



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

Condensed Consolidated Financial Statements
For The Second Quarter Ended 30 September 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current Quarter		6 Months Cumulative	
		Current Year Quarter 30-09-2016	Preceding Year Corresponding Quarter 30-09-2015	Current Year To Date 30-09-2016	Preceding Year Corresponding Period 30-09-2015
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	154,603	131,101	279,422	272,440
Cost of sales		(100,414)	(80,096)	(178,489)	(172,327)
Gross profit		54,189	51,005	100,933	100,113
Other income		5,646	5,072	6,784	6,385
Other items of expense					
Administrative expenses		(17,806)	(20,969)	(33,538)	(37,610)
Selling and marketing expenses		(1,556)	(1,914)	(3,032)	(3,401)
Other expenses		(7,898)	(6,825)	(13,500)	(13,444)
		(27,260)	(29,708)	(50,070)	(54,455)
Finance costs		(183)	(100)	(317)	(191)
Share of profit of associates		(790)	368	441	539
Profit before tax	A9/A10	31,602	26,637	57,771	52,391
Income tax expense	B5	(8,811)	(7,167)	(17,454)	(14,499)
Profit net of tax		22,791	19,470	40,317	37,892
Other comprehensive income					
Foreign currency translation differences for foreign operations		7,074	10,608	9,474	5,645
Total comprehensive income for the period		29,865	30,078	49,791	43,537
Profit attributable to :					
Equity holders of the Company		14,649	12,885	26,576	24,178
Non-controlling interests		8,142	6,585	13,741	13,714
Profit for the period		22,791	19,470	40,317	37,892
Total comprehensive income attributable to :					
Equity holders of the Company		21,692	23,753	36,019	30,083
Non-controlling interests		8,173	6,325	13,772	13,454
Total comprehensive income for the period		29,865	30,078	49,791	43,537
Earnings per share attributable to owners of the parent (sen per share):					
Basic	B13	5.28	4.68	9.57	8.78
Diluted	B13	5.27	4.65	9.48	8.72

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	As At 30-09-2016 (unaudited) <u>RM'000</u>	As At 31-03-2016 (audited) <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	342,016	344,402
Investment properties	69,323	70,097
Biological assets	168,782	153,476
Investment in associates	45,997	46,659
Deferred tax assets	6,732	8,394
Goodwill on consolidation	12,710	12,710
	<u>645,560</u>	<u>635,738</u>
Current assets		
Inventories	95,789	90,807
Trade receivables	185,142	183,562
Other receivables	38,305	27,963
Cash and bank balances	298,956	247,592
	<u>618,192</u>	<u>549,924</u>
TOTAL ASSETS	<u>1,263,752</u>	<u>1,185,662</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	281,484	276,968
Share premium	28,774	24,713
Other reserves	145,641	138,002
Retained earnings	309,869	308,617
	<u>765,768</u>	<u>748,300</u>
Non-controlling interests	257,323	250,986
Total equity	<u>1,023,091</u>	<u>999,286</u>
Non-current liabilities		
Finance lease obligations	16,488	16,799
Retirement benefit obligations	1,482	1,391
Deferred tax liabilities	45,300	46,951
	<u>63,270</u>	<u>65,141</u>
Current liabilities		
Finance lease obligations	646	646
Short term borrowings	17,092	15,281
Trade payables	61,829	44,007
Other payables	91,201	60,615
Tax payable	6,623	686
	<u>177,391</u>	<u>121,235</u>
Total liabilities	<u>240,661</u>	<u>186,376</u>
TOTAL EQUITY AND LIABILITIES	<u>1,263,752</u>	<u>1,185,662</u>
Net assets per share (RM)	<u>2.72</u>	<u>2.70</u>

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

Group	← Attributable to Equity Holders of the Company →											
				← Non-distributable →					Distributable →			
	Share capital	Share premium	Other reserves	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiary	Employee share option reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	276,968	24,713	138,002	87,471	437	66,459	4,427	(20,792)	308,617	748,300	250,986	999,286
Total comprehensive income for the period	-	-	9,443	-	-	-	-	9,443	26,576	36,019	13,772	49,791
Transactions with owners												
Dividends	-	-	-	-	-	-	-	-	(25,324)	(25,324)	-	(25,324)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(7,043)	(7,043)
Share options exercised	4,516	4,061	(1,804)	-	-	-	(1,804)	-	-	6,773	-	6,773
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	-	-	(392)	(392)
Total transaction with owners	4,516	4,061	(1,804)	-	-	-	(1,804)	-	(25,324)	(18,551)	(7,435)	(25,986)
At 30 September 2016	281,484	28,774	145,641	87,471	437	66,459	2,623	(11,349)	309,869	765,768	257,323	1,023,091
At 1 April 2015	276,087	23,930	157,068	87,471	437	66,459	4,560	(1,859)	275,202	732,287	245,723	978,010
Total comprehensive income for the period	-	-	5,905	-	-	-	-	5,905	24,178	30,083	13,454	43,537
Transactions with owners												
Dividends	-	-	-	-	-	-	-	-	(23,528)	(23,528)	-	(23,528)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(7,911)	(7,911)
Share options exercised	715	664	(280)	-	-	-	(280)	-	-	1,099	-	1,099
Total transaction with owners	715	664	(280)	-	-	-	(280)	-	(23,528)	(22,429)	(7,911)	(30,340)
As 30 September 2015	276,802	24,594	162,693	87,471	437	66,459	4,280	4,046	275,852	739,941	251,266	991,207

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

	← 6 months ended →	
	<u>30-09-2016</u>	<u>30-09-2015</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	57,771	52,391
Adjustments for:		
Depreciation for property, plant and equipment	11,938	16,280
Depreciation of investment properties	816	831
Amortisation of biological assets	2,933	4,112
Impairment loss on trade receivables	25	706
Write back of impairment loss on trade receivables	(293)	(741)
Provision for retirement benefit obligation	28	40
Inventories written back	(161)	(157)
Gain on disposal of property, plant and equipment	-	(48)
Share of result of associates	(441)	(539)
Interest expense	317	191
Interest income	(3,444)	(2,730)
Operating profit before working capital changes	69,489	70,336
Increase in inventories	(4,622)	(3,832)
(Increase)/decrease in receivables	(11,039)	10,294
Increase/(decrease) in payables	48,408	(23,131)
Cash generated from operations	102,236	53,667
Interest paid	(317)	(191)
Taxes paid	(9,785)	(11,816)
Retirement benefits paid	(10)	(5)
Net cash generated from operating activities	<u>92,124</u>	<u>41,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(15,031)	(15,029)
Purchase of property, plant and equipment	(8,370)	(9,331)
Repayment of obligation under finance lease	(311)	(12)
Interest received	3,444	2,730
Net cash used in investing activities	<u>(20,268)</u>	<u>(21,642)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	1,473	7,700
Proceeds from exercise of employee share scheme	6,773	715
Dividend paid	(25,324)	-
Dividend paid by a subsidiary to non-controlling interests	(7,043)	(7,911)
Treasury shares	392	(51)
Net cash (used in)/generated from financing activities	<u>(23,729)</u>	<u>453</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,127	20,466
EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	3,237	(4,202)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	247,592	236,710
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>298,956</u>	<u>252,974</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	66,773	54,132
Fixed deposits with financial institutions	232,183	198,842
	<u>298,956</u>	<u>252,974</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements).

PART A - Explanatory notes pursuant to FRS 134

A1. Basis of preparation

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 Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2016.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2016 except for the adoption of the following new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs and IC Interpretations.

(a) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 April 2016, the Group adopted the following new and amended FRSs and IC Interpretations:

	Effective for annual period beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 11: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

The adoption of the above FRSs, Amendments to FRS and Interpretations do not have significant impact on the financial statements of the Group for the current financial period.

A2. Changes in accounting policies (contd)

(b) Standards and interpretations issued but not yet effective

The Group has not early adopted the following new and amended FRS and IC Interpretations that are not yet effective:

	Effective for annual period beginning on or after
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107: Disclosure Initiative	1 January 2017
FRS 15: Revenue from Contracts with Customers	1 January 2018
FRS 9: Financial Instruments	1 January 2018
FRS 2: Classification and measurement of share-based payment transactions	1 January 2018
FRS 16: Leases	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	Deferred

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group upon their initial application, other than for FRS 9: Financial Instruments and FRS 15: Revenue from Contracts with Customers.

(c) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS interim financial statements for the quarter ending 30 June 2019. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

A3. Auditors' Report on Preceding Annual Financial Statements.

The financial statements of the Group for the financial year ended 31 March 2016 were not subject to any audit qualification.

A4. Seasonal and cyclical factors

The operations of the Group are not affected by any seasonal or cyclical factors other than the manufacturing segment which is affected by cyclical changes in volumes of certain products whilst the plantation segment is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

A5. Unusual items affecting the financial statements

There were no unusual items affecting the financial statements of the Group for the current quarter ended 30 September 2016.

A6. Changes in estimates

There were no changes or estimates that have 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 except for the issuance of the following new ordinary shares of RM1.00 each pursuant to the Company Employees' Share Scheme.

Option price per share RM	No. of share issued	Cash Proceeds RM
1.48	3,962,100	5,863,908
1.76	55,000	96,800
1.81	50,000	90,500
Total	4,067,100	6,051,208

A8. Dividend paid

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

		Cumulative Quarter Ended	
		30-09-2016	30/09/2015
		RM'000	RM'000
Final Dividend			
2016	9.0% single-tier final dividend (paid on 30 September 2016)	25,324	-

A9. Segmental revenue and results for business segments

	Quarter Ended		6 Months Cumulative	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
Revenue	RM'000	RM'000	RM'000	RM'000
Manufacturing*	73,902	61,950	127,126	134,423
Plantation	41,925	28,424	73,913	65,977
Bulking	10,765	15,735	25,308	30,996
Food	27,115	23,741	51,062	38,598
Others	6,195	8,833	9,848	14,952
	159,902	138,683	287,257	284,946
Elimination of inter-segment sales	(5,299)	(7,582)	(7,835)	(12,506)
	154,603	131,101	279,422	272,440
Profit before tax				
Manufacturing*	18,800	12,134	32,374	24,107
Plantation	6,960	4,328	10,495	13,457
Bulking	3,757	8,561	11,408	16,545
Food	2,382	1,686	2,134	(1,653)
Others	493	(440)	919	(604)
	32,392	26,269	57,330	51,852
Associated companies	(790)	368	441	539
	31,602	26,637	57,771	52,391

* Production and trading of security documents.

A10. Profit before tax

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

	Quarter Ended		6 Months Cumulative	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
Other income	RM'000	RM'000	RM'000	RM'000
Interest income	1,838	1,554	3,444	2,730
Foreign exchange gain	3,325	1,514	2,771	1,419
Operating expenses				
Depreciation and amortisation	6,774	12,331	15,687	21,223
Interest expense	183	100	317	191
Impairment loss on trade receivables	5	73	25	706
Write back of impairment loss on trade receivables	(40)	(170)	(293)	(741)
Inventories written back	-	(34)	(161)	(157)

The Group does not deal in derivatives.

A11. Valuation of property, plant and equipment

The valuation of land and building have been brought forward from the last financial statements for the year ended 31 March 2016.

A12. Subsequent events

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

A13. Inventories

During the quarter, there was no significant write-down or write-back of inventories except as disclosed in Note A10 as above.

A14. 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.

A15. Changes in contingent liabilities

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

A16. Significant acquisition of property, plant and equipment

For the current quarter under review the Group's acquisitions of property, plant and equipment are as follows :

	Current Year To Date RM'000
Plant and equipment	5,491
Vehicles	401
Land and buildings	1,501
Furniture and fittings	977
	<u>8,370</u>

A17. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2016 were as follows:

	Current Year To Date RM'000
Property, plant and equipment	
- Approved and contracted for	2,712
- Approved but not contracted for	63,655
	<u>66,367</u>

A18. Related party transactions

The Group's related party transactions during the financial period were 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/ Directors	Rental income	39
PT Nunukan Jaya Lestari	PT Pohon Emas Lestari	Common Shareholders/ Directors	Purchase of fresh fruit bunches	(3,030)

PART B - Bursa Securities Listing Requirements
B1. Review of performance
Group Performance

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	279.42	272.44	6.98	2.6
Profit before tax	57.77	52.39	5.38	10.3

Group revenue for the 6 months ended 30 September 2016 increased to RM279.42 million as compared to RM272.44 million recorded in the previous corresponding period. The increase of RM6.98 million was attributed to the higher revenue generated by plantation and food divisions.

In line with the increase in revenue, profit before tax ("PBT") increased by RM5.38 million to RM57.77 million from last year, due to lower operating cost of certain division as explained below.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	127.13	134.42	(7.29)	(5.4)
Profit before tax	32.37	24.11	8.26	34.3

Revenue from **Manufacturing Division** decreased by 5.4% to RM127.13 million from RM134.42 million recorded last year, mainly due to lower sales volume of certain travel documents. PBT increased by 34.3% to RM32.37 million from RM24.11 million posted last year, mainly attributable to favourable sales mix and lower depreciation.

Plantation Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
<u>Indonesia</u>				
- Crude palm oil (CPO)	56.45	54.39	2.06	3.8
- Crude palm kernel oil (CPKO)	10.53	6.49	4.04	62.2
<u>Malaysia</u>				
- Fresh fruit bunch/Pineapple	6.93	5.10	1.83	35.9
Total	73.91	65.98	7.93	12.0
Profit Before Tax	10.50	13.46	(2.96)	(22.0)
Sales Quantity (mt)				
- CPO	23,940	22,427	1,513	6.7
- CPKO	2,075	2,199	(124)	(5.6)
Average net CIF selling price, net of duty (RM)				
- CPO	2,358	2,425	(67)	(2.8)
- CPKO	5,075	2,949	2,126	72.1

B1. Review of performance (contd)
Plantation Division (contd)

Revenue from **Plantation Division** increased by 12.0% to RM73.91 million compared to last year, primarily attributable to higher sales volume of CPO and higher selling price of CPKO. The division posted a PBT of RM10.50 million, 22.0% lower than last year.

Our plantation estates in Malaysia which are still in the process of land development or palm planting registered a total pretax loss of RM2.72 million as compared to RM1.89 million pretax loss recorded in the corresponding period last year.

The decrease in profit from this segment was mainly due to high manuring cost and foreign exchange loss.

Bulking Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	25.31	31.00	(5.69)	(18.4)
Profit before tax	11.41	16.55	(5.14)	(31.1)

Bulking Division recorded decrease of RM5.69 million or 18.4% in revenue to RM25.31 million from RM31.00 million recorded last year. The decrease was mainly due to lower revenue recorded by most of the products. In line with the decrease in revenue, the division's PBT decreased by RM5.14 million (31.1%) to RM11.41 million.

Food Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
Papua New Guinea (PNG)	48.02	35.67	12.35	34.6
Malaysia	3.04	2.93	0.11	3.8
	<u>51.06</u>	<u>38.60</u>	<u>12.46</u>	<u>32.3</u>
Profit before tax	2.13	(1.65)	3.78	229.1

Food Division's revenue increased to RM51.06 million compared to RM38.60 million recorded in the same period last year. The increase in revenue was mainly due to the higher sales volume of mackerel and tuna. Results of the division improved by RM3.78 million as compared to RM1.65 million loss in the same period last year.

B2. Comparison with preceding quarter's results
Group Performance

(RM Million)	QTR 2 FY 2017	QTR 1 FY 2017	Variance	%
Revenue	154.60	124.82	29.78	23.9
Profit before tax	31.60	26.17	5.43	20.7

The Group's revenue increased by RM29.78 million to RM154.60 million compared to the preceding quarter, as a result of the higher revenue recorded by manufacturing, plantation and food divisions.

In line with the higher revenue, PBT increased by RM5.43 million to RM31.60 million as compared to RM26.17 million recorded in the preceding quarter.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
B2. Comparison with preceding quarter's results (contd)

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	QTR 2 FY 2017	QTR 1 FY 2017	Variance	%
Revenue	73.90	53.22	20.68	38.9
Profit before tax	18.80	13.57	5.23	38.5

Manufacturing Division's revenue increased by RM20.68 million or 38.9% in the current quarter compared to the preceding quarter. The increase was mainly due to higher sales volume of security and confidential documents. In line with the increase in revenue, PBT was posted by RM5.23 million, an improvement of 38.5% over the previous quarter.

Plantation Division

(RM Million)	QTR 2 FY 2017	QTR 1 FY 2017	Variance	%
Revenue				
<u>Indonesia</u>				
- CPO	32.18	24.28	7.90	32.5
- CPKO	5.94	4.59	1.35	29.4
<u>Malaysia</u>				
- Fresh fruit bunch/Pineapple	3.81	3.12	0.69	22.1
Total	41.93	31.99	9.94	31.1
Profit Before Tax	6.96	3.54	3.42	96.6
Sales Quantity (mt)				
- CPO	12,924	11,016	1,908	17.3
- CPKO	1,053	1,022	31	3.0
Average net CIF selling price, net of duty (RM)				
- CPO	2,431	2,204	227	10.3
- CPKO	5,642	4,492	1,150	25.6

Plantation Division's revenue for the quarter improved by RM9.94 million, higher than the preceding quarter due to higher sales volume of CPO and higher selling price of CPO and CPKO. PBT increased by RM3.42 million compared to the preceding quarter.

Bulking Division

(RM Million)	QTR 2 FY 2017	QTR 1 FY 2017	Variance	%
Revenue	10.77	14.54	(3.77)	(25.9)
Profit before tax	3.76	7.65	(3.89)	(50.8)

Revenue from **Bulking Division** of RM10.77 million was 25.9% lower than the preceding quarter. The decrease in results was due to lower revenue generated by most of the segments in the current quarter. In line with decrease in revenue, PBT decreased 50.8% to RM3.76 million over the preceding quarter.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

B2. Comparison with preceding quarter's results (contd)

Food Division

(RM Million)	QTR 2 FY 2017	QTR 1 FY 2017	Variance	%
Revenue				
PNG	25.80	22.22	3.58	16.1
Malaysia	1.32	1.73	(0.41)	(23.7)
	<u>27.12</u>	<u>23.95</u>	<u>3.17</u>	<u>13.2</u>
Profit before tax	2.38	(0.25)	2.63	1,052.0

Revenue from **Food Division** increased by RM3.17 million or 13.2% to RM27.12 million as compared to the preceding quarter due to higher sales volume of mackerel and tuna product. The division registered profit before tax of RM2.38 million during the quarter.

B3. Prospects

The Directors expect the performance of the Group to be challenging for the remaining period of year. The prospect of each business division for the remaining period of year is as follows:

The **Manufacturing Division** will endeavour to establish new strategic alliances to develop new products and solutions to complement its products. This segment will continue to put concerted efforts to improve its operational efficiency and productivity to deliver sustainable performance for this financial year.

The prospects for **Plantation Division** is very much influenced by the direction of palm oil prices and weather conditions. Notwithstanding this, the outlook for this segment continues to remain steady as the average yield is expected to improve.

Bulking Division. The prospects for the remaining period are expected to remain challenging. The Malaysia Derivatives Exchange's (MDEX) Edible Oil tender and transshipment businesses is expected to remain low. The storage utilisation rate is expected to be challenging for the current financial year. The division is looking at securing more long term contracts with customers as well as handling higher margin products.

Food Division faces tough challenges ahead, particularly in Papua New Guinea where the division's main operation is located, amidst challenging market competition from the onslaught of cheaper imported products, currency fluctuation, and current global uncertainty. The division will continue its focus on operational efficiency, productivity, margin improvements and cost control as well as emphasis on quality, service and delivery.

B4. Explanatory notes on variances with profit forecasts or profit guarantees

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

B5. Income tax expense

	Current Year Quarter 30-09-2016 RM'000	Current Year To Date 30-09-2016 RM'000
Current taxation	8,811	17,454

The effective tax rate on Group's profit to date is higher than the statutory tax rate mainly due certain expenses disallowed for taxation purposes and no group relief.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

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

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

B7. Purchase or disposal of quoted securities

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

B8. Corporate proposals

(a) Status of corporate proposal

There are no corporate proposals announced but not completed at the date of this report.

(b) Utilisation of proceeds raised from any corporate proposal

Not applicable.

B9. Borrowings and debt securities

	As at 30-09-2016 RM'000	As at 31-03-2016 RM'000
Secured:		
Non-current		
*Obligations under finance leases	16,488	16,799
Current		
*Obligations under finance leases	646	646
Bankers' acceptance	12,092	10,281
Short term revolving credit	5,000	5,000
	<u>17,738</u>	<u>15,927</u>
	<u>34,226</u>	<u>32,726</u>

* The obligations under finance leases are in respect of the following land lease:

- (i) A 99 year land lease granted to subsidiary, Gabungan Warisan Sdn. Bhd. to develop approximately 249.8 ha of land in Kuala Krai, Kelantan Darul Naim. The lease expires on 2 July 2112.
- (ii) Sub-leases granted to subsidiaries, Taka Worldwide Trading Sdn. Bhd. and Etika Gangsa Sdn. Bhd. over 2 parcels of land measuring approximately 404.6 ha, deemed suitable for oil palm cultivation, situated in Mukim Relai, Daerah Jajahan Gua Musang, Kelantan for a term of 66 years expiring 5 March 2075, with an option to renew for a further period of 33 years.
- (iii) A 60 year lease granted to subsidiary, R.N.E. Plantation Sdn Bhd over 1 plot of agricultural land measuring 2,000 ha located at Sungai Siput, Daerah Kuala Kangsar, Perak. The lease will expire on 3 August 2075, with an option to renew for a further 30 years.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
B10. Realised/unrealised earnings/(losses)

	As at 30-09-2016 RM'000	As at 31-03-2016 RM'000
Total retained earnings of Kumpulan Fima Berhad and its subsidiaries:		
- Realised	350,523	367,486
- Unrealised	(48,542)	(57,791)
	301,981	309,695
Total share of retained earnings from associated companies:		
- Realised	35,405	38,408
- Unrealised	(4,310)	(4,000)
	31,095	34,408
Consolidation adjustments	(23,207)	(35,486)
Total group retained earnings as per consolidated accounts	309,869	308,617

B11. Changes in material litigations

Pending material litigation since preceeding quarter is as follows:

- (i) On 21 October 2016, a subsidiary, Fima Corporation Berhad ("FimaCorp") announced that its Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") has instituted legal proceedings to challenge the order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Ministerial Order") to revoke PT NJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") with immediate effect.

The Ministerial Order was on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with foresty areas. PTNJL's planted area affected by the Ministerial Order measures 3,691.9 hectare.

On 21 October 2016, PTNJL filed an application in the Pengadilan Tata Usaha ("PTUN") in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from PTUN to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts.

Notwithstanding the Ministerial Order, the local government in Kabupaten Nunukan, in the interest of good order, has given its undertaking and allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the matter by the Indonesian courts. Based on the current circumstances, the Board is of the opinion that this suit will not have any immediate operational and financial impact on the Group.

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

Pursuant to the above, on 28 September 2001, FimaCorp was served a Writ of Summons dated 9 August 2001 from a tenant ("Plaintiff") claiming for a compensation sum of approximately RM2.12 million being the renovation costs and general damages arising from the early termination of the Tenancy Agreement at Airtel Complex, in Subang. The Board of FimaCorp had sought the advice of the solicitors and was of the opinion that there should be no compensation payable to the Plaintiff as the demised premises was acquired by a relevant authority, MAHB, which was provided in the Tenancy Agreement between FimaCorp and the Plaintiff.

On 11 November 2008, the Court had disposed off this matter summarily in favour of the Plaintiff and on 4 March 2009, FimaCorp had filed its Record of Appeal to the Court of Appeal to appeal against the decision.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

B11. Changes in material litigations (contd)

Pending material litigation since preceeding quarter is as follows: (contd)

The subsidiary had made full provision for the compensation claim of RM2.12 million in the financial year ended 31 March 2009.

On 27 September 2011, the Court of Appeal had allowed FimaCorp's appeal against the decision handed down by the High Court. However, the Court of Appeal had directed that the matter be remitted back to the High Court for a full trial. There has been no development since 27 September 2011.

B12. Dividends

For the current quarter under review, no dividend has been proposed and declared (preceeding year corresponding period:nil)

B13. Earnings per share

The basic earnings per share are calculated as follows:

	Quarter Ended		Cumulative Quarter Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	14,649	12,885	26,576	24,178
Weighted average number of ordinary shares in issues ('000)	277,654	275,519	277,654	275,519
Effect of dilution - Share options ('000)	516	1,804	2,681	1,804
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	278,170	277,323	280,335	277,323
Basic earnings per share (sen per share)	5.28	4.68	9.57	8.78
Diluted earnings per share (sen per share)	5.27	4.65	9.48	8.72

By order of the Board

MOHD YUSOF BIN PANDAK YATIM (MIA 4110)

JASMIN BINTI HOOD (LS0009071)

Company Secretaries

Kuala Lumpur

Dated : 28 November 2016