

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statements**  
**For the Third Quarter Ended 31 December 2006**

**Except as disclosed otherwise, the figures have not been audited**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-12-2006	Preceding Year Corresponding Quarter 31-12-2005	Current Year To Date 31-12-2006	Preceding Year Corresponding Period 31-12-2005
		RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Revenue	A9	80,505	86,624	223,662	233,551
Cost of sales		(52,086)	(56,171)	(147,150)	(158,610)
<b>Gross profit</b>		<b>28,419</b>	<b>30,453</b>	<b>76,512</b>	<b>74,941</b>
Other income		325	640	2,755	3,227
Administrative expenses		(8,072)	(8,901)	(27,962)	(27,730)
Selling and marketing expenses		(1,235)	(1,733)	(3,658)	(4,141)
Other expenses		(2,306)	(2,142)	(4,862)	(6,040)
		(11,613)	(12,776)	(36,482)	(37,911)
Finance cost		(979)	(1,116)	(2,585)	(3,171)
Share of profit of associates		(1,536)	1,040	(331)	3,561
<b>Profit before tax</b>	A9	<b>14,616</b>	<b>18,241</b>	<b>39,869</b>	<b>40,647</b>
Income tax expense	B5	(4,641)	(5,060)	(12,187)	(10,520)
<b>Profit for the period</b>		<b>9,975</b>	<b>13,181</b>	<b>27,682</b>	<b>30,127</b>
Attributable to :					
Equity holders of the parent		7,114	8,678	18,670	20,555
Minority interests		2,861	4,503	9,012	9,572
		9,975	13,181	27,682	30,127
<b>Earnings per share attributable to equity holders of the parent:</b>					
Basic earnings per share (sen)		2.70	3.30	7.09	7.81

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 31 December 2006****Except as disclosed otherwise, the figures have not been audited**

	Note	As At End Of Current Quarter 31-12-2006	As At Preceding Financial Year Ended 31-03-2006 (Audited)
		RM'000	RM'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A2 (d)	174,005	184,850
Investment properties	A2 (d)	70,276	71,539
Plantation development expenditure		4,339	4,495
Investment in associated companies		28,040	25,918
Other investments		10,031	31
Deferred tax assets		1,098	1,107
Goodwill on consolidation	A2 (d)	10,069	10,224
		<u>297,858</u>	<u>298,164</u>
<b>Current Assets</b>			
Inventories		52,341	37,727
Trade receivables		52,522	58,889
Other receivables		35,326	12,968
Cash and bank balances		74,864	66,505
		<u>215,053</u>	<u>176,089</u>
<b>TOTAL ASSETS</b>		<u>512,911</u>	<u>474,253</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		263,160	263,160
Reserves		15,737	1,184
		<u>278,897</u>	<u>264,344</u>
Minority interests		77,187	69,597
<b>Total equity</b>		<u>356,084</u>	<u>333,941</u>
<b>Non-current liabilities</b>			
Long term borrowings		35,857	45,670
Retirement benefit obligations		3,114	3,528
Deferred tax liabilities		19,390	19,508
		<u>58,361</u>	<u>68,706</u>
<b>Current Liabilities</b>			
Short term borrowings		25,358	15,506
Trade payables		41,372	33,501
Other payables		18,614	18,338
Taxation		13,122	4,261
		<u>98,466</u>	<u>71,606</u>
<b>Total liabilities</b>		<u>156,827</u>	<u>140,312</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>512,911</u>	<u>474,253</u>
Net assets per share (RM)		<u>1.06</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 Third Quarter Ended 31 December 2006  
Except as disclosed otherwise, the figures have not been audited**

	←----- Attributable to Equity Holders of the Parent -----→									
	←----- Non-distributable -----→									
	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
<b>Group</b>										
<b>At 1-4-2006</b>										
<b>As previously stated</b>	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
<b>At 1-4-2006 (restated)</b>	263,160	12,161	52,279	437	26,758	12,205	(102,656)	264,344	69,597	333,941
Translation gain	-	-	-	-	-	(448)	-	(448)	-	(448)
Net profit for the period	-	-	-	-	-	-	18,670	18,670	9,012	27,682
Transfer from revaluation reserve	-	-	(2,280)	-	-	-	2,400	120	-	120
Dividend paid	-	-	-	-	-	-	(3,789)	(3,789)	-	(3,789)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,848)	(1,848)
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	426	426
<b>At 31-12-2006</b>	263,160	12,161	49,999	437	26,758	11,757	(85,375)	278,897	77,187	356,084
	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
<b>Group</b>										
<b>At 1-4-2005</b>	263,160	12,161	60,224	437	26,758	15,309	(149,256)	228,793	61,691	290,484
Translation gain	-	-	-	-	-	50	-	50	-	50
Impairment of land	-	-	(1,926)	-	-	-	-	(1,926)	-	-
Net profit for the year	-	-	-	-	-	-	20,555	20,555	9,572	30,127
Dividend	-	-	-	-	-	-	(1,895)	(1,895)	(2,009)	(3,904)
Increase in share capital in a subsidiary	-	-	-	-	-	-	-	-	(900)	(900)
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	1,510	1,510
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	(381)	(381)
<b>At 31-12-2005</b>	263,160	12,161	58,298	437	26,758	15,359	(130,596)	245,577	69,483	316,986

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 Third Quarter Ended 31 December 2006**

**Except as disclosed otherwise, the figures have not been audited**

	← To Date →	
	31-12-2006	31-12-2005
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	39,869	40,647
Adjustment for:		
Non-cash items	12,464	10,157
Operating profit before working capital changes	52,333	50,804
(Increase)/decrease in inventories	(15,338)	1,948
Increase in receivables	(14,524)	(35,862)
Increase/(decrease) in payables	16,346	(1,722)
Cash generated from operations	38,817	15,168
Interest paid	(3,392)	(3,963)
Taxes paid	(11,527)	(8,189)
Retirement benefit paid	(487)	(862)
Net cash generated from operating activities	23,411	2,154
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Plantation development expenditure	(1,321)	(1,544)
Proceeds from disposal of property, plant and equipment	6,758	281
Proceeds from disposal of quoted investment	-	16
Purchase of property, plant and equipment	(4,070)	(3,901)
Purchase of additional shares in a subsidiary	-	(900)
Purchase of additional shares in an associated company	(3,000)	-
Subscription of redeemable convertible loan stocks in an associated company	(10,000)	-
Net dividend received from an associated company	547	766
Interest received	1,206	1,031
Net cash used in investing activities	(9,880)	(4,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(7,000)	(16,000)
Net drawdown of short term borrowings	3,626	1,123
Proceeds from issuance of ordinary shares (ESOS) by a subsidiary	426	1,510
Acquisition of treasury shares by a subsidiary	-	(381)
Dividend paid	(3,789)	(1,895)
Dividend paid to minority shareholders of a subsidiary	(1,848)	(2,009)
(Increase)/decrease in deposits on lien	(2,061)	1,135
Net cash used in financing activities	(10,646)	(16,517)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,885	(18,614)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	53,402	66,987
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	56,287	48,373
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash in hand and at bank	6,577	8,130
Fixed deposit with financial institutions *	61,720	46,729
Secured bank overdrafts	(12,010)	(6,486)
	56,287	48,373
<b>* Fixed deposit with financial institutions comprise:</b>		
Fixed deposits with financial institutions	68,287	52,228
less : Deposits on lien	(6,567)	(5,499)
	61,720	46,729

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	
<b>At 31 March 2006</b>				
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**

During the current quarter ended 31 December 2006, a final dividend of 2% less 28% taxation on 263,160,000 ordinary shares in respect of financial year ended 31 March 2006, amounting to RM3.79 million was paid on 10 October 2006.

**A9. Segmental revenue and results for business segments**

Revenue	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-12-2006	Preceding Year Corresponding Quarter 31-12-2005	Current Year To Date 31-12-2006	Preceding Year Corresponding Period 31-12-2005
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	44,421	49,876	125,323	121,894
Bulking	8,714	7,581	24,314	21,025
Agrobased	22,028	22,381	62,365	72,421
Trading	5,257	6,714	11,571	17,990
Others	500	6,186	17,806	17,891
	80,920	92,738	241,379	251,221
Elimination of inter-segment sales	(415)	(6,114)	(17,717)	(17,670)
	80,505	86,624	223,662	233,551

Profit before tax	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-12-2006	Preceding Year Corresponding Quarter 31-12-2005	Current Year To Date 31-12-2006	Preceding Year Corresponding Period 31-12-2005
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	12,796	14,931	33,600	30,669
Bulking	3,397	2,648	9,211	7,405
Agrobased	286	1,296	423	2,512
Trading	1,100	1,369	2,246	3,130
Others	(1,427)	2,900	11,562	9,845
	16,152	23,144	57,042	53,561
Associated companies	(1,536)	1,040	(331)	3,561
	14,616	24,184	56,711	57,122
Eliminations	-	(5,943)	(16,842)	(16,475)
	14,616	18,241	39,869	40,647

\* 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 equipment	2,313
Vehicles	595
Building	<u>541</u>
	<u><u>3,449</u></u>

**A16. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 31 December 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>10,437</u>
	<u><u>15,567</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	(90)
Fima Corporation Berhad	Nationwide Express Courier Services Bhd	Common Shareholders	Purchase made - delivery services	(85)
		Common Shareholders	Purchase made - forwarding services	(119)
		Common Shareholders	Sale made - Printing	95
Fima-TLP Feedlot Sdn Bhd	Lee Pineapple Co. Pte. Ltd	Shareholder of Fima - TLP Feedlot Sdn Bhd	Purchase of cattle feeds	(121)

**PART B-BURSA SECURITIES**

**B1. Review of performance**

The Group's revenue for the third quarter ended 31 December 2006 recorded a decrease of RM9.89 million or 4.2% to RM223.66 million from RM233.55 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 RM39.87 million, RM0.78 million lower than last year's RM40.65 million mainly due to losses incurred by an associated company.

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

The Group's profit before taxation for the current quarter of RM14.62 million is RM0.20 million higher compared to profit before taxation of RM14.42 million recorded in the preceding quarter, which was contributed by higher profit before tax recorded by all segments.

**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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-12-2006	31-12-2005	31-12-2006	31-12-2005
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current taxation	4,641	5,060	12,187	10,520
	<u>4,641</u>	<u>5,060</u>	<u>12,187</u>	<u>10,520</u>

Note :

The effective tax rate of the Group for the period ended 31 December 2006 was higher than statutory tax rate due to no group tax relief on losses incurred by certain subsidiaries and 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.

**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 :

Pursuant to a share sales agreement ("Principal Agreement") dated 27 January 2006 made between a wholly-owned subsidiary of Fima Corporation Berhad ("FimaCorp"), 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 on 13 March 2007;
- (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 31-12-2006 <b>RM'000</b>	As at 31-03-2006 <b>RM'000</b>
<b>Secured:</b>		
Current	25,358	15,506
Non-current	35,857	45,670
	<u>61,215</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 September 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 31 December 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.

On 5 December 2006, the case has been postponed to another mention date on 6 March 2007 to fix the Hearing date of the Defendant's appeal.

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.

However, on 5 December 2006, the Court has fixed 10 April 2007 for Hearing of the Plaintiff's application for summary judgment and mention for the Defendant's application to strike out the Plaintiff's suit as the Court decided not to hear the two applications concurrently.

## **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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-12-2006	31-12-2005	31-12-2006	31-12-2005
Profit attributable to ordinary equity holders of the parent (RM'000)	7,114	8,678	18,670	20,555
Number of ordinary shares in issue ('000)	263,160	263,160	263,160	263,160
Basic earnings per share (sen)	<u>2.70</u>	<u>3.30</u>	<u>7.09</u>	<u>7.81</u>

**By order of the Board**

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

**NASLIZA MOHD NASIR (LS 08653)**

Company Secretaries

**Kuala Lumpur**

**Dated : 26 February 2007**