

KUMPULAN FIMA BERHAD

(Company No.:11817-V)

(Incorporated in Malaysia)

Condensed Consolidated Income Statements
For the Second Quarter Ended 30 September 2006
Except as disclosed otherwise, the figures have not been audited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-09-2006	Preceding Year Corresponding Quarter 30-09-2005	Current Year To Date 30-09-2006	Preceding Year Corresponding Period 30-09-2005
		RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Revenue	A9	75,748	77,334	143,157	146,927
Cost of sales		(50,015)	(52,899)	(95,064)	(102,439)
Gross profit		25,733	24,435	48,093	44,488
Other income		1,758	1,241	2,430	2,587
Administrative expenses		(10,663)	(9,728)	(19,890)	(18,829)
Selling and marketing expenses		(1,267)	(1,240)	(2,423)	(2,408)
Other expenses		(909)	(2,321)	(2,556)	(3,898)
		(12,839)	(13,289)	(24,869)	(25,135)
Finance cost		(763)	(1,029)	(1,606)	(2,055)
Share of profit of associates		531	1,561	1,205	2,521
Profit before tax	A9	14,420	12,919	25,253	22,406
Income tax expense	B5	(4,272)	(2,923)	(7,546)	(5,460)
Profit for the period		10,148	9,996	17,707	16,946
Attributable to :					
Equity holders of the parent		6,585	7,085	11,556	11,877
Minority interests		3,563	2,911	6,151	5,069
		10,148	9,996	17,707	16,946
Earnings per share attributable to equity holders of the parent:					
Basic earnings per share (sen)		2.50	2.69	4.39	4.51

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

KUMPULAN FIMA BERHAD(Company No.:11817-V)
(Incorporated in Malaysia)**Condensed Consolidated Balance Sheets as at 30 September 2006**
Except as disclosed otherwise, the figures have not been audited

	Note	As At End Of Current Quarter 30-09-2006	As At Preceding Financial Year Ended 31-03-2006 (Audited)
		RM'000	RM'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	A2 (d)	177,205	184,850
Investment properties	A2 (d)	70,693	71,539
Plantation development expenditure		4,527	4,495
Investment in associated companies		36,575	25,918
Other investments		31	31
Deferred tax assets		1,107	1,107
Goodwill on consolidation	A2 (d)	10,069	10,224
		<u>300,207</u>	<u>298,164</u>
Current Assets			
Inventories		51,565	37,727
Trade receivables		47,033	58,889
Other receivables		20,830	12,968
Cash and bank balances		82,753	66,505
		<u>202,181</u>	<u>176,089</u>
TOTAL ASSETS		<u>502,388</u>	<u>474,253</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		263,160	263,160
Reserves		13,483	1,184
		<u>276,643</u>	<u>264,344</u>
Minority interests		74,194	69,597
Total equity		<u>350,837</u>	<u>333,941</u>
Non-current liabilities			
Long term borrowings		37,475	45,670
Retirement benefit obligations		3,070	3,528
Deferred tax liabilities		19,388	19,508
		<u>59,933</u>	<u>68,706</u>
Current Liabilities			
Short term borrowings		21,289	15,506
Trade payables		38,319	33,501
Other payables		21,139	18,338
Taxation		10,871	4,261
		<u>91,618</u>	<u>71,606</u>
Total liabilities		<u>151,551</u>	<u>140,312</u>
TOTAL EQUITY AND LIABILITIES		<u>502,388</u>	<u>474,253</u>
Net assets per share (RM)		<u>1.05</u>	<u>1.00</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim statements.

KUMPULAN FIMA BERHAD

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Changes in Equity
For the Second Quarter Ended 30 September 2006
Except as disclosed otherwise, the figures have not been audited**

	←-----→									
	←-----→					←-----→				
	<i>Attributable to Equity Holders of the Parent</i>									
	<i>Non-distributable</i>									
	Share capital	Share premium	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiaries	Foreign exchange reserve	Accumulated losses	Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
At 1-4-2006										
As previously stated	263,160	12,161	52,279	437	26,758	12,205	(112,563)	254,437	69,597	324,034
Prior year adjustment - effect of adopting FRS 3	-	-	-	-	-	-	9,907	9,907	-	9,907
At 1-4-2006 (restated)	263,160	12,161	52,279	437	26,758	12,205	(102,656)	264,344	69,597	333,941
Translation gain	-	-	-	-	-	623	-	623	-	623
Net profit for the period	-	-	-	-	-	-	11,556	11,556	6,151	17,707
Transfer from revaluation reserve	-	-	(2,280)	-	-	-	2,400	120	-	120
Dividend	-	-	-	-	-	-	-	-	(1,849)	(1,849)
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	295	295
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	-	-
At 30-9-2006	263,160	12,161	49,999	437	26,758	12,828	(88,700)	276,643	74,194	350,837
	Share capital	Share premium	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiaries	Foreign exchange reserve	Accumulated losses	Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
At 1-4-2005	263,160	12,161	60,224	437	26,758	15,309	(149,256)	228,793	61,691	290,484
Translation gain	-	-	-	-	-	169	-	169	-	169
Net profit for the year	-	-	-	-	-	-	11,877	11,877	5,069	16,946
Dividend	-	-	-	-	-	-	(1,895)	(1,895)	(2,009)	(3,904)
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	1,009	1,009
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	(361)	(361)
At 30-9-2005	263,160	12,161	60,224	437	26,758	15,478	(137,379)	240,839	65,399	308,247

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2006 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 Second Quarter Ended 30 September 2006

Except as disclosed otherwise, the figures have not been audited

	← To Date →	
	30-09-2006	30-09-2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,253	22,406
Adjustment for:		
Non-cash items	7,125	5,867
Operating profit before working capital changes	32,378	28,273
Increase in inventories	(14,645)	(11,886)
Decrease/(increase) in receivables	4,359	(17,185)
Increase in payables	13,193	6,361
Cash generated from operations	35,285	5,563
Interest paid	(2,242)	(2,625)
Taxes paid	(6,520)	(3,659)
Retirement benefit paid	(475)	(702)
Net cash generated from/(used in) operating activities	26,048	(1,423)
CASH FLOWS FROM INVESTING ACTIVITIES		
Plantation development expenditure	(1,034)	(1,020)
Proceeds from disposal of property, plant and equipment	6,749	347
Purchase of property, plant and equipment	(2,963)	(3,514)
Purchase of additional shares in an associated company	(10,000)	-
Net dividend received from an associated company	548	766
Interest received	866	721
Net cash used in investing activities	(5,834)	(2,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(7,000)	(10,000)
Net drawdown/(repayment) of short term borrowings	4,794	(1,869)
Proceeds from issuance of ordinary shares (ESOS) by a subsidiary	295	1,009
Acquisition of treasury shares by a subsidiary	-	(361)
Dividend paid	-	(1,895)
Dividend paid to minority shareholders of a subsidiary	(1,849)	(2,009)
(Increase)/decrease in deposits on lien	(2,017)	2,184
Net cash used in financing activities	(5,777)	(12,941)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,437	(17,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	53,402	66,987
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	67,839	49,923
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash in hand and at bank	16,460	12,298
Fixed deposit with financial institutions *	59,770	47,776
Secured bank overdrafts	(8,391)	(10,151)
	67,839	49,923
* Fixed deposit with financial institutions comprise:		
Fixed deposits with financial institutions	66,293	52,228
less : Deposits on lien	(6,523)	(4,452)
	59,770	47,776

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006 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 2006. 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 2006.

A2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2006, except for the adoption of the following new and/or revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136 and 138 does not have any significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and/or revised FRSs are summarised below:

(a) FRS 3 : Business Combinations

The adoption of this new FRS has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed.

Prior to 1 April 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provision of FRS 3, however, have required the Group to eliminate at 1 April 2006 the carrying amount of the accumulated amortisation of RM15.15 million against the carrying amount of the goodwill. The carrying amount of the goodwill as at 1 April 2006 of RM10.22 million ceased to be amortised. This has the effect of reducing the amount of amortisation charges by RM0.315 million in the current quarter.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss.

Prior to 1 April 2006, negative goodwill was amortised on a straight-line basis over a period of 20 years. In accordance with the transitional provision fo FRS 3, the negative goodwill as at 1 April 2006 of RM9.91 million was derecognised with a corresponding increase in retained earnings.

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax result of associates and other disclosures. In the consolidated balance sheet, the minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(c) FRS 140: Investment Property

The adoption of the new FRS 140 requires properties which are held to earn rentals to be accounted for as investment properties.

The Group has adopted the cost model to measure its investment property of which the investment property is measured at depreciated cost less any accumulated impairment losses. The investment property previously classified under property, plant and equipment is now disclosed separately in the balance sheet.

(d) Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously Stated RM'000	Adjustment		Restated RM'000
		FRS 3 RM'000	FRS 140 RM'000	
At 31 March 2006				
Property, plant and equipment	256,389	-	(71,539)	184,850
Investment properties	-	-	71,539	71,539
Net goodwill on consolidation	317	9,907	-	10,224
Accumulated losses	(112,563)	9,907	-	(102,656)

A3. Auditors' Report on Preceding Annual Financial Statements.

The financial statements of the Group were not subject to any audit qualification for the financial year ended 31 March 2006.

A4. Seasonal and cyclical factors

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

A5. Unusual items affecting the financial statements

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

A6. Changes in estimates

There were no changes in estimates arising from the adoption of the new and/or revised FRSs, that have had a material effect on the current quarter's results.

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

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

A8. Dividend paid

There were no dividends paid during the current quarter.

A9. Segmental revenue and results for business segments

Revenue	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2006	Preceding Year Corresponding Quarter 30-09-2005	Current Year To Date 30-09-2006	Preceding Year Corresponding Period 30-09-2005
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	42,855	37,481	80,902	72,018
Bulking	8,059	7,315	15,600	13,444
Agrobased	20,831	25,301	40,337	50,040
Trading	4,005	7,206	6,314	11,276
Others	16,952	11,314	17,306	11,705
	92,702	88,617	160,459	158,483
Elimination of inter-segment sales	(16,954)	(11,283)	(17,302)	(11,556)
	75,748	77,334	143,157	146,927

Profit before tax	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2006	Preceding Year Corresponding Quarter 30-09-2005	Current Year To Date 30-09-2006	Preceding Year Corresponding Period 30-09-2005
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	12,064	8,393	20,804	15,738
Bulking	2,957	2,840	5,814	4,757
Agrobased	93	614	137	1,216
Trading	812	1,458	1,146	1,761
Others	14,650	8,562	12,989	6,945
	30,576	21,867	40,890	30,417
Associated companies	531	1,561	1,205	2,521
	31,107	23,428	42,095	32,938
Eliminations	(16,687)	(10,509)	(16,842)	(10,532)
	14,420	12,919	25,253	22,406

* Production and trading of security documents.

A10. 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 2006.

A11. Subsequent material events

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

A12. Inventories

During the quarter, there were no material write-back or write down of inventories.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

A14. Changes in contingent liabilities

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

A15. 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	2,168
Motor Vehicle	<u>293</u>
	<u><u>2,461</u></u>

A16. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2006 is as follows:

	Current Year To date <u>RM'000</u>
Property, plant and equipment	
Approved and contracted for	5,130
Approved but not contracted for	<u>9,276</u>
	<u><u>14,406</u></u>

A17. Related party transactions

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

KFB and its subsidiaries	Transacting parties	Relationship	Nature of transactions	RM'000
Kumpulan Fima Berhad	BHR Enterprise Sdn Bhd	Common Shareholders/ Directors	Advisory services	(60)
Fima Corporation Berhad	Nationwide Express Courier Services Bhd	Common Shareholders	Purchase made - forwarding services	(85)
		Common Shareholders	Sale made - Printing	64
Fima-TLP Feedlot Sdn Bhd	Lee Pineapple Co. Pte. Ltd	Shareholder of Fima - TLP Feedlot Sdn	Purchase of cattle feeds	(79)

PART B-BURSA SECURITIES

B1. Review of performance

The Group's revenue for the second quarter ended 30 September 2006 recorded a decrease of RM1.58 million or 2.0% to RM75.75 million from RM77.33 million in the same period last year, which is mainly attributable to the lower performance of the Agrobased and Trading segments.

The Group's profit before taxation was higher by RM1.50 million from the preceding year of RM12.92 million to RM14.42 million due to improvement in the Manufacturing and Bulking segments.

B2. Comparison with preceding quarter's results

The Group's profit before taxation for the current quarter of RM14.42 million is RM3.59 million higher compared to profit before taxation of RM10.83 million recorded in the preceding quarter, which was contributed by higher profit before tax recorded by the Manufacturing segment.

B3. Prospects

The Directors expect the performance of the Group to remain satisfactory for the remaining current financial year.

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:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2006	Preceding Year Corresponding Quarter 30-09-2005	Current Year To Date 30-09-2006	Preceding Year Corresponding Period 30-09-2005
	RM'000	RM'000	RM'000	RM'000
Current taxation	4,272	2,923	7,546	5,460
	<u>4,272</u>	<u>2,923</u>	<u>7,546</u>	<u>5,460</u>

Note :

The effective tax rate of the Group was higher than statutory tax rate due to certain expenses being disallowed for taxation purposes.

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

There were no changes in the composition of the Group for the current quarter and financial period to date including business combination, acquisition or disposal of subsidiaries and long term investment, restructuring and discontinued operations other than :

Persuant to a share sales agreement ("Principal Agreement") dated 27 January 2006 made between a wholly-owned subsidiary, FCB Management Sdn Bhd ("FCB Management") and Datuk Andi Yakin bin Mapasere ("DAYM"), FCB Management had agreed to conditionally acquire 32.5% of the proposed enlarged issued and paid up capital of PT Nunukan Jaya Lestari ("NJL"), a company incorporated in Indonesia, for a cash consideration of RM13.0 million. Upon execution of the Principal Agreement, FCB Management paid DAYM a deposit of RM3.0 million.

On 30 June 2006, upon completion of the conditions precedent to the Principal Agreement, FCB Management remitted the balance purchase consideration of RM10.0 million.

On 20 September 2006, FCB Management entered into a Supplemental Agreement to the Principal Agreement with DAYM and NJL in respect of the following:

- 1 Revision to the terms and conditions of the Principal Agreement with DAYM whereby FCB Management shall now subscribe to the following with an aggregate purchase consideration of RM13.0 million.
 - (a) 67,500 new shares of Rp. 100,000 per share issued by NJL for cash consideration of Rp.6.75 billion or equivalent to RM3.0 million.
 - (b) Rp.15.75 billion nominal value of new redeemable convertible loan stock ("RCLS") issued by NJL for a cash consideration of Rp.15.75 billion or equivalent to RM7.0 million.
 - (c) Rp. 6.75 billion existing RCLS held by DAYM for a cash consideration of Rp. 6.75 billion or equivalent to RM3.0 million
- 2 Proposed subscription of 472,500 new shares to be issued by NJL for cash consideration of RM21.0 million.
- 3 Proposed subscription of Rp.132.75 billion new RCLS for a cash consideration of RM59.0 million.
- 4 Proposed acquisition of Rp.6.75 billion existing RCLS held by DAYM for a cash consideration of RM3.0 million.

The above items 2 - 4 are collectively known as "Proposed Acquisition II" and is conditional upon approval of the following:

- (i) the shareholders of FimaCorp at an extraordinary general meeting to be convened;
- (ii) the shareholders of NJL, if required;
- (iii) FCB Management being satisfied with the results of an investigation or report which shall be carried out within 3 months from the date of the Supplemental Agreement;
- (iv) the Indonesian Investment Coordinating Board;
- (v) Bank Negara Malaysia; and
- (vi) other relevant authorities in Malaysia and Indonesia, if required.

B9. Borrowings and debt securities

	As at 30-09-2006 RM'000	As at 31-03-2006 RM'000
Secured:		
Current	21,289	15,506
Non-current	37,475	45,670
	<u>58,764</u>	<u>61,176</u>

B10. Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

B11. Change in material litigations

Pending material litigations since 30 June 2006 are as follows:

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

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 24 June 2002, the Plaintiff filed its amended Writ of Summons and Statement of Claims, naming MAHB as the second defendant and on 14 January 2003, served the same to FimaCorp. On 20 January 2003, FimaCorp's solicitors filed an amended Statement of Defence and on 22 April 2003, the second defendant obtained an order in terms from the Courts to strike out the Plaintiff's claim.

The Plaintiff served its Application for Summons in Chambers on FimaCorp on 15 December 2003. Subsequently, FimaCorp replied to the Plaintiff on 16 December 2003 expressly stipulating that the Rules of the High Court requires the Plaintiff to file a Notice of Pre-Trial Case Management seeking the directions of the Judge as to the further conduct of the matter.

On 4 February 2005, the Plaintiff withdrew their Application for Summons in Chambers and the Court directed the Plaintiff to file the necessary application in order to continue the proceeding. On 13 December 2005, the Court fixed the trial dates on 15, 16 and 17 October 2007.

As at 30 September 2006, no provision has been recognised in the financial statements.

- (b) The Company and a subsidiary, FCB Business Centre Sdn Bhd ("Plaintiffs") had jointly claimed against a third party, The KAB Group Berhad (formerly known as KAB Sdn Bhd) ("Defendant") demanding arrears of rental and other expenses amounting to RM1,700,000. The Defendant filed their Statement of Defence denying the demand and counter claimed for over payment of RM2,060,000.

The High Court allowed the Plaintiffs' claim for the sum of RM1,180,000 on 7 February 2003. The High Court also ordered that the remaining claim of RM520,000 be proceeded with full trial. On 1 December 2003, the Defendant filed into Court the Record of Appeal and the Affidavit in support.

On 10 July 2006, the Court has adjourned the case for further mention on 5 December 2006 pending the Defendant's appeal to be heard in the Court of Appeal and the hearing date has yet to be fixed.

In view of the uncertainty of recovering the amount awarded to the subsidiary, the amount of approximately of RM 1,180,000 has not been recognised in the income statement.

- (c) Federal Flour Mills Bhd ("Respondent") obtained an arbitration award against a subsidiary, Fima Palmbulk Services Sdn Bhd ("Appellant"), on 8 October 1999 for the sum of RM1,620,000 being the price of Crude Palm Oil ("CPO") stored with the Appellant which was alleged to have been contaminated. During the arbitration proceedings, the Appellant in its defence claimed that the CPO was within the parameters of Commodity and Monetary Exchange of Malaysia (COMDEX) and counterclaimed for the storage fees of RM84,000 from the Respondent.

The Appellant applied to the High Court to set aside the award. The High Court had allowed the Appellant's application and ordered the CPO to be sold and a sum of RM84,000 from the sale was paid to the Appellant as storage charges.

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

The Appellant's application for Leave to Appeal to the Federal Court which was fixed for Hearing on 2 May 2006 has been postponed and the Federal Court has yet to fix any date for Hearing.

- (d) The Company ("Defendant") was served with a Writ of Summons together with a Statement of Claim on 29 September 2005 by the ex-employees of the Company ("Plaintiffs"). The Plaintiffs claimed for an alleged sum of RM1.73 million together with 8% interest per annum under the Defendant's Employment Benefit Scheme pursuant to the Trust Deed dated 16 June 1992.

On 10 April 2006, the solicitors had filed the Defendant's application to strike out the Plaintiffs' suit and the Hearing of the said application has been fixed on 14 September 2006.

On 21 April 2006, the Plaintiffs had filed an application for summary judgment pursuant to Order 14 of Rules of High Court 1980.

On 14 September 2006, the Court ordered that the Defendant's application to strike out the Plaintiff's suit and the Plaintiff's application for summary judgment be heard concurrently. The Court further fixed 5 December 2006 as the next mention date.

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	
	Current Year Quarter 30-09-2006	Preceding Year Corresponding Quarter 30-09-2005	Current Year To Date 30-09-2006	Preceding Year Corresponding Period 30-09-2005
Profit attributable to ordinary equity holders of the parent (RM'000)	6,585	7,085	11,556	11,877
Number of ordinary shares in issue ('000)	263,160	263,160	263,160	263,160
Basic earnings per share (sen)	<u>2.50</u>	<u>2.69</u>	<u>4.39</u>	<u>4.51</u>

By order of the Board

MOHD YUSOF BIN PANDAK YATIM (MIA 4110)

NASLIZA MOHD NASIR (LS 08653)

Company Secretaries

Kuala Lumpur

Dated : 29 November 2006