



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

Condensed Consolidated Financial Statements  
For the Second Quarter Ended  
30 September 2019

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current quarter		6 months cumulative	
		Current year quarter 30-9-2019	Preceding year corresponding quarter 30-9-2018	Current year to date 30-9-2019	Preceding year corresponding period 30-9-2018
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	128,637	133,479	243,390	229,058
Cost of sales		(82,352)	(83,240)	(155,305)	(139,545)
<b>Gross profit</b>		<b>46,285</b>	<b>50,239</b>	<b>88,085</b>	<b>89,513</b>
Other income		2,445	2,588	4,891	4,306
<b>Other items of expense</b>					
Administrative expenses		(19,739)	(15,671)	(38,633)	(33,045)
Selling and marketing expenses		(2,172)	(1,465)	(4,113)	(3,093)
Other operating (expenses)/income		(8,368)	21,663	(15,926)	15,568
		(30,279)	4,527	(58,672)	(20,570)
Finance costs		(793)	(488)	(1,720)	(854)
Share of results of associates		488	(354)	1,013	(124)
<b>Profit before tax</b>	A9/A10	<b>18,146</b>	<b>56,512</b>	<b>33,597</b>	<b>72,271</b>
Income tax expense	B5	(6,535)	(7,769)	(10,712)	(10,932)
<b>Profit net of tax</b>		<b>11,611</b>	<b>48,743</b>	<b>22,885</b>	<b>61,339</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		1,097	(3,586)	3,812	(657)
<b>Total comprehensive income for the period</b>		<b>12,708</b>	<b>45,157</b>	<b>26,697</b>	<b>60,682</b>
<b>Profit attributable to :</b>					
Equity holders of the Company		10,111	32,045	20,223	42,383
Non-controlling interests		1,500	16,698	2,662	18,956
<b>Profit for the period</b>		<b>11,611</b>	<b>48,743</b>	<b>22,885</b>	<b>61,339</b>
<b>Total comprehensive income attributable to :</b>					
Equity holders of the Company		11,060	29,072	23,469	41,932
Non-controlling interests		1,648	16,085	3,228	18,750
<b>Total comprehensive income for the period</b>		<b>12,708</b>	<b>45,157</b>	<b>26,697</b>	<b>60,682</b>
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic/diluted earnings per share (sen)	B12	3.59	11.37	7.19	15.04

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	<b>As at 30-9-2019</b>	<b>As at 31-3-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	551,593	548,078
Right-of-use assets	28,032	-
Investment properties	64,373	65,191
Investment in associates	32,287	31,274
Deferred tax assets	10,179	11,207
Goodwill on consolidation	12,710	12,710
	<u>699,174</u>	<u>668,460</u>
<b>Current assets</b>		
Inventories	117,395	104,669
Biological assets	5,265	4,504
Trade receivables	130,496	129,159
Other receivables	50,820	36,789
Short term cash investments	162,150	148,122
Cash and bank balances	133,718	142,196
	<u>599,844</u>	<u>565,439</u>
<b>TOTAL ASSETS</b>	<u>1,299,018</u>	<u>1,233,899</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	311,670	311,670
Treasury shares	(1,937)	(1,143)
Other reserves	62,309	59,063
Retained earnings	428,490	433,562
	<u>800,532</u>	<u>803,152</u>
Non-controlling interests	249,439	253,807
<b>Total equity</b>	<u>1,049,971</u>	<u>1,056,959</u>
<b>Non-current liabilities</b>		
Lease obligations	36,623	14,868
Retirement benefit obligations	1,880	1,831
Deferred tax liabilities	42,105	42,031
	<u>80,608</u>	<u>58,730</u>
<b>Current liabilities</b>		
Lease obligations	7,021	643
Short term borrowings	33,218	34,506
Trade and other payables	108,145	64,360
Provisions	10,293	11,312
Tax payable	9,762	7,389
	<u>168,439</u>	<u>118,210</u>
<b>Total liabilities</b>	<u>249,047</u>	<u>176,940</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,299,018</u>	<u>1,233,899</u>
Net assets per share (RM)	<u>2.84</u>	<u>2.85</u>

*(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements).*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

Group	Attributable to equity holders of the Company							Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Other reserves	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiary	Foreign exchange reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2019</b>	311,670	(1,143)	59,063	-	437	66,459	(7,833)	433,562	803,152	253,807	1,056,959
Total comprehensive income for the period	-	-	3,246	-	-	-	3,246	20,223	23,469	3,228	26,697
<b>Transactions with owners</b>											
Dividend	-	-	-	-	-	-	-	(25,295)	(25,295)	(6,942)	(32,237)
Purchase of treasury shares	-	(794)	-	-	-	-	-	-	(794)	(654)	(1,448)
Total transaction with owners	-	(794)	-	-	-	-	-	(25,295)	(26,089)	(7,596)	(33,685)
<b>At 30 September 2019</b>	311,670	(1,937)	62,309	-	437	66,459	(4,587)	428,490	800,532	249,439	1,049,971
<b>At 1 April 2018</b>	311,670	(440)	44,858	-	437	66,459	(22,038)	398,993	755,081	244,844	999,925
Total comprehensive income for the period	-	-	(451)	-	-	-	(451)	42,383	41,932	18,750	60,682
<b>Transactions with owners</b>											
Dividend	-	-	-	-	-	-	-	(25,353)	(25,353)	(6,995)	(32,348)
Purchase of treasury shares	-	(349)	-	-	-	-	-	-	(349)	(920)	(1,269)
Total transaction with owners	-	(349)	-	-	-	-	-	(25,353)	(25,702)	(7,915)	(33,617)
<b>As 30 September 2018</b>	311,670	(789)	44,407	-	437	66,459	(22,489)	416,023	771,311	255,679	1,026,990

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

	← 6 months ended →	
	<b>30-9-2019</b>	<b>30-9-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	33,597	72,271
Adjustments for:		
Depreciation of investment properties	818	818
Depreciation for property, plant and equipment	11,919	12,314
Depreciation of right-of-use assets	5,637	-
Fair value changes on biological assets	(761)	1,244
Impairment loss on trade and other receivables	2,096	94
Interest expense	1,720	854
Interest income	(4,333)	(3,955)
Net provision for retirement benefit obligation	39	-
Net reversal of provision for warranty	(1,019)	(988)
Net unrealised forex gain	(582)	(4,925)
Net gain on disposal of property, plant and equipment	(56)	-
Share of results of associates	(1,013)	124
Write down/(back) of inventories	938	(1,088)
Write back of impairment loss on property, plant and equipment	-	(23,631)
Operating profit before working capital changes	49,000	53,132
Increase in inventories	(13,664)	(19,530)
Increase in receivables	(16,881)	(33,904)
Increase in payables	20,863	18,819
Cash generated from operations	39,318	18,517
Interest paid	(1,720)	(854)
Taxes paid	(9,610)	(8,704)
Retirement benefits paid	(27)	(45)
Net cash generated from operating activities	27,961	8,914
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	95	-
Purchase of property, plant and equipment	(15,473)	(21,255)
Net dividend received from an associated company	-	1,394
Acquisition of treasury shares	(794)	(349)
Interest income received	4,333	3,955
Net placement of short term cash investments	(14,028)	(89,877)
Net cash used in investing activities	(25,867)	(106,132)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment)/drawdown of borrowings	(1,288)	1,922
Repayment of lease obligations	(5,536)	(386)
Dividend paid by a subsidiary to non-controlling interests	(6,942)	(6,995)
Net cash used in financing activities	(13,766)	(5,459)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(11,672)	(102,677)
<b>EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>	3,194	2,844
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	142,196	235,297
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	133,718	135,464
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	97,386	86,786
Fixed deposits with financial institutions	36,332	48,678
	133,718	135,464

*(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements).*

**PART A - Explanatory notes pursuant to MFRS 134**

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**A1. Accounting policies and basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2019. 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 2019.

**A2. Changes in accounting policies**

**(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation**

The significant accounting policies adopted are consistent with those of the statutory financial statements for the financial year ended 31 March 2019 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretations.

On 1 April 2019, the Group adopted the following new and amended MFRSs and IC Interpretation:

- MFRS 16: Leases
- Amendments to MFRS 9: Prepayment feature with compensation
- Amendments to MFRS 119: Plan amendment, curtailment or settlement
- Amendments to MFRS 128: Long term interest in associates and joint ventures
- Annual Improvements to MFRS Standards 2015 - 2017 Cycle
- IC Interpretation 23: Uncertainty over income tax treatments

The adoption of the above standards and interpretation did not have a significant impact on the financial statements in the period of initial application except as discussed below:

**MFRS 16: Leases**

MFRS 16 replaced MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees are required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors continued to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard affected primarily the accounting for the Group's non-cancellable operating leases. The Group recognised right-of-use assets and corresponding liabilities by applying the modified retrospective approach and not restate comparative amounts for the year prior to initial adoption. Right-of-use assets is measured at an amount equal to the lease liability amount on the date of transition.

**A2. Changes in accounting policies (cont'd.)**

**(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation (cont'd.)**

**MFRS 16: Leases (cont'd.)**

In summary, upon the adoption of MFRS 16, the Group recognised the following balances as at 1 April 2019:

	<b>Assets/ (Liabilities) RM'000</b>
Right-of-use assets	33,669
Lease liabilities	<u>(33,669)</u>

In the statement of profit and loss, expenses which were previously recognised as lease expenses in the cost of sales are now replaced by interest expense on lease liabilities (included within the finance costs line) and depreciation of right-of use assets. In the statement of cash flow, lease payments for the principal portion are now classified under financing activities compared to operating activities in the past.

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

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

<b>Description</b>	<b>Effective for financial period beginning on or after</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
MFRS 17: Insurance contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sales or contribution of assets between an investor and its associate 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.

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

The financial statements of the Group for the financial year ended 31 March 2019 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 items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence other than as disclosed in Note B10(ii).

**A6. Changes in estimates**

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

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

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter.

During the current quarter, the Company repurchased 344,200 of its issued ordinary shares from open market at an average price of RM1.71. The total transaction paid for the repurchase including transaction costs was RM587,000. Of the total 282,231,600 issued ordinary shares, 1,230,700 shares are held as treasury shares by the Company.

**A8. Dividend paid**

The Company's shareholders had at the Annual General Meeting on 28 August 2019 approved a single-tier final dividend of 9.0 sen for the financial year ended 31 March 2019 amounting to dividend payable of RM25.3 million. The dividend was subsequently paid on 7 October 2019.

**A9. Segmental information**
**(i) Segmental revenue and results for business segments**

	Quarter ended		6 months cumulative	
	30-9-2019	30-9-2018	30-9-2019	30-9-2018
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Manufacturing*	36,040	36,438	66,219	67,296
Plantation	23,025	37,124	50,818	59,457
Bulking	30,771	20,716	51,070	37,019
Food	37,504	37,906	72,778	62,745
Others	2,777	4,188	8,940	8,253
	130,117	136,372	249,825	234,770
Eliminations	(1,480)	(2,893)	(6,435)	(5,712)
	128,637	133,479	243,390	229,058
<b>Profit before tax</b>				
Manufacturing*	8,784	10,803	13,224	14,890
Plantation	(1,146)	26,522	(3,024)	27,437
Bulking	7,232	10,983	17,467	19,840
Food	4,113	8,501	8,501	10,081
Others	(1,325)	57	(3,584)	147
	17,658	56,866	32,584	72,395
Associated companies	488	(354)	1,013	(124)
	18,146	56,512	33,597	72,271

\* Production and trading of security documents.



**A9. Segmental information (cont'd.)**
**(ii) Geographical segments**

	Quarter ended		6 months cumulative	
	30-9-2019	30-9-2018	30-9-2019	30-9-2018
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	77,053	67,534	139,276	123,815
Indonesia	17,145	32,427	40,815	51,369
Papua New Guinea	35,919	36,411	69,734	59,586
	130,117	136,372	249,825	234,770
Eliminations	(1,480)	(2,893)	(6,435)	(5,712)
	128,637	133,479	243,390	229,058
<b>Profit before tax</b>				
Malaysia	11,858	17,419	19,966	25,941
Indonesia	1,775	31,096	4,303	36,788
Papua New Guinea	4,025	8,351	8,315	9,666
	17,658	56,866	32,584	72,395
Associated companies	488	(354)	1,013	(124)
	18,146	56,512	33,597	72,271
← 6 months cumulative →				
<b>Assets and liabilities</b>	Current year to date		Preceding year	
	30-9-2019		corresponding period	
	30-9-2018		30-9-2018	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	1,471,641	228,872	1,440,924	291,570
Indonesia	106,172	16,663	106,613	14,521
Papua New Guinea	183,605	68,764	165,186	65,985
	1,761,418	314,299	1,712,723	372,076
Eliminations	(462,400)	(65,252)	(465,822)	(153,742)
	1,299,018	249,047	1,246,901	218,334

**A10. Profit before tax**

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

	Quarter ended		6 months cumulative	
	30-9-2019	30-9-2018	30-9-2019	30-9-2018
<b>Other income</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	2,219	2,377	4,333	3,955
<b>Operating expenses</b>				
Depreciation	9,509	7,221	18,374	13,132
Interest expense	793	488	1,720	854
Unrealised foreign exchange loss/(gain)	171	(3,831)	(582)	(4,925)
Realised forex exchange loss/(gain)	19	605	(410)	1,175
Impairment loss on trade and other receivables	1,575	910	2,096	94
Net gain on disposal of property, plant and equipment	-	-	(56)	-
Fair value changes on biological assets	(910)	770	(761)	1,244
Net provision for retirement benefit obligations	29	5	39	-
Reversal of provision for warranty	(515)	(633)	(1,019)	(988)
Inventories written (back)/down	(126)	(1,194)	938	(1,088)
Write back of impairment loss on property, plant and equipment (Note B10(ii))	-	(23,631)	-	(23,631)

**A11. Subsequent events**

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

**A12. Inventories**

During the quarter, there was no significant write down or write back of inventories except as disclosed in Note A10 above.

**A13. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

**A14. Changes in contingent liabilities**

There were no additional contingent liabilities during the current quarter, except as disclosed in Note B10 herein.

**A15. Significant acquisition of property, plant and equipment**

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

	<b>Current year to date</b>
	<b>RM'000</b>
Plant and machinery	3,103
Vehicles	549
Land and buildings	45
Equipment, furniture and fittings and motor vehicles	1,906
Bearer plants and infrastructure	6,097
Work in progress	3,773
	<u>15,473</u>

**A16. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 30 September 2019 were as follows:

	<b>Current year to date</b>
	<b>RM'000</b>
Property, plant and equipment - Approved and contracted for	<u>4,216</u>

**A17. Related party transactions**

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

	<b>Current year to date</b>
	<b>RM'000</b>
Rental expenses payable to a subsidiary	
- Fima Corporation Berhad	426
Advisory services rendered by corporate shareholder	
- BHR Enterprise Sdn. Bhd.	60
Transactions with subsidiaries	
- Fima Instanco Sdn. Bhd. - Rental income	90
Transactions with related parties*	
- PT Pohon Emas Lestari - Purchase of fresh fruit bunch	2,672
- Nationwide Express Courier Services Berhad - Delivery services	50
- Nationwide Express Courier Services Berhad - Rental income	44

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

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**
**PART B - Bursa Securities Listing Requirements**
**B1. Review of performance**
**Group Performance**

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
Revenue	243.39	229.06	14.33	6.3
Profit before tax	33.60	72.27	(38.67)	(53.5)
Profit before tax and write back*	33.60	48.64	(15.04)	(30.9)

\* The amount excludes the significant write back of impairment loss on property, plant and equipment amounting to RM23.6 million pursuant to Mahkamah Agung's decision as disclosed in Note B10(ii).

Group revenue for the second quarter ended 30 September 2019 increased by 6.3% to RM243.39 million as compared to RM229.06 million recorded in the corresponding period last year. The increase of RM14.33 million was mainly attributed to the higher revenue generated by bulking and food division.

However, Group profit before tax ("PBT")(excludes write back) has decreased by RM15.04 million or 30.9% to RM33.60 million as compared to the same period last year.

The performance of each business division is as follows:

**Manufacturing Division**

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
Revenue	66.22	67.30	(1.08)	(1.6)
Profit before tax	13.22	14.89	(1.67)	(11.2)

Revenue from **Manufacturing Division** has recorded a slight decrease by 1.6% to RM66.22 million from RM67.30 million last year. On the back of lower revenue coupled with higher inventories written down, the division's PBT decreased by RM1.67 million or 11.2% to RM13.22 million as compared to the same corresponding period last year.

**Plantation Division**

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
<u>Indonesia</u>				
- Crude palm oil (CPO)	40.81	44.18	(3.37)	(7.6)
- Crude palm kernel oil (CPKO)	-	7.19	(7.19)	(100.0)
<u>Malaysia</u>				
- Fresh fruit bunch (FFB)	8.46	6.30	2.16	34.3
- Pineapple	1.55	1.79	(0.24)	(13.4)
<b>Total</b>	<u>50.82</u>	<u>59.46</u>	<u>(8.64)</u>	<u>(14.5)</u>
<b>(Loss)/Profit before tax</b>	(3.02)	27.44	(30.46)	(111.0)
<b>(Loss)/Profit before tax and write back*</b>	(3.02)	3.81	(6.83)	(179.3)

\* The amount excludes the significant write back of impairment loss on property, plant and equipment amounting to RM23.6 million pursuant to Mahkamah Agung's decision as disclosed in Note B10(ii).

FFB produced (mt)	95,352	86,632	8,720	10.1
FFB yield/ha (mt)	7.67	9.46	(1.79)	(19.0)
Cost of FFB produced (RM/mt)	299.69	257.70	41.99	16.3
CPO produced (mt)	20,782	21,714	(932)	(4.3)
CPO extraction rate (%)	22.27	22.83	(0.56)	(2.5)

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**
**B1. Review of performance (cont'd.)**
**Plantation Division (cont'd.)**

	Current YTD	Previous YTD	Variance	%
<b>Sales Quantity (mt)</b>				
- CPO	21,069	21,975	(906)	(4.1)
- CPKO	-	2,070	(2,070)	(100.0)
<b>Average CIF selling price, net of duty (RM/mt)</b>				
- CPO	1,937	2,010	(73)	(3.6)
- CPKO	-	3,476	(3,476)	(100.0)
<b>Palm profiles (ha)</b>				
- Mature	12,434.6	9,156.3		
- Immature	2,666.6	5,471.6		
Total planted area	<u>15,101.2</u>	<u>14,627.9</u>		

Revenue from **Plantation Division** decreased by 14.5% to RM50.82 million as compared to the same period last year mainly attributable to lower sales volume and selling price of CPO as well as no sales of CPKO registered in the current period. On the back of lower revenue, the division PBT (excludes write back) has decreased by RM6.83 million as compared to last year.

Our plantation estates in Malaysia which are newly matured and still in the process of land development or palm planting registered a total pretax loss of RM6.55 million as compared to RM6.12 million pretax loss recorded in the corresponding period last year.

**Bulking Division**

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	51.07	37.02	14.05	38.0
Profit before tax	17.47	19.84	(2.37)	(11.9)

**Bulking Division** recorded an increase of RM14.05 million or 38.0% in revenue to RM51.07 million as compared to last year. The increase was mainly due to higher contribution by edible oil and industrial chemicals product as well as sales of palm methyl ester ("PME") from biodiesel operation. Despite of this, the division's PBT dropped by RM2.37 million to RM17.47 million as compared to the corresponding period last year, mainly contributed by pre-tax losses of biodiesel segment, which is in the process of optimising its biodiesel plant.

**Food Division**

(RM Million)	Current YTD	Previous YTD	Variance	%
<b>Revenue</b>				
Papua New Guinea (PNG)	69.73	59.59	10.14	17.0
Malaysia	3.05	3.16	(0.11)	(3.5)
	<u>72.78</u>	<u>62.75</u>	<u>10.03</u>	<u>16.0</u>
Profit before tax	8.50	10.08	(1.58)	(15.7)

**Food Division's** revenue increased to RM72.78 million as compared to RM62.75 million recorded in the previous financial period. The increase in revenue was mainly due to higher sales volume of tuna and mackerel products. However, the division's PBT declined by RM1.58 million as compared to the same period last year, mainly attributed to higher operating cost and impairment on receivables, as well as lower net forex gain of RM1.06 million (Q2 FY19: RM3.48 million).

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**
**B2. Comparison with preceding quarter's results**
**Group Performance**

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2020</b>	<b>FY 2020</b>	<b>Variance</b>	<b>%</b>
Revenue	128.64	114.75	13.89	12.1
Profit before tax	18.15	15.45	2.70	17.5

The Group revenue increased by RM13.89 million to RM128.64 million as compared to the preceding quarter, as a result of higher revenue recorded by manufacturing, bulking and food divisions.

Inline with improvement in revenue, the Group PBT recorded an increase by RM2.70 million to RM18.15 million as compared to RM15.45 million recorded in the preceding quarter.

The performance of each business division is as follows:

**Manufacturing Division**

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2020</b>	<b>FY 2020</b>	<b>Variance</b>	<b>%</b>
Revenue	36.04	30.18	5.86	19.4
Profit before tax	8.78	4.44	4.34	97.7

**Manufacturing Division's** revenue increased by RM5.86 million or 19.4% in the current quarter as compared to the preceding quarter mainly due to higher volume of certain confidential documents. On the back of higher revenue coupled with lower inventories written down, PBT has also increased to RM8.78 million in the current quarter.

**Plantation Division**

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2020</b>	<b>FY 2020</b>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
<u>Indonesia</u>				
- CPO	17.15	23.66	(6.51)	(27.5)
<u>Malaysia</u>				
- Fresh fruit bunch	4.95	3.51	1.44	41.0
- Pineapple	0.93	0.62	0.31	50.0
<b>Total</b>	<b>23.03</b>	<b>27.79</b>	<b>(4.76)</b>	<b>(17.1)</b>
<b>Loss before tax</b>	<b>(1.15)</b>	<b>(1.88)</b>	<b>0.73</b>	<b>38.8</b>

CPO produced (mt)	10,533	10,249	284	2.8
<b>Sales Quantity (mt)</b>				
- CPO	9,032	12,037	(3,005)	(25.0)
<b>Average CIF selling price, net of duty (RM/mt)</b>				
- CPO	1,898	1,966	(68)	(3.5)

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

**Plantation Division's** revenue for the quarter decreased by RM4.76 million or 17.1%, as compared to the preceding quarter mainly due to lower sales volume and selling price of CPO. However, the lower loss incurred by newly matured estate has contributed to a slight improvement on the division's PBT as compared to the preceding quarter.

**Bulking Division**

(RM Million)	<b>QTR 2</b> <b>FY 2020</b>	<b>QTR 1</b> <b>FY 2020</b>	<b>Variance</b>	<b>%</b>
Revenue	30.77	20.30	10.47	51.6
Profit before tax	7.23	10.24	(3.01)	(29.4)

Revenue from **Bulking Division** of RM30.77 million was higher by RM10.47 million as compared to the preceding quarter mainly contributed by sales of PME products from our re-commissioning of biodiesel operation in the current quarter. However, the division's PBT has recorded a decrease by RM3.01 million to RM7.23 million as compared to the preceding quarter, due to pre-tax losses recorded by the biodiesel segment, which is in the process of optimising its biodiesel plant.

**Food Division**

(RM Million)	<b>QTR 2</b> <b>FY 2020</b>	<b>QTR 1</b> <b>FY 2020</b>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
PNG	35.92	33.82	2.10	6.2
Malaysia	1.58	1.45	0.13	9.0
	<u>37.50</u>	<u>35.27</u>	<u>2.23</u>	<u>6.3</u>
Profit before tax	4.11	4.39	(0.28)	(6.4)

Revenue from **Food Division** has increased by RM2.23 million or 6.3% to RM37.50 million as compared to the preceding quarter mainly due to higher sales volume of tuna products. Despite of this, the division recorded a marginal decrease in PBT by RM0.28 million or 6.4% as compared to preceding quarter.

**B3. Prospects**

**Manufacturing Division** - The division will continue its concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products.

**Plantation Division** - The overall performance of the oil palm production and processing is very much influenced by the direction of palm oil prices and our estates' yield. Nevertheless, we will remain focused in improving our efficiency and productivity in oil palm plantation operation and optimising production cost.

**Bulking Division** - The demand for storage is expected to be satisfactory. The division is looking at securing more long term contracts with customers as well as handling higher margin products.

The demand for biodiesel is expected to improve in anticipation of higher biodiesel mandates in Malaysia, but may be moderated by domestic competition. The division is looking to secure more long term contract with local and global customers, improve efficiency and optimization of its biodiesel plant.

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**
**B3. Prospects (cont'd.)**

**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 and currency fluctuation. The division will continue to 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 30-9-2019 RM'000	Current year to date 30-9-2019 RM'000
Current taxation	6,535	10,712

The effective tax rate on the Group's profit to date is higher than the statutory tax rate mainly due to under provision in prior year tax expense.

**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 30-9-2019 RM'000	As at 31-3-2019 RM'000
<b>Secured:</b>		
<b>Non-current</b>		
Obligations under finance leases*	14,542	14,868
Obligations under operating leases	22,081	-
	<u>36,623</u>	<u>14,868</u>
<b>Current</b>		
Obligations under finance leases*	643	643
Obligations under operating leases	6,378	-
Bankers' acceptance	3,218	4,506
Short term revolving credit	30,000	30,000
	<u>40,239</u>	<u>35,149</u>
	<u>76,862</u>	<u>50,017</u>



**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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**B9. Borrowings and debt securities (cont'd.)**

\* 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. Changes in material litigations**

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

- (i) On 30 July 2018, a subsidiary, Fima Corporation Berhad ("FimaCorp") announced that its wholly owned subsidiary, Percetakan Keselamatan Nasional Sdn. Bhd. ("the Plaintiff"), has on the same day, commenced a High Court action against Datasonic Technologies Sdn. Bhd. ("the Defendant").

The claim is for a sum of RM24,975,000.00 (excluding interest and cost) ("Outstanding Amount"), being the amount due and owing by the Defendant to the Plaintiff for 1.5 million Malaysian passport booklets which were supplied by the Plaintiff to the Defendant.

At the request of the Defendant during the case management on 3 October 2018, the Plaintiff agreed to attempt mediation with the aim of arriving at an amicable resolution. The mediation took place on 17 October 2018, 19 October 2018 and 1 March 2019. However, the parties could not reach a resolution.

The next case management has been fixed for 26 November 2019. The matter has been fixed for trial from 21 January 2020 until 24 January 2020.

This civil suit is not expected to give significant impact on the financial and operational position of the Company.

- (ii) On 21 October 2016, 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 forestry 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 intervener, 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 an appeal to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the decision of the State Administrative Court.

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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**B10. Changes in material litigations (cont'd.)**

The Pengadilan Tinggi Tata Usaha Negara Jakarta vide its written decision dated 11 December 2017 (which was received by the Company's solicitors on 2 January 2018 and subsequently forwarded to FimaCorp on 3 January 2018):

- (a) has partly allowed PTNJL's appeal against the State Administrative Court's decision, with costs;
- (b) has declared that the Ministerial Order revoking PTNJL's HGU to be void, save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares; and
- (c) has ordered the Defendant to revoke the Ministerial Order save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares.

Pursuant to Pengadilan Tinggi Tata Usaha Negara Jakarta's decision dated 11 December 2017, PTNJL has filed its statement of appeal on 10 January 2018 and appeal on 23 January 2018 to the Mahkamah Agung Republik Indonesia ("Mahkamah Agung") in respect of the decision of the Pengadilan Tinggi Tata Usaha Negara Jakarta.

Mahkamah Agung, vide its written decision dated 21 August 2018, has allowed PTNJL's appeal and ruled that the Ministerial Order revoking PTNJL's HGU be annulled. The Mahkamah Agung also ordered the Defendant, to simultaneously:

- (a) issue an order cancelling PTNJL's HGU rights over the areas overlapping with third party interests measuring 3,500 hectares; and
- (b) issue a new HGU certificate in favour of PTNJL for an area measuring 16,474.130 hectares, (which is 19,974.130 hectares less the 3,500 hectares referred to in paragraph (a) above).

PTNJL is currently taking the necessary legal steps to enforce the court's decision.

The amount of write back relating to the impairment of property, plant and equipment previously affected by the Ministerial Order is RM23,631,000 and reflected in the previous financial year.

On 20 February 2019, FimaCorp announced that PTNJL has received notice that the Defendant has filed an application for judicial review together with its judicial review memorandum at the Mahkamah Agung on 8 February 2019. The Defendant is seeking to set aside the Mahkamah Agung's written decision dated 21 August 2018 on grounds that the court had among others misapplied the law to the relevant facts in arriving at the decision. PTNJL has on 18 March 2019 filed a counter memorandum at the Mahkamah Agung in response to the said application.

Under Indonesian laws and regulations, commencement of judicial review proceedings does not prevent the implementation of the Mahkamah Agung's written decision as aforesaid.

- (iii) 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 to the High Court for a full trial. There has been no development since 27 September 2011.

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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**B11. Dividend**

For the current quarter under review, no dividend has been proposed and declared (preceding year corresponding period: nil).

**B12. Earnings per share**

The basic earnings per share are calculated as follows:

	Quarter ended		Cumulative quarter ended	
	30-9-2019	30-9-2018	30-9-2019	30-9-2018
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	10,111	32,045	20,223	42,383
Weighted average number of ordinary shares in issues ('000)	281,365	281,762	281,365	281,762
Basic/diluted earnings per share (sen)	3.59	11.37	7.19	15.04

**By order of the Board**

**FADZIL BIN AZAHA (MIA20995)**  
**JASMIN BINTI HOOD (LS0009071)**  
 Company Secretaries

**Kuala Lumpur**  
**Dated : 26 November 2019**