



KUMPULAN FIMA BERHAD (197201000167)(11817-V)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Third Quarter Ended
31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current quarter		9 months cumulative	
		Current year quarter 31-12-2019	Preceding year corresponding quarter 31-12-2018	Current year to date 31-12-2019	Preceding year corresponding period 31-12-2018
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	135,745	105,340	379,135	334,398
Cost of sales		(97,756)	(55,240)	(253,061)	(194,785)
Gross profit		37,989	50,100	126,074	139,613
Other income		4,236	2,424	9,127	6,730
Other items of expense					
Administrative expenses		(21,607)	(16,882)	(60,240)	(49,927)
Selling and marketing expenses		(2,261)	(2,092)	(6,374)	(5,185)
Other operating (expenses)/income		(3,941)	(5,917)	(19,867)	9,651
		(27,809)	(24,891)	(86,481)	(45,461)
Finance costs		(855)	(518)	(2,575)	(1,372)
Share of results of associates		579	134	1,592	10
Profit before tax	A9/A10	14,140	27,249	47,737	99,520
Income tax expense	B5	(4,596)	(8,040)	(15,308)	(18,972)
Profit net of tax		9,544	19,209	32,429	80,548
Other comprehensive income					
Foreign currency translation differences for foreign operations		(1,976)	4,815	1,836	4,158
Total comprehensive income for the period		7,568	24,024	34,265	84,706
Profit attributable to :					
Equity holders of the Company		9,115	14,200	29,338	56,583
Non-controlling interests		429	5,009	3,091	23,965
Profit for the period		9,544	19,209	32,429	80,548
Total comprehensive income attributable to :					
Equity holders of the Company		7,181	18,172	30,650	60,104
Non-controlling interests		387	5,852	3,615	24,602
Total comprehensive income for the period		7,568	24,024	34,265	84,706
Earnings per share attributable to equity holders of the Company :					
Basic/diluted earnings per share (sen)	B12	3.24	5.04	10.43	20.09

(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 31 DECEMBER 2019

	As at 31-12-2019	As at 31-3-2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	553,487	548,078
Right-of-use assets	25,213	-
Investment properties	63,964	65,191
Investment in associates	32,866	31,274
Deferred tax assets	10,121	11,207
Goodwill on consolidation	12,710	12,710
	<u>698,361</u>	<u>668,460</u>
Current assets		
Inventories	106,372	104,669
Biological assets	4,998	4,504
Trade receivables	136,055	129,159
Other receivables	46,334	36,789
Short term cash investments	184,408	148,122
Cash and bank balances	97,828	142,196
	<u>575,995</u>	<u>565,439</u>
TOTAL ASSETS	<u>1,274,356</u>	<u>1,233,899</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	311,670	311,670
Treasury shares	(2,286)	(1,143)
Other reserves	60,375	59,063
Retained earnings	437,605	433,562
	<u>807,364</u>	<u>803,152</u>
Non-controlling interests	244,847	253,807
Total equity	<u>1,052,211</u>	<u>1,056,959</u>
Non-current liabilities		
Lease obligations	36,021	14,868
Retirement benefit obligations	1,855	1,831
Deferred tax liabilities	41,998	42,031
	<u>79,874</u>	<u>58,730</u>
Current liabilities		
Lease obligations	4,812	643
Short term borrowings	37,325	34,506
Trade and other payables	81,961	64,360
Provisions	9,833	11,312
Tax payable	8,340	7,389
	<u>142,271</u>	<u>118,210</u>
Total liabilities	<u>222,145</u>	<u>176,940</u>
TOTAL EQUITY AND LIABILITIES	<u>1,274,356</u>	<u>1,233,899</u>
Net assets per share (RM)	<u>2.86</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 THIRD QUARTER ENDED 31 DECEMBER 2019**

Group	Attributable to equity holders of the Company										
	Non-distributable							Distributable			
	Share capital	Treasury shares	Other reserves	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiary	Foreign exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	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	-	-	1,312	-	-	-	1,312	29,338	30,650	3,615	34,265
Transactions with owners											
Dividend	-	-	-	-	-	-	-	(25,295)	(25,295)	-	(25,295)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(11,560)	(11,560)
Purchase of treasury shares	-	(1,143)	-	-	-	-	-	-	(1,143)	(1,015)	(2,158)
Total transaction with owners	-	(1,143)	-	-	-	-	-	(25,295)	(26,438)	(12,575)	(39,013)
At 31 December 2019	311,670	(2,286)	60,375	-	437	66,459	(6,521)	437,605	807,364	244,847	1,052,211
At 1 April 2018	311,670	(440)	44,858	-	437	66,459	(29,128)	398,993	755,081	244,844	999,925
Total comprehensive income for the period	-	-	3,521	-	-	-	3,521	56,583	60,104	24,602	84,706
Transactions with owners											
Dividend	-	-	-	-	-	-	-	(25,353)	(25,353)	-	(25,353)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(11,643)	(11,643)
Purchase of treasury shares	-	(566)	-	-	-	-	-	-	(566)	(1,419)	(1,985)
Total transaction with owners	-	(566)	-	-	-	-	-	(25,353)	(25,919)	(13,062)	(38,981)
At 31 December 2018	311,670	(1,006)	48,379	-	437	66,459	(25,607)	430,223	789,266	256,384	1,045,650

(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 THIRD QUARTER ENDED 31 DECEMBER 2019**

	← 9 months ended →	
	31-12-2019	31-12-2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	47,737	99,520
Adjustments for:		
Depreciation of investment properties	1,227	1,552
Depreciation for property, plant and equipment	18,964	16,301
Depreciation of right-of-use assets	8,456	-
Fair value changes on biological assets	(494)	1,356
Impairment loss on trade and other receivables	632	1,459
Interest expense	2,575	1,372
Interest income	(5,759)	(5,435)
Net provision for/(reversal of) retirement benefit obligation	50	(53)
Net reversal of provision for warranty	(1,479)	(1,482)
Net unrealised forex gain	(156)	(6,670)
Net gain on disposal of property, plant and equipment	(56)	-
Share of results of associates	(1,592)	(10)
Write down/(back) of inventories	796	(1,251)
Write back of impairment loss on property, plant and equipment	-	(23,631)
Operating profit before working capital changes	<u>70,901</u>	<u>83,028</u>
Increase in inventories	(2,499)	(47,061)
(Increase)/decrease in receivables	(17,073)	16,368
Increase in payables	<u>18,552</u>	<u>12,358</u>
Cash generated from operations	69,881	64,693
Interest paid	(2,575)	(1,372)
Taxes paid	(14,255)	(15,609)
Retirement benefits paid	(63)	-
Net cash generated from operating activities	<u>52,988</u>	<u>47,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	56	-
Purchase of property, plant and equipment	(24,373)	(33,235)
Net dividend received from an associated company	-	13,303
Acquisition of treasury shares	(1,143)	(566)
Interest income received	5,759	5,435
Net placement of short term cash investments	<u>(36,286)</u>	<u>(92,999)</u>
Net cash used in investing activities	<u>(55,987)</u>	<u>(108,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	2,819	4,797
Repayment of lease obligations	(8,347)	(573)
Dividend paid	(25,295)	(25,353)
Dividend paid by a subsidiary to non-controlling interests	<u>(11,560)</u>	<u>(11,643)</u>
Net cash used in financing activities	<u>(42,383)</u>	<u>(32,772)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,382)	(93,122)
EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	1,014	3,956
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	142,196	235,297
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>97,828</u>	<u>146,131</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	70,927	113,212
Fixed deposits with financial institutions	<u>26,901</u>	<u>32,919</u>
	<u>97,828</u>	<u>146,131</u>

(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

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:

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

In the 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 flows, 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:

Description	Effective for financial period beginning on or after
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(2).

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 211,800 of its issued ordinary shares from open market at an average price of RM1.61. The total transaction paid for the repurchase including transaction costs was RM349,000. Of the total 282,231,600 issued ordinary shares, 1,442,500 shares are held as treasury shares by the Company.

A8. Dividend paid

The following dividends were paid during the current and previous corresponding period:

		Cumulative quarter ended	
		31-12-2019	31-12-2018
Final dividend		RM'000	RM'000
2018	9.0% single-tier final dividend (paid on 5 October 2018)	-	25,353
2019	9.0% single-tier final dividend (paid on 7 October 2019)	25,295	-

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

	Quarter ended		9 months cumulative	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Revenue	RM'000	RM'000	RM'000	RM'000
Manufacturing*	33,453	34,561	99,672	101,857
Plantation	31,997	21,328	82,815	80,785
Bulking	31,191	22,243	82,261	59,262
Food	37,745	25,972	110,523	88,717
Others	2,354	3,637	11,294	11,890
	136,740	107,741	386,565	342,511
Eliminations	(995)	(2,401)	(7,430)	(8,113)
	135,745	105,340	379,135	334,398
Profit before tax				
Manufacturing*	4,155	9,594	17,379	24,484
Plantation	(1,711)	5,356	(4,735)	32,793
Bulking	10,434	12,795	27,901	32,635
Food	3,482	(1,162)	11,983	8,919
Others	(2,799)	532	(6,383)	679
	13,561	27,115	46,145	99,510
Associated companies	579	134	1,592	10
	14,140	27,249	47,737	99,520

* Production and trading of security documents.

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

	Quarter ended		9 months cumulative	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Revenue	RM'000	RM'000	RM'000	RM'000
Malaysia	75,026	66,282	214,302	190,097
Indonesia	25,239	17,179	66,054	68,548
Papua New Guinea	36,475	24,280	106,209	83,866
	136,740	107,741	386,565	342,511
Eliminations	(995)	(2,401)	(7,430)	(8,113)
	135,745	105,340	379,135	334,398
Profit before tax				
Malaysia	8,299	19,547	28,265	45,488
Indonesia	1,956	9,078	6,259	45,866
Papua New Guinea	3,306	(1,510)	11,621	8,156
	13,561	27,115	46,145	99,510
Associated companies	579	134	1,592	10
	14,140	27,249	47,737	99,520
	← 9 months cumulative →			
	Current year to date		Preceding year	
	31-12-2019		corresponding period	
	31-12-2018		31-12-2018	
Assets and liabilities	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,449,184	174,574	1,438,818	262,910
Indonesia	112,542	16,663	120,912	19,682
Papua New Guinea	177,166	96,160	160,761	67,624
	1,738,892	287,397	1,720,491	350,216
Eliminations	(464,536)	(65,252)	(481,234)	(158,186)
	1,274,356	222,145	1,239,257	192,030

A10. Profit before tax

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

	Quarter ended		9 months cumulative	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Other income	RM'000	RM'000	RM'000	RM'000
Interest income	1,426	1,480	5,759	5,435
Operating expenses				
Depreciation	10,273	4,721	28,647	17,853
Interest expense	855	518	2,575	1,372
Unrealised foreign exchange loss/(gain)	426	(1,745)	(156)	(6,670)
Realised forex exchange loss	508	1,009	98	2,184
(Writeback of)/impairment loss on trade and other receivables	(1,464)	1,338	632	1,459
Net gain on disposal of property, plant and equipment	-	-	(56)	-
Fair value changes on biological assets	267	112	(494)	1,356
Net provision for/(reversal of) retirement benefit obligations	11	(53)	50	(53)
Reversal of provision for warranty	(460)	(494)	(1,479)	(1,482)
Inventories written (back)/down	(142)	(163)	796	(1,251)
Write back of impairment loss on property, plant and equipment (Note B10(2))	-	-	-	(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 :

	Current year to date
	RM'000
Plant and machinery	11,351
Vehicles	1,669
Land and buildings	1,122
Equipment, furniture and fittings and motor vehicles	1,609
Bearer plants and infrastructure	8,105
Work in progress	517
	24,373

A16. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2019 were as follows:

	Current year to date
	RM'000
Property, plant and equipment - Approved and contracted for	7,370

A17. Related party transactions

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

	Current year to date
	RM'000
Rental expenses payable to a subsidiary	
- Fima Corporation Berhad	640
Advisory services rendered by corporate shareholder	
- BHR Enterprise Sdn. Bhd.	90
Transactions with subsidiaries	
- Fima Instanco Sdn. Bhd. - Rental income	135
Transactions with related parties*	
- PT Pohon Emas Lestari - Purchase of fresh fruit bunch	4,249
- Nationwide Express Courier Services Berhad - Delivery services	67
- Nationwide Express Courier Services Berhad - Rental income	<u>58</u>

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

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019
PART B - Bursa Securities Listing Requirements
B1. Review of performance
Group Performance

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	379.14	334.40	44.74	13.4
Profit before tax	47.74	99.52	(51.78)	(52.0)
Profit before tax and write back*	47.74	75.89	(28.15)	(37.1)

* The amount excludes 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(2).

Group revenue for the third quarter ended 31 December 2019 increased by 13.4% to RM379.14 million as compared to RM334.40 million recorded in the corresponding period last year. The increase of RM44.74 million was mainly attributed to the higher revenue generated by bulking, food and plantation division.

However, Group profit before tax ("PBT")(excludes write back) has decreased by RM28.15 million or 37.1% to RM47.74 million as compared to the same period last year.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	99.67	101.86	(2.19)	(2.2)
Profit before tax	17.38	24.48	(7.10)	(29.0)

Revenue from **Manufacturing Division** has recorded a marginal decrease by 2.2% to RM99.67 million from RM101.86 million last year. On the back of unfavourable sales mix coupled with higher inventories written down, the division's PBT decreased by RM7.10 million or 29.0% to RM17.38 million as compared to the same corresponding period last year.

Plantation Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
<u>Indonesia</u>				
- Crude palm oil (CPO)	66.05	58.92	7.13	12.1
- Crude palm kernel oil (CPKO)	-	9.63	(9.63)	(100.0)
<u>Malaysia</u>				
- Fresh fruit bunch (FFB)	14.55	9.54	5.01	52.5
- Pineapple	2.22	2.70	(0.48)	(17.8)
Total	82.82	80.79	2.03	2.5
(Loss)/Profit before tax	(4.74)	32.79	(37.53)	(114.5)
(Loss)/Profit before tax and write back*	(4.74)	9.16	(13.90)	(151.7)

* The amount excludes 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(2).

FFB produced (mt)	146,882	146,426	456	0.3
FFB yield/ha (mt)	12.02	15.33	(3.30)	(21.6)
Cost of FFB produced (RM/mt)	303.14	227.95	75.18	33.0
CPO produced (mt)	30,817	35,698	(4,881)	(13.7)
CPO extraction rate (%)	21.88	22.60	(0.72)	(3.2)

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019
B1. Review of performance (cont'd.)
Plantation Division (cont'd.)

	Current YTD	Previous YTD	Variance	%
Sales Quantity (mt)				
- CPO	32,978	29,998	2,980	9.9
- CPKO	-	3,065	(3,065)	(100.0)
Average CIF selling price, net of duty (RM/mt)				
- CPO	2,003	1,964	39	2.0
- CPKO	-	3,141	(3,141)	(100.0)
Palm profiles (ha)				
- Mature	12,215.6	9,552.5		
- Immature	2,198.0	4,590.5		
Total planted area	<u>14,413.6</u>	<u>14,143.0</u>		

Revenue from **Plantation Division** recorded a slight increase by 2.5% to RM82.82 million as compared to the same period last year, in line with higher mature area of plantation estates in Malaysia for the current period. Cost of FFB has gone up from RM228/mt to RM303/mt mainly due to lower yield from the newly matured palm. During the period, 2,663ha became newly matured. Despite this, the division PBT (excludes write back) has decreased by RM13.90 million as compared to last year, mainly attributable to lower yield, higher operational cost and no CPKO sales for the first three quarters.

Our plantation estates in Malaysia which are newly matured and still in the process of land development or palm planting registered a total pre-tax loss of RM9.42 million as compared to RM8.67 million pretax loss recorded in the corresponding period last year.

Bulking Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	82.26	59.26	23.00	38.8
Profit before tax	27.90	32.64	(4.74)	(14.5)

Bulking Division had recorded an increase of RM23.00 million or 38.8% in revenue to RM82.26 million as compared to last year. The increase was attributed to higher contribution by edible oil and industrial chemicals product as well as sales of palm methyl ester ("PME") from biodiesel operation. However, PBT had dropped by RM4.74 million to RM27.90 million as compared to the corresponding period last year, mainly contributed by pre-tax losses from biodiesel operation, which is in the process of optimising its biodiesel plant.

Food Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
Papua New Guinea (PNG)	106.21	83.87	22.34	26.6
Malaysia	4.31	4.85	(0.54)	(11.1)
	<u>110.52</u>	<u>88.72</u>	<u>21.80</u>	<u>24.6</u>
Profit before tax	11.98	8.92	3.06	34.3

Food Division's revenue had improved by RM21.80 million or 24.6% to RM110.52 million as compared to the previous financial period, mainly attributed to higher sales volume of tuna and mackerel products. In line with higher revenue, the division's PBT rose by RM3.06 million to RM11.98 million as compared to the same period last year.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019
B2. Comparison with preceding quarter's results
Group Performance

(RM Million)	QTR 3	QTR 2		
	FY 2020	FY 2020	Variance	%
Revenue	135.75	128.64	7.11	5.5
Profit before tax	14.14	18.15	(4.01)	(22.1)

The Group revenue increased by RM7.11 million to RM135.75 million as compared to the preceding quarter, as a result of higher revenue contribution by plantation, bulking and food division.

Despite of improvement in revenue, the Group PBT decreased by RM4.01 million to RM14.14 million as compared to RM18.15 million recorded in the preceding quarter.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	QTR 3	QTR 2		
	FY 2020	FY 2020	Variance	%
Revenue	33.45	36.04	(2.59)	(7.2)
Profit before tax	4.16	8.78	(4.62)	(52.6)

Manufacturing Division's revenue decreased by RM2.59 million or 7.2% to RM33.45 million as compared to the preceding quarter, mainly attributable to lower volume of certain confidential documents. On the back of lower revenue and unfavourable sales mix, PBT has also decreased to RM4.16 million in the current quarter.

Plantation Division

(RM Million)	QTR 3	QTR 2		
	FY 2020	FY 2020	Variance	%
Revenue				
<u>Indonesia</u>				
- CPO	25.24	17.15	8.09	47.2
<u>Malaysia</u>				
- Fresh fruit bunch	6.09	4.95	1.14	23.0
- Pineapple	0.67	0.93	(0.26)	(28.0)
Total	32.00	23.03	8.97	38.9
Loss before tax	(1.71)	(1.15)	(0.56)	(48.7)

CPO produced (mt)	10,035	10,533	(498)	(4.7)
Sales Quantity (mt)				
- CPO	11,909	9,032	2,877	31.9
Average CIF selling price, net of duty (RM/mt)				
- CPO	2,119	1,898	221	11.6

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019
B2. Comparison with preceding quarter's results (cont'd.)
Plantation Division (cont'd.)

Plantation Division's revenue for the quarter increased by RM8.97 million or 38.9%, as compared to the preceding quarter mainly due to higher sales volume and selling price of CPO. However, higher operating cost and provision for doubtful debts has contributed to pre-tax losses of RM1.71 million in the current quarter.

Bulking Division

(RM Million)	QTR 3	QTR 2		
	FY 2020	FY 2020	Variance	%
Revenue	31.19	30.77	0.42	1.4
Profit before tax	10.43	7.23	3.20	44.3

Bulking Division's revenue had recorded a slight increase by 1.4% to RM31.19 million as compared to the preceding quarter. On the back of higher revenue, PBT has recorded 44.3% increase or RM3.20 million to RM10.43 million as compared to the preceding quarter, mainly attributable to lower pre-tax losses recorded by the biodiesel segment, which is in the process of optimising its biodiesel plant.

Food Division

(RM Million)	QTR 3	QTR 2		
	FY 2020	FY 2020	Variance	%
Revenue				
PNG	36.48	35.92	0.56	1.6
Malaysia	1.27	1.58	(0.31)	(19.6)
	<u>37.75</u>	<u>37.50</u>	<u>0.25</u>	<u>0.7</u>
Profit before tax	3.48	4.11	(0.63)	(15.3)

Revenue from **Food Division** recorded an increase of 0.7% to RM37.75 million as compared to the preceding quarter, mainly due to higher sales volume of canned tuna products. However, a marginal decrease posted in Division's PBT by RM0.63 million to RM3.48 million, mainly attributable to the net forex losses of RM1.01 million recognised in current 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 THIRD QUARTER ENDED 31 DECEMBER 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.

The Coronavirus 2019 (Covid-19) is anticipated to have some impact to the Group operation. The management is currently assessing, monitoring and mitigating the impact of the outbreak and develop necessary action plans.

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 31-12-2019	Current year to date 31-12-2019
	RM'000	RM'000
Current taxation	4,596	15,308

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 31-12-2019 RM'000	As at 31-3-2019 RM'000
Secured:		
Non-current		
Obligations under finance leases*	14,383	14,868
Obligations under operating leases	21,638	-
	<u>36,021</u>	<u>14,868</u>
Current		
Obligations under finance leases*	643	643
Obligations under operating leases	4,169	-
Bankers' acceptance	2,325	4,506
Short term revolving credit	35,000	30,000
	<u>42,137</u>	<u>35,149</u>
	<u>78,158</u>	<u>50,017</u>

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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:

1. 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 6 April 2020. The matter has been fixed for trial on 13, 14, 27 and 28 August 2020.

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

2. (a) 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 THIRD QUARTER ENDED 31 DECEMBER 2019

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):

- (i) has partly allowed PTNJL's appeal against the State Administrative Court's decision, with costs;
- (ii) 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
- (iii) 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:

- (i) issue an order cancelling PTNJL's HGU rights over the areas overlapping with third party interests measuring 3,500 hectares; and
- (ii) 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).

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.

On 27 November 2019, FimaCorp announced that the judicial review application against PTNJL, was allowed by the Mahkamah Agung vide its written decision which was received by PTNJL's solicitors on 27 November 2019.

- (b) On 28 November 2019, PTNJL has filed a civil suit in the Pengadilan Negeri Jakarta Selatan against the Defendant and PT Adindo Hutani Lestari ("AHL") (collectively, "Defendants"). The President Republik Indonesia and Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia ("Menteri Kehutanan") have been named as co-defendants in the said suit.

PTNJL is seeking legal recognition of its rights over HGU; an injunction to:

- (i) order Badan Pertahanan Nasional and Menteri Kehutanan to issue permit, recommendation, or approval for PTNJL to undertake its plantation activities;
- (ii) bar AHL from preventing PTNJL from undertaking its plantation activities within the HGU areas which overlap with AHL's operating permits/interests; and
- (iii) restrain Menteri Kehutanan from issuing any new licences permits or approvals to any parties on or within the HGU.

PTNJL is also seeking an order from the court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian courts.

- (c) On 23 January 2020, PTNJL has filed an application at the Jakarta State Administrative Court (or Pengadilan Tata Usaha Negara Jakarta) for judicial review of the Mahkamah Agung's decision that was delivered to PTNJL on 27 November 2019 which ruled in favour of Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

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

3. 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.

B11. Dividend

For the current period 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	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	9,115	14,200	29,338	56,583
Weighted average number of ordinary shares in issues ('000)	281,210	281,677	281,210	281,677
Basic/diluted earnings per share (sen)	3.24	5.04	10.43	20.09

By order of the Board

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

Kuala Lumpur
Dated : 28 February 2020