

**KUMPULAN FIMA BERHAD**  
(Company No.:11817-V)  
(Incorporated in Malaysia)

**Condensed Consolidated Income Statements**  
**for the Third Quarter Ended 31 December 2005**  
**Except as disclosed otherwise, the figures have not been audited**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-12-2005 RM'000	31-12-2004 RM'000	31-12-2005 RM'000	31-12-2004 RM'000
Revenue	86,624	66,384	233,551	189,395
Other operating income	640	1,490	3,227	2,425
Operating expenses	(68,947)	(56,571)	(196,521)	(160,342)
<b>Profit from operations</b>	<b>18,317</b>	<b>11,303</b>	<b>40,257</b>	<b>31,478</b>
Finance costs	(1,236)	(2,345)	(3,956)	(7,428)
Foreign exchange gain	120	386	785	827
Share of profit of associated companies	1,184	3,477	3,997	8,723
<b>Exceptional items :</b>				
Net gain on disposal of an associated company	-	50,302	-	50,302
<b>Profit before tax</b>	<b>18,385</b>	<b>63,123</b>	<b>41,083</b>	<b>83,902</b>
Taxation	(5,204)	(4,043)	(10,956)	(10,252)
<b>Profit after tax</b>	<b>13,181</b>	<b>59,080</b>	<b>30,127</b>	<b>73,650</b>
Minority interest	(4,503)	(2,514)	(9,572)	(6,905)
<b>Net profit for the period</b>	<b>8,678</b>	<b>56,566</b>	<b>20,555</b>	<b>66,745</b>
<b><u>Earnings Per Share:</u></b>				
Basic (sen)	3.30	21.49	7.81	25.36

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheets as at 31 December 2005****Except as disclosed otherwise, the figures have not been audited**

	As At End Of Current Quarter 31-12-2005	As At Preceding Financial Year Ended 31-03-2005
	RM'000	RM'000
Property, plant and equipment	249,172	257,713
Plantation development expenditure	7,985	7,492
Investment in associated companies	24,539	21,740
Other investments	53	54
Deferred tax assets	3,621	3,621
Net goodwill on consolidation	374	414
	<u>285,744</u>	<u>291,034</u>
<b>Current Assets</b>		
Inventories	40,318	41,996
Trade receivables	72,623	41,392
Other receivables	19,446	7,959
Cash and bank balances	60,358	80,796
	<u>192,745</u>	<u>172,143</u>
<b>Current Liabilities</b>		
Short term borrowings	18,360	20,554
Trade payables	38,381	29,771
Other payables	17,904	27,084
Taxation	10,686	3,229
	<u>85,331</u>	<u>80,638</u>
Net Current Assets	<u>107,414</u>	<u>91,505</u>
	<u>393,158</u>	<u>382,539</u>
<b>Represented by:</b>		
Share capital	263,160	263,160
Reserves	(17,583)	(34,367)
Shareholders' equity	<u>245,577</u>	<u>228,793</u>
Minority interests	69,483	61,691
Long term liabilities		
Long term borrowings	52,817	66,189
Retirement benefit obligations	3,549	3,885
Deferred tax liabilities	21,732	21,981
	<u>393,158</u>	<u>382,539</u>
<b>Net Assets Per Share (RM)</b>	<u>1.20</u>	<u>1.10</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2005 and the accompanying explanatory notes attached to the interim statements. 2

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Changes in Equity**  
**for the Third Quarter Ended 31 December 2005**  
**Except as disclosed otherwise, the figures have not been audited**

**2005/6**

Non-distributable

	Share capital	Share premium	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiaries	Foreign exchange reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
At 1-4-2005	263,160	12,161	60,224	437	26,758	15,309	(149,256)	228,793
Translation gain	-	-	-	-	-	50	-	50
Impairment of land	-	-	(1,926)	-	-	-	-	(1,926)
Net gain not recognised in income statement	-	-	(1,926)	-	-	50	-	(1,876)
Net profit for the period	-	-	-	-	-	-	20,555	20,555
Dividend	-	-	-	-	-	-	(1,895)	(1,895)
At 31-12-2005	263,160	12,161	58,298	437	26,758	15,359	(130,596)	245,577

**2004/5**

Non-distributable

	Share capital	Share premium	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiaries	Foreign exchange reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
At 1-4-2004	263,160	12,161	48,931	437	26,758	15,056	(221,435)	145,068
Translation gain	-	-	-	-	-	218	-	218
Net gain not recognised in income statement	-	-	-	-	-	218	-	218
Net profit for the period	-	-	-	-	-	-	66,745	66,745
At 31-12-2004	263,160	12,161	48,931	437	26,758	15,274	(154,690)	212,031

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2005 and the accompanying explanatory notes attached to the interim financial statements.

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statements for the Third Quarter Ended 31 December 2005****Except as disclosed otherwise, the figures have not been audited**

	← 9 Months Ended →	
	31-12-2005	31-12-2004
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	41,083	83,902
Adjustment for:		
Non-cash items	9,721	10,922
Non-operating items	-	(50,302)
Operating profit before working capital changes	50,804	44,522
Decrease/(Increase) in inventories	1,948	(7,737)
Increase in receivables	(36,723)	(20,039)
(Decrease)/Increase in payables	(1,722)	7,881
Cash generated from operations	14,307	24,627
Interest paid	(3,963)	(7,428)
Taxes paid	(8,189)	(7,024)
Net cash generated from operating activities	2,155	10,175
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Plantation development expenditure	(1,544)	(1,154)
Proceeds from disposal of property, plant and equipment	281	937
Proceeds from disposal of an associated company	-	95,785
Proceeds from disposal of quoted investment	16	-
Purchase of property, plant and equipment	(3,901)	(5,382)
Purchase of additional shares in a subsidiary	(900)	-
Net dividend received from an associated company	766	2,861
Interest received	1,031	806
Net cash (used in)/generated from investing activities	(4,251)	93,853
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(16,000)	(96,800)
Net drawdown of short term borrowings	1,123	120
Proceeds from issuance of ordinary shares (ESOS) by a subsidiary	1,510	1,567
Acquisition of treasury shares by a subsidiary	(381)	(633)
Dividend paid to shareholders of the Company and minority shareholders of a subsidiary	(3,905)	(2,264)
Decrease in deposits on lien	1,135	-
Net cash used in financing activities	(16,518)	(98,010)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(18,614)	6,018
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	66,987	48,854
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	48,373	54,872
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash in hand and at bank	8,130	12,065
Fixed deposit with financial institutions *	46,729	50,244
Secured and unsecured bank overdrafts	(6,486)	(7,437)
	48,373	54,872
<b>* Fixed deposit with financial institutions comprise:</b>		
Fixed deposit with financial institutions	52,228	52,868
less : Deposit on lien	(5,499)	(2,624)
	46,729	50,244

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 March 2005 and the accompanying explanatory notes attached to the interim financial statements.

- PART A - requirement of FRS 134
- PART B - requirement of Bursa Securities Listing Requirements

#### **PART A-MASB**

##### **A1. Accounting policies**

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 Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2005.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 March 2005.

##### **A2. Qualification of financial statements**

The financial statements of the Group were not subject to any audit qualification for the financial year ended 31 March 2005.

##### **A3. Seasonal and cyclical factors**

The results of the Group have not been affected by seasonal or cyclical factors, except for the manufacturing segment.

##### **A4. Unusual items affecting the financial statements**

There were no unusual items affecting the financial statements of the Group for the current quarter.

##### **A5. Changes in estimates**

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

##### **A6. Issuances, cancellation, repurchases, resale and repayment of debts and equity securities**

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

**A7. Dividend paid**

There were no dividend paid during the current quarter.

**A8. Segmental revenue and results for business segments**

By industry segments.

Segments	← 31-12-2005 →		
	Revenue	Profit Before tax	Total Assets Employed
	RM'000	RM'000	RM'000
Manufacturing*	121,894	30,669	198,254
Bulking	23,592	7,405	163,341
Agrobased	86,562	2,512	115,482
Trading	17,990	3,130	16,932
Others	17,891	9,409	205,179
	<u>267,929</u>	<u>53,125</u>	<u>699,188</u>
Associated companies	-	3,997	24,539
	<u>267,929</u>	<u>57,122</u>	<u>723,727</u>
Consolidation adjustments	<u>(34,378)</u>	<u>(16,039)</u>	<u>(245,238)</u>
Group results	<u>233,551</u>	<u>41,083</u>	<u>478,489</u>

\* Production and trading of security documents and property management.

**A9. Valuation of property, plant and equipment**

The valuations of land and buildings have been brought forward without any adjustments from the financial statements for the year ended 31 March 2005.

**A10. Subsequent material events**

FCB Management Sdn Bhd ("FCBMSB"), a wholly owned subsidiary of Fima Corporation Berhad ("FCB"), which in turn is a subsidiary of Kumpulan Fima Berhad ("KFima"), had on 27 January 2006 entered into a sale and purchase agreement with Datuk Andi Yakin bin Mapasere to acquire 32.5% equity interest in PT Nunukan Jaya Lestari ("NJL") for a total cash consideration of RM13.00 million. FCB had announced the proposed acquisition on 27 January 2006.

NJL is a limited company established in Indonesia on 31 May 2001 and is currently in the business of oil palm plantation and processing. The plantation is situated in Nunukan, Seimenggaris Estate, East Kalimantan comprising of 18,000 hectares of Hak Guna Usaha (HGU land rights for business utilisation) with 6,200 hectares fully planted plus a 45 tonne per hour mill.

The proposed acquisition is conditional upon inter-alia, FCBMSB being satisfied with the results of an investigation or report which shall be carried out by FCBMSB within two (2) months from the date of the agreement entered into between FCBMSB and the vendor. The approval from the shareholders of FCB for the proposed acquisition is not required.

Barring any unforeseen circumstances, the proposed acquisition is not expected to have any material effect on the earnings of the FCB Group and KFima Group for the current financial year ending 31 March 2006. The proposed acquisition is projected to contribute positively towards the future earnings of the FCB Group and KFima Group.

**A11. Inventories**

There were no material write-off or write back of inventories for the quarter ended 31 December 2005.

**A12. Changes in the composition of the Group**

A formerly wholly owned subsidiary of Kumpulan Fima Berhad ("KFima"), Niagasoft Sdn Bhd (formerly known as Fima Properties Sdn Bhd) had on 30 December 2005 increased its paid-up capital from RM2.00 to RM10,000 by issuing 9,998 new shares of RM1.00 each. KFima subscribed for 2,998 of the new said shares resulting in the dilution of its shareholding from 100% to 30%.

**A13. Changes in contingent liabilities and assets**

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

**A14. Significant acquisition of property, plant and equipment**

As at end of the current quarter, the Group's significant acquisitions of property, plant and equipment are as follows :

	Current Year To date <u>RM'000</u>
Plant and machinery	804
Motor Vehicles	714
Storage tank and pipelines	283
Office Equipment, furniture, fittings and computers	<u>1,311</u>
	<u><u>3,112</u></u>

**A15. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 31 December 2005 is as follows :

	Current Year To date
	RM'000
Property, plant and equipment	
Approved and contracted for	17,757
Approved but not contracted for	17,413
	<u>35,170</u>

**A16. Related party transactions**

The Group's material related party transactions at the end of current quarter are as follows:

KFB and its subsidiaries	Transaction parties	Relationship	Nature of transactions	RM'000
Kumpulan Fima Berhad	Jerneh Insurance Berhad	Common Shareholders/ Director	Purchase made - Insurance services	(36)
Fima Corporation Berhad	Nationwide Express Courier Services Bhd	Common Shareholders	Purchase made - delivery services	(102)
	Nationwide Express Courier Services Bhd	Common Shareholders	Purchase made - forwarding services	(61)
Fima-TLP Feedlot Sdn Bhd	Lee Pineapple Co. Pte. Ltd	Shareholder of Fima-TLP Feedlot Sdn Bhd	Purchase of cattle feeds	(148)



## **PART B-BURSA SECURITIES**

### **B1. Review of performance**

The Group's revenue for the nine months ended 31 December 2005 recorded an improvement of RM44.16 million or 23.3% to RM233.55 million from RM189.39 million in the same period last year. The improvement was mainly attributable to increase in demand of security and confidential documents in the manufacturing segment.

The Group's profit before taxation and minority interest improved from preceding year of RM33.60 million (excluding net gain arising from disposal of an associated company of RM50.30 million) to RM41.08 million.

### **B2. Comparison with preceding quarter's results**

The Group's profit before taxation for the current quarter of RM18.39 million is higher by RM5.33 million from RM13.06 million recorded in the preceding quarter. This is mainly due to higher profit contributed by manufacturing segment in line with the cyclical nature of some of its businesses.

### **B3. Prospects**

Barring unforeseen circumstances, the Directors expect the performance of the Group to remain satisfactory for the financial year ending 31 March 2006.

### **B4. Explanatory notes on variances with profit forecasts or profit guarantee**

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

### **B5. Taxation**

Taxation comprises the following:

	Current period	
	Quarter RM'000	To-date RM'000
Income tax	5,060	10,520
Share of taxation of associated companies	144	436
	<u>5,204</u>	<u>10,956</u>

Note :

The effective tax rate is lower than statutory tax rate due to certain subsidiaries having unabsorbed tax losses and a pioneer status of an associated company.

### **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 except as disclosed below :

Disposal of quoted securities :

	Current year To-date RM'000
Sales proceed	<u>16</u>
Cost of investment	<u>1</u>
Gain on disposal	<u>15</u>

Investment in quoted shares as at 31 December 2005 is as follows:

	Current year To-date RM'000
At cost	<u>20</u>
At net book value	<u>20</u>
At market value	<u>20</u>

**B8. Corporate proposals**

There were no corporate proposals undertaken during the period under review except as disclosed in para A10 above.

**B9. Borrowings and debt securities**

	Current year To-date RM'000
<b>Secured:</b>	
Current	18,360
Non-current	<u>52,817</u>
	<u>71,177</u>

**B10. Off balance sheet financial instruments**

The Group is not party to any financial instruments which may have off balance sheet risk at the date of this report.

#### **B11. Change in material litigations**

Pending material litigations since 30 September 2005 are as follows:

- (a) The Company and a subsidiary, FCB Business Centre Sdn Bhd ("Plaintiffs") had jointly claimed against a third party, ("Defendant") demanding arrears of rental and other expenses amounting to RM1.70 million. The Defendant filed their Statement of Defence denying the demand and counter claimed for over payment of RM2.06 million.

The High Court allowed the Plaintiffs' claim for the sum of RM1.18 million on 7 February 2003. The High Court also ordered that the remaining claim of RM0.52 million be proceeded with full trial. On 1 December 2003, the Defendant filed into Court the Record of Appeal and the Affidavit in support.

The matter came up for mention on 9 December 2005 and had been fixed for mention on 17 March 2006 pending the Defendant's appeal against the Judgment obtained on 7 February 2003 to be heard in the Court of Appeal. The solicitors are of the opinion that the Plaintiffs would succeed in the appeal.

- (b) Following the termination of the Tenancy Agreement by Malaysia Airports Holdings Berhad ("Plaintiff") on 11 May 2000, Fima Corporation Berhad ("FCB") as the Principal Tenant issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex.

The Plaintiff, i.e. the sub-tenant claimed against FCB a compensation sum of RM2.12 million being their renovation costs and general damages. The Board of FCB sought the advice from the solicitors who were of the opinion that no compensation should be payable to the Plaintiff as the demised premise was acquired by a relevant authority and FCB would succeed in dismissing the Plaintiff's claim.

The matter has been fixed for mention on 4 February 2004 and the Court had directed the Plaintiff to file the Notice of Pre-Trial Case Management in order to continue the proceeding. The matter had been fixed for Case Management on 2 December 2005. However, the case management was postponed to 13 December 2005 when the Court had fixed the Trial dates on 15, 16 and 17 October 2007.

- (c) Federal Flour Mills Bhd ("FFM") obtained an arbitration award against Fima Palmbulk Services Sdn Bhd ("Fima Palmbulk") on 8 October 1999 for the sum of RM1,622,250.00 being the price of Crude Palm Oil ("CPO") stored with Fima Palmbulk which was alleged to have been contaminated. During the arbitration proceedings, Fima Palmbulk in its defence claimed that the CPO was within the parameters of Commodity and Monetary Exchange of Malaysia (COMMEX) and counterclaimed for the storage fees of RM84,000.00 from FFM.

Fima Palmbulk applied to the High Court to set aside the award. The High Court had allowed Fima Palmbulk's application and ordered the CPO to be sold and a sum of RM84,000.00 from the sale was paid to Fima Palmbulk as storage charges.

FFM appealed to the Court of Appeal which allowed its appeal to enforce the arbitration award. Fima Palmbulk appealed to the Federal Court on 28 February 2005 and the solicitors advised that Fima Palmbulk has a fair chance to succeed in its appeal.

Fima Palmbulk's Solicitors had filed facts and issue of the case on 13 January 2006 and the Federal Court has yet to fix the date for Hearing of Fima Palmbulk's Notice to appeal to the Federal Court.

- (d) The Company was served with a Writ of Summons together with a statement of Claim on 29 September 2005 by the ex-employees of the Company. The ex-employees claimed for an alleged sum of RM1,726,656.00 together with 8% interest per annum under the Company's Employment Benefit Scheme pursuant to the Trust Deed dated 16 June 1992.

The Company has appointed Messrs. Gideon Tan Razali Zaini who had entered appearance on the Company's behalf on 7 October 2005 to defend the case.

The Hearing for the Company's application for leave to file defence had been fixed on 17 February 2006.

On 17 February 2006, the High Court had allowed the Company's application of the above and the solicitors will file the Company's defence within 14 days from the date hereof i.e. 3 March 2006.

#### **B12. Dividends**

The Directors of the Company do not recommend any interim dividend during the current quarter.

#### **B13. Earnings per share**

The basic earnings per share are calculated as follows:

	Individual Quarter		Cumulative Quarter	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
Net profit attributable to shareholders (RM'000)	8,678	56,566	20,555	66,745
Number of ordinary shares in issue ('000)	263,160	263,160	263,160	263,160
Earnings per share (sen)	<u>3.30</u>	<u>21.49</u>	<u>7.81</u>	<u>25.36</u>

**By order of the Board**

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

**NASLIZA MOHD NASIR (LS 08653)**

Company Secretaries

**Kuala Lumpur**

**Dated : 22 February 2006**