FIMA CORPORATION BERHAD
(197401004110) (21185-P)

Annual Report 2020

STAYING RESILIENT
in the face of uncertainty

INSIDE

Plantation Division

TAKING ROOT

Expanding the Group's plantation landbank has been and remains the long-standing objective of the Group

Manufacturing Division

YEAR OF CHALLENGE

Technological changes is key to improving the division's positioning in a competitive, ever-evolving market

www.fimacorp.com

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STAYING RESILIENT
in the face of uncertainty

2020

Annual Report 2020

Fima Corporation Berhad ("the Company" or "FimaCorp") was incorporated on 5 December 1974 under the name of Metal Box Holdings Malaysia Sendirian Berhad. In 1976, the Company was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) and changed its name to Metal Box Berhad. In 1981, Kumpulan Fima Berhad became the Company's controlling shareholder. The Company assumed its present name in 1993.

The principal activities of the Company are those of property management and investment holding.

The principal activities of the subsidiaries and associate are production of security and confidential documents, oil palm production and processing and production and sale of bank notes.

Our Values

Accountability	• We make business decisions through vast experiences, good judgment, and ownership of outcomes • Committed and loyal to our clients and each other
Ethics & integrity	• Honest and professional conduct in all interactions and through our commitment to managing our resources wisely
Responsibility	• Integration of economic, social and environmental responsibility in all aspects and activities
Safety	• Committed to providing a safe and healthy work environment for our employees and neighbours
Passionate	• A strong commitment to delivering value to our customers and stakeholders
Value creation	• We focus on building and generating sustainable value for all stakeholders

THIS YEAR'S ISSUE

Annual General Meeting

29 September 2020 ▶ 9.30 A.M.
Broadcast Venue
Training Room, Kumpulan Fima Berhad
Suite 4.1, Level 4, Block C
Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur

We encourage you to visit our full Annual Report at www.fimacorp.com/annual-reports.php. You will have the privilege to download, retrieve and view any pages of the Annual Report at your convenience.

Corporate Information

Performance Review

Segmental Report:

Sustainability Report

Corporate Governance

Financial Statements

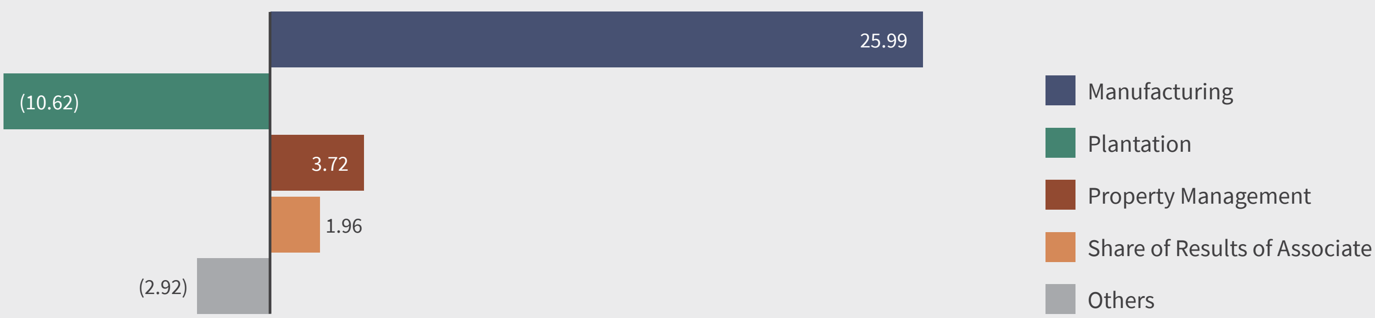
Other Information

NUMBERS AT A GLANCE

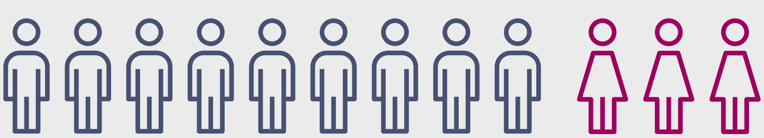
Revenue
RM243.13mil
FYE2019 **RM244.72mil**

Profit Before Tax
RM18.13mil
FYE2019 **RM79.48mil**

Segmental Profit Before Tax (RM million)



Employee Breakdown by Gender
76.6%
23.4%



Total Employees
1,741
FYE2019 **1,717**

Notice of 45th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Fifth (45th) Annual General Meeting ("AGM") of FIMA CORPORATION BERHAD ("FimaCorp" and/or "the Company") will be held fully virtual at the Broadcast Venue at Training Room, Kumpulan Fima Berhad, Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 September 2020 at 9.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 and the Directors' and Auditors' Reports thereon. **Please refer to Note A**

2. To re-elect the following Directors who retire by rotation in accordance with Article 108 of the Company's Constitution and who, being eligible, offer themselves for re-election:-

   (i) Rezal Zain bin Abdul Rashid **Resolution 1**
   (ii) Dr. Roshayati binti Basir **Resolution 2**

3. To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year. **Resolution 3**

4. To approve the increase in fees payable to the Audit and Risk Committee members (excluding the Committee Chairman) from 1 April 2020 until the conclusion of the next AGM of the Company. **Resolution 4**

5. To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 30 September 2020 until the conclusion of the next AGM of the Company. **Resolution 5**

6. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors from 30 September 2020 until the conclusion of the next AGM of the Company. **Resolution 6**

7. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

8 **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 8**

"THAT pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad ("Bursa") Main Market Listing Requirements ("Listing Requirements"), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5 Part A of the Company's Circular/Statement to Shareholders dated 28 August 2020 which are necessary for the day-to-day operations of the Company and/or its subsidiaries provided that such transactions are entered into in the ordinary course of business of the Company and/or its subsidiaries, are carried out on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in full force and effect until:

(i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting; or
(ii) the expiration of the period within which the Company's next AGM is required to be held under Section 340(1) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed under Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company be and is hereby empowered and authorized to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Company's Constitution, as maybe required) as they may consider expedient or necessary to give effect to the proposed mandate."

9 **PROPOSED RENEWAL OF THE AUTHORITY FOR SHARES BUY-BACK** **Resolution 9**

"THAT subject to compliance with the Act, the Bursa Listing Requirements, provisions of the Company's Constitution, and all other applicable laws, guidelines, rules and regulations, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares in FimaCorp ("FimaCorp Shares") as may be determined by the Directors from time to time through Bursa upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(i) the maximum aggregate number of FimaCorp Shares which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any time; and
(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company for the time being.

THAT the Directors be and are hereby authorized to deal with the FimaCorp Shares so purchased at their discretion, in the following manner:

(i) cancel the FimaCorp Shares so purchased; or
(ii) retain the FimaCorp Shares so purchased as treasury shares which may be dealt with in accordance with Section 127(7) of the Act; or

(iii) retain part of the FimaCorp Shares so purchased as treasury shares and cancel the remainder of the FimaCorp Shares,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa and/or other relevant authority for the time being in force and that the authority to deal with the purchased FimaCorp Shares shall continue to be valid until all the purchased FimaCorp Shares have been dealt with by the Directors of the Company;

THAT the authority conferred by this resolution shall be effective immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Bursa Listing Requirements or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorized to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

10 **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS**

(i) "THAT approval be and is hereby given to Rezal Zain bin Abdul Rashid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **Resolution 10**

(ii) "THAT approval be and is hereby given to Dato' Adnan bin Shamsuddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **Resolution 11**

11 To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (SSM PC No. 201908001455) (LS 0009071)
FADZIL BIN AZAHA (SSM PC No. 201908001530) (CA 20995)
Company Secretaries

Kuala Lumpur
28 August 2020

(I) **Note A**

The Audited Financial Statements is for discussion only as it does not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Act. Hence, it is not put forward for voting.

(II) **Resolutions 1 and 2**

Article 108 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office at least once in every three (3) years, but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

The Board endorsed that the Directors who retire in accordance with Article 108 of the Company's Constitution are eligible to stand for re-election.

The profiles of the retiring Directors are set out in Profile of Directors section of the Company's Annual Report 2020.

(III) **Resolutions 3, 4, 5 and 6**

Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 45th AGM of the Company on the following payments to Directors in four (4) separate resolutions as below:

- **Resolution 3** on payment of Directors' fees for the ensuing financial year.
- **Resolution 4** on the increase in fees payable to the Audit and Risk Committee members (excluding the Committee Chairman) from 1 April 2020 until the conclusion of the next AGM of the Company.
- **Resolution 5** on payment of Directors' fees for the Non-Executive Directors ("NEDs") who sit on the Board of Directors of subsidiary companies from 30 September 2020 until the conclusion of the next AGM of the Company.
- **Resolution 6** on payment of Directors' remuneration (excluding Directors' fees) to the NEDs from 30 September 2020 until the conclusion of the next AGM of the Company.

Ordinary Resolutions 3, 5 and 6 comprises fees, allowances and other benefits payable to the Non-Executive Chairman, NEDs and Board Committees, including fees and allowances payable to them by subsidiaries. Payment of the said fees, allowances and other benefits referred to herein will be made by the Company as and when incurred.

Ordinary Resolution 4 relates specifically on the proposed increase in fees payable to a member of the Audit and Risk Committee (excluding the Committee Chairman) from RM6,000 per annum to RM10,000 per annum. The Board is of the view that it was fair for the Audit and Risk Committee member's fees to be reviewed having taken into account various considerations and to reflect the additional roles of the Audit and Risk Committee in assisting the Board to meet its oversight responsibilities in relation to the Group's risk management and sustainability policies and practices.

Other fees payable to the NEDs remain unchanged. The Managing Director does not receive any Directors' fees and meeting allowances.

Company

		Fee (per annum)		Meeting Allowance (per meeting)	Benefits
		Existing	Proposed Revision (Ordinary Resolution 4)		
Board	Chairman	RM75,000	Maintain existing fee. No revision proposed	RM2,000	Medical coverage and other claimable benefits
	Member	RM50,000	Maintain existing fee. No revision proposed	RM2,000	Medical coverage and other claimable benefits
Committees	Chairman of Audit and Risk Committee	RM15,000	Maintain existing fee. No revision proposed	RM2,000	N/A
	Member of Audit and Risk Committee	RM6,000	RM10,000	RM2,000	N/A
	Member of Nomination and Remuneration Committee	N/A	N/A	RM2,000	N/A
	Member of Group Sustainability Committee	N/A	N/A	RM2,000	N/A
	Member of Risk Steering Committee	N/A	N/A	RM2,000	N/A

Subsidiaries

Subsidiary	Position Held	Fee Type	Amount
Percetakan Keselamatan Nasional Sdn. Bhd.	Chairman	Director's fee per annum	RM18,000
		Meeting allowance per meeting	RM1,000
PT Nunukan Jaya Lestari	President Commissioner	Director's fee per annum	RM18,000
		Meeting allowance per meeting	RM1,000
FCB Plantation Holdings Sdn. Bhd.	Chairman	Director's fee per annum	RM18,000
		Meeting allowance per meeting	RM1,000
Ladang Bunga Tanjong Sdn. Bhd.	Director	Director's fee per annum	RM12,000
		Meeting allowance per meeting	RM1,000

In determining the estimated amount of remuneration payable for the NEDs, various factors, including the number of scheduled meetings for the Board, Board Committees and Board of subsidiaries as well as the number of NEDs involved in these meetings were considered.

(IV) **Resolution 7**

The Board had at its meeting held on 22 July 2020 approved the recommendation by the Audit and Risk Committee on the re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company.

(V) **EXPLANATORY NOTES ON SPECIAL BUSINESS**

(a) Resolution 8

The proposed Ordinary Resolution 8, if passed, will empower the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in Part A of the Circular/Statement to Shareholders dated 28 August 2020 which is circulated together with the Company's Annual Report 2020 and is also available under the 'Investors' section of the Company's website.

(b) Resolution 9

The proposed Ordinary Resolution 9, if passed, will renew the authority granted by the shareholders at the last AGM. The renewed authority will allow the Company to purchase its own shares of up to 10% of its prevailing ordinary issued and paid-up share capital at any time. The renewed authority, unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first.

Further information on the Proposed Renewal of Shares Buy-Back Authority is set out in the Part B of Circular/Statement to Shareholders dated 28 August 2020 which is circulated together with the Company's Annual Report 2020 and is also available under the 'Investors' section of the Company's website.

(c) Resolutions 10 and 11

The following Directors were appointed as Independent Non-Executive Directors of the Company and have reached the cumulative nine (9) years term limit as recommended by Malaysian Code on Corporate Governance:

Directors	Appointed on
Rezal Zain bin Abdul Rashid	25 June 2002
Dato' Adnan bin Shamsuddin	20 May 2003

The Nomination and Remuneration Committee and the Board, through the annual assessment carried out for the financial year ended 31 March 2020, concluded that the above Directors remain independent and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:

(a) Have fulfilled the criteria as an Independent Director as defined in the Bursa Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
(b) Have provided effective check and balance in the proceedings of the Board and the Board Committees;
(c) Have provided objectivity in decision making through unbiased and independent views as well as advice and judgement, to the Board;
(d) Have contributed sufficient time and effort and attended all Board and Committees meetings for an informed and balanced decision making; and
(e) Have exercised due care during their tenure as Independent Non-Executive Director of the Company and carried out professional duties in the interest of the Company and shareholders.

Notes:

A. Virtual AGM

1. The 45th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities (collectively referred as "45th Virtual AGM"). Kindly refer to the procedures provided in the Administrative Guide for the 45th Virtual AGM in order to register, participate and vote remotely.

2. The broadcast venue of the 45th Virtual AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 that requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders/proxies/corporate representatives should be physically present nor admitted at the broadcast venue on the day of the 45th Virtual AGM of the Company.

B. Appointment of Proxy(ies)

1. Only members registered in the General Meeting Record of Depositors as at 22 September 2020 shall be entitled to participate in the 45th Virtual AGM or appoint proxy(ies) to participate and/or vote on their behalf.

2. A member of the Company who is entitled to participate and vote at the 45th Virtual AGM, may appoint up to 2 proxies by specifying the proportion of his shareholding to be represented by each proxy. A proxy may not be a member of the Company.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy must be deposited at the Company's Share Registrar's office in the following manner:

   (a) by electronic means through the Boardroom Smart Investor Online Portal at www.boardroomlimited.my by lodging in and selecting "E-PROXY LODGEMENT" not less than 48 hours before the time of holding the meeting or adjournment thereof; or

   (b) by hand or post to Boardroom Share Registrars Sdn Bhd ("Boardroom Share Registrars"), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time of holding the meeting or adjournment thereof. Boardroom Share Registrars will provide a box at the ground floor of its office building to facilitate drop-off of proxy forms.

5. If the appointer is a corporation, the proxy form or certificate of appointment of corporate representative must be deposited by hand or post to Boardroom Share Registrars' office not less than 48 hours before the time of holding the meeting or adjournment thereof. Alternatively, the proxy form or certificate of appointment of corporate representative may also be send to Boardroom Share Registrars via email at BSR.Helpdesk@boardroomlimited.com.

6. If you have submitted your proxy form prior to the 45th Virtual AGM and subsequently, decide to participate in the 45th Virtual AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com to revoke the appointment of your proxy(ies) 48 hours before the 45th Virtual AGM. Your proxy(ies) on revocation would not be allowed to participate in the 45th Virtual AGM. In such event, you should advise your proxy(ies) accordingly.

7. The voting at the 45th Virtual AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the poll results.

Statement Accompanying Notice of Annual General Meeting

1. The Directors who are retiring pursuant to Article 108 of the Company's Constitution and seeking re-election are:

   a. Rezal Zain bin Abdul Rashid
   b. Dr. Roshayati binti Basir

2. The Directors who are continuing to act as Independent Non-Executive Director are:

   a. Rezal Zain bin Abdul Rashid
   b. Dato' Adnan bin Shamsuddin

The profiles of the above Directors are set out in Profile of Directors section of this Annual Report.

Administrative Guide

FOR THE 45TH VIRTUAL AGM

Meeting Day and Date	:	Tuesday, 29 September 2020
Meeting Platform	:	https://web.lumiagm.com/
Registration	:	Virtual Meeting via Remote Participation and Electronic Voting ("RPEV") Facilities
Commencement of Meeting	:	9.30 a.m.
Broadcast Venue	:	Training Room, Kumpulan Fima Berhad, Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur

1. Virtual Meeting

1.1 In line with the Government's initiative to curb the spread of the COVID-19 and the restriction on mass gathering post Movement Control Order, the Company has decided to convene the 45th AGM of the Company through fully virtual and entirely via RPEV facilities (collectively referred as "45th Virtual AGM").

1.2 The main and only venue for the 45th Virtual AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 that requires the Chairman of the Meeting to be present at the main venue of the meeting. No shareholders/proxies/corporate representatives should be physically present nor admitted at the broadcast venue on the day of the 45th Virtual AGM.

1.3 Shareholders can participate in our 45th Virtual AGM by registering online via the Boardroom Smart Investor Portal at www.boardroomlimited.my.

1.4 With the RPEV facilities, you may exercise your right as a shareholder of the Company to participate and pose questions to the Board and vote at the 45th Virtual AGM, safely from your home.

1.5 Kindly ensure the stability of the internet connectivity throughout the 45th Virtual AGM proceedings is maintained as the quality of the live webcast and online remote voting are dependent on the bandwidth and stability of the internet connection of the participants.

1.6 No recording or photography of the meeting proceedings is allowed.

2. Entitlement to Participate and Vote

2.1 Only members whose names appear in the Record of Depositors as at 22 September 2020 shall be entitled to participate in the 45th Virtual AGM or appoint proxies to register and vote on their behalf by returning the proxy form which is enclosed in the Company's Annual Report 2020 and can also be downloaded from www.fimacorp.com/agm.html.

3. Lodgement of Proxy Form

3.1 If you are unable to participate the 45th Virtual AGM and wish to appoint the Chairman of the Meeting as your proxy to vote on your behalf, please deposit your proxy form at the Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("Boardroom Share Registrars") 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time of holding the meeting or adjournment thereof. Any alteration to the proxy form must be initialled.

3.2 Boardroom Share Registrars will also provide a box at the ground floor of its office building to facilitate drop-off of proxy forms.

3.3 The proxy appointment may also be lodged electronically via Boardroom Smart Investor Online Portal at www.boardroomlimited.my, which is free and available to all individual shareholders, not less than 48 hours before the time of holding the 45th Virtual AGM in accordance with the steps below:

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on eProxy Lodgement.

a. Access website https://boardroomlimited.my.
b. Click <<Login>> and click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKad/Identification Card (front and back in JPG/PNG format only) or Passport (in JPG/PNG format only).
d. Please enter a valid email address and wait for Boardroom Share Registrars' email verification.
e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 – eProxy Lodgement

a. Login to https://boardroomlimited.my using your user ID and password above.
b. Go to "eProxy Lodgement" and browse the Meeting List for "FIMACORP 45th Virtual AGM". Click "Apply".
c. Read the terms & conditions and confirm Declaration.
d. Enter the CDS account number and the total number of securities held.
e. Select your proxy – either the Chairman of the Meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
f. Indicate your voting instructions – For, Against or Abstain, otherwise your proxy will decide your vote.
g. Review and confirm your proxy appointment.
h. Click submit.
i. Download or print the eProxy form acknowledgement.

3.4 If you wish to participate in the 45th Virtual AGM yourself, please do not submit any proxy form for the 45th Virtual AGM. You will not be allowed to participate in the 45th Virtual AGM together with a proxy appointed by you.

3.5 If you have submitted your proxy form prior to the 45th Virtual AGM and subsequently, decide to participate in the 45th Virtual AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com to revoke the appointment of your proxy(ies) 48 hours before the 45th Virtual AGM. Your proxy(ies) on revocation would not be allowed to participate in the 45th Virtual AGM. In such event, you should advise your proxy(ies) accordingly.

4. Corporate Shareholder

4.1 Corporate shareholders who require their corporate representative to participate and vote at the 45th Virtual AGM must deposit their proxy form or certificate of appointment of corporate representative to the Boardroom Share Registrars' office not less than 48 hours before the time of holding the 45th Virtual AGM. Alternatively, the proxy form or certificate of appointment of corporate representative may also be send to Boardroom Share Registrars via email at BSR.Helpdesk@boardroomlimited.com.

5. Voting Procedures

5.1 The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Listing Requirements.

5.2 The Company has appointed Boardroom Share Registrars as the Poll Administrator to conduct the poll by way of electronic voting ("e-Voting") and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results.

5.3 During the 45th Virtual AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

5.4 For the purpose of the 45th Virtual AGM, e-Voting will be carried out using personal smart mobile phones, tablets, personal computers or laptops.

5.5 The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or not.

6. Remote Participation and Electronic Voting (“RPEV”)

6.1 Please note that all members including **(i) individual members; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominee** shall use the RPEV facilities to participate and vote remotely at the 45th Virtual AGM.

6.2 If you wish to participate in the 45th Virtual AGM, you will be able to view a live webcast of the 45th Virtual AGM, ask questions and submit your votes in real time whilst the 45th Virtual AGM is in progress.

6.3 Kindly follow the steps below on how to request for login ID and password and usage of the RPEV facilities:

BEFORE 45TH VIRTUAL AGM	
Procedures	**Actions**
1. Register Online with Boardroom Smart Investor Portal **(for first time registration only)** *Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.*	a. Access website www.boardroomlimited.my. b. Click <<Login>> and click <<Register>> to sign up as a user. c. Complete registration and upload softcopy of MyKad/Identification Card (front and back in JPG/PNG format only) or Passport (in JPG/PNG format only). d. Please enter a valid email address and wait for Boardroom Share Registrars’ email verification. e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
2. Submit Request for Remote Participation User ID and Password *Note: Registration for remote access will be opened on **28 August 2020.** Please note that the **closing time to submit your request** is not less than 48 hours before the time of holding the 45th Virtual AGM or no later than 9.30 a.m. on 27 September 2020.*	**Individual Members** • Login to www.boardroomlimited.my using your user ID and password. • Select “Virtual Meeting” from main menu and select the correct Corporate Event “FIMACORP 45th Virtual AGM”. • Enter your CDS account. • Read and agree to the terms & condition and thereafter submit your request. **Corporate Members** • Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of member, CDS account number accompanied with the certificate of appointment of corporate representative or proxy form to submit the request. • Please provide a copy of Corporate Representative’s MyKad/Identification Card (front and back) or Passport as well as his/her email address. **Authorised Nominee and Exempt Authorised Nominee** • Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of member, CDS account number accompanied with the proxy form to submit the request. • Please provide a copy of proxy holder’s MyKad/Identification Card (front and back) or Passport as well as his/her email address.

BEFORE 45TH VIRTUAL AGM	
Procedures	**Actions**
3. Email Notification	a. You will receive a notification from Boardroom Share Registrars that your request has been received and is being verified. b. Upon system verification against the General Meeting Record of Depositors as at 22 September 2020, you will receive an email from Boardroom Share Registrars either approving or rejecting your registration for remote participation. c. If your registration is approved, you will receive your remote access user ID and password in the same email from Boardroom Share Registrars.

ON THE DAY 45TH VIRTUAL AGM	
Procedures	**Actions**
1. Login to Virtual Meeting Platform	a. The Virtual Meeting portal will be open for login an hour (1 hour) before the commencement of the 45th Virtual AGM at 8.30 a.m. on 29 September 2020. b. The Meeting Platform can be accessed via one of the following: • Free **Lumi AGM** application which is downloadable from Apple App Store or Google Play Store; • Launch **Lumi AGM** by scanning the QR Code provided in the email notification after successful registration; or • Access to **Lumi AGM** via https://web.lumiagm.com/. c. Enter the Meeting ID No. and sign in with the user ID and password provided in the confirmation email from Boardroom Share Registrars.
2. Participate *Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition.*	a. If you would like to view live webcast, select the broadcast icon. b. If you would like to ask a question during the 45th Virtual AGM, select the messaging icon. c. Type your message within the chat box, click the send button once completed. d. The Chairman/Board of Directors will endeavour their best to respond to the questions submitted by the shareholders/proxies which are related to the resolutions to be tabled at the 45th Virtual AGM, as well as financial performance/prospect of the Company.
3. Voting	a. Once the 45th Virtual AGM is open for voting, the polling icon will appear with the resolutions and your voting choices. b. To vote, simply select your voting direction from the options provided. c. A confirmation message will appear to show your vote has been received. d. To change your vote, simply select another voting direction. e. If you wish to cancel your vote, please press "Cancel".
4. End of Participation	a. Upon the announcement by the Chairman on the closure of 45th Virtual AGM, the live webcast will end and the messaging window will be disabled. b. You can now logout from the meeting platform.

7. No Door Gifts

7.1 There will be no distribution of door gifts or vouchers for the participation at this 45th Virtual AGM.

8. Enquiries

8.1 The Company welcomes questions and views from shareholders on the AGM resolutions and Annual Report 2020 to be raised at the 45th Virtual AGM.

8.2 Please email your questions to AGM.Helpdesk@fimacorp.com no later than 9.30 a.m. on Monday, 21 September 2020. We will endeavour to provide responses to the queries during the 45th Virtual AGM session.

8.3 If you have any enquiry prior to the 45th Virtual AGM or if you wish to request for technical assistance to participate in the fully virtual meeting, please contact Boardroom Share Registrars during office hours from 9.00 a.m. to 5.00 p.m. (Mondays to Fridays):

Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647/378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

General Line : 03-7890 4700
Fax No. : 03-7890 4670

Cik Nur Shaykila Md Harris (03-7890 4703)
Nur.Shaykila@boardroomlimited.com

Encik Shamsul Kamal Abdul Manaf (03-7890 4701)
Shamsul.Kamal@boardroomlimited.com

Members are reminded to monitor the Company's website and announcements for any changes to the arrangements of the 45th Virtual AGM.

Annual Report 2020

We strongly recommend you to download the digital version of the documents taking into consideration of the carbon footprints arising from the production and delivery of the documents. The Annual Report 2020 and Corporate Governance Report 2020 can be downloaded from the Company's website. Please access the online softcopy through your device by scanning this QR code.

CORPORATE Structure

FIMA CORPORATION BERHAD

CORE

PLANTATION Division

Oil palm cultivation including oil palm production and processing

- **100%** FCB Plantation Holdings Sdn. Bhd.
  - **80%** PT Nunukan Jaya Lestari (Indonesia Incorporated Company)
  - **100%** Next Oasis Sdn. Bhd.
    - **100%** Etika Gangsa Sdn. Bhd.
    - **100%** Taka Worldwide Trading Sdn. Bhd.
  - **100%** Cendana Laksana Sdn. Bhd.
  - **100%** FCB Eastern Plantations Sdn. Bhd.
    - **80%** Ladang Bunga Tanjong Sdn. Bhd.
  - **70%** R.N.E. Plantation Sdn. Bhd.
- **100%** Gabungan Warisan Sdn. Bhd.

MANUFACTURING Division

Production and trading of security and confidential documents

- **100%** Percetakan Keselamatan Nasional Sdn. Bhd.
- **100%** Security Printers (M) Sdn. Bhd.
- **20%** Giesecke & Devrient Malaysia Sdn. Bhd. (Associate Company)

NON-CORE

PROPERTY

Property management services

- **100%** Fima Technology Sdn. Bhd.

CORPORATE Information

BOARD OF DIRECTORS

Dato' Adnan bin Shamsuddin
Chairman/Independent
Non-Executive Director

Dato' Roslan bin Hamir
Managing Director/
Non-Independent
Executive Director

Rezal Zain bin Abdul Rashid
Senior Independent
Non-Executive Director

Dr. Roshayati binti Basir
Non-Independent
Non-Executive Director

Rosely bin Kusip
Independent
Non-Executive Director

Datuk Bazlan bin Osman
Independent
Non-Executive Director

AUDIT AND RISK COMMITTEE

Rezal Zain bin Abdul Rashid
Chairman
Dato' Adnan bin Shamsuddin
Member
Datuk Bazlan bin Osman
Member
Rosely bin Kusip
Member

Audit Committee was renamed as Audit and Risk Committee on 22 June 2020

NOMINATION AND REMUNERATION COMMITTEE

Rezal Zain bin Abdul Rashid
Chairman
Dato' Adnan bin Shamsuddin
Member
Dr. Roshayati binti Basir
Member
Rosely bin Kusip
Member

COMPANY SECRETARIES

Jasmin binti Hood
LS 0009071
SSM PC No. 201908001455

Fadzil bin Azaha
CA 20995
SSM PC No. 201908001530

AUDITORS

Messrs. Ernst & Young PLT

REGISTERED OFFICE

Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : +603-2092 1211
Facsimile No. : +603-2092 5923
E-mail : fima@fimacorp.com
Website : www.fimacorp.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor
Telephone No. : +603-7890 4700
Facsimile No. : +603-7890 4670

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : FIMACOR
Stock Code : 3107
Sector : Industrial Products & Services
Sub-Sector : Industrial Services

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

FINANCIAL Calendar

Financial Year

1 April 2019 to 31 March 2020

Result

First Quarter Announced	Second Quarter Announced
1	2
22 August 2019	21 November 2019

Third Quarter Announced	Fourth Quarter Announced
3	4
20 February 2020	22 June 2020

ANNUAL REPORT
Issued 28 August 2020

ANNUAL GENERAL MEETING
To be held 29 September 2020

Dividends

Interim Dividend

Announced	Entitlement Date	Payment Date
21 November 2019	13 December 2019	30 December 2019

Second Interim Dividend

Announced	Entitlement Date	Payment Date
22 June 2020	21 August 2020	7 September 2020

PROFILE OF Directors

Dato' Adnan bin Shamsuddin

Chairman / Independent Non-Executive Director

Malaysian / 73 / Male

Date of Appointment:
20 May 2003

Date of Last Re-election:
28 August 2019

Academic / Professional Qualification(s):
- B.A (Hons) Second Class Upper in Economics, University of Malaya
- M.A Economics, University of Southern California

Past Appointment(s):
- Executive Director, Malaysia Airports Holdings Berhad (1992-2003)
- Deputy Director General, Department of Civil Aviation (1983-1992)
- Director of Air Transport, Department of Civil Aviation (1977-1983)
- Assistant Secretary, Ministry of Transportation, Government of Malaysia (1971-1975)
- Administrative and Diplomatic Service, Government of Malaysia (1971-1992)

Present Directorship(s) of Public and Listed Companies:
NIL

Membership of Board Committee(s):
- Audit and Risk Committee
- Nomination and Remuneration Committee

Audit Committee was renamed as Audit and Risk Committee on 22 June 2020

Dato' Roslan bin Hamir

Managing Director / Non-Independent Executive Director

Malaysian / 53 / Male

Date of Appointment:
8 December 1998

Date of Last Re-election:
30 August 2018

Academic / Professional Qualification(s):
- Bachelor of Arts (Honours) in Accounting and Finance
- Graduate, Association of Chartered Certified Accountants (ACCA)

Past Appointment(s):
- Senior Vice President, Corporate Services, Kumpulan Fima Berhad (1998-1999)
- Auditor, Messrs. Ernst & Young (1993-1998)

Present Directorship(s) of Public and Listed Companies:
- Group Managing Director, Kumpulan Fima Berhad
- Chairman and Director, Narborough Plantations Plc
- Director, Fima Bulking Services Berhad (non-listed)
- Director, Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed)

Membership of Board Committee(s):
NIL

Rezal Zain bin Abdul Rashid

Senior Independent Non-Executive Director

Malaysian / 53 / Male

Date of Appointment:
25 June 2002

Date of Last Re-election:
30 August 2018

Academic / Professional Qualification(s):
- Bachelor of Arts (Accounting) Degree, University of Canberra, Australia
- Member, Malaysian Institute of Accountants
- Member, Certified Practising Accountant (CPA Australia)

Past Appointment(s):
- Chief Operating Officer, TDM Berhad (1999-2000)
- Business Development Manager, Corporate & Business Development, TDM Berhad (1996-1999)
- Assistant Manager, Corporate Finance Department, Arab Malaysian Merchant Bank Berhad (1995-1996)
- Senior Consultant, Peat Marwick Consultants (1993-1995)
- Senior Auditor, KPMG Desa Megat & Co (1989-1993)

Present Directorship(s) of Public and Listed Companies:
Independent Non-Executive Director, Matrix Concepts Holdings Berhad

Membership of Board Committee(s):
- Audit and Risk Committee *(Chairman)*
- Nomination and Remuneration Committee *(Chairman)*

Audit Committee was renamed as Audit and Risk Committee on 22 June 2020

Dr. Roshayati binti Basir

Non-Independent Non-Executive Director

Malaysian / 56 / Female

Date of Appointment:
23 November 2009

Date of Last Re-election:
23 August 2017

Academic / Professional Qualification(s):
- MBBS (Mal), University of Malaya
- Master in Med. Radiology, University of Kebangsaan Malaysia
- Member, Academy of Medicine (Malaysia)

Past / Present Appointment(s):
- Consultant Radiologist Sunway Medical Centre (2002-present)
- Radiologist, Hospital Kuala Lumpur (1996-2002)
- Trainee Radiologist, University of Kebangsaan Malaysia (1992-1996)
- Medical Officer (Surgery), University of Kebangsaan Malaysia (1990-1992)
- Medical Intern, Hospital Kuala Lumpur (1989-1990)

Present Directorship(s) of Public and Listed Companies:
Non-Independent Non-Executive Director, Nationwide Express Holdings Berhad

Membership of Board Committee(s):
Nomination and Remuneration Committee

Rosely bin Kusip

Independent Non-Executive Director

Malaysian / 69 / Male

Date of Appointment:
14 March 2019

Date of Last Re-election:
28 August 2019
(pursuant to Article 88 of the Company's Constitution)

Academic / Professional Qualification(s):
- Diploma in Agriculture, College of Agriculture, Malaya
- Management Course, Henley College

Past Appointment(s):
- Chairman, RISDA (2018-2020)
- Board of Commissioner, Minamas Plantation (2016-2019)
- Director, New Britain Palm Oil Limited (2015-2017)
- Director, Sime Darby Plantations Sdn. Bhd. (2011-2017)
- Alternate Director and Chief Operating Officer, Innoprise Plantation Bhd (2011-2013)
- Managing Director, IMC Plantations (2006-2009)
- Group Director Plantations, TSH Resources Bhd (2003-2006)
- Director, Indonesian Plantation, Kumpulan Guthrie Bhd (2000-2003)
- General Manager Estates, Kumpulan Guthrie Bhd (1994-2000)
- Manager, Highlands Lowlands Bhd (1971-1994)

Present Directorship(s) of Public and Listed Companies:
NIL

Membership of Board Committee(s):
- Audit and Risk Committee
- Nomination and Remuneration Committee

Audit Committee was renamed as Audit and Risk Committee on 22 June 2020

Datuk Bazlan bin Osman

Independent Non-Executive Director

Malaysian / 56 / Male

Date of Appointment:
5 April 2019

Date of Last Re-election:
28 August 2019
(pursuant to Article 88 of the Company's Constitution)

Academic / Professional Qualification(s):
- Fellow of Association of Chartered Certified Accountants
- Chartered Accountant, Malaysian Institute of Accountants
- Diploma in Accounting, Polytechnic of North London, United Kingdom

Past / Present Appointment(s):
- Independent Non-Executive Director, Glomac Berhad (2020-present)
- Deputy Chair, ACCA Malaysia Advisory Committee (2020-present)
- Council Member, Malaysian Institute of Accountants (2019-present)
- Independent Non-Executive Director, Citibank Berhad (non-listed) (2019-present)
- Non-Executive Chairman / Director, GITN Sdn. Bhd. (2017-present)
- Director, University Utara Malaysia (2020)
- Council Member, ACCA Malaysia Advisory Council (2019-2020)
- Director, VADS Berhad (2012-2019)
- Group Chief Financial Officer (2005-2017), Deputy Group Chief Executive Officer (2017-2018), Acting Group Chief Executive Officer (2018) and Executive Director (2008-2019), Telekom Malaysia Berhad
- Non-Executive Director, Labuan Reinsurance (L) Ltd (2007-2012)
- Commissioner, PT XL Axiata Tbk (2005-2008)
- Senior Vice President, Corporate Finance & Treasury (2001) and Chief Financial Officer (2002-2005), Celcom Axiata Berhad
- Independent Non-Executive Director, Nationwide Express Holdings Berhad (1994-2005)
- Senior Vice President, Finance / Company Secretary, Kumpulan Fima Berhad (1994-2000)
- Accounting & Financial Control Manager, American Express Malaysia Berhad (1993-1994)
- Finance, Corporate Offices, Kuala Lumpur, Melaka & Singapore, Sime Darby Group (1989-1993)
- Auditor, Messrs. Hanafiah Raslan & Mohamad (1986-1989)

Present Directorship(s) of Public and Listed Companies:
- Glomac Berhad
- Citibank Berhad (non-listed)

Membership of Board Committee(s):
Audit and Risk Committee

Audit Committee was renamed as Audit and Risk Committee on 22 June 2020

NOTES:

1. Securities holdings in the Company:
   Please refer to Disclosure of Directors' Interests in the Financial Statements.
2. Family relationship with any director and/or major shareholder of the Company:
   None of the Directors have family relationship with any other Directors and/or major shareholder of the Company except for Dr. Roshayati binti Basir, is the sister of Rozana Zeti binti Basir, a Director of Fima Metal Box Holdings Sdn. Bhd., a major shareholder of the Company.
3. Convictions for offences:
   None of the Directors have any conviction for offences within the past 5 years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.
4. Attendance of Board Meetings:
   The attendance of the Directors at Board Meetings held during the financial year ended 31 March 2020 is disclosed in the Corporate Governance Overview Statement.

SENIOR MANAGEMENT

Team Profile

Dzakwan bin Mansori

Executive Director, Sales, Percetakan Keselamatan Nasional Sdn. Bhd.

Malaysian | 58 | Male

He joined Fima Securities Sdn. Bhd., a stock-broking arm of Kumpulan Fima Berhad ("KFima") in 1997 as Vice President of Institutional Business. His last position was Vice President of Finance and Operations before moving to Percetakan Keselamatan Nasional Sdn. Bhd. in 2001 to head the Planning and Purchasing Division. In 2005, he was promoted as Director of Sales and subsequently, appointed to the Board as Executive Director, Sales on 25 August 2014.

He started his career in 1984 with Bank Kerjasama Rakyat Berhad and later moved to New Straits Times as Assistant Accountant in 1985. He left in June 1987 to pursue his degree and joined Coopers & Lybrand Management Consultant Berhad upon completion in July 1990. He later joined CIMB Securities Berhad and K & N Kenanga Berhad.

He is presently a Board member of Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed).

Mohd Adizuraimin bin Mohd Affandi

Senior Plantation Controller

Malaysian | 48 | Male

He joined KFima as an Estate Manager in 2008 after having spent 9 years with Kumpulan Guthrie Berhad. He was promoted to Senior Estate Manager and served PT Nunukan Jaya Lestari for 4 years until 2014 before returning to Malaysia to assume his present role. As Senior Plantation Controller, he is responsible for overseeing the Group's estates operations in Malaysia and Indonesia. He sits on the Board of several of the Group's subsidiaries.

Fadzil bin Azaha

Company Secretary

Malaysian | 43 | Male

He joined KFima in January 2016 as General Manager, Group Finance & Treasury to oversee both the compliance and commercial aspects of the finance functions such as financial reporting, budgeting and corporate matters. He was re-designated as Group Chief Financial Officer of KFima on 1 October 2017 and appointed as Company Secretary on the same day. On 1 November 2017, he was appointed as Company Secretary of FimaCorp. He sits on the Board of several of KFima Group's subsidiaries.

He has 21 years of working experience in accounting, finance, treasury, auditing and corporate advisory. Prior to joining KFima Group, he was a Senior Manager (Assurance and Business Advisory) of Ernst & Young, Malaysia.

Jasmin binti Hood

Company Secretary

Malaysian | 47 | Female

She joined KFima on 2 January 2008 and was appointed as Company Secretary in the same year. She is currently Company Secretary to KFima's Group subsidiaries including its listed subsidiary Fima Corporation Berhad ("FimaCorp") and for all Board Committees of KFima and FimaCorp. She has over 20 years experience in legal, corporate secretarial and compliance roles having served in organisations including Golden Hope Plantations Berhad, Bursa Malaysia Berhad and Hong Leong Finance Berhad.

She sits on the Board of several of the Group's subsidiaries. She is also an affiliate of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

5 YEAR Financial Highlights

Financial Year Ended 31 March (RM'000)	FYE2016	FYE2017	FYE2018	FYE2019	FYE2020
REVENUE	375,207	372,101	284,646	244,720	243,127
PROFIT					
Profit before Taxation	77,300	61,261	60,965	79,477	18,129
Profit after Taxation	54,872	35,007	40,074	65,326	8,807
Profit/(Loss) attributable to Non-controlling Interests	3,590	(2,708)	5,952	7,880	(2,929)
ASSETS AND LIABILITIES					
Total Assets	684,559	718,659	640,502	673,727	630,675
Total Liabilities	102,171	129,368	75,151	76,569	64,685
Financed By:					
Shareholders' Funds	554,247	563,378	546,393	573,775	547,243
Non-controlling Interests	28,141	25,913	18,958	23,383	18,747
Net asset per share (RM)	2.30	2.34	2.27	2.39	2.29
EARNINGS AND DIVIDEND					
Earnings per share (sen)	21.24	15.64	14.15	23.90	4.90
Dividends per share - Gross/Net	12.5	17.5	12.5	12.5	12.5
SHARE PRICES					
Transacted price per share (RM)					
Highest	2.84	2.33	2.36	2.01	1.96
Lowest	2.09	2.02	1.95	1.75	1.01

LETTER FROM THE Chairman

Dato' Adnan bin Shamsuddin

Dear Shareholders,

For the financial year ended 31/03/2020 ("FYE2020"), Group revenue decreased 0.7% to RM243.13 million (FYE2019: RM244.72 million. Profit before tax ("PBT") also declined 77.2% to RM18.13 million compared to RM79.48 million last year. The reduction in PBT was due to impairment losses on property, plant and equipment ("PPE") and right-of-use ("ROU") assets in PT Nunukan Jaya Lestari ("PTNJL") amounting to RM17.79 million against write back of impairment losses amounting RM23.63 million recorded in FYE2019. Without these impairment losses, the Group's PBT would be RM35.92 million, 35.7% lower than the last financial year.

Earnings per share and net assets per share stood at 4.90 sen and RM2.29, respectively, from 23.90 sen and RM2.39 respectively, the year before.

Net cash generated from operating activities for the year was RM17.57 million and we ended the year with a strong balance sheet and cash of RM174.58 million (inclusive of short-term cash investments). Our capital expenditures for FYE2020 totalled RM17.00 million (FYE2019: RM22.91 million).

GROUP REVENUE
RM243.13 Million

	FYE2019	FYE2020	
	RM Million	RM Million	% Change
Manufacturing	134.78	134.00	(0.6)
Plantation	102.84	103.12	0.3
Property Management	7.10	6.01	(15.4)
Total	**244.72**	**243.13**	**(0.7)**

GROUP PBT
RM18.13 Million

	FYE2019	FYE2020	
	RM Million	RM Million	% Change
Manufacturing	30.56	25.99	(15.0)
Plantation	47.43	(10.62)	(122.4)
Property Management	1.45	3.72	156.6
Associated Companies	3.73	1.96	(47.4)
Others	(3.69)	(2.92)	(20.9)
Total	**79.48**	**18.13**	**(77.2)**

FYE2020 saw many profound, unsettling events. The domestic economy continues to feel the impacts of volatile commodity prices, subdued investor and consumer sentiments on the back of continuing US-China trade tensions and sharper-than-expected slowdowns in major economies. All these are further compounded by global spread of the Covid-19 pandemic, raising anxiety that the world economy could tip into an outright recession.

In the context of the tough economic environment, I believe the strategy set by the Board for the FYE2020 was appropriate and responsible. Our strategy was simply to focus on what we can control, to ensure that all of our investments and acquisitions are operating optimally, to generate healthy cash flows and sustaining the strength of our balance sheet.

The detailed analysis of the results for the year is presented on page 26 to 31 of this Annual Report.

Manufacturing division's revenue declined by 0.6% to RM134.00 million, impacted by a combination of market dynamics namely, the secular declines in volumes as well as changes in order patterns for certain product segments. Intense competition within the security printing industry has served to further increase pressure on the division's profit margins.

Plantation division's results were impacted by several factors. In addition to the impairment losses noted earlier, PTNJL could not effect any crude palm kernel oil ("CPKO") sales in the first three quarters of FYE2020 due to regulatory issues related to the plant's operating licence thus resulting in an acute 73.6% decline in the quantity of CPKO sold year-on-year. Moreover, operating costs were higher due primarily to costs incurred towards the development of the Group's Malaysian estates which are mainly in the early stages of development. Partially offsetting these negative factors were the favourable increase in the volume of FFB harvested by the Group's Malaysian estates. The Group's crop is rising as more areas attain maturity. This is a consequence of the development of our estates in Kelantan and Terengganu in the last few years which we hope would be further augmented by the acquisition or development of newly acquired plantation assets.

On 27 November 2019, we announced that the judicial review application by the Menteri Agraria dan Tata Ruang/ Kepala Badan Pertanahan Nasional ("BPN") against PTNJL, was allowed by the Mahkamah Agung vide its written decision which was received by PTNJL's solicitors on 27 November 2019 ("the Decision"). Subsequently on 28 November 2019, PTNJL filed a civil suit in the Pengadilan Negeri Jakarta Selatan against BPN and PT Adindo Hutani Lestari. The President Republik Indonesia and Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia have been named as co-defendants in the said suit. PTNJL is seeking legal recognition of its rights over land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") and to restrain the local authorities from issuing any new licences or approvals to any parties on or within the HGU. PTNJL is also seeking an order from the court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian courts.

On 23 January 2020, we announced that PTNJL had filed an application at the Jakarta State Administrative Court (or Pengadilan Tata Usaha Negara Jakarta) for judicial review and reversal of the Decision. The suits are still ongoing at the time of writing and as such I am not at liberty to provide any further commentary on the details of them other than to assure you that the Board is giving this matter its fullest attention and that PTNJL will continue to vigorously defend its position.

A more detailed review of the results and the operating performance for the year of each of the Group's business divisions is presented on pages 32 to 41 of this Annual Report.

Dividend

After having considered the Group's current liquidity position, future growth requirements and the resulting cash flow outlook, the Board had approved payment of 2 interim dividends of 5.0 sen and 7.5 sen per share respectively in respect of FYE2020. The second interim dividend of 7.5 sen per share is payable on 7 September 2020 and would bring the total dividend for the full year to 12.5 sen per share (FYE2019: 12.5 sen).

Governance

With new regulations coming into force with which we must comply, and an ever-more challenging economic environment within which to operate, my Board colleagues and I will continue to ensure we provide the governance framework and rigour to all that we do.

During the year, we had strengthened certain governance processes following a comprehensive review of the Group's integrity infrastructure. The exercise not only entailed a review of the board charter and the committees' terms of reference, but also all Group policies and anti-bribery framework. This is to ensure that our stewardship practices remain relevant and effective to the ongoing performance of the Group.

In November 2019, Encik Nazaruddin bin Mohd Hadri, retired from his position as Group Chief Operating Officer. He has been invaluable to the Group for the last 17 years and his contributions will no doubt leave a lasting impact. We wish him all the best.

Sustainability

Throughout the year, we continued to deliver against our sustainability commitments with specific focus on water and energy consumption. Inter alia, our estate in Terengganu has successfully installed solar panels to generate power supply to their workers quarters and office complex. I am also happy to report that all our Malaysian estates have received MSPO accreditations during the year.

The health and well-being of our employees and communities remain our first priority. In response to the Covid-19 pandemic, we have implemented a number of revised business processes to protect our employees with a strong focus on protective equipment including masks, gloves, sanitizer and implementing additional controls to ensure that all interactions are done in a safe manner.

In addition, the Group donated 34,000 face masks to various government agencies which are distributed to their frontline and enforcement personnel. On behalf of the Board, I wish to recognise and commend the relevant authorities for the proactive efforts undertaken to flatten the curve and contain the spread of Covid-19 in the country. In the same way, we salute the many selfless frontliners and essential workers that are helping our country through this unprecedented time.

PTNJL in Indonesia carried out cleaning and disinfection at its workers housing complex and other public areas such as halls, mosques and clinics. Meanwhile the Group management team had rallied together by combining their time and resources to mobilise care packages comprising of essential food items to 857 of our non-executive employees (both local and foreign) and to over 2,000 poor families nationwide. I am heartened by the thoughtful acts shown by our team members. It is more important than ever

for us to continue to support our fellow colleagues and local communities during this unprecedented time of need.

Further information on our corporate responsibility and sustainability initiatives together with a review of their progress can be found in the sustainability section of this Annual Report.

Prospects

Against the backdrop of growing uncertainty over the duration and overall impact of the Covid-19 outbreak, the World Bank's GDP growth forecast for Malaysia in 2020 has been significantly lowered from 4.5% to -0.1% while Bank Negara Malaysia has revised Malaysia's GDP projection to be between –2.0% to 0.5% in 2020*. Premised on these forecasts, we can expect trading conditions will remain difficult for some time. (*Source: Economic and Monetary Review 2019 – April 2020, BNM, IMF and World Bank)

The Malaysian Government has announced several relief measures including a moratorium on repayment of loans and wage subsidy programmes for eligible industries. Where relevant, our Group companies have applied for such relief measures which will help ease the financial position further. We are hopeful that with the stimulus package that the Government has put in place, businesses will be able to tide through and provide a boost to the recovery process after the peak of the outbreak.

In the face of these challenges, resilience is a vital necessity. And, if there ever was a time to emphasise on this point, it is that balance sheet matters. As noted earlier, our balance sheet and cash generation are strong while gearing remains low. This gives us the capacity to not only pursue our growth aspirations, but also to withstand adverse business conditions and hedge any potential downside risks.

Our primary focus for this current financial year will be, firstly, to adapt to the ongoing secular challenges and

manage the economic fallout of Covid-19 in our manufacturing division. We are anticipating some decline in demand for our security products with orders for certain products being deferred or cancelled.

Secondly, with regard to plantation, the immediate focus will be on realising improved returns on our greenfield assets which we had acquired in recent years. We expect our FFB volumes to improve due to the young age profile of the palms at our Malaysian estates, although ongoing development expenditure and volatile commodity prices may impact the division's overall earnings.

Be that as it may, we will continue to future-proof and review the Group's structure to ensure we have the right platform from which to pursue continued growth and meet the challenges of an ever-evolving, uncertain world. Agility remains important across our businesses and we will therefore continually strive to refine and develop a model that can preserve and create value, generate sustainable returns as well as position us for ongoing organic and acquisitive growth opportunities. Our business fundamentals remain strong despite the macroeconomic challenges and uncertainties associated with the pandemic. We will continue to make decisions and manage the business for the long-term. And having the financial strength, flexibility and access to adequate capital to support our long-term growth plans are all key to our long-term success.

Appreciation & Acknowledgement

I would like to conclude by thanking the Board for their guidance and high level of commitment during the year. I would also like to thank the Group's management team and employees for their dedication and resilience in what has been another challenging year. Finally, my gratitude to all our shareholders, suppliers, business partners and other stakeholders for their continued support to the Group.

Thank you.

Dato' Adnan bin Shamsuddin
Chairman

Management Discussion & Analysis

The purpose of this review is to provide brief insights on key financial and operating information at Group level. A more detailed explanation of operating performance is covered under the respective business segment reports.

FimaCorp is an investment holding company with subsidiaries principally involved in manufacturing, plantation and property management. The businesses are spread across Malaysia and Indonesia. The Group currently employs 1,741 people and has approximately 24,745 hectares of plantation land.

Dato' Roslan bin Hamir
Managing Director

Group Strategic Overview

Our Key Performance Objectives

FimaCorp Group remains focused on providing sustainable value to our shareholders through **3** core performance objectives:

Profitable Revenue Growth	Solid Returns on Capital Employed	Strong Cash Generation

How We Do It

These objectives are enabled and supported by the following strategic drivers which provide a competitive advantage to the Company and act as a guideline to direct strategy formulation and implementation by the businesses within the Group

Our 4 Strategic Drivers

Maintain Prudent Financial Profile

What it means

- Drive strong cash generation
- Employ diligent monitoring of both operating and capital costs
- Capacity to accommodate growth

Strengthen Core Businesses

What it means

- Drive margin improvement by enhancing cost and production efficiency
- Grow market share through expansion of existing operations, products & services and entry into new markets

Leverage on Market Opportunities

What it means

- Seek new market opportunities by leveraging on its industry knowledge & expertise to provide competitive advantage amid changing market and customer demands

Establish Strong Pillars For Future Growth

What it means

- Explore partnerships and investments in select new engines for growth
- Develop people to grow the talent pool
- Strong and good governance

Our 3 sustainability values that support these objectives and strategic drivers:

Environmental
Environmental & Social Responsibility in our Supply Chain

Social
Building Trusting Relationships with Stakeholders

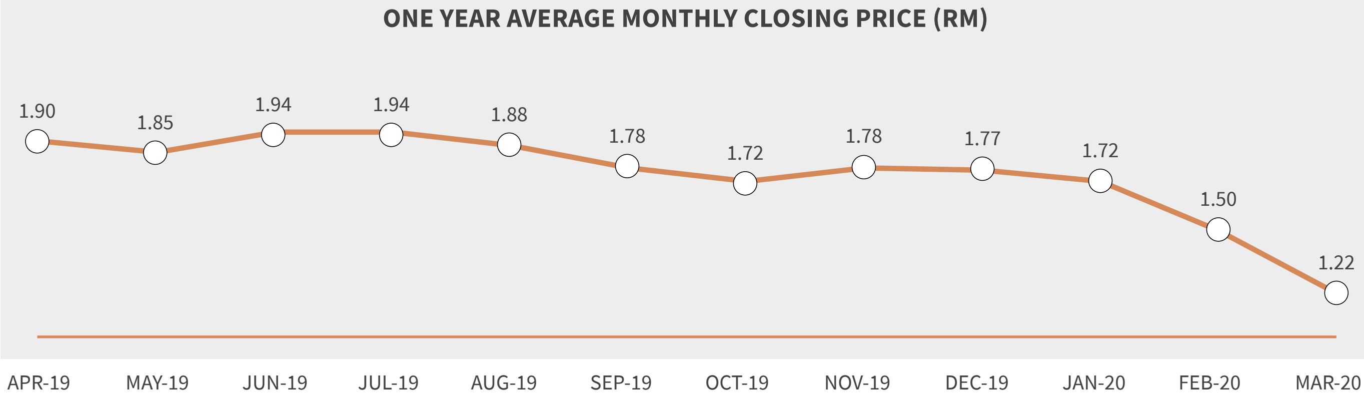
Health, Safety & Development of our Employees and Communities

Governance
Governance & Responsible Business Practices

Operational & Resource Efficiency

Key Financial Analysis

Share Price FYE2020



	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
High	1.95	1.95	1.96	1.96	1.94	1.88	1.78	1.79	1.83	1.80	1.76	1.50
Low	1.89	1.84	1.87	1.90	1.86	1.76	1.72	1.71	1.70	1.72	1.50	1.01

During the year under review, the highest and lowest share price transacted were RM1.96 and RM1.01 respectively. The highest monthly share volume transacted was in March 2020 with total volume of 1.34 million shares.

		FYE 2019	FYE 2020	Change %
Revenue	RM Million	244.72	243.13	(0.7)
Cost of Sales (COS)	RM Million	145.24	162.34	11.8
Gross Profit	RM Million	99.48	80.79	(18.8)
Gross Profit Margin	%	40.7	33.2	(7.4)
Earnings Before Interest and Taxation (“EBIT”)	RM Million	79.65	18.50	(76.8)
Profit Before Tax (“PBT”)	RM Million	79.48	18.13	(77.2)
Profit Before Tax and Impairment	RM Million	*55.85	*35.92	(35.7)
Profit After Tax (“PAT”)	RM Million	65.33	8.81	(86.5)
Return on Equity (“ROE”)	%	10.9	1.6	(9.4)
Return on Capital Employed (“ROCE”)	%	12.8	3.2	(9.7)
Total Returns to Shareholders				
- Dividend (sen per share)	sen	12.5	**12.5	-
Retained Earnings	RM Million	460.34	441.99	(4.0)
Total Assets	RM Million	673.73	630.68	(6.4)
Total Liabilities	RM Million	76.57	64.69	(15.5)
Capital Employed	RM Million	620.66	586.87	(5.4)

* Before impairment/reversal of impairment pursuant to Mahkamah Agung’s decision

** Include second interim dividend of 7.5 sen which is payable on 7 September 2020

GROUP REVENUE

RM243.13 million

0.7% Decrease Y-o-Y
(FYE2019: RM244.72 million)

Breakdown of revenue by division:

	FYE2019 RM Million	Contribution %	FYE2020 RM Million	Contribution %	Variance RM Million	Variance %
Manufacturing	134.78	55.1	134.00	55.1	(0.78)	(0.6)
Plantation	102.84	42.0	103.12	42.4	0.28	0.3
Others/Non-core						
Property Management	7.10	2.9	6.01	2.5	(1.09)	(15.4)
Group Results	**244.72**	**100.0**	**243.13**	**100.0**	**(1.59)**	**(0.7)**

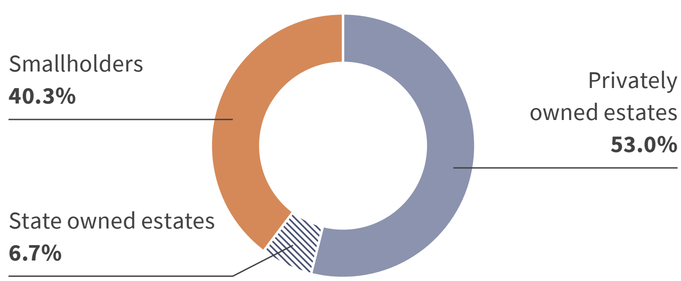
For FYE2020, Group revenue decreased 0.7% to RM243.13 million from RM244.72 million recorded last year on the back of lower revenue contributions from Manufacturing and Property Management.

Manufacturing division's revenue declined by 0.6% to RM134.00 million from RM134.78 million achieved last year, impacted by the continuous declines in volumes as well as changes in order patterns for certain product segments.

Despite the lower volumes of CPO and CPKO sold in FYE2020, Plantation division's revenue improved by 0.3% to RM103.12 milllion compared to RM102.84 million recorded last year. The better performance was largely due to additional revenue contribution of RM2.81 million from Malaysian estates this year. In addition, our CPO and CPKO prices realised also improved y-o-y by 7.9% and 7.5% respectively. Average CPO (CIF, net of duty) selling price was RM2,073 per MT (FYE2019: 1,921 per MT) while the average CPKO price achieved was RM3,242 per MT (FYE2019: RM3,015 per MT). The improved performance was partially offset by lower overall FFB production to 156,450 MT from 166,080 MT during the year.

	FYE2019	FYE2020	Change %
CPO	RM1,921 per MT	RM2,073 per MT	7.9
CPKO	RM3,015 per MT	RM3,242 per MT	7.5
FFB Production	166,080 MT	156,450 MT	(5.8)

Indonesia Oil Palm Facts



Source: Indonesia Directorate General of Agricultural, DBSVI

Indonesia Palm Oil Hectarage Forecast

Oil palm planted area ('000 hectares)

	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Mature	9,751.6	9,784.2	9,775.9	9,688.7	9,621.8	9,565.1	9,502.7	9,437.0	9,369.7	9,301.8	9,234.0	9,166.5
Immature	2,154.6	2,149.4	2,192.8	2,268.3	2,339.8	2,399.0	2,462.8	2,529.2	2,597.0	2,665.1	2,733.0	2,800.6
New Planting	49.9	27.5	15.1	8.3	4.6	2.5	1.4	0.8	0.4	0.2	0.1	0.1
Total	**11,956.1**	**11,961.1**	**11,963.8**	**11,965.3**	**11,966.2**	**11,966.6**	**11,966.9**	**11,967.0**	**11,967.1**	**11,967.1**	**11,967.1**	**11,967.2**

Source: Oil World, Ministry of Agriculture of Indonesia, DBS Bank estimates

GROUP PBT

RM18.13 million

77.2% Decrease Y-o-Y
(FYE2019: RM79.48 million)

	FYE2019 RM Million	Contribution %	FYE2020 RM Million	Contribution %	Variance RM Million	Variance %
Manufacturing	30.56	38.5	25.99	143.4	(4.57)	(15.0)
Plantation	47.43	59.7	(10.62)	(58.6)	(58.05)	(122.4)
Property Management	1.45	1.8	3.72	20.5	2.27	156.6
Share of Results of Associate	3.73	4.7	1.96	10.8	(1.77)	(47.4)
Others	(3.69)	(4.7)	(2.92)	(16.1)	0.77	(20.9)
Group Results	**79.48**	**100.0**	**18.13**	**100.0**	**(61.35)**	**(77.2)**

The Group's PBT decreased by 77.2% to RM18.13 million from RM79.48 million recorded in the previous financial year driven by lower contribution from Plantation and Manufacturing divisions. The decline is mainly due to impairment losses on property, plant and equipment ("PPE") and right-of-use ("ROU") assets in a subsidiary, PT Nunukan Jaya Lestari amounting to RM17.79 million against write back of impairment losses amounting RM23.63 million recorded in FYE2019. Without these impairments, the Group's PBT would be RM35.92 million, 35.7% lower than last year.

Plantation division recorded a loss of RM10.62 million compared to PBT of RM47.43 million in the previous year primarily due to the impairment loss on PPE and right-of-use assets "referred to above".

Manufacturing division's PBT was lower by 15.0% or RM4.57 million y-o-y due to the less favourable sales mix, lower sales volumes and contraction in margins on certain product segments.

Profitability

The Group's **Retained Earnings** in FYE2020 declined to RM441.99 million compared to the previous financial year (FYE2019: RM460.34 million). The decrease was in tandem with lower profits recorded by the Group and lower profit attributable to the equity holders of the company from RM57.45 million last year to RM11.74 million compared to dividend paid RM29.97 million.

Gross Profit for the Group declined by 18.8% y-o-y to RM80.79 million from RM99.48 million on the back of lower revenue and increase in **Cost of Sales**. Cost of Sales amounted to RM162.34 million in FYE2020, up 11.8% compared to the previous year primarily due to the higher maintenance and cultivation expenditure recorded by the Plantation division. Manufacturing division also recorded higher cost of sales of RM93.95 million against last year's RM91.69 million.

The Group's **Gross Profit Margin** is lower by 7.4% from last year (FYE2019: 40.7%) and this is corresponding to the above.

On the back of lower revenue and PBT, **EBIT** decreased significantly by 76.8% from RM79.65 million recorded in the previous year to RM18.50 million.

Taxation Expenses decreased to RM9.32 million from RM14.15 million recorded in the prior year, primarily due to the reduced PBT. Higher effective tax rate for FYE2020 of 57.7% compared to 35.2% in FYE2019 mainly due to underprovision of prior years tax by our Plantation subsidiary, higher loss incurred by our Malaysian estates and higher non-allowable expenses.

With a lower contribution of profit in FYE2020 mainly due to the impairment loss on impairment loss on PPE and right-of-use assets, **PAT** was RM8.81 million compared to RM65.33 million in the prior year.

Group Profit Attributable to Equity Holders of the Company in FYE2020 amounted to RM11.74 million (FYE2019: RM57.45 million), representing a decrease in earnings per share to 4.90 sen (FYE2019: 23.90 sen) based on a weighted average of 239.75 million shares (FYE2019: 240.39 million shares).

With the decrease of PAT, the Group recorded **ROE** of 1.6% for FYE2020 based on total shareholder's equity of RM565.99 million (FYE2019: RM597.16 million) compared to 10.9% recorded in the previous year.

Capital Employed is one of the primary measures of how efficiently the company utilise all available capital to generate additional profits, As a result of the lower earnings recorded during the year under review, **ROCE** declined to 3.2% from 12.8% recorded last year.

Liquidity & Financial Resources

During the year, **Total Liabilities** decreased to RM64.69 million from RM76.57 million and total equity reduced to RM565.99 million from RM597.16 million resulting in the decrease in gearing ratio to 0.11 times.

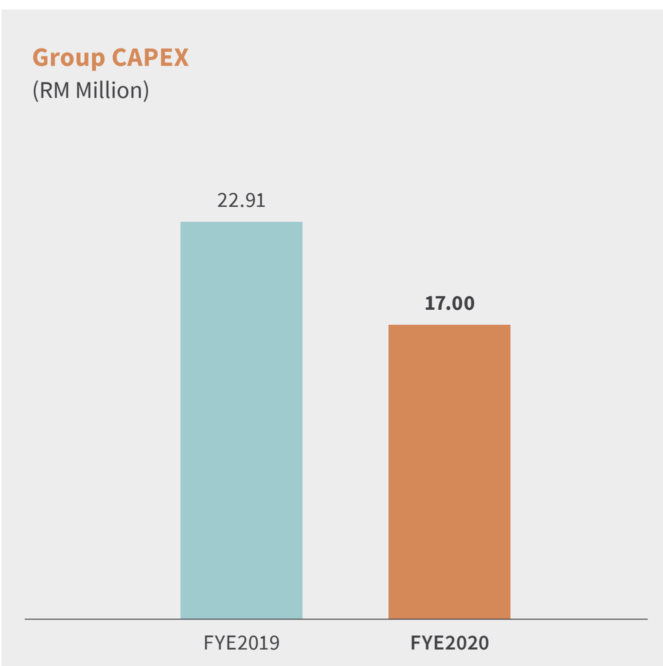
The Group's **Cash and Bank Balances and Short-Term Cash Investments** stood at RM174.58 million, representing a decrease of 15.2% from last year's RM205.98 million. Despite a reduction in revenue, the Group continues to generate strong cash flows. **Net Cash Flow Generated from Operating Activities** recorded a surplus of RM17.57 million (FYE2019: surplus of RM35.06 million) resulting from operating profit of RM42.89 million offset by net changes in receivables and inventories balances as well payment of taxes. The net cash used for capital expenditure and payment of dividends totalled RM17.00 million and RM29.97 million respectively.

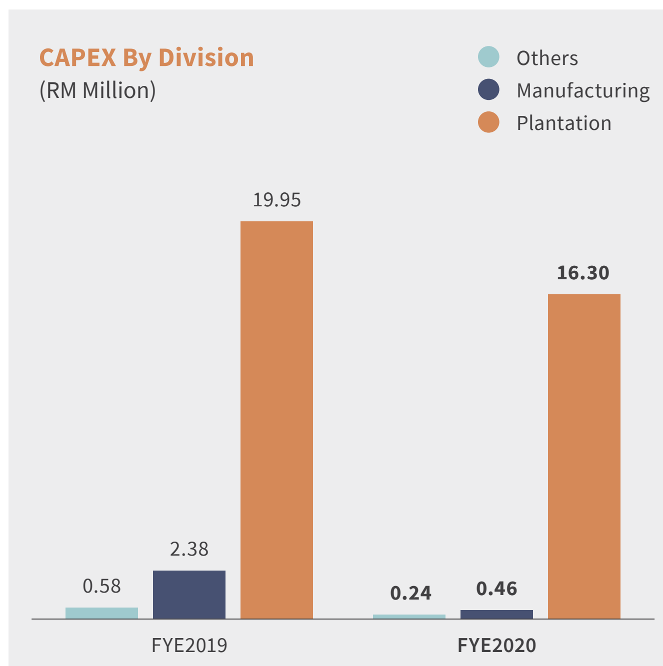
Shareholders' Equity as at 31 March 2020 stood at RM565.99 million, a decrease of RM31.17 million or 5.2% from the previous financial year mainly due to dividends paid during the period.

The **Share of Results of Associate**, Giesecke & Devrient (Malaysia) Sdn Bhd decreased to RM1.96 million from RM3.73 million last year on the back of lower revenue from Giesecke & Devrient Malaysia Sdn Bhd ("G&D"). G&D posted a reduction in revenue of RM166.83 million (FYE2019: RM184.08 million) and PBT of RM10.69 million (FYE2019: RM17.67 million).

Capital Expenditure ("CAPEX")

During the year, the Group's CAPEX totalled RM17.00 million compared to RM22.91 million in the previous year. The CAPEX was incurred to meet ongoing CAPEX commitments during the year. 95.9% of the Group's total CAPEX spend which was largely utilised towards plantation development works, new planting, construction of workers quarters and purchase/replacement of fixed assets. Sources of funds for CAPEX during the year were generated internally.





MANUFACTURING
Division

YEAR OF CHALLENGE

Business
OVERVIEW

The Division produces a wide range of products and services which include transport and travel documents, licenses, and other security and confidential documents for the local and overseas markets.

REVENUE
RM134.00 million
0.6% Decrease Y-o-Y
(FYE2019: RM134.78 million)

PROFIT BEFORE TAX
RM25.99 million
15.0% Decrease Y-o-Y
(FYE2019: RM30.56 million)

FYE2020 Focus Areas

Strengthen nationwide support services	Local and international strategic partnerships	Shift towards end-to-end solutions	Customer retention	Develop talent and subject matter experts in technology-based security solutions

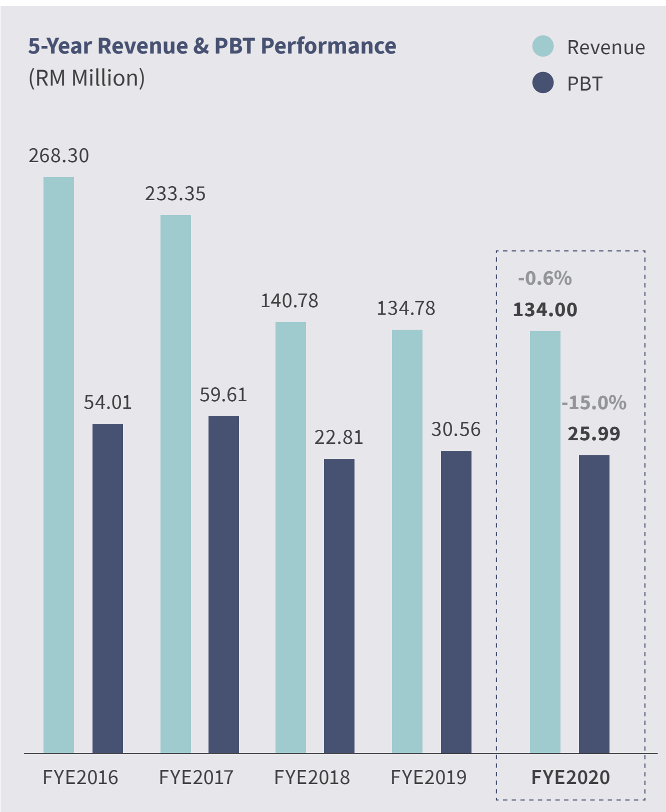
Specific business challenges

- Megatrends / digital disruptions
- Margins under pressure – high costs of doing business
- Economic cycles & impact on governments' infrastructure spend

Customer needs

- Solutions, not just products
- Reduced cost & increased productivity
- Supply security & resilience
- A trusted and reliable service provider

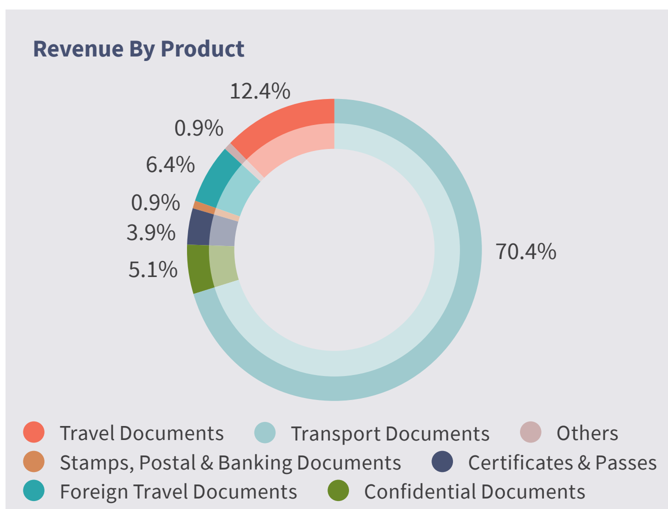
Revenue for the financial year ended 31 March 2020 ("FYE2020") was RM134.00 million which represents a year-on-year ("y-o-y") decrease of 0.6% from RM134.78 million achieved in the previous year. Revenue performance was undermined by a combination of secular declines in volumes as well as changes in order patterns for certain product segments. The travel and transport documents segments, which have cumulatively generated RM110.99 million representing a combined y-o-y revenue growth of 3.4% remains the leading contributor to the division's revenue at 70.4%. The stamps, postal & banking documents subsegments have also delivered notable improvements with revenue growing 11.4% from last year thereby offsetting the decline in other product segments.



Profit before tax declined 15.0% y-o-y to RM25.99 million mainly attributable to the less favourable sales mix. Heightened competition within the security printing industry and general economic conditions have served to further increase pressure on the division's profit margins.

The share of results of our associate company Giesecke & Devrient Malaysia Sdn Bhd was down from RM3.73 million last year to RM1.96 million.

The division's trade receivables increased by RM17.56 million or 25.2% y-o-y to RM87.28 million. Despite this increase, we are of view that there is no material credit risk exposure and that the receivables are collectable given that the division's receivables are primarily with government authorities/agencies and customers with whom the division has had a long-term relationship.



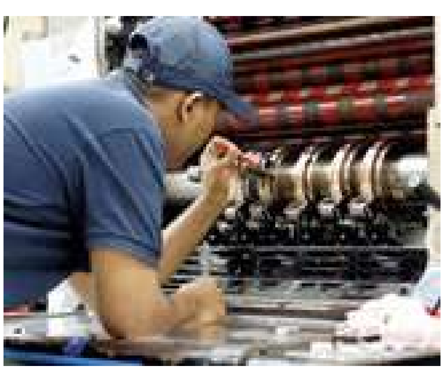
We have continued to maintain discipline in capital expenditure ("CAPEX") spending. The Division spent RM0.46 million on CAPEX compared to RM2.38 million last year, which are primarily restricted to assets needed to meet or maintain the Division's operational requirements.

Manufacturing Business Model

CORE VALUES	**Quality** • Products and services • Deliver proven solutions		**Excellence** • Service level guarantee, support & maintenance of end-to-end solutions		**Trustworthy** • Partner you can trust, reliability, financially strong • Ethical	
INNOVATIVE ORGANIZATION	**Research & Development**		**Product Development**		**Business Development**	
TRUSTED BRAND	**Account Management**		**Strategic Technical Partners**		**Supply Chain**	
INTEGRATED TECHNOLOGY BASED SOLUTION	**Design & Origination**	**Product Upgrades**	**Solution & Infrastructure**	**Logistics Services**	**Technical Support**	**Forensics**
NEW MARKET FOR EXISTING PORTFOLIO	**Government**		**GLC**		**Vendor (International)**	

Prospects

As noted earlier, increased competition in the security documents industry has served to further increase pressure on the division's margins. The emphasis this year would therefore be to maintain our core markets and adapt to the ongoing secular challenges. Pleasingly, there have been some new business wins and contract renewals in the certificates and passes subsegments in this current financial year which we hope will help us maintain or grow earnings.



At the same time, we have to manage the economic fallout of Covid-19. As a result of the rapid contraction of air travel and stringent border controls the world over, we have seen a reduction in demand for travel documents. We are also anticipating declines in other segments with orders for certain products being deferred or cancelled. Although we're unable to predict the extent and duration of declines at this point, we do expect margin pressures in this current financial year as we lose some of our economies of scale.

Building organizational capabilities and digital competencies will also be a focal point in this current financial year as we position and shift our business towards developing integrated end-to-end, next-generation solutions and services that can open up new market opportunities and enhance our competitiveness. This new capability will be developed in concert with technological advancements and emerging customer needs demanding more personalized, seamless and secure solutions. The ability to identify and capitalize on these needs and technological changes is key to improving the division's positioning in a competitive, ever-evolving market.

> *"The emphasis this year would therefore be to maintain our core markets and adapt to the ongoing secular challenges."*

PLANTATION Division

TAKING ROOT

Business OVERVIEW

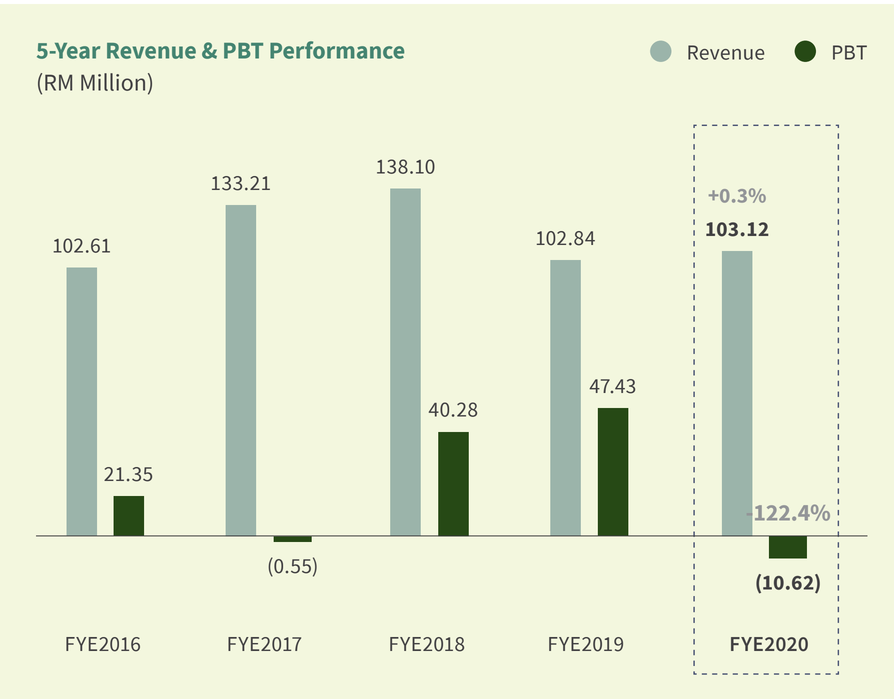
The Group owns and operates 10 estates in Malaysia and Indonesia of which 8,843 hectares have been planted with oil palm. The Group also owns a 60 mt/hr palm oil mill in Indonesia.

REVENUE
RM103.12 million
0.3% Increase Y-o-Y
(FYE2019: RM102.84 million)

LOSS BEFORE TAX
RM10.62 million
122.4% Decrease Y-o-Y
(FYE2019: PBT of RM47.43 million)

FYE2020 Focus Areas

Improve operational cost efficiency and effectiveness through stringent monitoring, increased usage of ICT and mechanisation	Improve accessibility to facilitate mechanisation and speedier crop evacuation	Replanting programme using high yielding oil palm planting materials	Accreditation for all Malaysian estates (100% certification achieved for Malaysia Sustainable Palm Oil ("MSPO")



For FYE2020, the Plantation Division's posted a loss before tax of RM10.62 million against revenue of RM103.12 million. The division was impacted by the recognition of impairment losses on property, plant and equipment ("PPE") and right-of-use ("ROU") assets in the Group's Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") amounting to RM17.79 million. This impairment arose following the decision made by the Mahkamah Agung allowing the judicial review application by the Menteri Agraria dan Tata Ruang/ Kepala Badan Pertanahan Nasional ("BPN") against PTNJL. Lower crude palm oil ("CPO") and crude palm kernel oil ("CPKO") volumes sold, as well as higher administrative and upkeep and cultivation had also impacted the division's profits. Without these impairments, the division would have posted profit before tax of RM7.17 million compared to RM23.80 million recorded last year.

Despite the lower CPO and CPKO sold, revenue was 0.3% higher at RM103.12 million compared to RM102.84 million recorded last year. The better performance was largely due to additional revenue contribution of RM2.81 million from Malaysian estates this year. In addition, average CPO and CPKO prices realized also improved by 7.9% and 7.5% respectively, y-o-y on the back of a supply shortfall in Indonesia. The improved performance has compensated for the lower overall fresh fruit bunch ("FFB") production which declined 5.8% sold year-on-year ("y-o-y") to 156,450 MT. Average yield fell to 21.58 MT per mature hectare (FYE2019: 24.19 MT) on the back of the higher percentage of new areas attaining maturity in our Malaysian estates. 7.5% (FYE2019: 5.6%) of the Group's total matured areas are now made up of palms with an age profile of

Palm Oil in Numbers

Palm Oil contains ZERO
transfat and high in tocotrienol

4.0 Continuous Innovation
Industrial Revolution **4.0** technologies such as Internet of Things, Blockchain, Big Data and Drone applications are actively applied in its management systems

No. 1 in Productivity
Oil palm has the highest yield per hectare among the vegetable oil seed crops. It uses 7% of the world's oil farming land and accounts for 32% of production
Source: Oil World, 2016

2x the Oil
2 different oils can be produced - crude palm oil from the palm mesocarp and crude palm kernel oil from the palm kernel

Employment
The industry supports **3** million job opportunities, including 650,000 smallholders in Malaysia

Source: MPOC

Malaysia Palm Oil Trade Statistics April 2019 to March 2020

	Export (MT)	Import (MT)
April	1,654,499	62,112
May	1,715,719	61,789
June	1,397,140	101,250
July	1,486,485	40,069
August	1,736,300	51,055
September	1,409,089	71,112
October	1,641,973	85,034
November	1,405,638	74,684
December	1,396,157	123,029
January	1,213,539	85,033
February	1,082,417	66,735
March	1,184,702	79,216

Source: MPOC

between 4-9 years. Low crop production patterns in PTNJL had further contributed to the decline in the Group's average yields. Purchase of third-party crops also reduced to 40,257 MT to 49,902 MT.

CPO and CPKO production during the year under review were 40,934 MT and 1,035 MT respectively (FYE2019: 47,966 MT and 4,434 MT respectively) in line with the decline in FFB production and lower third-party crops purchased. PTNJL could not produce nor affect any CPKO sales in the first three quarters of FYE2020 due to issues related to the plant's operating license thus resulting in a significant 73.6% decline in the quantity of CPKO sold y-o-y. The average CPO and CPKO price recorded last year improved to RM2,073 (FYE2019: RM1,921) and RM3,242 (FYE2019: RM3,015) per MT, respectively. The Group's average oil extraction ("OER") was 21.68% compared to 22.34% registered in the last financial year.

Estate Operations

Indonesia

The Group's Indonesian subsidiary, PT Nunukan Jaya Lestari's ("PTNJL") FFB production declined to 148,637 MT compared to last year's 164,770 MT. Purchases of third-party crops also declined to 40,257 MT from 49,902 MT registered last year. The decrease of FFB production experienced by PTNJL was in tandem with the general industry trend (both in Indonesia and Malaysia) as growers were impacted by low crop production patterns, culminating in a decline in yield per mature hectare from 25.98 MT last year to 23.58 MT in FYE2020.

On 27 November 2019, we had announced that the judicial review application by the Menteri Agraria dan BPN against PTNJL, was allowed by the Mahkamah Agung vide its written decision which was received by PTNJL's solicitors on 27 November 2019 ("the Decision"). Subsequently on 28 November 2019, PTNJL filed a civil suit in the Pengadilan Negeri Jakarta Selatan against BPN and PT Adindo Hutani Lestari. The President of Republik Indonesia and Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia been named as co-defendants in the said suit. PTNJL is seeking legal recognition of its rights over land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") and to restrain the local authorities from issuing any new licences or approvals to any parties on or within the HGU. PTNJL is also seeking an order from the court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian courts.

On 23 January 2020 we also had announced that PTNJL had filed an application at the Jakarta State Administrative Court (or Pengadilan Tata Usaha Negara Jakarta) for judicial review and reversal of the Decision. The suits are still ongoing at the time of writing.

Malaysia

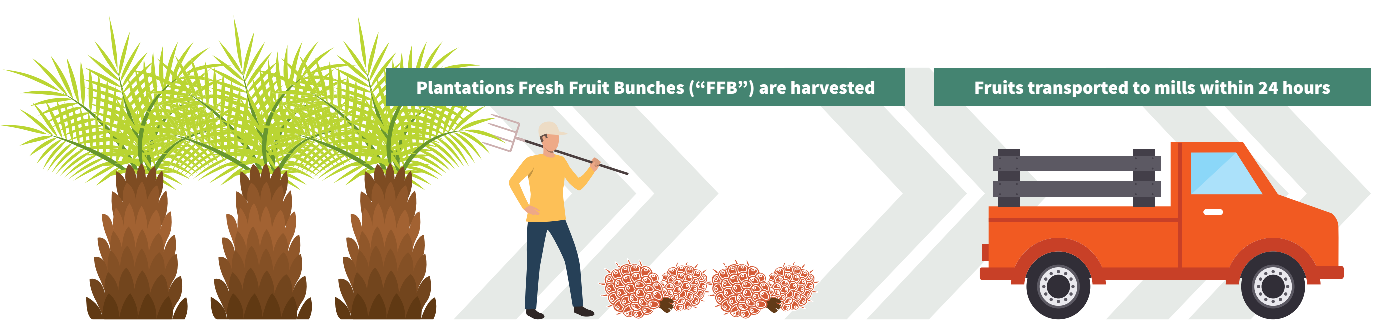
FFB production from our Malaysian estates continued their upward trend, recording a y-o-y increase to 7,813 MT from 1,310 MT.

Ladang Cendana, Kemaman, Terengganu

Ladang Cendana's FFB production increased four-fold y-o-y to 4,111 MT (FYE2019: 1,147 MT). The increase in FFB production is in tandem with the increase in the estate's mature area from 117 hectares to 491 hectares. The resultant effect of road upgrades, drain desilting works at low-lying areas and adoption of agricultural protocols which in turn led to more efficient crop evacuation, had also contributed to the increase in FFB production.

1,295 palms had been damaged by crop-raiding elephants during the year. To tackle this issue, the estate together with 8 other estates from 3 nearby localities, facilitated the establishment of a task force with a view to find workable solutions for managing conflict with elephants which include among others, monitoring elephant movements and providing wildlife corridors on a more coordinated basis. All these factors have been and will continue to be taken into account when planning the estate's land usage to ensure that incidences of crop-raiding and damage are minimised to the extent possible.

Our Value Chain



The estate had also successfully installed solar panels to generate power supply to their workers quarters and office complex. To-date, there has been a satisfactory reduction in the estate's electricity consumption, with an average 605.23 kWh saved per month, thus reducing the estate's average CO_2e emissions by 0.79 tonnes.

Ladang Bunga Tanjong, Jeli, Kelantan

Area under cultivation totalled 1,162 hectares, of which 437 hectares have been rehabilitated. During the year, FFB production totalled 3,376 MT, at an average yield per hectare of 7.72 MT. Replanting works have been somewhat delayed with only 90% (or 724 hectares) of the planned programme completed during the year due to labour shortage and adverse weather conditions. Replanting works on the remaining 79 hectares are currently underway and expected to be completed in this current financial year. Meanwhile, the construction of 6 new quarters which can comfortably accommodate 48 workers have been completed.

Given that the estate will be fully cultivated in this current financial year, management's focus will be on bringing the field's agronomic standards to the highest levels and maximising yields.

Ladang Dabong, Kuala Krai and Ladang Aring, Gua Musang, Kelantan

Ladang Dabong has fully completed planting and development works on 194 hectares. In addition, the estate has started scout-harvesting on 84 hectares.

Meanwhile, Ladang Aring recorded more than 100% increase in its FFB yield to

14.35 MT/ha. Ladang Aring has again encountered incidences of elephants raiding its crops resulting in damage to approximately 1,323 young palms. This figure is significantly lower than 13,672 palms that were damaged last year. The trenches and fencing that have been dug up/built coupled with increased field guarding actions have so far been effective in preventing elephants from entering into the estate. Be that as it may, all damaged palms have to be replaced and in turn will inevitably cause delays before they can be harvested.

Ladang Sg. Siput, Perak

We have recently obtained the relevant permissions and approvals to commence development at our greenfield estate in Sg. Siput, Perak measuring 2,000 hectares. Implicit in these approvals is the requirement to abide by riparian buffer zones, water catchment and forest conservation areas. We hope to start and complete the first phase of the plantation development works in this current financial year.

Capital Expenditure ("CAPEX")

The division's CAPEX spend in FYE2020 totalled RM16.30 million compared to RM19.95 million in FYE2019. This was primarily incurred on replanting and new plantings of oil palm, construction of staff and workers quarters, infrastructure upgrading works and purchase of equipment and vehicles.

Infrastructure at all our new developments have been designed to facilitate infield mechanization. We provide good quality housing for our workers and further investments in workers' housing as well as other estate infrastructures will continue

"The rollout of the upgraded IT system across all our Malaysian estates which commenced in 2018 has been completed during the year."

in this current financial year. The rollout of the upgraded IT system across all our Malaysian estates which commenced in 2018 has been completed during the year. The new IT system would provide the Group's head office more visibility and control of the estates' operations.

Sustainability Standards Certification

All of our developed Malaysian estates have successfully attained MSPO certification. Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certification. However, the Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL remains status quo from last year as authorities await a definitive outcome of the ongoing legal suit pertaining to PTNJL's HGU before the ISPO certification process can be resumed.

Outlook

The palm oil industry continues to be challenging in light of geopolitical uncertainties, protectionist policies namely and in particular, the EU resolution to ban palm-related biodiesel by January 2021, as well as the impact of the prolonged Covid-19 pandemic on the demand for palm oil products and overall global economic growth. The division could also potentially be faced with labour supply uncertainties if the country's borders continue to be closed due to the pandemic for extended periods. On this note, we are aware that we have to step up our already on-going mechanisation and automation initiatives to further reduce our dependency on manual/foreign labour, drive productivity and cost-efficiency.

While more areas are expected to attain maturity in this current financial year, we expect the division's earnings to continue experiencing pressures in the near term as a result of the required expenditure in developing our Malaysian estates. Nevertheless, we believe that on balance, this sector will continue to benefit from the growing demand given that palm oil is a significant and versatile raw material for both food and non-food (i.e. oleochemicals and biofuel) industries and is confident of its sustainable growth over the long-term. Further, expanding the Group's plantation landbank has been and remains the long-standing objective of the Group. As such, we continue to see significant opportunities to grow the division through acquisitions as the Group's strong capital structure continues to provide us with the flexibility to invest for future growth.

Plantation Statistics

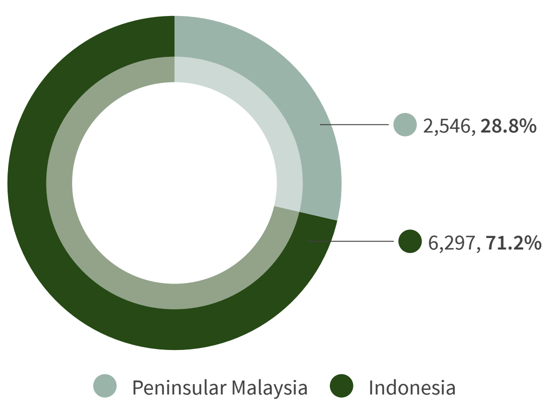
Palm Age Profile (HA)

Year	FYE2016	FYE2017	FYE2018	FYE2019	FYE2020
> 19 years	-	-	-	-	-
10 – 18	6,030	6,043	6,058	6,560	6,702
4 – 9	403	336	365	390	546
	6,433	6,379	6,423	6,950	7,248
Rehab	-	-	566	-	-
Immature	489	1,101	1,241	1,560	1,595
Total Planted Area	**6,922**	**7,480**	**8,230**	**8,510**	**8,843**

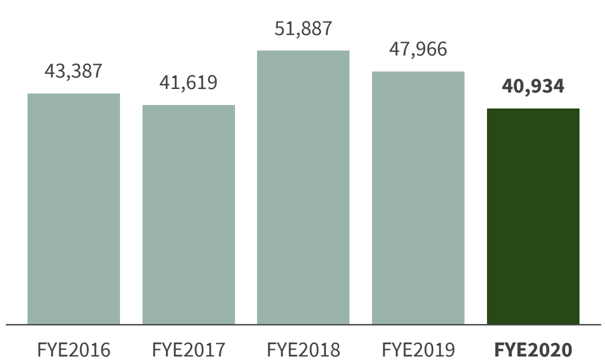
Total FFB (MT)

Year	FYE2016	FYE2017	FYE2018	FYE2019	FYE2020
FFB Production	149,060	131,484	175,774	166,080	156,450
FFB Purchased	53,198	51,853	60,460	49,902	40,257
	202,258	**183,337**	**236,234**	**215,982**	**196,707**

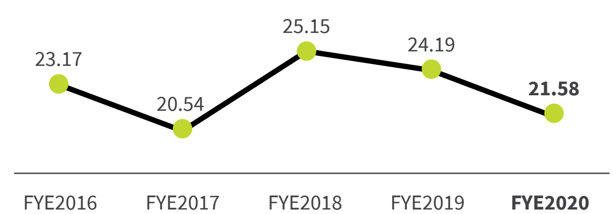
Oil Palm Planted Area (HA)



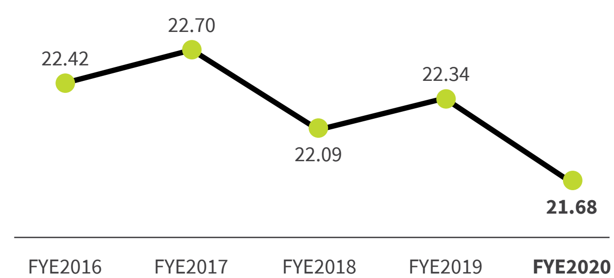
CPO Production (MT)



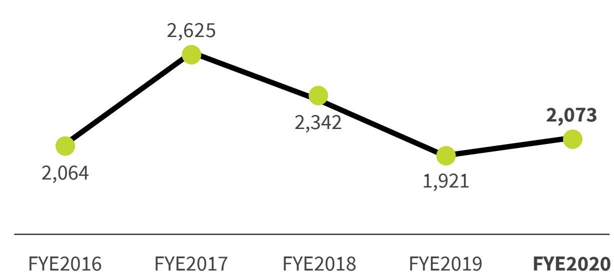
Yield Per Hectare (MT)



Oil Extraction Rate (%)



Average CPO Price Realised (RM/MT)



SUSTAINABILITY REPORT

ABOUT THIS Report

On behalf of the Board of Directors, we are pleased to present the Sustainability Report of Fima Corporation Berhad ("FimaCorp") for the period beginning 1 April 2019 to 31 March 2020 ("FYE2020").

The Group's three key performance objectives are to grow revenue, provide solid returns on capital employed, and strong cash generation. In achieving these objectives, the Group takes into account stakeholder expectations, its responsibility to the environment and the communities in which it operates, to ensure the sustainability and long-term prosperity of the Group. We remain focused on managing our long-term sustainability to:

Reduce ***the environmental footprint of our operations*** by managing our supply chain in consideration of community and environmental impacts;

Undertake responsible business practices through good governance, resource, and operational efficiency and being accountable for our actions;

Support the ***development, growth, and safety*** of our employees and the communities we operate in.

Reporting What Matters

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative ("GRI"): Core Option and based on data for FYE2020 unless otherwise stated. The Report provides information on the sustainability issues assessed as material to the Group and how we are presently addressing them. The material topics are identified in the context of a combination of stakeholder inputs, engagements with various teams from within the Group, regulations and guidelines, sustainability trends as well as peer reports. This process is further described on page 47 of this Report.

This Report also reflects changes and trends in our operating environment, risks and opportunities that could affect our value creation process and the Group's strategic objectives across the economic, environment and social pillars. These are complemented by a variety of real-life stories from across the Group.

Our Process

Information and data included in this Report were provided and reviewed by divisional management, including members of the Group Sustainability Committee, and approved by the Board of Directors. Members of the Group Sustainability Committee have been a valuable source of input for sustainability endeavours during the year and provided critical and constructive support for the reporting process. This Report has not been externally assured.

Scope and boundary

The scope of this Sustainability Report covers the Group's wholly-owned operations and joint ventures that are at least 50% owned by FimaCorp. All references to FimaCorp, the Group, the Company, the business, "our" and "we" refer Fima Corporation Berhad and its subsidiaries.

Feedback

We welcome feedback on our Sustainability Report. Email your feedback to sustainability@fima.com.my

Introduction

We define sustainability in a way that brings responsibility and accountability into every activity and process while building a successful business. Doing business with sustainability in mind is not only a matter of balanced corporate responsibility but also sensible from a business perspective. We can only retain our competitive edge if we dedicate ourselves to our customers, employees, services, the environment and local communities where we operate.

As our sustainability practices evolve, we must focus on what's right for our business. We care deeply about issues such as health and safety, environmental protection, product quality, resource conservation, support for the communities and returning profits to our shareholders. By improving the impact of our own operations, enabling sustainable solutions for our customers, and advocating sustainable business, we believe that we can grow faster and reduce our cost and risk profile. Towards this end, we will continue to work with our stakeholders and others on common-ground sustainability efforts.

Our business strategy recognises our responsibility to our stakeholders – to deliver shared value and long-term sustainability. Through responsible actions and behaviours, continuously improving our environmental performance, building trust and ethically operating to the highest standards of corporate governance and empowering our employees. This approach underlines our conviction creating shared value for our stakeholders and ourselves contributes to FimaCorp becoming a more successful and sustainable enterprise now and in the future. And it means having strong governance and oversight that started at the top with the Board of Directors and carried out through dedicated policies, management systems, teams and senior-level accountabilities.

The following materiality topics across three key pillars – environmental, social and governance were identified as the most material to the Group, which align well with management focus and priorities.

Environment	**Social**	**Governance**
Environmental & social responsibility in our supply chain	Building strong and respectful relationships with stakeholders Health, Safety & Development of our employees and communities	Governance & Responsible Business Practices Operational resource and efficiency
• GHG Emissions, Discharges & Waste Management • Use of renewable energy and efficiency of energy use	• Human & worker's rights • Occupational safety & health • Code of ethics & governance • Benefits & remunerations	• Accountability & transparency to stakeholders • Compliance & regulations

Our divisions have established sustainability working groups, which today consists of over 16 employees. Their roles are to assess, measure and report the sustainability performance of their respective operations. Increasing the maturity of internal processes will, in turn, help in increasing the level of assurance of our sustainability reporting. In addition, we have also engaged an independent consultant to review our environmental reporting processes.

FYE2020 SUSTAINABILITY Highlights

1,741
Employees in 2 countries

23.4%
of our employees are women

Review of Group's
integrity infrastructure

4,369
total
training hours

Certification & Accreditations
PT Nunukan Jaya Lestari:
ISO 14001:2015 Environment Management System

Community Contribution & Involvement in the form of
donations & support in kind

Continued energy efficiency & reduction
initiatives across our businesses

A new
Anti-Bribery Policy
familiarisation e-training module has been developed

Zero discharge
through the recycling of waste and by-products in our palm oil mill operations

10.2% reduction
in total carbon emissions Group-wide

Engaging Stakeholders

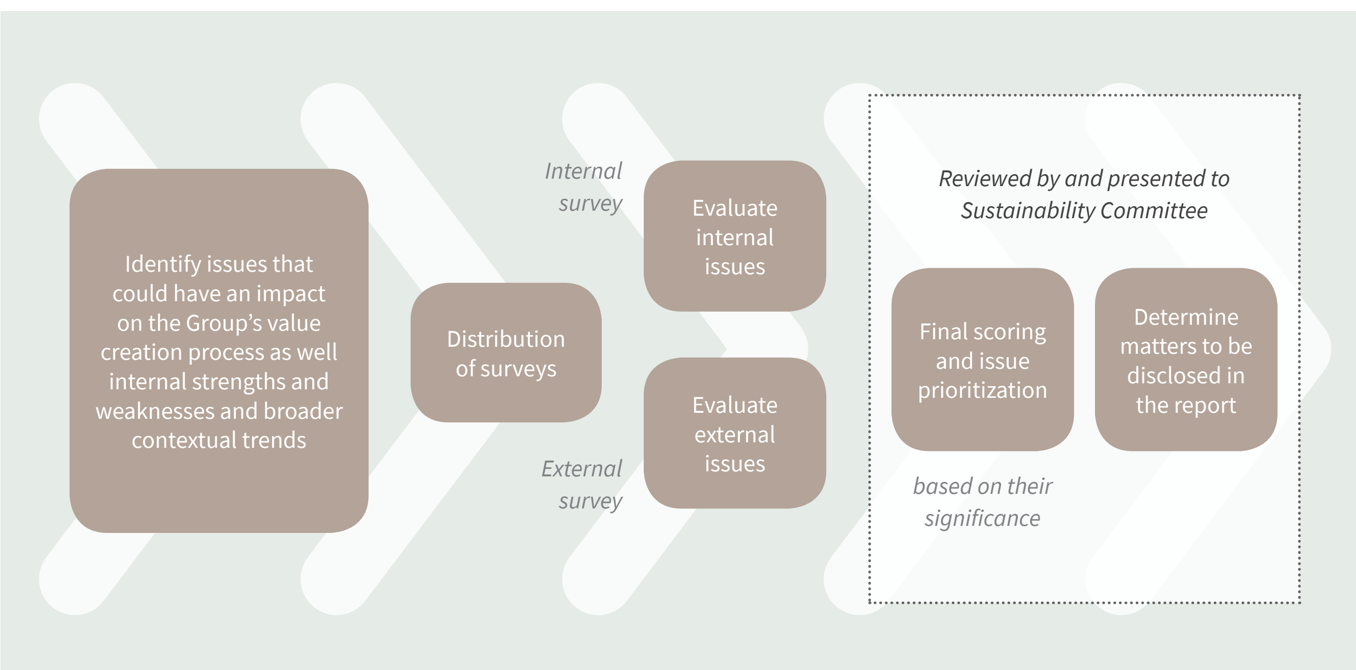
Our stakeholders' expectations revolve around good returns, sustainable profits, growth, regulatory compliances, transparency and accountability. We respond to our stakeholders' expectations in different ways, both formally and informally, depending on the nature and scale of the issue. These interactions are crucial as they shape how we define and execute our strategy to enable us to tackle some of the significant challenges facing our operations – problems that affect everyone along our value chain and to seek beneficial solutions on concerns that no entity can solve on its own.

STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
Our people	• Job security and wages • Conducive workplace • Career development • Corporate activity • Health and safety • Group's growth development	Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce. Aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically by offering diverse employment prospects, opportunities for development, and competitive rewards and benefits that have a clear link to performance. The Group has in place a Whistle-blowing Policy and grievance procedures to address employees' cares and concerns.
Shareholders and investors	• Delivering profitable returns on investment • Financial strength & resilience • Disclosing timely, concise and relevant information • Upholding corporate values • Business sustainability	We respond: • through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website. • by disseminating material issues to the market through Bursa announcements. • through continued improvements in our business strategies, governance framework and corporate reporting. • through engagements at General Meetings.
Customers	• Changing needs of customers and consumers • Business ethics • Innovation • Supply chain/traceability issues • Health and safety • Certification	We seek to be honest and fair in our relationships with customers and to provide standards of product and services that meet their requirements. We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide. Certifications obtained to support market credibility.
Communities	• Economic empowerment/livelihood • Community safety and health • Environmental protection	Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers. Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place, welfare contributions as well as aid during times of adversity and/or disaster.
Memberships & associations	• Advancing industry-specific matters with policymakers and other key stakeholders	Our memberships provide a forum to promote and defend our interests in a broader industry context, to learn and to benefit from their contribution. Further, our participation and membership in various associations ensure that we stay in touch with current and anticipated developments.

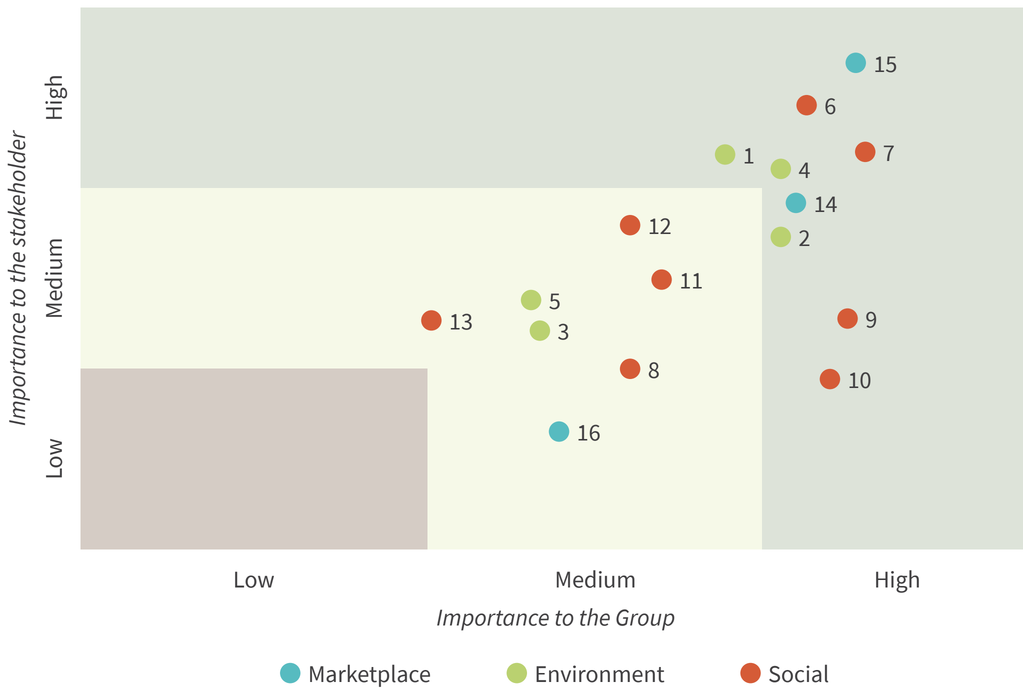
STAKEHOLDER	AREAS OF FOCUS	OUR APPROACH
Suppliers	• Quality control • Business ethics • Training & support • Supply chain transparency • Sustainability requirements	We require our suppliers to live up to sound social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly; hence establishing trust and long-term relationships. Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities. Requirement for third-party service providers and suppliers to declare their compliance to the Groups anti-bribery policy.
National and local Governments	• License to operate • Compliance & regulations • Land issues • Level 'playing fields' for all sectors • Local economic development programs • Corporate Responsibility initiatives Industry-specific matters	We are often a major economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable governments to develop and maintain public works, services and institutions. We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.

Materiality Matrix

A stakeholder survey and materiality analysis were undertaken in the last financial year by way of interviews, questionnaires, desktop peer analysis, industry analysis, and consideration of relevant sustainability trends. We wanted to know how our Group and our performance was perceived with respect to sustainability and to assess how this must translate to future action. All stakeholders were asked to give their opinions on how important the topics are from their perspective as stakeholders. These survey results and analysis remain valid during this reporting period.



Given the diverse nature of our business who each contributes towards the Group's success differently, we weighted the results of materiality assessment according to their influence on the Group's financial performance, their employee headcount and prospective expansion potential. Other factors taken into account were the results of our desktop review on regulations and guidelines, sustainability trends and peer reports.



The Group's United Nation Sustainability Development Goals ("SDGs")

We have determined that the 8 SDGs we had identified were still relevant most to our present-day businesses; and where the Group can make positive contributions to their realisation. Inter alia, we contribute towards the achievement of the SDGs through:

Our direct business activities – the products we produce and the way we produce them;

The use by host governments of the taxes we pay;

The creation of economic and social value in the communities where we operate by creating local jobs, supporting local supplier development and providing opportunities through training and other investment; and

The efforts undertaken to reduce our environmental footprint.

List of Material Topics

	MATERIAL TOPIC	OUR APPROACH
End poverty and in all its forms everywhere		
1 NO POVERTY	(6) Human and worker's rights (8) Equal treatment (10) Benefits and remuneration	• HR policies on minimum wages and fair pay • Economic empowerment/livelihood via the creation of employment and business opportunities for local communities • Providing complete basic amenities including clean running water and sanitation at all workers housing
End hunger, achieve food security, improve nutrition and promote sustainable agriculture		
2 ZERO HUNGER	(5) Pesticides and chemical usage (15) Certification for food safety, sustainability and others	• Potential higher yield and extraction through the adoption of good agriculture practices • Maintaining high food safety standards • Usage of organic fertilizer
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		
4 QUALITY EDUCATION	(6) Human and worker's rights (11) Grievance mechanism and Resolutions (12) Community and welfare	• Support of employees personal and professional development through training programmes • Philanthropic initiatives in the areas of education and youth development • Foster sustainable livelihoods through relevant skills, capacity and infrastructure enhancements
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
8 DECENT WORK AND ECONOMIC GROWTH	(7) Occupational safety and health (9) Code of ethics and governance	• Positive contribution to economic growth in the countries in which we operate, e.g. via tax and other contributions • Foster healthy communities by enhancing well-being and productivity of those we employ • A strong stance against forced or compulsory labour and child labour • Build empowered and sustainable communities through relevant skills, capacity and infrastructure enhancements
Ensure sustainable consumption and production patterns		
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	(2) GHG Emissions, Discharges & Waste Management (14) Sustainable and Traceable Supply Chain (5) Pesticides and chemical usage (16) Evaluation of suppliers/ contractor's sustainability commitment	• Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc.) • Water and waste management • Use of renewable energy and efficiency of energy use • Adoption of good agricultural practices • Unlocking further value from available resources and minimise waste
Take urgent action to combat climate change and its impact opportunities for all		
13 CLIMATE ACTION	(1) Biodiversity & Conservation (2) GHG Emissions, Discharges & Waste Management (5) Pesticides and chemical usage	• Reduction of carbon footprint through increased use of renewable energy and structural improvements • Manage air and effluent emissions • Adoption of good agricultural practices

	MATERIAL TOPIC	OUR APPROACH
Conserve and sustainably use to oceans, seas, and marine resource for sustainability development		
14 LIFE BELOW WATER	(1) Biodiversity & Conservation (4) Water Impacts (9) Code of ethics and governance (14) Sustainable and Traceable Supply Chain	• Commitment to implement and maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO, etc.) • Water and waste management
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss		
15 LIFE ON LAND	(1) Biodiversity & Conservation (2) GHG Emissions, Discharges & Waste Management (3) Fire and Haze (5) Pesticides and chemical usage (13) Free, Prior and Informed Consent (FPIC)	• Use of renewable energy and efficiency of energy use • Water and waste management • Adoption of good agricultural practices • Engagements with local authorities and host communities on planned new land development • Management of elephant habitats to reduce human-elephant conflict through establishment of dedicated task force and land use planning

Environment

We acknowledge that managing the Group's environmental impacts through sustainable practices is a moral and social imperative as well as an economic necessity. Efficient management of resources will not only limit our carbon footprint, but it can also lead to significant operational and financial benefits to the Group as a whole. The Group's Environmental Policy which prescribes our approach and commitment to managing our environmental footprint across our business includes the following objectives:

- to comply with all relevant environmental regulations, legal criteria, guidelines and codes of conduct specific to our operations;
- create environmental knowledge around the Group by successful collaboration, training and sharing of practices;
- continuously evaluate and track the environmental implications of all of our corporate practices and enforce effective environmental protection strategies;
- enable the protection of biodiversity and natural areas situated around or within our operating locations;
- encourage the efficient use of natural resources, particularly energy and water, to reduce the emission intensity of our operations and supply chains;
- minimises the production of raw material waste and eliminates, reuse or recycling of industrial waste where possible;
- participate with local communities and other stakeholders to resolve any environmental issues;
- ensure that our suppliers or vendors recognise our commitment to environmental protection and, where necessary and realistic, allow them to include the required performance reports as requested; and
- continuously encourage and actively support zero burning programs in our plantation operation.

Our key priorities to live up to this include:

Sustainable Agricultural Practices

Conservation areas

Within our estates, areas alongside river banks (riparian reserves) are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and habitat for jungle flora and fauna.

Soil Management

We adopt best agricultural practices, planting cover crops such as Mucuna Bracteata, Calopogonium Mucunoides and Calopogonium Coeruleum, alone or in combination, to boost surface properties and minimise carbon dioxide emissions. Vetiver grass is a deep-rooted grass noted for its strong resistance of heavy metals, phosphates, nitrates and agricultural chemicals. It has been cultivated in wetlands, bundles and field drain to reduce deforestation and avoid landslides. Also, no planting is carried out in steep regions, i.e. those with a slope of more than 20 degrees. Another method in soil and slope management is the planting of Mucuna Bracteata, which is an Indian leguminous plant. We are highly successful in reducing soil erosion and improving soil quality by natural soil fertilisation and aeration process. The nitrogen-regulating properties help maintain soil temperatures down during hot seasons. We value its fast-growing characteristics that allow rapid ground cover and help suppress weed growth.

Lastly, our estate has carried into practice sustainable land applications that are aligned with our zero-waste approach. The FFB which has been harvested and sent to the mill for processing will end up as Empty Fruit Bunch ("EFB") that is used by applying directly to the field. In addition, compost can be produced from a mixture of shredded EFB and Palm Oil Mill Effluent ("POME") which is subsequently added to the plot.

Biological controls against pests

Beneficial plants such as Turnera Subulata, Antigonan Leptopus and Cassia Cobanensis are cultivated to lure leaf insect predators. These predators feed on leaf pest larvae, thus reducing the usage of pesticides. The use of barn owls in our estates helps to control the population of rodents, and the placement of pheromone traps to catch Rhinoceros beetles is one of the strategies implemented and has proven to be effective.

Managing Human-Elephant Conflicts

Several of our estates have encountered incidences of elephant encroachment into their areas culminating in crops and property damage. In this regard, we are continuously looking at ways to find solutions which include monitoring elephant movements, restoring wildlife corridor and building up trenches to minimise further incidences of crop-raiding and damage to the extent possible while at the same time preserving the elephants' natural habitat.

Environmental Assessment

During the year, we have successfully fulfilled the relevant environment impact assessment criteria and obtained the permissions and approvals necessary to commence development at our greenfield estate in Sg. Siput, Perak measuring 2,000 hectares. Implicit in these approvals is the requirement to abide by riparian buffer zones, water catchment and forest conservation areas.

Mechanisation of Field Operations

The Group has taken actions to increase the level of mechanisation within our oil palm plantation operations, particularly for in-field collection and application of fertiliser. As part of our estate planning process, infrastructure at all our new developments are designed to facilitate in-field mechanisation. Mechanisation improves efficiency and worker safety. It also reduces cost and dependency on manual labour.

Addressing the elephant in the room

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

During the year, Cendana Laksana Sdn Bhd together with 8 other estates from 3 nearby localities, had facilitated the establishment of an Elephant Conflict Task Force.

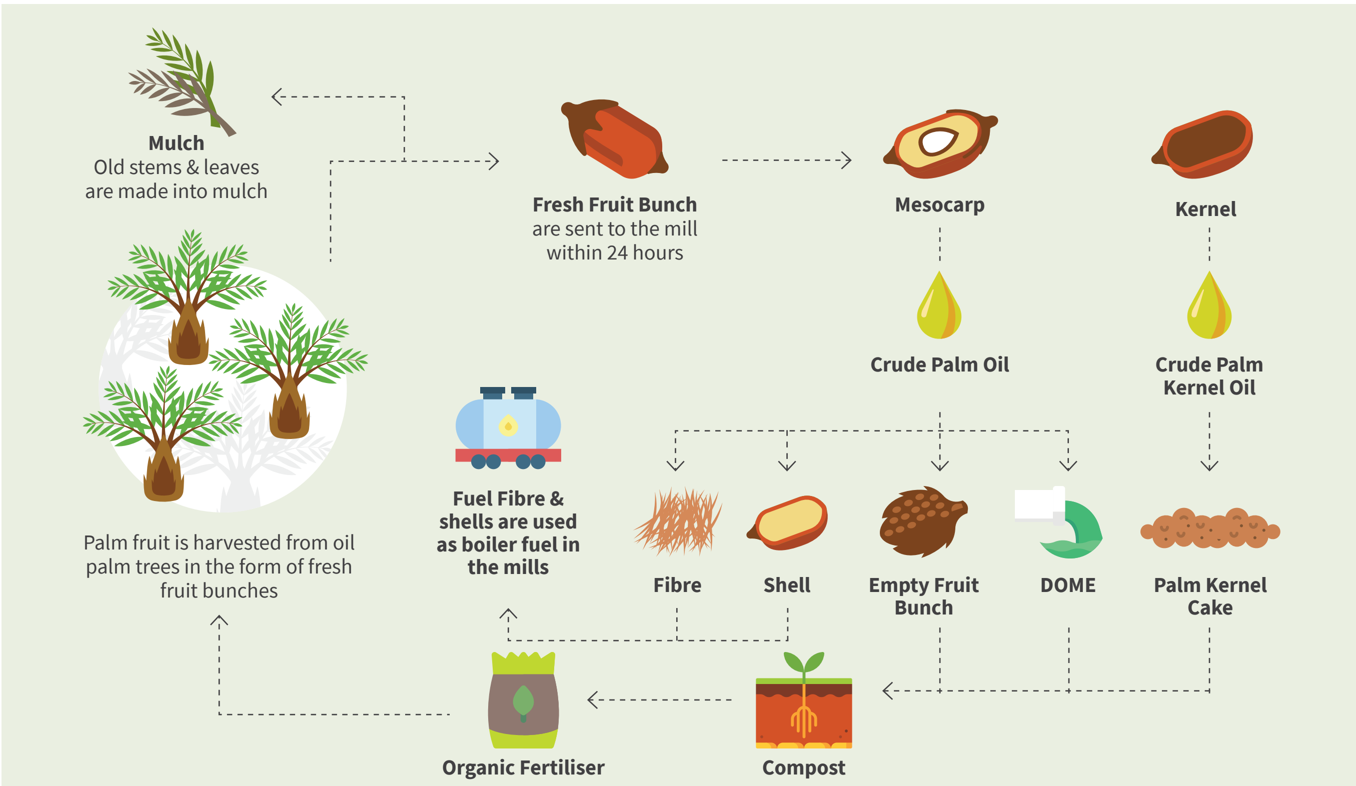
The main objective of the Task Force is to find workable solutions to mitigate the economic impact of crop loss to elephants whilst maintaining the biodiversity of the ecosystems they inhabit. These include, inter alia, understanding the local ecology, monitoring and recording the movement pattern of elephants in the affected areas and co-ordination of other activities by and amongst the task force members.

"Managing the human-elephant conflict is as much about protecting our estates from crop-raiding elephants as it is about reducing our footprint on the elephant's habitats and corridors. We have these taken into account through inter alia, our land use planning, improving their habitats to increase their natural feed availability (by planting crops that elephants like e.g. bananas) which in turn can keep them away from encroaching on human areas. I believe that these measures can allow both to peacefully co-exist."

Mohd Rashidi Mohd Yazid
Estate Manager, Ladang Cendana

Waste Management

The **Plantation Division** adheres to a zero-discharge policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill waste comprises of POME and EFB. These are both utilised in various ways:



POME discharged from the mill must not be reintroduced into the environment in its raw form. Raw POME has a high acid content and, due to its rich nutrient content, the Biological Oxygen Demand ("BOD") level is high. However, our average BOD reading for POME during the land application stage falls well within the allowable discharge limits of < 5,000 parts per million ("ppm").

The POME collected from the mill is treated in open ponds located on-site. The organic material in wastewater is broken down by natural occurrences of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before POME is either mixed with shredded EFB to make compost.

	FYE2019 (MT)	**FYE2020 (MT)**
Total EFB produced	47,233	**41,529**
EFB process into compost	27,155	**4,710**
POME applied to estate	116,320	**102,155**

The significant y-o-y decrease in the volumes of EFB processed by PTNJL's composting plant was due to issues related to the plant's operating license which resulted in the plant's operations being suspended in the first three-quarters of FYE2020. During this suspension period, the shredded EFB was applied at the fields and used as a feedstock for the boilers.

> Our Head Office no longer purchases or offers water in single-use plastic bottles. Water-filling stations have instead been installed for the employees.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Waste Disposal by Type

	Volume (MT)	
	FYE2019	**FYE2020**
Scheduled Waste:		
Ink containers	1.66*	**1.39**
Contaminated rags	1.70*	**0.63**
Printing ink waste	2.80*	**12.28**
Solid Waste:		
Shredded paper	229.91	**163.00**
Food Waste (Head Office)	0.38	**0.40**
Plastic (Head Office)	0.05	**0.07**

** Figures for FYE2019 has been restated*

Hazardous waste and residual products recovered from our operations are transported and disposed of in accordance with stringent industry standards and statutory requirements.

Water Management

The Group's businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. Our estates in Indonesia already have rainwater tanks installed at their workers quarters. Installation of these tanks has now become a standard green feature in all new developments of workers quarters, wherever possible. This allows us to harvest rainwater to be used for daily consumption.

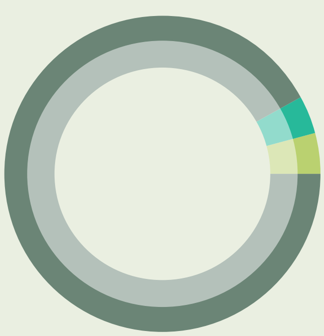
During the year, water consumption of PTNJL's palm oil mill has decreased by 22.8% compared to last year, largely as a result of the CPKO plant being non-operational for the first three-quarters of FYE2020. PTNJL has also set aside areas within its plantation as a water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural revegetation of the area and preservation thereof.

Water Consumption

329,755 m^3

Total water consumed by the Group in FYE2020
(FYE2019: 425,588 m^3)*

Breakdown of Water Consumption by Divison (m^3)



** Figures for FYE2019 has been restated*

296,429 m^3

of water consumption by mill in FYE2020
(FYE2019: 384,222 m^3)

Breakdown of Water Usage by Mill (m^3)

*Domestic**: This includes usage from the rest house, canteen, mill (non-operational), main office and worker's quarters*

Energy Management

Energy type (GJ)	FYE2019	FYE2020
Renewable	126	**581**
Non-Renewable	78,720.5	**81,983.2**

Different businesses have quite different energy use profiles and scale. For example, our **Plantation Division** is by far the biggest user of energy in the Group with diesel consumption topping the list. Recognising that one size does not fit all, the Group's Engineering team has been, and continues to identify, test and refine methods and look for opportunities however small the scale, to reduce the Group's energy usage. During the year, Ladang Cendana had successfully installed solar panels to generate power supply to their workers quarters and office complex. To-date, there has been a satisfactory reduction in the estate's electricity consumption from the national grid, with an average 605.23 kWh saved per month, thus reducing the estate's average CO_2e emissions by 0.79 tonnes[1]. This is equivalent to 1,709 kilometre driven by an average passenger car[2].

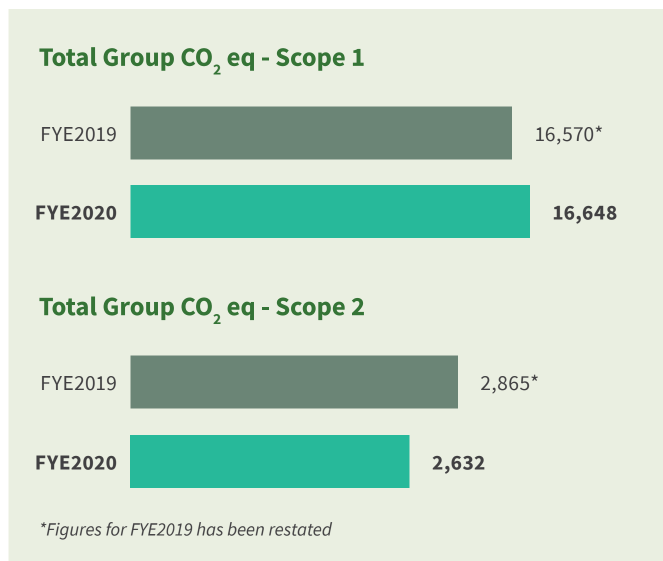
Improving our energy efficiency not only reduces the use of natural resources and emissions of CO_2 and other pollutants but also potentially lowers costs.

Since 2011, all biomass residue from our palm oil mill in Indonesia is either converted into fertiliser/compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the steam boiler and the steam generated from there will then fuel the steam turbine in the cogeneration plant. The impact of the utilisation of biomass as renewable energy has been significant. 86.4% of the electricity and heat energy generated from the cogeneration plant is used to power the oil mill's operations. The excess energy is used to power worker's quarters, government facilities, schools and mosque. In FYE2020, 14,706,530 kWh of electricity was generated (FYE2019: 6,216,230 kWh).

Emission

We emit GHG both directly and indirectly. Our largest impact in terms of emissions is direct (scope 1) emissions mainly from our businesses' use of petrol, gas and diesel. Our main source of indirect (scope 2) emissions is electricity used in our manufacturing and processing operations.

Overall, the Group's total emission was lower by 0.8% y-o-y. Head Office showed the most improvements with a 14.8% reduction y-o-y primarily due to its usage of solar to generate power supply for the building.



Head Office

Our greenhouse gas emissions	FYE 2019	FYE 2020
Scope 1 – Direct emission	0 tCO_2eq*	0 tCO_2eq
Scope 2 – Indirect emission	1,022 tCO_2eq*	871 tCO_2eq
Total emissions	1,022 tCO_2eq*	**871 tCO_2eq**

**Figures for FYE2019 has been restated*

Our Head Office's direct emissions remain at zero this year. The shift to solar power has also lessened the impact of our Head Office's indirect (scope 2) emissions.

Source:
1. Based on emission factor from Malaysia Green Technology Corporation
2. US EPA calculator

Manufacturing

Our greenhouse gas emissions	FYE 2019	FYE 2020
Scope 1 – Direct emission	20 tCO_2eq*	16 tCO_2eq
Scope 2 – Indirect emission	1,816 tCO_2eq*	1,734 tCO_2eq
Total emissions	1,836 tCO_2eq*	**1,750 tCO_2eq**

**Figures for FYE2019 has been restated*

Manufacturing Division's petrol and diesel consumption in FYE2020 was lower as a result of lower production compared to the previous year which in turn reduced its scope 1 emissions. Similarly, electricity consumption had also reduced as a result of effective promotion of sustainable practices such as switching off light sockets and electronic devices at times when not in use thereby resulting in lower indirect (scope 2) emissions of 4.5%.

Plantation

Our greenhouse gas emissions	FYE 2019	FYE 2020
Scope 1 – Direct emission	16,550 tCO_2eq*	16,632 tCO_2eq
Scope 2 – Indirect emission	27 tCO_2eq*	27 tCO_2eq
Total emissions	16,577 tCO_2eq*	**16,659 tCO_2eq**

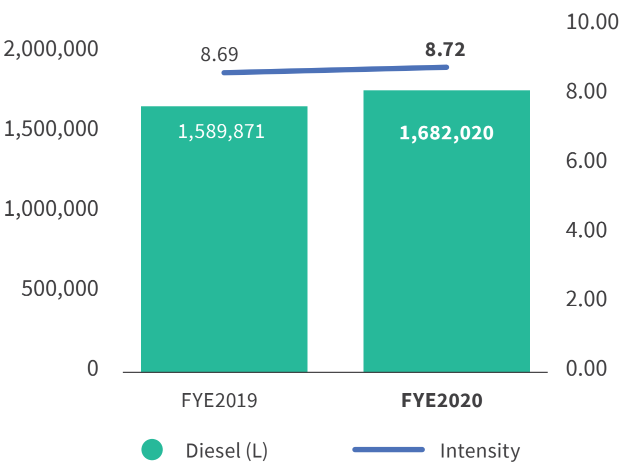
**Figures for FYE2019 has been restated*

Figures in FYE2020 indicates that the **Plantation Division** total emissions has increased by 0.5% last year due to higher fertilizer applications. However, methane emissions were 7.7% lower than last year.

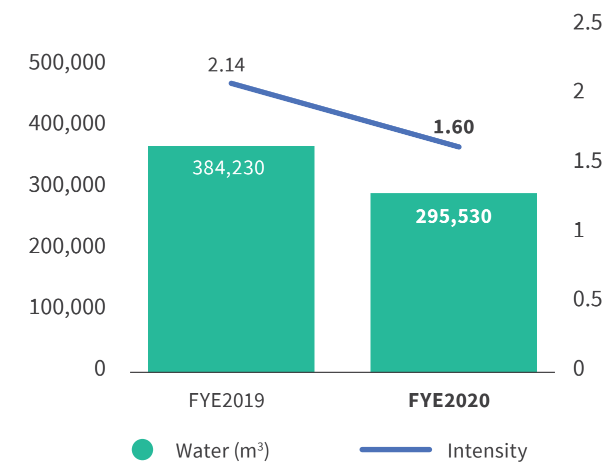
Note: *Scope 1 – CO_2 emissions through a diesel engine, transportation, chemical or physical operation*
Scope 2 – Purchase of electricity from TNB

Group's Intensity

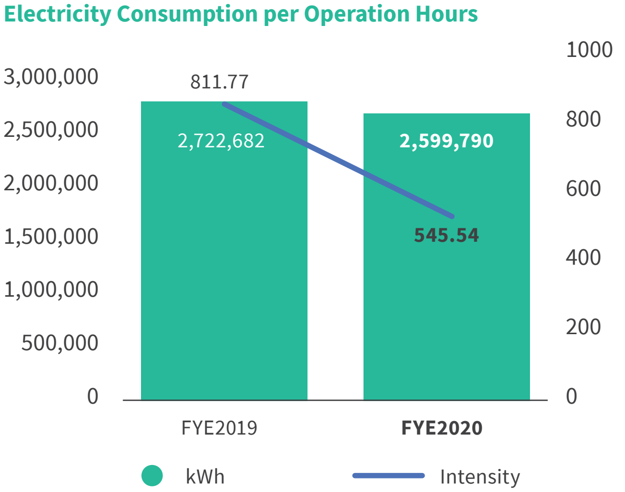
Plantation-
Transport & Equipment Intensity
Diesel Consumption per Ton FFB Production



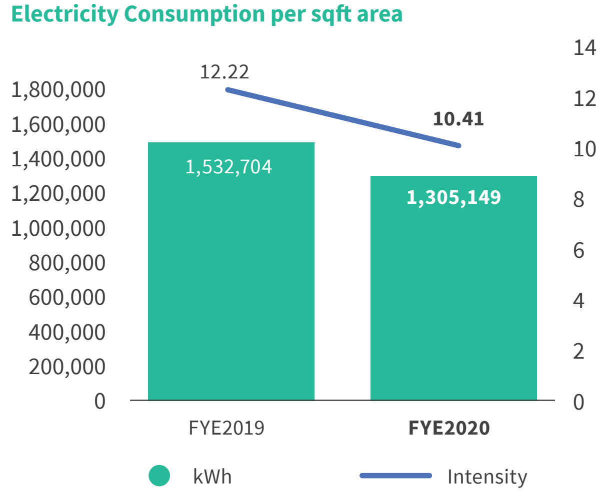
Plantation-
Water Intensity
Water Consumption per Ton FFB Processed



Manufacturing-
Electricity Intensity
Electricity Consumption per Operation Hours



Head Office-
Electricity Intensity
Electricity Consumption per sqft area



SPOTLIGHT STORY

Lights "off" For A Brighter Future

The students of SMK (P) Sri Aman launched their energy policy on 12 June 2019 in conjunction with the Energy Efficiency Challenge 2019 organised by the Energy Commission. The main objective of the challenge is to inspire students to engage in information about energy efficiency and the conservation thereof in a way that is interactive, competitive, and enjoyable.

FimaCorp, through its subsidiary, Fima Technology Sdn Bhd supported the school's initiatives by providing assistance in identifying and analysing the school's current energy consumption to determine areas that were consuming the most energy. Following these observations, replacement of LED lights, setting air-condition temperature at 24.0°c and turning of the lights after 8.00 a.m. were among the initiatives proposed to be undertaken by the school in order to become more energy efficient.

During the 6-month period, students organised various activities to raise awareness among their peers such as smart board competition, model of alternative energy, energy-saving posters and video making on energy-saving. This is a fun way of teaching students on how energy is consumed, stimulating their curiosity about alternative/renewable energy as well as inculcating the importance and benefits of being energy efficient and the behaviours that they can bring home and continue to practice.

Social

We recognise and respect the human rights of our employees, contractors, their families, the communities in which we work and make every effort to operate our businesses in a manner consistent with the principles set out in the Universal Declaration of Human Rights, the core conventions of the International Labour Organisation and national laws applicable to our operations.

Our commitment to human rights includes the following:

- We reject any form of slavery, forced or child labour;
- We are committed to providing a fair, safe and healthy working environment for our employees that is free from unlawful discrimination, harassment or victimisation. Our Employee Handbook provides employees with clear guidance on specific situations/concerns they may face which ensures grievances can be addressed without fear of repercussion. We also seek to provide equal employment opportunities based on merit and performance;
- We respect the right of our employees to associate freely, which includes their right to collective bargaining;
- We recognise and respect the cultural values and heritage of the communities where we operate and securing a 'social license to operate' through open communication, continuous dialogue and fair dealings with local stakeholders; and
- We are committed to being responsible stewards of the natural resources we use in our operations and to reduce any impacts arising therefrom through process innovation, waste elimination and reuse, consistent with our Environmental Policy.

We encourage and expect our partners, suppliers, contractors, and vendors to support these policies.

Our People

We endeavour to provide healthy, safe conditions in the workplace. And we give everyone an equal opportunity to succeed and thrive within our corporate culture. Every day, we aim to meet national and international labour laws in every country where we operate. We also promote greater empowerment, gender parity, inclusion and wellness in all our people.

Our workforce spans across 2 countries, and our diversity is an advantage. Diversity is valued because it energizes our people and encourages collaboration, and innovation. Considering diverse points of view results in better decisions and solutions for the Group and its stakeholders. We also expect our employees to be respectful of such differences and to treat one another with courtesy and respect.

Breakdown of Employee by Division as of 31 March 2020

	Head Office	Manufacturing	Plantation	Total
Senior Management	1	1	1	3
Management	7	13	7	27
Executive	10	36	32	78
Non-Executive	15	237	1,381	1,633
Total headcount	**33**	**287**	**1,421**	**1,741**

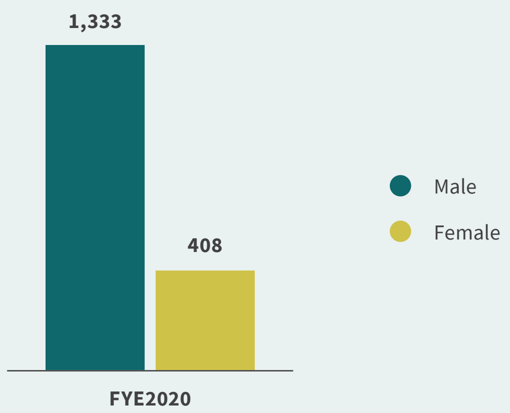
Breakdown of Employee by Nationality as of 31 March 2020

Nationality / Country	Malaysia	Indonesia
Malaysian	555	5
Indonesian	39	1,117
Others	25	-
Total headcount	619	1,122
% Ratio of local: foreign	**90:10**	**99:1**

Note: Others include Bangladeshis, Indian, and Nepalese

Diversity and Gender Balance

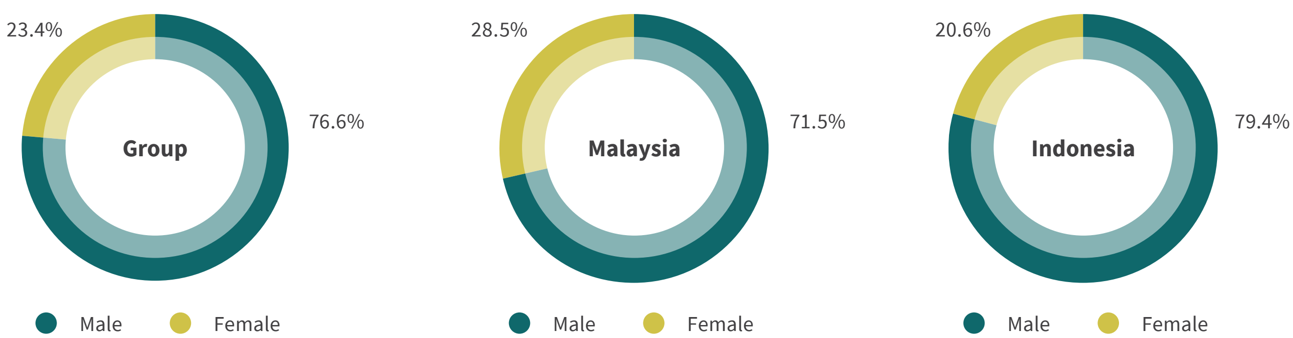
Total Headcount by Gender



The Group is also dedicated to ensuring a professional atmosphere free of discrimination and gender bias, where all workers have equal rights in the workplace.

The Group's workforce in FYE2020 was 1,741 and is made up of 408 women (23.4%) and 1,333 men (76.6%). Due to the nature of job functions such as manual work in our plantation operations, the female take-up rate for these jobs appears to be significantly lower.

We will continue to pursue incentives for the Group to increase the percentage of positions held by women, particularly in leadership positions.



Employee Breakdown by Gender & Position FYE2020

Age Profile of Employees as of 31 March 2020

Age Group	Male	Female
< 30	26.2%	4.8%
30 - 50	44.1%	15.6%
>51	6.3%	3.0%

Employee Status as of 31 March 2020

Status	Male	Female
Permanent	47.1%	19.9%
Contract	29.2%	3.5%
Temporary	0.3%	0.0%

New Employee Hires

Gender	
Male	92.2%
Female	7.8%

Age	
< 30	65.1%
30 - 50	34.5%
>51	0.4%

Total numbers of new hires in FYE2020

550*

* Include contract staff

Employee Turnover

Gender	
Male	80.4%
Female	19.6%

Age	
< 30	34.9%
30 - 50	63.5%
>51	1.6%

	Plantation	Manufacturing
Executive	0	2
Non-Executive	484	11
Total turnover	484	13
Division turnover rate %	34.6%	4.5%
Total Employee Turnover %	**30.7%**	

Note: retired, deceased, expiry of fixed term contract is excluded from the computation

Employee turnover in the **Plantation** relates primarily to abscondments and resignations, respectively; the majority of whom are engaged in physical labour where traditionally the employee turnover has been high. Improving retention is a critical priority for the Plantation Division and as such, the division has ramped up efforts in building and upgrading workers' living quarters and estate infrastructure which are complete with basic amenities, sundry shops, recreational spaces, places of worship and internet connection as well as providing rewards for performers.

26.7%

of the employees have been in employment with the Group for 10 years or more

Occupational Safety & Health

Operating safely, sustainably and responsibly remains integral to us and contributes towards the long-term success of our business. Our aim is to continually build and instil both a company and industry culture that protects people from harm and improves their health and wellbeing.

Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in occupational safety and health; and continuously carry out activities aimed at preventing workplace injuries. Preventive and scheduled maintenance is regularly performed on all the Group's facilities, plants, storage tanks and terminals, whereupon repairs and replacements are made when necessary or appropriate. In addition, contractors and third party service providers working for and employed by the Group are responsible for knowing and complying with all applicable laws, regulations, approvals or permits relating to the work they are doing for the Group. Those found to be in breach of these requirements would be subjected to suspension and/or termination of their services.

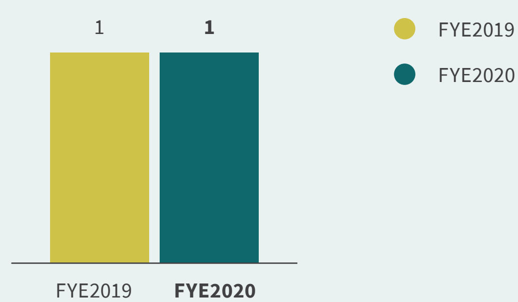
Employees who use any machinery are trained to do so correctly, while training programs in the use of personal protective equipment for workers handling or exposed to hazardous materials are conducted regularly and will continue to be a vital part of the Group's operations.

All division's have health and safety committees which consist of divisional management and employees. It is to these committees that incidences are reported, and where compliance with policies is monitored, and improvements are discussed.

In our Manufacturing Division, for instance, all chemical related product supplied are issued a Safety Data Sheet ("SDS"). This sheet clearly indicateds the type of chemical that employees are being exposed to and how best to handle them. The SDS will indicate the potency of the chemical and the level of danger it may pose to the employee i.e. mild, moderate, highly dangerous. The safety measures taken by the employee will commensurate with the danger level.

Manufacturing Division has achieved 2,015 days (which is equivalent to 5.5 years) without any lost time incident as at 31 March 2020. During the year in our Plantation Division, PTNJL's palm oil mill has retained its accreditation of *System Manajemen Keselamatan dan Kesehatan Kerja* (or "SMK3"), a local Indonesian Government safety certification that is comparable with the globally recognised OHSAS 18001:2007.

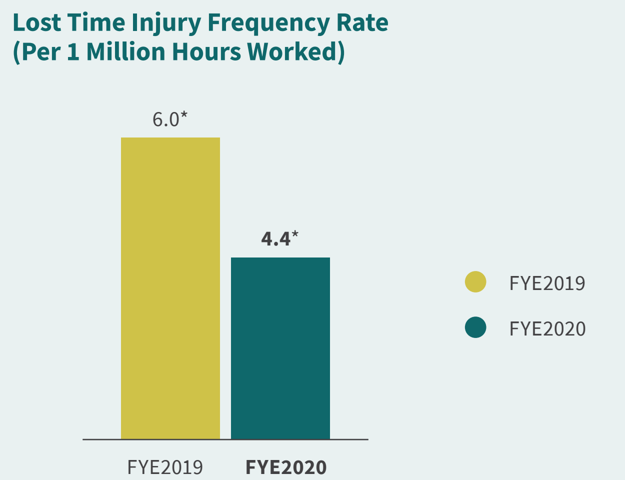
Occupational Fatalities



Tragically we suffered one fatality in FYE2020. In November 2019 an employee at our PTNJL oil mill was fatally injured while trying to remove some dirt near the mechanical nut stirrer. As a company standard, we offered support to the bereaved family and conducted investigations. This incident had served to remind us that we must continue to strive to make our workplaces safer and our employees cognisant of the risks in their respective job functions.

Lost Time Injury

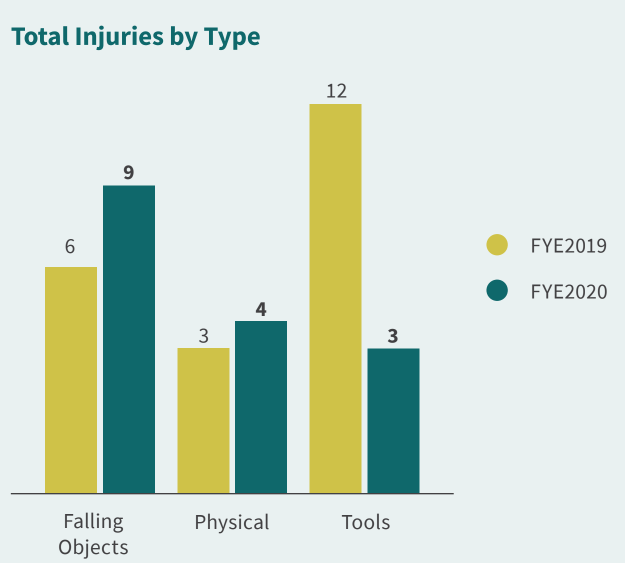
Beginning FYE2020, we have applied the methodology of the Malaysian Department of Occupational Safety and Health in computing our Lost Time Injury Frequency Rate ("LTIFR"). The methodology takes into account only those who are absent from work for more than 5 working days.



Note : Adjusted to be in line with methodology

LTIFR corresponds to the number of lost time injuries occurring in the workplace per 1 million hours worked. During the previous reporting year, the Group recorded an overall LTIFR of 4.4 incidents per million hours worked against LTFIR of 6.0 recorded in the previous year. The indicator helps us to track the effectiveness of measures taken to improve safety and health performance in all business divisions. In addition, it helps the Group to identify the most useful preventive action.

The Group recorded 16 in total injuries against 21 in the previous year. Some of the accidents arising from the plantation division including injuries caused from the usage of work tools such as machetes and sickles. Others have falling fronds, thorn cuts and injuries due to the handling of FFB.



Covid-19 Response

The Group has taken extensive measures across our businesses to safeguard employees and customers from the Covid-19 pandemic. We have implemented additional employee safety measures based on guidance from the relevant health authorities across our all our premises, including enhanced hygiene protocols, social distancing, mask use and temperature screenings.

We enhanced daily sanitation practices in all our premises through installation of hand sanitisers across all our premises, added signs and floor decals to promote physical distancing. Workstations have also been evaluated for adherence to physical distancing guidelines. As at the date of this Report, all of our businesses are operating without significant disruption.

Emergency preparedness

Emergency preparedness is an essential aspect of our operations. Thus, our facilities are equipped with first-aid kits, firefighting systems and have in place adequate response plans, spill prevention and other programs to respond to emergencies.

Safety briefings are routine pre-requisites that precedes the daily activities for most of our businesses. This ensures employees are focused on performing the tasks at hand as quickly and safely as possible. These briefings primarily serve as a daily reminder of the job/task sequence and the potential hazards which may be present. Emphasis is always given on the need to wear proper attire such as Personal, Protective Equipment and on the use of appropriate equipment. Emergency response plans are an important element in the Group's occupational safety and health programme as it provides guidance to employees on the steps to be taken in the event of an emergency.

Employee Development and Engagement

We view career development as part of our commitment to building a more efficient, highly motivated and talented team to ensure that the Group can remain agile and responsive in competitive environments. Every year, training allocation is available for our employees to participate in internal or external workshops and seminars. We also believe that a combination of both formal and informal learning channels develops targeted skills and knowledge for a specific role. For example, our businesses regularly conduct informal on-the-job training and refresher courses on the use of apparatus and machinery, and fertilizer application to address the skill gaps created by changes inter alia in knowledge, technology and/or work processes.

All new employees undergo an induction program to help them familiarize themselves with all aspects of the Company and the

Group, understand the responsibilities of their new role, the culture of our business and the processes they need to follow as well as our expectations for ethical conduct. They were also provided with the Employee Handbook before, or as soon as they start their new job. The Handbook provides new employees with information about their conditions of employment as well as the standards of professional behaviour expected.

We also encourage our people to look beyond their experiences and current practices by undertaking job rotation and overseas assignments for exposure in different markets. Where headcount reductions are necessary, affected employees are redeployed to new job tasks where retraining and skill upgrading is provided to help them transition into the new tasks.

SPOTLIGHT STORY

On the Job

Samsul Halimung

Currently a Mechanical Engineering Executive, 34-year-old Samsul worked in PTNJL for 7 years before his transfer to International Food Corporation Ltd ("IFC") which is a subsidiary of KFima in 2016.

How does your role in PTNJL differ to the one in IFC?

In PTNJL, I handled all the maintenance work for machines and buildings, machine fabrication, building of stores, elevator to transfer kernels to kernel silo tanks and tank oil. I also repair and service vehicles, genset overhauling and turbine servicing.

In IFC, I coordinate workplans and develop and review staff reports related to engineering activities.

I've also learnt, and am familiar with, the requirements of GMP, HACCP, SSOP, LACF and the PNG Fisheries Standard Requirements.

What are the challenges you've encountered in IFC?

On the personal front, the greatest challenge would definitely be homesickness - being away from my wife and family as I only get to see them once a year. Workwise, there has been some challenges in supervising as well as coaching the local engineering staff here but I consider that to be part and parcel of working life anywhere.

What has been some of your memorable moments in IFC so far?

I can speak English and understand PNG's national language, Tok Pisin.
I have made many new friends from all over the world - Australia, New Zealand, Fiji, Pakistan, to a name a few. My cooking skill has improved tremendously and I can make really good fish curry! I also made it to the final round of a badminton tournament for Lae in an open game.

We also set annual key performance indicators for our employees that reflect critical success factors in their career development. This formal performance and career development reviews which take place once a year at the end of the financial year serves as an effective communication platform between employer and employee for feedback, sharing ideas, identify avenues for improvement and to recognise individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses and/or promotions.

Performance Management System

Compensation and Benefits
Pay decisions are based on:
- Performance rating
- Competency rating

Learning and Development
Identification of:
- Long term development plans
- Competency based training needs
- Business focused training needs

Succession Planning
Identification of:
- Jobs at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitment

Career & Talent Development
Identification of:
- Promotions and inter company/ department transfers
- Group talents

	Training Hours	
	2019	**2020**
Senior Management	64	**44**
Management	1,201	**536**
Executive	962	**1,644**
Non-Executive	3,884	**2,145**
Grand Total	6,111	**4,369**

Note: Training hours herein does not include on-site coaching by supervisor

Human Rights & Workplace Relations

We implement our commitment to supporting human rights and labour rights through a range of policies, strategies and initiatives that reflect the diverse range of conditions under which our business operates in and we also require our contractors and business partners to comply with these commitments.

We value the right of our workers to have freedom of association, to enter labour unions and to collective bargaining in compliance with local laws. We are committed to working honestly and transparently with the labour unions and we undertake negotiations in good faith. As at 31 March 2020, 23.0% of our employees are represented by labour unions. Our collective bargaining agreements with these representative groups contain provisions covering grievance and disciplinary procedures, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other terms and conditions of employment negotiated in our collective agreements include, but are not limited to, issues such as wages and performance management. Over the course of the year, the Group did not experience any situations with the unions that ended in a work stoppage.

	Malaysia	Indonesia
Total No. of Employees	619	1,122
Unionised Employees	130	262
% of Unionised Employees	21.0%	23.4%

We are against all forms of forced labour and underage workers, and we strictly enforce these principles at all our workplaces. The profile and identity document of each employee is maintained in our HR data systems and we continuously monitor compliance with the minimum legal working age requirements imposed by the local authorities in the countries where we operate our businesses. We also require all workers employed by suppliers/contractors to have a contract governed by local labour laws.

However, there have been instances at our estate in Indonesia where children accompany their parents to the fields and assisted in loose fruit collection and other light tasks. To deal with this issue, spot checks are conducted regularly and facilities such as creches are provided where parents can leave their children while they go to work.

Whistleblowing

Our open-door policy enables employees to speak directly with all levels of management about their ideas or concerns. We also provide other ways for employees and external stakeholders to report concerns, such as that all of our operations have grievance mechanisms that are accessible, accountable and fair and in all cases, consequence management (e.g. official warning, suspension, dismissal) is in place. The Group's Whistleblowing Policy sets out guidelines for individuals wishing to report possible fraud, illegal acts or misconduct and we make every effort to provide appropriate protection and protect the confidentiality of those who raise such concerns. The Group Internal Audit and Human Resource Departments are empowered to conduct investigation of suspected and reported incidents.

Our Whistleblowing Policy can be viewed at http://www.fima.com.my/corporate-governance.html.

Benefits & Welfare

The Group's compensation system involves fixed and variable components, based on the employee's job grade. Each location within the Group has its own locally defined employee benefit schemes. For eligible employees, these include:

- contributions to retirement fund;
- outpatient, specialist and treatment for employees, spouse and eligible children;
- group life and personal accident insurance;
- alternative working hours; and
- provision of housing with clean running water and sanitation to our plantation workers.

The Group pays at least minimum wage as required by law in the countries in which the Group operate and in no areas of operation does minimum wage varies by gender.

PTNJL's employee wellness is managed through an on-site clinic with full-time clinical assistants. PTNJL also offers free transportation for workers' children to nearby schools in the area. There is also a crèche in the estate, which is subsidised by the company that caters to the needs of plantation staff and workers. The provision of these facilities has enabled women to join the workforce of PTNJL and, to some extent, reduced the number of children accompanying their parents to the field due to lack of supervision at home.

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

Raising Breast Cancer Awareness

In an effort to promote breast cancer awareness, the Group in cooperation with MAKNA organised a full day programme for its employees and building tenants on 8 November 2019. 56 women had benefitted from the free breast examination offered during the event. The event also included a talk by a medical practitioner on how to conduct self-examination and the necessity of preventing the disease through regular screenings.

Coming to the Rescue

In response to the Covid-19 pandemic, the Group donated 34,000 face masks to various government agencies which are then distributed to their frontline and enforcement personnel. PTNJL in Indonesia carried out cleaning and disinfection at its workers housing complex and other public areas such as halls, mosques and clinics. Meanwhile the Group management team had rallied together by combining their time and resources to mobilise care packages comprising of essential food items to 857 of our non-executive employees (both local and foreign) and to over 2,000 poor families nationwide.

Community Contributions

We believe in contributing economically and socially to the well-being of the communities where we conduct business. With businesses in Malaysia and Indonesia, the Group has a local footprint in many communities. Our approach to community engagement is driven and managed by our businesses to ensure value is created in ways that best fit with their operations and geographic spread.

During the year, the Group continued its community care and involvement vide various contributions in the form of donations, sponsorships and support in kind to charitable bodies, schools and local community endeavours. Inter alia, we renewed our sponsorship of Titian Samara Programme by Persatuan Al-Hunafa. The NGO's mission is to help secondary students with academic and social problems to develop their life skills such as confidence, leadership, and communication through personal development programmes and mentoring. The programme currently focuses on 5 schools in the Klang Valley namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Kota Kemuning , SMK Telok Gadong and SMK Subang Bestari, with a total of 190 students.

Apart from building and furnishing the mosques and schools located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PTNJL also funds the monthly allowance for teachers and imams. The Group also donated King Cup sardines and other food essentials to several mosques and non-governmental organisations for their onward distribution to the needy.

As part of our commitment to strengthening the local socio-economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group hires and trains local employees at our job sites, providing technical training and skills to improve workers' wage-earning potential. We also support local suppliers and entrepreneurs by purchasing local goods and services. A successful example of this can be seen in Indonesia where 83.2% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 21.3% of the FFB processed by the palm oil mill is purchased from smallholder farmers and third-party growers.

Since January 2018, the Group has taken in 93 university graduates to undergo 8 months of workplace experience with companies within the Group (with the possibility of progression into permanent employment) through our participation in and support of the PROTÉGÉ program (formerly known as Skim Latihan 1Malaysia). This program involves a mix of on-the-job placements and skills development workshops which would allow trainees to absorb the organisational and work culture whilst also developing relevant job-specific training. Allowances and benefits are given during the program. Meanwhile, our Indonesian subsidiary, PTNJL has received a total of 20 students; 10 from SMKN 1 Sebatik Barat and 10 from SMKN 1 Nunukan to undergo a 2-month internship during the year.

Governance

Our Approach

Stakeholders are putting increased emphasis on businesses to meet the corporate responsibility and sustainability standards, which is also reflected in consumer behaviour and legislative requirements. To meet these expectations and achieve long-term success and sustainable growth, we are committed to undertake responsible business practice through good governance which is supported by dedicated policies, resource and operational efficiency and being accountable for our actions.

Governance

Many of our activities are highly regulated by laws and regulations relating to health, safety, environment and community impacts. We are committed to complying with the laws and regulations of the countries in which we conduct business and, where applicable, to exceeding legal and other requirements that are less stringent than our own. We believe high governance standards are integral to ensuring the Group's future viability and maintaining our social license to operate.

We have a comprehensive system of stewardship and accountability that meets the requirements of all applicable rules, regulations, standards and internal and external policies.

Our diverse and highly engaged Board of Directors brings a range of viewpoints and deep expertise that helps ensure effective oversight of our strategic priorities and operations, having regard to the interests of shareholders, customers, suppliers, and the wider community. The Board is supported by dedicated Board committees, each with its own terms of reference setting out its roles and responsibility. The Group Sustainability Committee steers our sustainability activities which is chaired by a Senior Independent Non-Executive Director, thus ensuring that we have Board-level oversight of the critical sustainability issues affecting the business and how they should be managed. At the management level, the Heads of Division comprises the Group's most senior executives. There is a delegation of authority framework that clearly outlines those matters delegated to the Managing Director and other members of senior management. Besides, ad-hoc committees are established to deal with particular sets of ongoing issues.

The business units are also responsible for adopting sustainability strategies to their operating needs, as well as providing the resources needed for its implementation. They align their brands, technologies and sites involved in sustainability that is in line with the specific challenges and priorities of their business portfolio. Our suppliers and contractors are also required to observe the Group's commitments on issues such as health and safety, environment, human rights and local labour laws.

The Corporate Governance Overview section can be read in our Annual Report and website at http://www.fima.com.my/corporate-governance.html.

We require all our business units to implement an appropriate level of risk management to ensure compliance with all relevant legislation, health, safety and environment policies, overriding business principles and Group policies taking into account business needs and local circumstances.

Each business has developed and documented policies and procedures to comply with the minimum control standards established over specified processes, including methods to mitigate risk, monitoring compliance and taking corrective action. Further details of our risk management can be found in the Statement on Risk Management and Internal Control section in the Annual Report.

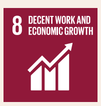
Responsible business practices

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to over 1,700 people in 2 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including social security contributions on the wages of its employees, SST, customs duties and property taxes. All these taxes are a significant source of funding for public services by governmental institutions. We view the fulfilment of our tax obligations as part of the process of creating sustainable value for all our stakeholders.

Value Distribution to Stakeholder
(RM Million)

Ethical Conduct

The Group takes a zero-tolerance stance to unethical practices. We are committed to complying with the rules and regulations of the countries in which we operate and act ethically, consistent with the principles of honesty, integrity, fairness and respect. Every employee is accountable for ensuring that these principles are always upheld in all we do. We expect the same standards from all third parties who provide good and services to our companies.



Antibribery@work

The new Anti-Bribery Policy familiarisation e-training module has been developed during the year. This training module provides an overview of anti-corruption laws, the Group's ethical guidelines and grievance procedures and is also used to familiarise and train third party service providers who perform services for the Group.

All employees who have successfully complete the module are required to sign a confirmation that they will comply fully with the policy. Further, training on this Policy will form part of the induction process for all new directors and employees.

There were also dedicated anti-bribery classroom-based training for Directors, senior management and employees organised by the business units during the year.

In FYE2020, certain governance processes have been strengthened after a thorough review of the Group's integrity infrastructure for which an external consultant had been engaged. The exercise involved not only the review of the Board Charter and the terms of reference of the Board committees, but also entailed a review of the policies of the Group and the anti-bribery framework. This is to ensure that our management practices remain relevant and effective for the Group's ongoing performance.

Our Anti-Bribery policy includes inter alia policies on ethical behaviour, including the acceptance of the offering of corporate hospitality and gifts. For example, corporate hospitality must be reasonable and proportionate, and any gifts given or received must not conflict with our obligations to that party. Furthermore, our procurement and authorisation procedures are consistent and transparent so that all payments are documented and understood. These internal control procedures are also subject to regular review to provide assurance that they are effective in countering any risk of bribery and corruption. A significant number of written agreements entered into by our businesses with their respective vendor and customers include specific anti-bribery and corruption clauses.

In addition, the Board, through the Audit and Risk Committee reviews and monitors all related party transactions and conflicts of interest situation, if any, on a quarterly basis. A Director or member of senior management who has an interest in a transaction must abstain from deliberating and voting on the relevant resolutions, in respect of such transaction.

Cybersecurity

The Group acknowledges the importance of cybersecurity as a critical feature in preserving our data integrity and maintaining trust amongst our stakeholders. Being able to provide continuity of our cybersecurity agenda, will ensure protection towards the Group's IT network, information and communications assets. Threats of malicious software, phishing attacks and spams are all matters we take seriously. During the year, there were a few incidents of phishing and malware targeted at our employees. For this reason, we have taken additional security measures to improve our readiness to respond against cyber attacks which are getting increasingly sophisticated and prevent misuse and unauthorised access to our systems. We strive always to ensure that our cybersecurity is up to the latest industry standards.

Membership of Associations

Gabungan Pengusaha Kelapa Sawit Indonesia, GAPKI

Association of Plantation Investor of Malaysia in Indonesia, APIMI

Incorporated Society of Planters

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Malaysia Sustainable Palm Oil
Process that sets the standards for responsible management of palm oil plantations, smallholdings and palm oil processing facilities

ISO 50001:2011
PTNJL is accredited with their energy management system that displays good implementation of their procedure and protocals.

ISO 9001:2015
PKN is accredited with their quality management system that displays good implementation of their procedure and protocals.

ISO 14001:2015
verifies PTNJL as a campany that is successfully managing its environmental responsibilities, meet compliance requirements, and continuously improve its environmental practices.

ISO 27001:2013
PKN ensures strict security controls to protect customers data and operations of its products and services.

Responsible Procurement

As we continue to find more effective ways to do business and respond to external changes and disruptions, we recognise the influential role we can and need to play in delivering sustainable solutions for our customers, suppliers and the broader community. We interact with our suppliers in a variety of ways including tender and bid processes, surveys, site inspections and events. These interactions cover a broad range of topics such as cost efficiencies and ways of working as well as environmental and social compliance.

Quality & Standards

To maintain safety and quality, the Group stays current with new regulations, industry best practices and marketplace conditions and the Group's businesses consistently strive to improve and refine their requirements and standards throughout the entire supply chain. Each business has also developed and documented policies and procedures that the business should exercise over specified processes.

The **Plantation Division**'s Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2015 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel. During the year, PTNJL was assessed and certified as meeting the requirements of the coveted ISO 50001:2011 (Energy Management System) in recognition of PTNJL's successful implementation of procedures and protocols to continually improve energy efficiency and consumption which led to a 3% reduction in diesel and electricity usage in the last 3 years.

All of our Malaysian estates are certified under the Malaysian Sustainability Palm Oil standards ("MSPO") . Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certifications.

However, the Indonesian Sustainability Palm Oil ("ISPO") audit on PTNJL remains status quo from last year as authorities await a definitive outcome of the ongoing legal suit about PTNJL's HGU before the ISPO certification process can be resumed.

Percetakan Keselamatan Nasional Sdn Bhd ("PKN"), our **Manufacturing Division** subsidiary, is accredited with the ISO 27001:2013 Information Security Management System which indicates that PKN applies the best international and security control standards to protect information against any security risks, reflecting positively in the quality of services provided by PKN to its customers.

SPOTLIGHT STORY

Driving Malaysia Towards Digital Government

KONTEKS took place on the 10 October 2019 in Putrajaya. The full-day event which was organized by Percetakan Keselamatan Nasional Sdn Bhd (PKN) in collaboration with the Technology Depository Agency and National Innovation Agency Malaysia, was officiated by the (then) Chief Secretary to the Government of Malaysia, YBhg Tan Sri Dr. Ismail bin Haji Bakar. More than 1,000 attendees from government, universities, and enforcement agencies participated in the conference.

KONTEKS's theme of "Driving Malaysia Towards Digital Government," provided a platform where technology providers, industry experts, and government decision-makers share their industry experience, discuss the issues that shape the future of digital government in the context of Industrial Revolution 4.0 amid a volatile, uncertain, complex and ambiguous (VUCA) environment.

Highlights of KONTEKS include the 19 keynote presentations that were delivered on 2 dedicated stages within the venue. One stage was geared toward issues related to the latest developments in security documents and its eventual shift from physical security to digitalization and technology and how physical and digital complement each other; and the other stage was focused on topics related to IT security, data protection, cybersecurity, and blockchain technologies. Participants had the opportunity to engage with industry players and experts to share views and exchange information.

Among the specific topics covered by the distinguished guest speakers were:

- New approach and techniques applied by Security Industry Players including ID, Travel Documents, Track and Trace and Vehicle Identification.
- Way forward for enhancing future security document solutions and its potential applications in Governments and Industries.
- Applying Digital Security, Big Data in Digital Government, and impact on users and the public.

In addition, KONTEKS also provided attendees with a first look at new products, services, and technologies being offered/developed by 16 of the most innovative companies in the industry.

"The speed, breadth, and scope brought about by digital transformation are rapidly changing economies and challenging governments the world over to adapt and embrace this transformation. KONTEKS's objective is to bring together technology providers and government officials to explore the role that digital technologies can play as an enabler/tool to improve public service delivery, boost economic growth and better respond to citizens' needs thereby providing opportunities for relevant stakeholders to collaborate on new projects and initiatives in support of the Malaysian government's digital transformation agenda."

[Dzakwan Mansori,
Executive Director, PKN]

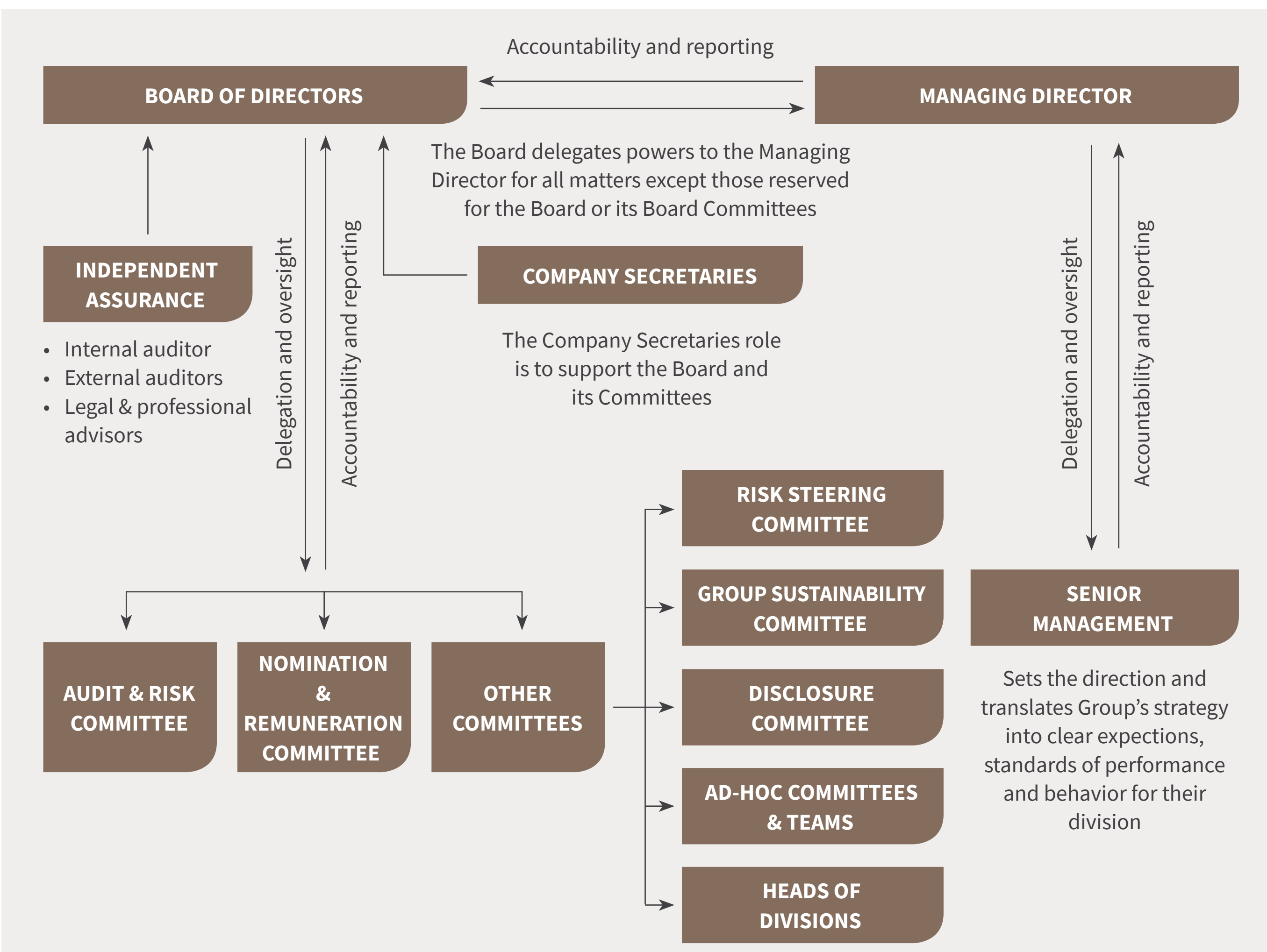
Corporate Governance Overview Statement

The Board recognizes the importance of good corporate governance and is committed to establishing and maintaining high standards of corporate governance throughout Fima Corporation Berhad ("the Company" or "FimaCorp") and its subsidiaries ("the Group").

This Corporate Governance Overview Statement ("Statement") illustrates the extent of which the Board has embodied the spirit and principles of the Malaysian Code on Corporate Governance ("MCCG") with regards to the recommendations stated under each principle for the year under review and should be read in conjunction with the Corporate Governance Report which is accessible online at www.fimacorp.com/corporate-governance.

CORPORATE GOVERNANCE FRAMEWORK

The diagram below illustrates the Company's current corporate governance framework. It shows the relationship between the Board, its Committees, the Managing Director ("MD"), senior management and various independent assurance functions.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Role and Responsibilities of the Board

The Board is responsible for the overall strategy, governance and performance of the Company. The general powers of the Board and the Directors are conferred in the Company's Constitution. The Board has adopted a Board Charter which sets out the role and responsibilities of the Board, describes those matters expressly reserved for the Board, and those matters delegated to management. Among the specific matters reserved for the Board are:

- review and approve annual financial statements and quarterly financial results.
- contribute to management's development of the Company's strategy and plans, and ultimately approving operating budgets and monitoring performance.
- approve director's appointment to the Board and Board Committees.
- approve major capital expenditure, acquisitions, disposals of significant events and investment proposals.
- oversee and monitor overall system of internal control and risk management.
- oversee related party transactions.
- review and approve any matters in excess of any discretions which the Board may have delegated from time to time to the MD or senior management.

In FYE2020, the Board reviewed, deliberated and approved (where specifically required), amongst others the following:

Financial Reporting/ Performance	• the quarterly financial results and audited financial statements. • the financial performance of the business operations against approved strategies, plans and budgets. • major capital expenditure/acquisitions. • the amount, nature and timing of dividends to be paid. • bank mandate updates and other treasury related matters. • the Group's solvency and financial position.
Strategy and Planning	• budget and business plan for FY2021 and key performance targets. • the progress in implementing strategic activities arising from the March 2019 Board Retreat. • updates on business and operational activities.
Governance and Reporting	• the new policy on anti-bribery and corruption. • the updated Whistle-Blowing Policy, Board Charter and Terms of Reference of the Audit and Risk Committee. • adoption of a formal dividend policy for the Company. • results of the Board, Board Committees and individual Directors' effectiveness evaluation. • the findings and observations made in the CG Monitor 2019 in relation to the adoption by the Company of practices recommended under the MCCG. • the progress of the Group's sustainability and corporate responsibility initiatives. • the draft statements to be incorporated in the 2019 Annual Report.
People	• the performance, reward, composition and succession of Board. • the Nomination and Remuneration Committee's recommendation on the annual performance of the MD and senior management. • new appointments to the Boards of Group subsidiaries. • changes in the composition of the Audit and Risk Committee. • appointment of Encik Rosely bin Kusip to the Nomination and Remuneration Committee.

Board Committees

The Board is supported by the Audit and Risk Committee as well as the Nomination and Remuneration Committee in discharging its duties. The ultimate responsibility however, resides in the Board and it does not abdicate its responsibilities to these committees. Each Committee is governed by their own Terms of Reference setting out the roles and responsibilities of that Committee, as well as the membership and any other requirements for the running of the Committee which have been approved by the Board. The Terms of Reference of the Committees are available on the Company's website at www.fimacorp.com/corporate-governance.

All Committees are chaired by and comprise a majority of Independent Non-Executive Directors. Each Committee keeps the Board informed of its activities through the provision of the minutes of each meeting, and the Chair of each Committee formally advises the Board of any matters or recommendations requiring the Board's attention.

AUDIT AND RISK COMMITTEE

Chairman
Rezal Zain bin Abdul Rashid
Senior Independent Non-Executive Director

Members
- Dato' Adnan bin Shamsuddin
  Independent Non-Executive Director
- Datuk Bazlan bin Osman
  Independent Non-Executive Director
- Rosely bin Kusip
  Independent Non-Executive Director

Key Objectives
The Committee was renamed as Audit and Risk Committee in June 2020 to more accurately reflect the Committee's oversight functions.

The Audit and Risk Committee plays a key role in assisting the Board with oversight of the external and internal audit functions, the Group's system of internal controls, business risk management processes, related party transactions, related compliance activities and effective governance over the appropriateness of the Group's financial reporting including the adequacy of disclosures. The role of the Committee has also been enhanced to include review and oversight functions of the Group's anti-bribery and whistle-blowing in line with section 17A of the Malaysian Anti-Corruption Commission Act 2009 as well as the Group's sustainability reporting.

The Committee's Terms of Reference which has been updated in June 2020 is available on the Company's website at www.fimacorp.com/corporate-governance.

In FYE2020, the Committee conducted 5 meetings with all members present. The Committee's activities during the financial year are outlined in the Audit and Risk Committee Report of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Rezal Zain bin Abdul Rashid
Senior Independent Non-Executive Director

Members
- Dato' Adnan bin Shamsuddin
  Independent Non-Executive Director
- Dr. Roshayati binti Basir
  Non-Independent Non-Executive Director
- Rosely bin Kusip
  Independent Non-Executive Director

Key Objectives
Assisting the Board in ensuring that the Board comprises individuals with the necessary skills, knowledge and experience for the effective discharge of its responsibilities; and in matters relating to the remuneration of the Board and senior management.

The Committee's Terms of Reference is available on the Company's website at www.fimacorp.com/ corporate-governance.

The key activities of the Nomination and Remuneration Committee in FYE2020 included:

- reviewing the composition of the Board and its Committees.
- reviewing the performance evalution of the Board, its Committees and individual Directors and making appropriate recommendations to the Board.
- reviewing the independence of the Independent Non-Executive Directors.
- reviewing the tenure on the Independent Non-Executive Directors' time in office.
- nominating Board candidates for election by shareholders at the Company's Annual General Meeting.
- reviewing the time commitment of Directors for performance of their responsibilities.
- reviewing the training of the Directors.
- reviewing the fees and allowances payable to the Non-Executive Directors.
- reviewing the performance of the MD and senior management and recommends to the Board the appropriate annual increment and performance rewards.
- monitoring and considering the level of remuneration for Group employees.

The Nomination and Remuneration Committee met once during the FYE2020 and all Committee members attended the meeting.

Other Committees

The Board is also supported by various committees which have been established to assist in the discharge of the Board's oversight functions. The committees are:

Risk Steering Committee ("RSC")	• The Committee which has been renamed as RSC on 22 July 2020, is a sub-committee of the Audit and Risk Committee. • Supports the Audit and Risk Committee in the development and implementation of the Group's risk management and internal control framework. • RSC is composed of Board representatives from FimaCorp and KFima and members of senior management. • RSC is supported by the Risk Management Unit ("RMU") which is made up of executives/ management of the respective business units. The RMU is responsible for managing, mitigating and monitoring strategic and operational risks at company/divisional level.
Group Sustainability Committee ("GSC")	• The GSC oversees how the Group's sustainability programs support business goals and aspirations, and to monitor the progress thereof. • Consists of representatives from the Boards of KFima and FimaCorp and members of senior management. • The GSC's Terms of Reference can be found on the Company's website.
Heads of Divisions	• Deliberates on the performance and conduct of the Group's operating units including the status of internal audit findings, implementation of Group policies and examining all strategic matters affecting the Group. • The HOD comprises of KFima's Group MD as Chairman and all heads of divisions and support functions.
Disclosure Committee	• Responsible for ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices under the Company's Corporate Disclosure Policy. • The Committee comprises various members of Group senior management.
Ad-Hoc Committees and Teams	• Project committees and teams are set up at the divisional and operating levels by the respective management. • The Committees and teams comply with the best practices in good governance, subject always to the counsel of the Board and compliance with any policy and delegated authority limits set by the Board. • Progress reports on the respective projects are submitted to the Board of the subsidiary and FimaCorp, as may be necessary in the circumstances.

Meetings and Time Commitment

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees. Board and Board Committees meetings for each financial year are scheduled in advance for Directors to plan their schedules. Additional meetings are convened in between scheduled meetings when Board's decision is required for urgent and important proposals or matters. All Directors are expected to allocate sufficient time to their role on the Board and Committees on which they serve in order to discharge their responsibilities effectively.

The Board meets regularly at least 4 times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Time is allocated at all meetings to discuss any other business, which all Directors are invited by the Chair to raise. All Non-Executive Directors participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company. Management are also invited to attend certain Board or Board Committee meetings. This provides a direct line of communication between the Directors and management present.

Directors also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the MD or the Company Secretaries when required.

All Directors of the Company have complied with the Bursa Listing Requirements of not holding more than 5 directorships in listed issuers at any given time. This ensures that the Directors do not have competing time commitments that may impair their ability to discharge their responsibilities effectively. The list of directorship is annually tabled to the Nomination and Remuneration Committee for noting.

Details of the Board and Board Committees meetings held during the FYE2020 and attendance of those meetings are set out below:

	Board	Audit & Risk Committee	Nomination & Remuneration Committee
Number held	5	5	1
Directors			
Dato' Adnan bin Shamsuddin	5	5	1
Dato' Roslan bin Hamir	5	N/A	N/A
Rezal Zain bin Abdul Rashid	5	5	1
Dr. Roshayati binti Basir*	5	2	1
Rosely bin Kusip**	5	3	1
Datuk Bazlan bin Osman	5	5	N/A

Notes:-

* *Dr. Roshayati binti Basir resigned from the Audit & Risk Committee on 24 June 2019.*

** *Rosely bin Kusip was appointed to the Audit & Risk Committee on 24 June 2019.*

Training and Development

To keep pace with evolving laws, regulations and relevant business developments and outlooks, the Directors attended and participated in various programmes as to enable them to discharge their duties effectively as Directors. As part of their induction, the newly appointed Directors visited several operation sites with the MD where they had the opportunity to meet with local management and getting an overview of the Group's business.

During the FYE2020, the Directors had attended the following training programmes:

Director	Training Attended	Date Held
DATO' ADNAN BIN SHAMSUDDIN	• Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad	10 Oct 2019
	• Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn. Bhd. (in-house)	8 Jan 2020
DATO' ROSLAN BIN HAMIR	• Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad	10 Oct 2019
	• Sustainable Business Opportunity & Challenges organized by Fima Corporation Berhad (in-house)	4 Nov 2019
	• Corporate Liability Update: MACC (Amendment) Act 2019 organized by KPMG	18 Nov 2019
	• Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn. Bhd. (in-house)	8 Jan 2020

Director	Training Attended	Date Held
REZAL ZAIN BIN ABDUL RASHID	• Introduction to Green Building Concepts-Why Go Green? organized by GreenRE	10 Apr 2019
	• Future Business Ideas 2019 - Business Innovation Re-Imagined organized by Securities Industry Development Corporation	24 Apr 2019
	• The Role of the Nomination & Remuneration Committee in Human Capital Management organized by Institute of Corporate Directors Malaysia	23 July 2019
	• How Boards Can Build Reputation Resilience organized by Institute of Corporate Directors Malaysia	25 Sept 2019
	• The Cooler Earth Sustainability Summit 2019 organized by CIMB Group	1 - 2 Oct 2019
	• Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad	10 Oct 2019
	• CG : Session on Corporate Governance and Anti-Corruption organized by Bursa Malaysia Berhad	31 Oct 2019
	• Sustainable Business Opportunity & Challenges organized by Fima Corporation Berhad (in-house)	4 Nov 2019
DR. ROSHAYATI BINTI BASIR	• Sustainable Business Opportunity & Challenges organized by Fima Corporation Berhad (in-house)	4 Nov 2019
	• Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn. Bhd. (in-house)	8 Jan 2020
ROSELY BIN KUSIP	• International Directors Summit 2019: Meet the Strategist, Innovator, Futurist and Whistle blower organized by Institute of Corporate Directors Malaysia	14 -15 Oct 2019
	• Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn. Bhd. (in-house)	8 Jan 2020
DATUK BAZLAN BIN OSMAN	• FIDE FORUM-ISRA Programme - Value Based Intermediation: Directors Role organized by Financial Institutions Directors' Education Programme (FIDE)	1 Aug 2019
	• How Boards Can Build Reputation Resilience organized by Institute of Corporate Directors Malaysia	25 Sept 2019
	• 4th Distinguished Board Leadership Series: Digital to the Core organized by FIDE	4 Oct 2019
	• Islamic Finance for Board of Directors organized by ISRA Consulting	9 - 10 Oct 2019
	• IR4.0 Technologies AT Kearney organized by Malaysia Digital Economy Corporation	15 Oct 2019
	• Raising Defences: Section 17A, MACC Act organized by the Iclif Leadership and Governance Centre	17 Oct 2019
	• Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn. Bhd. (in-house)	8 Jan 2020
	• Module A: Corporate Governance & Board Succession Planning organized by FIDE	16 Mar 2020
	• Module A: Governance Framework (Directors' & Officers' Responsibilities, Role of Auditors, Managing Risk, Capital Management Strategies, and Board Structures) organized by FIDE	23 - 26 Mar 2020

From time to time, the Board will also be updated on the companies and securities legislations and other relevant rules and regulations at the Board meetings or through email from the Company Secretaries, in order to acquaint them with the latest developments in these areas.

Role of the Chairman and the Managing Director

The roles of the Chairman and the MD are not exercised by the same individual. The Chairman of the Board, Dato' Adnan bin Shamsuddin ("Dato' Adnan"), is an Independent Non-Executive Director. Dato' Adnan leads the Board and is responsible for the efficient organization and effective functioning of the Board, ensuring that Directors have the opportunity to contribute to Board deliberations. He communicates with the MD on key issues and performance trends. The MD, Dato' Roslan bin Hamir is responsible for the day-to-day management of the Company and its businesses. There is a clear division of responsibilities between the Chairman and the MD, with no one individual unfettered powers of decision.

Key Responsibilities of Chairman and Managing Director

Chairman (INED)
- Provides leadership to the Board.
- Monitor Board effectiveness.
- Fosters constructive relationships among Directors.
- Act as Company representative.

- Promote integrity and probity.
- Ensure effective stakeholder communication.

Managing Director
- Develops strategies for the Board's approval.
- Executes strategies agreed by the Board.
- Leads day-to-day management of the Group.
- Monitoring operational and financial performance.

The roles and responsibilities of the Chairman and MD are set out in the Board Charter, which can be viewed on the 'Investors' section of the Company's website.

Access to information, independent advice and indemnification

The Board is supplied with the information it needs to discharge its duties. The Company Secretaries are responsible for ensuring good information flows within the Board and Committees and between senior management and the Board. The Directors also have the opportunity to visit the Group's operational facilities to facilitate a better understanding of the Group's business operations. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from management. Directors, after consultation with the Chairman, may also seek independent advice in furtherance of their duties at the Company's expense.

Under the Company's Constitution and to the extent permitted by law, the Company indemnifies Directors and its officers against liabilities to third parties in their capacity as officers of the Company and against certain legal costs incurred in defending an action for such a liability.

Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, proceedings of meetings, policies and procedures and compliance with the relevant statutory and regulatory requirements, guidelines as well as the principles and recommendations of best practices set out in the MCCG.

The Company had two (2) Company Secretaries during the financial year. The Company Secretaries report directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. This includes advising the Board and its Committees on governance matters, coordinating Board business and providing a point of reference for dealings between the Board and management. The Company Secretaries will inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. All Directors have full access to the advice and services of the Company Secretaries. Decisions to appoint or remove the Company Secretaries are made or approved by the Board.

The Company Secretaries' profiles are available under the Senior Management Team Profile section of this Annual Report.

Board Charter

The Board Charter is a statement of the practices and processes the Board has adopted in the discharge of its responsibilities, including matters reserved for the Board and the delegation of authority to the Board Committees. It also sets out the roles and responsibilities of the Board Committees, individual Directors, Chairman, MD as well as Senior Independent Director. The Board Charter also defines the relationship and interaction between the Board and management. In June 2020, the Board undertook a review of the Board Charter and approved recommended changes with particular exercise on the duties and responsibilities of the Board in establishing appropriate policies and procedures to manage bribery and corruption risks. A formal Policy Statement on Anti-Bribery has also been developed and appended to the Board Charter. A copy of the Board Charter is available in the 'Investors' section of the Company's website.

Policies

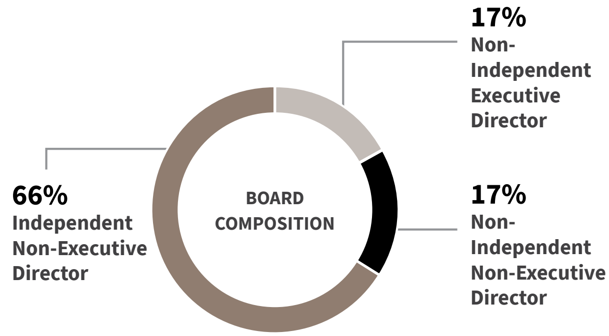
The Board has implemented policies and practices that are considered appropriate for the Group given its current size and complexity. The Board will continue to review and amend its policies as appropriate to reflect changes in the Group's overall growth, operational status, legislation and accepted good practices. The following section set out the policies that the Company has had in place to promote ethical and responsible business practices in the organization. Each of these policies are available on the Company's website.

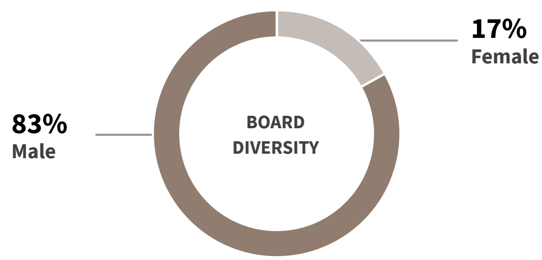
Anti-Bribery Policy	The Company has adopted an Anti-Bribery Policy which sets out the Company's zero tolerance against all forms of bribery and corruption. Directors, employees and others acting for and on behalf of the Company are strictly prohibited from directly or indirectly soliciting, accepting or offering bribes in relation to the Company's business and operations. The policy is in line with the new section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures issued by the Prime Minister's Department as well as other international best practices.
Whistle-Blowing Policy	The Whistle-Blowing Policy has been in place since 2011. The policy provides a safe environment where information regarding misconduct including unethically, dishonest, illegal, bribery, corrupt, fraudulent or unsafe actions or practices within the Group may be disclosed confidentially and without fear of reprisal or detrimental treatment for the person making the disclosure. The policy has been updated to meet the requirements of the Bursa Listing Requirements in relation to anti-corruption as well as the Guidelines on Adequate Procedures issued by the Prime Minister's Department and the Malaysian Anti-Corruption Commission Act 2009. All whistle-blowing reports are addressed to the MD or Chairman of the Audit and Risk Committee. The Audit and Risk Committee has oversight of incidents reported under the Whistle-Blowing Policy.
Other Policies	The Company has a number of other policies which define the Company's commitment to good corporate governance and responsible business practices. Among them are Corporate Disclosure Policy, Environmental Policy, Good Social Practices Policy, Occupational Safety and Health Policy, Quality Policy, Sexual Harassment Policy, Malaysian Sustainable Palm Oil Policy and Dividend Policy.

II. COMPOSITION OF THE BOARD

The Board has responsibility for ensuring that it has the necessary skills, experience and independence to meet its objectives and regulatory requirements. As at the date of this Statement, the Board comprises six (6) Directors, including four (4) Independent Non-Executive Directors and one (1) female Director. The Board is satisfied that the current composition of the Board takes into account the size of the Group, the optimal mix of knowledge, skills, experience, gender diversity, independence, the requirement in numbers for its Committees and regulatory requirements. In addition, the composition of the Board also meets the requirement for independent directors provided for in the Bursa Listing Requirements.

The profile of each Board member, including each Director's qualifications, experience and the term of office held by each Director, is set out in the Profile of Directors section of this Annual Report and is also available on the Company's website.





Appointment Process for Nomination and Selection of New Directors

In its search and selection process, the Nomination and Remuneration Committee reviews the composition of the Board including the mix of expertise, skills, experience, diversity and attributes of existing Directors, so as to identify need and/or desired competencies to supplement the existing Board. In doing so, where necessary or appropriate, the Nomination and Remuneration Committee and Board may tap on its networking contacts and/or engage external professional agencies to assist with identifying and shortlisting candidates. The Nomination and Remuneration Committee then meets the shortlisted potential candidates before recommending the most suitable candidate to the Board for appointment as Director. The new Directors will be provided with a Director's Kit containing the Company's Constitution, Board Charter and Board Committees' Terms of Reference, Group policies and other key information.

Independence of Directors

Name	Date of Appointment
Rezal Zain bin Abdul Rashid	25 June 2002
Dato' Adnan bin Shamsuddin	20 May 2003
Rosely bin Kusip	14 March 2019
Datuk Bazlan bin Osman	5 April 2019

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors are appointed to offer a wide range of skills and experience which enable them to advise, support and constructively challenge management, to provide independent judgement on the Board's discussions and to help with the development of the Company's strategy. A Director is considered independent if he/she is independent of management and free of any business or other relationship that could, or reasonably be perceived to, materially interfere with his/her capacity to bring independent judgement on issues before the Board, and his/her ability to act in the best interests of the Company.

The independence of Independent Non-Executive Directors are assessed prior to appointment and reviewed annually by the Nomination and Remuneration Committee as part of its annual evaluation of Board effectiveness. The findings of the annual review of Director's independence by the Nomination and Remuneration Committee are considered by the Board. As part of the review, each Independent Director is requested to confirm that they continue to fulfil the criteria of independence in line with the Bursa Listing Requirements.

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, upon completion of the 9 years, the Independent Director may continue to serve on the Board, if the Board intends to retain an Independent Director subject to the annual shareholders' approval.

Encik Rezal Zain bin Abdul Rashid and Dato' Adnan bin Shamsuddin have each been Independent Non-Executive Directors for a cumulative term of more than 9 years. The Board reviewed the independence of Encik Rezal Zain bin Abdul Rashid and Dato' Adnan bin Shamsuddin and concluded that they remain independent in line with the criteria defined in the Bursa Listing Requirements and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. Having regard to all such considerations, the Board further satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions.

In this respect, the Company will be seeking shareholders' approval at the forthcoming 45th Virtual AGM for the retention of Encik Rezal Zain bin Abdul Rashid and Dato' Adnan bin Shamsuddin as Independent Non-Executive Directors of the Company until the conclusion of the next AGM of the Company.

The Board will continue to review the independence of the Company's Independent Directors from time to time to ensure that they have the necessary competencies, skills and knowledge, and continue to exercise independent and objective judgement, play their part effectively on the Board in the best interest of the Company and satisfy the independence criteria. In addition, each Director must immediately disclose to the Board if a Director is, or becomes aware of, any information, facts or circumstances that will or may affect that Director's independence.

Independence Assessment

Before and on appointment	Ongoing process	Annual assessment
• NRC will evaluate the suitability of the candidates, including an assessment of their independence. • Upon his/her acceptance of the Letter of Appointment, he/she is required to disclose to the Company all relevant information of entities of which he/she has material interest direct/indirect, is an executive director or is a director. • Upon appointment, a director is also required to confirm with Bursa his/her independence having regard to the criteria of independence as prescribed in the Bursa Listing Requirements.	• Independent non-executive director is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence. • All directors have continuing duty to update the Company on any changes to their other appointments which will be reviewed by the Board.	• Each independent non-executive director is required to confirm with the Company his independence having regard to the criteria of independence as set out in the Bursa Listing Requirements. • NRC assesses and reviews the independence of independent non-executive directors annually.

Re-election and Re-appointment of Directors

The Constitution of the Company states that one-third of the Directors must retire by rotation at each Annual General Meeting together with any new Directors appointed by the Board during the period since the last Annual General Meeting. Retiring Directors are eligible to stand for re-election.

The Nomination and Remuneration Committee reviews the Directors who are due to retire in accordance with the Company's Constitution and make relevant recommendation on their re-election or re-appointment to the Board. The re-appointment of Encik Rezal Zain bin Abdul Rashid and Dato' Adnan bin Shamsuddin, the Company's Independent Directors who have served the Board for more than 9 years, will be subject to separate resolutions to be approved by the shareholders.

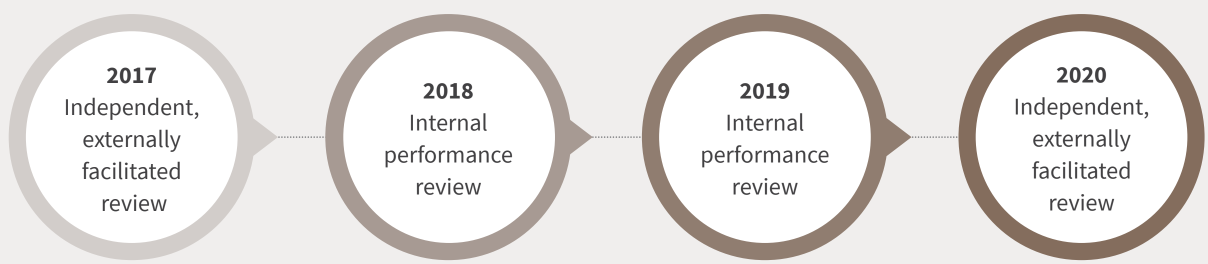
Directors who are due for re-election and re-appointment at the forthcoming AGM are as set out in the Notice of 45th Virtual AGM in this Annual Report.

Performance Evaluation

The Board undertakes annual evaluation of the Board's work, its Committees and individual Directors, with the aim of further developing and enhancing Board procedures and efficiency and identifying future focus areas of the Board.

For FYE2020, the Board also undertook an evaluation process of the effectiveness of the Board facilitated by an external consultant, BDO Governance Advisory Sdn. Bhd. which included input from each Board member through questionnaires and one-to-one interviews.

The results of the evaluations have been reviewed by the Nomination and Remuneration Committee in July 2020 and the outcomes and recommended actions were thereafter tabled and discussed by the Board and improvement actions were agreed based on such discussion.



Key Areas Covered in the Evaluation Questionnaire

Board Evaluation Assessment
- Composition & quality of the Board
- Assessment of Board Chairman
- Boardroom activities
- Ethics and compliance
- Board meeting process and procedures

Audit and Risk Committee Evaluation Assessment
- Composition and quality of the Committee
- Oversight of the financial reporting and internal controls
- Risk Management
- Audit and Risk Committee meeting process and procedures
- Ethics and compliance

Individual Board Evaluation Assessment
- Fit and proper
- Contribution and performance
- Calibre and personality

Nomination and Remuneration Committee Evaluation Assessment
- Composition and quality of the Committee
- Oversight of appointment/election and performance evaluation of director and senior management
- Oversight of remuneration roles and responsibilities
- Committee meeting process and procedures

Evaluation Process				
Stage 1 Completion of questionnaires on the effectiveness of the Board, Committees and individual Directors	**Stage 2** One-to-one interviews with each Director to ensure candid and objective evaluations	**Stage 3** Collation of results and preparation of a detailed report on the findings and actions	**Stage 4** Board evaluation report discussed in the NRC and the Board meetings	**Stage 5** Areas for continuous improvements are recommended to the Board

III. REMUNERATION

The Board believes that the existing remuneration structure is appropriate for the requirements of the Company, taking into account factors such as effort and time spent as well as responsibilities of the Directors.

The Board has established guidelines for the Nomination and Remuneration Committee and the Board in determining the level of remuneration for Executive Director and Non-Executive Directors. The guidelines have been defined in the Terms of Reference of the Nomination and Remuneration Committee which is available on the Company's website.

The aggregate amount of remuneration paid to the Directors for FYE2020 is set out below:

	Executive Director	Non-Executive Directors				
	Dato' Roslan bin Hamir	Dato' Adnan bin Shamsuddin	Rezal Zain bin Abdul Rashid	Dr. Roshayati binti Basir	Rosely bin Kusip	Datuk Bazlan bin Osman
		RM				
Company						
Directors Fees	-	81,000	65,000	51,000	55,405	54,475
Meeting allowance	-	24,000	26,000	14,000	22,000	22,000
Salaries	307,800	-	-	-	-	-
Bonus	223,047	-	-	-	-	-
Benefits in kind	27,031	23,866	37,000	-	24,756	15,710
Others	101,791	-	-	-	-	-
TOTAL	**659,669**	**128,866**	**128,000**	**65,000**	**102,161**	**92,185**
Subsidiaries						
Directors Fees	-	36,000	36,000	-	-	-
Meeting allowance	-	5,000	4,000	-	-	-
Salaries	461,700	-	-	-	-	-
Bonus	334,566	-	-	-	-	-
Benefits in kind	35,200	-	-	-	-	-
Others	152,278	-	-	-	-	-
TOTAL	**983,744**	**41,000**	**40,000**	**0**	**0**	**0**

In addition to directors' fees, additional fees are paid to the Chair and members for work carried out by Directors on various Board Committees to reflect the additional time involved and responsibilities of these positions.

The Company will be requesting shareholders' approval for the payment of Non-Executive Directors' fees and benefits-in-kind for the ensuing financial year and the period commencing from the conclusion of the forthcoming Annual General Meeting ("AGM") until the conclusion of the next AGM of the Company in year 2021, respectively. The Company will also be seeking shareholders' approval on the increase in fees payable to members of the Audit and Risk Committee (excluding the Committee Chairman) from 1 April 2020 until the conclusion of the next AGM of the Company. The justifications on the Directors' fees and benefits including the increase in Audit and Risk Committee members' fees are set out in the Notice of 45th Virtual AGM.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK COMMITTEE

The Committee which has been renamed as Audit and Risk Committee on 22 June 2020, is an important element of the Group's governance structure. The Audit and Risk Committee is chaired by Encik Rezal Zain bin Abdul Rashid and the members are Dato' Adnan bin Shamsuddin, Datuk Bazlan bin Osman and Encik Rosely bin Kusip, all of whom are Independent Non-Executive Directors. The experience and qualifications of members of the Committee are disclosed in the Profile of Directors section of this Annual Report. The Audit and Risk Committee has a written Terms of Reference which is available on the 'Investors' section of the Company's website.

The particulars in relation to the audit and non-audit fees incurred by the Company and its subsidiaries for the FYE2020 are as follows:

	Audit Fees (RM'000)		Non-Audit Fees (RM'000)	
	2020	2019	2020	2019
Company	93	83	10	10
Subsidiaries	272	270	187	209
TOTAL	365	353	197	219

Information about the Audit and Risk Committee, including its work in FYE2020 are set out in the Audit and Risk Committee Report contained in this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognizes the importance of effective risk oversight, risk management and internal control for good corporate governance and is committed to embedding risk management practices to support the achievement of business objectives and fulfil corporate governance obligations. The Board is responsible for reviewing and overseeing the risk management and internal control framework for the Group and for ensuring the Group has an appropriate risk management and internal control process and procedures. The Audit and Risk Committee provides advice and assistance to the Board in meeting that responsibility and the role of the former in relation thereto is described in the Statement on Risk Management and Internal Control of this Annual Report.

The Group has an enterprise risk management framework which is designed to provide a sound framework for managing the material risks of conducting business. The framework sets out the standards and processes for identifying, monitoring and reporting of risks impacting the success of strategic objectives and operating plans.

The Board however, recognizes that the enterprise risk management framework must continually evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's risk management and internal control framework.

Related Party Transactions

An internal compliance framework exists to ensure its obligation under the Bursa Listing Requirements, including obligation to related party transactions and recurrent related party transactions. The Board, through the Audit and Risk Committee, reviews and monitors all related party transactions and conflicts of interest situation, if any, on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolutions, in respect of such a transaction at the meeting of the Board and AGM.

Details of the proposed renewal of shareholders' mandate for recurrent related party transaction is set out in the Circular/Statement to Shareholders dated 28 August 2020.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Company seeks to ensure that the internal and external communication of the Company is open, transparent, accurate and timely. The Company has in place a Corporate Disclosure Policy to define how and when information should be given and by whom it is given. It is also defines the accuracy and comprehensiveness of the information in order to fulfil the relevant regulatory requirements. The Company's Corporate Disclosure Policy is available on the Company's website.

Shareholders and other stakeholders are informed of all material matters affecting the Company through Bursa announcements including the Company's quarterly financial results. All market announcements are available on the Company's website as soon as practicable after they have been released to the market. The Company's website www.fimacorp.com forms part of the Company's communication with shareholders and the wider investment community. It houses the Company's corporate profile, individual profiles of Directors and senior management, financial results, annual reports, corporate governance related policies and the Company's operations and major subsidiaries.

II. CONDUCT OF GENERAL MEETINGS

The Board views the Company's general meetings as a valuable opportunity for shareholders to exchange views and engage in active dialogue with the Board. The general meeting procedures allow shareholders to raise questions relating to each resolution tabled for approval and to participate, engage and openly communicate the matters relating to the Company.

At the Company's 44th AGM held on 28 August 2019, save for Dr. Roshayati binti Basir, all Directors in office on the meeting date, including the Chair of Board Committees, attended the meeting along with key senior management and the external auditors.

The AGM notice includes details of the resolutions proposed along with any relevant background information or recommendations. The Notice of 44th AGM of the Company was delivered to the shareholders on 29 July 2019 and was also published in the local English newspapers and made available on the Company's website. The voting at the 44th AGM was conducted through electronic voting system. Shareholders are encouraged to participate during the 44th AGM and are given the opportunity to ask questions. The proceedings at the AGM were recorded in the minutes of meeting and disclosed to shareholders through the Company's website.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 July 2020.

Audit and Risk Committee Report

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee comprise of:

Rezal Zain bin Abdul Rashid (Chairman)
Senior Independent Non-Executive Director
Member of Malaysian Institute of Accountants

Dato' Adnan bin Shamsuddin (Member)
Independent Non-Executive Director

Datuk Bazlan bin Osman (Member)
Independent Non-Executive Director
Member of Malaysian Institute of Accountants

Rosely bin Kusip (Member)
Independent Non-Executive Director

The Audit and Risk Committee ("ARC") assists the Board in fulfilling its oversight responsibilities. The ARC shall review and ensure that the process of assessing risk, internal controls, including operational and financial controls, compliance (including anti-bribery) and the external and internal audit functions are properly managed and monitored.

The ARC shall be appointed by the Board amongst the Directors of the Company and shall consist of no less than 3 members comprising of Non-Executive Directors a majority of whom are Independent Directors. A quorum for a meeting shall be at least 2 members, both being Independent Directors. The current composition of the ARC and qualifications of its members comply with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa").

2. TERMS OF REFERENCE

In fulfilling its duties and responsibilities, the ARC is guided by the Terms of Reference which is available on the Company's website at www.fimacorp.com. The ARC's Terms of Reference has been revised in June 2020 to include review and oversight functions of ARC in relation to the Group's anti-bribery and whistle-blowing in line with section 17A of the Malaysian Anti-Corruption Commission Act 2009.

3. MEETINGS

The ARC held 5 meetings during the financial year ended ("FYE") 31 March 2020:

Name of Committee Members	No of Meetings Attended
Rezal Zain bin Abdul Rashid	5/5
Dato' Adnan bin Shamsuddin	5/5
Datuk Bazlan bin Osman	5/5
Rosely bin Kusip (Appointed on 24 June 2019)	3/5

The Company's Managing Director and Financial Controller attended the meetings to facilitate deliberations as well as to provide clarification on audit issues. Senior Management personnel also as and when necessary attended the meetings by invitation. The Head of Group Internal Audit Department ("GIA") also attended the meetings to present audit reports. The external auditors were invited to the meetings to discuss their key audit findings/matters, management letters, audit planning memorandum and other matters deemed relevant. The ARC met the external auditors without Management presence on 23 May 2019, 24 June 2019 and 20 February 2020, to discuss key issues within their audit of interest and responsibility.

The Company Secretaries act as secretary to the ARC. The Company Secretaries shall cause minutes to be entered in the books provided for purpose of recording all resolutions and proceedings of minutes and shall be kept at the registered office of the Company for inspection of any member of the ARC or the Board. Such minutes shall be signed by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts. Minutes of each meeting shall also be distributed to all ARC members and presented to the members of the Board at the Board meeting for noting.

The ARC, through its Chairman, shall report to the Board at the next Board meeting after each ARC meeting. When presenting any recommendation to the Board, the ARC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

4. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2020

4.1 During the FYE2020, the ARC reviewed, deliberated and approved (where specifically required) the following:

(a) Financial Reporting:

- unaudited financial results for fourth quarter of FYE2019 and first, second and third quarter of FYE2020 to ensure compliance with the Bursa Listing Requirements, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending to the Board for approval.
- impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
- obtained assurance from the Managing Director and Financial Controller that:
- appropriate accounting policies had been adopted and applied consistently;
- the going concern basis applied in the audited financial statements and quarterly financial results was appropriate;
- adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and Bursa Listing Requirements; and
- the audited financial statements for the FYE2019 give a true and fair view of the state of affairs of the Group.

(b) External Audit:

- audit plan, strategy and scope of the statutory audits of the Group accounts for the FYE2020 prepared by the Company's auditors, Messrs. Ernst & Young PLT. The audit plan outlines their scope of work and proposed fees for the statutory audit, assurance-related review and review of the Statement on Risk Management and Internal Control.
- recommended the external auditors' fees to the Board for approval.
- the major issues that arose during the course of the audit and their resolution.
- key accounting policies and audit judgements.
- recommendations made by Messrs. Ernst & Young PLT in their management letter and the adequacy of management's response.
- results of annual assessment of the overall performance of Messrs. Ernst & Young PLT including independence, objectivity and professionalism. The annual assessment was carried out via a detailed questionnaire as well as the feedback from the business units. Based on the evaluation results, a recommendation is made to the Board to re-appoint Messrs. Ernst & Young PLT for the ensuing financial year. The re-appointment will be put to the shareholders for approval at the Company's forthcoming Annual General Meeting.

  Messrs. Ernst & Young PLT have also provided written confirmation to the ARC on 20 February 2020 that they are and have been independent throughout the conduct of the audit engagement for the Group during the FYE 31 March 2020 in accordance with the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants.

(c) Internal Audit:

- Annual Internal Audit Plan for the FYE2020 as proposed by GIA, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.
- internal audit reports, follow-up reports, audit recommendations and Management responses.
- corrective actions taken by Management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- nature and extent of the non-audit activities performed by GIA.
- structure of GIA and adequacy of its resources and budget.
- Audit and Risk Committee Report together with the Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion of the same in the Company's Annual Report.
- Internal Audit Charter.
- Internal Audit Standard Operating Procedures.
- outcome of the annual assessment of the effectiveness of the internal auditors which was conducted via a detailed questionnaire. The evaluation encompassed an assessment of the qualifications and performance of the internal auditors, the size and strength of internal audit

team, the quality of the internal audit plan and audit reports and the auditor's communications with the ARC and the Company, and the internal auditors' independence, objectivity and professional skepticism.

(d) Recurrent Related Party Transactions ("RRPT"):

- RRPT entered into by the Company with related parties in accordance with the shareholders' mandate obtained to ensure that they are at arm's length and within the mandated amount and other RRPT that are outside the shareholders' mandate and recommended to the Board to seek shareholders' approval for the renewal of shareholders' mandate for the existing RRPT at the forthcoming Annual General Meeting.

(e) Related Party Transactions:

- aggregate values of all related party transactions entered into by the Group to ascertain whether shareholders' mandate is required, at every quarterly meeting.

(f) Risk Management and Internal Control:

- quality and effectiveness of the Group's internal control through the consideration of the GIA reports embracing all material systems including financial, operational and compliance controls to ensure that they remain robust. Where areas of improvements are identified, remedial actions are taken and progress monitored.
- Risk Management Committee which has been renamed as Risk Steering Committee on 22 July 2020, provides oversight, direction and counsel to the group's risk management programmes which shall include the effective implementation of the various anti-bribery control measures.

4.2 During the FYE2020, the ARC members attended various training programs to keep them abreast of new development pertaining to legislation, regulations, current commercial issues and risks in order to effectively discharge their duties. Details of training programs attended by ARC members are set out in the Corporate Governance Overview Statement of this Annual Report.

5. EVALUATION OF THE AUDIT AND RISK COMMITTEE

For the FYE2020, the annual assessment and evaluation on the performance of the ARC was conducted by an external consultant through questionnaires and one-to-one interviews. The key areas covered in the evaluation questionnaires are:

- composition and quality of the ARC.
- oversight of the financial reporting and internal controls.
- risk management.
- ARC meeting process and procedures.
- ethics and compliance.

The Nomination and Remuneration Committee discussed the findings on the evaluation and the results of the evaluation and findings, together with areas of improvement, were presented to the Board for deliberation. Overall, the Board is satisfied that the ARC and its members have discharged their functions, duties and responsibilities in accordance with the ARC's Terms of Reference.

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Board acknowledges the importance of maintaining a sound system of internal controls to safeguard the interests of shareholders and other stakeholders. The Board's Statement on Risk Management and Internal Control is in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa") Main Market Listing Requirements ("Listing Requirements"), Principle B of Effective Audit and Risk Management of Malaysian Code on Corporate Governance 2017 ("MCCG") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

2. RESPONSIBILITY

The Board recognises their responsibility for the Group's system of internal control, which is designed to identify and manage the principal risks facing the business in pursuit of its objectives, to review its adequacy and integrity. The Audit and Risk Committee supports the Board in monitoring the Group's risk exposures, the design and operating effectiveness of the underlying risk management and internal control systems. The Management is accountable to the Board for monitoring the Group's system of internal control and for providing assurance to the Board that it has done so.

The system of internal control covers risk management, financial, operational, administration, human resource, information technology and compliance controls to safeguard shareholders' investments and the Group's assets. This system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement on Risk Management and Internal Control, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interest of other stakeholders. The Board has received assurance from the Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the Group's risk management and internal control system.

3. INTERNAL CONTROL

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control and risk management systems include the following:

3.1 Operational and follow-up audits are conducted throughout the financial year based on approved annual audit plan to provide reasonable assurance that the systems of internal controls and its framework, and governance processes put in place by Management continue to operate satisfactorily and effectively and to add value and improve the Group's business operations.

3.2 A meeting of Heads of Divisions which is held by the ultimate holding company, Kumpulan Fima Berhad ("KFima") and chaired by Group Managing Director is held monthly to deliberate on the KFima Group's financial performance, internal audit reports, business development, legal/litigation, operational, and corporate issues. The Managing Director will update the Board of any significant matters that require the Board's immediate attention.

3.3 The Managing Director actively participates and involves in the day-to-day running of the major businesses and regular discussions with the senior management.

3.4 There is a budgeting and forecasting system. Each line of business submits a business plan annually for approval by the Board. The results of the lines of businesses are reported monthly and variances are analysed against budget and acted on in timely manner. The Group's strategic directions are also reviewed annually taking into account changes in market conditions and significant business risks.

3.5 The periodic and streamlining review of limits of authority and other standard operating procedures within the Group provides a sound framework of authority and accountability within the organisation and to facilitate quality, well informed and timely corporate decision making at the appropriate level in the organisation's hierarchy.

3.6 The compliance function, which includes the Audit and Risk Committee ("ARC") and internal audit function carried out by the Group Internal Audit Department ("GIA") established by KFima, assists the Board to oversee the management of risks and review the effectiveness of internal controls. The ARC reviews reports of the GIA and also conducts annual assessment on the adequacy of the GIA's scope of work.

3.7 The ARC convenes regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors on the state of the system of internal control, review and recommend the risk management policies, strategies, key risk profiles and risk mitigation actions for the Group and reports to the Board. Minutes of the ARC meetings are tabled to the Board.

3.8 Review and award of major contract which exceed the limits delegated to Managing Director or senior management are undertaken by the Board.

3.9 Clearly documented standard operating procedure manuals set out the policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that documentation remains current, relevant and aligned with evolving business and operational needs.

3.10 The competency of staff is enhanced through rigorous recruitment process and development programmes. A performance appraisal system of staff is in place, with established targets and accountability and is reviewed annually.

4. INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is undertaken by the GIA established by the ultimate holding company, KFima which reports directly to the ARC and administratively to the Managing Director. The GIA assists the ARC in the discharge of its duties and responsibilities. Its key role is to provide independent and objective assurance designed to add value and assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control system and governance processes.

The business processes and conduct of the operating units within the Group are continuously assessed by GIA in the context of adequacy and effectiveness of the financial, operational controls and risk management. GIA reports to the ARC and communicates to Management on audit observations noted in the course of their review and performs monitoring on the status of actions taken by the operating units. It conducts independent reviews of the key activities within the Group's operating units based on a detailed annual audit plan developed using a risk-based methodology including input from Senior Management and the ARC, which was approved by the ARC. The Terms of Reference of the GIA are clearly spelt out in the Group Internal Audit Charter.

The GIA evaluates the following:

(a) Adequacy, integrity, effectiveness of the Company and the Group's internal controls in safeguarding shareholders' investment and the Group's assets. The internal controls cover financial, operational, information technology, compliance controls and enterprise risk management.
(b) Extent of compliance with established policies, procedures and statutory requirements.
(c) Adequacy of policies, procedures and guidelines on the Company and Group's accounting, financial and operational activities.

For the year under review, the GIA had undertaken the following activities:

(a) Prepared the annual audit plan for approval by the ARC.
(b) Performed risk-based audits based on the approved annual audit plan, including follow-up of matters from previous internal audit reports.

(c) Issued internal audit reports to the Management on risk management and internal control issues identified from the risk-based audits together with recommendations for improvements for these processes.
(d) Reported on a quarterly basis to the ARC on significant risk management and internal control issues from the internal audit reports issued and the results of follow-up of matters reported.
(e) Reported on a quarterly basis to the ARC the achievement of the audit plan and status of GIA function.
(f) Conducted regular follow-up and monitoring on the implementation of recommendations made by the Group internal audit function to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.
(g) Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the related party transactions have been conducted on the group's normal commercial terms and are not to the detriment of the Group's minority shareholders.
(h) Revised GIA's Standard Operating Procedures.
(i) Reviewed compliance with MS2530-3:2013 Malaysian Sustainability Palm Oil ("MSPO") Certification Standard of Part 3: General Principles for Oil Palm Plantations and Organised Smallholders requirements for all estates operated by the Group.
(j) Preparation of the Audit and Risk Committee Report and Statement on Risk Management and Internal Control for the Company's 2019 Annual Report.

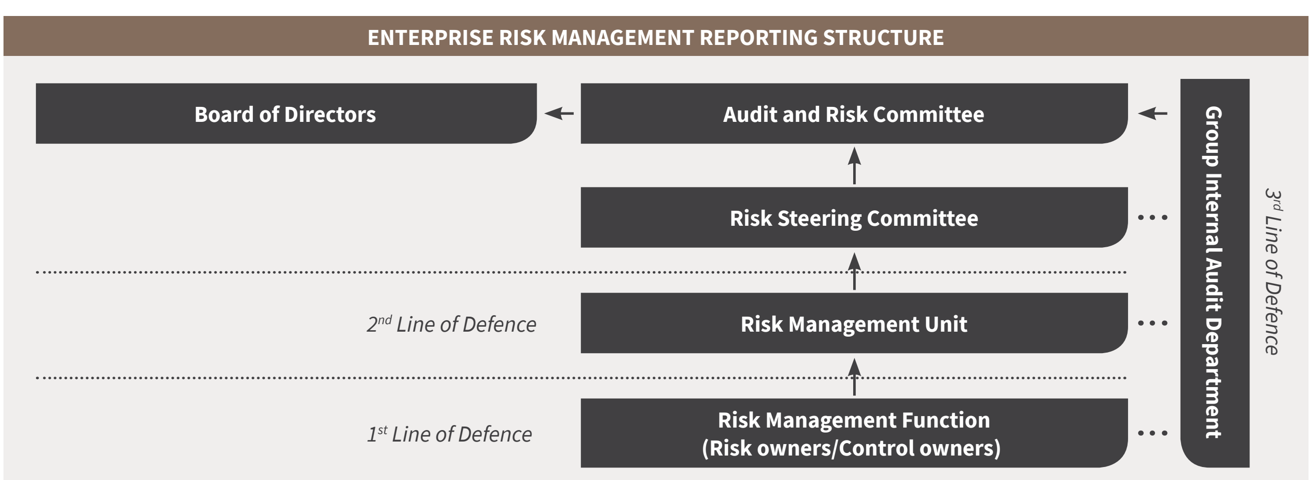
During financial year, eleven (11) internal audit reports were issued on various operating units of the Group covering reviews on control environment, risk management, revenue assurance, procurement, finance, human resource, occupational safety and health and MSPO regulatory compliances and operations.

5. ENTERPRISE RISK MANAGEMENT ("ERM")

The Group's risk management framework is generally aligned with the principles of MS ISO 31000:2010 Risk Management – Principles and Guidelines, encompassing the features such as risk management processes, organizational oversight i.e. the accountability and responsibility for each reporting functions, and continual improvement of the framework. The framework provides the foundation and arrangement for the Group in managing the risks adequately. Systematic approach and process in managing risks and risk mitigation plans such as risks identification, evaluating, treating, monitoring, reviewing and reporting have been developed and further defined in the risk management policies and procedures which offers guide to risk owners in implementing effective and efficient risk management aligned with the business objectives.

The Risk Management Committee which has been renamed as Risk Steering Committee ("RSC") on 22 July 2020 is established to assist the Board, ARC and Management in implementing effective risk management activities for the Group. The RSC principally conducts the risk review process across the business units within the Group and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance, are properly managed and monitored according to the ERM policies and procedures. The ARC after conducting overall ERM implementation review, is satisfied with the RSC effectiveness in facilitating the ERM activities for the group during the financial year.

The RSC communicates to the Management, ARC and the Board the present and potential critical risks the Group faces, their changes and the Management action plans to manage these risks. The RSC is assisted by the GIA in facilitating the implementation and monitoring of the risk management activities. Below is the structure of ERM reporting established within the Group.

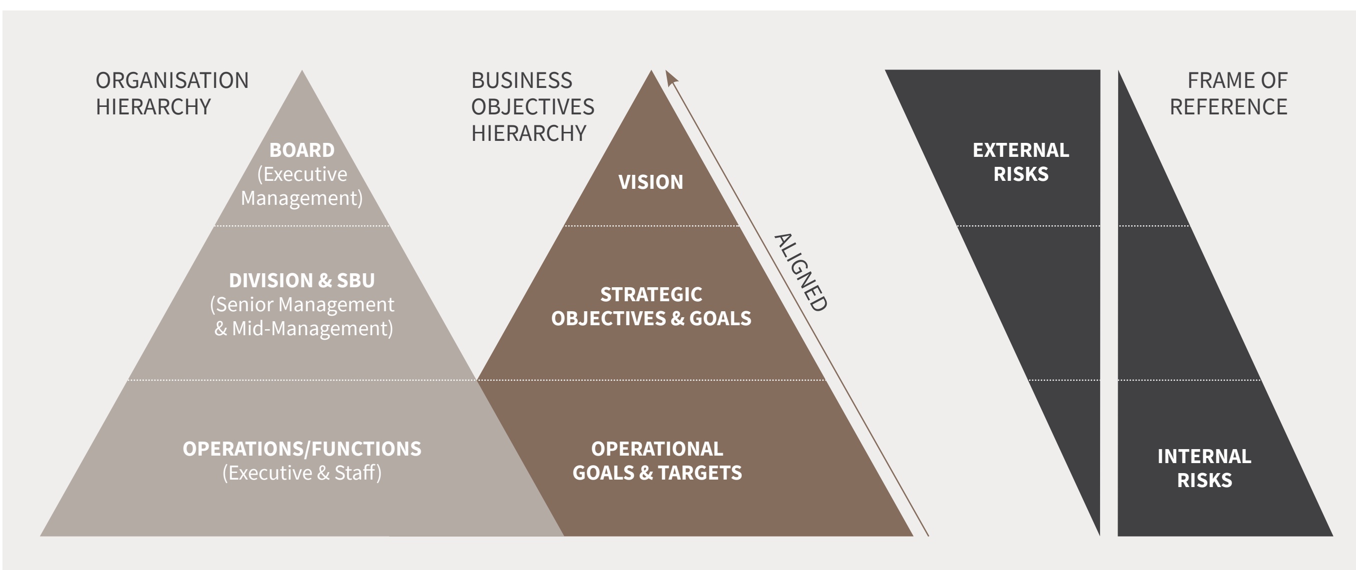


The RSC, as a sub-committee to the ARC, is entrusted with the responsibility of implementing and maintaining the ERM framework to achieve the following objectives:

(a) Communicate the vision, role, direction and priorities to all employees and key stakeholders.
(b) Identify, assess, treat, report and monitor significant risks in an effective manner.
(c) Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans.
(d) Heightening risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring.
(e) Compilation of the business units' risk profiles in relation to the Group risk parameters, the top risks from each business segment.

Below are the steps of compilation of risk information conducted within the Group:

The Board retains the overall risk management responsibility in accordance with Best Practice of the Malaysian Institute of Corporate Governance, which requires the Board to identify principal risks and ensure the implementation of appropriate systems to manage these risks.

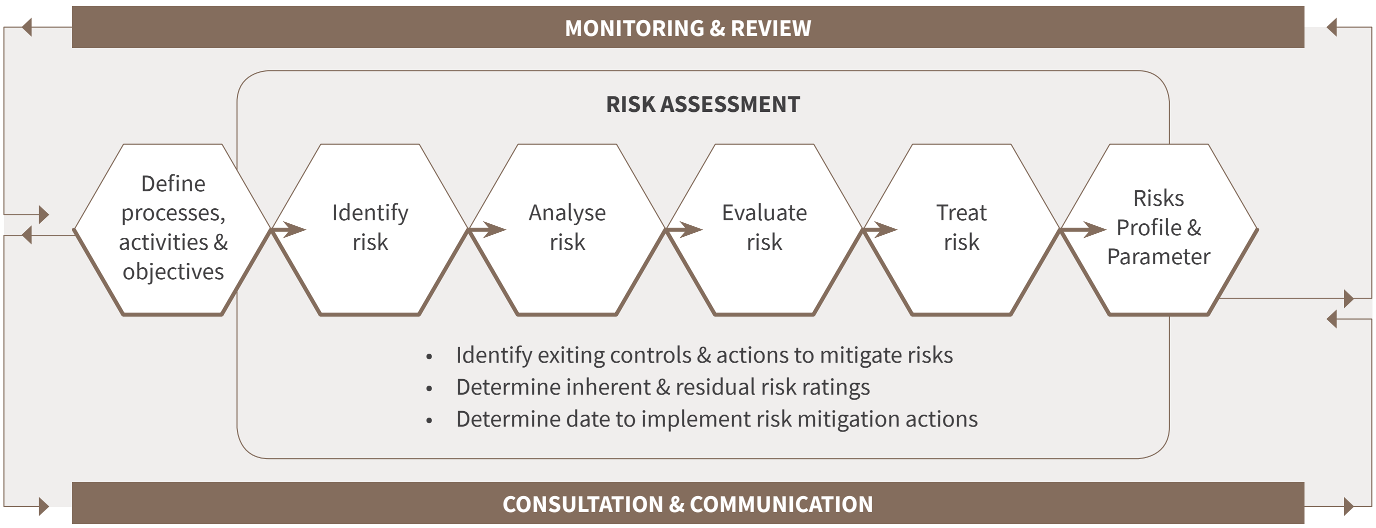


The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators.
- Reviews of specific transactions, projects or opportunities are also discussed between the management and the Board as and when required. This allows the Board and management to manage potential risks.
- The ARC deliberates and discusses reports issued by the GIA and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also updated to the ARC to enable monitoring of the actions.

The responsibility for day-to-day risk management resides with the Management of each business unit where they are the risk owners and are accountable for managing the risks identified and assessed. In managing the risks of the Group, the GIA will collaborate with the Management in reviewing and ensuring that there is on-going monitoring of risks, the adequacy and effectiveness of its related controls, and that action plans are developed and implemented to manage the risks within the acceptable level by the Group.

In this regard, the risk management process has been established to provide the foundations and arrangements for risk owners in identifying, implementing, monitoring, reviewing, and continually improving risk management throughout the company. The process ensures that information about risk is adequately recorded and reported for reference. The Group's risk assessment process is adopted from the MS ISO 31000:2010 guidelines as depicted below:



The summary of key risk categories and mitigation measures are as follows:

Key risk category	Our approach
Business and operational: Local and global competition, economic slowdown factors and invasion/demonstration by the local community due to conflict or cultural belief adversely impact the business operations.	• Monitor market/ economic conditions. • Strategic business plan based on market conditions. • Costs saving initiatives across the business units. • Key marketing strategy for each division. • Engagement with the local community.
Sustainability: Higher expectation and demand by the stakeholders for company to produce products in a sustainable and responsible manner.	• Group Sustainability Committee is tasked to oversee the Group's sustainability initiatives and performance. • Maintain supply chain transparency and adherence to international standards.
Environment: Local and global weather patterns, natural disasters, diseases or crop pests and stringent environmental and conservation regulations.	• Flood mitigation measures at flood prone areas. • Establishing a safe wildlife corridor for animals to ensure they do not wander off into communal/estate areas. • Water and waste management. • Adoption of good agricultural practices.
Financial: Volatile exchange rates for import and export and fluctuation in prices.	• Continuously manage exposures and long-term asset and liability outlook.
Compliance: Internal and external regulatory requirements.	• Compliance of business processes with the relevant laws/regulations. • Review the Group's policies and procedures from time to time.

Key risk category	Our approach
Political changes and instability: Investment returns could suffer as a result of political changes or instability in a country.	• Engage government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.
Financial: Escalating operational costs and fluctuation in prices.	• Introduced Palm Oil Mill Effluent application and composting application as part of the fertiliser programme in order to reduce the manuring costs. • Continuously monitoring the cost of raw materials for competitive price. • Constantly monitor the price trend and continuously improved the downstream operations and productivities to achieve higher yield outputs.
Corporate liability: Bribery and corruption risks.	• Adoption of Anti-Bribery Policy. • Whistle-Blowing Policy in place for non-compliance reporting. • Creating awareness through training, both via e-learning and classroom training. The Group will continuously strengthen its processes to ensure it has Adequate Procedures in place in accordance with the Malaysian Anti-Corruption Commission Act 2009.
Information Technology (IT): System and data security risks (cyber security risk).	• Internal procedures in place to guide users in maintaining adequate business information (data) and provide guidelines on protection against unauthorised access, use and dissemination of business information. • Anti-virus software to protect data against malware and spyware attacks.

The Group's risk management context and accountability framework are expressed as follows:

	Strategic risks	Operational risks	Financial risks
Framework	Strategic risks are primarily risks caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities.	Operational risks are inherent in the continuing activities within the different business units or subsidiaries of the Group.	Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include the uncertainty of a return and the potential for financial loss.
Exposure	Compliance of regulatory requirements from local and abroad which affected the Group policies and procedures.	Pricing, sourcing of raw material, dependence on single customers and stiff competition are the risks facing by the Group.	The Group is exposed to various financial risks relating to bad debts, liquidity, interest rates, foreign exchange and commodity prices.
Accountabilities	Board and Managing Director.	Heads of Divisions, Departments and Business Units.	Managing Director and Financial Controller cascading to all Heads of Business Units.

Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal control to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

6. ANTI-BRIBERY POLICY

In order to strengthen the Group's internal control system, particularly on the corporate liability risk, the Group has adopted an Anti-Bribery Policy which sets out the Group's expectations for internal and external parties working with and for the Group in upholding the Group's commitments and stances against bribery. The Policy is in line with the new section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures issued by the Prime Minister's Department as well as other international better practices.

7. WHISTLE-BLOWING POLICY

A Whistle-Blowing Policy is available which provides all employees and third parties with a grievance mechanism to disclose and report improper conduct. The Policy has been updated on 22 June 2020 to streamline the Policy with the Bursa Listing Requirements in relation to bribery as well as the Guidelines on Adequate Procedures issued by the Prime Minister's Department and the Malaysian Anti-Corruption Commission Act 2009. The Policy can be accessed under the 'Investors' section of the Company's website.

PROCEDURE

Any concerns should be raised with immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Managing Director:

Name	: Dato' Roslan bin Hamir
Via Email	: whistleblowing@fimacorp.com
Via Mail	: Fima Corporation Berhad Suite 4.1, Level 4, Block C, Plaza Damansara No. 45, Jalan Medan Setia 1, Bukit Damansara 50490 Kuala Lumpur Attention: Managing Director *(to mark as "Strictly Confidential")*

In the case where reporting to management is a concern, then the report should be made to the Chairman of ARC. Channel of reporting to the Chairman of ARC is as follows:

Name	: Rezal Zain bin Abdul Rashid
Via Email	: ac_chairman@fimacorp.com
Via Mail	: Fima Corporation Berhad Suite 4.1, Level 4, Block C, Plaza Damansara No. 45, Jalan Medan Setia 1, Bukit Damansara 50490 Kuala Lumpur Attention: Chairman of Audit and Risk Committee *(to mark as "Strictly Confidential")*

The above mechanism protects employees and stakeholders who contemplate to "blow the whistle" against any improper conduct or wrongdoing. The confidentiality of all matters raised and the identity of the whistleblower are protected under the policy. As of FYE2020, there is no case reported under whistleblowing.

8. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the year ended 31 March 2020 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement has been reviewed and approved by the Board of Directors on 22 July 2020.

REZAL ZAIN BIN ABDUL RASHID
Chairman
Audit and Risk Committee

Statement of Directors' Responsibilities in Relation to the Audited Financial Statements

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the result of the Company and the Group for the year then ended.

In preparing the financial statements, the Directors have consistently applied appropriate accounting policies supported by reasonable and prudent judgements, estimates and complied with all applicable accounting standards.

The Directors have responsibility for ensuring that the Company and the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and others irregularities.

This Statement is made in accordance with the resolution of the Board dated 23 July 2020.

Additional Disclosure

Pursuant to the Bursa Listing Requirements, additional disclosure by the Company is as follows:-

Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

RRPT of the Company for the FYE2020 was as follows:-

Name of Subsidiary	Related Party	Nature of RRPT	Interested Major Shareholder and Director of Subsidiary	Estimated Annual Value Disclosed in the Preceding Year's Circular (RM'000)	Actual Value of Transactions during the Financial Year (RM'000)
PT Nunukan Jaya Lestari ("PTNJL")[(1)]	PT Pohon Emas Lestari ("PTPEL")[(2)]	Purchase of fresh fruit bunches **Buyer:** PTNJL **Seller:** PTPEL	Muhammad Ramli[(3)] Asmi Andi Yakin[(4)]	10,000	5,925

Notes:-

(1) PTNJL's principal activities are in the oil palm production and processing. FimaCorp effectively owns 80.0% of PTNJL;

(2) PTPEL's principal activity is oil palm production;

(3) Muhammad Ramli is a Director of PTNJL and has 5% direct shareholding in PTNJL. He is also a Director of PTPEL and has 99% direct shareholding in PTPEL; and

(4) Asmi Andi Yakin is a Board of Commissioner of PTNJL and has 15% direct shareholding in PTNJL. She is also a Director of PTPEL.

FINANCIAL STATEMENTS

Directors' **Report**

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of property management and investment holding.

The principal activities of the subsidiaries and associate are production of security and confidential documents, oil palm production and processing and production and sale of bank notes. Information on the subsidiaries and associate are described in Notes 17 and 18 to the financial statements, respectively.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	8,807	26,614
Profit/(loss) for the year attributable to:		
- Equity holders of the Company	11,736	26,614
- Non-controlling interests	(2,929)	-
	8,807	26,614

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 March 2019 were as follows:

	RM'000
In respect of the financial year ended 31 March 2019 as reported in the directors' report for that year:	
Single-tier final dividend of 7.5 sen, paid on 30 September 2019	17,985
In respect of the financial year ended 31 March 2020:	
Single-tier interim dividend of 5.0 sen, paid on 30 December 2019	11,980
	29,965

DIVIDENDS (CONT'D.)

Subsequent to the financial year end, on 22 June 2020, the directors declared a single-tier second interim dividend in respect of the current financial year ended 31 March 2020 of 7.5 sen per share on 239,254,030 shares, amounting to a total of RM17,944,000 payable on 7 September 2020.

The financial statements for the current financial year ended 31 March 2020 do not reflect this proposed dividend. Such dividend will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 March 2021.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Adnan bin Shamsuddin *	(Chairman)
Dato' Roslan bin Hamir *	(Managing Director)
Rezal Zain bin Abdul Rashid *	
Dr. Roshayati binti Basir	
Rosely bin Kusip	
Datuk Bazlan bin Osman	

* Directors of the Company and subsidiaries

The names of the directors of the subsidiaries of the Company in office since the beginning of the financial year to the date of this report are:

Nazaruddin bin Mohd Hadri	
Dzakwan bin Mansori	
Mohd Yusof bin Pandak Yatim	
Mohd Adizuraimin bin Mohd Affandi	
Jasmin binti Hood	
Che Norudin bin Che Alli	
Muhammad Ramli	
Asmi binti Andi Yakin	
Abdul Khudus bin Mohd Naaim	
Ab Aziz bin Yunus	
Irman bin Abdul Shukor	(Appointed on 29 November 2019)
Muhammad Fadzlilah bin Abdul Ra'far	(Appointed on 29 November 2019)
Hamka bin Usman	(Appointed on 22 June 2020)
Mohd Rizal bin Mat Nor	(Resigned on 9 June 2020)
Dato' Ahmad Faizel bin Abdul Karim	(Resigned on 6 July 2020)

In accordance with Article 108 of the Company's Constitution, Rezal Zain bin Abdul Rashid and Dr. Roshayati binti Basir shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offers themselves for re-election.

Directors' **Report**

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at anytime during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

The directors' remuneration of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Directors' remuneration	2,235	1,176

INDEMNITIES TO DIRECTORS OR OFFICERS

During the financial year, the directors and officers of the Group and of the Company are covered under the Directors & Officers Management Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group and of the Company subject to the terms of the D&O Insurance.

The total insured limit of D&O Insurance effected for the directors and officers of the Group and of the Company was RM20 million in any one claim and in the aggregate for all claims (including deference costs). Expenses incurred on indemnity given or insurance effected for any director and officer of the Group and of the Company during the financial year amounted to RM15,000.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1 April 2019	Bought	Transferred	As at 31 March 2020
The Company				
Direct interest				
Rezal Zain bin Abdul Rashid	5,000	-	-	5,000
Dr. Roshayati binti Basir	167,600	-	-	167,600

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
	As at 1 April 2019	Bought	Transferred	As at 31 March 2020
The Company (Cont'd.)				
Indirect interest				
Dato' Roslan bin Hamir [(1)]	601,800	-	-	601,800
Dr. Roshayati binti Basir [(2)(3)(4)]	150,383,658	-	-	150,383,658
Kumpulan Fima Berhad				
Ultimate holding company				
Direct interest				
Dato' Roslan bin Hamir	320,000	-	-	320,000
Dr. Roshayati binti Basir	685,900	120,900	49,000,000	49,806,800
Dato' Adnan bin Shamsuddin	10,000	-	-	10,000
Rezal Zain bin Abdul Rashid	10,000	10,000	-	20,000
Indirect interest				
Dato' Roslan bin Hamir [(1)]	1,291,000	-	-	1,291,000
Dr. Roshayati binti Basir [(5)]	168,343,500	-	(49,000,000)	119,343,500
BHR Enterprise Sdn. Bhd.				
Corporate shareholder				
Direct interest				
Dr. Roshayati binti Basir	19,060,163	-	-	19,060,163
Indirect interest				
Dr. Roshayati binti Basir [(6)]	38,120,326	-	-	38,120,326

	Number of preference shares			
	As at 1 April 2019	Bought	Transferred	As at 31 March 2020
BHR Enterprise Sdn. Bhd.				
Corporate shareholder				
Indirect interest				
Dr. Roshayati binti Basir [(7)]	4	-	-	4

Directors' **Report**

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
	As at 1 April 2019	Bought	Transferred	As at 31 March 2020
Nationwide Express Holdings Berhad				
Related company				
Direct interest				
Director of the Company:				
Dr. Roshayati binti Basir	-	278,800	27,000,000	27,278,800
Indirect interest				
Director of the Company:				
Dr. Roshayati binti Basir (8)	72,761,870	-	(27,000,000)	45,761,870

Deemed interested by virtue of the following:

(1) 601,800 and 1,291,000 ordinary shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(2) Her sister, Rozilawati binti Haji Basir's direct shareholding in the Company.

(3) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in the Company.

(4) Fima Metal Box Holdings Sdn. Bhd. ("Fima Metal Box"), direct shareholding in the Company. Fima Metal Box is a major shareholder of the Company, is a wholly-owned subsidiary of Kumpulan Fima Berhad ("KFIMA").

(5) Dr. Roshayati binti Basir is deemed interested by virtue of the following:

(i) Her shareholding in BHR Enterprise Sdn. Bhd. ("BHR") of more than 20%. BHR is major shareholder of KFIMA;

(ii) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in KFIMA and her shareholding of preference shares in BHR;

(iii) Her sister, Rozana Zeti binti Basir's direct shareholding in KFIMA and her shareholding in BHR of more than 20%. Rozana Zeti binti Basir is the major shareholder of KFIMA;

(iv) Her sister, Rozilawati binti Haji Basir's direct and indirect shareholdings in KFIMA. The indirect shares are held under M&A Nominees (Tempatan) Sdn. Bhd. and CGS-CIMB Nominees Tempatan Sdn Bhd.; and

(v) Her brother, Ahmad Riza bin Basir ("Ahmad Riza") and his wife, Zailini binti Zainal Abidin's indirect shareholdings in KFIMA which are held through M&A Nominees (Tempatan) Sdn. Bhd. and Subur Rahmat Sdn Bhd ("SRSB"). Ahmad Riza and his wife are deemed interested by virtue of their interest in SRSB pursuant to Section 8 of the Companies Act, 2016.

(6) Deemed interested by virtue of Rozilawati binti Haji Basir and Rozana Zeti binti Basir's direct shareholdings in BHR. Rozilawati binti Haji Basir and Rozana Zeti binti Basir are sisters of Dr. Roshayati binti Basir.

(7) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding of preference shares in BHR.

DIRECTORS' INTERESTS (CONT'D.)

(8) Dr. Roshayati binti Basir is deemed interested by virtue of the following:

(i) Her shareholdings in BHR of more than 20%. BHR is major shareholder of Nationwide Holding Berhad ("NEHB");

(ii) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's and her sister, Rozana Zeti binti Basir's direct shareholdings in NEHB. Rozana Zeti binti Basir is also the major shareholder of NEHB; and

(iii) Her sister, Rozilawati binti Haji Basir's indirect shareholdings of 3,806,512 held under M&A Nominees (Tempatan) Sdn. Bhd..

Other than as stated above, none of the other directors in office at the end of the financial year had any interests in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

The immediate and ultimate holding companies are Fima Metal Box Holdings Sdn. Bhd. and Kumpulan Fima Berhad respectively, all of which were incorporated in Malaysia. The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate and ultimate holding companies are Fima Metal Box Holdings Sdn. Bhd. and Kumpulan Fima Berhad respectively, all of which were incorporated in Malaysia. The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for impairment on receivables and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' **Report**

OTHER STATUTORY INFORMATION (CONT'D.)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 33(b) to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors remuneration of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	562	103

No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 July 2020.

Dato' Adnan bin Shamsuddin

Dato' Roslan bin Hamir

Statement by **Directors**

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Adnan bin Shamsuddin and Dato' Roslan bin Hamir, being two of the directors of Fima Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 110 to 190 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 July 2020.

Dato' Adnan bin Shamsuddin

Dato' Roslan bin Hamir

Statutory **Declaration**

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Fadzil bin Azaha, being the officer primarily responsible for the financial management of Fima Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 110 to 190 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Fadzil bin Azaha
at Kuala Lumpur in the Federal
Territory on 23 July 2020.

Fadzil bin Azaha
CA 20995

Before me,

Independent **Auditors' Report**

To the members of Fima Corporation Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 March 2020, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 190.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the financial statements of the Group is described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition
(Refer to Note 3 to the financial statements)

Revenue from production of security documents and net sale of oil palm products recognised by the Group amounted to approximately RM134.0 million and RM103.1 million respectively. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as an area of focus in our audit.

As part of our audit, we performed the following procedures to address the possible cause of revenue misstatement, particularly in respect of the timing and amount of revenue recognised:

Revenue recognition (cont'd.)
(Refer to Note 3 to the financial statements)

(a) Obtained an understanding of the Group's relevant internal controls and tested the controls over timing and amount of revenue recognised;

(b) Inspected the terms of significant sales contracts to determine the point of transfer of control to customers;

(c) Inspected documents evidencing the delivery of goods to customers; and

(d) Tested the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

Impairment of property, plant and equipment and right-of-use assets (arising from PT Nunukan Jaya Lestari's land)
(Refer to Note 13, Note 15 and Note 40 (a) to the financial statements)

In accordance with MFRS136: Impairment of Assets, the Group is required to perform impairment test of assets whenever there is an indication that the assets may be impaired by comparing the carrying amount with its recoverable amount.

As disclosed in Note 40 (a) to the financial statements, as at 31 March 2020, the unfavourable outcome arising from the judicial review dated 27 November 2019 against a subsidiary of the Company located in Indonesia, namely PT Nunukan Jaya Lestari ("PTNJL") by the Minister of Argrarian Affairs and Spatial Planning, pertaining to the legality of certain areas within the plantation land occupied by PTNJL ("Judicial Review Outcome"), represents an indication of impairment.

Consequent to the Judicial Review Outcome, management has considered and recorded impairment losses on the affected property, plant and equipment ("PPE") and right-of-use ("ROU"). During the financial year, the management recognised impairment losses on the PPE and the ROU of RM8.9 million and RM8.9 million respectively. As at 31 March 2020, the accumulated impairment losses of PTNJL's PPE and ROU amounted to RM17.9 million and RM12.0 million respectively. Given the significance of the matter, we identified this as an area of focus in our audit.

We performed amongst others the following audit procedures:

(a) Discussed and considered the impact of the Judicial Review Outcome with management personnel responsible for managing the Group's legal matters, PTNJL's legal advisor, component auditor and with those charged with governance;

(b) Discussed and considered the component auditor's assessment of the objectivity, independence and expertise of the legal advisor engaged by the PTNJL. We have also reviewed the opinion rendered by the legal advisor;

(c) Reviewed the list of the affected PPE and ROU and the computation of the impairment losses thereon; and

(d) Evaluated the adequacy of the disclosures of the Judicial Review Outcome giving rise to the impairment losses.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Independent **Auditors' Report**

To the members of Fima Corporation Berhad
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to give a true and fair view in accordance with MFRS, IFRS and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors, either intend to liquidate the Group or the Company or cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards in Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding on internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent **Auditors' Report**

To the members of Fima Corporation Berhad
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the consolidated financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for current year and are therefore the key audit matters. We describe these matters in auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other matters

(a) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purposes. We do not assume responsibility to any other person for the content of this report.

(b) The financial statements of Fima Corporation Berhad for the year ended 31 March 2019, were audited by another auditor which is also a member of the global network of Ernst & Young firms.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Najihah binti Khalid
No. 03249/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
23 July 2020

Statements of **Comprehensive Income**

For the financial year ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers	3	237,801	239,525	455	420
Rental income	14(d)	5,326	5,195	4,031	3,920
Dividend income		-	-	27,076	57,240
Revenue		243,127	244,720	31,562	61,580
Cost of sales		(162,336)	(145,239)	-	-
Gross profit		80,791	99,481	31,562	61,580
Other income	4	9,782	6,664	2,037	462
Other items of expense					
Administrative expenses		(35,077)	(28,354)	(4,096)	(2,161)
Selling and marketing expenses		(7,718)	(8,075)	-	-
Other operating expenses		(12,741)	(18,333)	(1,415)	(3,901)
Net (impairment loss)/write back of impairment loss	5	(18,500)	24,539	(392)	-
		(74,036)	(30,223)	(5,903)	(6,062)
Finance costs	6	(371)	(177)	-	-
Share of results from associate		1,963	3,732	-	-
Profit before tax	7	18,129	79,477	27,696	55,980
Income tax expense	10	(9,322)	(14,151)	(1,082)	(221)
Profit net of tax		8,807	65,326	26,614	55,759
Other comprehensive (expense)/income, net of tax					
Item that will not be subsequently reclassified to profit or loss					
Remeasurement of defined benefit liability		(151)	82	-	-
Item that will be subsequently reclassified to profit or loss					
Foreign currency translation (loss)/gain		(8,384)	1,871	-	-
Total comprehensive income for the year		272	67,279	26,614	55,759
Profit/(loss) attributable to:					
Equity holders of the Company		11,736	57,446	26,614	55,759
Non-controlling interests		(2,929)	7,880	-	-
Profit net of tax		8,807	65,326	26,614	55,759

Statements of **Comprehensive Income**

For the financial year ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		4,908	59,009	26,614	55,759
Non-controlling interests		(4,636)	8,270	-	-
Total comprehensive income for the year		272	67,279	26,614	55,759
Earnings per share attributable to equity holders of the Company(sen per share)					
Basic/diluted earnings per share	12	4.90	23.90		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of **Financial Position**

As at 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	81,530	195,033	2,359	2,293
Investment properties	14	57,656	59,163	47,115	48,279
Right-of-use assets	15	98,065	-	-	-
Goodwill on consolidation	16	510	510	-	-
Investments in subsidiaries	17	-	-	128,599	112,499
Investment in associate	18	33,237	31,274	10,000	10,000
Deferred tax assets	29	5,856	6,635	-	422
		276,854	292,615	188,073	173,493
Current assets					
Trade and other receivables	19	123,518	106,480	1,973	945
Biological assets	20	3,347	1,019	-	-
Inventories	21	41,745	63,316	-	-
Tax recoverable		8,024	3,795	-	267
Due from related companies	22	2,606	525	13,067	13,438
Short term investments	23	127,030	148,122	10,580	31,735
Cash and bank balances	24	47,551	57,855	627	854
		353,821	381,112	26,247	47,239
Total assets		630,675	673,727	214,320	220,732
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	122,662	122,662	122,662	122,662
Treasury shares	26	(7,631)	(6,156)	(7,631)	(6,156)
Other reserves	27	(9,774)	(3,067)	539	539
Retained earnings	28	441,986	460,336	96,469	99,820
		547,243	573,775	212,039	216,865
Non-controlling interests		18,747	23,383	-	-
Total equity		565,990	597,158	212,039	216,865

Statements of **Financial Position**

As at 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current liabilities					
Deferred tax liabilities	29	4,570	6,803	198	-
Retirement benefit obligations	30	2,073	1,831	-	-
Lease liabilities	31	14,235	-	-	-
Finance lease obligations	31	-	14,868	-	-
		20,878	23,502	198	-
Current liabilities					
Trade and other payables	32	29,852	36,839	1,716	1,747
Provisions	33	8,078	11,312	-	2,120
Tax payable		1,844	3,761	57	-
Due to related companies	22	1,627	512	310	-
Lease liabilities	31	2,406	-	-	-
Finance lease obligations	31	-	643	-	-
		43,807	53,067	2,083	3,867
Total liabilities		64,685	76,569	2,281	3,867
Total equity and liabilities		630,675	673,727	214,320	220,732

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of **Changes in Equity**

For the financial year ended 31 March 2020

Group	Note	Equity, total RM'000	Equity attributable to the Company RM'000
At 1 April 2018		565,351	546,393
Profit for the year		65,326	57,446
Remeasurement of defined benefit liability		82	66
Foreign currency translation gain		1,871	1,497
Total comprehensive income for the year		67,279	59,009
Transactions with equity holders			
Purchase of treasury shares	26	(1,579)	(1,579)
Dividends	11	(33,893)	(30,048)
Total transactions with equity holders		(35,472)	(31,627)
At 31 March 2019		597,158	573,775
At 1 April 2019		597,158	573,775
Profit/(loss) for the year		8,807	11,736
Remeasurement of defined benefit liability		(151)	(121)
Foreign currency translation loss		(8,384)	(6,707)
Total comprehensive income/(expense) for the year		272	4,908
Transactions with equity holders			
Purchase of treasury shares	26	(1,475)	(1,475)
Dividends	11	(29,965)	(29,965)
Total transactions with equity holders		(31,440)	(31,440)
At 31 March 2020		565,990	547,243

Statements of Changes in Equity

For the financial year ended 31 March 2020

Attributable to owners of the parent						
Non-distributable		Distributable	Non-distributable			
Share Capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 27) RM'000	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Non-controlling interests RM'000
122,662	(4,577)	432,872	(4,564)	(8,814)	4,250	18,958
-	-	57,446	-	-	-	7,880
-	-	66	-	-	-	16
-	-	-	1,497	1,497	-	374
-	-	57,512	1,497	1,497	-	8,270
-	(1,579)	-	-	-	-	-
-	-	(30,048)	-	-	-	(3,845)
-	(1,579)	(30,048)	-	-	-	(3,845)
122,662	(6,156)	460,336	(3,067)	(7,317)	4,250	23,383
122,662	(6,156)	460,336	(3,067)	(7,317)	4,250	23,383
-	-	11,736	-	-	-	(2,929)
-	-	(121)	-	-	-	(30)
-	-	-	(6,707)	(6,707)	-	(1,677)
-	-	11,615	(6,707)	(6,707)	-	(4,636)
-	(1,475)	-	-	-	-	-
-	-	(29,965)	-	-	-	-
-	(1,475)	(29,965)	-	-	-	-
122,662	(7,631)	441,986	(9,774)	(14,024)	4,250	18,747

Statement of **Changes in Equity**

For the financial year ended 31 March 2020

			← Non-distributable	→	Distributable	Non-distributable
	Note	Equity, total	Share capital	Treasury shares	Retained earnings	Equity contribution from parent representing other reserves (Note 27)
Company		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2018		192,733	122,662	(4,577)	74,109	539
Profit for the year, representing total comprehensive income for the year		55,759	-	-	55,759	-
Transactions with equity holders						
Purchase of treasury shares	26	(1,579)	-	(1,579)	-	-
Dividends	11	(30,048)	-	-	(30,048)	-
Total transactions with equity holders		(31,627)	-	(1,579)	(30,048)	-
At 31 March 2019		216,865	122,662	(6,156)	99,820	539
At 1 April 2019		216,865	122,662	(6,156)	99,820	539
Profit for the year, representing total comprehensive income for the year		26,614	-	-	26,614	-
Transactions with equity holders						
Purchase of treasury shares	26	(1,475)	-	(1,475)	-	-
Dividends	11	(29,965)	-	-	(29,965)	-
Total transactions with equity holders		(31,440)	-	(1,475)	(29,965)	-
At 31 March 2020		212,039	122,662	(7,631)	96,469	539

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of **Cash Flows**

For the financial year ended 31 March 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	18,129	79,477	27,696	55,980
Adjustments for:				
Depreciation of:				
- property, plant and equipment	10,819	13,287	161	121
- investment properties	1,507	1,507	1,164	1,163
- right-of-use assets	5,471	-	-	-
Impairment loss on:				
- property, plant and equipment	8,940	-	-	-
- right-of-use assets	8,851	-	-	-
- trade receivables	343	24	292	-
- other receivables	415	-	100	-
Write back of impairment loss on:				
- property, plant and equipment	-	(23,631)	-	-
- trade receivables	(49)	(932)	-	-
Fair value changes on biological assets	(2,672)	1,272	-	-
Provision for retirement benefit obligations	273	240	-	-
Inventories written down/(back)	1,959	(810)	-	-
Gain on disposal of property, plant and equipment	(58)	(1)	-	-
Provision for warranty	1,783	1,789	-	-
Reversal of provision for warranty	(2,897)	(2,558)	-	-
Reversal of provision for compensation claim	(2,120)	-	(2,120)	-
Share of results of associate	(1,963)	(3,732)	-	-
Dividend income	-	-	(27,076)	(57,240)
Interest expense on:				
- lease liabilities	371	-	-	-
- finance lease obligations	-	177		
Interest income	(210)	(1,415)	(39)	(96)
Profit income	(961)	(718)	-	(28)
Distribution from short term investments	(5,040)	(3,342)	(645)	(328)
Operating profit/(loss) before working capital changes	42,891	60,634	(467)	(428)

Statements of **Cash Flows**

For the financial year ended 31 March 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes (cont'd.)	42,891	60,634	(467)	(428)
(Increase)/decrease in trade and other receivables	(19,263)	12,613	(1,420)	(123)
Decrease/(increase) in inventories	17,403	(22,768)	-	-
(Decrease)/increase in trade and other payables	(6,323)	(343)	(31)	105
(Increase)/decrease in related company balances	(966)	(151)	2,432	32,045
Cash generated from operations	33,742	49,985	514	31,599
Taxes paid	(16,091)	(14,781)	(138)	(593)
Retirement benefits paid	(77)	(141)	-	-
Net cash generated from operating activities	17,574	35,063	376	31,006
Cash flows from investing activities				
Purchase of property, plant and equipment	(17,000)	(22,912)	(227)	(571)
Proceeds from disposal of property, plant and equipment	61	2	-	-
Distribution received from short term investments	5,040	3,342	645	328
Interest income received	210	1,415	39	96
Profit income received	961	718	-	28
Net short term investments	21,092	(104,239)	21,155	(23,752)
Dividends received	-	13,303	25,325	56,630
Net cash generated from/(used in) investing activities	10,364	(108,371)	46,937	32,759
Cash flows from financing activities				
Dividends paid to equity holders	(29,965)	(30,048)	(29,965)	(30,048)
Dividends paid by a subsidiary to non-controlling interests	-	(3,845)	-	-
Acquisition of treasury shares	(1,475)	(1,579)	(1,475)	(1,579)
Repayment of:				
- lease liabilities	(3,048)	-	-	-
- finance lease obligations	-	(865)	-	-
Subscription of redeemable convertible preference shares/ preference shares/loan stocks investments	-	-	(16,100)	(49,600)
Proceed from redemption of loan stocks investment	-	-	-	15,000
Net cash used in financing activities	(34,488)	(36,337)	(47,540)	(66,227)
Net decrease in cash and cash equivalents	(6,550)	(109,645)	(227)	(2,462)
Effect of exchange rate changes in cash and cash equivalents	(3,754)	1,904	-	-
Cash and cash equivalents at beginning of year	57,855	165,596	854	3,316
Cash and cash equivalents at end of year (Note 24)	47,551	57,855	627	854

Statements of **Cash Flows**

For the financial year ended 31 March 2020

(i) Reconciliation of liabilities arising from financing activities:

	1 April 2018 RM'000	Interest expenses RM'000	Paid RM'000	31 March 2019 RM'000	Effects of MFRS 16 adoption RM'000	Interest expense RM'000	Paid RM'000	Exchange difference RM'000	31 March 2020 RM'000
Group									
Finance lease obligations	16,199	177	(865)	15,511	(15,511)	-	-	-	-
Lease liabilities	-	-	-	-	19,436	371	(3,048)	(118)	16,641

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the **Financial Statements**
As at 31 March 2020

1. CORPORATE INFORMATION

The principal activities of the Company are those of property management and investment holding. The principal activities of the subsidiaries and associate are described in Notes 17 and 18, respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 4.1, Level 4, Block C, Plaza Damansara, No.45 Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur.

The immediate and ultimate holding companies are Fima Metal Box Holdings Sdn. Bhd. and Kumpulan Fima Berhad respectively, all of which were incorporated in Malaysia. The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies arising from adoption of new MFRSs, amendments to MFRSs and IC Interpretations

(a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2019, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for financial periods beginning on or after
MFRS 16: Leases	1 January 2019
Amendments to MFRS 9: Prepayment feature with compensation	1 January 2019
Amendments to MFRS 119: Plan amendment, curtailment or settlement	1 January 2019
Amendments to MFRS 128: Long term interest in associates and joint ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over income tax treatments	1 January 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies arising from adoption of new MFRSs, amendments to MFRSs and IC Interpretations (cont'd.)

(a) Changes in accounting policies (cont'd.)

Adoption of the above standards did not have material effect on the financial performance or position of the Group and the Company except as disclosed below:

MFRS 16: Leases

The Group adopted MFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 April 2019. In accordance with the transition requirements under Appendix C, paragraph 7(c) of this Standard, comparatives are not restated.

As a result of adoption of MFRS 16 Leases, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 Leases are no longer required. This standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 Leases continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The following table presents the impact of changes to the statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 April 2019:

	As at 31 March 2019 RM'000	Effects of MFRS 16 adoption RM'000	As at 1 April 2019 RM'000
Non-current assets			
Property, plant and equipment	195,033	(108,585)	86,448
Right-of-use assets (a)	-	112,510	112,510
	195,033	3,925	198,958
Current liabilities			
Finance lease obligations	643	(643)	-
Lease liabilities (b)	-	2,636	2,636
	643	1,993	2,636
Non-current liabilities			
Finance lease obligations	14,868	(14,868)	-
Lease liabilities (b)	-	16,800	16,800
	14,868	1,932	16,800

Notes to the Financial Statements
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies arising from adoption of new MFRSs, amendments to MFRSs and IC Interpretations (cont'd.)

(a) Changes in accounting policies (cont'd.)

MFRS 16: Leases (cont'd.)

Note:

(a) The right-of-use assets comprise of land, buildings and barge which were recognised during the year. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets of the Group are measured at the amount equal to the lease liabilities of RM3.9 million on the date of transition and leasehold land has been reclassed from property, plant and equipment to right-of-use assets.

(b) The lease liabilities arising from the rental of premises are recognised and discounted using the Group's incremental borrowing rate of 4.84% to 6.56%. Subsequent to initial recognition, the Group measures the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(c) There is no impact to the Group's retained earnings as at 1 April 2019.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS 2018 - 2020	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

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

2.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affects its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. The resulting difference is recognised directly in equity and attributed to owners of the Company.

Notes to the **Financial Statements**
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary company and any non-controlling interest, is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary company acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(h).

(b) Subsidiaries

A subsidiary company is an entity over which the Group has the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries (cont'd.)

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Transaction with non-controlling interests

Non-controlling interests at the reporting date, being the portion of the net assets of subsidiary companies attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between the non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interest in subsidiary companies are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in subsidiary companies that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(d) Investment in associate companies

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment and is not tested for impairment individually. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Investment in associate companies (cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful life and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Land held on long lease is held on a lease with an unexpired period of 50 years or more. Mature plantations are depreciated on a straight line basis and over its estimated useful life of 25 years, upon commencement of commercial production.

Other property, plant and equipment is depreciated on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment (cont'd.)

Buildings	2% to 10%
Plant and machinery	10% to 50%
Factory and office renovations	2% to 20%
Equipment, furniture and fittings and motor vehicles	10% to 33.3%
Bearer plants and infrastructure	4%

Assets under construction or capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. Immature plantations, which in general are mature 36 months after field planting are not depreciated until maturity.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(f) Biological assets

Biological assets comprise produce growing on bearer plants. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 15 days after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output (FFB harvest) and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less processing, harvesting and transportation costs.

(g) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property except for freehold land is stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Notes to the Financial Statements
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Investment properties (cont'd.)

Depreciation of investment properties is provided for on a straight-line basis to write off the cost of the property to its residual value over its estimated useful life, at the following annual rates:

Freehold building	2%
Leasehold building	2% to 3%
Leasehold land	Over lease period

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment property.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year in which they arise.

(h) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(j) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income ("FVTOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group and of the Company are classified as either:

- Financial assets at amortised cost (debt instruments) ("AC");
- Financial assets at fair value through profit or loss ("FVTPL");

Notes to the **Financial Statements**
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments); or

- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from related companies, investment in redeemable preference shares and cash and bank balances.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(k) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the **Financial Statements**
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets (cont'd.)

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of direct materials are determined as below:

Printing materials	First-In, First-Out (FIFO)
Consumables	First-In, First-Out (FIFO)
Oil palm products	Weighted average
Fertilizer	Weighted average

Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and the estimated costs necessary to make the sale.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and amount due to related companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Other financial liabilities

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Warranty claim

The Group has contracts with government agencies for the supply of security and confidential documents. Under these contracts, the Group provides warranty for after defect products claimable within 3 to 5 years from the point of sales.

(p) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Notes to the Financial Statements
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Share capital (cont'd.)

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Revenue recognition

Revenue from contracts with customers

The Group is in the business of production of security and confidential documents, oil palm production and property management services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Sale of goods

Revenue is recognised at point of time, net of sales taxes and upon transfer of control to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Receipts in advance

Receipts in advance are deferred and classified under current liabilities in the statement of financial position.

Other revenue

(i) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(r) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services/ business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

Transactions in foreign currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies at exchange rates approximating those ruling at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM, of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(t) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes to the **Financial Statements**
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Employee benefits (cont'd.)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Defined benefit plan

The foreign subsidiary in Indonesia, operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The foreign subsidiary's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial assumptions by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension assets or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The latest actuarial valuation was carried out using the employee data as at 31 March 2020 by PT Sentra Jasa Aktuaria, an independent actuary report dated 11 June 2020.

(u) Leases

<u>Accounting policies applied from 1 April 2019</u>

(i) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Leases (cont'd.)

Accounting policies applied from 1 April 2019 (cont'd.)

(i) As lessee (cont'd.)

Right-of-use assets (cont'd.)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the **Financial Statements**
As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Leases (cont'd.)

Accounting policies applied until 31 March 2019

(i) As lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set-out in Note 2.4(q) Other revenue (i).

(v) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the **Financial Statements**

As at 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2 - Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation technique that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Estimates

(i) Classification between investment properties and property, plant and equipment

The Group developed certain criteria in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Inventories

In determining the costing of inventories, management's judgement is required in determining the basis of finished goods and work-in-progress valuation which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Production and trading of security and confidential documents	134,004	134,780	-	-
Net sale of oil palm products	103,118	102,836	-	-
Property management services	679	1,909	455	420
	237,801	239,525	455	420
Geographical market:				
Malaysia	137,944	137,141	455	420
Indonesia	99,857	102,384	-	-
	237,801	239,525	455	420

All revenue are recognised at a point in time as when the performance obligation are satisfied.

Notes to the Financial Statements
As at 31 March 2020

4. OTHER INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	210	1,415	39	96
Profit income	961	718	-	28
Distribution from short term investments	5,040	3,342	645	328
Gain on disposal of property, plant and equipment	58	1	-	-
Management fees	606	10	1,353	10
Others	2,907	1,178	-	-
	9,782	6,664	2,037	462

5. NET IMPAIRMENT LOSS/(WRITE BACK OF IMPAIRMENT LOSS)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Impairment loss on:				
- property, plant and equipment	8,940	-	-	-
- right-of-use assets	8,851	-	-	-
- trade receivables (Note 19)	343	24	292	-
- other receivables (Note 19)	415	-	100	-
Writeback of impairment loss on:				
- property, plant and equipment	-	(23,631)	-	-
- trade receivables (Note 19)	(49)	(932)	-	-
	18,500	(24,539)	392	-

6. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- lease liabilities	371	-	-	-
- finance lease obligations	-	177	-	-
	371	177	-	-

7. PROFIT BEFORE TAX

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 8)	33,773	30,037	2,272	1,620
Non-executive directors' remuneration (Note 9)	591	526	516	426
Auditors' remuneration:				
- Statutory audit fee	365	353	93	83
- Other services	197	219	10	10
Depreciation of:				
- property, plant and equipment (Note 13)	10,819	13,287	161	121
- investment properties (Note 14)	1,507	1,507	1,164	1,163
- right-of-use assets (Note 15)	5,471	-	-	-
Fair value changes on biological assets (Note 20)	(2,672)	1,272	-	-
Inventories written down/(back)	1,959	(810)	-	-
Gain on disposal of property, plant and equipment	(58)	(1)	-	-
Provision for warranty (Note 33)	1,783	1,789	-	-
Reversal of provision for warranty (Note 33)	(2,897)	(2,558)	-	-
Reversal of provision for compensation claim (Note 33)	(2,120)	-	(2,120)	-
Realised foreign exchange gain	(1,128)	(48)	-	-

8. STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	27,338	24,757	1,809	1,317
EPF contribution	3,679	3,296	317	216
Social security costs	271	228	20	7
Provision for retirement benefits (Note 30)	273	240	-	-
Other staff related expenses	2,212	1,516	126	80
	33,773	30,037	2,272	1,620

Included in staff costs of the Group and of the Company is the Managing Director's remuneration amounting to RM1,644,000 (2019: RM1,592,000) and RM660,000 (2019: RM657,000) respectively as further disclosed in Note 9. Direct wages of employees amounting to RM6,139,000 (2019: RM6,300,000) has been included in the Group's cost of sales.

Notes to the **Financial Statements**

As at 31 March 2020

9. DIRECTORS' REMUNERATION

The details of remuneration receivable by the directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive director's remuneration				
Salaries and other emoluments	1,024	987	410	395
Bonus	558	531	223	212
Benefits-in-kind	62	74	27	50
	1,644	1,592	660	657
Non-executive directors' remuneration				
Fees	373	310	307	225
Benefits-in-kind	101	97	101	97
Other emoluments	117	119	108	104
	591	526	516	426
Total	2,235	2,118	1,176	1,083
Total excluding benefits-in-kind	2,072	1,947	1,048	936

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	8,822	14,866	456	444
- Under/(over) provision in prior years	1,123	(2,657)	6	(211)
	9,945	12,209	462	233
Deferred taxation (Note 29):				
- Relating to reversal and origination of temporary differences	(221)	1,660	532	(38)
- (Over)/under provision in prior years	(402)	282	88	26
	(623)	1,942	620	(12)
Total income tax expense	9,322	14,151	1,082	221

10. INCOME TAX EXPENSE (CONT'D.)

Domestic income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. The corporate rate tax applicable to the Indonesian subsidiary of the Group is 25% (2019: 25%).

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	18,129	79,477	27,696	55,980
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	4,351	19,074	6,647	13,435
Effect of tax rates in foreign jurisdiction	70	405	-	-
Effect of expenses not deductible for tax purposes	5,260	4,906	1,149	787
Effect of partial tax exemption	(38)	(17)	-	-
Deferred tax assets not recognised	2,133	663	-	-
Effect of share of results of associate	(471)	(896)	-	-
Income not subject to tax	(2,704)	(7,609)	(6,808)	(13,816)
(Over)/under provision of deferred tax in prior years	(402)	282	88	26
Under/(over) provision of income tax expense in prior years	1,123	(2,657)	6	(211)
	9,322	14,151	1,082	221

Notes to the Financial Statements
As at 31 March 2020

11. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interim				
Recognised during the financial year:				
Single-tier interim dividend for year ended 31 March 2020 of 5.0 sen paid on 30 December 2019	11,980	-	11,980	-
Single-tier interim dividend for year ended 31 March 2019 of 5.0 sen paid on 28 December 2018	-	12,011	-	12,011
Final				
Single tier final dividend for year ended 31 March 2019 of 7.5 sen paid on 30 September 2019	-	17,985	17,985	-
Single tier final dividend for year ended 31 March 2018 of 7.5 sen paid on 20 September 2018	-	-	-	18,037
	11,980	29,996	29,965	30,048

Subsequent to financial year end, on 22 June 2020, the directors declared a single-tier second interim dividend in respect of the current financial year ended 31 March 2020 of 7.5 sen per share on 239,254,030 shares, amounting to a total of RM17,944,000 payable on 7 September 2020.

The financial statements for the current financial year ended 31 March 2020 do not reflect this dividend. This dividend will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 March 2021.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing consolidated profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March 2020 and 2019:

	Group	
	2020	**2019**
Consolidated profit attributable to equity holders of the Company (RM'000)	11,736	57,446
Weighted average number of ordinary shares in issue ('000)	239,745	240,390
Basic earnings per share for the year (sen)	4.90	23.90

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as the Company has no potentially dilutive shares in issue.

Notes to the Financial Statements
As at 31 March 2020

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000
At 31 March 2020			
Cost			
At 1 April 2019	1,550	128,017	15,937
Effects of MFRS 16 adoption	-	(128,017)	-
At 1 April 2019, as restated	1,550	-	15,937
Additions	-	-	980
Disposals	-	-	-
Reclassification	-	-	1,076
Exchange differences	-	-	(1,207)
At 31 March 2020	1,550	-	16,786
Accumulated depreciation and impairment loss			
At 1 April 2019	-	19,432	9,818
Effects of MFRS 16 adoption	-	(19,432)	-
At 1 April 2019, as restated	-	-	9,818
Charge for the year:			
- Depreciation	-	-	1,262
- Impairment loss	-	-	1,800
Disposals	-	-	-
Exchange differences	-	-	(900)
At 31 March 2020	-	-	11,980
Analysed as:			
Accumulated depreciation	-	-	8,332
Accumulated impairment loss	-	-	3,648
	-	-	11,980
Net carrying amount	1,550	-	4,806

Notes to the **Financial Statements**

As at 31 March 2020

Plant and machinery RM'000	Factory and office renovations RM'000	Equipment, furniture and fittings and motor vehicles RM'000	Bearer plant and infrastructure RM'000	Work in progress RM'000	Total RM'000
84,536	20,394	48,476	112,019	3,575	414,504
-	-	-	-	-	(128,017)
84,536	20,394	48,476	112,019	3,575	286,487
3,070	3	2,041	9,261	1,645	17,000
(252)	-	(732)	-	-	(984)
3,085	-	-	70	(4,231)	-
(2,380)	(832)	(1,099)	(4,468)	(19)	(10,005)
88,059	19,565	48,686	116,882	970	292,498
80,597	20,138	43,107	46,379	-	219,471
-	-	-	-	-	(19,432)
80,597	20,138	43,107	46,379	-	200,039
2,267	56	2,192	5,042	-	10,819
50	-	-	7,090	-	8,940
(252)	-	(729)	-	-	(981)
(1,679)	(832)	(1,002)	(3,436)	-	(7,849)
80,983	19,362	43,568	55,075	-	210,968
80,926	19,362	43,568	40,853	-	193,041
57	-	-	14,222	-	17,927
80,983	19,362	43,568	55,075	-	210,968
7,076	203	5,118	61,807	970	81,530

Notes to the Financial Statements
As at 31 March 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000
At 31 March 2019			
Cost			
At 1 April 2018	1,550	127,396	15,190
Additions	-	617	368
Disposals	-	-	-
Reclassification	-	-	96
Exchange differences	-	4	283
At 31 March 2019	1,550	128,017	15,937
At Cost			
Accumulated depreciation and impairment loss			
At 1 April 2018	-	26,711	11,013
Depreciation charge for the year	-	3,136	1,005
Write back of impairment loss	-	(10,415)	(2,387)
Disposals	-	-	-
Exchange differences	-	-	187
At 31 March 2019	-	19,432	9,818
Analysed as:			
Accumulated depreciation	-	16,307	7,801
Accumulated impairment loss	-	3,125	2,017
	-	19,432	9,818
Net carrying amount	1,550	108,585	6,119

Notes to the **Financial Statements**

As at 31 March 2020

Plant and machinery RM'000	Factory and office renovations RM'000	Equipment, furniture and fittings and motor vehicles RM'000	Bearer plant and infrastructure RM'000	Work in progress RM'000	Total RM'000
82,857	19,974	44,929	96,696	2,041	390,633
1,529	212	3,943	14,206	2,037	22,912
(728)	-	(648)	-	-	(1,376)
467	-	-	-	(563)	-
411	208	252	1,117	60	2,335
84,536	20,394	48,476	112,019	3,575	414,504
78,455	19,867	41,225	52,184	-	229,455
2,653	63	2,296	4,134	-	13,287
(142)	-	-	(10,687)	-	(23,631)
(727)	-	(648)	-	-	(1,375)
358	208	234	748	-	1,735
80,597	20,138	43,107	46,379	-	219,471
80,589	20,138	43,107	38,655	-	206,597
8	-	-	7,724	-	12,874
80,597	20,138	43,107	46,379	-	219,471
3,939	256	5,369	65,640	3,575	195,033

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As at 31 March 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company

	Land and buildings* RM'000	Plant and machinery RM'000	Office renovations RM'000	Equipment, furniture, and fittings and motor vehicles RM'000	Total RM'000
At 31 March 2020					
Cost					
At 1 April 2019	1,769	5	464	1,092	3,330
Additions	-	-	-	227	227
At 31 March 2020	1,769	5	464	1,319	3,557
Accumulated depreciation					
At 1 April 2019	126	3	359	549	1,037
Charge for the year	16	-	23	122	161
At 31 March 2020	142	3	382	671	1,198
Net carrying amount	1,627	2	82	648	2,359
At 31 March 2019					
Cost					
At 1 April 2018	1,769	5	341	644	2,759
Additions	-	-	123	448	571
At 31 March 2019	1,769	5	464	1,092	3,330
Accumulated depreciation					
At 1 April 2018	112	3	335	466	916
Charge for the year	14	-	24	83	121
At 31 March 2019	126	3	359	549	1,037
Net carrying amount	1,643	2	105	543	2,293

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings of the Company

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 March 2020			
Cost			
At 1 April 2019/31 March 2020	1,550	219	1,769
Accumulated depreciation			
At 1 April 2019	-	126	126
Charge for the year	-	16	16
At 31 March 2020	-	142	142
Net carrying amount	1,550	77	1,627
At 31 March 2019			
Cost			
At 1 April 2018/31 March 2019	1,550	219	1,769
Accumulated depreciation			
At 1 April 2018	-	112	112
Charge for the year	-	14	14
At 31 March 2019	-	126	126
Net carrying amount	1,550	93	1,643

(a) The factory extension of the Group with a net book value of RM29,000 (2019: RM59,000) was constructed on a piece of land leased from the lessor. The original lease period has expired on 30 April 2020 and the application for its extension has been submitted and currently under consideration.

(b) Included in the property, plant and equipment of the Group and the Company are cost of fully depreciated assets still in use of RM137,435,000 (2019: RM126,482,000) and RM720,000 (2019: RM695,000) respectively.

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14. INVESTMENT PROPERTIES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 April 2019/2018 and 31 March	87,559	87,559	72,116	72,116
Accumulated depreciation				
At 1 April 2019/2018	28,396	26,889	23,837	22,674
Charge for the year	1,507	1,507	1,164	1,163
At 31 March	29,903	28,396	25,001	23,837
Net carrying amount	57,656	59,163	47,115	48,279
Fair value	62,195	62,650	50,995	51,000

(a) The land title of a freehold land and building of the Company with a net book value of approximately RM46,343,000 (2019: RM47,489,000) is pledged as security for certain unutilised credit facilities of the Group.

(b) The transfer of the land title of a building of the Company which is located at Pekan Nenas, Johor with a net book value of approximately RM772,000 (2019: RM790,000) has yet to be finalised.

(c) As at 31 March 2020 and 2019, the fair values of the investment properties are based on valuation performed by independent professional valuer. Valuations are performed by accredited independent valuer with recent experience in the location and category of properties being valued. The valuations are based on cost approach that makes reference to the valuation of land by comparing it with evidence of values of comparable lands and adding to it depreciated replacement cost of the buildings.

(d) Rental income generated from and direct operating expenses incurred on income generated from investment properties are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Rental income	5,326	5,195	4,031	3,920
Direct operating expenses	3,738	3,848	3,293	3,430

(e) Other details of future minimum rental receivable under non-cancellable operating leases are disclosed in Note 15.

15. RIGHT-OF-USE ASSETS

As lessee

The carrying amount and the movement of right-of-use assets for the year ended 31 March 2020 is as follows:

	Leasehold land RM'000	Buildings RM'000	Barge RM'000	Total RM'000
Group				
At 31 March 2020				
Cost				
At 1 April 2019	-	-	-	-
Effects of MFRS 16 adoption	128,017	349	3,576	131,942
At 1 April 2019, as restated	128,017	349	3,576	131,942
Exchange differences	(9)	-	(299)	(308)
At 31 March 2020	128,008	349	3,277	131,634
Accumulated depreciation and impairment loss				
At 1 April 2019	-	-	-	-
Effects of MFRS 16 adoption	19,432	-	-	19,432
At 1 April 2019, as restated	19,432	-	-	19,432
Charge for the year:				
- Depreciation	3,390	322	1,759	5,471
- Impairment loss	8,851	-	-	8,851
Exchange differences	-	-	(185)	(185)
At 31 March 2020	31,673	322	1,574	33,569
Analysed as:				
Accumulated depreciation	19,697	322	1,574	21,593
Accumulated impairment loss	11,976	-	-	11,976
	31,673	322	1,574	33,569
Net carrying amount	96,335	27	1,703	98,065

Right-of-use assets are mainly in relation to lease of land from state governments and lease of office building and barge from third parties.

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15. RIGHT-OF-USE ASSETS (CONT'D.)

As lessor

The Group and the Company have entered into operating leases on its investment properties consisting of certain office and commercial buildings as disclosed in Note 14. These leases have terms of between one to five years. All leases include a clause to enable upward revision of the rental charge on annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2020 and 2019 for the Group and the Company are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	4,452	3,114	3,130	2,616
After one year but not more than three years	6,255	4,150	3,877	3,011
After three years	317	1,237	254	986
	11,024	8,501	7,261	6,613

16. GOODWILL ON CONSOLIDATION

	Group	
	2020	2019
	RM'000	RM'000
At 1 April 2019/2018 and 31 March	510	510

(a) Key assumptions used in value-in-use calculations

The key assumptions used in value-in-use calculations are as follows:

	2020	2019
	%	%
Discount rate [1]	15.5	10.0
Terminal growth rate [2]	-	5

Assumptions:
1. Pre-tax discount rate applied to the cash flow projections.
2. Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(b) Sensitivity analysis

In assessing value-in-use and fair value, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Notes to the **Financial Statements**
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17. INVESTMENTS IN SUBSIDIARIES

	Unquoted shares RM'000	Redeemable convertible loan stocks RM'000	Reedemable preference shares RM'000	Redeemable convertible preference shares RM'000	Total RM'000
Company					
At 1 April 2019	26,999	-	35,400	50,100	112,499
Subscription	-	-	16,100	-	16,100
Conversion	-	-	50,100	(50,100)	-
At 31 March 2020	26,999	-	101,600	-	128,599
At 1 April 2018	26,999	50,900	-	-	77,899
Subscription	-	5,800	35,400	8,400	49,600
Redemption	-	(15,000)	-	-	(15,000)
Conversion	-	(41,700)	-	41,700	-
At 31 March 2019	26,999	-	35,400	50,100	112,499

(a) Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2020 %	2019 %	Principal activities
Security Printers (M) Sdn. Bhd. (i)	Malaysia	100	100	Trading of security and confidential documents.
Percetakan Keselamatan Nasional Sdn. Bhd. (i)	Malaysia	100	100	Production of security and confidential documents.
Fima Technology Sdn. Bhd. (i)	Malaysia	100	100	Property management and engineering consultation services.
FCB Plantation Holdings Sdn. Bhd. (i)	Malaysia	100	100	Investment holding.
Gabungan Warisan Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Subsidiary of FCB Plantation Holdings Sdn. Bhd.				
Cendana Laksana Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Next Oasis Sdn. Bhd. (i)	Malaysia	100	100	Investment holding.
PT Nunukan Jaya Lestari (ii)	Indonesia	80	80	Oil palm production and processing.

Notes to the Financial Statements
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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2020 %	2019 %	Principal activities
Subsidiary of FCB Plantation Holdings Sdn. Bhd. (cont'd.)				
R.N.E. Plantation Sdn. Bhd. (i)	Malaysia	70	70	Oil palm plantation.
FCB Eastern Plantations Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Subsidiary of Next Oasis Sdn. Bhd.				
Taka Worldwide Trading Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Etika Gangsa Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Subsidiary of FCB Eastern Plantations Sdn. Bhd.				
Ladang Bunga Tanjong Sdn. Bhd. (i)	Malaysia	80	80	Oil palm plantation.

(i) Audited by Ernst & Young PLT.
(ii) Audited by member firms of Ernst & Young Global in Jakarta.

(b) Financial information of a material subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), which has a non-controlling interests is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statement of financial position

	2020 RM'000	2019 RM'000
Non-current assets - Property, plant and equipment	13,498	49,103
Non-current assets - Right-of-use assets	12,208	-
Non-current assets - Others	2,299	2,594
Current assets - Cash and cash equivalents	27,188	27,984
Current assets - Others	47,031	45,488
Total assets	102,224	125,169
Current liabilities	10,981	15,360
Non-current liabilities	1,596	1,338
Total liabilities	12,577	16,698
Net assets	89,647	108,471
Equity attributable to equity holders of the Company	89,647	108,471

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Financial information of a material subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), which has a non-controlling interests is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd.)

(ii) Summarised statement of comprehensive income

	2020 RM'000	2019 RM'000
Revenue	99,857	102,384
Profit for the year	519	32,770
Other comprehensive (loss)/income	(151)	82
Total comprehensive income	368	32,852
Dividend paid to non-controlling interests	-	3,845

(iii) Summarised statement of cash flows

	2020 RM'000	2019 RM'000
Net cash generated from operating activities	9,127	32,095
Net cash used in investing activities	(4,456)	(3,599)
Net cash used in financing activities	(1,713)	(34,225)
Net increase/(decrease) in cash and cash equivalents	2,958	(5,729)
Cash and cash equivalents at beginning of the year	27,984	31,809
Effect of exchange rate changes	(3,754)	1,904
Cash and cash equivalents at end of the year	27,188	27,984

(c) During the year, the Company has converted RM50.1 million (501 units) redeemable convertible preference shares issued by the following subsidiaries into redeemable preference shares:

	RM'000
Gabungan Warisan Sdn. Bhd.	5,500
Cendana Laksana Sdn. Bhd.	30,100
Next Oasis Sdn. Bhd.	4,300
Taka Worldwide Trading Sdn. Bhd.	4,600
Etika Gangsa Sdn. Bhd.	5,600
	50,100

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) During the year, the Company subscribed to RM16.1 million (161 units) redeemable preference shares issued by the following subsidiaries:

	RM'000
Gabungan Warisan Sdn. Bhd.	2,300
Cendana Laksana Sdn. Bhd.	1,900
Taka Worldwide Trading Sdn. Bhd.	1,700
Etika Gangsa Sdn. Bhd.	1,700
Ladang Bunga Tanjong Sdn. Bhd.	8,500
	16,100

(e) The redeemable preference shares of Ladang Bunga Tanjong Sdn. Bhd. carries cumulative dividend of 4.25% per annum. The other redeemable preference shares issued by the other subsidiaries carry non-cumulative dividend of 4.25% per annum. All the redeemable preference shares issued by the subsidiaries have no fixed redemption period.

18. INVESTMENT IN ASSOCIATE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	10,000	10,000	10,000	10,000
Share of post acquisition results	23,237	21,274	-	-
	33,237	31,274	10,000	10,000

Details of the associate, which is incorporated in Malaysia, are as follows:

	Group's effective interest		
	2020	2019	
Name of associate	%	%	Principal activities
Giesecke & Devrient Malaysia Sdn. Bhd. *	20	20	Production and sale of bank notes

* Audited by firm of auditors other than Ernst & Young PLT.

The financial statements of Giesecke & Devrient Malaysia Sdn. Bhd. ("G&D") is not coterminous with those of the Group as G&D has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of G&D for the year ended 31 December 2019 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2019 and 31 March 2020.

Summarised financial information in respect of G&D is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

18. INVESTMENT IN ASSOCIATE (CONT'D.)

(i) Summarised statement of financial position

	2020 RM'000	2019 RM'000
Assets and liabilities		
Current assets	91,902	76,225
Non-current assets	176,129	191,501
Total assets	268,031	267,726
Current liabilities	37,693	41,592
Non-current liabilities	64,151	69,763
Total liabilities	101,844	111,355
Net assets	166,187	156,371

(ii) Summarised statement of comprehensive income

	2020 RM'000	2019 RM'000
Revenue	166,829	184,080
Profit before tax	10,687	17,667
Profit for the year	9,816	18,660
Total comprehensive income	9,816	18,660

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	2020 RM'000	2019 RM'000
Net assets at 1 April 2019/2018	156,371	204,226
Total comprehensive income	9,816	18,660
Dividend	-	(66,515)
Net assets at 31 March	166,187	156,371
Interest in associate	20%	20%
Carrying value of Group's interest in associate	33,237	31,274

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19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	106,500	83,866	669	528
Less: Allowance for impairment	(951)	(657)	(292)	-
Trade receivables, net	105,549	83,209	377	528
Other receivables				
Deposits	1,492	530	1,235	188
Sundry receivables	4,481	6,768	18	6
Prepayments	3,786	8,763	443	223
GST input tax	9,052	7,811	-	-
Staff loan	333	265	-	-
Less: Allowance for impairment	(1,175)	(866)	(100)	-
Other receivables, net	17,969	23,271	1,596	417
Total trade and other receivables	123,518	106,480	1,973	945

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) term. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for balances of RM60,806,000 (2019: RM41,827,000) due from the Government of Malaysia.

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	32,916	24,561	236	107
Past due but not impaired:				
1 to 60 days	19,507	8,150	104	123
61 to 120 days	7,733	2,339	37	107
More than 121 days	45,393	48,159	-	191
	72,633	58,648	141	421
Impaired	951	657	292	-
	106,500	83,866	669	528

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM72,633,000 (2019: RM58,648,000) and RM141,000 (2019: RM421,000), respectively that are past due at the reporting date but not impaired.

No allowance for impairment is made as in the opinion of the directors, the outstanding debts are expected to be collected within the next twelve months.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Gross amounts of impaired trade receivables	951	657	292	-
Less: Allowance for individual impairment losses	(951)	(657)	(292)	-
	-	-	-	-

Notes to the **Financial Statements**

As at 31 March 2020

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are impaired (cont'd.)

Movement in allowance accounts:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 April 2019/2018	657	2,860	-	-
Charge for the year (Note 5)	343	24	292	-
Write back of impairment loss (Note 5)	(49)	(932)	-	-
Bad debts written off	-	(1,306)	-	-
Exchange differences	-	11	-	-
As 31 March	951	657	292	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Gross amounts of impaired other receivables	1,175	866	100	-
Less: Allowance for individual impairment losses	(1,175)	(866)	(100)	-
	-	-	-	-

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Other receivables (cont'd.)

Movement in allowance accounts:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 April 2019/2018	866	848	-	-
Charge for the year (Note 5)	415	-	100	-
Exchange differences	(106)	18	-	-
As 31 March	1,175	866	100	-

20. BIOLOGICAL ASSETS

	Group	
	2020	2019
	RM'000	RM'000
At 1 April 2019/2018	1,019	2,145
Fair value changes recognised in profit or loss (Note 7)	2,672	(1,272)
Exchange differences	(344)	146
At 31 March	3,347	1,019

The fair value of biological assets was based on the actual quantity of fresh fruit bunches ("FFB") for 15 days period and the observable current market price of FFB at each point of fair value.

Sensitivity analysis

A 10% increase/(decrease) in the average of FFB selling price (RM/MT) would result in the following to the fair value change of the biological assets:

	Group	
	2020	2019
	RM'000	RM'000
10% increase	396	210
10% decrease	(396)	(210)

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21. INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000
At cost:		
Work-in-progress	8,420	33,082
Oil palm products	4,015	10,957
Printing materials	22,776	11,135
Fertilizer	2,432	3,476
Consumables	4,102	4,666
	41,745	63,316

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM93,946,000 (2019: RM91,689,000).

22. DUE FROM/(TO) RELATED COMPANIES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Due from ultimate holding company	-	83	-	83
Due from subsidiaries	-	-	12,404	13,341
Due from other related companies	2,606	442	663	14
	2,606	525	13,067	13,438
Due to ultimate holding company	(536)	(511)	(309)	-
Due to other related companies	(1,091)	(1)	(1)	-
	(1,627)	(512)	(310)	-

The amounts due from/(to) ultimate holding company, subsidiaries and related companies are unsecured, non-interest bearing and are repayable upon demand.

23. SHORT TERM INVESTMENTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At fair value:				
Islamic short term cash investments	127,030	148,122	10,580	31,735

Short term investments represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise of money market funds, commercial papers and fixed deposits. Short term investments held as fixed deposit placements allow prompt redemption at anytime.

Other details of fair value of short term investments are further disclosed in Note 37.

24. CASH AND BANK BALANCES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	20,210	32,184	606	834
Fixed deposit with licensed banks	27,341	25,671	21	20
Total cash and cash equivalents	47,551	57,855	627	854

The weighted average effective interest rates ("WAEIR") per annum of deposits at the reporting date are as follows:

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Licensed banks	3.76	3.05	2.95	2.95

The average maturity of deposits as at the end of the financial year are as follows:

	Group 2020 Days	Group 2019 Days	Company 2020 Days	Company 2019 Days
Licensed banks	22	9	30	30

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25. SHARE CAPITAL

	Number of shares		Amount	
	2020	**2019**	**2020**	**2019**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid:				
At 1 April 2019/2018 and At 31 March	245,324	245,324	122,662	122,662

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

26. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by a special resolution passed in a general meeting held on 28 August 2019, gave their approval for the Company's plan to buy back its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy back plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 873,200 (2019: 814,500) of its issued ordinary shares from the open market at an average price of RM1.69 (2019: RM1.94) per ordinary share. The total consideration paid for the buy back including transactions costs was RM1,475,000 (2019: RM1,579,000). The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

Of the total 245,324,330 (2019: 245,324,330) issued and fully paid ordinary shares as at 31 March 2020, 6,070,300 (2019: 5,197,100) are held as treasury shares by the Company. As at 31 March 2020, the number of outstanding ordinary shares in issue and fully paid-up is therefore 239,254,030 (2019: 240,127,230).

27. OTHER RESERVES

Group	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Total RM'000
At 1 April 2018	(8,814)	4,250	(4,564)
Foreign currency translation	1,497	-	1,497
At 31 March 2019	(7,317)	4,250	(3,067)
At 1 April 2019	(7,317)	4,250	(3,067)
Foreign currency translation	(6,707)	-	(6,707)
At 31 March 2020	(14,024)	4,250	(9,774)
Company			
At 1 April 2018/31 March 2019/31 March 2020		539	539

The nature and purpose of each category of reserve are as follows:

(a) Foreign currency translation reserve/(deficit)

The foreign currency translation reserve/(deficit) is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Equity contribution from parent

Equity contribution from parent represents the equity-settled share options and shares granted by ultimate holding company, Kumpulan Fima Berhad to the employees of the Group. The reserve is made up of the cumulative value of services received from employees recorded on grant of share options and shares by Kumpulan Fima Berhad.

28. RETAINED EARNINGS

As at 31 March 2020 and 31 March 2019, the Company may distribute the entire balance of the retained earnings under the single tier system.

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29. DEFERRED TAXATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 April 2019/2018	168	(2,256)	(422)	(410)
Recognised in:				
- profit or loss (Note 10)	(623)	1,942	620	(12)
- other comprehensive income	50	27	-	-
Exchange differences	(881)	455	-	-
At 31 March	(1,286)	168	198	(422)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,856)	(6,635)	-	(422)
Deferred tax liabilities	4,570	6,803	198	-
	(1,286)	168	198	(422)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances	Others	Total
	RM'000	RM'000	RM'000
At 1 April 2018	4,189	2,833	7,022
Recognised in profit or loss	6,211	(308)	5,903
Exchange differences	-	7	7
At 31 March 2019	10,400	2,532	12,932
Recognised in profit or loss	(693)	631	(62)
Exchange differences	-	(87)	(87)
At 31 March 2020	9,707	3,076	12,783

29. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Retirement benefit obligations RM'000	Other payables RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2018	-	(448)	(6,401)	(2,429)	(9,278)
Recognised in:					
- profit or loss	(4,510)	(16)	1,091	(526)	(3,961)
- other comprehensive income	-	27	-	-	27
Exchange differences	-	(15)	-	463	448
At 31 March 2019	(4,510)	(452)	(5,310)	(2,492)	(12,764)
Recognised in:					
- profit or loss	(1,617)	57	558	441	(561)
- other comprehensive income	-	50	-	-	50
Exchange differences	-	(167)	-	(627)	(794)
At 31 March 2020	(6,127)	(512)	(4,752)	(2,678)	(14,069)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2020 RM'000	Group 2019 RM'000
Unutilised tax losses	23,728	16,913
Unabsorbed capital allowances	22,641	20,570
	46,369	37,483

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

However, effective from year of assessment 2019 as announced in the Malaysia Annual Budget 2019, the unutilised tax losses of the Group as at 31 March 2019 and thereafter will be only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

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29. DEFERRED TAXATION (CONT'D.)

Deferred tax liability/(asset) of the Company:

	Accelerated capital allowances RM'000	Provision for liabilities RM'000	Total RM'000
At 1 April 2018	209	(619)	(410)
Recognised in profit or loss	42	(54)	(12)
At 31 March 2019	251	(673)	(422)
Recognised in profit or loss	56	564	620
At 31 March 2020	307	(109)	198

30. RETIREMENT BENEFIT OBLIGATIONS

The foreign subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit are calculated using the projected unit credit method, is determined by a qualified independent actuary, considering the estimated future cash outflows using market yields at the reporting date of high quality corporate bonds. The latest actuarial valuation was carried out using the employee data as at 31 March 2020.

(a) The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2020 RM'000	2019 RM'000
Present value of unfunded defined benefits obligations	2,073	1,831
Analysed as:		
Non-current	2,073	1,831

(b) The amounts recognised in the profit or loss are as follows:

	Group	
	2020 RM'000	2019 RM'000
Current service cost	163	147
Interest cost	110	93
Total, included in staff costs (Note 8)	273	240

30. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Movements in the net liability during the financial year are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 April 2019/2018	1,831	1,813
Recognised in profit or loss (Note 8)	273	240
Benefits paid	(77)	(141)
Remeasurement of defined benefit liability	201	(110)
Exchange differences	(155)	29
At 31 March	2,073	1,831

(d) Principal assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2020 and 2019 are as follows:

	Group	
	2020	2019
Discount rate	6.97%	8.00%
Annual salary increase	7.00%	7.00%
Retirement age	55	55

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity, converted to estimated spot rates.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on changes to individual assumptions, with all other assumptions held constant:

	Group	
	2020	2019
	RM'000	RM'000
A 1 per cent decrease/increase in discount rate will increase/decrease the defined benefit obligation by	144	146
A 1 per cent increase/decrease in expected salary growth will increase/decrease the defined benefit obligation by	145	128

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

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31. LEASE LIABILITIES/FINANCE LEASE OBLIGATIONS

Lease liabilities

The carrying amount and the movement of lease liabilities for the year ended 31 March 2020 is as follows:

	Group 2020 RM'000
At 1 April 2019	-
Effects of MFRS 16 adoption	19,436
Payments	(3,048)
Interest expense (Note 6)	371
Exchange differences	(118)
At 31 March	16,641
Analysed as:	
Current	2,406
Non-current	14,235

The following are the amounts recognised in profit or loss:

	Group 2020 RM'000
Depreciation expense of right-of-use assets (Note 7)	5,471
Interest expense on lease liabilities	371

Finance lease obligations

The minimum lease payments and the present value of the obligations under finance leases for the year ended 31 March 2019 is as follows:

	Group 2019 RM'000
Minimum lease payments:	
- Not later than 1 year	865
- Later than 1 year but not later than 5 years	4,782
- Later than 5 years	81,159
Total minimum lease payments	86,806
Less: Amounts representing finance charges	(71,295)
Present value of minimum lease payments	15,511

31. LEASE LIABILITIES/FINANCE LEASE OBLIGATIONS (CONT'D.)

Finance lease obligations (cont'd.)

The minimum lease payments and the present value of the obligations under finance leases for the year ended 31 March 2019 is as follows: (cont'd.)

	Group 2019 RM'000
Present value of finance lease payables:	
- Not later than 1 year	643
- Later than 1 year but not later than 5 years	2,550
- Later than 5 years	12,318
Present value of minimum lease payments	15,511
Less: Amount due within 12 months	(643)
Amount due after 12 months	14,868

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade payables				
Third parties	7,136	6,916	29	63
Other payables				
Tenants' rental deposits	1,309	955	934	945
Accruals	13,451	15,230	319	319
Provision for bonus	3,308	4,159	434	420
Receipts in advance	1,897	5,731	-	-
Others	2,751	3,848	-	-
	22,716	29,923	1,687	1,684
Total trade and other payables	29,852	36,839	1,716	1,747

Trade payables amounts are non-interest bearing which are normally settled on 30 to 90 days (2019: 30 to 90 days) term.

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33. PROVISIONS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for warranty	8,078	9,192	-	-
Provision for compensation claim	-	2,120	-	2,120
	8,078	11,312	-	2,120

(a) Provision for warranty is based on current volumes of products sold still under warranty and on historic quality rates as well as estimates and assumptions regarding future quality rates for new products.

(b) Provision for compensation claim is for a tenant's renovation costs and general damages arising from an early termination of a tenancy agreement by the Company. On 27 September 2011, the Court of Appeal had allowed the Company's appeal against the decision handed down by the High Court in favour of the tenant and directed that the matter be remitted back to the High Court for a full trial.

During the case management held on 30 June 2020, the Court has directed that the matter to be struck out by virtue of Order 34 Rule 6 of Rules of Court 2012 with no order as to costs and no liberty to file afresh, resulting a reversal of RM2,120,000 which has been reflected in Note 7.

The movement of the provisions are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for warranty:				
At 1 April 2019/2018	9,192	9,961	-	-
Reversal of provision (Note 7)	(2,897)	(2,558)	-	-
Charge for the year (Note 7)	1,783	1,789	-	-
At 31 March	8,078	9,192	-	-
Provision for compensation claim:				
At 1 April 2019/2018	2,120	2,120	2,120	2,120
Reversal of provision (Note 7)	(2,120)	-	(2,120)	-
At 31 March	-	2,120	-	2,120

34. COMMITMENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	3,112	2,970	-	-
Approved but not contracted for:				
Property, plant and equipment	28,379	25,712	1,083	944
	31,491	28,682	1,083	944

35. RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Income/(expense)	
	2020	2019
	RM'000	RM'000
Group		
Ultimate holding company		
- Rental income receivable	853	767
- Management fees/services payable	(1,339)	(891)
Fellow subsidiaries:		
- Rental income receivable	180	165
- Service receivable	157	150
- Management services receivable	609	-
Related by virtue of common shareholder of the Company:		
- Purchases made	(79)	(42)
- Rental income receivable	76	88
Related by virtue of director/(s) of the Company and/or Group having substantial interest:		
- Services payable	(365)	(106)
- Purchases made	(5,925)	(6,572)
Associate:		
- Management services receivable	-	10

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35. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related party transactions (cont'd.)

	Income/(expense)	
	2020	**2019**
	RM'000	**RM'000**
Company		
Ultimate holding company		
- Rental income receivable	853	767
- Management fees/services payable	(498)	(193)
Subsidiaries:		
- Rental income receivable	180	180
- Management services receivable	1,343	466
- Purchases made	(1,055)	(998)
Associate:		
- Management services receivable	-	10
Related by virtue of common shareholder of the Company:		
- Rental income receivable	4	17

Information regarding outstanding balance arising from related party transactions as at the financial year end are disclosed in Note 22 to the financial statements.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including the directors (whether executive or otherwise).

The key management personnel compensation is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term benefits	4,082	3,824	1,273	1,125
Post-employment benefits:				
Defined contribution plan	616	600	153	143
Other benefits	152	190	93	157
	4,850	4,614	1,519	1,425

35. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel (cont'd.)

Included in the total key management personnel above are the remuneration in respect of the directors of the Company and directors of subsidiaries:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors remuneration:				
Directors of the Company (Note 9)	2,235	2,118	1,176	1,083
Directors of subsidiaries	2,615	2,496	343	342

36. SEGMENTAL INFORMATION

(a) Business segments:

The Group's major business segments are:

(i) Production and trading - Production and trading of security and confidential documents.
(ii) Plantation - Oil palm production and processing.
(iii) Investment holding and property management - Investment holding, rental and management of commercial properties.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments predominately operate in two separate geographical areas:

(i) Malaysia - the operations in this area are principally printing and trading of security and confidential documents, property management and investment holding.

(ii) Indonesia - Oil palm production and processing.

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36. SEGMENTAL INFORMATION (CONT'D.)

Business segments

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by business segment:

	Production and trading of security documents		Investment holding	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	134,004	134,780	27,076	72,620
Inter-segment sales	-	-	-	-
Total revenue	134,004	134,780	27,076	72,620
Results				
Profit from operations	25,996	30,558	24,288	68,920
Finance costs	(8)	-	-	-
Share of results of associate	-	-	1,963	3,732
Profit before tax				
Income tax expense				
Profit net of tax				
Assets and Liabilities				
Segment assets	267,318	275,381	215,897	223,193
Interest in associate	-	-	33,237	31,274
Consolidated total assets				
Segment liabilities	33,159	37,314	3,651	8,834
Consolidated total liabilities				
Other Information				
Capital expenditure	462	2,380	47	573
Depreciation and amortisation	1,850	2,801	143	123
Impairment	51	24	-	-
Non-cash expenses other than depreciation, amortisation and impairment	2,270	1,812	-	-

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Property management		Oil palm production		Eliminations		Consolidated	
2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
6,005	7,104	103,118	102,836	(27,076)	(72,620)	243,127	244,720
1,730	1,179	-	-	(1,730)	(1,179)	-	-
7,735	8,283	103,118	102,836	(28,806)	(73,799)	243,127	244,720
3,587	1,453	(10,258)	47,611	(27,076)	(72,620)	16,537	75,922
(2)	-	(361)	(177)	-	-	(371)	(177)
-	-	-	-	-	-	1,963	3,732
						18,129	79,477
						(9,322)	(14,151)
						8,807	65,326
60,836	60,799	223,045	227,123	(169,658)	(144,043)	597,438	642,453
-	-	-	-	-	-	33,237	31,274
						630,675	673,727
2,575	728	46,309	48,189	(21,009)	(18,496)	64,685	76,569
						64,685	76,569
185	10	16,443	19,949	(137)	-	17,000	22,912
1,536	1,516	14,268	10,354	9	-	17,797	14,794
392	-	18,106	-	-	-	18,549	24
-	-	1,745	1,489	-	-	4,015	3,301

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36. SEGMENTAL INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Revenue		Segment assets		Capital expenditure	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	143,270	142,336	528,451	548,558	11,776	18,964
Indonesia	99,857	102,384	102,224	125,169	5,224	3,948
	243,127	244,720	630,675	673,727	17,000	22,912

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 March 2020 are as follows:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the Group's and the Company's other financial assets that are measured at fair value as at 31 March 2020 and 31 March 2019.

	Date of valuation	Group Level 1 RM'000	Company Level 1 RM'000
As at 31 March 2020			
Assets disclosed at fair value:			
Short term investments	31 March 2020	127,030	10,580
As at 31 March 2019			
Assets disclosed at fair value:			
Short term investments	31 March 2019	148,122	31,735

37. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

The following table presents the Group's and the Company's other financial assets that are measured at fair value as at 31 March 2020 and 31 March 2019. (cont'd.)

	Date of valuation	Group Level 3 RM'000	Company Level 3 RM'000
As at 31 March 2020			
Assets disclosed at fair value:			
Investment properties (Note 14)	31 March 2020	62,195	50,995
Assets measured at fair value:			
Biological assets (Note 20)	31 March 2020	3,347	-
As at 31 March 2019			
Assets disclosed at fair value:			
Investment properties (Note 14)	31 March 2019	62,650	51,000
Assets measured at fair value:			
Biological assets (Note 20)	31 March 2019	1,019	-

(b) The financial instruments of the Group and of the Company as at the reporting date are categorised into the following classes:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(i) Financial assets measured at amortised cost				
Redeemable preference shares (Note 17)	-	-	101,600	35,400
Trade receivables (Note 19)	105,549	83,209	377	528
Other receivables excluding GST input tax and prepayments (Note 19)	5,131	6,697	1,153	194
Amount due from related companies (Note 22)	2,606	525	13,067	13,438
Cash and bank balances (Note 24)	47,551	57,855	627	854
Total financial assets measured at amortised cost	160,837	148,286	116,824	50,414

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37. FINANCIAL INSTRUMENTS (CONT'D.)

(b) The financial instruments of the Group and of the Company as at the reporting date are categorised into the following classes: (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(ii) Fair value through profit or loss				
Short term investments (Note 23)	127,030	148,122	10,580	31,735
(iii) Financial liabilities measured at amortised cost				
Trade payables (Note 32)	7,136	6,916	29	63
Other payables (Note 32)	22,716	29,923	1,687	1,684
Amount due to related companies (Note 22)	1,627	512	-	-
Total financial liabilities measured at amortised cost	31,479	37,351	1,716	1,747

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity/funding and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt as at year end. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly Indonesian Rupiah. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. There are no material unhedged financial assets and financial liabilities that are not denominated in the functional currencies of the Company and its subsidiaries.

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the Indonesian Rupiah ("IDR") exchange rates against the functional currency of the affected group companies ("RM") with all other variables held constant.

	Group	
	2020	2019
	Effect on profit net of tax	Effect on profit net of tax
	RM'000	RM'000
IDR - strengthens 5% (2019: 5%)	+2,113	+1,765
IDR - weakens 5% (2019: 5%)	-2,113	-1,765

(c) Liquidity/funding risk

The Group defines liquidity/funding risk as the risk that funds will not be available to meet its liabilities as and when they fall due.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. To ensure availability of funds, the Group closely monitors its cash flow position on a regular basis.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity/funding risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	Contractual cashflow on demand or within one year	
	2020	**2019**
	RM'000	**RM'000**
Group		
Financial liabilities:		
Trade and other payables excluding deposits, accruals and provision for bonus (Note 32)	11,784	16,495
Amount due to related companies (Note 22)	1,627	512
Total undiscounted financial liabilities	13,411	17,007
Company		
Financial liabilities:		
Trade and other payables excluding deposits, accruals and provision for bonus (Note 32)	29	63
Amount due to related companies (Note 22)	310	-
Total undiscounted financial liabilities	339	63

(d) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for a balance of RM60,806,000 (2019: RM41,827,000) due from the Government of Malaysia.

During the financial year, the Group changed its risk management practices in response to the COVID-19 outbreak. Accordingly, the Group changed its ECL methodology in order to better estimate the impact of the outbreak in accordance with the requirements of MFRS 9. The Group has accordingly, calculated any overlays and adjustments to these simplified models. In order to accelerate the reflection of changes in credit quality not yet detected at an individual customer level, the Group adjusts the ratings and the probabilities of default (PD) on a collective basis.

Whilst it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses, it is likely that the ECL would increase by a further 2% within the next financial year.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Group's approach in managing capital based on defined guidelines that are approved by the Board.

There were no changes in the Group's approach to capital management during the year.

40. MATERIAL LITIGATION

Hak Guna Usaha No. 01/Nunukan Utara

(a) On 13 May 2003, the National Land Body of Indonesia ("NLB") issued a certificate, Hak Guna Usaha ("HGU") providing PT Nunukan Jaya Lestari ("PTNJL") a right to use a land covering a total size of 19,974 hectares ("Total Parcel") identifiable as No. 1/Nunukan Barat for the purposes of plantation. The HGU is set to expire on 12 May 2038.

Notwithstanding the HGU, the Minister of Agrarian Affairs and Spatial Planning ("Minister") vide letter dated 25 July 2016 ("Revocation Letter") informed PTNJL among others, of the following:

- There were administrative irregularities performed by officer(s) of the Regional Land Body of East Kalimantan in respect of the HGU. Due to these irregularities, it was identified that 17,165 hectares ("Irregular Parcel") of the Total Parcel is delineated for forestry.

- A third party situated adjacent to the Total Parcel ("Third Party") has requested to revise/amend the HGU as there are overlaps between the Total Parcel with the Third Party's interests on the land pursuant to their operating permits (approximately 3,500 hectares) ("Overlapping Parcel").

Following the above, the Minister vide the Revocation Letter has provided the following decisions:

- the HGU is revoked effectively immediately ("Revocation");

- PTNJL to apply for a new certificate for the remaining 2,809 hectares of land located at Land Allocated for Other Purposes ("APL"); and

- The Irregular Parcel is to be surrendered to the Minister of Environmental Affairs and Forestry of Republic of Indonesia.

On 21 October 2016, PTNJL initiated an action against the Revocation ("Lawsuit") in the Administrative Court ("State Administrative Court") of Jakarta, Indonesia. In the Lawsuit, PTNJL applied for an order for stay of enforcement of the Revocation until the final judgment is issued.

Notes to the **Financial Statements**
As at 31 March 2020

40. MATERIAL LITIGATION (CONT'D.)

Hak Guna Usaha No. 01/Nunukan Utara (cont'd.)

(a) PTNJL's basis for the Lawsuit are inter alia as follows:

(i) The status of the Total Parcel is State Land, aligned with the condition imposed by prevailing laws and regulations in Indonesia; and

(ii) The revocation of the HGU certificate is contrary to the prevailing laws and regulations in Indonesia.

On 13 June 2017, the State Administrative Court dismissed the Lawsuit ("State Administrative Court's Decision") resulting in an appeal lodged by PTNJL in the High Administrative Court ("High Court") of Jakarta, Indonesia, on 24 July 2017 ("Appeal").

Vide written decision dated 11 December 2017, the High Court partly allowed the Appeal with costs and ordered that (i) the Revocation to be void and the Revocation Letter be annulled, save for the Overlapping Parcel; (ii) that the Overlapping Parcel be increased to 5,138 hectares. ("High Court Decision").

On 23 January 2018, PTNJL has lodged an appeal to the Supreme Court of Indonesia ("Supreme Court") against the High Court Decision. On 21 August 2018, the Supreme Court allowed PTNJL's appeal and similarly ordered that the Revocation Letter be annulled ("Decision of the Supreme Court"). The Supreme Court also ordered the Minister to simultaneously:

(i) issue an order cancelling PTNJL's rights over the Overlapping Parcel measuring 3,500 hectares; and

(ii) ensure the issuance of a new certificate in favour of PTNJL to use the remaining area measuring 16,474.130 hectares, (which is 19,974.130 hectares less the 3,500 hectares referred to in paragraph (i) above).

On 8 February 2019, the Minister filed an application in the Supreme Court to review the Decision of the Supreme Court ("JR Application").

On 27 November 2019 the Supreme Court overturned the Decision of the Supreme Court in favor of the Minister upholding the legitimacy and the validity of the Revocation ("JR Decision").

PTNJL subsequently filed a further application for judicial review against the JR Decision ("2nd JR Application"). PTNJL's application for the 2nd JR Application is made on grounds that the JR Decision contradicts some aspects of other established cases and the discovery of new material evidence that was not previously available. As at today, the Supreme Court has not issued any decision in respect of the 2nd JR Application.

(b) On 28 November 2019, PTNJL has filed a civil suit in the State Administrative Court ("the Court") against the NLB and a Third Party (collectively, Defendants"). The President Republik Indonesia and Minister of Environmental Affairs and Forestry of Republic of Indonesia ("Ministry") have been named as co-defendants in the said suit.

PTNJL is seeking legal recognition of its rights over HGU; an injunction to:

(i) order NLB and Ministry to issue permit, recommendation, or approval for PTNJL to undertake its plantation activities;

(ii) bar the Third Party from preventing PTNJL from undertaking its plantation activities within the HGU areas which overlap with the Third Party's operating permits/interests; and

(iii) restrain the Minister from issuing any new licences permits or approvals to any parties on or within the HGU.

40. MATERIAL LITIGATION (CONT'D.)

Hak Guna Usaha No. 01/Nunukan Utara (cont'd.)

PTNJL is also seeking an order from the Court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian Courts.

On 6 May 2020, the mediation held between PTNJL, Defendants and Co-defendants has failed. Accordingly, the matter will now proceed to Court for determination.

Legal action against Datasonic Technologies Sdn. Bhd.

On 30 July 2018, the Company's subsidiary, Percetakan Keselamatan Nasional Sdn. Bhd. ("the Plaintiff"), has commenced a High Court action against Datasonic Technologies Sdn. Bhd. ("the Defendant").

The claim is for a sum of RM24,975,000 (excluding interest and cost), being the amount due and owing by the Defendant to the Plaintiff for 1.5 million Malaysian passport booklets which were supplied by the Plaintiff to the Defendant.

At the request of the Defendant during the case management on 3 October 2018, the Plaintiff agreed to attempt mediation with the aim of arriving at an amicable resolution. The mediation took place on 17 October 2018 and 19 October 2018. However, the parties could not reach a resolution.

The matter has been fixed for trial on 13, 14, 27 and 28 August 2020.

This civil suit is not expected to have any material impact on the financial and operational position of the Company.

41. SIGNIFICANT EVENT

Covid-19 outbreak

Prior to the financial year end, the World Health Organization ("WHO") had on 11 March 2020 declared Covid-19 a pandemic and there has since been growing concerns on the effects of the Covid-19 pandemic globally. On 18 March 2020, the Government of Malaysia imposed a Movement Control Order ("MCO") and on 19 April 2020, the Government of Indonesia imposed a Large-scale Social Restrictions ("LSR") for North Kalimantan area which involves movement restrictions and closure of all government and private premises. The Covid-19 pandemic has significantly disrupted many businesses operations around the world. For the Group, the impact on business operations has not been a direct consequence of the Covid-19 outbreak, but a result of the measures taken by the governments of both Malaysia and Indonesia to contain it. As the outbreak continues to evolve subsequent to the financial year, it is challenging to predict the full extent and duration of its impact on business and the economy.

Up to the date of these financial statements, the Group has seen an impact of COVID-19 outbreak on the Group's revenue, earnings, cash flow and financial condition. At this juncture, it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects or the Governments' varying efforts to combat the outbreak and support businesses.

However, there is uncertainty about the length and severity of Government or regulatory intervention which could have unexpected impacts. A prolonged economic downturn could also lead to further Government or regulatory intervention and more adverse outcomes to the Group's business.

The Group will continue to monitor the development of these events and have implemented measures to mitigate the impact of COVID-19 to the Group's business, including the prudent management of its cash flows from its operating, investing and financing activities.

Notes to the **Financial Statements**
As at 31 March 2020

41. SIGNIFICANT EVENT (CONT'D.)

Changes in shareholding

Following the transfers of Kumpulan Fima Berhad's ("KFIMA") shares by and between BHR Enterprise Sdn. Bhd. ("BHR"), Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir, KFIMA has ceased to be the subsidiary of BHR effective 23 July 2019. Roshayati binti Basir and Rozana Zeti binti Basir have emerged as KFIMA's major shareholders with 17.60% and 17.45% interest, respectively. Rozilawati binti Haji Basir's interest in KFIMA subsequent to the transfer is 0.09%.

BHR has ceased to be the shareholder of the Company effective 23 July 2019 following the transfer of the Company's shares to Rozilawati binti Haji Basir. Rozilawati binti Haji Basir's interest in the Company subsequent to the transfer is 0.539%.

Subsequent to the transfer, BHR remains as one of KFIMA's major shareholders holding 16.95% interest.

42. COMPARATIVE

The comparative figures in respect of financial year ended 31 March 2019 have been audited by a firm which is also a member of the global network of Ernst & Young firms.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 23 July 2020.

List of **Properties**

Held by the Group as at 31 March 2020

No.	Location	Description/ Existing Use	Tenure	Land Area (Acres)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2020 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
	FIMA CORPORATION BERHAD							
1.	PTD 4656 HS(D) 13531 Mukim Jeram Batu Pontian, Johor	Industrial land and building	Freehold	2.71	66,608	771,000	07 July 1993	52
2.	Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan	Bungalow	Freehold	0.82	3,114	1,627,000	07 July 1993/ 12 February 2015	71
3.	Lot 52068 Grant 50064 Mukim of Kuala Lumpur Wilayah Persekutuan	Office Building	Freehold	1.45	270,372	46,344,000	17 August 1995	22
	Sub Total			**4.98**	**340,094**	**48,742,000**		
	PERCETAKAN KESELAMATAN NASIONAL SDN. BHD.							
1.	Lot 27306 Section 13, Mukim Kajang District of Hulu Langat Selangor	Industrial land and building	Leasehold expiring 29/09/2086	8.30	250,560	10,541,000	26 January 2006	33
	Sub Total			**8.30**	**250,560**	**10,541,000**		
	CENDANA LAKSANA SDN. BHD.							
1.	PN 7602 (Lot 2925) and HSD 398 (PT 757P) Mukim of Tebak District of Kemaman Terengganu	Agriculture	Leasehold expiring 8/08/2048 (PN 7602) 8/08/2039 (HSD 398)	1,940.73	N/A	24,534,000	6 January 2014/ 20 March 2015	N/A
	Sub Total			**1,940.73**	**N/A**	**24,534,000**		
	GABUNGAN WARISAN SDN. BHD.							
1.	PT 4718 H.S(D) 9350 Mukim of Kuala Stong District of Kuala Krai Kelantan	Agriculture	Leasehold expiring 22/07/2112	617.27	N/A	6,200,000	17 October 2014/ 10 March 2015	N/A
	Sub Total			**617.27**	**N/A**	**6,200,000**		

List of **Properties**

Held by the Group as at 31 March 2020

No.	Location	Description/ Existing Use	Tenure	Land Area (Acres)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2020 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
	TAKA WORLDWIDE TRADING SDN. BHD.							
1.	PT 6943 H.S(D) 2345 Mukim of Relai District of Gua Musang Kelantan	Agriculture	Leasehold expiring 5/03/2107	500.00	N/A	3,854,000	18 March 2015	N/A
	Sub Total			**500.00**	**N/A**	**3,854,000**		
	ETIKA GANGSA SDN. BHD.							
1.	PT 6944 H.S(D) 2346 Mukim of Relai District of Gua Musang Kelantan	Agriculture	Leasehold expiring 5/03/2107	500.00	N/A	3,854,000	18 March 2015	N/A
	Sub Total			**500.00**	**N/A**	**3,854,000**		
	LADANG BUNGA TANJONG SDN. BHD.							
1.	GRN 36415 Lot 2429 Mukim Lubok Bungor Jajahan Jeli Kelantan	Agriculture	Leasehold expiring 28/09/2069	3,288.90	N/A	25,347,000	20 February 2018	N/A
	Sub Total			**3,288.90**	**N/A**	**25,347,000**		
	R.N.E. PLANTATION SDN. BHD.							
1.	PT 14352 H.S(D) 16214 Mukim Sungai Siput District of Kuala Kangsar Perak	Agriculture	Leasehold expiring 3/08/2075	4,942.00	N/A	22,079,000	4 December 2015	N/A
	Sub Total			**4,942.00**	**N/A**	**22,079,000**		
	PT NUNUKAN JAYA LESTARI							
1.	Hak Guna Usaha (HGU) No. 1 and Hak Guna Bangunan (HGB) No. 50 Kelurahan Nunukan Barat Kabupaten & Kecamatan Nunukan Propinsi Kalimantan Timur Indonesia	Agriculture/ oil palm plantation and palm oil mill	Leasehold expiring 12/05/2038 (HGU) 17/03/2035 (HGB)	49,355.75 286.15	N/A 112,375	9,671,000 796,000	9 April 2007 31 December 2014	N/A 15
	Sub Total			**49,641.90**	**112,375**	**10,467,000**		
	GRAND TOTAL			**58,155.18**	**703,029**	**155,618,000**		

Analysis of **Shareholdings**

As at 11 August 2020

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1.	FIMA METAL BOX HOLDINGS SDN. BHD.	147,245,358	61.68
2.	LEONG KOK TAI	3,222,600	1.35
3.	WONG YU @ WONG WING YU	2,757,800	1.16
4.	TAN AH KOW @ TAN TOONG SOON	2,430,000	1.02
5.	LIAU CHOON HWA & SONS SDN. BHD.	2,373,700	0.99
6.	HAMIDAH BINTI ABDUL RAHMAN	1,816,800	0.76
7.	LIAU THAI MIN	1,600,000	0.67
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	1,562,700	0.65
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR ROZILAWATI BINTI HAJI BASIR	1,321,500	0.55
10.	WONG YU @ WONG WING YU	1,260,000	0.53
11.	CHIN KIAN FONG	1,251,000	0.52
12.	LEE SIEW PENG	1,233,000	0.52
13.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIAU THAI MIN	1,208,200	0.51
14.	WONG SOO PING	1,117,200	0.47
15.	ONG TECK PEOW	964,800	0.40
16.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	957,200	0.40
17.	ONG SIOK BEE	927,800	0.39
18.	YEO KHEE HUAT	886,900	0.37
19.	YONG SIEW LEE	836,000	0.35
20.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YEE MING	810,000	0.34
21.	INTROSCAPE SDN. BHD.	735,000	0.31
22.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENT)	733,626	0.31
23.	TAN SIEW YOKE	714,000	0.30
24.	ONG CHIN THYE	712,000	0.30
25.	LIM SIEW GEOK	690,000	0.29
26.	CHEN GUANGQIANG	658,300	0.28
27.	SOH CHOO KEAN	639,000	0.27
28.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	610,168	0.26
29.	YOONG HOI YEN	606,700	0.25
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ROSLAN BIN HAMIR	601,800	0.25

Analysis of **Shareholdings**

As at 11 August 2020

SUBSTANTIAL SHAREHOLDER

No.	Name	DIRECT HOLDINGS No. of Shares	DIRECT HOLDINGS % of Shareholdings
1.	FIMA METAL BOX HOLDINGS SDN. BHD.	147,245,358	61.68

DISTRIBUTION BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shareholdings
Less than 100	326	9.70	3,706	0.00
100 - 1,000	497	14.79	266,221	0.11
1,001 - 10,000	1,615	48.05	8,071,771	3.38
10,001 - 100,000	788	23.45	23,504,543	9.85
100,001 to less than 5% of issued shares	134	3.99	59,619,531	24.98
5% and above of issued shares	1	0.03	147,245,358	61.68
TOTAL	3,361	100.00	238,711,130	100.00

CLASSIFICATION OF SHAREHOLDERS

Category	No. of holders	% of Holders	No. of Shares	% of Shareholdings
1. Government Agencies	1	0.03	7,500	0.00
2. Bumiputra				
a. Individuals	90	2.68	2,757,981	1.16
b. Companies	7	0.21	147,323,208	61.72
c. Nominees Company	166	4.94	5,846,983	2.45
3. Non-Bumiputra				
a. Individuals	2,747	81.73	66,262,536	27.75
b. Companies	65	1.93	7,179,738	3.01
c. Nominees Company	158	4.70	3,909,630	1.64
MALAYSIAN TOTAL	**3,234**	**96.22**	**233,287,576**	**97.73**
4. Foreign				
a. Individuals	81	2.41	1,540,627	0.65
b. Companies	3	0.09	116,673	0.05
c. Nominees Company	43	1.28	3,766,254	1.58
FOREIGN TOTAL	**127**	**3.78**	**5,423,554**	**2.27**
GRAND TOTAL	**3,361**	**100.00**	**238,711,130**	**100.00**

Analysis of **Shareholdings**

As at 11 August 2020

DIRECTORS' SHAREHOLDINGS

	DIRECT HOLDINGS		INDIRECT HOLDINGS	
Directors	**No. of Shares**	**% of Shareholdings**	**No. of Shares**	**% of Shareholdings**
DATO' ADNAN BIN SHAMSUDDIN	-	-	-	-
DATO' ROSLAN BIN HAMIR	-	-	601,800 [(a)]	0.25
REZAL ZAIN BIN ABDUL RASHID	5,000	-	-	-
DR. ROSHAYATI BINTI BASIR	167,600	0.07	150,383,658 [(b)]	61.30
DATUK BAZLAN BIN OSMAN	10,000	-	-	-
ROSELY BIN KUSIP	-	-	-	-

Notes:-

(a) 601,800 ordinary shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(b) Deemed interested by virtue that:

- (i) Fima Metal Box Holdings Sdn. Bhd. ("Fima Metal Box") direct shareholdings in the Company. Fima Metal Box is a major shareholder of the Company and is a wholly-owned subsidiary of Kumpulan Fima Berhad.
- (ii) Puan Sri Datin Hamidah binti Abdul Rahman and Rozilawati binti Haji Basir's direct shareholdings in the Company.

Directory of **Group Operation**

MANUFACTURING DIVISION

www.fimacorp.com

Fima Corporation Berhad
(197401004110) (21185-P)
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2092 5923

Percetakan Keselamatan Nasional Sdn. Bhd.
(198701007433) (166151-T)
No. 1, Jalan Chan Sow Lin
55200 Kuala Lumpur
Telephone : +603-9222 2511
Facsimile : +603-9222 4401

Security Printers (M) Sdn. Bhd.
(197701003239) (34025-W)
No. 1, Jalan Chan Sow Lin
55200 Kuala Lumpur
Telephone : +603-9222 2511
Facsimile : +603-9222 4401

PLANTATION DIVISION

PT Nunukan Jaya Lestari
(NPWP 02.033.898.4-723.000)
Jln. Jenderal Sudirman
Komplek Ruko Liem Hie Djung
No. A2 18, RT 01, Kec. Nunukan, Kab. Nunukan
Kalimantan Utara 77482
Indonesia
Telephone : 006 2 55624551

Cendana Laksana Sdn. Bhd.
(201201039689) (1024167-W)
Ladang Fima Cendana
Batu 40, Jerangau-Jabor Highway
Air Putih, 24050 Kemaman
Terengganu
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

Gabungan Warisan Sdn. Bhd.
(199401042148) (327836-P)
Ladang Fima Dabong
PT 4718, Mukim Kuala Stong
Jajahan Kuala Krai, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

Next Oasis Sdn. Bhd.
(201401033412) (1109497-D)
Ladang Fima Aring
PT 6943 & PT 6944
Mukim Relai, Jajahan Gua Musang
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

Taka Worldwide Trading Sdn. Bhd.
(200501032715) (714855-P)
Ladang Fima Aring
PT 6943 Mukim Relai
Jajahan Gua Musang, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

Directory of **Group Operation**

Etika Gangsa Sdn. Bhd.
(200601035188) (754947-D)
Ladang Fima Aring
PT 6944 Mukim Relai
Jajahan Gua Musang, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

R.N.E. Plantation Sdn. Bhd.
(201301038071) (1067900-V)
HSD 16214, PT 14352
Mukim Sungai Siput
Daerah Kuala Kangsar
Perak
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

FCB Eastern Plantations Sdn. Bhd.
(199101000385) (210695-H)
Lot 2429, Mukim Lubok Bongor
Daerah Kuala Balah
17600 Jeli
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

Ladang Bunga Tanjong Sdn. Bhd.
(199601017476) (389287-K)
Lot 2429, Mukim Lubok Bongor
Daerah Kuala Balah
17600 Jeli
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

OTHERS

Fima Technology Sdn. Bhd.
(199301010009) (264746-K)
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2094 5996

ASSOCIATE COMPANY

Giesecke & Devrient Malaysia Sdn. Bhd.
(200201005367) (573030-M)
Lot 6, Off Jalan Delima 1/1
Batu 3, 40150 Shah Alam, Selangor
Telephone : +603-5629 2929
Facsimile : +603-5629 2800

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Proxy **Form**

FIMA CORPORATION BERHAD
(197401004110) (21185-P)

I/We ____ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

being a Member of **FIMA CORPORATION BERHAD** ("the Company"), do hereby appoint ____ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him/her ______________________________________ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

as my/our* proxy to vote for me/us* and on my/our* behalf at the Forty-Fifth (45th) Annual General Meeting ("AGM") of the Company to be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at Training Room, Kumpulan Fima Berhad, Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 September 2020 at 9.30 a.m.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Rezal Zain bin Abdul Rashid who retire by rotation in accordance with Article 108 of the Company's Constitution. **- Ordinary Resolution 1**		
2.	To re-elect Dr. Roshayati binti Basir who retire by rotation in accordance with Article 108 of the Company's Constitution. **- Ordinary Resolution 2**		
3.	To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year. **- Ordinary Resolution 3**		
4.	To approve the increase in fees payable to the Audit and Risk Committee members (excluding the Committee Chairman) from 1 April 2020 until the conclusion of the next AGM of the Company. **- Ordinary Resolution 4**		
5.	To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 30 September 2020 until the conclusion of the next AGM of the Company. **- Ordinary Resolution 5**		
6.	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors from 30 September 2020 until the conclusion of the next AGM of the Company. **- Ordinary Resolution 6**		
7.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. **- Ordinary Resolution 7**		
AS SPECIAL BUSINESS			
8.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature. **- Ordinary Resolution 8**		
9.	Proposed renewal of the authority for shares buy-back. **- Ordinary Resolution 9**		
10.	Proposed continuation in office as Independent Non-Executive Director for Rezal Zain bin Abdul Rashid. **- Ordinary Resolution 10**		
11.	Proposed continuation in office as Independent Non-Executive Director for Dato' Adnan bin Shamsuddin. **- Ordinary Resolution 11**		

** Strike out whichever not applicable*

No. of Shares held
CDS Account No.

____

Signature *(If Shareholder is a Corporation, this part should be executed under seal)*

Dated this __________ day of ________________ 2020

Notes:

1. *The 45th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities (collectively referred as "45th Virtual AGM"). Kindly refer to the procedures provided in the Administrative Guide for the 45th Virtual AGM in order to register, participate and vote remotely.*
2. *The broadcast venue of the 45th Virtual AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 that requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders/proxies/corporate representatives should be physically present nor admitted at the broadcast venue on the day of the 45th Virtual AGM of the Company.*
3. *Only members registered in the General Meeting Record of Depositors as at 22 September 2020 shall be entitled to participate in the 45th Virtual AGM or appoint proxy(ies) to participate and/or vote on their behalf.*
4. *A member of the Company who is entitled to participate and vote at the 45th Virtual AGM, may appoint up to 2 proxies by specifying the proportion of his shareholding to be represented by each proxy. A proxy may not be a member of the Company.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

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FIMA CORPORATION BERHAD
(197401004110) (21185-P)

AFFIX STAMP

Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647/378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Fold here

6. *The instrument appointing a proxy must be deposited at the Company's Share Registrar's office in the following manner:*
   (a) by electronic means through the Boardroom Smart Investor Online Portal at www.boardroomlimited.my by lodging in and selecting "E-PROXY LODGEMENT" not less than 48 hours before the time of holding the meeting or adjournment thereof; or
   (b) by hand or post to Boardroom Share Registrars Sdn Bhd ("Boardroom Share Registrars"), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time of holding the meeting or adjournment thereof. Boardroom Share Registrars will provide a box at the ground floor of its office building to facilitate drop-off of proxy forms.
7. *If the appointer is a corporation, the proxy form or certificate of appointment of corporate representative must be deposited by hand or post to Boardroom Share Registrars' office not less than 48 hours before the time of holding the meeting or adjournment thereof. Alternatively, the proxy form or certificate of appointment of corporate representative may also be send to Boardroom Share Registrars via email at BSR.Helpdesk@boardroomlimited.com.*
8. *If you have submitted your proxy form prior to the 45th Virtual AGM and subsequently, decide to participate in the 45th Virtual AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com to revoke the appointment of your proxy(ies) 48 hours before the 45th Virtual AGM. Your proxy(ies) on revocation would not be allowed to participate in the 45th Virtual AGM. In such event, you should advise your proxy(ies) accordingly.*
9. *The voting at the 45th Virtual AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the poll results.*

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