KUMPULAN FIMA BERHAD (11817-V)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For The First Quarter Ended 30 June 2017

**KUMPULAN FIMA BERHAD (11817-V)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**
***(THE FIGURES HAVE NOT BEEN AUDITED)***

| | Note | Current Quarter<br>Current Year Quarter<br>30-06-2017<br>RM'000 | Current Quarter<br>Preceding Year Corresponding Quarter<br>30-06-2016<br>RM'000 | 3 Months Cumulative<br>Current Year To Date<br>30-06-2017<br>RM'000 | 3 Months Cumulative<br>Preceding Year Corresponding Period<br>30-06-2016<br>RM'000 |
|---|---|---|---|---|---|
| Revenue | A9 | 121,147 | 124,819 | 121,147 | 124,819 |
| Cost of sales | | (77,742) | (78,075) | (77,742) | (78,075) |
| **Gross profit** | | **43,405** | **46,744** | **43,405** | **46,744** |
| Other income | | 1,437 | 1,692 | 1,437 | 1,692 |
| **Other items of expense** | | | | | |
| Administrative expenses | | (18,388) | (15,732) | (18,388) | (15,732) |
| Selling and marketing expenses | | (1,635) | (1,476) | (1,635) | (1,476) |
| Other expenses | | (8,263) | (5,602) | (8,263) | (5,602) |
| | | (28,286) | (22,810) | (28,286) | (22,810) |
| Finance costs | | (141) | (688) | (141) | (688) |
| Share of profit of associates | | (455) | 1,231 | (455) | 1,231 |
| **Profit before tax** | A9/A10 | **15,960** | **26,169** | **15,960** | **26,169** |
| Income tax expense | B5 | (6,560) | (8,643) | (6,560) | (8,643) |
| **Profit net of tax** | | 9,400 | 17,526 | 9,400 | 17,526 |
| **Other comprehensive income** | | | | | |
| Foreign currency translation differences for foreign operations | | (4,380) | 2,400 | (4,380) | 2,400 |
| **Total comprehensive income for the period** | | 5,020 | 19,926 | 5,020 | 19,926 |
| **Profit attributable to :** | | | | | |
| Equity holders of the Company | | 4,924 | 11,927 | 4,924 | 11,927 |
| Non-controlling interests | | 4,476 | 5,599 | 4,476 | 5,599 |
| **Profit for the period** | | 9,400 | 17,526 | 9,400 | 17,526 |
| **Total comprehensive income attributable to :** | | | | | |
| Equity holders of the Company | | 1,645 | 13,833 | 1,645 | 13,833 |
| Non-controlling interests | | 3,375 | 6,093 | 3,375 | 6,093 |
| **Total comprehensive income for the period** | | 5,020 | 19,926 | 5,020 | 19,926 |
| **Earnings per share attributable to equity holders of the Company :** | | | | | |
| Basic earnings per share (sen) | B13 | 1.74 | 4.31 | 1.74 | 4.31 |

*(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).*

**KUMPULAN FIMA BERHAD (11817-V)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

| | As At 30-06-2017 (unaudited) RM'000 | As At 31-03-2017 (audited) RM'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 315,843 | 319,119 |
| Investment properties | 68,056 | 68,464 |
| Biological assets | 159,086 | 156,208 |
| Investment in associates | 44,148 | 46,516 |
| Deferred tax assets | 9,102 | 6,966 |
| Goodwill on consolidation | 12,710 | 12,710 |
| | 608,945 | 609,983 |
| **Current assets** | | |
| Inventories | 82,560 | 82,812 |
| Trade receivables | 142,066 | 108,149 |
| Other receivables | 34,530 | 32,552 |
| Cash and bank balances | 317,572 | 390,780 |
| | 576,728 | 614,293 |
| **TOTAL ASSETS** | 1,185,673 | 1,224,276 |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to equity holders of the Company** | | |
| Share capital | 311,670 | 311,670 |
| Other reserves | 138,375 | 141,654 |
| Retained earnings | 320,303 | 315,379 |
| | 770,348 | 768,703 |
| Non-controlling interests | 256,732 | 257,704 |
| **Total equity** | 1,027,080 | 1,026,407 |
| **Non-current liabilities** | | |
| Finance lease obligations | 16,012 | 16,176 |
| Retirement benefit obligations | 1,805 | 1,837 |
| Deferred tax liabilities | 32,743 | 32,922 |
| | 50,560 | 50,935 |
| **Current liabilities** | | |
| Finance lease obligations | 624 | 624 |
| Short term borrowings | 19,443 | 14,516 |
| Trade and other payables | 66,092 | 112,459 |
| Provisions | 17,268 | 16,947 |
| Tax payable | 4,606 | 2,388 |
| | 108,033 | 146,934 |
| **Total liabilities** | 158,593 | 197,869 |
| **TOTAL EQUITY AND LIABILITIES** | 1,185,673 | 1,224,276 |
| Net assets per share (RM) | 2.73 | 2.72 |

*(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).*

**KUMPULAN FIMA BERHAD (11817-V)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

| | *Attributable to Equity Holders of the Company* | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | *Non-distributable* | | | | | *Distributable* | | | |
| **Group** | **Share capital RM'000** | **Share premium* RM'000** | **Other reserves RM'000** | **Revaluation reserve RM'000** | **Capital reserve RM'000** | **Capital reserve arising from bonus issue in subsidiary RM'000** | **Employee share option reserve RM'000** | **Foreign exchange reserve RM'000** | **Retained earnings RM'000** | **Total RM'000** | **Non-controlling interests RM'000** | **Total equity RM'000** |
| **At 1 April 2017** | 311,670 | - | 141,654 | 81,848 | 437 | 66,459 | - | (7,090) | 315,379 | 768,703 | 257,704 | 1,026,407 |
| Total comprehensive income for the period | - | - | (3,279) | - | - | - | - | (3,279) | 4,924 | 1,645 | 3,375 | 5,020 |
| **Transactions with owners** | | | | | | | | | | | | |
| Dividend paid to minority shareholders of a subsidiary | - | - | - | - | - | - | - | - | - | - | (4,347) | (4,347) |
| Total transaction with owners | - | - | - | - | - | - | - | - | - | - | (4,347) | (4,347) |
| **At 30 June 2017** | 311,670 | - | 138,375 | 81,848 | 437 | 66,459 | - | (10,369) | 320,303 | 770,348 | 256,732 | 1,027,080 |
| | | | | | | | | | | | | |
| **At 1 April 2016** | 276,968 | 24,713 | 138,002 | 87,471 | 437 | 66,459 | 4,427 | (20,792) | 308,617 | 748,300 | 250,986 | 999,286 |
| Total comprehensive income for the period | - | - | 1,906 | - | - | - | - | 1,906 | 11,927 | 13,833 | 6,093 | 19,926 |
| **Transactions with owners** | | | | | | | | | | | | |
| Purchase of treasury shares by a subsidiary | - | - | - | - | - | - | - | - | - | - | (348) | (348) |
| Share options exercised | 449 | 402 | (185) | - | - | - | (185) | - | - | 666 | - | 666 |
| Total transaction with owners | 449 | 402 | (185) | - | - | - | (185) | - | - | 666 | (348) | 318 |
| **As 30 June 2016** | 277,417 | 25,115 | 139,723 | 87,471 | 437 | 66,459 | 4,242 | (18,886) | 320,544 | 762,799 | 256,731 | 1,019,530 |

* 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 condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).*

**KUMPULAN FIMA BERHAD (11817-V)**

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE FIRST QUARTER ENDED 30 JUNE 2017

| | 3 months ended | |
|---|---|---|
| | 30-06-2017 | 30-06-2016 |
| | RM'000 | RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 15,960 | 26,169 |
| Adjustments for: | | |
| Amortisation of biological assets | 1,449 | 2,188 |
| Depreciation of investment properties | 405 | 408 |
| Depreciation for property, plant and equipment | 4,561 | 6,317 |
| Impairment loss on trade receivables | 47 | 20 |
| Interest expense | 141 | 688 |
| Interest income | (1,229) | (1,606) |
| Provision for warranty | 321 | 98 |
| Net unrealised forex loss | 1,269 | 554 |
| Provision for retirement benefit obligation | 8 | 20 |
| Share of profit of associates | (455) | (1,231) |
| Write back of impairment loss on trade receivables | (2) | (253) |
| Write down/(write back) of inventories | 979 | (161) |
| Operating profit before working capital changes | 23,454 | 33,211 |
| Decrease/(increase) in inventories | 252 | (2,615) |
| Increase in receivables | (35,848) | (11,712) |
| (Decrease)/increase in payables | (45,095) | 9,133 |
| Cash (used in)/generated from operations | (57,237) | 28,017 |
| Interest paid | (141) | (688) |
| Taxes paid | (4,404) | (5,770) |
| Retirement benefits paid | - | (5) |
| Net cash (used in)/ generated from operating activities | (61,782) | 21,554 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Biological assets expenditure | (4,409) | (7,576) |
| Purchase of property, plant and equipment | (3,012) | (2,158) |
| Net dividend received from an associated company | 1,912 | - |
| Repayment of obligation under finance lease | (164) | (158) |
| Acquisition of non-controlling interests | (173) | - |
| Interest received | 1,229 | 1,606 |
| Net cash used in investing activities | (4,617) | (8,286) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net drawdown of borrowings | 484 | (6,343) |
| Proceeds from exercise of employee share scheme | - | 666 |
| Dividend paid by a subsidiary to non-controlling interests | (4,347) | - |
| Net cash used in financing activities | (3,863) | (5,677) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | (70,262) | 7,591 |
| **EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS** | (2,946) | 658 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 390,780 | 247,592 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 317,572 | 255,841 |
| **CASH AND CASH EQUIVALENTS COMPRISE:** | | |
| Cash and bank balances | 31,590 | 63,378 |
| Fixed deposits with financial institutions | 285,982 | 192,463 |
| | 317,572 | 255,841 |

*(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).*

## PART A - Explanatory notes pursuant to FRS 134

### A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

### A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2017 except for the adoption of the following new and revised Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations.

**(a) Adoption of FRSs, Amendments to FRSs and IC Interpretations**

On 1 April 2017, the Group adopted the following FRSs and Amendments to FRSs, IC Interpretations and amendments to IC Interpretations:

- Annual Improvements to FRSs 2014-2016 Cycle
- Amendments to FRS 107: Disclosure Initiatives
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above FRSs and Amendments to FRS did not have significant effect on the financial performance or presentation of the financial statements of Group.

**(b) Standards and interpretations issued but not yet effective**

The Group has not early adopted the following new and amended FRS and IC Interpretations that are not yet effective:

| **Description** | **Effective for financial period beginning on or after** |
|---|---|
| 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.

**A2. Changes in accounting policies (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 interim financial statements for the quarter ending 30 June 2018. 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. 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.

**A3. Auditors' report on preceding annual financial statements.**

The financial statements of the Group for the financial year ended 31 March 2017 were not subject to any audit qualification.

**A4. Seasonal and cyclical factors**

The operations of the Group are not affected by any seasonal or cyclical factors other than the manufacturing segment which is affected by cyclical changes in volumes of certain products whilst the plantation segment is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

**A5. Unusual items affecting the financial statements**

There were no unusual items affecting the financial statements of the Group for the period ended 30 June 2017.

**A6. Changes in estimates**

There were no changes or estimates that have a material effect on the current quarter's results.

**A7. Issuances, cancellation, repurchases, resale and repayment of debts and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter.

**A8. Dividend paid**

There were no dividends paid in the current quarter (preceding year corresponding period: nil).

**A9. Segmental information**

**(i) Segmental revenue and results for business segments**

| | Quarter Ended | | 3 Months Cumulative | |
|---|---|---|---|---|
| | **30-06-2017** | **30-06-2016** | **30-06-2017** | **30-06-2016** |
| **Revenue** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Manufacturing* | 36,220 | 53,224 | 36,220 | 53,224 |
| Plantation | 44,968 | 31,988 | 44,968 | 31,988 |
| Bulking | 10,161 | 14,543 | 10,161 | 14,543 |
| Food | 28,889 | 23,947 | 28,889 | 23,947 |
| Others | 3,288 | 3,653 | 3,288 | 3,653 |
| | 123,526 | 127,355 | 123,526 | 127,355 |
| Eliminations | (2,379) | (2,536) | (2,379) | (2,536) |
| | 121,147 | 124,819 | 121,147 | 124,819 |
| **Profit before tax** | | | | |
| Manufacturing* | 5,173 | 13,574 | 5,173 | 13,574 |
| Plantation | 8,163 | 3,535 | 8,163 | 3,535 |
| Bulking | 3,631 | 7,651 | 3,631 | 7,651 |
| Food | (343) | (248) | (343) | (248) |
| Others | (209) | 426 | (209) | 426 |
| | 16,415 | 24,938 | 16,415 | 24,938 |
| Associated companies | (455) | 1,231 | (455) | 1,231 |
| | 15,960 | 26,169 | 15,960 | 26,169 |

* Production and trading of security documents.

**(ii) Geographical segments**

| | Quarter Ended | | 3 Months Cumulative | |
|---|---|---|---|---|
| | **30-06-2017** | **30-06-2016** | **30-06-2017** | **30-06-2016** |
| **Revenue** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Malaysia | 54,322 | 76,272 | 54,322 | 76,272 |
| Indonesia | 41,918 | 28,866 | 41,918 | 28,866 |
| Papua New Guinea | 27,286 | 22,217 | 27,286 | 22,217 |
| | 123,526 | 127,355 | 123,526 | 127,355 |
| Eliminations | (2,379) | (2,536) | (2,379) | (2,536) |
| | 121,147 | 124,819 | 121,147 | 124,819 |
| **Profit before tax** | | | | |
| Malaysia | 4,617 | 19,945 | 4,617 | 19,945 |
| Indonesia | 12,325 | 5,454 | 12,325 | 5,454 |
| Papua New Guinea | (527) | (461) | (527) | (461) |
| | 16,415 | 24,938 | 16,415 | 24,938 |
| Eliminations | (455) | 1,231 | (455) | 1,231 |
| | 15,960 | 26,169 | 15,960 | 26,169 |

**A9. Segmental information (cont'd.)**

**(ii) Geographical segments (cont'd.)**

| | Quarter Ended | | 3 Months Cumulative | |
|---|---|---|---|---|
| | 30-06-2017 | 30-06-2016 | 30-06-2017 | 30-06-2016 |
| **Assets** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Malaysia | 1,221,524 | 1,414,908 | 1,221,524 | 1,414,908 |
| Indonesia | 107,593 | 112,087 | 107,593 | 112,087 |
| Papua New Guinea | 160,494 | 144,083 | 160,494 | 144,083 |
| | 1,489,611 | 1,671,078 | 1,489,611 | 1,671,078 |
| Eliminations | (303,938) | (465,216) | (303,938) | (465,216) |
| | 1,185,673 | 1,205,862 | 1,185,673 | 1,205,862 |
| **Liabilities** | | | | |
| Malaysia | 171,542 | 139,034 | 171,542 | 139,034 |
| Indonesia | 23,567 | 12,509 | 23,567 | 12,509 |
| Papua New Guinea | 68,446 | 144,083 | 68,446 | 144,083 |
| | 263,555 | 295,626 | 263,555 | 295,626 |
| Eliminations | (104,962) | (109,294) | (104,962) | (109,294) |
| | 158,593 | 186,332 | 158,593 | 186,332 |

**A10. Profit before tax**

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

| | Quarter Ended | | 3 Months Cumulative | |
|---|---|---|---|---|
| | 30-06-2017 | 30-06-2016 | 30-06-2017 | 30-06-2016 |
| **Other income** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Interest income | 1,229 | 1,606 | 1,229 | 1,606 |
| **Operating expenses** | | | | |
| Depreciation and amortisation | 6,415 | 8,913 | 6,415 | 8,913 |
| Interest expense | 141 | 688 | 141 | 688 |
| Foreign exchange loss | 1,269 | 554 | 1,269 | 554 |
| Impairment loss on trade receivables | 47 | 20 | 47 | 20 |
| Write back of impairment loss on trade receivables | (2) | (253) | (2) | (253) |
| Write down/(write back) of inventories | 979 | (161) | 979 | (161) |
| Provision for retirement benefit obligation | 8 | 20 | 8 | 20 |

**A11. Valuation of property, plant and equipment**

The valuation of land and building have been brought forward from the last financial statements for the year ended 31 March 2017.

**A12. Subsequent events**

There were no material events subsequent to the end of the current quarter.

## A13. Inventories

During the quarter, the amount of inventories written down was RM979,000.

## A14. Changes in the composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter to date including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations.

On 29 May 2017, a subsidiary of Fima Corporation Berhad ("FimaCorp"), FCB Plantation Holdings Sdn. Bhd. acquired 110 ordinary shares representing the remaining 11% of the equity interest in Next Oasis Sdn. Bhd. ("NOSB"), for a purchase consideration of RM173,000.

## A15. Changes in contingent liabilities

There were no additional contingent liabilities during the current quarter, except as disclosed in Note B11 herein.

## A16. Significant acquisition of property, plant and equipment

For the current quarter under review the Group's acquisitions of property, plant and equipment are as follows :

| | Current Year To Date RM'000 |
|---|---|
| Plant and equipment | 332 |
| Vehicles | 224 |
| Land and buildings | 2,012 |
| Furniture and fittings | 444 |
| | 3,012 |

## A17. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2016 were as follows:

| | Current Year To Date RM'000 |
|---|---|
| Property, plant and equipment | |
| - Approved and contracted for | 2,367 |
| - Approved but not contracted for | 30,597 |

## A18. Related party transactions

The Group's related party transactions during the financial period were as follows:

| | Current Year To Date RM'000 |
|---|---|
| Fima Corporation Berhad, a subsidiary | |
| - Rental expense | 193 |
| Advisory services rendered by corporate shareholder, BHR Enterprise Sdn. Bhd. | (30) |
| Rental income receivables from | |
| - Fima Instanco Sdn. Bhd. | 30 |
| Purchases made from related parties* | |
| - PT Pohon Emas Lestari | (1,703) |
| - Nationwide Express - Delivery services | (31) |
| - Nationwide Express - Rental income | 20 |

* Related parties by virtue of common shareholders/common directors.

## PART B - Bursa Securities Listing Requirements

### B1. Review of performance

**Group Performance**

| (RM Million) | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| Revenue | 121.15 | 124.82 | (3.67) | (2.9) |
| Profit before tax | 15.96 | 26.17 | (10.21) | (39.0) |

Group revenue for the first quarter ended 30 June 2017 decreased to RM121.15 million as compared to RM124.82 million recorded in the corresponding period last year. The decreased of RM3.67 million was attributed to the lower revenue generated by manufacturing and bulking divisions.

In line with the decrease in revenue, profit before tax ("PBT") decreased by RM10.21 million to RM15.96 million from last year, mainly due to RM1.8 million withholding tax on dividend income from a subsidiary company in Indonesia, RM0.9 million write down of inventories, RM1.7 million lower share of profit from associate company and unrealised forex loss of RM1.3 million.

The performance of each business division is as follows:

**Manufacturing Division**

| (RM Million) | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| Revenue | 36.22 | 53.22 | (17.00) | (31.9) |
| Profit before tax | 5.17 | 13.57 | (8.40) | (61.9) |

Revenue from **Manufacturing Division** decreased by 31.9% to RM36.22 million from RM53.22 million recorded last year, primarily due to a decrease in sales volume for a certain travel document. On the back of lower revenue and write down of inventories of RM0.9 million, PBT decreased by 61.9% to RM5.17 million from RM13.57 million posted last year.

**Plantation Division**

| (RM Million) | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| **Revenue** | | | | |
| Indonesia | | | | |
| - Crude palm oil (CPO) | 36.14 | 24.28 | 11.86 | 48.8 |
| - Crude palm kernel oil (CPKO) | 5.79 | 4.59 | 1.20 | 26.1 |
| Malaysia | | | | |
| - Fresh fruit bunch (FFB) | 2.47 | 2.50 | (0.03) | (1.2) |
| - Pineapple | 0.57 | 0.62 | (0.05) | (8.1) |
| **Total** | 44.97 | 31.99 | 12.98 | 40.6 |
| **Profit before tax** | 8.16 | 3.54 | 4.62 | 130.5 |
| Fresh fruit bunch produced (mt) | 47,564 | 36,332 | 11,232 | 30.9 |
| FFB yield/ha (mt) | 6.25 | 4.90 | 1.35 | 27.6 |
| Cost of FFB produced (RM/mt) | 222.19 | 290.95 | (68.76) | (23.6) |
| Crude palm oil produced (mt) | 13,165 | 10,680 | 2,485 | 23.3 |
| CPO extraction rate (%) | 22.44 | 22.82 | (0.38) | (1.7) |

**B1. Review of performance (cont'd.)**

**Plantation Division (cont'd.)**

| | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| **Sales Quantity (mt)** | | | | |
| - CPO | 14,334 | 11,016 | 3,318 | 30.1 |
| - CPKO | 1,388 | 1,022 | 366 | 35.8 |
| **Average CIF selling price, net of duty (RM/mt)** | | | | |
| - CPO | 2,570 | 2,204 | 366 | 16.6 |
| - CPKO | 4,170 | 4,492 | (322) | (7.2) |

| | | |
|---|---|---|
| **Palm profiles (ha)** | | |
| - Mature | 7,613.0 | 7,411.6 |
| - Immature | 5,597.3 | 5,240.2 |
| Total planted area | 13,210.3 | 12,651.8 |

Revenue from **Plantation Division** increased by 40.6% to RM44.97 million compared to the corresponding period last year, primarily attributable to higher sales of CPO and lower cost of FFB produced. The division posted a PBT of RM8.16 million, 130.5% higher than last year.

Our plantation estates in Malaysia which are still in the process of land development or palm planting registered a total pretax loss of RM1.63 million as compared to RM1.47 million pretax loss recorded in the corresponding period last year.

**Bulking Division**

| (RM Million) | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| Revenue | 10.16 | 14.54 | (4.38) | (30.1) |
| Profit before tax | 3.63 | 7.65 | (4.02) | (52.5) |

**Bulking Division** recorded decrease of RM4.38 million or 30.1% lower in revenue to RM10.16 million from RM14.54 million recorded last year. The decrease was mainly due to lower revenue recorded by all products segment. The division had been impacted by the effects of low palm oil inventories nationwide during the first quarter. In line with the decrease in revenue, the division's PBT decreased by RM4.02 million (52.5%) to RM3.63 million.

**Food Division**

| (RM Million) | Current YTD | Previous YTD | Variance | % |
|---|---|---|---|---|
| **Revenue** | | | | |
| Papua New Guinea (PNG) | 27.29 | 22.22 | 5.07 | 22.8 |
| Malaysia | 1.60 | 1.73 | (0.13) | (7.5) |
| | 28.89 | 23.95 | 4.94 | 20.6 |
| Loss before tax | (0.34) | (0.25) | (0.09) | (36.0) |

**Food Division's** revenue increased to RM28.89 million compared to RM23.95 million recorded in the previous financial year. The increase in revenue was mainly due to the higher local sales of canned mackerel and tuna as well as export of tuna products. However, results of the division decline by 36.0% as compared to RM0.25 million loss in the same period last year due to higher overhead expenses and unrealised forex loss.

## B2. Comparison with preceding quarter's results

**Group Performance**

| (RM Million) | QTR 1 FY 2018 | QTR 4 FY 2017 | Variance | % |
|---|---|---|---|---|
| Revenue | 121.15 | 128.77 | (7.62) | (5.9) |
| Profit/(loss) before tax | 15.96 | (5.15) | 21.11 | 409.9 |

The Group's revenue decreased by RM7.62 million to RM121.15 million compared to the preceding quarter, as a result of the lower revenue recorded by manufacturing and food divisions.

However, PBT increased by RM21.11 million to RM15.96 million as compared to RM5.15 million loss recorded in the preceding quarter mainly due to contributions by plantation and bulking divisions. Impairment loss of RM29.4 million was recognised in the preceding quarter pursuant to a Ministerial Order received by a subsidiary, PT Nunukan Jaya Lestari ("PTNJL") to revoke PTNJL's land title for the cultivation of oil palm in Kalimantan Utara. Further details are disclosed in Note B11(i).

The performance of each business division is as follows:

**Manufacturing Division**

| (RM Million) | QTR 1 FY 2018 | QTR 4 FY 2017 | Variance | % |
|---|---|---|---|---|
| Revenue | 36.22 | 41.67 | (5.45) | (13.1) |
| Profit before tax | 5.17 | 11.18 | (6.01) | (53.8) |

**Manufacturing Division's** revenue decreased by RM5.45 million or 13.1% in the current quarter compared to the preceding quarter. The decrease was mainly due to reduced sales volume of certain travel documents. In line with the decrease in revenue coupled with less favourable sales mix, PBT registered for the current quarter was lower by RM6.01 million or 53.8%.

**Plantation Division**

| (RM Million) | QTR 1 FY 2018 | QTR 4 FY 2017 | Variance | % |
|---|---|---|---|---|
| **Revenue** | | | | |
| Indonesia | | | | |
| - CPO | 36.14 | 31.08 | 5.06 | 16.3 |
| - CPKO | 5.79 | 6.98 | (1.19) | (17.0) |
| Malaysia | | | | |
| - Fresh fruit bunch | 2.47 | 1.87 | 0.60 | 32.1 |
| - Pineapple | 0.57 | 0.81 | (0.24) | (29.6) |
| **Total** | 44.97 | 40.74 | 4.23 | 10.4 |
| **Profit/(loss) before tax** | 8.16 | (20.75) | 28.91 | 139.3 |
| **Sales Quantity (mt)** | | | | |
| - CPO | 14,334 | 10,582 | 3,752 | 35.5 |
| - CPKO | 1,388 | 1,002 | 386 | 38.5 |
| **Average CIF selling price, net of duty (RM/mt)** | | | | |
| - CPO | 2,570 | 2,937 | (367) | (12.5) |
| - CPKO | 4,170 | 6,970 | (2,800) | (40.2) |

**B2. Comparison with preceding quarter's results (cont'd.)**

**Plantation Division (cont'd.)**

Plantation Division's revenue for the quarter increased by RM4.23 million, higher than the preceding quarter due to higher sales volume of CPO. PBT increased by RM28.91 million compared to the preceding quarter.

In the preceding quarter, an impairment loss of RM29.4 million was recognised pursuant to a Ministrial Order received by a subsidiary, PT Nunukan Jaya Lestari ("PTNJL") to revoke PTNJL's land title for the cultivation of oil palm in Kalimantan Utara. Further details are disclosed in Note B11(i).

**Bulking Division**

| (RM Million) | QTR 1 FY 2018 | QTR 4 FY 2017 | Variance | % |
|---|---|---|---|---|
| Revenue | 10.16 | 10.07 | 0.09 | 0.9 |
| Profit before tax | 3.63 | 3.25 | 0.38 | 11.7 |

Revenue from **Bulking Division** of RM10.16 million was 0.9% higher than the preceding quarter. The increase in results was favourable from industrial chemicals and transportation segments in the current quarter. In line with increase in revenue, PBT increased 11.7% or RM0.38 million compared to the preceding quarter.

**Food Division**

| (RM Million) | QTR 1 FY 2018 | QTR 4 FY 2017 | Variance | % |
|---|---|---|---|---|
| **Revenue** | | | | |
| PNG | 27.29 | 32.46 | (5.17) | (15.9) |
| Malaysia | 1.60 | 1.44 | 0.16 | 11.1 |
| | 28.89 | 33.90 | (5.01) | (14.8) |
| Loss before tax | (0.34) | (1.64) | 1.30 | 79.3 |

Revenue from **Food Division** decreased by RM5.17 million or 15.9% to RM27.29 million as compared to the preceding quarter due to lower sales volume of canned tuna export. The division registered loss before tax of RM0.34 million during the quarter due to higher forex loss of RM1.32 million.

**B3. Prospects**

The Directors expect the performance of the Group to be challenging for the remaining period of year. The prospect of each business division for the remaining period is as follows:

The Board recognises the challenges ahead faced by **Manufacturing Division** following the expiration of a supply contract for a certain travel document. The division will continue to put concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products.

**Plantation Division.** As the setback in FFB production arising from the consequences of El Nino experienced in 2015/2016 has ended, the FFB yield is recovering and is anticipated to improve further. Nevertheless, the overall performance of the oil palm production and processing is very much influanced by the direction of palm oil prices. In view of the current prevailing palm oil prices, the Board of Directors expects the results of this financial year to be satisfactory.

**B3. Prospects (cont'd.)**

**Bulking Division.** The prospects for the remaining period are expected to remain challenging. The Malaysia Derivatives Exchange's (MDEX) Edible Oil tender and transhipment businesses is expected to remain low. The demand for storage is expected to improve slightly with the increase in palm oil stock level nationwide. The division is looking at securing more long term contracts with customers as well as handling higher margin products.

**Food Division** faces many challenges ahead, particularly in Papua New Guinea where the division's main operation is located, amidst intense market competition from cheaper imported products, currency fluctuation, and current global uncertainty. The division will continually focus on operational efficiency, productivity and margin improvements, and cost control as well as emphasising on quality, service and delivery.

**B4. Explanatory notes on variances with profit forecasts or profit guarantees**

The Group did not issue any profit forecast and/or profit guarantee to the public.

**B5. Income tax expense**

| | Current Year Quarter 30-06-2017 RM'000 | Current Year To Date 30-06-2017 RM'000 |
|---|---|---|
| Current taxation | 6,560 | 6,560 |

The effective tax rate on Group's profit to date is higher than the statutory tax rate mainly due to certain expenses disallowed for taxation purposes and no group relief.

**B6. Profits/(losses) on sale of unquoted investments and/or properties**

There were no sale of unquoted investments and/or properties during the current quarter.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities during the current quarter.

**B8. Corporate proposals**

(a) **Status of corporate proposal**
There are no corporate proposals announced but not completed at the date of this report.

(b) **Utilisation of proceeds raised from any corporate proposal**
Not applicable.

## B9. Borrowings and debt securities

| | As at 30-06-2017 RM'000 | As at 31-03-2017 RM'000 |
|---|---|---|
| **Secured:** | | |
| **Non-current** | | |
| *Obligations under finance leases | 16,012 | 16,176 |
| **Current** | | |
| *Obligations under finance leases | 624 | 646 |
| Bankers' acceptance | 9,443 | 9,516 |
| Short term revolving credit | 10,000 | 5,000 |
| | 20,067 | 15,162 |
| | 36,079 | 31,338 |

* The obligations under finance leases are in respect of the following land lease:

(i) A 99 year land lease granted to subsidiary, Gabungan Warisan Sdn. Bhd. to develop approximately 249.8 ha of land in Kuala Krai, Kelantan Darul Naim. The lease expires on 2 July 2112.

(ii) Sub-leases granted to subsidiaries, Taka Worldwide Trading Sdn. Bhd. and Etika Gangsa Sdn. Bhd. over 2 parcels of land measuring approximately 404.6 ha, deemed suitable for oil palm cultivation, situated in Mukim Relai, Daerah Jajahan Gua Musang, Kelantan for a term of 66 years expiring 5 March 2075, with an option to renew for a further period of 33 years.

(iii) A 60 year lease granted to subsidiary, R.N.E. Plantation Sdn Bhd over 1 plot of agricultural land measuring 2,000 ha located at Sungai Siput, Daerah Kuala Kangsar, Perak. The lease will expire on 3 August 2075, with an option to renew for a further 30 years.

## B10. Realised/unrealised earnings/(losses)

| | As at 30-06-2017 RM'000 | As at 31-03-2017 RM'000 |
|---|---|---|
| Total retained earnings of Kumpulan Fima Berhad and its subsidiaries: | | |
| - Realised | 382,142 | 351,333 |
| - Unrealised | (36,047) | (44,767) |
| | 346,095 | 306,566 |
| Total share of retained earnings from associated companies: | | |
| - Realised | 36,170 | 38,611 |
| - Unrealised | (4,279) | (4,346) |
| | 31,891 | 34,265 |
| Consolidation adjustments | (57,683) | (25,452) |
| Total group retained earnings as per consolidated accounts | 320,303 | 315,379 |

## B11. Changes in material litigations

Pending material litigation since preceding quarter is as follows:

(i) On 21 October 2016, a subsidiary, Fima Corporation Berhad ("FimaCorp") announced that its Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") has instituted legal proceedings to challenge the order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ('Defendant") ("Ministerial Order") to revoke PTNJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") 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 foresty areas. PTNJL's planted area affected by the Ministerial Order measures 3,691.9 hectare.

On 21 October 2016, PTNJL filed an application in the Pengadilan Tata Usaha (State Administrative Court) in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from State Administrative Court to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts. The Defendant, together with a third party interverner, PT Adindo Hutani Lestari, have filed a defence against the said suit.

On 13 June 2017, the State Administrative Court dismissed the application filed by PTNJL to annul the Ministerial Order. Subsequently on 24 July 2017, PTNJL filed and appeal to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the decision of the State Adminstrative Court.

Notwithstanding the Ministerial Order, the local government in Kabupaten Nunukan, in the interest of good order, has given its undertaking and allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the matter by the Indonesian courts. Based on the current circumstances, the Board is of the opinion that the Ministerial Order will not have any immediate operational and financial impact on the Group.

(ii) Following the termination of the Tenancy Agreement by Malaysia Airports Holding Berhad (“MAHB”) on 11 May 2000, a subsidiary, FimaCorp, as the Principal Tenant issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex, Subang.

Pursuant to the above, on 28 September 2001, FimaCorp was served a Writ of Summons dated 9 August 2001 from a tenant ("Plaintiff") claiming for a compensation sum of approximately RM2.12 million being the renovation costs and general damages arising from the early termination of the Tenancy Agreement at Airtel Complex, in Subang. The Board of FimaCorp had sought the advice of the solicitors and was of the opinion that there should be no compensation payable to the Plaintiff as the demised premises was acquired by a relevant authority, MAHB, which was provided in the Tenancy Agreement between FimaCorp and the Plaintiff.

On 11 November 2008, the Court had disposed off this matter summarily in favour of the Plaintiff and on 4 March 2009, FimaCorp had filed its Record of Appeal to the Court of Appeal to appeal against the decision.

The subsidiary had made full provision for the compensation claim of RM2.12 million in the financial year ended 31 March 2009.

On 27 September 2011, the Court of Appeal had allowed FimaCorp's appeal against the decision handed down by the High Court. However, the Court of Appeal had directed that the matter be remitted back to the High Court for a full trial. There has been no development since 27 September 2011.

**B12. Dividend**

For the current quarter under review, no dividend has been proposed and declared (First quarter 2017:nil).

The final dividend in respect of financial year ended 31 March 2017, of 9.0% single tier amounting to approximately RM25.4 million (9.0 sen net dividend per ordinary share) were approved by the shareholders at the Company's Annual General Meeting on 23 August 2017 and is payable on 25 September 2017.

**B13. Earnings per share**

The basic earnings per share are calculated as follows:

| | Quarter Ended | | Cumulative Quarter Ended | |
|---|---|---|---|---|
| | 30-06-2017 | 30-06-2016 | 30-06-2017 | 30-06-2016 |
| Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000) | 4,924 | 11,927 | 4,924 | 11,927 |
| Weighted average number of ordinary shares in issues ('000) | 282,232 | 277,003 | 282,232 | 277,003 |
| Basic earnings per share (sen) | 1.74 | 4.31 | 1.74 | 4.31 |

**By order of the Board**

**MOHD YUSOF BIN PANDAK YATIM (MIA 4110)**
**JASMIN BINTI HOOD (LS0009071)**
Company Secretaries

**Kuala Lumpur**
**Dated : 28 August 2017**