



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

		Current Quarter		6 Months Cumulative	
	Note	Current Year Quarter 30/09/17	Preceding Year Corresponding Quarter 30/09/16	Current Year To Date 30/09/17	Preceding Year Corresponding Period 30/09/16
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	68,749	113,018	147,902	196,216
Cost of sales		(40,084)	(72,758)	(90,184)	(127,870)
Gross profit		28,665	40,260	57,718	68,346
Interest income		2,477	1,689	3,480	3,048
Other income		18	18	160	44
Administrative expenses		(5,450)	(6,063)	(11,367)	(11,007)
Selling and marketing expenses		(861)	(847)	(1,654)	(1,657)
Other operating expenses		(5,403)	(8,270)	(13,607)	(13,138)
Finance costs		(28)	3	(53)	(11)
Share of results from associate		227	(673)	654	857
Profit before tax	A9/A10	19,645	26,117	35,331	46,482
Income tax expense	B5	(5,363)	(7,380)	(10,228)	(12,731)
Profit net of tax		14,282	18,737	25,103	33,751
Other comprehensive income, net of tax					
Foreign currency translation (loss)/gain		(2,017)	4,485	(5,061)	7,593
Total comprehensive income for the period		12,265	23,222	20,042	41,344
Profit attributable to :					
Equity holders of the Company		12,844	17,658	21,931	31,976
Non-controlling interests		1,438	1,079	3,172	1,775
Profit for the period		14,282	18,737	25,103	33,751
Total comprehensive income attributable to:					
Equity holders of the Company		14,274	21,246	17,882	38,050
Non-controlling interests		(2,009)	1,976	2,160	3,294
Total comprehensive income for the period		12,265	23,222	20,042	41,344
Earnings per share attributable to equity holders of the Company					
Basic earnings per share (sen)	B11	5.33	7.32	9.09	13.25

(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 30/09/17 (unaudited) <u>RM'000</u>	As at 31/03/17 (audited) <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant & equipment	94,807	97,856
Biological assets	33,393	33,030
Investment properties	61,424	62,177
Goodwill on consolidation	510	510
Investment in an associate	39,803	41,061
Deferred tax assets	9,130	9,408
	<u>239,067</u>	<u>244,042</u>
Current assets		
Inventories	48,156	37,431
Trade and other receivables	151,322	97,537
Due from related companies	-	19
Cash and cash equivalents	226,479	336,309
	<u>425,957</u>	<u>471,296</u>
TOTAL ASSETS	<u>665,024</u>	<u>715,338</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(4,181)	(4,181)
Other reserves	(10,704)	(6,655)
Retained earnings	440,696	449,559
	<u>548,473</u>	<u>561,385</u>
Non-controlling interests	23,705	25,415
Total equity	<u>572,178</u>	<u>586,800</u>
Non-current liabilities		
Retirement benefit obligations	1,791	1,837
Finance lease obligations	15,858	16,176
Deferred tax liabilities	3,223	3,275
	<u>20,872</u>	<u>21,288</u>
Current liabilities		
Trade and other payables	41,537	82,761
Provisions	17,599	16,947
Tax payable	11,057	6,291
Due to related companies	1,157	627
Finance lease obligations	624	624
	<u>71,974</u>	<u>107,250</u>
Total liabilities	<u>92,846</u>	<u>128,538</u>
TOTAL EQUITY AND LIABILITIES	<u>665,024</u>	<u>715,338</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>2.27</u>	<u>2.33</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**

	<----- Attributable to owners of the parent ----->									
				<-----Non-distributable----->			Distributable			
	Share capital	Treasury shares	Other reserves	Asset revaluation reserve	Foreign translation reserve	Equity contribution from parent	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
At 1 April 2016	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	-	-	6,074	-	6,074	-	31,976	38,050	3,294	41,344
Transaction with owners										
Dividend payable	-	-	-	-	-	-	(18,086)	(18,086)	-	(18,086)
Acquisition of treasury shares	-	(392)	-	-	-	-	-	(392)	-	(392)
Total transactions with owners	-	(392)	-	-	-	-	(18,086)	(18,478)	-	(18,478)
As 30 September 2016	122,662	(4,181)	(600)	16,823	(21,651)	4,228	455,938	573,819	31,435	605,254
At 1 April 2017	122,662	(4,181)	(6,655)	7,605	(18,510)	4,250	449,559	561,385	25,415	586,800
Total comprehensive income for the period	-	-	(4,049)	-	(4,049)	-	21,931	17,882	2,160	20,042
Transaction with owners										
Acquisition of non-controlling interests	-	-	-	-	-	-	(650)	(650)	477	(173)
Dividend paid	-	-	-	-	-	-	(30,144)	(30,144)	(4,347)	(34,491)
Total transactions with owners	-	-	-	-	-	-	(30,794)	(30,794)	(3,870)	(34,664)
At 30 September 2017	122,662	(4,181)	(10,704)	7,605	(22,559)	4,250	440,696	548,473	23,705	572,178

(The condensed consolidated statement 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	
	30/09/17	30/09/16
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,331	46,482
Adjustments for:		
Depreciation for property, plant and equipment	3,711	7,471
Depreciation of investment properties	753	753
Amortisation of biological assets	1,764	2,193
Impairment loss on trade receivables	8	25
Write back of impairment loss on trade receivables	(5)	(293)
Inventories written down/(back)	962	(161)
Provision for retirement benefit obligations	33	28
Provision for warranty	652	597
Share of results of associate	(654)	(857)
Interest income	(3,480)	(3,048)
Operating profit before working capital changes	39,075	53,190
Increase in trade and other receivables	(53,477)	(9,244)
(Increase)/decrease in inventories	(11,687)	4,999
Increase in related companies balances	549	171
(Decrease)/increase in trade and other payables	(41,224)	33,618
Cash (used in)/generated from operations	(66,764)	82,734
Taxes paid	(5,547)	(5,229)
Retirement benefits paid	(8)	(10)
Interest income received	3,480	3,048
Net cash (used in)/generated from operating activities	(68,839)	80,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,012)	(2,240)
Additions to biological assets	(2,699)	(4,523)
Acquisition of non-controlling interests	(173)	-
Repayment of obligations under finance lease	(318)	(311)
Dividends received	1,912	-
Net cash used in investing activities	(3,290)	(7,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(30,144)	-
Dividends paid by a subsidiary to non-controlling interests	(4,347)	(18,086)
Acquisition of treasury shares	-	(392)
Net cash used in financing activities	(34,491)	(18,478)
CASH AND CASH EQUIVALENTS		
Net (decrease)/increase in cash and cash equivalents	(106,620)	54,991
Effect of exchange rate changes in cash and cash equivalents	(3,210)	3,963
Cash and cash equivalents balances at beginning of the year	336,309	177,593
Cash and cash equivalents at end of period	226,479	236,547
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	16,082	36,946
Deposits with licensed banks	210,397	199,601
	226,479	236,547

(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 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. 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 2017.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the statutory financial statements for the financial year ended 31 March 2017 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 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 initiative
- Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses

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 early adopted the following new and amended FRSs and IC Interpretations that are not yet effective:

	Effective for financial period beginning on or after
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 Associate 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 (contd.)

(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. 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. 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 affecting the financial statements

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

		6 Months Cumulative	
		30/09/17	30/09/16
		RM'000	RM'000
Final Dividend			
2017	15% single-tier final dividend (Paid on 18 September 2017)	18,086	-
	10% single-tier special dividend (Paid on 18 September 2017)	12,058	-
2016	15% single-tier final dividend (Paid on 22 September 2016)	-	18,086
		<u>30,144</u>	<u>18,086</u>

A9. Segmental information

(i) Segmental revenue and results for business segments

	Quarter Ended		6 Months Cumulative	
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	39,281	73,902	75,501	127,126
Oil palm production and processing	28,377	38,116	70,301	66,982
Property management	1,388	1,305	2,734	2,741
Others	28,925	9,125	63,175	9,125
	<u>97,971</u>	<u>122,448</u>	<u>211,711</u>	<u>205,974</u>
Eliminations	(29,222)	(9,430)	(63,809)	(9,758)
Group Results	<u>68,749</u>	<u>113,018</u>	<u>147,902</u>	<u>196,216</u>
Profit before tax				
Production and trading of security and confidential documents	9,636	18,798	14,809	32,372
Oil palm production and processing	9,640	7,646	21,318	12,442
Property management	163	160	279	456
Others	28,904	9,311	61,446	9,480
	<u>48,343</u>	<u>35,915</u>	<u>97,852</u>	<u>54,750</u>
Share of results of associate	227	(673)	654	857
	<u>48,570</u>	<u>35,242</u>	<u>98,506</u>	<u>55,607</u>
Eliminations	(28,925)	(9,125)	(63,175)	(9,125)
Group Results	<u>19,645</u>	<u>26,117</u>	<u>35,331</u>	<u>46,482</u>

(ii) Geographical segments

	Quarter Ended		6 Months Cumulative	
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	69,618	84,332	141,440	138,992
Indonesia	28,353	38,116	70,271	66,982
	<u>97,971</u>	<u>122,448</u>	<u>211,711</u>	<u>205,974</u>
Eliminations	(29,222)	(9,430)	(63,809)	(9,758)
Group	<u>68,749</u>	<u>113,018</u>	<u>147,902</u>	<u>196,216</u>

A9. Segmental information (contd.)**(ii) Geographical segments (contd.)**

	Quarter Ended		6 Months Cumulative	
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Profit before tax				
Malaysia	38,290	27,009	75,901	41,920
Indonesia	10,280	8,233	22,605	13,687
	48,570	35,242	98,506	55,607
Eliminations	(28,925)	(9,125)	(63,175)	(9,125)
Group	19,645	26,117	35,331	46,482

	Quarter Ended/6 Months Cumulative			
	30/09/17		30/09/16	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	678,975	66,958	713,331	116,259
Indonesia	114,592	23,361	130,100	17,786
	793,567	90,319	843,431	134,045
Eliminations	(128,543)	2,527	(94,181)	9,951
Group	665,024	92,846	749,250	143,996

A10. Profit before tax

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

	Quarter Ended		6 Months Cumulative	
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Other income				
Management fees	6	6	12	12
Others	12	12	148	32
Operating expenses				
Depreciation and amortisation	2,797	5,217	6,228	10,417
Foreign exchange loss	8	101	132	130
Impairment loss on trade receivables	3	5	8	25
Write back of impairment loss on trade receivables	(3)	(40)	(5)	(293)
Inventories written (back)/down	(17)	-	962	(161)
Provision for warranty	331	497	652	597
Provision for retirement benefit obligations	25	8	33	28

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

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter and financial period to date.

On 29 May 2017, wholly-owned subsidiary FCB Plantation Holdings Sdn Bhd acquired 110 ordinary shares of the total issued and paid-up capital of Next Oasis Sdn Bhd ("Next Oasis"), representing the remaining 11% of the equity interest in Next Oasis for a purchase consideration of RM173,000.

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

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

	As at 30/09/17 RM'000
Property, plant and equipment:	
Approved and contracted for	2,572
Approved but not contracted for	15,502

A16. Acquisition of property, plant and equipment

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

	Current Year to date 30/09/17 RM'000
Office equipment and fittings	346
Plant and machinery	1,375
Buildings	210
Computer hardware and software	81

A17. Related party transactions

	Current Year to date 30/09/17
	RM'000
Penultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	386
Fellow Subsidiaries :	
Fima Instanco Sdn Bhd	
Rental income receivable	60
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	9
Purchases made - Delivery services	(65)
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	<u>(3,263)</u>

A18. Inventories

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

B1. Review of performance

	Year to date		Variance	
	30/09/17	30/09/16	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	147,902	196,216	(48,314)	(24.6)
Profit before tax	35,331	46,482	(11,151)	(24.0)
Profit after tax	25,103	33,751	(8,648)	(25.6)
Profit attributable to Equity Holders of the Company	21,931	31,976	(10,045)	(31.4)

The Group recorded a lower revenue and profit before tax of RM147.9 million and RM35.3 million respectively for the first six months, as compared to RM196.2 million and RM46.5 million respectively for the corresponding period last year. The decrease was mainly due to lower revenue from the production of security and confidential documents coupled with RM1.8 million withholding tax on dividend income from subsidiary company in Indonesia and RM1.0 million write down of inventories.

	Year to date		Variance	
	30/09/17	30/09/16	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	75,501	127,126	(51,625)	(40.6)
Profit before tax	14,809	32,372	(17,563)	(54.3)

Revenue from this segment decreased by 40.6% to RM75.5 million from RM127.1 million 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, pretax profit decreased by RM17.6 million or 54.3% compared to the corresponding period last year.

	Year to date		Variance	
	30/09/17	30/09/16	RM'000	%
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	70,301	66,982	3,319	5.0
Profit before tax	21,318	12,442	8,876	71.3

	Year to date		Variance	
	30/09/17	30/09/16	RM'000	%
	RM'000	RM'000	RM'000	%
Fresh fruit bunch (FFB) produced (mt)	87,787	64,658	23,129	35.8
FFB yield/ha (mt)	13.76	10.06	3.70	36.8
Cost of FFB produced (RM/mt)	242.75	340.07	(97.32)	(28.6)
Crude palm oil (CPO) produced (MT)	26,988	21,766	5,222	24.0
CPO extraction rate (%)	22.57	23.21	(0.64)	(2.8)
Sales Quantity (mt)				
CPO	25,257	23,940	1,317	5.5
Crude palm kernel oil (CPKO)	2,378	2,075	304	14.6
Average CIF selling price, net of duty (RM/mt)				
CPO	2,376	2,358	18	0.8
CPKO	4,069	5,075	(1,006)	(19.8)
Palm profiles (ha)				
Mature	6,379.8	6,429.5		
Immature	1,100.8	489.1		
Total planted area	7,480.6	6,918.6		

B1. Review of Performance (Contd.)

Oil palm production and processing (Contd.)

This segment registered a 71.3% increase in pretax profit compared to the corresponding period last year, mainly due to higher sales of CPO, lower cost of FFB produced and lower depreciation and amortisation charged due to impairment of property, plant and equipment and biological assets in preceding financial year pursuant to Ministerial Order as disclosed in Note B9(i). FFB and CPO produced increased by 35.8% and 24.0% respectively while cost of production of FFB decreased by 28.6%.

Plantation estates in Malaysia which are presently in the process of land development or palm planting registered a total pretax loss of RM1.3 million (2017: RM1.2 million).

	Year to date		Variance	
	30/09/17	30/09/16		
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	2,734	2,741	(7)	(0.3)
Profit before tax	279	456	(177)	(38.8)

Revenue from the property management division remained consistent compared to corresponding period last year with minimal decrease of 0.3%. Pretax profit decreased by RM177,000 on the back of higher upkeep of premises expenses.

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

	Q2	Q1	Variance	
	FY 2018	FY 2018		
	RM'000	RM'000	RM'000	%
Group				
Revenue	68,749	79,153	(10,404)	(13.1)
Profit before tax	19,645	15,686	3,959	(25.2)
Profit after tax	14,282	10,821	3,461	(32.0)
Profit attributable to equity holders of the Company	12,844	9,087	3,757	(41.3)

During the quarter under review, the Group posted a revenue of RM68.8 million with a pretax profit of RM19.7 million as compared RM15.7 million pretax profit on the back of RM79.2 million revenue in the preceding quarter.

The performance of each business division is as follows:

	Q2	Q1	Variance	
	FY 2018	FY 2018		
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	39,281	36,220	3,061	8.5
Profit before tax	9,636	5,173	4,463	86.3

Revenue from production of security and confidential documents increased by RM3.1 million or 8.5% in the second quarter compared to the preceding quarter. The improvement was mainly due to increased volume from confidential documents. On the back of higher revenue coupled with more favourable sales mix, a pretax profit of RM9.6 million was posted, an improvement of 86.3% over the previous quarter.

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

	Q2	Q1	Variance	
	FY 2018	FY 2018	RM'000	%
	RM'000	RM'000	RM'000	
Oil palm production and processing				
Revenue	28,377	41,924	(13,547)	(32.3)
Profit before tax	9,640	11,678	(2,038)	(17.5)

	Q2	Q1	Variance	
	FY 2018	FY 2018		
Sales Quantity (mt)				
Crude palm oil (CPO)	10,923	14,334	(3,412)	(23.8)
Crude palm kernel oil (CPKO)	991	1,388	(397)	(28.6)
Average CIF selling price, net of duty (RM/mt)				
CPO	2,121	2,570	(449)	(17.5)
CPKO	3,927	4,170	(243)	(5.8)

Revenue from this segment for the current quarter of RM28.4 million was RM13.6 million or 32.3% lower than the preceding quarter, mainly due to lower sales volume of CPO and CPKO. In line with decrease in revenue, PBT decreased by RM2.1 million compared to the preceding quarter.

B3. Prospects

The Board recognises the challenges ahead following the expiration of a supply contract for a certain travel document. The production and trading of security and confidential documents segment will continue to put concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products.

As the setback in FFB production arising from the consequences of the 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 direction of palm oil prices. In view of the current prevailing palm oil prices, the Board of Directors expects the results of this financial year to be satisfactory.

B4. Variance of actual profit from forecast profit

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

B5. Taxation

	Current Quarter 30/09/17	Current Year to date 30/09/17
	RM'000	RM'000
Tax charge	5,363	10,228

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

Saved as disclosed below, there is no corporate proposal announced but not completed at the date of this report.

On 6 October 2017, FCB Plantation Holdings Sdn Bhd (FCBPH), a wholly-owned subsidiary of the Company, 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 (LBTSB), 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 LBTSB have been charged to a financial institution as security for credit facilities granted by the said financial institution to LBTSB. 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 LBTSB's financier through the settlement of the amount owing by LBTSB 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

B7. Finance lease obligations

	As at 30/09/17 RM'000	As at 30/09/16 RM'000
Obligations under finance leases		
Current	624	646
Non-current	15,858	16,488
	16,482	17,134

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 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.

B8. Realised/unrealised profits/(losses)

	As at 30/09/17 RM'000	As at 31/03/17 RM'000
Total retained profits of		
Fima Corporation Berhad and its subsidiaries:		
- Realised	415,934	422,793
- Unrealised	<u>(12,328)</u>	<u>(12,182)</u>
	403,606	410,611
Total share of retained profits from associated company:		
- Realised	33,759	35,164
- Unrealised	<u>(3,956)</u>	<u>(4,103)</u>
	29,803	31,061
Add: Consolidation adjustments	7,653	7,887
Total group retained profits as per consolidated accounts	<u>441,062</u>	<u>449,559</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 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 PTUN 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, 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

The Board of Directors declared a single-tier interim dividend of 5.0 sen per share payable for the year ending 31 March 2018 (last year: 5 sen). The dividend payment will amount to approximately RM12.1 million (Second quarter 2017: RM12.1 million).

B11. Earnings per share

	Quarter ended		6 Months Cumulative	
	30/09/17	30/09/16	30/09/17	30/09/16
Earnings				
Profit attributable to owners of the Company (RM'000)	12,844	17,658	21,931	31,976
Basic Earning per Share				
Weighted average number of ordinary shares in issue	241,151,830	241,281,721	241,151,830	241,281,721
Basic earnings per share (sen)	5.33	7.32	9.09	13.25

BY ORDER OF THE BOARD**JASMIN BINTI HOOD (LS 0009071)****FADZIL AZAHA (MIA 20995)**

Company Secretaries

Kuala Lumpur

Date: 22 November 2017