

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Income Statements**

**For the Fourth Quarter Ended 31 March 2007**

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-3-2007 RM'000	Preceding Year Corresponding Quarter 31-3-2006 RM'000 (restated)	Current Year To Date 31-3-2007 RM'000	Preceding Year Corresponding Period 31-3-2006 RM'000 (restated)
Revenue	A9	71,172	66,780	294,834	300,331
Cost of sales		(47,728)	(43,932)	(194,878)	(202,542)
<b>Gross profit</b>		<b>23,444</b>	<b>22,848</b>	<b>99,956</b>	<b>97,789</b>
Other income		844	638	3,599	3,865
Administrative expenses		(9,316)	(12,200)	(37,278)	(39,930)
Selling and marketing expenses		(1,297)	(1,466)	(4,955)	(5,607)
Other expenses		(1,545)	(731)	(6,407)	(6,771)
		(12,158)	(14,397)	(48,640)	(52,308)
Finance cost		(884)	(763)	(3,469)	(3,934)
Share of profit of associates		274	1,380	(57)	4,941
<b>Profit before tax</b>	A9	<b>11,520</b>	<b>9,706</b>	<b>51,389</b>	<b>50,353</b>
Income tax expense	B5	1,447	7,036	(10,740)	(3,484)
<b>Profit for the period</b>		<b>12,967</b>	<b>16,742</b>	<b>40,649</b>	<b>46,869</b>
Attributable to :					
Equity holders of the parent		10,990	14,307	29,660	34,862
Minority interests		1,977	2,435	10,989	12,007
		12,967	16,742	40,649	46,869
<b>Earnings per share attributable to equity holders of the parent:</b>					
Basic earnings per share (sen)		4.18	5.44	11.27	13.25

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. <sup>1</sup>

**KUMPULAN FIMA BERHAD**

(Company No.:11817-V)

(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheets as at 31 March 2007**  
**Except as disclosed otherwise, the figures have not been audited**

	Note	As At End Of Current Quarter 31-3-2007	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)	165,691	176,420
Investment properties	A2 (d)	72,750	74,213
Plantation development expenditure		4,085	4,495
Interests in associates		38,537	25,918
Other investments		22	31
Deferred tax assets		2,551	1,107
Goodwill on consolidation	A2 (d)	10,069	317
		<u>293,705</u>	<u>282,501</u>
<b>Current Assets</b>			
Inventories		53,818	37,727
Trade receivables		52,788	58,889
Other receivables		40,469	12,962
Due from related companies		14,961	6
Cash and bank balances		57,874	66,505
		<u>219,910</u>	<u>176,089</u>
<b>TOTAL ASSETS</b>		<u>513,615</u>	<u>458,590</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		263,160	263,160
Reserves		22,659	(13,645)
		<u>285,819</u>	<u>249,515</u>
Minority interests		78,973	70,539
<b>Total equity</b>		<u>364,792</u>	<u>320,054</u>
<b>Non-current liabilities</b>			
Long term borrowings		34,575	45,670
Retirement benefit obligations		2,626	3,528
Deferred tax liabilities		17,296	17,732
		<u>54,497</u>	<u>66,930</u>
<b>Current Liabilities</b>			
Short term borrowings		23,893	15,506
Trade payables		41,478	33,501
Other payables		25,515	18,338
Taxation		3,440	4,261
		<u>94,326</u>	<u>71,606</u>
<b>Total liabilities</b>		<u>148,823</u>	<u>138,536</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>513,615</u>	<u>458,590</u>
Net assets per share (RM)		<u>1.09</u>	<u>0.95</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 Fourth Quarter Ended 31 March 2007  
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>										
As previously stated	263,160	12,161	52,279	437	26,758	12,205	(112,563)	254,437	69,597	324,034
Effects of adopting :										
FRS 140	-	-	(6,541)	-	-	-	208	(6,333)	-	(6,333)
Prior year adjustment	-	-	-	-	-	-	1,411	1,411	942	2,353
<b>At 1-4-2006 (restated)</b>	263,160	12,161	45,738	437	26,758	12,205	(110,944)	249,515	70,539	320,054
Effects of adopting :										
FRS 3	-	-	-	-	-	-	9,907	9,907	-	9,907
Translation loss	-	-	-	-	-	(663)	-	(663)	-	(663)
Net profit for the period	-	-	-	-	-	-	29,660	29,660	10,989	40,649
Transfer from revaluation reserve	-	-	(2,280)	-	-	-	2,400	120	-	120
Transfer from deferred taxation	-	-	1,060	-	-	-	-	1,060	-	1,060
Realisation of deferred tax liability	-	-	9	-	-	-	-	9	-	9
Dividend paid	-	-	-	-	-	-	(3,789)	(3,789)	-	(3,789)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(3,494)	(3,494)
Decrease in share capital in a subsidiary	-	-	-	-	-	-	-	-	184	184
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	755	755
<b>At 31-3-2007</b>	263,160	12,161	44,527	437	26,758	11,542	(72,766)	285,819	78,973	364,792
	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 (Audited)</b>										
As previously stated	263,160	12,161	60,224	437	26,758	15,309	(149,256)	228,793	61,691	290,484
Effects of adopting :										
FRS 140	-	-	(6,541)	-	-	-	-	(6,541)	-	(6,541)
Prior year adjustment	-	-	-	-	-	-	1,233	1,233	823	2,056
<b>At 1-4-2005 (restated)</b>	263,160	12,161	53,683	437	26,758	15,309	(148,023)	223,485	62,514	285,999
Impairment loss on previously revalued land	-	-	(4,899)	-	-	-	-	(4,899)	-	(4,899)
Transfer from revaluation reserve	-	-	(4,112)	-	-	-	4,112	-	-	-
Transfer to deferred taxation	-	-	1,066	-	-	-	-	1,066	-	1,066
Over recognition of foreign exchange reserve in prior years	-	-	-	-	-	(3,316)	-	(3,316)	-	(3,316)
Translation gain	-	-	-	-	-	212	-	212	-	212
Net profit for the year	-	-	-	-	-	-	34,862	34,862	12,007	46,869
Dividend	-	-	-	-	-	-	(1,895)	(1,895)	(3,609)	(5,504)
Increase in share capital in a subsidiary	-	-	-	-	-	-	-	-	(1,654)	(1,654)
Increase in share capital in a subsidiary via ESOS	-	-	-	-	-	-	-	-	1,663	1,663
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	(382)	(382)
<b>At 31-3-2006</b>	263,160	12,161	45,738	437	26,758	12,205	(110,944)	249,515	70,539	320,054

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 March 2007**

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

	← To Date →	
	31-3-2007	31-3-2006
	RM'000	RM'000
		(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	51,389	50,353
Adjustment for:		
Non-cash items	15,961	15,254
Operating profit before working capital changes	67,350	65,607
(Increase)/decrease in inventories	(16,813)	4,345
Increase in receivables	(34,712)	(23,908)
Increase in payables	16,935	5,606
Cash generated from operations	32,760	51,650
Interest paid	(4,547)	(5,655)
Taxes paid	(14,046)	(10,665)
Retirement benefits paid	(734)	(1,108)
Net cash generated from operating activities	13,433	34,222
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Plantation development expenditure	(1,519)	(2,053)
Proceeds from disposal of property, plant and equipment	6,763	1,776
Proceeds from disposal of quoted investment	9	35
Compensation received in relation to disposal of land and building	-	300
Purchase of property, plant and equipment	(7,017)	(20,179)
Purchase of additional shares in a subsidiary	-	(900)
Investment in associate.	(14,000)	(3)
Proceed from disposal of subsidiary	184	-
Net dividend received from an associated company	1,324	766
Interest received	1,428	1,535
Net cash used in investing activities	(12,828)	(18,723)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(7,000)	(18,000)
Net drawdown/(repayment) of short term borrowings	3,284	(8,989)
Proceeds from issuance of ordinary shares (ESOS) by a subsidiary	755	1,663
Acquisition of treasury shares by a subsidiary	-	(382)
Dividend paid	(3,789)	(1,895)
Dividend paid to minority shareholders of a subsidiary	(3,494)	(3,609)
(Increase)/decrease in deposits on lien	(2,086)	2,128
Net cash used in financing activities	(12,330)	(29,084)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,725)	(13,585)
<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>	41,677	53,402
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash in hand and at bank	15,337	12,530
Fixed deposit with financial institutions *	35,945	49,469
Secured bank overdrafts	(9,605)	(8,597)
	41,677	53,402
<b>* Fixed deposit with financial institutions comprise:</b>		
Fixed deposits with financial institutions	42,537	53,975
less : Deposits on lien	(6,592)	(4,506)
	35,945	49,469

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:

	← Adjustments →			Restated RM'000
	Previously Stated RM'000	Prior year adjustment # RM'000	FRS 140 RM'000	
<b>At 31 March 2006</b>				
Property, plant and equipment	256,389	(5,756)	(74,213)	176,420
Investment properties	-		74,213	74,213
Revaluation reserve	52,279	(6,541)		45,738
Accumulated losses	(112,563)	1,411	208	(110,944)

# Prior to 1 April 2006, the Group had accounted freehold land and building as a single item of property and applied depreciation on the whole amount. From the current financial year, the Group had obtained a split of the costs of the freehold land and building. Accordingly, depreciation related to freehold land has been adjusted retrospectively.

**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 financial year.

**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 financial year'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 financial year.

**A8. Dividend paid**

There were no dividend paid during the current quarter.

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

Revenue	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-3-2007	Preceding Year Corresponding Quarter 31-3-2006	Current Year To Date 31-3-2007	Preceding Year Corresponding Period 31-3-2006
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	32,094	35,295	157,417	157,189
Bulking	9,882	8,360	34,196	29,385
Agrobased	21,777	20,486	84,142	92,907
Trading	7,587	2,667	19,158	20,657
Others	11,968	7,380	29,774	25,271
	83,308	74,188	324,687	325,409
Elimination of inter-segment sales	(12,136)	(7,408)	(29,853)	(25,078)
	71,172	66,780	294,834	300,331

Profit before tax	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-3-2007	Preceding Year Corresponding Quarter 31-3-2006	Current Year To Date 31-3-2007	Preceding Year Corresponding Period 31-3-2006
	RM'000	RM'000	RM'000	RM'000
Manufacturing*	7,387	9,558	40,987	40,227
Bulking	4,350	3,122	13,561	10,531
Agrobased	115	(1,857)	538	655
Trading	1,203	(748)	3,449	2,382
Others	7,381	3,747	18,943	13,591
	20,436	13,822	77,478	67,386
Associated companies	274	1,380	(57)	4,941
	20,710	15,202	77,421	72,327
Eliminations	(9,190)	(5,496)	(26,032)	(21,974)
	11,520	9,706	51,389	50,353

\* 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 financial year except for the following:

1. Upon fulfillment of all conditions precedent as stated in the Supplemental Agreement dated 20 September 2006 as further disclosed in Note B8, a wholly-owned subsidiary of Fima Corporation Berhad ("FimaCorp"), FCB Management Sdn Bhd ("FCB Management") had on 9 April 2007 subscribed to the following:
  - (a) 472,500 new shares issued by PT Nunukan Jaya Lestari ("NJL") for a cash consideration of RM21.0 million.
  - (b) Rp.132.75 billion new redeemable convertible loan stock ("RCLS") for a cash consideration of RM59.0 million.
  - (c) Rp.2.25 billion existing RCLS held by Datuk Andi Yakin bin Mapasere ("DAYM") for a cash consideration of Rp.2.25 billion or equivalent to RM1.0 million.

Pursuant to the above, FCB Management's effective interest in NJL has increased from 32.5% to 80%.

2. On 9 April 2007, FimaCorp drawdown RM35.0 million on a short term revolving credit ("STRC") facility with Malayan Banking Berhad for the purpose of FCB Management's subscription of shares and RCLS in NJL as disclosed in Note (1) above. The STRC is secured by a first legal charge over a property, Lot 50575, Grant 12754, Mukim of Kuala Lumpur.

**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 for the current quarter and financial period to date including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations other than the acquisition of shares of NJL by FCB Management as disclosed in Note A11 and Note B8.

**A14. Changes in contingent liabilities**

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

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

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

	Current Year To date <u>RM'000</u>
Plant and equipment	2,869
Vehicles	1,234
Building	<u>2,878</u>
	<u><u>6,981</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	10,640
Approved but not contracted for	<u>7,333</u>
	<u><u>17,973</u></u>

**A17. Related party transactions**

The Group's material related party transactions at the end of current financial year 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	(120)
Fima Corporation Berhad	Nationwide Express Courier Services Bhd	Common Shareholders	Purchase made - delivery services	(107)
		Common Shareholders	Purchase made - forwarding services	(182)
		Common Shareholders	Sale made - Printing	128
Fima-TLP Feedlot Sdn Bhd	Lee Pineapple Co. Pte. Ltd	Shareholder of Fima - TLP Feedlot Sdn Bhd	Purchase of cattle feed	(183)

**PART B-BURSA SECURITIES**

**B1. Review of performance**

The Group's revenue for the year ended 31 March 2007 recorded a decrease of RM5.50 million or 1.8% to RM294.83 million from RM300.33 million in the same period last year, which is mainly attributable to the lower performance of the Agrobased segment.

The Group's profit before taxation was RM51.39 million, RM1.04 million higher than last year's RM50.35 million mainly due to higher profit recorded by Bulking segment.

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

The Group's profit before taxation for the current quarter of RM11.52 million is RM3.10 million lower compared to profit before taxation of RM14.62 million recorded in the preceding quarter mainly due to lower profit recorded by an associated company.

**B3. Prospects**

The Directors expect the performance of the Group to be satisfactory for the next financial year ending 31 March 2008.

**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 31-3-2007	Preceding Year Corresponding Quarter 31-3-2006	Current Year To Date 31-3-2007	Preceding Year Corresponding Period 31-3-2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	(1,447)	(7,036)	10,740	3,484
	(1,447)	(7,036)	10,740	3,484

The net tax credit in the current quarter of RM1.45 million is due to utilisation of tax benefits.

**B6. Profits/(losses) on sale of unquoted investments and/or properties**

There were no sale of unquoted investments and/or properties during the current financial year.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities during the current financial year.

**B8. Corporate proposals**

There are no corporate proposals announced but not completed at the date of this report other than:

On 27 January 2006, Fima Corporation Berhad ("FimaCorp"), a subsidiary of Kumpulan Fima Berhad, had announced that its wholly-owned subsidiary, FCB Management Sdn Bhd ("FCB Management") had entered into a Sale and Purchase Agreement ("Principal Agreement") with Datuk Andi Yakin bin Mapasere ("DAYM") 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. FimaCorp had also on 30 June 2006 announced that all the conditions as stated in the Principal Agreement have been fulfilled.

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.

On 13 March 2007, an Extraordinary General Meeting was convened and the shareholders of the Company approved the proposed subscription of shares and RCLS in NJL.

**Utilisation of proceeds raised from any corporate proposal.**

Not applicable.

**B9. Borrowings and debt securities**

	As at 31-3-2007 <b>RM'000</b>	As at 31-03-2006 <b>RM'000</b>
<b>Secured:</b>		
Current	23,893	15,506
Non-current	34,575	45,670
	<u>58,468</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 31 December 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.

However, the matter has been further postponed to 12 June 2007 as the hearing date of the Defendant's appeal in the Court of Appeal has not been 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 (COMMEX) 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.

On 10 April 2007, the matter has not been listed for Hearing in the High Court and the Plaintiff's Solicitors are in the midst of writing to the Court to obtain new dates for both the Plaintiff's application for Summary judgment and the Defendant's application to strike out the Plaintiff's Suit.



**B12. Dividends**

The Directors of the Company is recommending a final dividend of 2% less 26% taxation for the current financial year and subject to the approval of the shareholders at the forthcoming Annual General Meeting.

**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
	31-3-2007	31-3-2006	31-3-2007	31-3-2006
Profit attributable to ordinary equity holders of the parent (RM'000)	10,990	14,307	29,660	34,862
Number of ordinary shares in issue ('000)	263,160	263,160	263,160	263,160
Basic earnings per share (sen)	<u>4.18</u>	<u>5.44</u>	<u>11.27</u>	<u>13.25</u>

**By order of the Board**

**MOHD YUSOF BIN PANDAK YATIM (MIA 4110)**  
**NASLIZA MOHD NASIR (LS 08653)**  
 Company Secretaries

**Kuala Lumpur**  
**Dated : 25 May 2007**