



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

Condensed Consolidated Financial Statements  
For The Second Quarter Ended 30 September 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current quarter		6 months cumulative	
		Current year quarter 30-09-2017	Preceding year corresponding quarter 30-09-2016	Current year to date 30-09-2017	Preceding year corresponding period 30-09-2016
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	117,403	154,603	238,550	279,422
Cost of sales		(72,293)	(100,414)	(150,035)	(178,489)
<b>Gross profit</b>		<b>45,110</b>	<b>54,189</b>	<b>88,515</b>	<b>100,933</b>
Other income		4,519	5,646	5,956	6,784
<b>Other items of expense</b>					
Administrative expenses		(16,918)	(17,806)	(35,306)	(33,538)
Selling and marketing expenses		(1,820)	(1,556)	(3,455)	(3,032)
Other expenses		(5,537)	(7,898)	(13,800)	(13,500)
		(24,275)	(27,260)	(52,561)	(50,070)
Finance costs		(573)	(183)	(714)	(317)
Share of results of associates		(269)	(790)	(724)	441
<b>Profit before tax</b>	A9/A10	<b>24,512</b>	<b>31,602</b>	<b>40,472</b>	<b>57,771</b>
Income tax expense	B5	(8,293)	(8,811)	(14,853)	(17,454)
<b>Profit net of tax</b>		<b>16,219</b>	<b>22,791</b>	<b>25,619</b>	<b>40,317</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		(3,047)	7,074	(7,427)	9,474
<b>Total comprehensive income for the period</b>		<b>13,172</b>	<b>29,865</b>	<b>18,192</b>	<b>49,791</b>
<b>Profit attributable to :</b>					
Equity holders of the Company		10,851	14,649	15,775	26,576
Non-controlling interests		5,368	8,142	9,844	13,741
<b>Profit for the period</b>		<b>16,219</b>	<b>22,791</b>	<b>25,619</b>	<b>40,317</b>
<b>Total comprehensive income attributable to :</b>					
Equity holders of the Company		8,299	21,692	9,944	36,019
Non-controlling interests		4,873	8,173	8,248	13,772
<b>Total comprehensive income for the period</b>		<b>13,172</b>	<b>29,865</b>	<b>18,192</b>	<b>49,791</b>
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic earnings per share (sen)	B13	3.84	5.28	5.59	9.57

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

	As at 30-09-2017 (unaudited) <u>RM'000</u>	As at 31-03-2017 (audited) <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	313,864	319,119
Investment properties	67,647	68,464
Biological assets	161,378	156,208
Investment in associates	43,879	46,516
Deferred tax assets	9,000	6,966
Goodwill on consolidation	12,710	12,710
	<u>608,478</u>	<u>609,983</u>
<b>Current assets</b>		
Inventories	92,892	82,812
Trade receivables	167,070	108,149
Other receivables	32,202	32,552
Cash and bank balances	281,095	390,780
	<u>573,259</u>	<u>614,293</u>
<b>TOTAL ASSETS</b>	<u>1,181,737</u>	<u>1,224,276</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	311,670	311,670
Other reserves	135,823	141,654
Retained earnings	305,103	315,379
	<u>752,596</u>	<u>768,703</u>
Non-controlling interests	250,343	257,704
<b>Total equity</b>	<u>1,002,939</u>	<u>1,026,407</u>
<b>Non-current liabilities</b>		
Finance lease obligations	15,858	16,176
Retirement benefit obligations	1,791	1,837
Deferred tax liabilities	37,862	32,922
	<u>55,511</u>	<u>50,935</u>
<b>Current liabilities</b>		
Finance lease obligations	624	624
Short term borrowings	29,371	14,516
Trade and other payables	66,962	112,459
Provisions	17,599	16,947
Tax payable	8,731	2,388
	<u>123,287</u>	<u>146,934</u>
<b>Total liabilities</b>	<u>178,798</u>	<u>197,869</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,181,737</u>	<u>1,224,276</u>
Net assets per share (RM)	<u>2.67</u>	<u>2.72</u>

*(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 2017**

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
<b>At 1 April 2017</b>	311,670	-	141,654	81,848	437	66,459	-	(7,090)	315,379	768,703	257,704	1,026,407
Total comprehensive income for the period	-	-	(5,831)	-	-	-	-	(5,831)	15,775	9,944	8,248	18,192
<b>Transactions with owners</b>												
Dividends	-	-	-	-	-	-	-	-	(25,401)	(25,401)	-	(25,401)
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,086)	(16,086)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(650)	(650)	477	(173)
Total transaction with owners	-	-	-	-	-	-	-	-	(26,051)	(26,051)	(15,609)	(41,660)
<b>At 30 September 2017</b>	311,670	-	135,823	81,848	437	66,459	-	(12,921)	305,103	752,596	250,343	1,002,939
<b>At 1 April 2016</b>	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
<b>Transactions with owners</b>												
Dividends	-	-	-	-	-	-	-	-	(25,324)	(25,324)	-	(25,324)
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(7,043)	(7,043)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	-	-	-	(392)	(392)
Share options exercised	4,516	4,061	(1,804)	-	-	-	(1,804)	-	-	6,773	-	6,773
Total transaction with owners	4,516	4,061	(1,804)	-	-	-	(1,804)	-	(25,324)	(18,551)	(7,435)	(25,986)
<b>At 30 September 2016</b>	281,484	28,774	145,641	87,471	437	66,459	2,623	(11,349)	309,869	765,768	257,323	1,023,091

\* The new Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

	← 6 months ended →	
	<u>30-09-2017</u>	<u>30-09-2016</u>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	40,472	57,771
Adjustments for:		
Amortisation of biological assets	3,050	2,933
Depreciation of investment properties	816	816
Depreciation for property, plant and equipment	8,578	11,938
Impairment loss on trade receivables	50	25
Interest expense	714	317
Interest income	(3,999)	(3,444)
Provision for warranty	652	597
Net unrealised forex loss/(gain)	3,606	(4,039)
Provision for retirement benefit obligation	33	28
Share of loss/(profit) of associates	724	(441)
Write back of impairment loss on trade receivables	(5)	(293)
Write down/(write back) of inventories	962	(161)
Operating profit before working capital changes	<u>55,653</u>	<u>66,047</u>
Increase in inventories	(11,042)	(4,435)
Increase in receivables	(59,278)	(7,000)
(Decrease)/increase in payables	<u>(44,845)</u>	<u>48,408</u>
Cash (used in)/generated from operations	(59,512)	103,020
Interest paid	(714)	(317)
Taxes paid	(9,555)	(9,785)
Retirement benefits paid	(8)	(10)
Net cash (used in)/generated from operating activities	<u>(69,789)</u>	<u>92,908</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Biological assets expenditure	(8,358)	(15,031)
Purchase of property, plant and equipment	(8,046)	(8,370)
Net dividend received from an associated company	1,913	-
Repayment of obligation under finance lease	(318)	(311)
Acquisition of non-controlling interests	(173)	-
Interest received	3,999	3,444
Net cash used in investing activities	<u>(10,983)</u>	<u>(20,268)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of borrowings	14,855	1,473
Proceeds from exercise of employee share scheme	-	6,773
Dividend paid	(25,401)	(25,324)
Dividend paid by a subsidiary to non-controlling interests	(16,086)	(7,043)
Treasury shares	-	(392)
Net cash used in financing activities	<u>(26,632)</u>	<u>(24,513)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(107,405)	48,127
<b>EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>	(2,280)	3,237
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	390,780	247,592
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>281,095</u>	<u>298,956</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	44,197	66,773
Fixed deposits with financial institutions	236,898	232,183
	<u>281,095</u>	<u>298,956</u>

*(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 2017. 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 2017.

**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 2017 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 2017, the Group adopted the following FRSs and Amendments to FRSs, IC Interpretations and amendments to IC Interpretations:

- Annual Improvements to FRSs 2014-2016 Cycle
- Amendments to FRS 107: Disclosure Initiatives
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above FRSs and Amendments to FRS did not have significant effect on the financial performance or presentation of the financial statements of Group.

**(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:

<b>Description</b>	<b>Effective for financial period beginning on or after</b>
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

**A2. Changes in accounting policies (cont'd.)****(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 2018. 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 2017 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 volume 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 period ended 30 September 2017.

**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.

**A8. Dividend paid**

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

		Cumulative quarter ended	
		30-09-2017	30-09-2016
		RM'000	RM'000
<b>Final dividend</b>			
2016	9.0% single-tier final dividend (paid on 30 September 2016)	-	25,324
2017	9.0% single-tier final dividend (paid on 25 September 2017)	25,401	-

**A9. Segmental information**
**(i) Segmental revenue and results for business segments**

	Quarter ended		6 months cumulative	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Manufacturing*	39,281	73,902	75,501	127,126
Plantation	32,914	41,925	77,882	73,913
Bulking	12,371	10,765	22,532	25,308
Food	31,863	27,115	60,752	51,062
Others	5,806	6,195	9,094	9,848
	122,235	159,902	245,761	287,257
Eliminations	(4,832)	(5,299)	(7,211)	(7,835)
	117,403	154,603	238,550	279,422
<b>Profit before tax</b>				
Manufacturing*	9,636	18,800	14,809	32,374
Plantation	7,968	6,960	16,131	10,495
Bulking	5,497	3,757	9,128	11,408
Food	1,783	2,382	1,440	2,134
Others	(103)	493	(312)	919
	24,781	32,392	41,196	57,330
Associated companies	(269)	(790)	(724)	441
	24,512	31,602	40,472	57,771

\* Production and trading of security documents.

**(ii) Geographical segments**

	Quarter ended		6 months cumulative	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Malaysia	63,603	95,984	117,925	172,256
Indonesia	28,353	38,116	70,271	66,982
Papua New Guinea	30,279	25,802	57,565	48,019
	122,235	159,902	245,761	287,257
Eliminations	(4,832)	(5,299)	(7,211)	(7,835)
	117,403	154,603	238,550	279,422



**A9. Segmental information (cont'd.)**
**(ii) Geographical segments (cont'd.)**

Profit before tax	Quarter ended		6 months cumulative	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	12,940	19,805	17,557	39,750
Indonesia	10,280	10,307	22,605	15,761
Papua New Guinea	1,561	2,280	1,034	1,819
	24,781	32,392	41,196	57,330
Eliminations	(269)	(790)	(724)	441
	24,512	31,602	40,472	57,771

Assets and liabilities	Current year to date		6 months cumulative	
	30-09-2017		Preceding year	
	Assets	Liabilities	corresponding period	
	RM'000	RM'000	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,295,031	265,614	1,206,976	332,610
Indonesia	114,592	23,361	130,100	17,786
Papua New Guinea	159,817	70,124	161,535	75,517
	1,569,440	359,099	1,498,611	425,913
Eliminations	(387,703)	(180,301)	(234,859)	(185,252)
	1,181,737	178,798	1,263,752	240,661

**A10. Profit before tax**

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

Other income	Quarter ended		6 months cumulative	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Interest income	2,770	1,838	3,999	3,444
<b>Operating expenses</b>				
Depreciation and amortisation	6,029	6,774	12,444	15,687
Interest expense	573	183	714	317
Unrealised foreign exchange loss/(gain)	1,588	(4,256)	3,606	(4,039)
Realised forex exchange (gain)/loss	(250)	931	(1,131)	1,268
Impairment loss on trade receivables	3	5	50	25
Write back of impairment loss on trade receivables	(3)	(40)	(5)	(293)
(Write back)/write down of inventories	(17)	-	962	(161)
Provision for warranty	331	467	652	597
Provision for retirement benefit obligation	25	8	33	28

**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 2017.

**A12. Subsequent events**

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

**A13. Inventories**

During the quarter, the amount of inventories written back was RM17,000.

**A14. Changes in the composition of the Group**

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter to date including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations.

On 29 May 2017, a subsidiary of Fima Corporation Berhad ("FimaCorp"), FCB Plantation Holdings Sdn. Bhd. acquired 110 ordinary shares representing the remaining 11% of the equity interest in Next Oasis Sdn. Bhd. ("NOSB"), for a purchase consideration of RM173,000.

**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 :

	<b>Current year to date</b>
	<b>RM'000</b>
Plant and equipment	3,126
Vehicles	959
Land and buildings	3,214
Furniture and fittings	747
	<b>8,046</b>

**A17. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 30 September 2017 were as follows:

	<b>Current year to date</b>
	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	2,609
- Approved but not contracted for	30,415

**A18. Related party transactions**

The Group's related party transactions during the financial period were as follows:

	<b>Current year to date RM'000</b>
Rental expenses payables to a subsidiary	
- Fima Corporation Berhad	386
Advisory services rendered by corporate shareholder	
- BHR Enterprise Sdn. Bhd.	60
Rental income receivables from a subsidiary	
- Fima Instanco Sdn. Bhd.	60
Transactions with related parties*	
- PT Pohon Emas Lestari - Purchase of fresh fruit bunch	3,263
- Nationwide Express - Delivery services	65
- Nationwide Express - Rental income	39

\* Related parties by virtue of common shareholders/common directors.

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

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
Revenue	238.55	279.42	(40.87)	(14.6)
Profit before tax	40.47	57.77	(17.30)	(29.9)

Group revenue for the second quarter ended 30 September 2017 decreased to RM238.55 million as compared to RM279.42 million recorded in the corresponding period last year. The decrease of RM40.87 million was attributed to the lower revenue generated by manufacturing and bulking divisions.

In line with the decrease in revenue, profit before tax ("PBT") decreased by RM17.30 million to RM40.47 million from last year, mainly due to RM1.8 million withholding tax on dividend income from a subsidiary company in Indonesia, RM1.0 million write down of inventories in manufacturing division, higher forex loss by RM5.3 million and RM1.2 million lower share of profit from associate companies.

The performance of each business division is as follows:

**Manufacturing Division**

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
Revenue	75.50	127.13	(51.63)	(40.6)
Profit before tax	14.81	32.37	(17.56)	(54.2)

Revenue from **Manufacturing Division** decreased by 40.6% to RM75.50 million from RM127.13 million recorded last year, primarily due to a decrease in sales volume for a certain travel document. On the back of lower revenue and write down of inventories of RM1.0 million, PBT decreased by 54.2% to RM14.81 million from RM32.37 million posted last year.

**Plantation Division**

(RM Million)	<u>Current YTD</u>	<u>Previous YTD</u>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
<u>Indonesia</u>				
- Crude palm oil (CPO)	60.59	56.45	4.14	7.3
- Crude palm kernel oil (CPKO)	9.68	10.53	(0.85)	(8.1)
<u>Malaysia</u>				
- Fresh fruit bunch (FFB)	6.23	5.75	0.48	8.3
- Pineapple	1.38	1.18	0.20	16.9
<b>Total</b>	<u>77.88</u>	<u>73.91</u>	<u>3.97</u>	<u>5.4</u>
<b>Profit before tax</b>	16.13	10.50	5.63	53.6
FFB produced (mt)	98,615	74,459	24,156	32.4
FFB yield/ha (mt)	11.46	10.05	1.41	14.0
Cost of FFB produced (RM/mt)	244.58	324.93	(80.35)	(24.7)
CPO produced (mt)	26,988	21,766	5,222	24.0
CPO extraction rate (%)	22.57	23.21	(0.64)	(2.8)

**B1. Review of performance (cont'd.)**
**Plantation Division (cont'd.)**

	<b>Current YTD</b>	<b>Previous YTD</b>	<b>Variance</b>	<b>%</b>
<b>Sales Quantity (mt)</b>				
- CPO	25,257	23,940	1,317	5.5
- CPKO	2,378	2,075	303	14.6
<b>Average CIF selling price, net of duty (RM/mt)</b>				
- CPO	2,376	2,358	18	0.8
- CPKO	4,069	5,075	(1,006)	(19.8)
<b>Palm profiles (ha)</b>				
- Mature	8,602.4	7,411.6		
- Immature	4,607.9	5,240.2		
Total planted area	<u>13,210.3</u>	<u>12,651.8</u>		

Revenue from **Plantation Division** increased by 5.4% to RM77.88 million compared to the corresponding period last year, primarily attributable to higher sales of CPO, FFB and pineapple. The division posted a PBT of RM16.13 million, 53.6% higher 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 RM4.04 million as compared to RM2.64 million pretax loss recorded in the corresponding period last year.

**Bulking Division**

(RM Million)	<b>Current YTD</b>	<b>Previous YTD</b>	<b>Variance</b>	<b>%</b>
Revenue	22.53	25.31	(2.78)	(11.0)
Profit before tax	9.13	11.41	(2.28)	(20.0)

**Bulking Division** recorded decrease of RM2.78 million or 11.0% lower in revenue to RM22.53 million from RM25.31 million recorded last year. The decrease was mainly due to lower revenue recorded by most of products segment. The division had been impacted by the effects of low palm oil inventories nationwide. In line with the decrease in revenue, the division's PBT decreased by RM2.28 million (20.0%) to RM9.13 million.

**Food Division**

(RM Million)	<b>Current YTD</b>	<b>Previous YTD</b>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
Papua New Guinea (PNG)	57.57	48.02	9.55	19.9
Malaysia	3.18	3.04	0.14	4.6
	<u>60.75</u>	<u>51.06</u>	<u>9.69</u>	<u>19.0</u>
Profit before tax	1.44	2.13	(0.69)	(32.4)

**Food Division's** revenue increased to RM60.75 million compared to RM51.06 million recorded in the previous financial year. The increase in revenue was mainly due to the higher local sales of canned mackerel and tuna as well as export of tuna products. However, results of the division decline by 32.4% as compared to RM2.13 million in the same period last year mainly due to forex loss of RM2.3 million (Last year: Forex gain of RM3.1 million).

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

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2018</b>	<b>FY 2018</b>	<b>Variance</b>	<b>%</b>
Revenue	117.40	121.15	(3.75)	(3.1)
Profit before tax	24.51	15.96	8.55	53.6

The Group's revenue decreased by RM3.75 million to RM117.40 million compared to the preceding quarter, as a result of the lower revenue recorded by plantation division.

However, PBT increased by RM8.55 million to RM24.51 million as compared to RM15.96 million recorded in the preceding quarter mainly due to higher contributions from manufacturing, bulking and food divisions.

The performance of each business division is as follows:

**Manufacturing Division**

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2018</b>	<b>FY 2018</b>	<b>Variance</b>	<b>%</b>
Revenue	39.28	36.22	3.06	8.4
Profit before tax	9.64	5.17	4.47	86.5

**Manufacturing Division's** revenue increased by RM3.06 million or 8.4% in the current quarter compared to the preceding quarter. The improvement was mainly due to increased sales volume of certain confidential documents. In line with the increase in revenue coupled with more favourable sales mix, PBT registered for the current quarter was higher by RM4.47 million or 86.5%.

**Plantation Division**

(RM Million)	<b>QTR 2</b>	<b>QTR 1</b>		
	<b>FY 2018</b>	<b>FY 2018</b>	<b>Variance</b>	<b>%</b>
<b>Revenue</b>				
<u>Indonesia</u>				
- CPO	24.46	36.14	(11.68)	(32.3)
- CPKO	3.89	5.79	(1.90)	(32.8)
<u>Malaysia</u>				
- Fresh fruit bunch	3.76	2.47	1.29	52.2
- Pineapple	0.80	0.57	0.23	40.4
<b>Total</b>	<b>32.91</b>	<b>44.97</b>	<b>(12.06)</b>	<b>(26.8)</b>
<b>Profit before tax</b>	<b>7.97</b>	<b>8.16</b>	<b>(0.19)</b>	<b>(2.3)</b>
<b>Sales Quantity (mt)</b>				
- CPO	10,923	14,334	(3,411)	(23.8)
- CPKO	990	1,388	(398)	(28.7)
<b>Average CIF selling price, net of duty (RM/mt)</b>				
- CPO	2,121	2,570	(449)	(17.5)
- CPKO	3,972	4,170	(198)	(4.7)

**B2. Comparison with preceding quarter's results (cont'd.)**

**Plantation Division (cont'd.)**

Plantation Division's revenue for the quarter decreased by RM12.06 million due to lower sales volume and selling price of CPO and CPKO. Consequently, PBT recorded was lower by 2.3% to RM7.97 million from RM8.16 million.

**Bulking Division**

(RM Million)	QTR 2 FY 2018	QTR 1 FY 2018	Variance	%
Revenue	12.37	10.16	2.21	21.8
Profit before tax	5.50	3.63	1.87	51.5

Revenue from **Bulking Division** of RM12.37 million was 21.8% higher than the preceding quarter mainly contributed from edible oil segment. In line with increase in revenue, PBT increased by 51.5% or RM1.87 million.

**Food Division**

(RM Million)	QTR 2 FY 2018	QTR 1 FY 2018	Variance	%
<b>Revenue</b>				
PNG	30.28	27.29	2.99	11.0
Malaysia	1.58	1.60	(0.02)	(1.3)
	<u>31.86</u>	<u>28.89</u>	<u>2.97</u>	<u>10.3</u>
Profit/(loss) before tax	1.78	(0.34)	2.12	623.5

Revenue from **Food Division** increased by RM2.97 million or 10.3% to RM31.86 million as compared to the preceding quarter due to higher export volume of canned tuna. In line with revenue improvement, the division registered profit before tax of RM1.78 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 is as follows:

The Board recognises the challenges ahead faced by **Manufacturing Division** following the expiration of a supply contract for a certain travel document. The division will continue its concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products.

**Plantation Division.** As the setback in FFB production arising from the consequences of El Nino experienced in 2015/2016 has ended, the FFB yield is recovering and is anticipated to improve further. Nevertheless, the overall performance of the oil palm production and processing is very much influenced by the palm oil price. In view of the current prevailing palm oil prices, the Board of Directors expects the results of this financial year to be satisfactory.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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**B3. Prospects (cont'd.)**

**Bulking Division.** The demand for storage is expected to improve slightly with the increase in palm oil stock level nationwide. The division is looking at securing more long term contracts with customers as well as handling higher margin products.

**Food Division** faces many challenges ahead, particularly in Papua New Guinea where the division's main operation is located, amidst intense market competition from cheaper imported products and currency fluctuation. The division will continue to focus on operational efficiency, productivity and margin improvements, and cost control as well as emphasising 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 30-09-2017	Current year to date 30-09-2017
	RM'000	RM'000
Current taxation	8,293	14,853

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

**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.

On 6 October 2017, a subsidiary of FimaCorp, FCB Plantation Holdings Sdn. Bhd., has entered into a conditional Sale and Purchase Agreement (SPA) with Java Berhad (the Vendor) to acquire 1,000,000 ordinary shares or 100% of the total issued and paid-up capital of Java Plantations Sdn Bhd (Java Plantations) for a purchase consideration of RM5,197,118.37. Java Plantations holds an 80% interest in Ladang Bunga Tanjung Sdn Bhd (LBTBSB), a joint venture company between Java Plantations and Kumpulan Pertanian Kelantan Berhad which operates an oil palm plantation held under the Individual Title Geran 36415, Lot 2429, Mukim Lubok Bongor, Jajahan Jeli, Kelantan measuring approximately 3,289.9 acres or 1,331.0 hectares (Land). The lease period for the Land is for 66 years and expiring in 28 September 2069. The lease over the Land together with Java Plantations' 80% equity interest in LBTBSB have been charged to a financial institution as security for credit facilities granted by the said financial institution to LBTBSB. Pursuant to the terms of the SPA, FCBPH will also assume and undertakes to pay the total advances given by the Vendor to Java Plantations which as at 30 June 2017 stood at RM19,953,232.21 and redeem the Land and the pledged shares from LBTBSB's financier through the settlement of the amount owing by LBTBSB to the said financier which as at 30 June 2017 totalled RM8,350,369.83, which shall be payable at the times and in the manner set out in the SPA. To-date, the proposed acquisition of Java Plantations is still pending completion of the conditions precedents, which inter alia includes the approval of the shareholders of the Vendor.

**(b) Utilisation of proceeds raised from any corporate proposal**

Not applicable.

**B9. Borrowings and debt securities**

	<b>As at 30-09-2017 RM'000</b>	<b>As at 31-03-2017 RM'000</b>
<b>Secured:</b>		
<b>Non-current</b>		
*Obligations under finance leases	15,858	16,176
<b>Current</b>		
*Obligations under finance leases	624	624
Bankers' acceptance	4,371	9,516
Short term revolving credit	25,000	5,000
	<u>29,995</u>	<u>15,140</u>
	<u>45,853</u>	<u>31,316</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, 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 2017**
**B10. Realised/unrealised earnings/(losses)**

	As at 30-09-2017 RM'000	As at 31-03-2017 RM'000
Total retained earnings of Kumpulan Fima Berhad and its subsidiaries:		
- Realised	341,865	351,333
- Unrealised	(36,893)	(44,767)
	<u>304,972</u>	<u>306,566</u>
Total share of retained earnings from associated companies:		
- Realised	35,584	38,611
- Unrealised	(3,956)	(4,346)
	<u>31,628</u>	<u>34,265</u>
Consolidation adjustments	(31,497)	(25,452)
Total group retained earnings as per consolidated accounts	<u>305,103</u>	<u>315,379</u>

**B11. Changes in material litigations**

Pending material litigation since preceding 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 ("Defendant") ("Ministerial Order") to revoke PTNJL'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 (State Administrative Court) in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from State Administrative Court to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts. The Defendant, together with a third party intervener, PT Adindo Hutani Lestari, have filed a defence against the said suit.

On 13 June 2017, the State Administrative Court dismissed the application filed by PTNJL to annul the Ministerial Order. Subsequently on 24 July 2017, PTNJL filed an appeal to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the decision of the State Administrative Court.

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 the Ministerial Order 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.

**NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**B11. Changes in material litigations (cont'd.)**

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.

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. Dividend**

For the current quarter under review, no dividend has been proposed and declared (Second quarter 2017:nil).

**B13. Earnings per share**

The basic earnings per share are calculated as follows:

	Quarter ended		Cumulative quarter ended	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	10,851	14,649	15,775	26,576
Weighted average number of ordinary shares in issues ('000)	282,232	277,654	282,232	277,654
Basic earnings per share (sen)	3.84	5.28	5.59	9.57

**By order of the Board**

**FADZIL BIN AZAHA (MIA20995)**  
**JASMIN BINTI HOOD (LS0009071)**  
 Company Secretaries

**Kuala Lumpur**  
**Dated : 24 November 2017**