



**FIMA CORPORATION BERHAD (21185-P)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<i>Current Quarter</i>		<i>9 Months Cumulative</i>	
	<i>Current Year</i>	<i>Preceding Year</i>	<i>Current Year</i>	<i>Preceding Year</i>
	<i>Quarter</i>	<i>Corresponding</i>	<i>To Date</i>	<i>Corresponding</i>
	<i>31/12/16</i>	<i>Quarter</i>	<i>31/12/16</i>	<i>Period</i>
	<i>RM'000</i>	<i>31/12/15</i>	<i>RM'000</i>	<i>31/12/15</i>
		<i>RM'000</i>		<i>RM'000</i>
Revenue	95,159	92,415	291,375	289,763
Cost of sales	(60,272)	(67,100)	(188,142)	(200,710)
<b>Gross profit</b>	<b>34,887</b>	<b>25,315</b>	<b>103,233</b>	<b>89,053</b>
Interest income	1,143	1,304	4,191	3,510
Other income	22	251	66	2,314
Administrative expenses	(8,699)	(4,843)	(19,706)	(17,202)
Selling and marketing expenses	(788)	(681)	(2,445)	(2,594)
Other operating expenses	(6,012)	(5,592)	(19,150)	(18,828)
Finance costs	(44)	(64)	(55)	(78)
Share of results from associates	855	133	1,712	1,078
<b>Profit before tax</b>	<b>21,364</b>	<b>15,823</b>	<b>67,846</b>	<b>57,253</b>
Income tax expense	(5,608)	(3,885)	(18,339)	(14,621)
<b>Profit net of tax</b>	<b>15,756</b>	<b>11,938</b>	<b>49,507</b>	<b>42,632</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation gain	4,566	1,926	12,159	7,811
<b>Total comprehensive income for the period</b>	<b>20,322</b>	<b>13,864</b>	<b>61,666</b>	<b>50,443</b>
<b>Profit attributable to :</b>				
Equity holders of the Company	15,147	11,707	47,123	39,463
Non-controlling interests	609	231	2,384	3,169
<b>Profit for the period</b>	<b>15,756</b>	<b>11,938</b>	<b>49,507</b>	<b>42,632</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	18,800	13,248	56,850	45,712
Non-controlling interests	1,522	616	4,816	4,731
<b>Total comprehensive income for the period</b>	<b>20,322</b>	<b>13,864</b>	<b>61,666</b>	<b>50,443</b>
<b>Earnings per share attributable to equity holders of the Company</b>				
Basic/diluted earnings per share (sen) (Note B11)	6.28	4.85	19.53	16.35

*(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 End Of Current Quarter 31/12/16 (unaudited) <u>RM'000</u>	As at Preceding Financial Year End 31/03/16 (audited) <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	119,863	125,855
Biological assets	57,049	49,611
Investment properties	62,554	63,684
Goodwill on consolidation	510	510
Investments in associates	40,086	40,238
Deferred tax assets	9,312	8,952
	<u>289,374</u>	<u>288,850</u>
<b>Current Assets</b>		
Inventories	46,682	51,003
Trade and other receivables	146,667	167,079
Due from related companies	-	34
Cash and cash equivalents	315,549	177,593
	<u>508,898</u>	<u>395,709</u>
<b>TOTAL ASSETS</b>	<b><u>798,272</u></b>	<b><u>684,559</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	122,662	122,662
Treasury shares	(4,181)	(3,789)
Other reserves	3,053	(6,674)
Retained earnings	459,027	442,048
	<u>580,561</u>	<u>554,247</u>
Non-controlling interests	32,957	28,141
<b>Total Equity</b>	<b><u>613,518</u></b>	<b><u>582,388</u></b>
<b>Non-Current Liabilities</b>		
Retirement benefit obligations	1,528	1,391
Finance lease obligations	16,313	16,799
Deferred tax liabilities	10,730	10,730
	<u>28,571</u>	<u>28,920</u>
<b>Current Liabilities</b>		
Trade and other payables	141,623	68,932
Tax payable	13,014	3,013
Due to related companies	900	660
Finance lease obligations	646	646
	<u>156,183</u>	<u>73,251</u>
<b>Total Liabilities</b>	<b><u>184,754</u></b>	<b><u>102,171</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>798,272</u></b>	<b><u>684,559</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.41</u>	<u>2.30</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)*



**FIMA CORPORATION BERHAD (21185-P)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016**

	<----- Attributable to Owners of the Parent ----->			<----- Non-Distributable ----->			Distributable		Non- controlling Interests	Total Equity
	Share Capital	Treasury Shares	Other Reserves	Asset Revaluation Reserve	Foreign Translation Reserve	Equity Contribution From Parent	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2015</b>	122,662	(3,604)	(9,257)	16,823	(30,203)	4,123	420,728	530,529	29,990	560,519
Total comprehensive income for the period	-	-	6,249	-	6,249	-	39,463	45,712	4,731	50,443
<b>Transaction with owners</b>										
Acquisition of subsidiary	-	-	-	-	-	-	-	-	403	403
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,911)	(7,911)
Dividends paid	-	-	-	-	-	-	(30,174)	(30,174)	-	(30,174)
Acquisition of Treasury Shares	-	(50)	-	-	-	-	-	(50)	-	(50)
Total transactions with owners	-	(50)	-	-	-	-	(30,174)	(30,224)	(7,508)	(37,732)
<b>As 31 December 2015</b>	122,662	(3,654)	(3,008)	16,823	(23,954)	4,123	430,017	546,017	27,213	573,230
<b>At 1 April 2016</b>	122,662	(3,789)	(6,674)	16,823	(27,725)	4,228	442,048	554,247	28,141	582,388
Total comprehensive income for the period	-	-	9,727	-	9,727	-	47,123	56,850	4,816	61,666
<b>Transaction with owners</b>										
Dividend paid	-	-	-	-	-	-	(30,144)	(30,144)	-	(30,144)
Acquisition of Treasury Shares	-	(392)	-	-	-	-	-	(392)	-	(392)
Total transactions with owners	-	(392)	-	-	-	-	(30,144)	(30,536)	-	(30,536)
<b>At 31 December 2016</b>	122,662	(4,181)	3,053	16,823	(17,998)	4,228	459,027	580,561	32,957	613,518

*(The Condensed Consolidated Statement 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 THIRD QUARTER ENDED 31 DECEMBER 2016**

	9 months ended	
	31/12/16	31/12/15
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	67,846	57,253
Adjustments for:		
Depreciation for property, plant and equipment	11,292	15,643
Depreciation of investment properties	1,130	1,130
Amortisation of biological assets	3,443	2,570
Impairment loss on trade receivables	35	768
Write back of impairment loss on trade receivables	(371)	(744)
Write back of inventories	(195)	(442)
Write down of inventories	331	51
Provision for retirement benefit obligations	28	37
Gain from plantation investment compensation	-	(351)
Share of results of associate	152	(1,078)
Interest income	(4,191)	(3,510)
Operating profit before working capital changes	79,500	71,327
Decrease in trade and other receivables	20,388	60,773
Decrease in inventories	4,185	13,974
Increase/(decrease) in related companies balances	274	(325)
Increase/(decrease) in trade and other payables	72,691	(32,963)
Cash generated from operations	177,038	112,786
Taxes paid	(8,442)	(26,432)
Retirement benefits paid	(10)	(10)
Interest income received	4,191	3,510
Net cash generated from operating activities	172,777	89,854
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,477)	(9,424)
Additions to biological assets	(6,517)	(4,396)
Proceeds from plantation investment compensation	-	722
Acquisition of subsidiary, net cash acquired	-	(4,037)
Repayment of obligations under finance lease	(486)	(66)
Net cash used in investing activities	(10,480)	(17,201)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividends paid	(30,144)	(30,174)
Dividends paid by a subsidiary to non-controlling interests	-	(7,911)
Acquisition of Treasury Shares	(392)	(50)
Net cash used in financing activity	(30,536)	(38,135)
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase in cash and cash equivalents	131,761	34,518
Effect of exchange rate changes in cash and cash equivalents	6,195	2,803
Cash and cash equivalents balances at beginning of period	177,593	172,640
Cash and cash equivalents at end of period	315,549	209,961
<b>CASH AND CASH EQUIVALENTS COMPRISE OF :</b>		
Cash and bank balances	39,981	23,586
Deposits with licensed banks	275,568	186,375
	315,549	209,961

*(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)*

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**PART A - Explanatory notes pursuant to FRS 134**

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**A1. Basis of Preparation and Accounting Policies**

The interim 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. The 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. Significant Accounting Policies**

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

- Annual Improvements to FRSs 2012 - 2014 Cycle
- Amendments to FRS 11: Accounting for Acquisition of Interests in Joint Operations
- Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127: Equity Method in Separate Financial Statements
- Amendments to FRS 101: Disclosure Initiatives
- Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
- FRS 14: Regulatory Deferral Accounts

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

**(b) Standards and Interpretations issued but not yet effective**

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

	<b>Effective for annual period beginning on or after</b>
Amendments to FRS 107: Disclosure initiative	1 January 2017
Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses	1 January 2017
FRS 15 Revenue from Contracts with Customers	1 January 2018
FRS 15 Clarifications to FRS 15	1 January 2018
FRS 9: Financial Instruments	1 January 2018
FRS 2: Classification and measurement of share-based payment transactions	1 January 2018
FRS 140 Transfer of Investment Property	1 January 2018

## A2. Significant Accounting Policies (Contd.)

### (b) Standards and Interpretations issued but not yet effective (Contd.)

The Group has not earlier adopted the following new and amended FRSs and IC Interpretations that are not yet effective (contd.):

	<b>Effective for annual period beginning on or after</b>
FRS 16 Leases	1 January 2019
Annual Improvements to FRSs 2014 - 2016 Cycle	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or 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 15: Revenue from Contracts with Customers and FRS 9: Financial Instruments.

### (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 ("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 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. Audit Qualification

The preceding annual financial statements of the Group were not subject to any audit qualification.

## A4. Seasonality or cyclicity of the interim operations

The production of security and confidential documents is influenced by cyclical changes in volume of certain products whilst the oil palm production and processing division is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

## A5. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

## A6. Changes in estimates

There were no changes in estimates that have a material effect to the current quarter's results.

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

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial year to date.

During the current quarter, the Company did not repurchase any of its issued ordinary shares. Of the total 245,324,330 issued ordinary shares, 4,172,500 shares are held as treasury shares by the Company.

**A8. Dividends paid**

		<b>Cumulative Quarter Ended</b>	
		<b>31/12/16</b>	<b>31/12/15</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Final Dividend</b>			
2015	15% single-tier final dividend (Paid on 9 October 2015)	-	18,104
2016	15% single-tier final dividend (Paid on 22 September 2016)	18,086	-
<b>Interim Dividend</b>			
2016	10% single-tier interim dividend (Paid on 31 December 2015)	-	12,070
2017	10% single-tier interim dividend (Paid on 30 December 2016)	12,058	-
		<u>30,144</u>	<u>30,174</u>

**A9. Segmental Information**

	<b>9 Months Cumulative</b>			
	<b>Current Year to date</b>		<b>Preceding Year</b>	
	<b>31/12/16</b>		<b>Corresponding Period</b>	
	<b>Revenue</b>	<b>Profit</b>	<b>Revenue</b>	<b>Profit</b>
	<b>RM'000</b>	<b>Before Tax</b>	<b>RM'000</b>	<b>Before Tax</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segments</b>				
Production and trading of security and confidential documents	193,149	48,424	202,529	38,039
Oil palm production and processing	95,156	17,769	83,990	17,910
Property management	4,024	610	4,225	830
Others	-	(669)	-	(604)
	<u>292,329</u>	<u>66,134</u>	<u>290,744</u>	<u>56,175</u>
Share of results of associate	-	1,712	-	1,078
	<u>292,329</u>	<u>67,846</u>	<u>290,744</u>	<u>57,253</u>
Eliminations	(954)	-	(981)	-
Group Results	<u>291,375</u>	<u>67,846</u>	<u>289,763</u>	<u>57,253</u>

**A10. Profit Before Tax**

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

	<i>Quarter ended</i>		<i>9 Months Cumulative</i>	
	<i>31/12/16</i>	<i>31/12/15</i>	<i>31/12/16</i>	<i>31/12/15</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Other income</b>				
Management fees	6	6	18	18
Others	16	245	48	2,296
<b>Operating expenses</b>				
Depreciation and amortisation	5,448	6,506	15,865	19,343
Foreign exchange (gain)/loss	(112)	196	18	(637)
Impairment loss on trade receivables	10	103	35	768
Write back of impairment loss on trade receivables	(78)	(3)	(371)	(744)
Inventories written back	(34)	(234)	(195)	(442)
Inventories written down	331	-	331	51

**A11. Valuation of property, plant and equipment**

The carrying amounts of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

**A12. Subsequent events**

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

**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.

**A14. Changes in contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets since the last annual balance sheet (other than as disclosed in Note B9).

**A15. Capital Commitments**

	<b>As at 31/12/16 RM'000</b>
Property, plant and equipment:	
Approved and contracted for	3,307
Approved but not contracted for	<u>11,538</u>
Share of capital commitments of associated companies:	
Property, plant and equipment	
Approved and contracted for	2,293
Approved but not contracted for	<u>9</u>



**A16. Acquisition of Property, Plant and Equipment**

As at the end of the financial period to date, the Group has acquired the following assets.

	<b>Current Year to date 31/12/16 RM'000</b>
Buildings	2,012
Plant and machinery	870
Computer hardware and software	270
Motor vehicles	172
Office equipment and fittings	153
	<b>3,477</b>

**A17. Related Party Transactions**

	<b>Current Year to date 31/12/16 RM'000</b>
<b>Penultimate Holding Company</b>	
Kumpulan Fima Berhad	
Rental income receivable	(561)
<b>Fellow Subsidiaries :</b>	
Fima Instanco Sdn Bhd	
Rental income receivable	(90)
<b>Related by virtue of having common director/(s) of the Company :</b>	
Nationwide Express Courier Services Berhad	
Rental income receivable	(59)
Purchases made - Delivery services	114
<b>Related by virtue of director/(s) of the Company and/or Group having substantial interest:</b>	
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	4,531
TD Technologies Sdn Bhd	
Services payable - IT services	76

**A18. Inventories**

During the quarter, the amount of inventories written down was RM297,000.

**B1. Review of Performance**

	Year to date		Variance	
	31/12/16	31/12/15		
	RM'000	RM'000	RM'000	%
<b>Group</b>				
Revenue	291,375	289,763	1,612	0.6
Profit before tax	67,846	57,253	10,593	18.5

Revenue to date for the Group closed at RM291.4 million, an increase of RM1.6 million or 0.6% over the corresponding period of last year.

Profit before tax of RM67.8 million was recorded for the period under review as compared to RM57.2 million pretax profit in the previous year, an increase of RM10.6 million or 18.5%.

	Year to date		Variance	
	31/12/16	31/12/15		
	RM'000	RM'000	RM'000	%
<b>Production and trading of security and confidential documents</b>				
Revenue	193,149	202,529	(9,380)	(4.6)
Profit before tax	48,424	38,039	10,385	27.3

Revenue from this segment decreased by 4.6% to RM193.1 million from RM202.5 million last year. Pretax profit increased by RM10.4 million or 27.3% compared to the corresponding period last year, mainly due to favourable sales mix and lower depreciation.

	Year to date		Variance	
	31/12/16	31/12/15		
	RM'000	RM'000	RM'000	%
<b>Oil palm production and processing</b>				
Revenue	95,156	83,990	11,166	13.3
Profit before tax	17,769	17,910	(141)	(0.8)
Sales Quantity (mt)				
Crude palm oil (CPO)	33,066	35,638	(2,573)	(7.2)
Crude palm kernel oil (CPKO)	2,075	2,199	(125)	(5.7)
Average CIF selling price, net of duty (RM/mt)				
CPO	2,525	2,172	353	16.3
CPKO	5,375	2,931	2,444	83.4

Revenue from this segment was RM11.2 million or 13.3% higher than corresponding period last year. A pretax profit of RM17.8 million was registered, a shortfall of RM141,000 or 0.8% compared to previous year.

Plantation estates in Malaysia which are presently in the process of land development or palm planting registered a total pretax loss of RM1.8 million (2015: RM1.4 million).

The decrease in profit was attributable to higher manuring cost and operating expenses.

**B1. Review of Performance (Contd.)**

	Year to date		Variance	
	31/12/16	31/12/15		
	RM'000	RM'000	RM'000	%
<b>Property Management</b>				
Revenue	4,024	4,225	(201)	(4.8)
Profit before tax	610	830	(220)	(26.5)

On the back of lower rental income from the property management division, pretax profit decreased by RM220,000 or 26.5%.

**B2. Material change in profit before taxation for the quarter reported as compared with the preceding quarter**

	Current	Preceding	Variance	
	Quarter	Quarter		
	RM'000	RM'000	RM'000	%
<b>Group</b>				
Revenue	95,159	113,018	(17,859)	(15.8)
Profit before tax	21,364	26,117	(4,753)	(18.2)

During the quarter reported, the Group posted a revenue of RM95.1 million with a pretax profit of RM21.4 million as compared to RM26.1 million pretax profit on the back of RM113.0 million revenue in the preceding quarter.

	Current	Preceding	Variance	
	Quarter	Quarter		
	RM'000	RM'000	RM'000	%
<b>Production and trading of security and confidential documents</b>				
Revenue	66,023	73,902	(7,879)	(10.7)
Profit before tax	16,052	18,798	(2,746)	(14.6)

Revenue from production of security and confidential documents decreased by RM7.9 million or 10.7% from the preceding quarter, mainly due to cyclical changes in volume of certain products and a decrease in volume for travel documents.

	Current	Preceding	Variance	
	Quarter	Quarter		
	RM'000	RM'000	RM'000	%
<b>Oil palm production and processing</b>				
Revenue	28,174	38,116	(9,942)	(26.1)
Profit before tax	4,615	8,032	(3,417)	(42.5)
Sales Quantity (mt)				
Crude palm oil (CPO)	9,126	12,924	(3,799)	(29.4)
Crude palm kernel oil (CPKO)	-	1,053	(1,053)	-
Average CIF selling price, net of duty (RM/mt)				
CPO	2,964	2,490	474	19.0
CPKO	-	5,642	(5,642)	-

Revenue from this segment for the current quarter decrease by RM9.9 million or 26.1% compared to the previous quarter due to lower sales quantity of CPO and zero sales of CPKO. On the back of lower revenue, pretax profit decreased by RM3.4 million or 42.5%.

**B3. Prospects**

Notwithstanding lower revenue from the production and trading of security and confidential documents, profit from this segment is expected to be satisfactory due to better sales mix.

Subject to fluctuation in US Dollars and commodity market, the prospect of CPO prices is expected to be good for the remaining quarter of the financial year.

The Group will continue to focus on improving labour productivity, controlling cost and enhancing estate management practices.

**B4. Variance of actual profit from forecast profit**

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

**B5. Taxation**

	<b>Current Quarter 31/12/16 RM'000</b>	<b>Current Year to date 31/12/16 RM'000</b>
Tax charge	<u>5,608</u>	<u>18,339</u>

The effective tax rate on the 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. 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

**B7. Finance lease obligations**

	<b>As at 31/12/16 RM'000</b>	<b>As at 31/12/15 RM'000</b>
Obligations under finance leases		
Current	646	-
Non-current	16,313	19,030
	<u>16,959</u>	<u>19,030</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 will expire 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 Reli, 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.

**B8. Realised/unrealised profits/(losses)**

	<b>As at 31/12/16 RM'000</b>	<b>As at 31/03/16 RM'000</b>
Total retained profits of		
Fima Corporation Berhad and its subsidiaries:		
- Realised	442,665	429,858
- Unrealised	<u>(21,671)</u>	<u>(31,599)</u>
	420,994	398,259
Total share of retained profits from		
associated company:		
- Realised	34,432	34,389
- Unrealised	<u>(4,346)</u>	<u>(4,151)</u>
	30,086	30,238
Add: Consolidation adjustments	7,947	13,551
Total group retained profits as per consolidated accounts	<u>459,027</u>	<u>442,048</u>

**B9. Changes in material litigation**

- (i) On 21 October 2016, the Company 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 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 forestry 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. The suit is still on-going and the Defendant, together with a third party intervener, PT Adindo Hutani Lestari, have filed a defence against the said suit.

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, the Company as the Principal Tenant had 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, the Company 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 their renovation costs and general damages. The Board had sought the opinion from the solicitors who were of the opinion that there should be no compensation payable to the Plaintiff as the demised premise was acquired by a relevant authority which was provided in the Tenancy Agreement between the Company 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, the Company had filed its Record of Appeal to the Court of Appeal to appeal against the decision. The Company had made full provision for the compensation claim of RM2.12 million during the financial year ended 31 March 2009.

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

**B10. Dividend**

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

**B11. Earnings per share**

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/12/16</b>	<b>31/12/15</b>	<b>31/12/16</b>	<b>31/12/15</b>
<b><i>Earnings</i></b>				
Profit attributable to owners of the Company (RM'000)	15,147	11,707	47,123	39,463
<b>Basic Earning per Share</b>				
Weighted average number of ordinary shares in issue	241,237,646	241,404,497	241,237,646	241,404,497
Basic earnings per share (sen)	6.28	4.85	19.53	16.35

**BY ORDER OF THE BOARD**

**JASMIN BINTI HOOD (LS 0009071)**

**LEE MO LENG (MIA 9505)**

Company Secretaries

Kuala Lumpur

Date: 22 February 2017