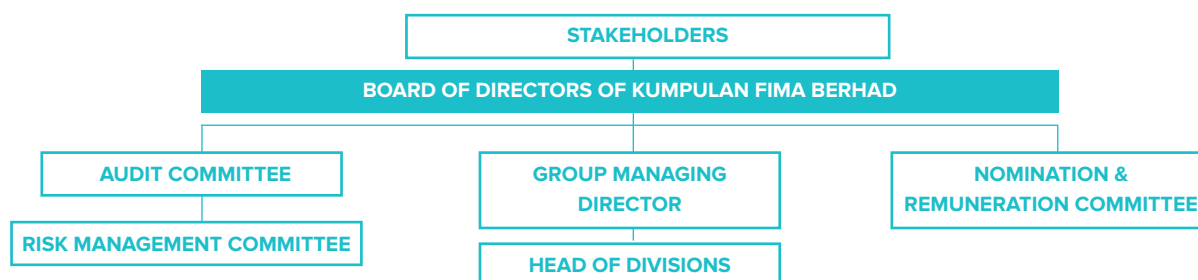
# STATEMENT ON CORPORATE GOVERNANCE

Kumpulan Fima Berhad (“the Company” or “KFima”) continues to be committed to embrace good corporate governance practices, where possible, having regard to the size and ownership of the Company, to achieving and sustaining high standards of corporate governance and compliance with the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) best practice recommendations.

This statement describes how best the Company and its subsidiaries (herein referred to as “the Group”) have applied the principles and adopted the best practices as laid down in the MCCG 2012 throughout the financial year.

## GOVERNANCE FRAMEWORK

The governance framework provides an overview of the corporate governance processes and responsibilities within the Group.



## 1. BOARD OF DIRECTORS

### 1.1 Roles and Responsibilities

The Board is generally entrusted with the overall governance of the Company, the responsibility to exercise reasonable and proper care of the Company’s resources for the best interests of its shareholders as well as to safeguard the Company’s assets. It meets regularly to set the Group’s overall strategic direction, to review the financial and operational performance and to provide oversight to ensure that the Group is effectively controlled and resourced. Additionally, Directors, collectively and individually, are obliged to act in good faith and consider the best interests of the Company and all its shareholders at all times.

The Board has adopted a schedule of matters specifically reserved for its approval, which include among others:

- annual financial statements and quarterly financial results;
- the Company’s strategic and operating plans;
- annual budget;
- new appointments to the Board;
- dividend recommendation;
- larger capital expenditure, restructuring, acquisitions and disposals of significant assets and investment proposals;
- related party transactions; and
- the overall system of internal control and risk management.

In summary, the Board’s activities during the financial year comprised the following:

- reviewed and approved the Group’s budget for the financial year 2017/18 and business strategies/plans for financial years 2018/19 to 2021/22.
- reviewed and approved the quarterly results and the audited financial statements for the financial year ended 31 March 2017.
- received the quarterly group performance report from the Group Managing Director on significant changes/development in the business and the external environment, which affects the operations.

# STATEMENT ON CORPORATE GOVERNANCE

- reviewed the Terms of Reference of the Nomination and Remuneration Committee and expanded their functions to include (i) reviewing and recommending the appropriate remuneration policies applicable to directors of subsidiaries and senior management, and (ii) the recruitment, appointment and evaluation of the performance of directors of subsidiaries and senior management.
- reviewed the Board Charter and approved the necessary amendments to ensure that the Charter remain consistent with the Board's objective, current law and practices.
- participated in the annual Board/Board Committees performance evaluation and receiving a report on the evaluation.
- reviewed the current compositions of the Board and Independent Directors and the time commitment given by the Directors in fulfilling their responsibilities as Directors and members of the Board Committees.
- reviewed the tenure of the Independent Director's time in office.
- reviewed the Audit Planning Memorandum for the year ending 31 March 2017.
- reviewed and approved the statements for insertion in the Company's Annual Report for the financial year ended 31 March 2016.
- reviewed the draft Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of revenue or trading nature and the proposed share buy-back.
- recommended the final dividend for financial year ended 31 March 2016.
- noted the minutes of Board Committees and Head of Divisions meetings on a quarterly basis.
- noted the reports on dealings by Directors and Principal Officers in the Company's securities.

The Board also has established a framework on authorization and approval limits for capital and operating expenditure, and specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimize operational efficiency.

The Board has delegated certain responsibilities to the Board Committees, namely, Audit Committee and Nomination and Remuneration Committee which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain key and operational matters, the ultimate responsibility and the final decision on specific matters lies with the Board. The Audit Committee and the Nomination and Remuneration Committee are chaired by Independent Directors. The Options Committee which was established on 23 March 2011 with delegated authority to administer the Company's Employees' Share Scheme was dissolved effective 27 February 2017 following the expiry of the Group's Employee Share Scheme on 17 November 2016.

As foreshadowed above, the Board had during the year, reviewed and approved the expansion of the Nomination and Remuneration Committees' functions respectively to also include advising the Board on all matters pertaining to remuneration, recruitment and performance evaluation of subsidiary directors and senior management. The revised functions are put in place to align the Group with better governance practices as well as ensuring long term sustainability of key managerial persons within the Group and create competitive advantage. Subsequently, on 30 March 2017, the Board resolved to combine the Nomination Committee and Remuneration Committee into a single Nomination and Remuneration Committee with effect from 1 April 2017.

The composition of the Board Committees and their specific responsibilities are set out in the later sections of this Annual Report.

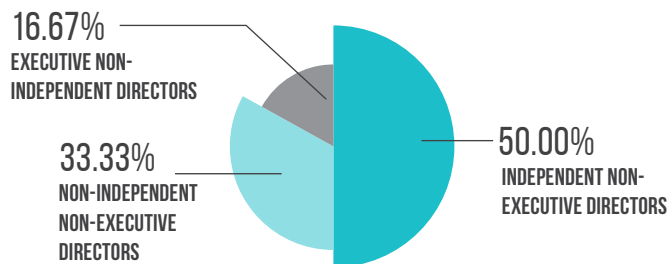
The roles and responsibilities of the Board are formalised in a Board Charter which is available in the Investor Relations section of the Company's website at [www.fima.com.my](http://www.fima.com.my).

The Board is also guided by company laws and the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia in discharging its responsibilities. The foregoing provides guidance for proper standards of conduct, sound and prudent business practices as well as standards of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

# STATEMENT ON CORPORATE GOVERNANCE

## 1.2 Composition and Board Balance

The Board currently comprises one (1) Independent and Non-Executive Chairman, one (1) Group Managing Director (Executive and Non-Independent), one (1) Senior Independent Non-Executive Director, one (1) Independent Non-Executive Director and two (2) Non-Executive and Non-Independent Directors, which is in compliance with Paragraph 15.02 of the Bursa Malaysia's Main Market Listing Requirements ("MMLR") as more than one third of its members are independent directors.



A balanced composition of independent directors enables an effective and objective check and balance on the Board's deliberation and decision making. The composition of the Board is further enhanced in terms of gender diversity. This is evident where two (2) out of six (6) Directors are women.

The Board, through the Nomination and Remuneration Committee, annually examines its size and composition to ensure its overall effectiveness. As part of the Nomination and Remuneration Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board and key management personnel vacancies as and when they arise, or to identify candidates to complement the existing Board, and make recommendations to the Board on their appointment. At present, the Company does not have a formal gender diversity policy. Based on the Group's needs and circumstances, the Board is of the opinion that it is important to recruit and retain the best available talent regardless of gender. Through this, the Nomination and Remuneration Committee will assess candidates against a range of criteria, which among others, include background, experience, professional qualifications, personal quantities, relevant skills and expertise, taking into account the Group's strategic direction and competencies required by the position.

During FYE2017, there was no new appointment of Directors to the Board of KFima. The Board is satisfied with the current diversity and is of the view that the size and composition of the Board, given the scope and nature of the Group's operations, is balanced with appropriate mix of knowledge, skills, attributes and core competencies to enable the Board to effectively discharge its responsibilities and perform its functions.

The profile of each Director is presented in the Profile of Directors on pages 16 to 21 of the Annual Report.

### 1.2.1 Segregation of the Positions of Chairman and Group Managing Director

In KFima, there is a clear division in responsibilities between the Chairman and the Group Managing Director ("Group MD"). The Chairman and the Group MD are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions.

#### Chairman

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, an Independent Non-Executive Director, helms the Board of Directors as Chairman. He is responsible for the leadership and governance of the Board, facilitating effective contribution by all Directors, and promoting constructive relations within the Board and between the Board and senior management. He also oversees, guides, advises and provides support to the Group MD, particularly on strategic matters with respect to the Group's long-term growth. The Chairman's role also includes ensuring that the Board is provided with the accurate, timely and clear information of the Group's operations and strategies to assist in the discharge of the Board's duties and responsibilities. He encourages effective dialogues between the shareholders, Board members and Management. The role of the Chairman is clearly outlined in the Company's Board Charter.

# STATEMENT ON CORPORATE GOVERNANCE

## Group MD

The Group MD is Dato' Roslan bin Hamir. He leads the Management, and is responsible for the day-to-day management of the Group's operations and business as well as implementation of Board policies and decisions. The Group MD, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management, and to shareholders, employees and other stakeholders on behalf of the Group. The duties and responsibilities of the Group MD is also clearly stated in the Company's Board Charter.

### 1.2.2 Senior Independent Director

Encik Azizan bin Mohd Noor is the Company's Senior Independent Non-Executive Director, to whom any concerns pertaining to the Company may be conveyed. He is also responsible to receive reports from employees or third parties for the purpose of whistleblowing in accordance with the Group's Whistleblowing Policy and Procedures.

## 1.3 Independence of Directors

The Board recognises that Independent Directors have an important role in assuring the shareholders that the Board is able to act in the best interests of the Company and independently of Management. Currently, three (3) Board members are Independent Directors who are able to exercise independent judgement on issues of strategy, performance and resources of the Group. They provide unbiased and independent views and the presence of these Independent Directors fulfil a pivotal role of corporate accountability.

For the financial year under review, all the Independent Non-Executive Directors have provided annual written declaration to the Nomination and Remuneration Committee and the Board confirming that they continue to fulfil the criteria of independence as set out in the MMLR. The Board, on the recommendation of the Nomination and Remuneration Committee, is satisfied with the level of independence of each of the Company's Independent Non-Executive Directors and their ability to act in the best interests of the Company.

As at the date of this statement, three (3) Independent Directors of the Company, namely Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor ("Tan Sri Radzi"), Encik Azizan bin Mohd Noor ("Encik Azizan") and Dato' Rosman bin Abdullah ("Dato' Rosman") have served on the Board for a cumulative term of nine (9) years. Encik Azizan and Dato' Rosman, who have served on the Board for 14 years and 13 years, respectively, were approved by the shareholders of the Company during the 44<sup>th</sup> Annual General Meeting held on 24 August 2016 to continue serving as Independent Non-Executive Directors of the Company.

The Company has not established term limits for the Independent Non-Executive Directors who have served the Company for more than 9 years as the Board believes that term limits does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. The Nomination and Remuneration Committee and the Board have assessed, reviewed and concurred that the three (3) Independent Non-Executive Directors of the Company have demonstrated the essential independence of mind and objectivity of judgment to act in the best interests of the Company in the discharge of their Directors' duties and that they are each free from any business or other relationships which could materially impair the exercise of their independent judgement. As such, the Company would be seeking the shareholders' approval at the coming Annual General Meeting ("AGM") for them to continue in office as Independent Directors. The Board also believes that there are notable benefits to be acquired from long serving Directors who possess insightful knowledge of the Company's businesses and proceedings.

Generally and in any event, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where a material conflict exists, the Director concerned declares his or her interests in those dealings to the Board and takes no part in decisions or discussions relating to them.

# STATEMENT ON CORPORATE GOVERNANCE

The justifications on the continuation of Tan Sri Radzi, Encik Azizan and Dato' Rosman as Independent Non-Executive Directors has been provided in the notice of AGM.

## 1.4 Foster Commitment of Directors

### 1.4.1 Time Commitment

The Board complied with the requirements of the MMLR where none of the member of the Board holds more than five (5) directorships in listed companies. The Directors are required to disclose and update his or her directorships in other companies or significant commitments outside the Company as and when necessary to ensure that such appointments would not unduly affect their time commitments and responsibilities to the Board. The list of directorships is annually tabled to the Nomination and Remuneration Committee and the Board for noting. For FYE2017, none of the Directors have served on the boards of more than five (5) other listed companies.

Additionally, all the Non-Executive Directors have provided a confirmation to the Nomination and Remuneration Committee and the Board that they will continue to devote sufficient time and attention to the affairs of the Company in fulfilling their duties as Non-Executive Director of the Company.

### 1.4.2 Board Meetings

The Board is also satisfied that each individual Director is committed to the Board and Board Committees by having a good meeting attendance record for the financial year under review. The attendance of the members for Board and Committees meetings is reflected as follows:

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Options Committee
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	7 out of 7	N/A	N/A	1 out of 1	N/A
Dato' Roslan bin Hamir	7 out of 7	N/A	N/A	N/A	2 out of 2
Azizan bin Mohd Noor	7 out of 7	5 out of 5	1 out of 1	1 out of 1	N/A
Rozana Zeti binti Basir	7 out of 7	5 out of 5	1 out of 1	N/A	N/A
Dato' Rosman bin Abdullah	7 out of 7	5 out of 5	1 out of 1	1 out of 1	2 out of 2
Rozilawati binti Haji Basir	7 out of 7	N/A	N/A	1 out of 1	2 out of 2

The Board and Board Committees meetings are scheduled in advance before the beginning of the new financial year in order to facilitate the Board and Board Committees attendance at the meetings. Additional meetings are convened whenever necessary to consider urgent proposals or matters that require the Board's expeditious review and decision. Decisions can also be taken by way of Directors' Circular Resolutions between the scheduled meetings, where appropriate.

# STATEMENT ON CORPORATE GOVERNANCE

Whenever necessary, senior management are also invited to join in Board and Board Committee meetings to provide explanation or engage in dialogue with Board members on agenda items being discussed in order for the Board and/or Board Committees to make an informed decision. All issues raised, deliberations and decisions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board meetings.

### 1.4.3 Directors' Training

All Directors are encouraged to attend continuous training programmes to enhance their business acumen and professionalism in discharging their duties to the Group as well as to help them keep abreast of the current developments and business environment affecting their roles and responsibilities. The Company Secretary who receives regular updates on training programmes from regulatory authorities and professional bodies will circulate them to the Directors for their consideration.

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required under the MMLR. The Directors have also attended and participated in various external training programmes during the financial year. The Company Secretary also facilitated and organized two (2) training sessions during the year. All these programmes are useful for the Directors in discharging their duties and responsibilities. Particulars of trainings attended by Directors are set out below:

Director	Training Attended	Date Held
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	1. KLBC Fireside Chat "US-Malaysia Relations: Where are we heading" by Kuala Lumpur Business Club.	6/5/2016
	2. KLBC Fireside Chat with YBhg Tan Sri Abdul Wahid Omar by Kuala Lumpur Business Club.	19/7/2016
	3. Latest Updates on Directors' Remuneration Seminar 2016 by Asian Strategy & Leadership Institute (ASLI) and Federation of Public Listed Companies Berhad.	20/7/2016
	4. Trade Talk on business opportunities with Sri Lanka by Malaysia External Trade Development Corporation.	28/9/2016
	5. Corporate Governance Breakfast Series With Directors "Anti-corruption & Integrity – Foundation of Corporate Sustainability" by Bursa Malaysia Berhad.	8/12/2016
	6. Boards And C-Level Executives: Balancing Trust and Tension by Malaysian Institute of Corporate Governance.	17/1/2017
	7. Combatting Procurement Fraud in the Public & Private Sectors Forum 2017 "Prevention, Detection and Elimination of Fraud in Procurement" by Aram Global Sdn Bhd.	24/1/2017
	8. Sustainability Awareness Briefing by Shemsi Sdn Bhd.	13/3/2017
	9. Companies Act 2016 by Boardroom Corporate Services (KL) Sdn Bhd.	13/3/2017

# STATEMENT ON CORPORATE GOVERNANCE

Director	Training Attended	Date Held
Dato' Roslan bin Hamir	1. New or amended MFRS/ FRS by Sekhar & Tan.	5/12/2016
	2. Boards and C-Level Executives: Balancing Trust And Tension by Malaysian Institute of Corporate Governance.	17/1/2017
	3. Sustainability Awareness Briefing by Shemsi Sdn Bhd.	13/3/2017
	4. Companies Act 2016 by Boardroom Corporate Services (KL) Sdn Bhd.	13/3/2017
Azizan bin Mohd Noor	1. Directors Duties, Business Ethics & Governance Seminar 2016 by Malaysian Institute of Corporate Governance.	28/4/2016
	2. Corporate Governance Statement Workshop: For Directors of Public Listed Companies "The Interplay Between CG, Non-Financial Information (NFI) and Investment Decisions" organized by Bursa Malaysia Berhad.	9/5/2016
	3. Audit Committee Seminar for The Public and Private Sectors 2016 "Improving Audit Effectiveness" by Federation of Public Listed Companies Berhad.	16 & 17/5/2016
	4. "Amendments to Bursa's Listing Requirements – How To Rise Up To Meet Those Challenges!" by Malaysian Institute of Corporate Governance.	1/6/2016
	5. Latest Updates on Directors' Remuneration Seminar 2016 by Federation of Public Listed Companies Berhad.	20/7/2016
	6. Governance Symposium 2016: Driving Public-Private Governance Forward by Malaysian Institute of Accountant.	18/8/2016
	7. Regulatory Updates on Audit Committees Seminar 2016 by Federation of Public Listed Companies Berhad.	17/11/2016
	8. Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017 by Aram Global Sdn Bhd.	15/2/2017
	9. Risk Management Conference 2017 by Malaysian Institute of Accountant.	28/2/2017
	10. Sustainability Awareness Briefing by Shemsi Sdn Bhd.	13/3/2017
	11. Companies Act 2016 by Boardroom Corporate Services (KL) Sdn Bhd.	13/3/2017

# STATEMENT ON CORPORATE GOVERNANCE

Director	Training Attended	Date Held
Rozana Zeti binti Basir	1. Role Of The Chairman & Independent Directors' Seminar by Malaysian Institute of Corporate Governance.	28/9/2016
	2. 'Related Party Transactions – Their Implications To The Board Of Directors, Audit Committee & Management Seminar 2016 by Malaysian Institute of Corporate Governance.	25/10/2016
	3. Governance In Taxation & Budget 2017 Seminar by Malaysian Institute of Corporate Governance.	8/11/2016
	4. Corporate Governance Breakfast Series: Thought Leadership Session for Directors "The Cybersecurity Threat and How Boards Should Mitigate the Risks" by Bursa Malaysia Berhad.	18/11/2016
	5. Boards and C-Level Executives: Balancing Trust And Tension by Malaysian Institute of Corporate Governance.	17/1/2017
	6. Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017 by Aram Global Sdn Bhd.	15/2/2017
	7. Sustainability Reporting Masterclass: How to Write A Sustainability Report That Excites Investors by Aram Global Sdn Bhd.	28/2/2017
	8. Sustainability Awareness Briefing by Shemsi Sdn Bhd.	13/3/2017
	9. Companies Act 2016 by Boardroom Corporate Services (KL) Sdn Bhd.	13/3/2017
Dato' Rosman bin Abdullah	1. Corporate Governance Breakfast Series with Directors- "The Strategy, The Leadership, The Stakeholders and The Board" by Malaysian Directors Academy.	6/5/2016
	2. The Most Innovative Companies- Four Factors That Differentiate Leaders by Boston Consulting Group.	19/5/2016
	3. Sustainability Engagement Series by Bursa Malaysia Berhad.	1/6/2016
	4. Leadership Excellence From The Chair by Bursa Malaysia Berhad.	18/8/2016
	5. Role Of The Chairman & Independent Directors' Seminar by Malaysian Institute of Corporate Governance.	28/9/2016
	6. The Companies Act, 2016; Part 1: Overview Of Key Changes and Part 2: Revamped Governance Framework. What Directors & Management Need to Know by Azmi & Associates.	20/2/2017
Rozilawati binti Haji Basir	1. WIM Conference on Integrity and Governance by Women's Institute of Management.	21 & 22/11/2016
	2. Sustainability Awareness Briefing by Shemsi Sdn Bhd.	13/3/2017

All training programme attended by directors are recorded and maintained by the Company Secretary.



# STATEMENT ON CORPORATE GOVERNANCE

## 1.5 Board Performance Evaluation

KFima believes that Board performance is ultimately reflected in the performance of the Group. The Nomination and Remuneration Committee has the responsibility of assessing the effectiveness of the Board as a whole, and the contribution of the Board Committees and each Director to the effectiveness of the Board.

For FYE2017, the Board engaged the assistance of Boardroom Corporate Services (KL) Sdn Bhd, an independent external consultant to facilitate the annual evaluation process on the effectiveness of the Board, Board Committees and an individual Director's self and peer evaluation as well as Director's skills set matrix. The evaluation included a review of detailed questionnaires completed by each Director, which invited feedback on key areas such as:

1. Effectiveness of the Board and Board Committees as a whole:
  - Board structure and operation;
  - Management relationship; and
  - Roles and responsibilities.
  
2. Contribution of individual Director:
  - Knowledge, judgement and decision making;
  - Integrity and ethics;
  - Time commitment; and
  - Leadership.

The evaluation process also included individual interviews with each Director. The results of the performance evaluation exercise are collected, analysed and presented to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee reviews and recommends to the Board the follow-up actions required to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Group. The findings from these questionnaires and interview will form the basis of evaluation reports for the Board and its Committees.

The results of the evaluation have determined that overall, the Board continues to be functioning effectively with proper commitment to their respective roles, including of time. The Board Committees were also judged to be functioning efficiently and effectively. In addition, the evaluation had identified the strengths of the Board and its Committees and highlighted areas for the Board to work on in order to prepare for future challenges.

## 1.6 Access to Information and Independent Advice

The Company Secretaries are always on hand to provide the Directors with the appropriate advice and services and also to ensure that the relevant procedures are followed and rules and regulations are complied with. The Board is, from time to time, updated on the relevant amendments to the MMLR as well as changes in the law, governance and other regulatory requirements.

Prior to the Board Meetings, all Directors will receive a full set of board papers for each agenda item distributed in advance of each Board meeting which include the comprehensive reviews and analysis of major operational, financial, technical, legal and regulatory issues, reports of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval, performance reports of the Group, business developments and updates and on other matters of discussion and/or approval. The board papers are issued in sufficient time to enable the Directors to appreciate the issues to be deliberated and where necessary, read and obtain further information or clarification. The Board also reviews and approves all corporate announcements, including the announcement of the quarterly financial results prior to releasing them to Bursa Malaysia Securities Berhad.

# STATEMENT ON CORPORATE GOVERNANCE

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company in furtherance of their duties and in the event that circumstances warrant the same. Similar access is also extended to all Board Committees on the same basis.

The Directors have full and unrestricted access to Management and, in addition to the presentations made by Management to Board and/or Board Committee meetings, to any information relating to the Group's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of any technical issues tabled to the Board. This helps to foster an open and regular exchange of knowledge and experience.

The Directors also visit locations of operating units and estates to enable them to gain more insight into the business and operations aspects of the Group. The 'hands-on' approach is useful in assisting Directors to have a better understanding of the workings of the Group's business operations, so that they are able to bring insight on matters affecting the business units during Board deliberations and the eventual decision making.

## 1.7 Board Charter

In discharging its duties and roles effectively, the Board is guided by its Board Charter, which sets out the principles and guidelines that are to be applied by the Board and the Board Committees. The Board Charter was developed based on the principles and recommendations as set out in the MCCG 2012. It also outlines the Board's rights to establish committees to assist in the discharge of its duties and its meetings' requirements. During FYE2017, the Board had reviewed and revised its existing Board Charter to reflect the relevant changes to policies, procedures and processes as well as amendments to the current legislations.

The Board Charter is accessible to the public for reference on the Company's website at [www.fima.com.my](http://www.fima.com.my).

## 1.8 Whistle-Blowing Policy

The Group is committed to achieving the highest standards of integrity from all its employees and vendors. The Group takes a serious view of any wrongdoing on the part of its employees, management, directors, vendors or any other stakeholders who are involved with or in the Group.

The Group's whistle-blowing policy aims to encourage employees or other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct, in an appropriate manner and without fear of reprisals or retaliation. All whistle-blowing reports are addressed to the Group MD or Senior Independent Director of the Company. The Group's Whistle Blowing Policy is available in the Company's website at [www.fima.com.my](http://www.fima.com.my) for easy access by all employees and members of the public.

## 1.9 Board Committees

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nomination Committee, Remuneration Committee and Options Committee. The Options Committee was dissolved following the expiry of the Group's Employees' Share Scheme on 17 November 2016. On 1 April 2017, the Nomination and Remuneration Committees were merged to become a single Nomination and Remuneration Committee.

# STATEMENT ON CORPORATE GOVERNANCE

The Board Committee exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board. Each Committee is chaired by Independent Non-Executive Directors.

The role, responsibilities, composition and structure of these Board Committees are clearly defined in their respective Terms of Reference (“TOR”), which are available on the Company’s website at [www.fima.com.my](http://www.fima.com.my).

Details of composition of the Board Committees and a summary of the respective Committees’ TOR are as follows:

## 1.9.1 Audit Committee

The Board is also assisted by the Audit Committee whose members, terms of reference and activities for the year under review are presented in the Report of the Audit Committee in this Annual Report.

The Risk Management Committee (“RMC”) has been established as a sub-committee of the Audit Committee to support the Audit Committee in providing oversight, direction and counsel to the Group’s risk management process. The RMC is composed of senior management of the Group and is chaired by the Group MD. The role of the RMC is documented in a defined terms of reference that has been approved by the Board. The RMC is not authorized to implement its recommendations on behalf of the Audit Committee but shall make the relevant recommendations to the Audit Committee for its consideration and implementation. The details of the Group’s risk management framework are elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

The Terms of Reference of the Audit Committee is available on the Company’s website at [www.fima.com.my](http://www.fima.com.my).

## 1.9.2 Nomination Committee

The Nomination Committee, which was established on 23 November 2001, has been entrusted with the following duties and/or responsibilities:

- Review contribution of individual Directors and effectiveness of the Board as a whole with its mix of skills and experience and other qualities, including core competencies which each Director shall bring to the Board;
- Make recommendations to the Board on candidates for directorship on the Board of the Company and its Group subsidiaries;
- Recommend suitable orientation, educational and training programmes to continuously train and equip both existing and new Directors; and
- Examine the size of the Board to determine its effectiveness.

The following activities were carried out by the Nomination Committee during the financial year ended 31 March 2017:

- Reviewed the current size and composition of the Board and Board Committees;
- Assessed and evaluated the effectiveness of the Board as a whole and each Board Committee;
- Assessed and evaluated the effectiveness of the individual Audit Committee members by the Directors;

# STATEMENT ON CORPORATE GOVERNANCE

- Assessed the independence of the Independent Non-Executive Directors of the Company;
- Re-election and re-appointment of Directors retiring by rotation pursuant to the provision of the Company's Constitution;
- Reviewed the tenure of the Independent Directors who have been with the Company for more than nine (9) years, whereupon the Committee has put forward their recommendation to the Board to seek shareholders' approval to retain the independent status of the Company's Independent Directors;
- Recommend to the Board on the re-election of the relevant Directors at the forthcoming AGM; and
- Reviewed the attendance records/time commitment and training of each Director during the year under review.

The Nomination Committee meets as and when necessary and can also make decisions by way of circular resolutions. All recommendations of the Nomination Committee are subject to the endorsement/approval of the Board.

The members of the Nomination Committee as at the date of the Annual Report are:

- Dato' Rosman bin Abdullah  
*(Chairman, Independent Non-Executive Director)*
- Azizan bin Mohd Noor  
*(Member, Senior Independent Non-Executive Director)*
- Rozana Zeti binti Basir  
*(Member, Non-Independent Non-Executive Director)*

All members of the Committee have access to the advice and services of the Company Secretaries.

The Nomination Committee was dissolved with effect from 1 April 2017 following the establishment of the Nomination and Remuneration Committee.

### 1.9.3 Remuneration Committee

The role of the Remuneration Committee is to review and make recommendations to the Board in relation to the remuneration paid to non-executive and executive directors.

As at the date of this Annual Report, the Remuneration Committee of the Board consists of the following Non-Executive Directors:

- Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor  
*(Chairman, Independent Non-Executive Director)*
- Azizan bin Mohd Noor  
*(Member, Senior Independent Non-Executive Director)*

# STATEMENT ON CORPORATE GOVERNANCE

- Dato' Rosman bin Abdullah  
*(Member, Independent Non-Executive Director)*
- Rozilawati binti Haji Basir  
*(Member, Non-Independent Non-Executive Director)*

The Remuneration Committee met once during the financial year and all members registered full attendance.

Key focus areas of the Remuneration Committee during the financial year included reviewing and making recommendations to the Board in relation to the fixed remuneration, annual incentive and long-term incentive awards for the Group MD.

The Remuneration Committee was dissolved with effect from 1 April 2017 following the establishment of the Nomination and Remuneration Committee.

## 1.9.4 Options Committee

The Options Committee was established on 23 March 2011 with delegated authority to administer the Company Employees' Share Scheme ("ESS") and to decide on all relevant matters incidental thereto in accordance with the ESS Bye-Laws including, but not limited to, the power to determine the criteria for eligible employees, the entitlement for eligible employees and the granting of options to such eligible employees. The shareholders of the Company had at the Extraordinary General Meeting held on 21 September 2011 approved the establishment of the ESS.

The Options Committee is entrusted with the following responsibilities:

- To administer the ESS in accordance with the ESS Bye-Laws and in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board;
- To review and amend, at any time and from time to time, any provisions of the ESS Bye-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modifications/variations shall be subject to the approval of the Board and the relevant regulatory authorities; and
- Such other authorities as governed by the ESS Bye-Laws and/or are conferred upon the Committee by the Board from time to time.

Members of the Options Committee consist of the following Directors:

- Dato' Rosman bin Abdullah  
*(Chairman, Independent Non-Executive Director)*
- Rozilawati binti Haji Basir  
*(Member, Non-Independent Non-Executive Director)*
- Dato' Roslan bin Hamir  
*(Member, Non-Independent Executive Director)*

# STATEMENT ON CORPORATE GOVERNANCE

The Secretary to the Committee shall be the Company Secretaries. The Committee met twice during the financial year. The Options Committee was dissolved during the financial year following the expiry of the Group's Employees Share Scheme on 17 November 2016.

## 1.9.5 Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was recently formed on 1 April 2017 and the members of the Committee as at the date of this Annual Report are:

- Dato' Rosman bin Abdullah  
*(Chairman, Independent Non-Executive Director)*
- Azizan bin Mohd Noor  
*(Member, Senior Independent Non-Executive Director)*
- Rozilawati binti Haji Basir  
*(Member, Non-Independent Non-Executive Director)*

The NRC's primary responsibility is to structure and review and to make recommendations to the Board on all matters pertaining to remuneration, recruitment and performance evaluation of the Group MD, subsidiary company directors and senior management.

The NRC's Terms of Reference is available in the Company's website.

## 1.9.6 Management Committees

Various management committees comprising of senior management/heads of operating units have been established to oversee the areas of business operations assigned to them under their respective mandates. The committees are:

- **Heads of Divisions ("HOD")**

The HOD, under the chairmanship of the Group MD, deliberates on the performance and conduct of the Group's operating units including the status of internal audit findings, implementation of Group policies and examining all strategic matters affecting the Group. The HOD met 11 times during the financial year and all minutes of meetings were tabled to the Board for noting.

- **Disclosure Committee**

The Company's Disclosure Committee is responsible for ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices under the Company's Corporate Disclosure Policy. The Disclosure Committee comprises various members of senior management.

- **Ad-hoc Committees and Teams**

At divisional and operating levels, there are project committees and teams put in place and which are set up by the respective management. In the discharge of their specific roles and responsibilities, these committees and teams comply with the best practices in good governance, subject always to the counsel of the Board and compliance with any policy and delegated authority limits set by the Board. Progress reports on the respective projects are submitted to the Board of the subsidiary and KFima, as may be necessary in the circumstances.

# STATEMENT ON CORPORATE GOVERNANCE

## 1.9.7 Sustainability Committee

During the year, the Group established an internal Group Sustainability Committee made up of representatives from the Boards of the Company and its listed subsidiary Fima Corporation Berhad and members of senior management to oversee how the Group's sustainability programs support business goals and aspirations, and to monitor the progress thereof.

## 1.10 Re-appointment and Re-election of Directors

The Constitution of the Company provides that all Directors are subject to retirement and re-election by shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three (3) years. The performance of those Directors who are subject to re-election at the Annual General Meeting ("AGM") of the Company will be assessed by the Nomination and Remuneration Committee whereupon recommendation will be submitted to the Board for decision to table the resolution on the re-election of the Director concerned for shareholders' approval at the AGM.

Under the new Companies Act, 2016 which repealed Section 129(6) of the Companies Act, 1965 ("CA 1965"), there is no age limit for directors. At the 44<sup>th</sup> AGM held on 24 August 2016, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Encik Azizan bin Mohd Noor, both of whom are above the age of 70, were re-appointed pursuant to Section 129(6) of the CA 1965 to hold office until the conclusion of the next AGM. Their term of office, therefore will end at the conclusion of this AGM. In view of the above, their re-appointment will be sought at this forthcoming AGM for them to continue as Directors from the date of the AGM and they shall be thereafter subject to retirement by rotation.

The profiles of the Directors who are due for re-election in accordance with Section 114 of the Company's Constitution are set out in the Profile of Directors section of this Annual Report.

## 2. DIRECTORS' REMUNERATION

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the AGM based on the recommendation of the Board. The determination of the level of fees for the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. The Board has established guidelines for the Nomination and Remuneration Committee and the Board in determining the level of remuneration for Directors of the Company. The guidelines have been defined in the Terms of Reference of the Nomination and Remuneration Committee which is available on the Company's website at [www.fima.com.my](http://www.fima.com.my).

The meeting attendance allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year. Individual Directors will abstain from participating in the discussion and decision of their own remuneration.

For the Group MD, the Board will determine his annual performance salary and bonus based on recommendation made by the Nomination and Remuneration Committee that reflect his respective contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice. The Nomination and Remuneration Committee will also review the Group MD's remuneration package every 3 years prior to his re-appointment as the Group MD in accordance with the provision of the Company's Constitution. During this process, the Nomination and Remuneration Committee will assess the contributions and performance of the Group MD based on the key performance indicators allocated to him in addition to considering other relevant factors such as inflationary rate and current market trends. The Group MD recuses himself from deliberation and voting on his annual performance salary and bonus and remuneration package at Board meeting.

# STATEMENT ON CORPORATE GOVERNANCE

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2017 are as follows:

- The aggregate remuneration are as follows:

	Executive Director	Non-Executive Directors				
	Dato' Roslan bin Hamir	Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	Azizan bin Mohd Noor	Rozana Zeti binti Basir	Dato' Rosman bin Abdullah	Rozilawati binti Haji Basir
RM						
<b>Company</b>						
Fees	-	90,000	75,000	67,500	67,500	60,000
Meeting Allowance	-	18,000	30,000	28,000	34,000	22,000
Salaries	439,944	-	-	-	-	-
Bonus	245,091	-	-	-	-	-
Benefits-in-kind	343,380	-	28,584	-	37,102	19,960
Others	130,963	-	-	-	-	-
<b>Total</b>	<b>1,159,378</b>	<b>108,000</b>	<b>133,584</b>	<b>95,500</b>	<b>138,602</b>	<b>101,960</b>
<b>Subsidiaries</b>						
Fees	-	16,412	12,000	-	-	-
Meeting Allowance	-	3,000	4,000	-	-	-
Salaries	659,904	-	-	-	-	-
Bonus	367,639	-	-	-	-	-
Benefits-in-kind	54,230	-	-	-	-	-
Others	196,829	-	-	-	-	-
<b>Total</b>	<b>1,278,602</b>	<b>19,412</b>	<b>16,000</b>	-	-	-

- The number of Directors whose total remuneration falls within the respective bands is tabulated as follows:

Bands	Number of Directors (Company)	
	Executive	Non-Executive
RM2,400,001 – RM2,450,000	1	-
RM100,001 – RM150,000	-	2
RM50,001 – RM100,000	-	3

The Directors' fees were last increased in FYE2014. The Directors' fees for FY2018 will remain unchanged at RM360,000 per annum. Shareholders' approval will be sought accordingly at the forthcoming 45<sup>th</sup> AGM.

The Group MD is not entitled to Director's fees nor is he entitled to receive any meeting allowance for Board and Board Committee meetings that he attends. The Group MD's remuneration package comprises a fixed component which includes monthly salary and benefits-in-kind/emoluments such as medical, company car, driver and leave passage; and a variable component which includes short-term incentives in the form of a performance-based bonus and long-term incentives in the forms of shares under the Group's Employees' Share Scheme ("ESS") comprises of Restricted Share Grant Scheme and Options Share. The Group's ESS expired on 17 November 2016.



# STATEMENT ON CORPORATE GOVERNANCE

## 3. COMPANY SECRETARIES

To ensure the effective functioning of the Board, all Directors have full access to the advice and services of the Company Secretaries. The appointment and removal of the Company Secretaries is a matter reserved for the Board as a whole.

The Company Secretaries have oversight on overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates. The Company Secretaries also serve and advise the Board on matters relating to compliance with relevant laws, rules and regulation, governance best practices and Directors' duties and responsibilities. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information in line with the recommendation of the MCCG 2012. The Company Secretaries attend all meetings of the Board and relevant Board Committees and are responsible for the accuracy and adequacy of records of proceedings of the Board and Board Committees and resolutions.

The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings to the Management for action, lodgements with the stock exchange and other regulators, management of dividend payments and ESS, and oversight of the relationship with the Company's share registrar.

To render to the advisory roles to the Board, the Company Secretaries possess the necessary qualifications and experience. The Company Secretaries' profiles are available on page 23 and 24 of this Annual Report.

## 4. COMMUNICATION AND RELATIONSHIP WITH SHAREHOLDERS

The Company acknowledges the importance of an effective communication channels between the Board, shareholders and general public.

The Board views the Company's general meetings as a valuable opportunity for shareholders to exchange views and engage in active dialogue with the Board. At the Company's AGM for example, shareholders have the opportunity to ask questions about, or make comments on, the Company's operations and on any resolutions being proposed. Shareholders may also direct questions and comments to the Company's external auditor on the conduct of their audit of the Company's financial statements.

Apart from the Company's announcements through Bursa Malaysia, the Company's corporate website at [www.fima.com.my](http://www.fima.com.my) is the primary source of information for the investors. It houses the Company's corporate profile, individual profiles of senior management, financial results, annual reports, corporate governance related policies and the Company's operations and major subsidiaries.

The Company also subscribes to internal guidelines on corporate disclosure policies and procedures. These provide the Group with the appropriate guidance to discharge its disclosure obligations and ensure that all communications to the public by the Company are timely, complete and accurate in accordance with all applicable legal and regulatory requirements. As stated previously, corporate disclosure practices are administered and overseen by a Corporate Disclosure Committee.

## 5. ACCOUNTABILITY AND AUDIT

### 5.1 Financial Reporting

For financial reporting through quarterly reports to Bursa Malaysia Securities Berhad and the Annual Report to shareholders, the Directors have a responsibility to ensure the accuracy of the statements of comprehensive income, the statements of financial position, the statements of cash flow and all other financial disclosure based on Malaysian Accounting Standards Board rules and other legislation. The Audit Committee assists the Board to oversee the Group's financial reporting processes and the quality of its financial reporting. The Statement of Responsibility by Directors in respect of preparation of the annual Audited Financial Statements is presented herein.

# STATEMENT ON CORPORATE GOVERNANCE

## 5.2 Risk Management and Internal Controls

The Board takes responsibility for the governance of risks and to this end, has established and maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. The Audit Committee provides advice and assistance to the Board in meeting that responsibility and the role of the former in relation thereto is described in the Statement on Risk Management and Internal Control of this Annual Report.

The system of internal controls is designed to manage and provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. The Board however, recognizes that the system must continually evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control.

## 5.3 Related Party Transactions

The Company has an internal compliance framework to ensure it meets its obligations under the MMLR including obligations relating to related party transactions. Processes and procedures are in place, to ensure that Recurrent Related Party Transactions ("RRPT") are undertaken on an arm's length basis, are on terms are not more favourable to related parties than to the public and not to the detriment of minority shareholders.

The annual internal audit plan incorporates a review of RRPT entered into or to be entered into under the shareholders' mandate procured at the AGM, to ensure that all the relevant approvals for RRPT has been obtained. RRPT transactions are recorded and the same presented to the Audit Committee for their review and endorsement, on a quarterly basis.

Details of the proposed renewal of shareholders' mandate for recurrent related party transaction is set out in the Circular to Shareholders dated 28 July 2017.

## 5.4 Relationship with Auditors

Through the Audit Committee, the Board has established transparent and appropriate relationship with the auditors, both internal and external. The role of the Audit Committee in relation to the auditors, including a summary of activities of the Audit Committee is included in the Audit Committee Report stated herein.

- Internal Auditors

The Group's internal audit function is independent of the activities they audit and is performed with impartiality, proficiency and due professional care.

The function of the Group's internal auditors is complementary to, but different from that of external auditors. It undertakes regular monitoring of the Group's key controls and procedures – an integral part of the Group's system of internal control. An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. Internal Audit also undertakes investigations on the Audit Committee's behalf, and follows up on complaints on matters affecting the Group's operations.

The Audit Committee conducts a review on the adequacy and effectiveness of the internal audit function annually, to ensure that the Company maintains an effective internal audit function that is adequately staffed and independent of the activities it audits.

# STATEMENT ON CORPORATE GOVERNANCE

- External Auditors

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements. The external auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of Management, the Audit Committee and the Board. This includes the communication of fraud.

During the financial year under review, the Audit Committee held 2 meetings with the external auditors without any executive members of the Board or senior management being present on financial and other matters. This facilitated a greater exchange of independent, open views and opinions/dialogue between both parties. The external auditors are also invited to attend the Company's AGM.

Each year, the Audit Committee assesses the effectiveness of the external auditors. For FYE2017, the Audit Committee also obtained feedback via assessment questionnaires from the Group's internal auditors and personnel who have had substantial contact with the external audit team. The review procedures covers the independence and service level of the external auditors, which amongst others, include reviewing the external auditors' performance and quality of work, ability to meet deadlines, timeliness of service deliverables, non-audit services provided and compliance with the independence requirements of the external auditors.

Based on the information, the Audit Committee is satisfied that the independence of the external auditors has not been compromised by the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. The external auditors has also presented its written assurance on independence through their Audit Plan and Report to the Audit Committee for the audit of the statutory financial statements for the financial year ended 31 March 2017. Accordingly, the Audit Committee has recommended to the Board that Messrs Hanafiah Raslan & Mohamad be nominated for re-appointment as the Company's external auditors at the 45<sup>th</sup> AGM.

The particulars in relation to the audit and non-audit fees incurred by the Company and its subsidiaries for the financial year under review, are as follows:

	Audit Fees (RM'000)		Non Audit Fees (RM'000)	
	2017	2016	2017	2016
<b>Company</b>	114	148	9	8
<b>Subsidiaries</b>	625	575	9	8
<b>TOTAL</b>	739	723	18	16

## Statement of Compliance

The Board considers that the Company has complied with the relevant Principles and Recommendations as set out in the MCCG 2012 other than those disclosed within this Statement of Corporate Governance.

This statement is made in accordance with the resolution of the Board of Directors dated 30 May 2017.

**TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR**  
Chairman

# AUDIT COMMITTEE REPORT

## 1. MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee comprise of:

Encik Azizan bin Mohd Noor (Chairman)  
*Senior Independent Non-Executive Director*  
*Member of Malaysian Institute of Accountants*

Dato' Rosman bin Abdullah (Member)  
*Independent Non-Executive Director*  
*Member of Malaysian Institute of Accountants*

Puan Rozana Zeti binti Basir (Member)  
*Non-Independent Non-Executive Director*

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management.

The Audit Committee shall be appointed by the Board amongst the Directors of the Company and shall consist of no less than three (3) members comprising of Non-Executive Directors a majority of whom are Independent Directors. A quorum for a meeting shall be at least two (2) members, both being Independent Directors. The current composition of the Audit Committee and the qualifications of its members comply with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

## 2. TERMS OF REFERENCE

In fulfilling its duties and responsibilities, the Audit Committee is guided by the Terms of Reference which is available on the Company's website at [www.fima.com.my](http://www.fima.com.my). The Audit Committee is authorized to seek information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee. The Audit Committee is also authorized by the Board to obtain independent professional advice if necessary in discharging their functions.

## 3. MEETINGS

The Audit Committee meetings were held 5 times during the financial year ended 31 March 2017 and all the members attended those meetings.

The meetings are normally attended by the Group Managing Director ("Group MD"), Chief Financial Officer, Head of Group Internal Audit Department ("GIA") and upon invitation, the external auditors. The external auditors attended all five (5) meetings and met the Audit Committee twice without the presence of the Management to discuss key issues within their sphere of interest and responsibility. The internal auditors and external auditors, may request additional meetings if and when considered necessary. Other employees shall attend any particular Audit Committee meeting only at the Audit Committee's invitation and specific to the relevant meeting. In addition to formal meetings, members of the Audit Committee have the opportunity to meet and consult with the Head of GIA at any time without the presence of Management to discuss any issues of concern.

Name of Committee Members	No of Meetings Attended
Encik Azizan bin Mohd Noor	5/5
Dato' Rosman bin Abdullah	5/5
Puan Rozana Zeti binti Basir	5/5

# AUDIT COMMITTEE REPORT

The Company Secretaries act as secretary to the Audit Committee. The Company Secretaries shall cause minutes to be entered in the books provided for the purpose of recording all resolutions and proceedings of minutes and shall be kept at the registered office of the Company for inspection of any member of the Audit Committee or the Board. Such minutes shall be signed by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts. Minutes of each meeting shall also be distributed to all attendees of the Audit Committee meetings, circulated and presented to all members of the Board for notation purposes at the Board meeting.

The Audit Committee, through its Chairman, shall report to the Board at the next Board meeting after each Audit Committee meeting. When presenting any recommendation to the Board, the Audit Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

## 4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2017

4.1 During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference. A summary of work performed by the Audit Committee are as follows:

### Financial Reporting

- Reviewed the Group's quarterly unaudited financial results and audited financial statements to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending to the Board for approval.
- Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
- Obtained assurance from the Group MD and Chief Financial Officer that:
  - appropriate accounting policies had been adopted and applied consistently;
  - the going concern basis applied in the audited financial statements and quarterly financial results was appropriate;
  - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the FRSs and MMLR; and
  - the relevant financial statements for financial year ended 31 March 2017 gave a true and fair view of the state of affairs of the Group.

### External Audit

The Audit Committee:

- Reviewed with the external auditors their audit plan, strategy and scope of the statutory audits of the Group accounts for the financial year ended 31 March 2017. The audit plan outlines their scope of work and proposed fees for the statutory audit, assurance-related review and review of the Statement on Risk Management and Internal Control;
- Reviewed the major issues that arose during the course of the audit and their resolution;
- Reviewed the key accounting and audit judgements;
- Reviewed the recommendations made by the external auditors in their management letters and the adequacy of management's response; and
- Assessed the effectiveness, the qualification and performance of the external auditors, the quality and the auditors' communication with the Audit Committee including their independence via a detailed questionnaires completed by the Audit Committee members as well as the feedback from the business units evaluating the performance of each assigned audit team and provided the recommendation on their re-appointment and remuneration to the Board.

# AUDIT COMMITTEE REPORT

The external auditors have provided written confirmation to the Audit Committee on 22 June 2017 that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee is satisfied with the auditors' effectiveness and independence and has recommended to the Board that Messrs Hanafiah Raslan & Mohamad be reappointed as the Company's external auditor for the financial year ending 31 March 2018.

## Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for financial year ended 31 March 2017 as proposed by GIA, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.
- Reviewed and deliberated on audit reports, follow-up reports, audit recommendations and Management responses, prepared by the GIA at Audit Committee's quarterly meetings.
- Reviewed the corrective actions taken by Management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- Reviewed the nature and extent of the non-audit activities performed by GIA.
- Reviewed the structure of GIA and adequacy of its resources and budget.
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion of the same in the Company's Annual Report.
- Reviewed and approved the proposed revisions to the Internal Audit Charter, defining the authority, accountability and role given by the Management to GIA in order to carry out its duties.
- Assessed the effectiveness of the internal auditors via a detailed questionnaires completed by each Audit Committee member. The evaluation encompassed an assessment of the qualifications and performance of the internal auditors, the size and strength of internal audit team, the quality of the internal audit plan and audit reports and the auditor's communications with the Audit Committee and the Company, and the internal auditors' independence, objectivity and professional skepticism.
- Reviewed the results of the annual assessment of the effectiveness of the internal auditors to ensure it has the required expertise and professionalism to discharge its duties.
- Reviewed the evaluation results of the assessment of the internal auditors by the individual business units.

## Recurrent Related Party Transactions ("RRPT")

- Reviewed the RRPT entered into the Company with related parties in accordance with the shareholders' mandate obtained to ensure that they are at arm's length and within the mandated amount and other RRPT that are outside the shareholders' mandate.
- Reviewed and recommended to the Board the Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPT of a revenue or trading nature.

## Risk Management and Internal Control

- Reviewed and approved the Enterprise Risk Management Report on key risk profiles and risk management activities.
- Evaluated the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with the applicable laws, rules, corporate governance requirements and guidelines.

# AUDIT COMMITTEE REPORT

- 4.2 During the year, the Audit Committee members attended various training programs to keep them abreast of new development pertaining to legislation, regulations, current commercial issues and risks in order to effectively discharge their duties. Details of training programs attended by Audit Committee members are set out in the Statement on Corporate Governance section of this Annual Report.

## 5. EVALUATION OF THE AUDIT COMMITTEE

For FY 2017, the annual assessment and evaluation on the performance of the Audit Committee was conducted by an external consultant. The evaluation process includes the Board evaluation on the overall Audit Committee performance and the Committee's assessment of its own performance. The evaluation included a review of detailed questionnaires completed by each Director and member of the Audit Committee, based on the following key areas:

### 1. Board evaluation of Audit Committee:

- to determine whether the Audit Committee carried out its duties in accordance with its terms of reference.
- to determine whether the Audit Committee made board meetings more efficient and effective.
- to determine whether the results, findings and/or recommendations reported to the Board in a clear, concise and timely manner.

### 2. Evaluation by the Audit Committee:

- composition of the Audit Committee.
- whether the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference.
- the quality of the Audit Committee's recommendations on the risk management and financial reporting.
- overall effectiveness of the Audit Committee.

The Nomination and Remuneration Committee discussed the findings on the evaluation and the results of the evaluation and findings, together with areas of improvement, were presented to the Board for deliberation. Overall, the Board is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's terms of reference.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1. INTRODUCTION

The Board acknowledges that the practice of good corporate governance is an on-going process and not just an annual matter to be covered as compliance in the Annual Report. The Board is committed to practise the highest standards of corporate governance and observing best practices throughout the Group. The Board's Statement on Risk Management and Internal Control is in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## 2. RESPONSIBILITY

The Board recognises their responsibility for the Group's system of internal control, which is designed to identify and manage the principal risks facing the business in pursuit of its objectives, to review its adequacy and integrity and to ensure good corporate governance. The Management is accountable to the Board for monitoring the Group's system of internal control and for providing assurance to the Board that it has done so.

The system of internal control covers risk management, financial, operational, administration, human resource, information technology and compliance controls to safeguard shareholders' investments and the Group's assets. This system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement on Risk Management and Internal Control, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interest of other stakeholders. The Board has received assurance from the Group Managing Director ("Group MD") and the Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the Group's risk management and internal control system.

## 3. WHISTLEBLOWING POLICY

To reinforce the culture of good business ethics, the Group has also introduced a whistleblowing framework and policy to provide an avenue for stakeholders and employees to raise genuine concerns internally or report any suspected breach or wrongdoing, which includes fraud, misappropriation of assets, breach of any law or regulation, including the Group's policies and procedures, to the Group MD and/or Chairman of Audit Committee without fear of reprisals.

### Procedure

Any concerns should be raised with immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Group MD:

Name : Dato' Roslan bin Hamir  
 Via Email : whistleblowing@fima.com.my  
 Via Mail : *Mark: Strictly Confidential*  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4, Block C  
 Plaza Damansara  
 No. 45, Jalan Medan Setia 1  
 Bukit Damansara, 50490 Kuala Lumpur  
 Attention: Group Managing Director



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In the case where reporting to management is a concern, then the report should be made to the Chairman of Audit Committee. Channel of reporting to the Chairman of Audit Committee is as follows:

Name : Encik Azizan Bin Mohd Noor  
 Via Email : ac\_chairman@fima.com.my  
 Via Mail : *Mark: Strictly Confidential*  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4, Block C  
 Plaza Damansara  
 No. 45, Jalan Medan Setia 1  
 Bukit Damansara, 50490 Kuala Lumpur  
 Attention: Chairman of Audit Committee

The above mechanism protects employees and stakeholders who contemplate to “blow the whistle” against victimisation or harassment. The confidentiality of all matters raised and the identity of the whistleblower are protected under the policy.

## 4. INTERNAL CONTROL

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control and risk management systems include the following:

- 4.1 Operational and follow-up audits are conducted throughout the financial year based on approved annual audit plan to provide reasonable assurance that the systems of internal controls and its framework, and governance processes put in place by Management continue to operate satisfactorily, effectively, to add value and improve the Group’s business operations.
- 4.2 The Heads of Divisions meet on a monthly basis to consider Group’s financial performance, internal audit reports, business development, legal/litigation, operational, and corporate issues.
- 4.3 There is a budgeting and forecasting system. Each line of business submits a business plan annually for approval by the Board. The results of the lines of businesses are reported monthly and variances are analysed against budget and acted in timely manner. The Group’s strategic directions are also reviewed annually taking into account changes in market conditions and significant business risks.
- 4.4 The periodic and streamlining review of limits of authority and other standard operating procedures within the Group provides a sound framework of authority and accountability within the organisation and to facilitate quality, well informed and timely corporate decision making at the appropriate level in the organisation’s hierarchy.
- 4.5 The compliance function, which includes the Audit Committee and internal audit function, assists the Board to oversee the management of risks and review the effectiveness of internal controls. The Committee reviews reports of the Group Internal Audit Department (“GIA”) and also conducts annual assessment on the adequacy of the GIA’s scope of work.
- 4.6 The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with the Management on the actions taken on internal control issues identified in the reports prepared by the GIA, external auditors and Management. Minutes of the Audit Committee meetings are tabled to the Board.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 4.7 Review and award of major contracts by the project committees and teams, subject to the delegated authority limits set by the Board. A minimum of three quotations are called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
- 4.8 Clear documented standard operating procedure manuals set out the policies and procedures for day to day operations to be carried out. Regular reviews are performed to ensure that documentation remains current, relevant and aligned with evolving business and operational needs.
- 4.9 The competency of staff is enhanced through rigorous recruitment process and development programmes. A performance appraisal system of staff is in place, with established targets and accountability and is reviewed on an annual basis.

## 5. INTERNAL AUDIT FUNCTION

The Group's internal audit function is undertaken by GIA which reports directly to the Audit Committee and administratively to the Group MD. The GIA assists the Audit Committee in the discharge of its duties and responsibilities. Its key role is to provide independent and objective assurance designed to add value and assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control system and governance processes.

The business processes and conduct of the operating units within the Group are continuously assessed by GIA in the context of adequacy and effectiveness of the financial, operational controls and risk management. GIA reports to the Audit Committee and communicates to the Management on audit observations noted in the course of their review and performs monitoring on the status of actions taken by the operating units. It conducts independent reviews of the key activities within the Group's operating units based on a detailed annual audit plan developed using a risk-based methodology including input from Senior Management and the Audit Committee, which was approved by the Audit Committee. The terms of reference of the GIA are clearly spelt out in the Group Internal Audit Charter.

The GIA evaluates the following:

- Adequacy, integrity, effectiveness of the Company and the Group's internal controls in safeguarding shareholders' investment and the Group's assets. The internal controls cover financial, operational, information technology, compliance controls and enterprise risk management.
- Extent of compliance with established policies, procedures and statutory requirements.
- Adequacy of policies, procedures and guidelines on the Company and Group's accounting, financial and operational activities.

For the year under review, the GIA had undertaken the following work:

- Prepared the annual audit plan for approval by the Audit Committee.
- Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.
- Issued internal audit reports to the Management on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.
- Undertook ad-hoc reviews and investigations on matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly to the Management.
- Reported on a quarterly basis to the Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.

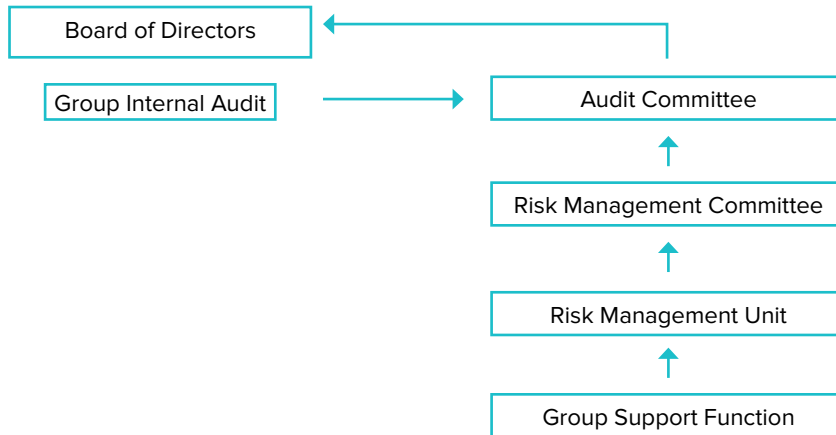
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of the Group internal audit function.
- Conducted regular follow-up and monitoring on the implementation of recommendations made by the Group internal audit function to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.
- Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the related party transactions have been conducted on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.
- Preparation of Audit Committee Report and Statement on Risk Management and Internal Control for the Company's 2016 Annual Report.

During the financial year, a total of 14 reports comprising planned assignments and investigation report were issued. The areas reviewed included the control environment, risk management, revenue assurance, procurement, finance, human resource, occupational safety and health and regulatory compliance and operations.

The total cost incurred by GIA in discharging its internal audit function in respect of the financial year ended 31 March 2017 was RM377,000 (2016:RM377,000).

## 6. ENTERPRISE RISK MANAGEMENT ("ERM")



Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group has established the appropriate risk management infrastructure to ensure that the Group's assets are well-protected and shareholders' value enhanced.

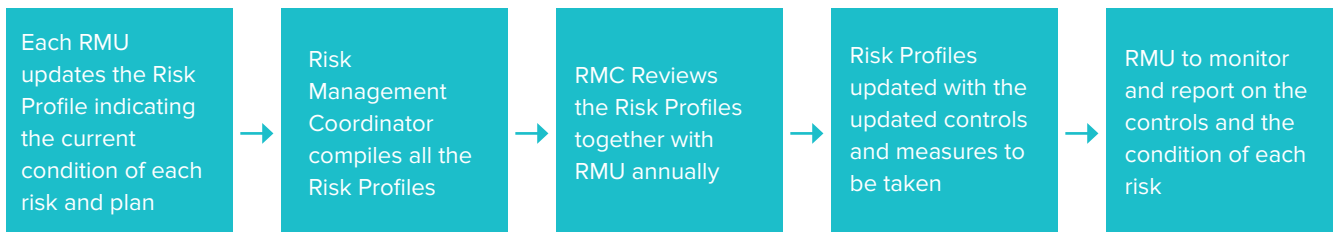
The Audit Committee and the Board is supported by a Risk Management Committee ("RMC"). The RMC identifies and communicates to the Audit Committee and the Board the present and potential critical risks the Group faces, their changes and the Management action plans to manage these risks. The RMC convenes meeting on a yearly basis to review the key risk profiles and submit a summary reporting to the Audit Committee. The RMC is entrusted with the responsibility of implementing and maintaining the ERM framework to achieve the following objectives:

- communicate the vision, role, direction and priorities to all employees and key stakeholders;
- identify, assess, treat, report and monitor significant risks in an effective manner;
- enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and
- create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

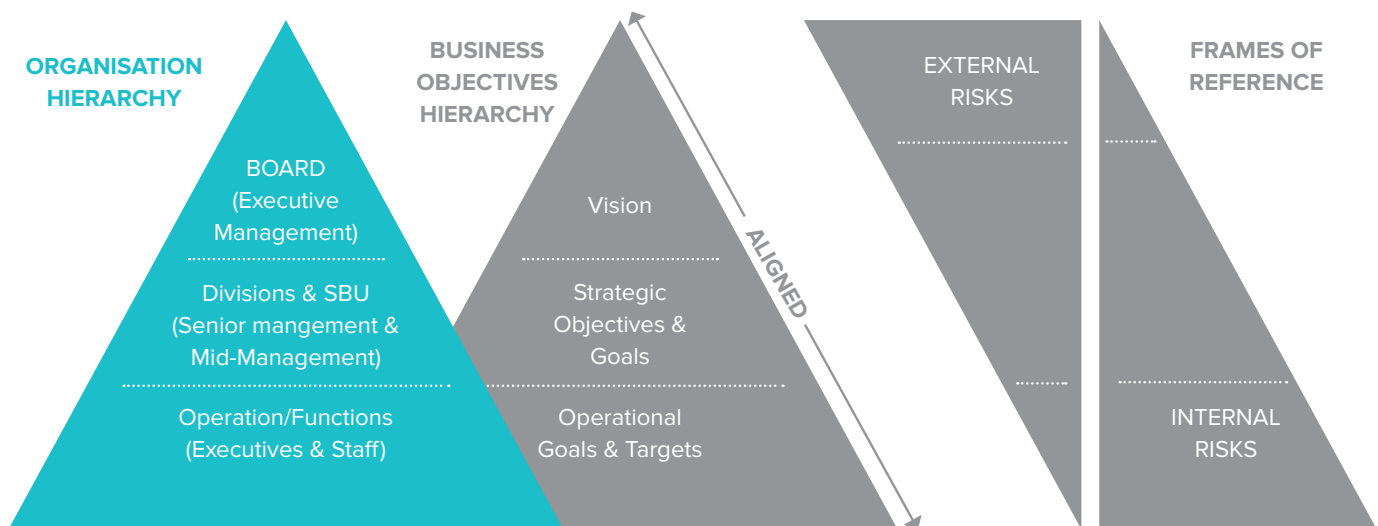
In line with the achievement of the above objectives, the RMC has undertaken the following:

- reviewed the extent of the controls and measures which have been put in place by each Risk Management Unit (“RMU”) to ensure the risks are managed to an acceptable level. Below are the steps of Enterprise Risk Management conducted within the group:



- heightened risk awareness culture in the business processes through risk owners’ accountability and sign-off for action plans and continuous monitoring;
- compilation of the business units’ risk profiles in relation to the Group risk parameters, the top risks from each business segment and reported to the RMC for review, deliberation and approval; and
- fostered a culture of continuous improvement in risk management through risk review meetings; and provided a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritising risk action plans.

Board of Directors retains the overall risk management responsibility in accordance with Best Practice of the Malaysian Institute of Corporate Governance, which requires the Board to identify principal risks and ensure the implementation of appropriate systems to manage these risks.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The ERM framework adopted by the Group encompasses the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control around continuously improving risk management capabilities. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function.

The ERM assessment was conducted through a combination of workshops and interviews involving the senior management and the key enterprise risks faced by the Group's business units are then reported to the Audit Committee on annual basis. The workshops and interviews conducted have generated the following reports:

- Detailed risk register
- Risk Parameters
- ERM Report

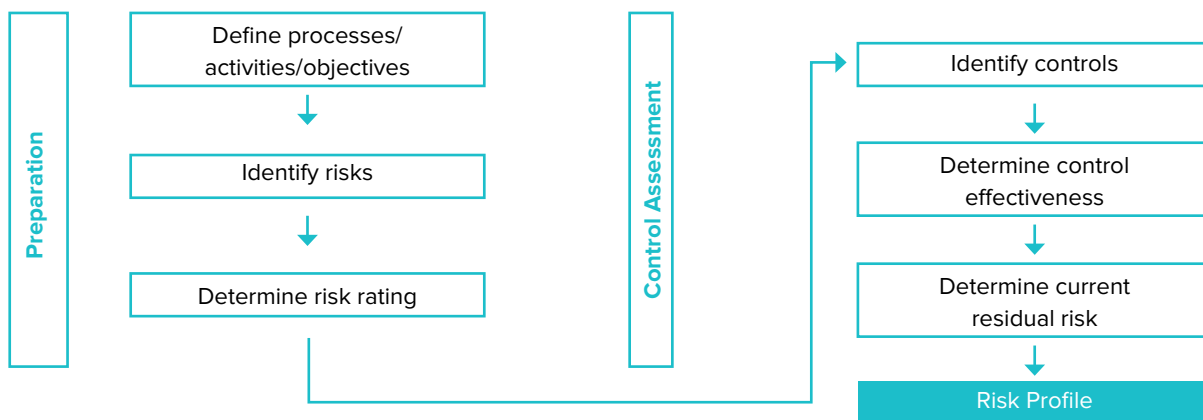
These reports were summarised as risk profile and provide the basis for the following:

- Business action plans and improvement strategies;
- Developing cost effective control strategies; and
- Prioritisation of areas for operational audit.

All subsidiaries within the Group will update and present their risk profiles to the RMC on an annual basis for the RMC's review and approval.

The Group's ERM programme is supported by the Risk Management Policy and Procedures ("the Policy") which is consistent with the current requirements of the Malaysian Code on Corporate Governance 2012. The Policy will sensitise staff more strongly to risk identification, measurement, control, on-going monitoring, responsibilities and accountabilities.

An overview of the Group's risk assessment process is depicted as follows:



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The top six (6) risk factors of the Group after considering its likelihood and its impact from both a financial and/or non-financial standpoint are as follows:

BROAD RISK AREA	SUB-BROAD RISK	KEY MITIGATION MEASURES
<b>Operational</b> Global, regional and/or local economic slowdown factors adversely impact commodity prices, customers demand and costs.	Business interruption, pricing and marketing.	<ul style="list-style-type: none"> <li>Monitoring of market/economic conditions.</li> <li>Strategic business plan based on market conditions.</li> <li>Key marketing strategy for each division.</li> </ul>
<b>Environment</b> Erratic weather conditions and deterioration of land structure	Business interruption due to collapse of business premise and damages to assets.	<ul style="list-style-type: none"> <li>Continuous preventive and corrective maintenance programmes and exploring new methods to mitigate drought conditions.</li> </ul>
<b>Financial</b> Volatile exchange rates for import and export.	Foreign exchange	<ul style="list-style-type: none"> <li>Foreign currency bank accounts.</li> <li>Foreign exchange hedging</li> </ul>
<b>Compliance</b> Internal and external regulatory requirements.	Regulatory	<ul style="list-style-type: none"> <li>Constant monitoring for each department, division and Group.</li> <li>Regular review in operational audit programme.</li> <li>Continuous updating of new regulatory requirement.</li> </ul>
<b>Safety, Health and Environment</b> Major accident occurs to employees/contractors arising from non-compliance with policies and procedures leading to death or severe injury.	Compliance of safety, health and environment ("SHE")	<ul style="list-style-type: none"> <li>The Safety, Health &amp; Environment (and Emergency Response Policies &amp; Procedure) was established and implemented at divisional level.</li> <li>Performance monitoring &amp; reporting implemented.</li> <li>Regular safety training dialogues and dedicated SHE Committee/Department.</li> </ul>
<b>Political</b> Investment's returns could suffer as a result of political changes or instability in a country	Large and unpredictable changes in government policy and regulations effecting the business.	<ul style="list-style-type: none"> <li>Frequent meetings with related Government bodies and authorities to strengthen the work relationship and to be well informed and updated, on any new changes in regulations and policies of the country.</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management context and accountability framework are expressed as follows:

	STRATEGIC RISKS	OPERATIONAL RISKS	FINANCIAL RISKS
<b>Framework</b>	Strategic risks are primarily risks caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities.	Operational risks are inherent in the continuing activities within the different business units or subsidiaries of the Group.	Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include the uncertainty of a return and the potential for financial loss.
<b>Exposure</b>	Compliance of regulatory requirements from local and abroad which affected the Group policies and procedures.	Pricing, sourcing of raw material, dependence on single customers and stiff competition are the risks facing by the Group.	The Group is exposed to various financial risks relating to bad debts, liquidity, interest rates, foreign exchange and commodity prices.
<b>Accountabilities</b>	Board and Group MD.	Heads of Divisions, Department and business units.	Group MD, Chief Financial Officer cascading to all Heads of Business Units.

Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal control to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

## 7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the year ended 31 March 2017 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement has been reviewed and approved by the Board of Directors on 30 May 2017.

### **AZIZAN BIN MOHD NOOR**

Chairman of Audit Committee

# ADDITIONAL DISCLOSURE

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, additional disclosure by the Company is as follows:

## Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

RRPT of the Company for the financial year ended 31 March 2017 were as follows:

Name of Companies	Related Parties	Nature of RRPT	Interested Major Shareholder, Directors and Persons Connected to Them of KFima	Estimated Annual Value Disclosed in the Preceding Year's Circular RM'000	Actual Value of Transactions during the Financial Year RM'000
KFima <sup>(1)</sup> IFC <sup>(2)</sup>	KFima/ IFC	Sale of frozen fish Seller: KFima Buyer: IFC	<p><b>Major Shareholder</b> BHR</p> <p><b>Directors</b> Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor<sup>(3)</sup> Dato' Roslan bin Hamir<sup>(4)</sup> Dato' Rosman bin Abdullah<sup>(5)</sup> Rozana Zeti binti Basir<sup>(6)</sup> Rozilawati binti Haji Basir<sup>(7)</sup></p> <p><b>Persons Connected</b> Persons Connected to BHR (refer to Table A)</p>	45,000	18,119

### Notes:

- (1) KFima holds 95.57% effective interest in IFC, by virtue of its 77.85% direct investment and 17.72% indirect investment through Endell Pte Ltd (a company incorporated in the Republic of Singapore), an 80.00% owned subsidiary of Fima Overseas Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of KFima;
- (2) IFC's principal activities are in the manufacturing and distribution of canned fish;
- (3) Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor is a Director and Chairman KFima and IFC respectively, and has direct shareholding in KFima;
- (4) Dato' Roslan bin Hamir is the Group Managing Director of KFima and Director of IFC and has direct and indirect shareholdings in KFima;
- (5) Dato' Rosman bin Abdullah is an Independent Non-Executive Director of KFima and has direct shareholding in KFima;
- (6) Rozana Zeti binti Basir is a Non-Independent Non-Executive Director of KFima and has direct and indirect shareholding in KFima; and
- (7) Rozilawati binti Haji Basir is a Non-Independent Non-Executive Director of KFima and has direct and indirect shareholdings in KFima.



# ADDITIONAL DISCLOSURE

TABLE A

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
<b>Directors</b>				
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	200,000	0.07	-	-
Dato' Roslan bin Hamir	320,000	0.11	<sup>(1)</sup> 1,291,000	0.46
Dato' Rosman bin Abdullah	200,000	0.07	-	-
Rozana Zeti binti Basir	250,000	0.09	<sup>(4)</sup> 167,757,200	59.44
Rozilawati binti Haji Basir	200,000	0.07	<sup>(4)(5)</sup> 167,807,200	59.46
<b>Major Shareholder</b>				
BHR	147,202,300	52.16	<sup>(2)</sup> 62,414,700	22.11
<b>Persons Connected to Directors and/or Major Shareholder of KFima other than disclosed above</b>				
Persons Connected to BHR				
Puan Sri Datin Hamidah binti Abdul Rahman	200,000	0.07	<sup>(3)</sup> 167,807,200	59.46
Roshayati binti Basir	284,000	0.10	<sup>(5)</sup> 167,723,200	59.43
Rozilawati binti Haji Basir	200,000	0.07	<sup>(4)(5)</sup> 167,807,200	59.46
Rozana Zeti binti Basir	250,000	0.09	<sup>(4)</sup> 167,757,200	59.44
Ahmad Riza bin Basir	-	-	<sup>(5)</sup> 168,007,200	59.53
Zailini binti Zainal Abidin	-	-	<sup>(6)</sup> 168,007,200	59.53

## Notes:

- (1) Dato' Roslan bin Hamir's indirect shareholding in the Company is held under Maybank Nominees (Tempatan) Sdn Bhd.
- (2) Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir's direct and indirect shareholding, respectively, in the Company. Deemed interested by virtue of their shareholdings in BHR of more than 20%.
- (3) Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.
- (4) Rozilawati binti Haji Basir's indirect shareholding in the Company is held under M&A Nominees (Tempatan) Sdn Bhd.
- (5) Deemed interested by virtue that:
  - (i) Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir are sisters and their shareholdings in BHR of more than 20%.
  - (ii) Ahmad Riza bin Basir is the son of Puan Sri Datin Hamidah binti Abdul Rahman and brother of Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir and:
    - (a) His indirect shareholdings in the Company which are held through M&A Nominees (Tempatan) Sdn Bhd of 312,000 (or 0.11%) and Subur Rahmat Sdn Bhd (SRSB) pursuant to Section 8 of the Companies Act, 2016 (the Act). SRSB holds 11,509,200 (or 4.08%) and 8,300,700 (or 2.94%) direct and indirect interests, respectively in KFima.
    - (b) His wife, Zailini binti Zainal Abidin's shareholding in SRSB pursuant to Section 8 of the Act and her indirect shareholding in KFima.
- (6) Zailini binti Zainal Abidin is deemed interested by virtue of her shareholding in SRSB pursuant to Section 8 of the Act; and wife of Ahmad Riza bin Basir.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the result of the Company and the Group for the year then ended.

In preparing the financial statements, the Directors have consistently applied appropriate accounting policies supported by reasonable and prudent judgements, estimates and complied with all applicable accounting standards.

The Directors have responsibility for ensuring that the Company and the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and others irregularities.

This Statement is made in accordance with the resolution of the Board dated 22 June 2017.

# FINANCIAL STATEMENTS

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123	Statements of Comprehensive Income		
124	Statements of Financial Position		

# 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 March 2017.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment and property holding.

The principal activities of the subsidiaries and the associates are described in Notes 39 and 40 respectively to the financial statements.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit net of tax	50,429	51,201
Profit attributable to:		
Equity holders of the Company	29,844	51,201
Non-controlling interests	20,585	-
	<b>50,429</b>	<b>51,201</b>

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

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

## DIVIDENDS

The amount of dividend paid by the Company since 31 March 2016 was as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 March 2016 as reported in the directors' report for that year:	
Final dividend of 9.0% single tier paid on 8 September 2016	25,324

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 March 2017, of 9.0% single tier amounting to dividend payable of approximately RM25,401,000 (9.0 sen net dividend per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

# DIRECTORS' REPORT

## DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor\* (Chairman)  
Dato' Roslan bin Hamir \* (Group Managing Director)  
Azizan bin Mohd Noor \*  
Rozana Zeti binti Basir \*  
Dato' Rosman bin Abdullah  
Rozilawati binti Haji Basir

\* Directors of the Company and subsidiaries

The full list of the names of the directors of the Company's subsidiaries during the financial year and up to the date of the directors' report can be found on the Company's website at <http://www.fima.com.my> under the category "About Us".

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the 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 corporate body, other than those arising from the share options granted under the Employee Share Scheme ("ESS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than as disclosed in Note 34 to the financial statements.

## INDEMNITIES TO DIRECTORS OR OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Company, other than as disclosed in Note 9 to the financial statements.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

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

	← Number of ordinary shares →					31 March 2017
	1 April 2016	Share vested under Restricted Share Grant Scheme	Option exercised/ acquired	Sold	Transferred	
<b>The Company</b>						
<b>Direct interest</b>						
<u>Directors of the Company</u>						
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor						
	200,000	-	-	-	-	200,000
Dato' Roslan bin Hamir	481,000	60,000	320,000	-	(541,000)	320,000
Dato' Rosman bin Abdullah	-	-	200,000	-	-	200,000
Rozana Zeti binti Basir	50,000	-	200,000	-	-	250,000
Rozilawati binti Haji Basir	100,000	-	100,000	-	-	200,000
<u>Directors of the subsidiaries</u>						
Mohd Yusof bin Pandak Yatim	192,000	18,000	240,000	(20,000)	-	430,000
Nazaruddin bin Mohd Hadri	360,000	18,000	72,000	(30,500)	-	419,500
Dzakwan bin Mansori	72,000	18,000	-	-	(90,000)	-
Ahmad Zakri bin Abu Bakar	56,000	14,000	-	-	(70,000)	-
Jasmin binti Hood	36,800	10,000	10,000	(6,800)	-	50,000
Lee Mo Leng	143,000	10,000	100,000	(91,900)	-	161,100
Mohd Rizal bin Mat Nor	107,500	10,000	37,500	-	-	155,000
Mohd Adizuraimin bin Mohd Affandi	63,000	-	-	(63,000)	-	-
Ali bin Khamis	-	10,000	-	(10,000)	-	-
Mahbob bin Abdullah	10,000	-	-	-	-	10,000
Dato' Adnan bin Shamsuddin	10,000	-	-	-	-	10,000
<b>Indirect interest</b>						
<u>Directors of the Company</u>						
Dato' Roslan bin Hamir <sup>(1)</sup>	-	-	750,000	-	541,000	1,291,000
Rozana Zeti binti Basir <sup>(2)</sup>	167,223,200	-	534,000	-	-	167,757,200
Rozilawati binti Haji Basir <sup>(2)(3)</sup>	167,173,200	-	634,000	-	-	167,807,200
<u>Directors of the subsidiaries</u>						
Dzakwan bin Mansori <sup>(4)</sup>	-	-	360,000	(10,000)	90,000	440,000
Ahmad Zakri bin Abu Bakar <sup>(5)</sup>	-	-	280,000	(155,000)	70,000	195,000
Kamalanathan a/l Sabapathy <sup>(6)</sup>	40,000	12,000	200,000	(160,000)	-	92,000
Jasmin binti Hood <sup>(7)</sup>	-	-	40,000	(40,000)	-	-

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

	← Number of ordinary shares →				31 March 2017
	1 April 2016	Option exercised/ acquired	Sold	Transferred	
<b>Subsidiary - Fima Corporation Berhad</b>					
<b>Direct interest</b>					
<u>Director of the Company</u>					
Dato' Roslan bin Hamir	601,800	-	-	(601,800)	-
<u>Directors of the subsidiaries</u>					
Nazaruddin bin Mohd Hadri	279,000	-	-	-	279,000
Lee Mo Leng	60,000	-	-	-	60,000
Rezal Zain bin Abdul Rashid	5,000	-	-	-	5,000
<b>Indirect interest</b>					
<u>Directors of the Company</u>					
Dato' Roslan bin Hamir <sup>(8)</sup>	-	-	-	601,800	601,800
Rozana Zeti binti Basir <sup>(9)</sup>	150,497,658	53,600	-	-	150,551,258
Rozilawati binti Haji Basir <sup>(9)</sup>	150,497,658	53,600	-	-	150,551,258

	← Number of ordinary shares →			31 March 2017
	1 April 2016	Acquired	Sold	
<b>BHR Enterprise Sdn. Bhd.</b>				
<b>- Holding company</b>				
<b>Direct interest</b>				
Rozana Zeti binti Basir	19,060,163	-	-	19,060,163
Rozilawati binti Haji Basir	19,060,163	-	-	19,060,163
<b>Indirect interest</b>				
Rozana Zeti binti Basir <sup>(10)</sup>	38,120,326	-	-	38,120,326
Rozilawati binti Haji Basir <sup>(11)</sup>	38,120,326	-	-	38,120,326

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

	← Number of preference shares →			31 March 2017
	1 April 2016	Acquired	Sold	
<b>BHR Enterprise Sdn. Bhd.</b> - Holding company				
<b>Indirect interest</b>				
Rozana Zeti binti Basir <sup>(12)</sup>	4	-	-	4
Rozilawati binti Haji Basir <sup>(12)</sup>	4	-	-	4

	← Number of ordinary shares →				31 March 2017
	1 April 2016	Acquired	Split	Sold	
<b>Nationwide Express Holding Berhad</b> - Related company					
<b>Indirect interest</b>					
Rozana Zeti binti Basir <sup>(13)</sup>	36,305,935	-	36,305,935	-	72,611,870
Rozilawati binti Haji Basir <sup>(13)</sup>	36,305,935	-	36,305,935	-	72,611,870



# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

	← Number of options over ordinary shares →				31 March 2017
	1 April 2016	Granted	Exercised	Lapsed	
<b>The Company</b>					
<b>Granted an option price of RM1.48 per share</b>					
<u>Directors of the Company</u>					
Dato' Roslan bin Hamir	1,070,000	-	(1,070,000)	-	-
Azizan bin Mohd Noor	200,000	-	-	(200,000)	-
Rozana Zeti binti Basir	200,000	-	(200,000)	-	-
Dato' Rosman bin Abdullah	200,000	-	(200,000)	-	-
Rozilawati binti Haji Basir	100,000	-	(100,000)	-	-
<u>Directors of the subsidiaries</u>					
Mohd Yusof bin Pandak Yatim	240,000	-	(240,000)	-	-
Nazaruddin bin Mohd Hadri	72,000	-	(72,000)	-	-
Dzakwan bin Mansori	360,000	-	(360,000)	-	-
Ahmad Zakri bin Abu Bakar	280,000	-	(280,000)	-	-
Kamalanathan a/l Sabapathy	200,000	-	(200,000)	-	-
Jasmin binti Hood	50,000	-	(50,000)	-	-
Lee Mo Leng	100,000	-	(100,000)	-	-
Mohd Rizal bin Mat Nor	81,300	-	(37,500)	(43,800)	-
Ali bin Khamis	15,000	-	-	(15,000)	-
Ahmad Sujaie bin Nanyan	95,800	-	-	(95,800)	-
<b>Granted an option price of RM1.83 per share</b>					
<u>Directors of the subsidiaries</u>					
Kamalanathan a/l Sabapathy	-	6,700	-	(6,700)	-
Jasmin binti Hood	-	6,700	-	(6,700)	-

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares granted under the Restricted Share Grant Scheme			
	1 April 2016	Granted	Vested	31 March 2017
<b>The Company</b>				
<b>Direct interest</b>				
<u>Director of the Company</u>				
Dato' Roslan bin Hamir	-	60,000	(60,000)	-
<b>Direct interest (cont'd.)</b>				
<u>Directors of the subsidiaries</u>				
Mohd Yusof bin Pandak Yatim	-	18,000	(18,000)	-
Nazaruddin bin Mohd Hadri	-	18,000	(18,000)	-
Dzakwan bin Mansori	-	18,000	(18,000)	-
Ahmad Zakri bin Abu Bakar	-	14,000	(14,000)	-
Kamalanathan a/l Sabapathy	-	12,000	(12,000)	-
Jasmin binti Hood	-	10,000	(10,000)	-
Lee Mo Leng	-	10,000	(10,000)	-
Ali bin Khamis	-	10,000	(10,000)	-
Mohd Rizal bin Mat Nor	-	10,000	(10,000)	-

<sup>(1)</sup> 1,291,000 ordinary shares are held under Maybank Nominees Tempatan Sdn. Bhd..

<sup>(2)</sup> Rozana Zeti Binti Basir ("Rozana Zeti") and Rozilawati Binti Haji Basir ("Rozilawati") are deemed interested by virtue of the following:

- (i) Their shareholdings in BHR Enterprise Sdn. Bhd. ("BHR") of more than 20%. BHR is the major shareholder of the Company;
- (ii) Their mother, Puan Sri Datin Hamidah Binti Abdul Rahman's shareholding in the Company and her shareholding of preference shares in BHR;
- (iii) Their sister, Roshayati Binti Basir's direct shareholding in the Company and her shareholding in BHR of more than 20%; and
- (iv) Their brother, Ahmad Riza bin Basir's ("Ahmad Riza") indirect shareholdings in the Company which are held through M&A Nominees (Tempatan) Sdn. Bhd., Subur Rahmat Sdn Bhd ("SRSB") and his wife, Zailini binti Zainal Abidin. Ahmad Riza and his wife are deemed interested by virtue of their interest in SRSB pursuant to Section 8 of the Companies Act, 2016.

<sup>(3)</sup> Deemed interested by virtue of Rozilawati's direct and indirect shareholding in the Company which is held under M&A Nominees (Tempatan) Sdn. Bhd.. Rozilawati is the sister of Rozana Zeti.

<sup>(4)</sup> 440,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

<sup>(5)</sup> 195,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

<sup>(6)</sup> 92,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

<sup>(7)</sup> 40,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

- <sup>(8)</sup> 601,800 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..
- <sup>(9)</sup> Rozana Zeti and Rozilawati deemed interest in Fima Corporation Berhad ("FCB") by virtue of:
- (i) Fima Metal Box Holdings Sdn. Bhd.'s ("Fima Metal Box") direct shareholding in FCB. Fima Metal Box is a wholly-owned subsidiary of the Company and is a major shareholder of FCB;
  - (ii) BHR direct shareholding of 52.16% equity interest in the Company; and
  - (iii) Their sister, Roshayati binti Basir and their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in FCB.
- <sup>(10)</sup> Deemed interested by virtue of Rozilawati's and Roshayati's direct shareholdings in BHR. Rozilawati and Roshayati are sisters of Rozana Zeti.
- <sup>(11)</sup> Deemed interested by virtue of Rozana Zeti's and Roshayati's direct shareholdings in BHR. Rozana Zeti and Roshayati are sisters of Rozilawati.
- <sup>(12)</sup> Rozana Zeti and Rozilawati are deemed interested by virtue of their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding of preference shares in BHR.
- <sup>(13)</sup> Rozana Zeti and Rozilawati are deemed interested by virtue of the following:
- (i) Their shareholdings in BHR of more than 20%. BHR is the major shareholder of Nationwide Express Holding Berhad ("NEHB");
  - (ii) Their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in NEHB; and
  - (iii) Rozilawati's indirect shareholding of 3,656,512 shares in NEHB which is held under M&A Nominees (Tempatan) Sdn. Bhd..

Rozilawati and Rozana Zeti, by virtue of their interests in shares of the Company, are also deemed to be interested in shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Other than as stated above, none of the other director 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 fully paid up share capital from RM276,968,000 to RM282,232,000 by way of the issuance of 5,263,600 new ordinary shares for cash pursuant to the Company's Employee Share Option Scheme. The new ordinary shares ranked pari passu in all respects with existing ordinary shares of the Company.

## EMPLOYEES' SHARE SCHEME ("ESS")

The ESS of the Company was approved by its shareholders at an Extraordinary General Meeting held on 21 September 2011 and implemented on 18 November 2011. The ESS comprises the Employee Share Option Scheme ("ESOS") and Restricted Share Grant Scheme ("RSGS").

The ESS is administered by the Options Committee comprising directors of the Company appointed by the Board of Directors namely, Dato' Rosman bin Abdullah, Dato' Roslan bin Hamir and Rozilawati binti Haji Basir.

# DIRECTORS' REPORT

## EMPLOYEES' SHARE SCHEME ("ESS") (CONT'D.)

The details of the ESS are disclosed in Note 33 to the financial statements.

During the financial year, the Company had granted additional 268,800 (2016: 844,800) share options under the ESOS to newly eligible employees and 190,000 (2016: 188,000) shares were vested under the RSGS.

Details of all options for which eligible employees are entitled to subscribe for the ordinary shares of the Company pursuant to the ESS as at 31 March 2017 are as follows:

	Grant date	Exercise price (RM)	Number of options	Expiry date
ESOS	18 November 2011	1.48	19,401,000	17 November 2016
	16 January 2012	1.76	279,000	17 November 2016
	11 July 2012	1.76	614,000	17 November 2016
	4 January 2013	1.81	932,000	17 November 2016
	17 June 2013	2.07	341,000	17 November 2016
	23 December 2013	1.97	799,100	17 November 2016
	24 June 2014	2.19	612,200	17 November 2016
	15 January 2015	1.98	1,022,600	17 November 2016
	3 July 2015	1.98	385,800	17 November 2016
	1 December 2015	1.82	459,000	17 November 2016
	27 June 2016	1.83	268,800	17 November 2016
	Sub total		25,114,500	
RSGS	18 November 2011		1,130,000	17 November 2016
	Total		26,244,500	

The maximum number of option shares which the aforesaid option holders can exercise in a particular year shall be limited to 20% of their granted allocation as stipulated in their ESS offer letter.

Details of options granted to directors of the Company and its subsidiaries are disclosed in the section on Directors' interests in this report.

The vesting of the RSGS shares is conditional upon the satisfaction of the performance targets of the Group and all other conditions as set out in the ESS Bye-Laws.

The Company's share option scheme has expired on 17 November 2016.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which 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 the 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 its obligations as and 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.

## SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 42 to the financial statements.

## AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office. Details of auditor's remuneration for their services as auditors are disclosed in Note 9 to the financial statements. No payment has been made to indemnify the auditors during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 June 2017.



**Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor**



**Dato' Roslan bin Hamir**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Dato' Roslan bin Hamir, being two of the directors of Kumpulan Fima Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 123 to 209 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 44 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 June 2017.



Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor



Dato' Roslan bin Hamir

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Mohd Yusof bin Pandak Yatim, being the officer primarily responsible for the financial management of Kumpulan Fima Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 123 to 210 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 Mohd Yusof bin Pandak Yatim at Kuala Lumpur in the Federal Territory on 22 June 2017.



Mohd Yusof bin Pandak Yatim

Before me,



KAPT(B) AFFANDI BIN AHMAD  
Commissioner Roc Oaths  
No. W678

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

## Report on the financial statements

### *Opinion*

We have audited the financial statements of Kumpulan Fima Berhad, which comprise the statement of financial position as at 31 March 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 123 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### ***Impairment of property, plant and equipment and biological assets (Refer to Note 13, Note 15 and Note 42(i))***

On 23 August 2016, the Company's subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), received an order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Ministerial Order") dated 25 July 2016 to revoke PTNJL's right for the cultivation of oil palm in Kalimantan Utara with immediate effect.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

*Key Audit Matters (cont'd.)*

***Impairment of property, plant and equipment and biological assets (cont'd.)***  
***(Refer to Note 13, Note 15 and Note 42(ii))***

The Ministerial Order was issued as certain parts of the areas on which right for cultivation of oil palm was issued to PTNJL, were originally designated as forestry areas. The administrative irregularities committed by certain officers of the Badan Pertahanan Nasional Provinsi Kalimantan Timur resulted in the improper issuance of right to PTNJL in 2003.

On 21 October 2016, PTNJL filed an application with the Pengadilan Tata Usaha ("PTUN") in Jakarta, Indonesia to seek an order to annul the Ministerial Order. In the said application, PTNJL also sought an order from PTUN to postpone the enforcement of the Ministerial Order until the full and final determination of the matter by the Indonesian courts.

On 13 June 2017, the State Administrative Court delivered an oral judgment and dismissed the application filed by PTNJL to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal against the decision of the State Administrative Court.

The outcome of the appeal can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. As the State Administrative Court had dismissed the application to annul the Ministerial Order, the Group may not be able to recover the carrying amounts of the property, plant and equipment and biological assets related to the right for cultivation of oil palm of the affected area, and has recorded an impairment loss of RM44.7 million in respect of the related property, plant and equipment and biological assets. Given the significance of the matter and the judgement and estimates involved in the assessment of the recoverable amounts of the property, plant and equipment and biological assets, we identified this as an important area for our audit.

In addressing this area of concern, we:

- (a) reviewed the Ministerial Order, the Group's correspondences and minutes of meetings with its legal advisers;
- (b) discussed the Ministerial Order with management personnel responsible for managing the Group's legal matters and with those charged with governance;
- (c) considered the objectivity, independence and expertise of the legal advisers engaged by the Group;
- (d) evaluated the management's judgments on the possible effects of the Ministerial Order and the recoverability of the related property, plant and equipment and biological assets; and
- (e) evaluated the adequacy of the disclosures of the matter giving rise to the impairment loss.

***Revenue recognition***  
***(Refer to Note 3 to the financial statements)***

Revenue from production and trading of security and confidential documents contributed to approximately 43% of the Group's revenue. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as a key audit matter in our audit. There is a risk that revenue could be subject to misstatement, particularly in respect of the timing and amount of revenue recognised.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

*Key Audit Matters (cont'd.)*

**Revenue recognition (cont'd.)**

**(Refer to Note 3 to the financial statements)**

As part of our audit, we performed the following:

- (a) obtained an understanding of the Group's relevant internal controls and tested the controls over timing and amount of revenue recognised;
- (b) inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards;
- (c) inspected documents evidencing the delivery of goods to customers; and
- (d) tested the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

**Provision for warranty**

**(Refer to Note 31 to the financial statements)**

As at 31 March 2017, the provision for warranty amounted to RM14.8 million. The Group provides warranty for defective travel documents and licenses for a specified period or term. The Group assessed the provision for warranty based on the estimated replacement costs to be incurred for the defective products during the warranty periods. The costs are estimated based on historical rate of return of the defective products. Given its magnitude and significant judgement involved in management's assessment, we identified the provision for warranty to be an area of audit focus.

As part of our audit, we performed the following:

- (a) obtained an understanding of the Group's warranty estimation process;
- (b) assessed the reasonableness of the provision for warranty by comparing with the average historical rate of return of the respective products. Our audit procedures, included amongst others, evaluating the validity of the historical data used to determine the rate of return and performing test of details on the historical products claims; and
- (c) recomputed the management's calculation of the provision for warranty.

**Impairment of goodwill**

**(Refer to Note 18 to the financial statements)**

As at 31 March 2017, the carrying amount of goodwill recognised by the Group amounted to RM12.7 million, representing 2% and 1% of the Group's total non-current assets and total assets respectively. This goodwill relates to the subsidiaries principally engaged in bulking and plantation activities.

Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment. Due to the significance of the amount and significant judgements and estimation involved in the assessment of the VIU, we identified this as an area of audit focus.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

*Key Audit Matters (cont'd.)*

***Impairment of goodwill (cont'd.)***  
***(Refer to Note 18 to the financial statements)***

As part of our audit, we performed the following:

- (a) evaluated the assumptions and methodologies used by the Group in performing the impairment assessment;
- (b) assessed and tested the assumptions of the cash flow forecasts. Our audit procedures, included amongst others, comparing them against historical evidence, existing contracts, expectations on future contracts and revenue growth;
- (c) assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- (d) evaluated the adequacy of the related disclosures in Note 18.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

## *Auditors' responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding on internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the director, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

## *Auditors' responsibilities for the audit of the consolidated financial statements (cont'd.)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for current year and are therefore the key audit matters. We describe these matters in auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other reporting responsibilities**

The supplementary information set out in Note 44 on page 210 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purposes. We do not assume responsibility to any other person for the content of this report.



Hanafiah Raslan & Mohamad  
AF: 0002  
Chartered Accountants

Kuala Lumpur, Malaysia  
22 June 2017



Muhammad Affan bin Daud  
No. 3063/02/18(J)  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 MARCH 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	3	547,214	541,107	71,117	78,813
Cost of sales	4	(339,145)	(344,271)	(17,880)	(24,017)
<b>Gross profit</b>		208,069	196,836	53,237	54,796
Other income	5	10,197	12,843	11,042	8,403
<b>Other items of expense</b>					
Administrative expenses		(71,869)	(63,541)	(9,559)	(9,865)
Selling and marketing expenses		(11,223)	(11,595)	-	-
Other expenses		(52,615)	(24,019)	-	(585)
		(135,707)	(99,155)	(9,559)	(10,450)
Finance costs	8	(748)	(515)	(420)	(38)
Share of profit of associates		2,861	1,665	-	-
<b>Profit before tax</b>	9	84,672	111,674	54,300	52,711
Income tax expense	10	(34,243)	(31,671)	(3,099)	(820)
<b>Profit net of tax</b>		50,429	80,003	51,201	51,891
<b>Other comprehensive income:</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Foreign exchange translation		17,880	(18,751)	-	-
<i>Items that will not be subsequently reclassified to profit or loss:</i>					
Reversal of revaluation surplus of property, plant and equipment previously recognised		(11,522)	-	-	-
Remeasurement of defined benefit liability		(75)	265	-	-
<b>Total comprehensive income for the year</b>		56,712	61,517	51,201	51,891
<b>Profit attributable to:</b>					
Equity holders of the Company		29,844	56,731	51,201	51,891
Non-controlling interests		20,585	23,272	-	-
<b>Profit for the year</b>		50,429	80,003	51,201	51,891
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		37,863	38,010	51,201	51,891
Non-controlling interests		18,849	23,507	-	-
<b>Total comprehensive income for the year</b>		56,712	61,517	51,201	51,891
<b>Earnings per share attributable to equity holders of the Company (sen per share):</b>					
Basic	11	10.70	20.51		
Diluted	11	10.70	20.31		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	319,119	344,402	41,916	42,475
Investment properties	14	68,464	70,097	3,133	3,167
Biological assets	15	156,208	153,476	-	-
Investments in subsidiaries	16	-	-	188,658	188,620
Investments in associates	17	46,516	46,659	2,251	2,251
Goodwill on consolidation	18	12,710	12,710	-	-
Deferred tax assets	28	6,966	8,394	-	-
		609,983	635,738	235,958	236,513
<b>Current assets</b>					
Inventories	19	82,812	90,807	-	-
Trade receivables	20	108,149	183,562	19	20
Other receivables	21	32,552	27,963	1,100	2,743
Due from subsidiaries	22	-	-	216,315	186,129
Cash and bank balances	23	390,780	247,592	6,706	7,727
		614,293	549,924	224,140	196,619
<b>Total assets</b>		1,224,276	1,185,662	460,098	433,132
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holder of the Company</b>					
Share capital	24	311,670	276,968	311,670	276,968
Share premium	24	-	24,713	-	24,713
Other reserves	25	141,654	138,002	21,065	25,492
Retained earnings		315,379	308,617	87,563	59,384
		768,703	748,300	420,298	386,557
<b>Non-controlling interests</b>		257,704	250,986	-	-
<b>Total equity</b>		1,026,407	999,286	420,298	386,557

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current liabilities</b>					
Finance lease obligations	26	16,176	16,799	-	-
Retirement benefit obligations	27	1,837	1,391	-	-
Deferred tax liabilities	28	32,922	46,951	6,279	6,863
		50,935	65,141	6,279	6,863
<b>Current liabilities</b>					
Finance lease obligations	26	624	646	-	-
Short term borrowings	29	14,516	15,281	14,516	13,020
Trade and other payables	30	112,459	85,388	1,432	1,348
Provisions	31	16,947	19,234	-	-
Due to subsidiaries	22	-	-	17,573	25,344
Tax payable		2,388	686	-	-
		146,934	121,235	33,521	39,712
<b>Total liabilities</b>		197,869	186,376	39,800	46,575
<b>Total equity and liabilities</b>		1,224,276	1,185,662	460,098	433,132
Net assets per share (RM)		2.72	2.70	1.49	1.40

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2017

Group	Note	Total equity RM'000	Equity attributable to equity holders of the Company, total RM'000	Non-distributable		Distributable
				Share capital RM'000	Share premium RM'000	Retained earnings RM'000
<b>2017</b>						
<b>At 1 April 2016</b>		999,286	748,300	276,968	24,713	308,617
Total comprehensive income for the year		56,712	37,863	-	-	29,784
<b>Transactions with equity holders</b>						
Dividends	12	(25,324)	(25,324)	-	-	(25,324)
Share options exercised		7,821	7,821	5,264	4,725	-
Transfer to share capital	24	-	-	29,438	(29,438)	-
Transfer to retained earnings for share options lapsed		-	-	-	-	2,302
Dividend paid to minority shareholders of a subsidiary		(11,739)	-	-	-	-
Purchase of treasury shares by a subsidiary		(392)	-	-	-	-
Grant of equity-settled share options		43	43	-	-	-
Total transactions with equity holders		(29,591)	(17,460)	34,702	(24,713)	(23,022)
<b>At 31 March 2017</b>		1,026,407	768,703	311,670	-	315,379
<b>2016</b>						
<b>At 1 April 2015</b>		978,010	732,287	276,087	23,930	275,202
Total comprehensive income for the year		61,517	38,010	-	-	56,943
<b>Transactions with equity holders</b>						
Dividends	12	(23,528)	(23,528)	-	-	(23,528)
Dividend paid to minority shareholders of a subsidiary		(19,679)	-	-	-	-
Acquisition of subsidiary		1,569	-	-	-	-
Purchase of treasury shares by a subsidiary		(134)	-	-	-	-
Grant of equity-settled share options		228	228	-	-	-
Share options exercised		1,303	1,303	881	783	-
Total transactions with equity holders		(40,241)	(21,997)	881	783	(23,528)
At 31 March 2016		999,286	748,300	276,968	24,713	308,617



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2017

Other reserves, total (Note 25) RM'000	Attributable to equity holders of the Company					Non-controlling interests RM'000
	Capital reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Capital reserve arising from bonus issue in subsidiary RM'000	
138,002	437	87,471	(20,792)	4,427	66,459	250,986
8,079	-	(5,623)	13,702	-	-	18,849
-	-	-	-	-	-	-
(2,168)	-	-	-	(2,168)	-	-
-	-	-	-	-	-	-
(2,302)	-	-	-	(2,302)	-	-
-	-	-	-	-	-	(11,739)
-	-	-	-	-	-	(392)
43	-	-	-	43	-	-
(4,427)	-	-	-	(4,427)	-	(12,131)
141,654	437	81,848	(7,090)	-	66,459	257,704
157,068	437	87,471	(1,859)	4,560	66,459	245,723
(18,933)	-	-	(18,933)	-	-	23,507
-	-	-	-	-	-	-
-	-	-	-	-	-	(19,679)
-	-	-	-	-	-	1,569
-	-	-	-	-	-	(134)
228	-	-	-	228	-	-
(361)	-	-	-	(361)	-	-
(133)	-	-	-	(133)	-	(18,244)
138,002	437	87,471	(20,792)	4,427	66,459	250,986

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2017

← Non-distributable

### Company

	Note	Total equity RM'000	Share capital RM'000
<b>2017</b>			
<b>At 1 April 2016</b>		386,557	276,968
Total comprehensive income for the year		51,201	-
<b>Transactions with equity holders</b>			
Dividends	12	(25,324)	-
Share options exercised		7,821	5,264
Transfer to share capital	24	-	29,438
Transfer to retained earnings for share options lapsed		-	-
Grant of equity-settled share options		43	-
Total transactions with equity holders		(17,460)	34,702
<b>At 31 March 2017</b>		420,298	311,670
<b>2016</b>			
<b>At 1 April 2015</b>		356,663	276,087
Total comprehensive income for the year		51,891	-
<b>Transactions with equity holders</b>			
Dividends	12	(23,528)	-
Grant of equity-settled share options		228	-
Share options exercised		1,303	881
Total transactions with equity holders		(21,997)	881
At 31 March 2016		386,557	276,968

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2017

	Distributable		Non-distributable		
	Share premium RM'000	Retained earnings RM'000	Other reserves, total (Note 25) RM'000	Asset revaluation reserve RM'000	Employee share option reserve RM'000
	24,713	59,384	25,492	21,065	4,427
	-	51,201	-	-	-
	-	(25,324)	-	-	-
	4,725	-	(2,168)	-	(2,168)
	(29,438)	-	-	-	-
	-	2,302	(2,302)	-	(2,302)
	-	-	43	-	43
	(24,713)	(23,022)	(4,427)	-	(4,427)
	-	87,563	21,065	21,065	-
	23,930	31,021	25,625	21,065	4,560
	-	51,891	-	-	-
	-	(23,528)	-	-	-
	-	-	228	-	228
	783	-	(361)	-	(361)
	783	(23,528)	(133)	-	(133)
	24,713	59,384	25,492	21,065	4,427

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	84,672	111,674	54,300	52,711
Adjustment for:				
Amortisation of biological assets	6,450	6,369	-	-
Depreciation				
- Property, plant and equipment	25,755	30,111	653	668
- Investment properties	1,633	1,760	34	34
Dividend income	-	-	(52,317)	(52,889)
Gain from plantation investment compensation	-	(346)	-	-
Impairment loss on:				
- property, plant and equipment	4,646	-	-	-
- biological assets	24,779	-	-	-
- trade receivables	111	6,553	-	-
- other receivables	3,991	652	-	-
- investment in subsidiaries	-	-	-	455
Interest expense	748	515	420	38
Interest income	(8,792)	(6,481)	(9,649)	(7,493)
Net gain on disposal of property, plant and equipment	(2)	(134)	(2)	-
Net unrealised forex loss/(gain)	3	(1,823)	-	-
Provision for retirement benefits	284	69	-	-
Net (reversal of)/provision for warranty	(2,287)	622	-	-
Share of profit of associates	(2,861)	(1,665)	-	-
Share and options granted under ESS	43	228	5	228
Write back of impairment loss on:				
- trade receivables	(1,498)	(3,694)	-	-
- other receivables	-	(50)	-	-
- amount due from a subsidiary	-	-	(150)	(50)
Write down of inventories	2,462	1,807	-	-
Write off of biological assets	70	28	-	-
Operating profit/(loss) before working capital changes	140,207	146,195	(6,706)	(6,298)
Decrease in inventories	4,101	35,444	-	-
Decrease in receivables	62,289	14,447	(74)	91
Increase in net amount due from related companies	-	-	(37,807)	(39,469)
Increase/(decrease) in payables	25,606	(56,768)	84	697
Cash generated from/(used in) operations	232,203	139,318	(44,503)	(44,979)
Interest paid	(748)	(515)	(420)	(38)
Taxes paid	(38,432)	(30,904)	(1,965)	(1,396)
Retirement benefits paid	(50)	(14)	-	-
Net cash generated from/(used in) operating activities	192,973	107,885	(46,888)	(46,413)

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	3	205	2	-
Proceeds from plantation investment compensation	-	711	-	-
Repayment of obligation under finance lease	(645)	(442)	-	-
Acquisition of subsidiaries	-	(4,162)	-	-
Biological assets expenditure	(30,228)	(28,839)	-	-
Purchase of property, plant and equipment	(14,261)	(24,270)	(94)	(128)
Net dividends received	1,140	1,140	52,317	52,889
Interest received	8,792	6,481	9,649	7,493
Net cash (used in)/generated from investing activities	(35,199)	(49,176)	61,874	60,254
<b>Cash flows from financing activities</b>				
Net drawdown of short term borrowings	765	9,337	1,496	8,488
Placement of fixed deposits	(23,000)	-	-	-
Dividends paid	(25,324)	(23,528)	(25,324)	(23,528)
Dividends paid by a subsidiary to non-controlling interests	(11,739)	(19,679)	-	-
Proceeds from exercise of ESS	7,821	1,303	7,821	1,303
Net cash used in financing activities	(51,477)	(32,567)	(16,007)	(13,737)
<b>Net increase/(decrease) in cash and cash equivalents</b>	106,297	26,142	(1,021)	104
<b>Effect of foreign exchange rate changes in</b>				
<b>cash and cash equivalents</b>	13,891	(15,260)	-	-
<b>Cash and cash equivalents at beginning of year</b>	247,592	236,710	7,727	7,623
<b>Cash and cash equivalents at end of year (Note 23)</b>	367,780	247,592	6,706	7,727

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 1. CORPORATE INFORMATION

The principal activities of the Company are those of investment and property holding. The principal activities of the subsidiaries and the associates are described in Notes 39 and 40, respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur.

The holding company is BHR Enterprise Sdn. Bhd., a company incorporated in Malaysia.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representatives) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, becomes effective on 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

- (a) Removal of the authorised share capital;
- (b) Shares of the Company will cease to have par or nominal value; and
- (c) the Company's share premium account will become part of the Company's share capital.

The adoption of the above do not have significant impact on the financial statements of the Group and of the Company.

The financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

#### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs

##### (a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs (cont'd.)

#### (a) Changes in accounting policies (cont'd.)

Description	Effective for financial period beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Method of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

The adoption of the above new standards and interpretations do not have significant impact on the financial statements of the Group and of the Company.

#### (b) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for financial period beginning on or after
Annual Improvements to FRSs 2014-2016 Cycle	1 January 2017
Amendments to FRS 107: Disclosure initiative	1 January 2017
Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses	1 January 2017
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 2: Classification and measurement of Share-based payment transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### FRS 9: Financial instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs (cont'd.)

##### (c) Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2017 could be different if prepared under the MFRS Framework. The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

#### 2.3 Summary of significant accounting policies

##### (a) Subsidiaries and basis of consolidation

###### (i) Subsidiaries

A subsidiary company is an entity over which the Group has the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries and basis of consolidation (cont'd.)

##### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary company are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. The resulting difference is recognised directly in equity and attributed to owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (a) Subsidiaries and basis of consolidation (cont'd.)

##### (ii) Basis of consolidation (cont'd.)

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary company and any non-controlling interest, is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

##### **Business combinations**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary company acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.3(e).

##### (b) Transaction with non-controlling interests

Non-controlling interests at the reporting date, being the portion of the net assets of subsidiary companies attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between the non-controlling interests and the equity shareholders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (b) Transaction with non-controlling interests (cont'd.)

Losses applicable to the non-controlling interest in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary company that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (c) Investment in associate companies

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated company are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (d) Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Specific income streams are recognised as follows:

##### (i) Sale of Goods

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

##### (ii) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

##### (iii) Property management services

Revenue from property management is recognised when services are rendered.

##### (iv) Dividend income

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

##### (v) Receipt in advance

Receipt in advance are deferred and classified under current liabilities in the statement of financial position.

##### (vi) Interest income

Interest income is recognised using the effective interest method.

##### (vii) Management fees

Management fees are recognised when the Group's right to receive payment is established.

##### (e) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (f) Biological assets

##### (i) Oil palm planting expenditure

All expenses incurred in land preparation, planting and developing of oil palm up to maturity are capitalised as biological assets. A portion of the indirect overheads which include general and administrative expenses incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity at the age of 36 months. All expenses subsequent to maturity are recognised in the profit or loss. Upon attaining maturity, oil palm planting expenditure is amortised over 20 - 25 years. Replanting expenditure and nursery assets is capitalised under oil palm planting expenditure in the year in which it is incurred until maturity.

##### (ii) Pineapple planting expenditure

New estate development expenditure is capitalised until the plants attain maturity, after which time the amount capitalised will be charged to the profit or loss based on the area harvested. Replanting expenditure consists of expenses incurred from the stage of clearing to maturity. Replanting expenditure is capitalised and will be charged to the profit or loss based on area harvested upon attaining maturity.

#### (g) Foreign currencies

##### (i) Functional and presentation currency

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

##### (ii) Foreign currency transactions

Transactions in foreign currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies at exchange rates approximating those ruling at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (g) Foreign currencies (cont'd.)

##### (ii) Foreign currency transactions (cont'd.)

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

##### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

##### (h) Property, plant and equipment and depreciation

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

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

Freehold land and buildings other than office buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Revaluations are made at least once in every five years based on a revaluation by an independent valuer on an open market value basis. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (h) Property, plant and equipment and depreciation (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Land held on long lease is held on a lease with an unexpired period of 50 years or more. A lease of less than 50 years is described as a short lease.

Other property, plant and equipment is depreciated 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:

Buildings	2.0% - 10.0%
Leasehold land	Over lease period
Plant and machinery	4.0% - 33.33%
Fish canning facilities	2.0%
Warehouses, storage tanks and pipelines	4.0%
Motor vehicles	10.0% - 33.33%
Office equipment, furniture and fittings	6.66% - 25.0%
Renovations	10.0% - 20.0%
Tools, accessories and computer equipment	20.0% - 33.33%

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

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

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

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

##### (i) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of investment properties is provided for on a straight-line basis to write-off the cost of the property to its residual value over its estimated useful life, at the following annual rates:

Freehold building	2%
Leasehold building	2% to 3%
Leasehold land	Over lease period

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (i) Investment properties (cont'd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment property.

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

##### (j) Inventories

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

Cost is determined on the First-In, First-Out ("FIFO") basis. 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 in the ordinary course of business less all estimated costs to completion and the estimated costs necessary to make the sale.

##### (k) Income tax

###### (i) Current tax

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

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

###### (ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (k) Income tax (cont'd.)

##### (ii) Deferred tax (cont'd.)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

#### (l) Provisions for liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (m) 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 and of the Company. 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 plan

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

###### (iii) Defined benefit plan

###### Foreign subsidiary in Indonesia

The foreign subsidiary in Indonesia, operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The foreign subsidiary's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial assumptions by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension assets or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The latest actuarial valuation was carried out using the employee data as at 31 March 2017 by PT Milliman Indonesia, an independent actuary dated 18 April 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (m) Employee benefits (cont'd.)

##### (iv) Employees' Share Scheme

The Kumpulan Fima Berhad Employee's Share Scheme ("ESS") comprises the following:

##### - Employee Share Option Scheme ("ESOS")

The ESOS is an equity-settled share-based compensation plan that allows the directors and employees of the Company and its subsidiaries to acquire shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the employee share reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the employee share reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The employee share reserve is transferred to retained earnings upon expiry of the share options.

##### - Restricted Share Grant Scheme ("RSGS")

Senior management personnel of the Group are entitled to performance-based restricted shares as consideration for services rendered. The RSGS may be settled by way of issuance and transfer of new shares in the Company at the absolute discretion of the Options Committee. The total fair value of RSGS granted to senior management employees is recognised as an employee cost with a corresponding increase in the employees share reserve within equity over the vesting period and taking into account the probability that the RSGS will vest. The fair value of RSGS is measured at grant date, taking into account, the market vesting conditions upon which the RSGS were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to be awarded on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSGS that are expected to be awarded on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the employees share reserve.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (n) Leases

###### (i) As lessee

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

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

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

###### (ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set-out in Note 2.3(d)(ii).

##### (o) Impairment of non-financial assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (o) Impairment of non-financial assets (cont'd.)

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

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

Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### (q) Share capital

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

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

#### (r) Financial assets

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

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

The Group and the Company categorised the classification of their financial assets at initial recognition as loans and receivables.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (r) Financial assets (cont'd.)

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

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

##### (s) Impairment of financial assets

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

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

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

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

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

##### (t) Financial liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (t) Financial liabilities (cont'd.)

##### (i) Financial liabilities at fair value through profit or loss

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

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

##### (ii) Other financial liabilities

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

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

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

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

#### (u) Provision for liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (v) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 — Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Significant accounting estimate and judgement

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty

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

#### (i) Classification between investment properties and property, plant and equipment

The Group developed certain criteria in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The Group has sub-let portion of a building but has decided to classify the entire building as property, plant and equipment as this portion cannot be sold separately and significant portion of the building is held for use in the production or supply of goods or services or for administrative purposes.

#### (ii) Income tax

The Group and the Company are subject to income taxes in Malaysia and other countries. Significant judgement is required in determining the allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made. The Group's and the Company's tax expense for the current financial year is RM34,243,000 (2016: RM31,671,000) and RM3,099,000 (2016: RM820,000) respectively, as disclosed in Note 10.

#### (iii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group's deferred tax assets as at 31 March 2017 is RM6,966,000 (2016: RM8,394,000) as disclosed in Note 28.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Significant accounting estimate and judgement (cont'd.)

##### Key sources of estimation uncertainty (cont'd.)

##### (iv) Useful lives and depreciation of property, plant and equipment

Management uses key source of estimation and critical judgement in the process of applying the Group's accounting policies for depreciation in respect of plant and machinery.

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of the plant and machinery to be within 3 to 25 years. These are common life expectancies applied in the industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (v) Employee Share Scheme ("ESS")

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

##### (vi) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2017 was RM12,710,000 (2016: RM12,710,000). Further details are disclosed in Note 18.

##### (vii) Provision for warranty

Provision for warranty is based on current volumes of products sold still under warranty and on historic quality rates as well as estimates and assumptions regarding future quality rates for new products.

Total Group's provisions for warranty as of 31 March 2017 is RM14,827,000 (2016: RM17,114,000), as disclosed in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 3. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Manufacturing	233,347	266,682	-	-
Plantation	146,871	112,626	-	-
Sales of food products	114,257	88,420	-	-
Bulking and logistic services	47,461	67,451	-	-
Rental income	5,278	5,928	681	682
Trading of fish	-	-	18,119	25,242
Dividend income	-	-	52,317	52,889
	547,214	541,107	71,117	78,813

### 4. COST OF SALES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Manufacturing	157,546	193,842	-	-
Plantation	82,957	68,993	-	-
Sales of food products	87,907	69,603	-	-
Bulking and logistic services	10,735	11,833	-	-
Trading of fish	-	-	17,880	24,017
	339,145	344,271	17,880	24,017

### 5. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Write back of impairment loss on:				
- trade receivables (Note 20)	1,498	3,694	-	-
- other receivables (Note 21)	-	50	-	-
- amount due from subsidiaries (Note 22)	-	-	150	50
Net gain on disposal of property, plant and equipment	2	134	2	-
Gain from plantation investment compensation	-	346	-	-
Interest income	8,792	6,481	9,649	7,493
Management fees	-	-	1,069	696
Net foreign exchange (loss)/gain:				
- Realised	(682)	(286)	(90)	(330)
- Unrealised	(3)	1,823	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 6. STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries				
- Company's Executive Director (Note 7)	2,041	1,935	816	773
- Others	37,888	36,612	3,863	4,535
Social security costs	343	299	26	20
Pension costs				
- defined contribution plan	6,219	5,531	759	716
- defined benefit plan (Note 27)	284	69	-	-
Share options granted under ESOS	43	228	5	228
Other staff related expenses	8,086	8,054	462	203
	54,904	52,728	5,931	6,475

Included in staff costs of the Group and of the Company is the Managing Director's remuneration amounting to RM2,438,000 (2016: RM2,140,000) and RM1,159,000 (2016: RM875,000) respectively as further disclosed in Note 7.

### 7. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Directors of the Company</b>				
<b>Executive:</b>				
Salaries and other emoluments	1,100	1,021	440	409
Bonus	613	603	245	240
Pension costs - defined contribution plan	328	311	131	124
Benefits-in-kind	397	205	343	102
	2,438	2,140	1,159	875
<b>Non-executive:</b>				
Fees	388	388	360	360
Meeting allowance	139	125	132	118
	527	513	492	478
<b>Analysis excluding benefits-in-kind:</b>				
Total executive director's remuneration (Note 6)	2,041	1,935	816	773
Total non-executive directors' remuneration	527	513	492	478
Total directors' remuneration	2,568	2,448	1,308	1,251

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 7. DIRECTORS' REMUNERATION (CONT'D.)

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

	Number of directors	
	2017	2016
<b>Executive director:</b>		
RM2,400,001 - RM2,450,000	1	-
RM2,100,001 - RM2,150,000	-	1
<b>Non-executive directors:</b>		
RM100,001 - RM150,000	2	2
RM50,001 - RM100,000	3	3

### 8. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on borrowings	667	444	420	38
Finance lease interest	81	71	-	-
	748	515	420	38

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 9. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Auditors' remuneration:				
Auditors' of the Company:				
- Statutory audit fee	502	456	114	103
- Under provision in prior years	-	45	-	45
- Other services	18	16	9	8
Other auditors:				
- Statutory audit fee	237	221	-	-
Amortisation of biological assets (Note 15)	6,450	6,369	-	-
Depreciation:				
- Property, plant and equipment (Note 13)	25,755	30,111	653	668
- Investment properties (Note 14)	1,633	1,760	34	34
Impairment loss on:				
- Property, plant and equipment	4,646	-	-	-
- biological assets (Note 15)	24,779	-	-	-
- trade receivables (Note 20)	111	6,553	-	-
- other receivables (Note 21)	3,991	652	-	-
- investment in subsidiaries	-	-	-	455
Net foreign exchange loss/(gain):				
- Realised	682	286	90	330
- Unrealised	3	(1,823)	-	-
Professional indemnity insurance for directors and officers	26	25	4	4
Provision for retirement benefits (Note 27)	284	69	-	-
Net (reversal of)/provision for warranty	(2,287)	622	-	-
Rental expense for land and buildings	1,532	4,193	761	761
Write back of impairment loss on:				
- trade receivables	(1,498)	(3,694)	-	-
- other receivables	-	(50)	-	-
- amount due from a subsidiary	-	-	(150)	(50)
Write off of biological assets	70	28	-	-
Write down of inventories	2,462	1,807	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 10. INCOME TAX EXPENSE

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	39,966	25,091	2,024	59
- Underprovision in prior years	3,037	2,991	1,659	911
	43,003	28,082	3,683	970
<b>Deferred tax (Note 28):</b>				
Relating to origination and reversal of temporary differences	(9,504)	5,358	-	(160)
Under/(over) provision in prior years	744	(1,769)	(584)	10
	(8,760)	3,589	(584)	(150)
<b>Total income tax expense</b>	<b>34,243</b>	<b>31,671</b>	<b>3,099</b>	<b>820</b>

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to the subsidiaries in Indonesia and Papua New Guinea were 25% (2016: 25%) and 30% (2016: 30%), respectively.

#### Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	84,672	111,674	54,300	52,711
Taxation at statutory tax rate of 24% (2016: 24%)	20,321	26,802	13,032	12,651
Effect of income not subject to tax	(695)	(135)	(13,428)	(12,952)
Effect of tax rates in foreign jurisdiction	1,153	1,065	-	-
Effect of partial tax exemption	(32)	(34)	-	-
Effect of expenses not deductible for tax purposes	10,310	2,463	2,420	200
Effect of share results of associates	(687)	(400)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	92	688	-	-
Underprovision of income tax expense in prior years	3,037	2,991	1,659	911
Under/(over) provision of deferred tax in prior years	744	(1,769)	(584)	10
	34,243	31,671	3,099	820

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 11. EARNINGS PER SHARE

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

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group	
	2017 RM'000	2016 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of basic/diluted earnings per share	29,844	56,731

	Number of shares	
	2017 '000	2016 '000
Weighted average number of ordinary shares for basic earnings per share computation	278,809	276,654
Effects of dilution:		
- Share options under ESS	-	2,728
Weighted average number of ordinary shares for diluted earnings per share computation	278,809	279,382

	Group	
	2017 sen	2016 sen
Basic earnings per share	10.70	20.51
Diluted earnings per share	10.70	20.31

### 12. DIVIDENDS

	Amount		Net dividends per share	
	2017 RM'000	2016 RM'000	2017 SEN	2016 SEN
<b>Recognised during the year:</b>				
Final dividend for 2015: 8.5%, single tier ordinary shares paid on 22 October 2015	-	23,528	-	8.5
Final dividend for 2016: 9.0%, single tier ordinary shares paid on 8 September 2016	25,324	-	9.0	-
	25,324	23,528	9.0	8.5

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 March 2017, of 9.0% single tier amounting to a dividend payable of approximately RM25,401,000 (9.0 sen net dividend per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2018.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 13. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation		At cost		Total RM'000
	Land and buildings [see note 13(1), page 161] RM'000	Other assets [see note 13(2), pages 162&163] RM'000	Construction work-in- progress RM'000		
<b>At 31 March 2017</b>					
<b>At valuation/cost</b>					
At 1 April 2016	290,326	378,552	4,905		673,783
Additions	2,281	8,016	3,964		14,261
Disposals	-	(509)	-		(509)
Write off	(19)	(120)	-		(139)
Reclassification	1,853	-	(1,853)		-
Translation difference	5,384	7,766	351		13,501
At 31 March 2017	299,825	393,705	7,367		700,897
<b>Accumulated depreciation and impairment losses</b>					
At 1 April 2016	36,218	293,163	-		329,381
Depreciation charge for the year	8,245	17,510	-		25,755
Impairment loss (Note 42 (i))	19,649	360	-		20,009
Disposals	-	(508)	-		(508)
Write off	(19)	(120)	-		(139)
Translation difference	1,670	5,610	-		7,280
At 31 March 2017	65,763	316,015	-		381,778
Analysed as:					
Accumulated depreciation	46,114	315,655	-		361,769
Accumulated impairment loss	19,649	360	-		20,009
	65,763	316,015	-		381,778
<b>Net carrying amount</b>					
At 31 March 2017	234,062	77,690	7,367		319,119

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

Group (cont'd.)	At valuation		At cost	
	Land and buildings [see note 13(1), page 161] RM'000	Other assets [see note 13(2), pages 164&165] RM'000	Construction work-in-progress RM'000	Total RM'000
<b>At 31 March 2016</b>				
<b>At valuation/cost</b>				
At 1 April 2015	264,158	370,099	1,688	635,945
Additions	198	18,604	5,468	24,270
Acquisition of subsidiary	23,447	-	-	23,447
Disposals	-	(775)	-	(775)
Write off	(57)	(323)	-	(380)
Reclassification	2,189	119	(2,308)	-
Translation difference	391	(9,172)	57	(8,724)
At 31 March 2016	290,326	378,552	4,905	673,783
<b>Accumulated depreciation and impairment losses</b>				
At 1 April 2015	29,661	271,962	-	301,623
Depreciation charge for the year	6,527	23,584	-	30,111
Disposals	-	(704)	-	(704)
Write off	(57)	(323)	-	(380)
Translation difference	87	(1,356)	-	(1,269)
At 31 March 2016	36,218	293,163	-	329,381
<b>Net carrying amount</b>				
At 31 March 2016	254,108	85,389	4,905	344,402

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### Note 13(1) - Land and buildings

Group (cont'd.)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 March 2017</b>				
<b>At valuation</b>				
At 1 April 2016	66,304	185,114	38,908	290,326
Additions	-	-	2,281	2,281
Write off	-	-	(19)	(19)
Reclassification	-	-	1,853	1,853
Translation difference	-	14	5,370	5,384
At 31 March 2017	66,304	185,128	48,393	299,825
<b>Accumulated depreciation and impairment losses</b>				
At 1 April 2016	-	14,150	22,068	36,218
Depreciation charge for the year	-	4,901	3,344	8,245
Impairment loss (Note 42 (i))	-	14,361	5,288	19,649
Write off	-	-	(19)	(19)
Translation difference	-	3	1,667	1,670
At 31 March 2017	-	33,415	32,348	65,763
Analysed as:				
Accumulated depreciation	-	19,054	27,060	46,114
Accumulated impairment loss	-	14,361	5,288	19,649
	-	33,415	32,348	65,763
<b>Net carrying amount</b>				
At 31 March 2017	66,304	151,713	16,045	234,062
<b>At 31 March 2016</b>				
<b>At valuation</b>				
At 1 April 2015	66,304	161,662	36,192	264,158
Additions	-	-	198	198
Acquisition of subsidiary	-	23,447	-	23,447
Write off	-	-	(57)	(57)
Reclassification	-	-	2,189	2,189
Translation difference	-	5	386	391
At 31 March 2016	66,304	185,114	38,908	290,326
<b>Accumulated depreciation and impairment losses</b>				
At 1 April 2015	-	9,615	20,046	29,661
Depreciation charge for the year	-	4,535	1,992	6,527
Write off	-	-	(57)	(57)
Translation difference	-	-	87	87
At 31 March 2016	-	14,150	22,068	36,218
<b>Net carrying amount</b>				
At 31 March 2016	66,304	170,964	16,840	254,108

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### Note 13(2) - Other assets

#### Group (cont'd.)

	Plant and machinery RM'000	Fish canning facilities RM'000	Warehouses, storage tanks and pipes RM'000
<b>At 31 March 2017</b>			
<b>At cost</b>			
At 1 April 2016	109,663	71,453	105,197
Additions	4,617	200	-
Disposals	-	-	-
Write-off	(3)	-	-
Translation difference	3,637	1,052	-
At 31 March 2017	117,914	72,705	105,197
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2016	95,805	30,646	89,407
Depreciation charge for the year	7,366	527	2,157
Impairment loss (Note 42 (i))	307	-	53
Disposals	-	-	-
Write-off	(3)	-	-
Translation difference	2,651	203	-
At 31 March 2017	106,126	31,376	91,617
Analysed as:			
Accumulated depreciation	105,819	31,376	91,564
Accumulated impairment loss	307	-	53
	106,126	31,376	91,617
<b>Net carrying amount</b>			
At 31 March 2017	11,788	41,329	13,580

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovations RM'000	Tools, accessories and computer equipment RM'000	Total RM'000
17,111	53,906	20,568	654	378,552
661	2,102	-	436	8,016
(249)	(260)	-	-	(509)
(6)	(109)	-	(2)	(120)
204	1,590	1,283	-	7,766
17,721	57,229	21,851	1,088	393,705
12,295	46,362	18,275	373	293,163
2,005	4,196	1,117	142	17,510
-	-	-	-	360
(248)	(260)	-	-	(508)
(6)	(109)	-	(2)	(120)
172	1,428	1,156	-	5,610
14,218	51,617	20,548	513	316,015
14,218	51,617	20,548	513	315,655
-	-	-	-	360
14,218	51,617	20,548	513	316,015
3,503	5,612	1,303	575	77,690

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### Note 13(2) - Other assets (cont'd.)

#### Group (cont'd.)

	Plant and machinery RM'000	Fish canning facilities RM'000	Warehouses, storage tanks and pipes RM'000
<b>At 31 March 2016</b>			
<b>At cost</b>			
At 1 April 2015	105,947	76,153	105,166
Additions	2,683	6,231	-
Disposals	-	-	-
Write-off	-	-	-
Reclassification	75	-	31
Translation difference	958	(10,931)	-
At 31 March 2016	109,663	71,453	105,197
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2015	87,225	32,216	87,145
Depreciation charge for the year	8,220	862	2,262
Disposals	-	-	-
Write-off	-	-	-
Translation difference	360	(2,432)	-
At 31 March 2016	95,805	30,646	89,407
<b>Net carrying amount</b>			
At 31 March 2016	13,858	40,807	15,790

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

<b>Motor vehicles RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Renovations RM'000</b>	<b>Tools, accessories and computer equipment RM'000</b>	<b>Total RM'000</b>
14,947	47,069	20,172	645	370,099
2,391	7,242	15	42	18,604
(227)	(515)	-	(33)	(775)
-	(323)	-	-	(323)
-	13	-	-	119
-	420	381	-	(9,172)
<b>17,111</b>	<b>53,906</b>	<b>20,568</b>	<b>654</b>	<b>378,552</b>
10,947	38,061	16,052	316	271,962
1,514	8,751	1,885	90	23,584
(166)	(505)	-	(33)	(704)
-	(323)	-	-	(323)
-	378	338	-	(1,356)
<b>12,295</b>	<b>46,362</b>	<b>18,275</b>	<b>373</b>	<b>293,163</b>
<b>4,816</b>	<b>7,544</b>	<b>2,293</b>	<b>281</b>	<b>85,389</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

Company	At valuation		At cost	Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Motor vehicles, furniture and equipment [see note 13(3),page 167] RM'000	
<b>At 31 March 2017</b>				
<b>At valuation/cost</b>				
At 1 April 2016	16,075	28,748	3,386	48,209
Additions	-	-	94	94
Disposals	-	-	(224)	(224)
At 31 March 2017	16,075	28,748	3,256	48,079
<b>Accumulated depreciation</b>				
At 1 April 2016	157	2,609	2,968	5,734
Depreciation charge for the year	-	435	218	653
Disposals	-	-	(224)	(224)
At 31 March 2017	157	3,044	2,962	6,163
<b>Net carrying amount</b>				
At 31 March 2017	15,918	25,704	294	41,916
<b>At 31 March 2016</b>				
<b>At valuation/cost</b>				
At 1 April 2015	16,075	28,748	3,269	48,092
Additions	-	-	128	128
Disposals	-	-	(11)	(11)
At 31 March 2016	16,075	28,748	3,386	48,209
<b>Accumulated depreciation</b>				
At 1 April 2015	157	2,174	2,746	5,077
Depreciation charge for the year	-	435	233	668
Disposals	-	-	(11)	(11)
At 31 March 2016	157	2,609	2,968	5,734
<b>Net carrying amount</b>				
At 31 March 2016	15,918	26,139	418	42,475



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### Note 13(3) - Motor vehicles, furniture and equipment

#### Company (cont'd.)

	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>At 31 March 2017</b>			
<b>At cost</b>			
At 1 April 2016	343	3,043	3,386
Additions	-	94	94
Disposals	-	(224)	(224)
At 31 March 2017	343	2,913	3,256
<b>Accumulated depreciation</b>			
At 1 April 2016	283	2,685	2,968
Depreciation charge for the year	60	158	218
Disposals	-	(224)	(224)
At 31 March 2017	343	2,619	2,962
<b>Net carrying amount</b>			
At 31 March 2017	-	294	294
<b>At 31 March 2016</b>			
<b>At cost</b>			
At 1 April 2015	343	2,926	3,269
Additions	-	128	128
Disposals	-	(11)	(11)
At 31 March 2016	343	3,043	3,386
<b>Accumulated depreciation</b>			
At 1 April 2015	217	2,529	2,746
Depreciation charge for the year	66	167	233
Disposals	-	(11)	(11)
At 31 March 2016	283	2,685	2,968
<b>Net carrying amount</b>			
At 31 March 2016	60	358	418

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

- (a) Buildings, plant and machinery, storage tanks and pipelines of the subsidiaries carrying out bulking activities with a net book value of approximately RM21,186,000 (2016: RM24,631,000) are situated on land which is leased from Lembaga Pelabuhan Kelang (“LPK”) by the subsidiaries. The lease will expire in 2022.
- (b) A building of a subsidiary, Fima Palmbulk Services Sdn. Bhd., with a net book value of RM1 (2016: RM1) was constructed on land leased from Penang Port Commission. The subsidiary has a renewal option to renew the lease for a term of five years beginning from 1 July 2018 to 30 June 2023. It is expected that the subsidiary will continue to lease the land from Penang Port Commission.
- (c) Included in the property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to approximately RM196,773,000 (2016: RM195,555,000) and RM2,641,000 (2016: RM2,339,000) respectively.
- (d) The factory extension of the Group with a net book value of RM127,565 (2016: RM179,000) was constructed on a piece of land leased from the lessor. The lease will expire on 30 April 2020.
- (e) If the total amounts of the freehold land, leasehold land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
Freehold land	3,508	3,508
Leasehold land	62,817	62,817
Buildings	25,207	20,554
	91,532	86,879
<b>Accumulated depreciation</b>		
Leasehold land	(4,071)	(2,726)
Buildings	(7,474)	(4,437)
	(11,545)	(7,163)
<b>Net carrying amount</b>	79,987	79,716

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 14. INVESTMENT PROPERTIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cost</b>				
At 1 April 2016/2015 and 31 March	96,572	96,572	3,408	3,408
<b>Accumulated depreciation</b>				
At 1 April 2016/2015	26,475	24,715	241	207
Charge for the year	1,633	1,760	34	34
At 31 March	28,108	26,475	275	241
<b>Net carrying amount</b>	68,464	70,097	3,133	3,167
<b>Fair value</b>	78,790	77,277	3,830	3,830

- (a) The land title of a freehold land and building of the Group with a net book value of approximately RM49,777,000 (2016: RM50,922,000) is pledged as securities for certain unutilised credit facilities of the Group.
- (b) Factory buildings of a subsidiary, Percetakan Keselamatan Nasional Sdn. Bhd. with a net book value of RM6,412,665 (2016: RM6,497,835) are situated on a piece of leasehold land which will expire on 29 September 2086.
- (c) The fair value of the investment properties during the year was determined based on comparison approach. The fair value of the properties as at 31 March 2017 and 31 March 2016 are based on valuation carried out by professional independent valuers, Messrs Hatta & Associates Sdn. Bhd..
- (d) Rental income generated from and direct operating expenses incurred on income generated from investment properties are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	5,278	5,928	681	682
Direct operating expenses	2,583	2,508	211	172

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 15. BIOLOGICAL ASSETS

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
At 1 April 2016/2015	204,016	173,656
Additions	30,228	28,839
Disposal	-	(510)
Write off	(115)	(41)
Exchange differences	6,564	2,072
At 31 March	240,693	204,016
<b>Accumulated amortisation and impairment</b>		
At 1 April 2016/2015	50,540	44,257
Charge for the year:		
- Amortisation	6,450	6,369
- Impairment loss (Note 42 (i))	24,779	-
Disposal	-	(156)
Write off	(45)	(13)
Exchange differences	2,761	83
At 31 March	84,485	50,540
Analysed as:		
Accumulated amortisation	59,706	50,540
Accumulated impairment loss	24,779	-
	84,485	50,540
<b>Net carrying amount</b>		
At 31 March	156,208	153,476

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 16. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted ordinary shares, at cost		
In Malaysia	160,912	160,879
Outside Malaysia	44,415	44,410
	205,327	205,289
Less: Accumulated impairment losses		
In Malaysia	(16,669)	(16,669)
	188,658	188,620

Details of the subsidiaries are described in Note 39.

The summarised financial information (before intra-group elimination) for Fima Corporation Berhad and its subsidiaries ("FCB Group") and International Food Corporation Limited ("IFC") that has non-controlling interest that are material to the Group are as follows:

#### (i) Summarised statement of financial position

	FCB Group		IFC	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	244,042	288,850	69,228	87,533
Cash and cash equivalents	336,309	177,593	11,866	26,005
Other current assets	134,987	218,116	78,197	80,822
Total assets	715,338	684,559	159,291	194,360
Non-current liabilities	(21,288)	(28,920)	(6,494)	(9,049)
Current liabilities	(107,250)	(73,251)	(58,313)	(56,546)
Total liabilities	(128,538)	(102,171)	(64,807)	(65,595)
Net assets	586,800	582,388	94,484	128,765
Equity attributable to shareholders of the company	561,385	554,247	94,484	128,765

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

	FCB Group		IFC	
	2017 RM600	2016 RM'000	2017 RM'000	2016 RM'000
<b>(ii) Summarised statement of comprehensive income</b>				
Revenue	372,101	375,207	108,208	82,426
Profit for the financial year	35,007	54,872	5,799	4,215
Other comprehensive (loss)/income	(81)	3,362	-	-
Total comprehensive income	34,926	58,234	5,799	4,215
Dividends paid to non-controlling interest	11,739	19,679	1,864	-
<b>(iii) Summarised statement of cash flows</b>				
Net cash generated from/ (used in) operating activities	196,283	63,878	(5,948)	19,379
Net cash used in investing activities	(12,765)	(21,603)	(4,011)	(2,874)
Net cash used in financing activities	(30,536)	(38,270)	(6,477)	(1,530)
Net increase/(decrease) in cash and cash equivalents	152,982	4,005	(16,436)	14,975
Cash and cash equivalents at beginning of year	177,593	172,640	26,005	17,442
Effect of exchange rate changes	5,734	948	2,297	(6,412)
Cash and cash equivalents at end of year	336,309	177,593	11,866	26,005

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	12,251	12,251	2,251	2,251
Share of post acquisition results	34,265	34,408	-	-
	46,516	46,659	2,251	2,251

Details of the associates are described in Note 40.

The financial statements of the associates are coterminous with those of the Group, except for Giesecke & Devrient Malaysia Sdn. Bhd. ("G&D") which has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of G&D for the year ended 31 December 2016 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017.

Summarised financial information in respect of Marushin Canneries (Malaysia) Sdn. Bhd. ("Marushin") and G&D are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

#### (i) Summarised statement of financial position

	Marushin		G&D	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>				
Current assets - Inventories	35,329	38,094	38,060	56,619
Current assets - Others	10,029	12,572	32,975	17,471
Non-current assets				
- Property, plant and equipment	1,865	2,086	207,978	191,285
Non-current assets - Others	344	397	-	4,171
Total assets	47,567	53,149	279,013	269,546
Current liabilities	24,831	27,933	1,061	44,377
Non-current liabilities	574	510	72,643	23,976
Total liabilities	25,405	28,443	73,704	68,353
Net assets	22,162	24,706	205,309	201,193

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 17. INVESTMENT IN ASSOCIATES (CONT'D.)

	Marushin		G&D	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>(ii) Summarised statement of comprehensive income</b>				
Revenue	50,910	49,483	153,541	164,958
Profit before tax	635	427	12,516	9,172
Profit for the year	456	296	13,436	7,757
Total comprehensive income	456	296	13,436	7,757
Dividend received from the associates during the year (net)	1,140	1,140	1,864	-

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	Marushin		G&D	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net assets at 1 April 2016/2015	24,706	27,410	201,193	193,436
Total comprehensive income	456	296	13,436	7,757
Dividend paid (gross)	(3,000)	(3,000)	(9,320)	-
Net assets at 31 March	22,162	24,706	205,309	201,193
Interest in associates	38%	38%	20%	20%
Share of net assets	8,422	9,388	41,062	40,239
Negative goodwill	(2,968)	(2,968)	-	-
Carrying value of Group's interest in associates	5,454	6,420	41,062	40,239



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 18. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000
At 1 April 2016/2015 and 31 March	12,710	12,710

#### (a) Impairment tests for goodwill

Goodwill has been allocated to the Group's cash generating units identified according to business segment as follows:

	Bulking RM'000	Plantation RM'000	Total RM'000
As at 31 March 2017/2016	12,200	510	12,710

#### (b) Key assumptions used in value-in-use calculations

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

	2017 %	2016 %
Average discount rate <sup>1</sup>	10.5	5.4
Terminal growth rate <sup>2</sup>	2	5

Assumptions:

1. Pre-tax discount rate applied to the cash flow projections.
2. Weighted average growth rate used to extrapolate cash flows beyond the budget period.

#### (c) Sensitivity analysis

In assessing value-in-use and fair value, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 19. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost:</b>		
Raw materials	21,758	16,860
Printing materials	9,573	18,486
Fertilizer	877	282
Oil palm products	8,244	8,232
Work-in-progress	14,581	19,910
Finished goods	20,427	11,635
Consumables	4,888	6,846
	80,348	82,251
<b>At net realisable value:</b>		
Finished goods	2,464	8,556
	82,812	90,807

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM151,199,563 (2016: RM200,450,109).

### 20. TRADE RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Third parties	113,869	190,669	29	30
Less: Allowance for impairment	(5,720)	(7,107)	(10)	(10)
<b>Trade receivables, net</b>	108,149	183,562	19	20

The Group's normal trade credit term ranges from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables amount is accrued revenue of RM8,645,000 (2016: RM Nil).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors except for a balance of RM47,470,000 (2016: RM135,723,000) due from the Government of Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 20. TRADE RECEIVABLES (CONT'D.)

#### Ageing analysis of trade receivables

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	45,472	46,938	19	20
1 to 60 days past due but not impaired	18,307	38,560	-	-
61 to 120 days past due but not impaired	12,621	37,113	-	-
More than 121 days past due but not impaired	23,104	60,951	-	-
	54,032	136,624	-	-
Impaired	5,720	7,107	10	10
	105,224	190,669	29	30

#### Trade receivables that are neither past due nor impaired

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

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

#### Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM54,032,000 (2016: RM136,624,000) that are past due at the reporting date but not impaired.

No allowance for impairment is made as in the opinion of the directors, the outstanding debts are expected to be collected in full within the next twelve months.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 20. TRADE RECEIVABLES (CONT'D.)

#### Receivables that are impaired

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables - nominal amount	5,720	7,107	10	10
Less: Allowance for impairment	(5,720)	(7,107)	(10)	(10)
	-	-	-	-

Movement in allowance accounts:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	7,107	4,248	10	10
Write back of impairment loss (Note 5)	(1,498)	(3,694)	-	-
Charge for the year (Note 9)	111	6,553	-	-
At 31 March	5,720	7,107	10	10

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 21. OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Tax recoverable	581	3,450	500	2,218
Deposits	1,202	2,046	179	179
Prepayments	6,883	6,488	45	39
Sundry receivables	38,853	26,935	385	316
Less: Allowance for impairment	(14,967)	(10,956)	(9)	(9)
	32,552	27,963	1,100	2,743

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gross amounts of impaired other receivables	14,967	10,956	9	9
Less: Allowance for individual impairment losses	(14,967)	(10,956)	(9)	(9)
	-	-	-	-

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

Movement in allowance accounts:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	10,956	10,343	9	9
Write back of impairment loss (Note 5)	-	(50)	-	-
Charge for the year (Note 9)	3,991	652	-	-
Exchange differences	20	11	-	-
As 31 March	14,967	10,956	9	9

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 22. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Due from subsidiaries	226,011	195,975
Less: Allowance for impairment	(9,696)	(9,846)
	216,315	186,129
Due to subsidiaries	(17,573)	(25,344)

All the amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand except for the amount due from Victoria Square Plantation Sdn. Bhd.. The outstanding amount from Victoria Square Plantation Sdn. Bhd. as at 31 March 2017 is RM140,300,000 (2016: RM116,800,000) and bear interest of 5.5% (2016: 5.5%) per annum.

Movement in allowance accounts:

	Company	
	2017 RM'000	2016 RM'000
At 1 April 2016/2015	9,846	9,896
Write back for the year (Note 5)	(150)	(50)
At 31 March	9,696	9,846

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 23. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash in hand and at banks	98,087	44,761	6,706	1,927
Fixed deposits with licensed bank	292,693	202,831	-	5,800
	390,780	247,592	6,706	7,727

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash in hand and at bank	390,780	247,592	6,706	7,727
Less: Fixed deposits with a licensed bank with maturity of more than three months	(23,000)	-	-	-
Total cash and cash equivalents	367,780	247,592	6,706	7,727

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Licensed banks	3.18	3.27	3.17	3.14

The average maturity of deposits at the reporting date were as follows:

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Licensed banks	40	42	10	13

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 24. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
<b>Authorised:</b>				
Ordinary shares of RM1.00 each	-	300,000	-	300,000

	Group and Company			
	Number of ordinary shares	Share capital (Issued and fully paid) '000	Share capital (Issued and fully paid) RM'000	Total Share capital and share premium RM'000
At 1 April 2015	276,087	276,087	23,930	300,017
Exercise of employee share options:				
-ESOS	693	693	616	1,309
-RSGS	188	188	167	355
At 31 March 2016	276,968	276,968	24,713	301,681
At 1 April 2016	276,968	276,968	24,713	301,681
Exercise of employee share options:				
-ESOS	5,095	5,095	4,725	9,820
-RSGS	169	169	-	169
Transfer to non-par value regime		282,232	29,438	311,670
At 31 March 2017	282,232	311,670	-	311,670

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

The share capital issued by the Company during the year are pursuant to the exercise of share options under the ESOS and share granted under RSGS as disclosed in Note 33.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 25. OTHER RESERVES

Group	Capital reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Capital reserve arising from bonus issue subsidiary RM'000	Total RM'000
<b>2017</b>						
<b>At 1 April 2016</b>	437	87,471	(20,792)	4,427	66,459	138,002
Foreign currency translation	-	-	13,702	-	-	13,702
Reversal of revaluation surplus of property, plant and equipment previously recognised	-	(5,623)	-	-	-	(5,623)
Transfer to retained earnings for share options lapsed	-	-	-	(2,302)	-	(2,302)
Grant of equity-settled share options	-	-	-	43	-	43
Share options exercised	-	-	-	(2,168)	-	(2,168)
	-	(5,623)	13,702	(4,427)	-	3,652
<b>At 31 March 2017</b>	437	81,848	(7,090)	-	66,459	141,654
<b>2016</b>						
<b>At 1 April 2015</b>	437	87,471	(1,859)	4,560	66,459	157,068
Foreign currency translation	-	-	(18,933)	-	-	(18,933)
Grant of equity-settled share options	-	-	-	228	-	228
Share options exercised	-	-	-	(361)	-	(361)
	-	-	(18,933)	(133)	-	(19,066)
<b>At 31 March 2016</b>	437	87,471	(20,792)	4,427	66,459	138,002
<b>Company</b>						
<b>2017</b>						
<b>At 1 April 2016</b>	-	21,065	-	4,427	-	25,492
Transfer to retained earnings for share options lapsed	-	-	-	(2,302)	-	(2,302)
Grant of equity-settled share options	-	-	-	43	-	43
Share options exercised	-	-	-	(2,168)	-	(2,168)
	-	-	-	(4,427)	-	(4,427)
<b>At 31 March 2017</b>	-	21,065	-	-	-	21,065

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 25. OTHER RESERVES (CONT'D.)

Company (cont'd.)	Capital reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Capital reserve arising from bonus issue subsidiary RM'000	Total RM'000
<b>2016</b>						
<b>At 1 April 2015</b>	-	21,065	-	4,560	-	25,625
Grant of equity-settled share options	-	-	-	228	-	228
Share options exercised	-	-	-	(361)	-	(361)
	-	-	-	(133)	-	(133)
<b>At 31 March 2016</b>	-	21,065	-	4,427	-	25,492

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

**(a) Asset revaluation reserve**

The asset revaluation reserve is used to record increases in the fair value of freehold land and buildings and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

**(b) Foreign currency translation reserve**

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

**(c) Employee share reserve**

Employee share reserve represents the equity-settled share options and shares granted to employees and directors under the ESOS and RSGS, respectively. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and shares, under the ESOS and RSGS, respectively and is reduced by the expiry or exercise of the share options. When the share options expire, the amount from the employee share reserve is transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 26. FINANCE LEASE OBLIGATIONS

	2017 RM'000	2016 RM'000
<b>Mimumin lease payments:</b>		
- due no later than one year	742	726
- due later than one year and no later than 5 years	4,030	3,697
- due later than 5 years	83,595	84,671
Total minimum lease payments	88,367	89,094
Less: Amounts representing finance charges	(71,567)	(71,649)
Present value of minimum lease payments	16,800	17,445
<b>Present value of finance lease payables:</b>		
- due no later than one year	624	646
- due later than one year and no later than 5 years	2,284	2,257
- due later than 5 years	13,892	14,542
Present value of minimum lease payments	16,800	17,445
Less: Amount due within 12 months	(624)	(646)
Amount due after 12 months	16,176	16,799

### 27. RETIREMENT BENEFIT OBLIGATIONS

	2017 RM'000	Group 2016 RM'000
At 1 April 2016/2015	1,391	1,634
Recognised in profit or loss (Note 6)	284	69
Contributions paid	(50)	(14)
Remeasurement of defined benefit liability	100	(354)
Exchange differences	112	56
At 31 March	1,837	1,391

The foreign subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme are calculated using the projected unit credit method, is determined by a qualified independent actuary, considering the estimated future cash outflows using market yields at the reporting date of high quality corporate bonds. The latest actuarial valuation was carried out using the employee data as at 31 March 2017.

(a) The amounts recognised in the statement of financial position are determined as follows:

	2017 RM'000	Group 2016 RM'000
Present value of unfunded defined benefits obligations	1,837	1,391
Analysed as:		
Non-current	1,837	1,391

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 27. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) The amounts recognised in the profit or loss are as follows:

	Group	
	2017 RM'000	2016 RM'000
Current service cost	199	19
Past service cost	-	(19)
Interest cost	85	69
Total, included in employee benefits expense (Note 6)	284	69

(c) The principle assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2017 and 2016 are as follows:

	2017	2016
Discount rate	7.8%	8.7%
Annual salary increase	7.0%	7.5%
Retirement age	55	55

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity, converted to estimated spot rates.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on changes to individual assumptions, with all other assumptions held constant.

	2017 RM'000	2016 RM'000
A 1 per cent decrease/increase in discount rate will increase/ decrease the defined benefit obligation by	143	121
A 1 per cent increase/decrease in expected salary growth will increase/decrease the defined benefit obligation by	129	104

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 28. DEFERRED TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	38,557	34,968	6,863	7,013
Recognised in:				
- profit or loss (Note 10)	(8,760)	3,589	(584)	(150)
- other comprehensive income	(3,841)	-	-	-
At 31 March	25,956	38,557	6,279	6,863
Presented after appropriate offsetting as follows:				
Deferred tax assets	(6,966)	(8,394)	-	-
Deferred tax liabilities	32,922	46,951	6,279	6,863
	25,956	38,557	6,279	6,863

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

#### Deferred tax assets of the Group:

	Retirement benefit obligations RM'000	Other payables RM'000	Tax losses and unabsorbed capital allowances RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2015	(461)	(4,006)	(368)	(1,039)	(5,874)
Recognised in profit or loss	72	(663)	(1,322)	(607)	(2,520)
At 31 March 2016	(389)	(4,669)	(1,690)	(1,646)	(8,394)
Recognised in profit or loss	(64)	1,175	582	(265)	1,428
At 31 March 2017	(453)	(3,494)	(1,108)	(1,911)	(6,966)

#### Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Revaluation on land and building RM'000	Others RM'000	Total RM'000
At 1 April 2015	7,646	28,595	4,601	40,842
Recognised in profit or loss	(560)	(379)	7,048	6,109
At 31 March 2016	7,086	28,216	11,649	46,951
Recognised in:				
- profit or loss	288	(172)	(10,304)	(10,188)
- other comprehensive income	-	(3,841)	-	(3,841)
At 31 March 2017	7,374	24,203	1,345	32,922

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 28. DEFERRED TAX (CONT'D.)

#### Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Revaluation on land and building RM'000	Total RM'000
At 1 April 2015	354	6,659	7,013
Recognised in profit or loss	229	(379)	(150)
At 31 March 2016	583	6,280	6,863
Recognised in profit or loss	(460)	(124)	(584)
At 31 March 2017	123	6,156	6,279

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

	Group	
	2017 RM'000	2016 RM'000
Unutilised tax losses	26,372	27,982
Unabsorbed capital allowances	10,717	8,724
Unabsorbed reinvestment allowances	1,344	1,344
	38,433	38,050

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 29. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Short term borrowings</b>				
Unsecured:				
- Bankers' acceptances	4,516	10,281	4,516	8,020
- Revolving credit	10,000	5,000	10,000	5,000
	14,516	15,281	14,516	13,020

#### Maturity of borrowings

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Within one year	14,516	15,281	14,516	13,020

The revolving credit facility is rolled over every three months.

The weighted average effective interest rate of the facilities during the financial year was 4.47% (2016: 4.49%) per annum.

### 30. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade Payables</b>	70,744	44,007	56	11
<b>Other Payables</b>				
Accruals	8,638	14,818	1,291	1,252
Deposits	208	1,399	85	85
Receipt in advance	1,644	951	-	-
Sundry payables	31,225	24,213	-	-
	41,715	41,381	1,376	1,337
Total trade and other payables	112,459	85,388	1,432	1,348

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 31. PROVISIONS

	Group	
	2017 RM'000	2016 RM'000
Provision for warranty	14,827	17,114
Provision for compensation claim	2,120	2,120
	16,947	19,234

- (a) Provision for warranty is based on current volumes of products sold still under warranty and on historic quality rates as well as estimates and assumptions regarding future quality rates for new products.
- (b) Provision for compensation claim is for a tenant's renovation costs and general damages arising from an early termination of a tenancy agreement by a subsidiary of the Company, Fima Corporation Berhad ("FCB"). On 27 September 2011, the Court of Appeal had allowed FCB appeal against the decision handed down by the High Court in favour of the tenant and directed that the matter be remitted back to the High Court for a full trial. There has been no development since then.

	Group	
	2017 RM'000	2016 RM'000
As at 1 April 2016/15	17,114	16,492
Reversal of provision	(5,829)	(3,414)
Charge for the year	3,542	4,036
As at 31 March	14,827	17,114

### 32. COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
<b>Capital expenditure</b>		
Approved and contracted for: Property, plant and equipment	2,749	2,955
Approved but not contracted for: Property, plant and equipment	26,080	51,314
	28,829	54,269
<b>Share of capital commitments of associated companies</b>		
Approved and contracted for: Property, plant and equipment	2,290	2
Approved but not contracted for: Property, plant and equipment	5	6,696



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 33. EMPLOYEE BENEFITS

#### Employees' Share Scheme ("ESS")

The ESS comprises the following:

- (i) **Employee Share Option Scheme ("ESOS")**; whereby eligible employees are granted the right to subscribe for a number of the Company shares at the prescribed subscription price subject to the terms and conditions of the Bye-Laws. No performance targets are required to be met before the options are granted under the ESOS.
- (ii) **Restricted Share Grant Scheme ("RSGS")**; whereby the employees having a designation of general manager and above will be granted the right to have a number of Company shares vested in them, subject to the terms and conditions of the Bye-Laws. The RSGS requires performance targets to be met prior to the vesting of such shares.

In implementing the RSGS, the Company has appointed a company as a trustee for the purposes of subscribing for the new shares and transferring such shares to the entitled employees as the Options Committee shall direct.

The eligibility criteria of the ESS are as follows:

- (i) Full time employment in the Company or other company within the Group for more than one (1) year;
- (ii) A resident who is a citizen of Malaysia, non-citizen with permanent resident status or noncitizen who holds a valid work permit in Malaysia and has entered into a full time or fixed term employment with any Company within the Group, having the designation of Manager or above;
- (iii) If the employee is working under a fixed-term contract basis, the term of contract must not be less than two (2) years and renewal of contract must take place six (6) months before expiration; and
- (iv) Fulfills such other criteria as determined by the Options Committee from time to time.

The ESS is for a period of 5 years and the Options Committee has the discretion to extend the duration of the ESS for up to another 5 years provided that the scheme does not exceed 10 years in its entirety.

#### (a) ESOS

The following table illustrates the number of share options ("No."), weighted average exercise prices ("WAEP") and movements during the financial year:

#### Movement of share options under the ESOS during the financial year

	Group			
	2017		2016	
	NO.	WAEP (RM)	NO.	WAEP (RM)
Outstanding at 1 April 2016/ 1 April 2015	8,273,500	1.64	9,128,200	1.64
- Granted	268,800	1.83	844,800	1.89
- Exercised	(2,166,117)	1.49	(880,600)	1.48
- Forfeited/lapsed	(2,812,500)	1.93	(818,900)	1.77
Outstanding at 31 March	3,563,683	1.89	8,273,500	1.64
Exercisable at 31 March	-	-	8,736,000	1.68

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 33. EMPLOYEE BENEFITS (CONT'D.)

#### Employees' Share Scheme ("ESS") (cont'd.)

##### (a) ESOS (cont'd.)

- The weighted average fair value of options granted during the financial year was RM0.17 (2016: RM0.28).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.89 (2016: RM1.91).
- The weighted average exercise price for options outstanding at the end of the year was RM1.89 (2016: RM1.64).
- The ESOS had expired on 17 November 2016.

#### Fair value of share options granted

The fair value of the share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the pricing models for the year ended 31 March 2017:

	<b>Binomial option pricing model</b>	
	<b>2017</b>	<b>2016</b>
Dividend yield (%)	4.89	5.00
Expected volatility (%)	39.93	38.72
Risk-free interest rate (% p.a.)	1.83	2.52
Balance expected life of option (years)	-	2.87
Weighted average share price (RM)	1.82	1.88

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 33. EMPLOYEE BENEFITS (CONT'D.)

#### (b) RSGS

The following table illustrates the movements of shares vested under the RSGS during the financial year:

#### Movement of shares under the RSGS during the financial year

	Group	
	2017 NO.	2016 NO.
Outstanding at 1 April 2016/2015	-	-
Granted	190,000	188,000
Vested	(190,000)	(188,000)
Outstanding at 31 March	-	-

The vesting of the RSGS shares is conditional upon the satisfaction of the performance targets of the Group and all other conditions as set out in the ESS Bye-Laws.

### 34. RELATED PARTY DISCLOSURES

#### (a) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	(Income)/expense	
	2017 RM'000	2016 RM'000
<b>Group</b>		
(a) Transaction with companies connected to directors and substantial shareholders:		
- Rental charges	(78)	(78)
- Purchase of products	(6,029)	(5,003)
- Service rendered	314	457
<b>Company</b>		
(a) Transaction with corporate shareholder:		
- Advisory services	120	120
(b) Transaction with subsidiaries:		
- Dividend income from subsidiaries	(52,317)	(52,889)
- Management fees from subsidiaries	(1,069)	(696)
- Interest charged to subsidiaries	(9,482)	(7,328)
- Interest charged by a subsidiary	189	-
- Rental charges	761	761
- Sales of fish	18,119	25,242

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 34. RELATED PARTY DISCLOSURES (CONT'D.)

#### (b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including any director (whether executive or otherwise).

The key management personnel of the Group and of the Company include directors of the Company and subsidiaries and certain members of senior management of the Group and of the Company. Their compensation are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries and other short-term employee benefits	8,141	7,707	2,895	2,097
Contributions to defined contribution plan	1,081	1,009	409	365
	9,222	8,716	3,304	2,462

Included in the total key management personnel above are the remuneration in respect of the directors of the Company and directors of subsidiaries:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors remuneration:				
Directors of the Company (Note 7)	2,965	2,653	1,651	1,353
Directors of subsidiaries	2,577	2,153	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 35. SEGMENTAL INFORMATION

#### (a) Business segments

The Group is principally engaged in the following activities:

- (i) Manufacturing - Production and trading of security and confidential documents.
- (ii) Bulking - Providing bulk handling and storage of various types of liquid and semi-liquid products; as well as transportation and forwarding services.
- (iii) Plantation - Oil palm and pineapple estate operations.
- (iv) Food - Fish processing, canning and distribution and packaging of food products.
- (v) Others - Investment holding, rental and management of commercial properties and trading.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 35. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Business segments (cont'd.)

	Manufacturing		Plantation		Food	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>						
External sales	233,347	266,682	146,871	112,626	114,257	88,420
Inter-segment sales	-	51	-	-	-	-
<b>Total revenue</b>	<b>233,347</b>	<b>266,733</b>	<b>146,871</b>	<b>112,626</b>	<b>114,257</b>	<b>88,420</b>
<b>Results</b>						
Segment results	59,608	54,431	(6,106)	18,539	6,694	4,717
Profit from operations	-	-	-	-	-	-
Finance costs, net	-	-	(81)	(72)	-	-
Share of profit of associates	-	-	-	-	173	113
Income tax expense						
Profit net of tax						
Non-controlling interests						
Profit attributable to owners of the parent						
<b>Assets</b>						
Segment assets	376,360	326,621	484,823	468,295	162,009	91,875
Consolidated total assets						
<b>Liabilities</b>						
Segment liabilities	87,073	59,945	247,075	94,345	61,634	61,301
Consolidated total liabilities						

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

	Bulking		Others		Eliminations		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
	47,461	67,451	5,278	5,928	-	-	547,214	541,107
	-	-	20,789	25,311	(20,789)	(25,362)	-	-
	47,461	67,451	26,067	31,239	(20,789)	(25,362)	547,214	541,107
	20,001	38,158	3,733	(1,439)	(1,371)	(3,882)	82,559	110,524
	-	-	-	-	-	-	82,559	110,524
	-	-	(667)	(443)	-	-	(748)	(515)
	-	-	2,688	1,552	-	-	2,861	1,665
							(34,243)	(31,671)
							50,429	80,003
					20,585	23,272	(20,585)	(23,272)
							29,844	56,731
	59,934	71,601	341,110	276,783	(199,960)	(49,513)	1,224,276	1,185,662
							1,224,276	1,185,662
	8,406	10,399	15,674	10,126	(221,993)	(49,740)	197,869	186,376
							197,869	186,376

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 35. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Business segments (cont'd.)

	Manufacturing		Plantation		Food	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>						
Capital expenditure	1,813	7,176	7,824	9,534	3,989	6,457
Depreciation of: Property, plant and equipment	5,069	10,117	14,427	6,485	1,854	8,929
Investment property	344	344	92	92	-	-
Amortisation of: Biological assets	-	-	6,450	6,369	-	-
Impairment loss on: Property, plant and equipment	-	-	4,593	-	-	-
Biological assets	-	-	24,779	-	-	-
Trade receivables	16	926	-	508	-	2,519
Other receivables	-	-	3,491	2	-	-
Investment in subsidiaries	-	-	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

Bulking		Others		Eliminations		Consolidated	
2017	2016	2017	2016	2017	2016	2017	2016
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
505	1,073	130	30	-	-	14,261	24,270
4,187	4,273	218	307	-	-	25,755	30,111
-	-	1,197	1,324	-	-	1,633	1,760
-	-	-	-	-	-	6,450	6,369
-	-	53	-	-	-	4,646	-
-	-	-	-	-	-	24,779	-
-	1,008	95	1,592	-	-	111	6,553
500	-	-	650	-	-	3,991	652
-	-	-	455	-	(455)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 35. SEGEMENTAL INFORMATION (CONT'D.)

#### (b) Geographical segments

	Total revenue from external customers RM'000	Segment assets RM'000	Capital expenditure RM'000
<b>31 March 2017</b>			
Malaysia	305,793	1,164,472	6,846
Papua New Guinea	108,208	158,641	3,961
Indonesia	133,213	101,123	3,454
Eliminations	-	(199,960)	-
Consolidated	547,214	1,224,276	14,261
<b>31 March 2016</b>			
Malaysia	356,067	878,706	14,223
Papua New Guinea	82,426	159,586	6,457
Indonesia	102,614	196,883	3,590
Eliminations	-	(49,513)	-
Consolidated	541,107	1,185,662	24,270

### 36. FINANCIAL INSTRUMENTS

#### (a) Fair value measurement

The fair value measurement hierarchies used to measure assets would have the following levels are as follows:

- Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 36. FINANCIAL INSTRUMENTS (CONT'D.)

#### (a) Fair value measurement (cont'd.)

The following table presents the Group's and the Company's assets that are measured at fair value as at 31 March 2017 and 2016 respectively.

	Date of valuation	Group Level 3 RM'000	Company Level 3 RM'000
<b>As at 31 March 2017</b>			
<b>Assets disclosed at fair value:</b>			
Investment properties (Note 14)	31 March 2017	78,790	3,830
<b>As at 31 March 2016</b>			
<b>Assets disclosed at fair value:</b>			
Investment properties (Note 14)	31 March 2016	77,277	3,830

#### (b) Classification of financial instruments

The financial instruments of the Group and of the Company as at the reporting date are categorised into the following classes:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>(i) Loans and receivables</b>				
Trade receivables (excluding accrued revenue) (Note 20)	99,504	183,562	19	20
Other receivables (Note 21)	32,552	27,963	1,100	2,743
Less:				
Prepayments (Note 21)	(6,883)	(6,488)	(45)	(39)
Tax recoverable (Note 21)	(581)	(3,450)	(500)	(2,218)
	25,088	18,025	555	486
Due from subsidiaries (Note 22)	-	-	216,315	186,129
Cash and bank balances (Note 23)	390,780	247,592	6,706	7,727
<b>Total loans and receivables</b>	<b>515,372</b>	<b>449,179</b>	<b>223,595</b>	<b>194,362</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 36. FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Classification of financial instruments (cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>(ii) Financial liabilities measured at amortised cost</b>				
Trade payables (Note 30)	70,744	44,007	56	11
Other payables (Note 30)	41,715	41,381	1,376	1,337
Due to subsidiaries (Note 22)	-	-	17,573	25,344
Borrowings (Note 29)	14,516	15,281	14,516	13,020
<b>Total financial liabilities measured at amortised cost</b>	<b>126,975</b>	<b>100,669</b>	<b>33,521</b>	<b>39,712</b>

### 37. 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/funding and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

#### (a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt as at year end. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

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 it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The Group and the Company do not have significant interest rate exposures at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### (b) Liquidity/funding risk

The Group defines liquidity/funding risk as the risk that funds will not be available to meet liabilities as they fall due.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. To ensure availability of funds, the Group closely monitors its cash flow position on a regular basis.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Contractual cashflow on demand or within one year	
	2017 RM'000	2016 RM'000
<b>Group</b>		
<b>Financial liabilities:</b>		
Trade and other payables	112,459	85,388
Borrowings	14,516	15,281
Total undiscounted financial liabilities	126,975	100,669
<b>Company</b>		
<b>Financial liabilities:</b>		
Trade and other payables	1,432	1,348
Due to subsidiaries	17,573	25,344
Borrowings	14,516	13,020
Total undiscounted financial liabilities	33,521	39,712

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### (c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Indonesian Rupiah and Papua New Guinea Kina. The Group does not practise any fund hedge for its purchases and sales transaction.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the functional currency of the Company are as follows:

	Indonesian Rupiah RM'000	Papua New Guinea Kina RM'000	Total RM'000
<b>At 31 March 2017</b>			
Assets			
- Trade and other receivables	27,812	32,662	60,474
- Cash and cash equivalents	51,797	11,709	63,506
	79,609	44,371	123,980
Liabilities			
- Trade and other payables	11,761	8,698	20,459
<b>At 31 March 2016</b>			
Assets			
- Trade and other receivables	21,841	26,607	48,448
- Cash and cash equivalents	18,427	26,005	44,432
	40,268	52,612	92,880
Liabilities			
- Trade and other payables	7,843	12,300	20,143

#### Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the Indonesian Rupiah ("IDR") and Papua New Guinea Kina ("PNGK") exchange rates against the functional currency of the affected group companies ("RM") with all other variables held constant.

	Group 2017 Effect on profit net of tax RM'000	Group 2016 Effect on profit net of tax RM'000
IDR - strengthen 5% (2016: 5%)	2,578	1,232
IDR - weaken 5% (2016: 5%)	(2,578)	(1,232)
PNGK - strengthen 7% (2016: 2%)	1,898	613
PNGK - weaken 7% (2016: 2%)	(1,898)	(613)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

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

#### (d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is 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.

The Group does not have any significant exposure to any individual customer or counterparty except with the government agencies as disclosed in Note 20. The Group does not have any major concentration of credit risk related to any financial instruments.

### 38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Group's approach in managing capital is based on defined guidelines that are approved by the Board.

There were no changes in the Group's approach to capital management during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 39. SUBSIDIARIES AND ACTIVITIES

Set out below is a list of the subsidiaries of the Company as at 31 March 2017, all of which are incorporated in Malaysia, unless otherwise indicated:

Name of company	Proportion of ownership interest		Principal activities
	2017	2016	
	%	%	
<b>Manufacturing</b>			
Security Printers (M) Sdn. Bhd. (34025-W)	60.9	60.9	Trading of security and confidential documents
Percetakan Keselamatan Nasional Sdn. Bhd. (166151-T)	60.9	60.9	Production of security and confidential documents
<b>Property investment</b>			
Fima Metal Box Holdings Sdn. Bhd. (70926-X)	100.0	100.0	Investment holding
Fima Corporation Berhad (21185-P)	60.9	60.9	Investment holding and property management
FCB Property Management Sdn. Bhd. (264746-K)	60.9	60.9	Property management
FCB Plantation Holdings Sdn. Bhd. (270659-U)	60.9	60.9	Investment holding
<b>Bulking</b>			
Fima Bulking Services Berhad (53110-X)	100.0	100.0	Providing bulk handling storage of liquid and semi-liquid products and investment holding
Fimachem Sdn. Bhd. (151893-X)	100.0	100.0	Providing bulk storage of liquid and semi-liquid hazardous products
Fima Liquid Bulking Sdn. Bhd. (182904-W)	100.0	100.0	Providing bulk storage of latex and palm oleo based products
Fima Palmbulk Services Sdn. Bhd. (61459-M)	100.0	100.0	Bulk handling of liquid and semi-liquid products
Fima Freight Forwarders Sdn. Bhd. (223850-P)	100.0	100.0	Provision of warehousing, transportation and forwarding services
Boustead Oil Bulking Sdn. Bhd. (81508-K)	100.0	100.0	Bulk handling of palm oil and edible oils
Fima Logistics Sdn. Bhd. (288891-A)	100.0	100.0	Inactive



# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 39. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Proportion of ownership interest		Principal activities
	2017 %	2016 %	
<b>Biodiesel</b>			
Fima Biodiesel Sdn. Bhd. (715822-K)	100.0	100.0	Manufacturing of biodiesel and trading of its related products
<b>Plantation</b>			
Pineapple Cannery of Malaysia Sendirian Berhad (5367-U)	100.0	100.0	Pineapple and palm oil cultivation
PT Nunukan Jaya Lestari <sup>^</sup> (NPWP 02.033.898.4-723.000)	48.7	48.7	Oil palm production and processing
Victoria Square Plantation Sdn. Bhd. (733298-K)	80.0	80.0	Investment holding
Amgreen Gain Sdn. Bhd. (655236-V)	52.0	52.0	Oil palm plantation
Ladang Fima Sdn. Bhd. (12652-H)	100.0	100.0	Inactive
Fima-TLP Feedlot Sdn. Bhd. (31385-U)	85.0	85.0	Inactive
Cendana Laksana Sdn. Bhd. (1024167-W)	60.9	60.9	Oil palm plantation
Gabungan Warisan Sdn.Bhd. (327836-P)	60.9	60.9	Oil palm plantation
Next Oasis Sdn. Bhd. (1109497-D)	54.2	54.2	Investment holding
Taka Worldwide Trading Sdn. Bhd. (714855-P)	54.2	54.2	Oil palm plantation
Etika Gangsa Sdn. Bhd. (754947-D)	54.2	54.2	Oil palm plantation
R.N.E. Plantation Sdn. Bhd. (1067900-V)	42.1	42.1	Oil palm plantation
<b>Food</b>			
International Food Corporation Limited (C.1-19260) +	95.6	95.6	Fish processing, canning and distribution
Fima Instanco Sdn. Bhd. (19196-T)	100.0	100.0	Packaging of food products
Fima-Mr. Juicy Sdn. Bhd. (22947-D)	100.0	100.0	Inactive
IFC Marketing and Distribution Limited (C.1-19261) +	95.6	95.6	Inactive

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 39. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of company	Proportion of ownership interest		Principal activities
	2017	2016	
	%	%	
<b>Others</b>			
Malaysian Transnational Trading (MATTRA) Corporation Berhad (84962-V)	100.0	100.0	Inactive
Mattra Premier Sdn. Bhd. (288892-P)	100.0	100.0	Inactive
KF Commodities Sdn.Bhd. (240960-H)	100.0	100.0	Inactive
Fima Overseas Holdings Sdn. Bhd. (36334-P)	100.0	100.0	Investment holding
Endell Pte. Ltd. (199206825E) #	80.0	80.0	Investment holding
Fima Fraser's Hill Sdn. Bhd. (26087-U)	60.0	60.0	Inactive

# Incorporated in Singapore, audited by a firm of chartered accountants other than Hanafiah Raslan & Mohamad.

+ Incorporated in Papua New Guinea, audited by member firms of Ernst & Young Global in Papua New Guinea.

^ Incorporated in Indonesia, audited by member firms of Ernst & Young Global in Indonesia.

### 40. ASSOCIATES AND ACTIVITIES

Details of associates are as follows:

Name of company	Proportion of ownership interest		Principal activities
	2017	2016	
	%	%	
Marushin Canneries (Malaysia) Sdn. Bhd. (162963-U)*	38.0	38.0	Manufacturer and sale of canned fish
Giesecke & Devrient Malaysia Sdn. Bhd. (573030-M)*	12.2	12.2	Printing and production of bank notes

\* Associates audited by firms of chartered accountants other than Hanafiah Raslan & Mohamad.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

### 41. COMPARATIVE

Certain comparative amounts have been reclassified to conform with current year presentation.

### 42. SUBSEQUENT EVENTS

#### (i) Hak Guna Usaha No. 01/Nunukan Barat

On 23 August 2016, the Company's subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), received an order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Ministerial Order") dated 25 July 2016 to revoke PTNJL's right for the cultivation of oil palm in Kalimantan Utara with immediate effect.

The Ministerial Order was on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry areas.

On 21 October 2016, PTNJL filed an application in the Pengadilan Tata Usaha ("PTUN") in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from PTUN to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts.

On 13 June 2017, the State Administrative Court delivered an oral judgment and dismissed the application filed PTNJL to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal to appeal against the decision of the State Administrative Court and has 14 days from the date of the decision to file its statement of appeal.

The assets affected by the Ministerial Order had been impaired, resulting in gross impairment losses totalling RM44,735,000.

#### (ii) Acquisition of remaining equity in Next Oasis Sdn Bhd

On 29 May 2017, a subsidiary of FCB, FCB Plantation Holdings Sdn Bhd acquired 110 ordinary shares representing the remaining 11% of the equity interest in Next Oasis Sdn. Bhd. from London Nusantara Plantations PLC for a cash consideration of RM173,000.

### 43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with resolution of the directors on 22 June 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2017

#### 44. SUPPLEMENTARY INFORMATION

The following analysis of realised and unrealised retained earnings of the Group and the Company is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements as issued by the Malaysian Institute of Accountants and presented in accordance with the directive issued by Bursa Malaysia.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	351,333	367,486	93,874	66,247
Unrealised	(44,767)	(57,791)	(6,311)	(6,863)
	306,566	309,695	87,563	59,384
Total share of retained earnings from associated companies				
Realised	38,611	38,408	-	-
Unrealised	(4,346)	(4,000)	-	-
	34,265	34,408	-	-
Add : Consolidation adjustments	(25,452)	(35,486)	-	-
Retained profits as per financial statements	315,379	308,617	87,563	59,384

The disclosure of realised and unrealised retained profits above is solely for compliance with the directive issued by the Bursa Malaysia and should not be used for any other purpose.

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>KUMPULAN FIMA BERHAD</b>								
1	HS(D) 1396, PTD 257 Mukim Ulu Sg. Sedili Besar Daerah Kota Tinggi Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Leasehold expiring 17/02/2077	1,010.27	N/A	24,107,015	N/A
2	HS(D) 1397, PTD 258 Mukim Ulu Sg. Sedili Besar Daerah Kota Tinggi Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Leasehold expiring 17/02/2077	47.88	N/A	1,142,510	N/A
3	HS(D) 1398, PTD 331 Mukim Kota Tinggi Daerah Kota Tinggi Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Leasehold expiring 17/02/2077	18.82	N/A	449,082	N/A
4	GRN 497074 LOT 8022 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Freehold	5.91	N/A	54,342	N/A
5	GRN 346599 LOT 8024 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Pineapple Plantation	23/03/2015	Freehold	496.42	N/A	4,564,544	N/A
6	HS(D) 2428, PTD 5871 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Freehold	136.00	N/A	1,250,510	N/A
7	HS(D) 2429, PTD 5228 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Freehold	172.00	N/A	1,581,527	N/A
8	GRN 346581 LOT 8026 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Pineapple Plantation	23/03/2015	Freehold	217.57	N/A	2,000,540	N/A
9	GRN 497075 LOT 8021 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture / Oil Palm Plantation	23/03/2015	Freehold	320.98	N/A	2,951,387	N/A

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>KUMPULAN FIMA BERHAD (CONT'D.)</b>								
10	GRN 346571, LOT 8025 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Agriculture/ Pineapple Plantation	23/03/2015	Freehold	382.51	N/A	3,517,150	N/A
11	PJ Trade Centre (3 units) Menara Bata No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor	Office Units	23/03/2015	Leasehold	N/A	8,852	3,132,624	8
<b>Sub Total</b>					2,808.36	8,852	44,751,231	
<b>AMGREEN GAIN SDN BHD</b>								
1	Lot No. 1, Block 10 Puyut Land District Sg Karap and Sg Kulak, Baram Miri, Sarawak	Mixed Zone Land/ Oil Palm Plantation	23/03/2015	Lease of State Land 60 years expiring 12/08/2069	12,080.47	25,244	48,933,780	N/A
<b>Sub Total</b>					12,080.47	25,244	48,933,780	
<b>FIMA CORPORATION BERHAD</b>								
1	H.S.(D) 13531, PTD 4656 Mukim Jeram Batu, Daerah Pontian Johor Darul Takzim	Industrial Land/ Factory & Office Buildings	23/03/2015	Freehold	2.71	66,608	826,801	49
2	Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan Darul Khusus	Bungalow	23/03/2015	Freehold	0.82	3,114	1,670,843	68
3	Lot 52068, GRN 50064 Mukim of Kuala Lumpur Wilayah Persekutuan	Office Building	23/03/2015	Freehold	1.45	270,372	49,777,510	19
<b>Sub Total</b>					4.98	340,094	52,275,154	

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>CENDANA LAKSANA SDN BHD</b>								
1	H.S.(D) 398, PT 757 P Mukim Tebak, Daerah Kemaman Terengganu	Oil Palm Plantation		Leasehold expiring 08/08/2039	999.98	N/A	14,331,672	N/A
2	PN 7602, LOT 2925 Mukim Tebak, Daerah Kemaman Terengganu	Oil Palm Plantation		Leasehold expiring 08/02/2048	940.71	N/A	13,482,216	N/A
Sub Total					1,940.69	-	27,813,888	
<b>GABUNGAN WARISAN SDN BHD</b>								
1	H.S.(D) 9350 PT 4718 Mukim Kuala Stong Jajahan Kuala Krai Kelantan	Oil Palm Plantation		Leasehold expiring 22/07/2112	617.26	N/A	6,400,234	N/A
Sub Total					617.26	-	6,400,234	
<b>TAKA WORLDWIDE TRADING SDN BHD</b>								
1	H.S. (D) 2345, PT 6943 Mukim Relai, Jajahan Gua Musang Kelantan	Oil Palm Plantation		Leasehold expiring 05/03/2107	499.98	N/A	3,477,762	N/A
Sub Total					499.98	-	3,477,762	
<b>ETIKA GANGSA SDN BHD</b>								
1	H.S. (D) 2346, PT 6944 Mukim Relai, Jajahan Gua Musang Kelantan	Oil Palm Plantation		Leasehold expiring 05/03/2107	499.98	N/A	3,478,159	N/A
Sub Total					499.98	-	3,478,159	

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>PERCETAKAN KESELAMATAN NASIONAL SDN BHD</b>								
1	Lot 27306, Section 13 Mukim Kajang Daerah Hulu Langat Selangor	Industrial Land/ Building		Leasehold expiring 29/09/2086	8.30	250,560	11,573,062	30
Sub Total					8.30	250,560	11,573,062	
<b>R.N.E PLANTATION SDN BHD</b>								
1	PT 14352 H.S(D) 16214 Mukim Sungai Siput District of Kuala Kangsar Perak	Agriculture		Leasehold expiring 03/08/2075	4,942.00	N/A	22,645,454	N/A
Sub Total					4,942.00	-	22,645,454	
<b>PT NUNUKAN JAYA LESTARI</b>								
1	Hak Guna Usaha (HGU) No. 1 and Hak Guna Bangunan (HGB) No.50 Kelurahan Nunukan Barat Kabupaten & Kecamatan Nunukan Propinsi Kalimantan Timur Indonesia	Agriculture/ oil palm plantation and palm oil mill	09/04/2007  31/12/2014	Leasehold expiring: 12/05/2038 (HGU) 17/03/2035 (HGB)	49,356.75  286.15	N/A  112,735	5,640,181  969,213	N/A  12
Sub Total					49,642.90	112,735	6,609,394	



# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>PINEAPPLE CANNERY OF MALAYSIA SDN BHD</b>								
1	H.S.(D) 62211, PTD 5525, Mukim Machap, Daerah Kluang Johor Darul Takzim	Agriculture / Pineapple	23/03/2015	Leasehold expiring 16/10/2038	209.89	N/A	915,194	N/A
2	Lot 1790, GM 1721 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Rubber Plantation	23/03/2015	Freehold	4.39	N/A	381,031	N/A
3	Lot 4552, GM 280, Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Effluent Pond	23/03/2015	Freehold	2.63	N/A	228,271	N/A
4	Lot 4554, GM 278 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Effluent Pond	23/03/2015	Freehold	2.40	N/A	208,308	N/A
5	Lot 1681, GM 4287 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Dumping Ground	23/03/2015	Freehold	2.43	N/A	250,000	N/A
6	H.S.(D) 13531, PTD 4656 & H.S.(D) 13532, PTD 4657 (Lot 3767, 3768 & 3769) Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Industrial Land / Factory & Office Buildings / Residential / Single Storey House	23/03/2015	Freehold	25.12	235,160	8,440,235	49
7	Lot 3886, GN 96493 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Orchard	23/03/2015	Freehold	10.00	N/A	2,646,736	N/A

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>PINEAPPLE CANNERY OF MALAYSIA SDN BHD (CONT'D.)</b>								
8	Lot 3887, GN 96495 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Orchard	23/03/2015	Freehold	10.00	N/A	2,646,736	N/A
9	Lot 3890, GN 96497 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Orchard	23/03/2015	Freehold	6.46	N/A	1,709,792	N/A
10	Lot 3891, GN 96499 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture / Orchard	23/03/2015	Freehold	10.00	N/A	2,646,736	N/A
11	Lot 1789, GM 1720 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim	Agriculture	23/03/2015	Freehold	4.06	N/A	352,388	49
12	Lot 180, GM 136 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Factory Building	23/03/2015	Freehold	7.22	42,782	377,831	44
13	Lot 181, GM 137 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Factory Building	23/03/2015	Freehold	6.78	40,175	354,805	44
14	Lot 182, H.S.(D) 1976 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Industrial Land / Single Storey Factory Building	23/03/2015	Leasehold expiring 03/01/2079	1.59	9,422	32,755	44
15	Lot 183, GM 135 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Factory Building	23/03/2015	Freehold	3.80	22,517	198,858	44
16	Lot 184, GM 134 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Factory Building	23/03/2015	Freehold	2.73	16,532	142,864	44

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>PINEAPPLE CANNERY OF MALAYSIA SDN BHD (CONT'D.)</b>								
17	Lot 185, GM 85 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture	23/03/2015	Freehold	3.19	N/A	102,636	N/A
18	Lot 560, GM 132 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Residential Buildings & One Hostel Block	23/03/2015	Freehold	3.34	16,310	171,999	44
19	Lot 561, GM 133 Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Two Single Storey Hostel Blocks	23/03/2015	Freehold	2.16	4,800	111,233	44
20	Lot 2945, GM 138, Mukim Api-Api Daerah Pontian Johor Darul Takzim	Agriculture / Single Storey Factory Building	23/03/2015	Freehold	2.31	13,984	120,885	44
21	HS(D) 1396, PTD 257 & HS(D) 1397, PTD 258 Mukim Ulu Sg. Sedili Besar & Mukim Kota Tinggi Daerah Kota Tinggi Johor Darul Takzim	Office & Staff/ Workers Quarters	23/03/2015	Land owned by KFima	N/A	12,376	507,655	39
22	GRN 346571, LOT 8025 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim	Office & Workers Quarters	23/03/2015	Land owned by KFima	N/A	5,520	1,110,698	5
Sub Total					320.50	419,578	23,657,646	

# PROPERTIES OF THE GROUP

NO.	LOCATION	DESCRIPTION/ EXISTING USE	LATEST VALUATION/ ACQUISITION DATE	TENURE EXPIRY DATE	LAND AREA (ACRE)	BUILT-UP AREA (SQ.FT)	NBV AS AT 31/03/2017 (RM)	APPROXIMATE AGE OF BUILDINGS (YEARS)
<b>BULKING GROUP OF COMAPNIES</b>								
1	Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Office Building	23/03/2015	Leasehold expiring 14/07/2022	12.41	38,438	410,000	35
2	Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Office Building	23/03/2015	Leasehold expiring 14/07/2022	14.02	14,560	-	28
3	Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Office Building	23/03/2015	Leasehold expiring 14/07/2022	3.80	15,752	4,497	25
4	Plot 'A' H.S.(D) HBM.1 Town of Butterworth-Seksyen 4, Daerah Seberang Perai Utara Pulau Pinang	Office Building	23/03/2015	Leasehold expiring 30/06/2023	5.17	27,238	-	33
Sub Total					35.40	95,988	414,497	
<b>INTERNATIONAL FOOD CORPORATION LIMITED</b>								
1	Portion 361 Malahang, Lae Papua New Guinea	Industrial Land / Office Building, Amenities & Building 2 Factory Buildings		State Lease expiring 19/10/2093	35.65	204,999	49,358,732	22
Sub Total					35.65	204,999	49,358,732	
<b>FIMA FRASER'S HILL SDN BHD</b>								
1	Lot 4509, PN 4503 Mukim Teras, Daerah Raub Pahang Darul Makmur	Agriculture	23/03/2015	Leasehold expiring 01/01/2036	130.17	N/A	1,137,380	N/A
Sub Total					130.17	-	1,137,380	
<b>GRAND TOTAL</b>					<b>73,566.64</b>	<b>1,458,050</b>	<b>302,526,373</b>	

# ANALYSIS OF SHAREHOLDINGS

## AS AT 23 JUNE 2017

### THIRTY LARGEST SHAREHOLDERS

No	Name	No. of Shares	% of Total Shareholdings
1.	BHR ENTERPRISE SDN BHD	147,252,300	52.17
2.	SUBUR RAHMAT SDN BHD	11,509,200	4.08
3.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUBUR RAHMAT SDN BHD (M&A)	7,164,500	2.54
4.	HSBC NOMINEES (ASING) SDN BHD KBL EURO PB FOR HALLEY SICAV - HALLEY ASIAN PROSPERITY	6,250,000	2.21
5.	NEOH CHOO EE & COMPANY, SDN. BERHAD	2,500,000	0.89
6.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,108,900	0.75
7.	LEONG KOK TAI	1,516,300	0.54
8.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D)	1,349,300	0.48
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSLAN BIN HAMIR	1,291,000	0.46
10.	TAN KIM KEE @ TAN KEE	1,089,700	0.39
11.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB EQUITY TRUST	1,000,000	0.35
12.	GAN CHUN HUI	973,800	0.35
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KHIAN BENG (003)	966,300	0.34
14.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	930,100	0.33
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR K. B. LOH SDN BHD (23MG00001)	926,500	0.33
16.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	909,400	0.32
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD JINCAN SDN BHD	900,000	0.32
18.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA	885,300	0.31
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	880,850	0.31
20.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR ASIA HUMANISTIC CAPITAL INC	800,000	0.28
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN	800,000	0.28
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TIAN SANG @ TAN TIAN SONG (E-PPG)	775,100	0.27
23.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	690,100	0.24

# ANALYSIS OF SHAREHOLDINGS

## AS AT 23 JUNE 2017

No	Name	No. of Shares	% of Total Shareholdings
24.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	675,500	0.24
25.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	666,900	0.24
26.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	660,800	0.23
27.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	657,900	0.23
28.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR STICHTING SHELL PENSIOENFONDS	647,600	0.23
29.	LIM KHUAN ENG	640,000	0.23
30.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAILINI BINTI ZAINAL ABIDIN (M&A)	608,000	0.22

### SUBSTANTIAL SHAREHOLDERS

No.	Name	DIRECT HOLDINGS		INDIRECT HOLDINGS	
		No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
1.	BHR ENTERPRISE SDN BHD	147,252,300	52.17	1,179,000 <sup>(a)</sup>	0.42
2.	SUBUR RAHMAT SDN BHD	11,509,200	4.08	8,300,700 <sup>(b)</sup>	2.94

#### Notes:

- (a) Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir's direct and indirect shareholdings, respectively, in Kumpulan Fima Berhad ("KFima" or "Company"). Deemed interested by virtue of their shareholdings in BHR Enterprise Sdn Bhd ("BHR") of more than 20%. Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.
- (b) Subur Rahmat Sdn Bhd's ("SRSB") indirect shareholding in the Company is held under M & A Nominee (Tempatan) Sdn Bhd, Ahmad Riza bin Basir and Zailini binti Zainal Abidin. Ahmad Riza bin Basir and his wife, Zailini binti Zainal Abidin are deemed interested by virtue of their interest in SRSB pursuant to Section 8 of the Companies Act, 2016.

### DISTRIBUTION BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shareholdings
Less than 100	166	1.97	2,371	0.00
100 - 1,000	3,130	37.08	2,951,700	1.04
1,001 - 10,000	3,950	46.80	17,606,254	6.24
10,001 - 100,000	1,018	12.06	31,454,300	11.15
100,001 to less than 5% of issued shares	175	2.07	64,290,975	22.78
5% and above of issued shares	2	0.02	165,926,000	58.79
<b>TOTAL</b>	<b>8,441</b>	<b>100.00</b>	<b>282,231,600</b>	<b>100.00</b>

# ANALYSIS OF SHAREHOLDINGS

## AS AT 23 JUNE 2017

### CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shareholders	% of Holders	Shareholdings	% of Shareholdings
1. Government Agencies	0	0.00	0	0.00
2. Bumiputra				
a. Individuals	956	11.33	6,614,700	2.34
b. Companies	31	0.37	159,353,600	56.46
c. Nominees Company	457	5.41	13,699,200	4.86
3. Non-Bumiputra				
a. Individuals	6,330	74.99	51,825,446	18.36
b. Companies	87	1.03	7,160,700	2.54
c. Nominees Company	411	4.87	21,987,410	7.79
<b>MALAYSIAN TOTAL</b>	<b>8,272</b>	<b>98.00</b>	<b>260,641,056</b>	<b>92.35</b>
4. Foreign				
a. Individuals	74	0.88	1,332,244	0.47
b. Companies	3	0.03	11,000	0.00
c. Nominees Company	92	1.09	20,247,300	7.18
<b>FOREIGN TOTAL</b>	<b>169</b>	<b>2.00</b>	<b>21,590,544</b>	<b>7.65</b>
<b>GRAND TOTAL</b>	<b>8,441</b>	<b>100.00</b>	<b>282,231,600</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS

No.	DIRECTORS	DIRECT HOLDINGS		INDIRECT HOLDINGS	
		No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
1.	TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR	200,000	0.07	-	-
2.	DATO' ROSLAN BIN HAMIR	320,000	0.11	1,291,000 <sup>(a)</sup>	0.46
3.	AZIZAN BIN MOHD NOOR	-	-	-	-
4.	ROZANA ZETI BINTI BASIR	250,000	0.09	167,757,200 <sup>(b)</sup>	59.44
5.	DATO' ROSMAN BIN ABDULLAH	200,000	0.07	-	-
6.	ROZILAWATI BINTI HAJI BASIR	200,000	0.07	167,807,200 <sup>(c)</sup>	59.46

#### Notes:

- (a) 1,291,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..
- (b) Deemed interested by virtue of her shareholding in BHR of more than 20% and the direct and indirect shareholdings of her family members namely, Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozilawati binti Haji Basir and Ahmad Riza bin Basir, respectively, in the Company.
- (c) Deemed interested by virtue of her indirect interest of 61,000 shares in the Company which is held under M & A Nominees (Tempatan) Sdn Bhd and the direct and indirect shareholdings of her family members namely, Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir, respectively, in the Company.

# DIRECTORY OF GROUP OPERATION

## MANUFACTURING DIVISION

Website: [www.fimacorp.com](http://www.fimacorp.com)

1. **Fima Corporation Berhad (21185-P)**  
Suite 4.1, Level 4  
Block C, Plaza Damansara  
No.45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone : +603-2092 1211  
Facsimile : +603-2094 5996
2. **Percetakan Keselamatan Nasional Sdn. Bhd. (166151-T)**  
No.1, Jalan Chan Sow Lin  
55200 Kuala Lumpur  
Telephone : +603-9222 2511  
Facsimile : +603-9222 4401
3. **Security Printers (M) Sdn. Bhd. (34025-W)**  
No.1, Jalan Chan Sow Lin  
55200 Kuala Lumpur  
Telephone : +603-9222 2511  
Facsimile : +603-9222 4401

## BULKING DIVISION

Website: [www.fimabulking.com](http://www.fimabulking.com)

1. **Fima Bulking Services Berhad (53110-X)**  
Jalan Parang  
2nd Extension, North Port  
42000 Pelabuhan Klang, Selangor  
Telephone : +603-3176 7211  
Facsimile : +603-3176 5641
2. **Fimachem Sdn. Bhd. (151893-X)**  
Lot 6579, Jalan Parang  
2nd Extension, North Port  
42000 Pelabuhan Klang, Selangor  
Telephone : +603-3176 6514  
Facsimile : +603-3176 6799
3. **Fima Liquid Bulking Sdn. Bhd. (182904-W)**  
Lot 11689, Jalan Siakap  
2nd Extension, North Port  
42000 Pelabuhan Klang, Selangor  
Telephone : +603-3176 7561  
Facsimile : +603-3176 6739
4. **Fima Freight Forwarders Sdn. Bhd. (223850-P)**  
Lot 6579, Jalan Parang  
2nd Extension, North Port  
42000 Pelabuhan Klang, Selangor  
Telephone : +603-3176 2681  
Facsimile : +603-3176 2679
5. **Fima Palmbulk Services Sdn. Bhd. (61459-M)**  
PPSB Deep Water Wharves  
P.O. Box 243  
12720 Butterworth, Pulau Pinang  
Telephone : +604-332 7019  
Facsimile : +604-331 1685
6. **Boustead Oil Bulking Sdn. Bhd. (81508-K)**  
PPSB Deep Water Wharves  
P.O. Box 243  
12720 Butterworth, Pulau Pinang  
Telephone : +604-332 7019  
Facsimile : +604-331 1685



# DIRECTORY OF GROUP OPERATION

## PLANTATION DIVISION

- 1. Pineapple Cannery of Malaysia Sdn. Bhd. (5367-U):**  
 Ladang Kota Tinggi  
 Batu 6, Jalan Mawai  
 81900 Kota Tinggi, Johor  
 Telephone : +607-891 0054  
 Facsimile : +607-891 0054

Ladang Ayer Baloi  
 Jalan Parit Panjang  
 82100 Ayer Baloi  
 Pontian, Johor.  
 Telephone : +607-679 2180  
 Facsimile : +607-679 2180

Ladang Ayer Hitam  
 Lot 49, Batu 8  
 Jalan Felda Ayer Hitam  
 86000 Kluang, Johor
- 2. Victoria Square Plantation Sdn. Bhd. (733298-K)**  
 Lot 1, Block 10 Puyut Land District  
 Miri, Sarawak  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 3. Amgreen Gain Sdn. Bhd. (655236-V)**  
 Lot 1, Block 10 Puyut Land District  
 Miri, Sarawak  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 4. PT Nunukan Jaya Lestari (NPWP 02.033.898.4-723.000)**  
 JL. HASANUDDIN RT.06 NUNUKAN TIMUR  
 Kabupaten Nunukan - 77182  
 Kalimantan Timur  
 Indonesia  
 Telephone : 006 2 55624551  
 Facsimile : 006 2 5562025081
- 5. Cendana Laksana Sdn. Bhd. (1024167-W)**  
 Ladang Cendana  
 Batu 40, Jerangau-Jabor Highway  
 Air Putih, 24050 Kemaman  
 Terengganu Darul Iman  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 6. Gabungan Warisan Sdn. Bhd. (327836-P)**  
 Ladang Dabong  
 PT 4718, Mukim, Kuala Stong  
 Jajahan Kuala Krai, Kelantan  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302

# DIRECTORY OF GROUP OPERATION

## PLANTATION DIVISION (CONT'D.)

- 7. Next Oasis Sdn. Bhd. (1109497-D)**  
 Ladang Aring  
 PT 6943 & PT 6944  
 Mukim Relai, Jajahan Gua Musang  
 Kelantan  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 8. Taka Worldwide Trading Sdn. Bhd. (714855-P)**  
 Ladang Aring  
 PT 6943 Mukim Relai,  
 Jajahan Gua Musang, Kelantan  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 9. Etika Gangsa Sdn. Bhd. (754947-D)**  
 Ladang Aring  
 PT 6944 Mukim Relai,  
 Jajahan Gua Musang, Kelantan  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302
- 10. R.N.E. Plantation Sdn. Bhd. (1067900-V)**  
 HSD 16214, PT 14352 Mukim Sungai Siput,  
 Daerah Kuala Kangsar,  
 Perak  
 c/o: Plantation Division  
 Kumpulan Fima Berhad  
 Suite 4.1, Level 4  
 Block C, Plaza Damansara  
 No.45, Jalan Medan Setia 1  
 Bukit Damansara  
 50490 Kuala Lumpur  
 Telephone : +603-2092 1211  
 Facsimile : +603-2095 9302

# DIRECTORY OF GROUP OPERATION

## FOOD DIVISION

- 1. International Food Corporation Limited (C.1-19260)**  
Portion 361, Busu Road  
Malahang, P.O. Box 1334  
Lae, Papua New Guinea  
Telephone : 00 675 4720 655  
Facsimile : 00 675 4720 607
- 2. Fima Instanco Sdn. Bhd. (19196-T)**  
1st Floor, Main Building  
Lot 6, Jalan P/1A  
Seksyen 13  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan  
Telephone : +603-8927 5650  
Facsimile : +603-8927 5654

## OTHERS

- 1. FCB Property Management Sdn Bhd (264746-K)**  
Suite 4.1, Level 4  
Block C, Plaza Damansara  
No.45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone : +603-2092 1211  
Facsimile : +603-2094 5996

## ASSOCIATE COMPANIES

- 1. Marushin Canneries (Malaysia) Sdn. Bhd. (162963-U)**  
PLO 213, Jalan Timah Satu  
Pasir Gudang Industrial Estate  
81700 Johor Bahru, Johor  
Telephone : +607-251 4802  
Facsimile : +607-251 4798
- 2. Giesecke & Devrient Malaysia Sdn. Bhd. (573030-M)**  
Lot 6, Off Jalan Delima 1/1  
Batu 3, 40150 Shah Alam, Selangor  
Telephone : +603-5629 2929  
Facsimile : +603-5629 2820

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# PROXY FORM



I/We \_\_\_\_\_ NRIC/ Company No: \_\_\_\_\_  
 (Full Name in Capital Letters)

of \_\_\_\_\_  
 (Full Address)

being a Member of **KUMPULAN FIMA BERHAD** ("the Company"), do hereby appoint \_\_\_\_\_  
 NRIC/ Company No: \_\_\_\_\_  
 (Full Name in Capital Letters)

of \_\_\_\_\_  
 (Full Address)

or failing him/her \_\_\_\_\_ NRIC/ Company No: \_\_\_\_\_  
 (Full Name in Capital Letters)

of \_\_\_\_\_  
 (Full Address)

as my/our\* proxy to vote for me/us\* and on my/our\* behalf at the Forty-Fifth (45th) Annual General Meeting ("AGM") of the Company to be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 23 August 2017 at 3.00 p.m.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of final dividend of 9% under the single-tier system in respect of the financial year ended 31 March 2017. - <b>Ordinary Resolution 1</b>		
2.	To re-elect Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor pursuant to Article 114 of the Company's Constitution. - <b>Ordinary Resolution 2</b>		
3.	To re-elect Encik Azizan bin Mohd Noor pursuant to Article 114 of the Company's Constitution. - <b>Ordinary Resolution 3</b>		
4.	To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year. - <b>Ordinary Resolution 4</b>		
5.	To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company. - <b>Ordinary Resolution 5</b>		
6.	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company. - <b>Ordinary Resolution 6</b>		
7.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration. - <b>Ordinary Resolution 7</b>		
<b>AS SPECIAL BUSINESS:</b>			
8.	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature. - <b>Ordinary Resolution 8</b>		
9.	Proposed renewal of the authority for shares buy-back. - <b>Ordinary Resolution 9</b>		
10.	Proposed retention of Encik Azizan bin Mohd Noor as Independent Non-Executive Director. - <b>Ordinary Resolution 10</b>		
11.	Proposed retention of Dato' Rosman bin Abdullah as Independent Non-Executive Director. - <b>Ordinary Resolution 11</b>		
12.	Proposed retention of Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor as Independent Non-Executive Director. - <b>Ordinary Resolution 12</b>		

\* Strike out whichever not applicable

Signature (If Shareholder is a Corporation, this part should be executed under seal)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

No. of Shares held
CDS Account No.

**NOTE :**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may not be a Member of the Company and a Member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy must be completed and deposited at the registered office of the Company not less than forty-eight (48) hours before the time of holding the Meeting or any adjournment thereof.
4. Only members registered in the General Meeting Record of Depositors as at 16 August 2017 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote on their behalf.
5. The voting at the 45th AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

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**POSTAGE  
STAMP**

The Company Secretaries  
**KUMPULAN FIMA BERHAD**  
(Company No.: 11817-V)  
Suite 4.1, Level 4, Block C  
Plaza Damansara  
No.45, Jalan Medan Setia 1, Bukit Damansara  
50490 Kuala Lumpur

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**KUMPULAN FIMA BERHAD**  
(11817-V)

Suite 4.1, Level 4, Block C, Plaza Damansara,  
No. 45, Jalan Medan Setia 1, Bukit Damansara,  
50490 Kuala Lumpur.  
Tel: +603-2092 1211  
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Email: [info@fima.com.my](mailto:info@fima.com.my)