



26 August 2015

To Shareholders of Fima Corporation Berhad

Dear Sir/Madam,

**ERRATA TO NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM  
(ANNUAL REPORT 2015)**

We wish to inform that an Ordinary Resolution in respect of the declaration of a final dividend was inadvertently omitted from the Notice of Annual General Meeting and Proxy Form in the Annual Report 2015.

A copy of the amended Notice of Annual General Meeting and Proxy Form are attached herewith for your attention.

Yours faithfully,  
**FIMA CORPORATION BERHAD**

**LEE MO LENG**  
Company Secretary

## **NOTICE OF ANNUAL GENERAL MEETING**

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**NOTICE IS HEREBY GIVEN** that the Fortieth (40<sup>th</sup>) Annual General Meeting ("AGM") of FIMA CORPORATION BERHAD will be held on Tuesday, 22 September 2015 at 10.30 a.m at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur for the following purposes: -

### **AS ORDINARY BUSINESS**

- |   |  |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 and the Reports of the Directors and Auditors thereon.  | <b>Please refer to Explanatory Note A</b>                        |
| 2. To declare a single-tier final dividend of 15.0% or 7.5 sen per share of RM0.50 sen in respect of the financial year ended 31 March 2015 as recommended by the Directors.  | <b>Ordinary Resolution 1</b>                                     |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 113 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-<br>(i) YBhg Dato' Adnan bin Shamsuddin<br><br>(ii) Encik Rezal Zain bin Abdul Rashid | <b>Ordinary Resolution 2</b><br><br><b>Ordinary Resolution 3</b> |
| (The profile of the above directors is set out on Page 8 and Page 9 of the Annual Report 2015.)   |  |
| 4. To approve the payment of Directors' fees.   | <b>Ordinary Resolution 4</b>                                     |
| 5. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration.   | <b>Ordinary Resolution 5</b>                                     |

### **AS SPECIAL BUSINESS**

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

- |  |                              |
|--|------------------------------|
| 6. <b>ORDINARY RESOLUTION</b><br><b>Proposed renewal of the authority for shares buy-back</b>  | <b>Ordinary Resolution 6</b> |
| "THAT subject to the Companies Act, 1965 (the Act), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorized to purchase such amount of ordinary shares in the Company's issued and paid-up share capital as may be determined by the Directors of the Company from time to time through the Bursa Securities subject further to the following : |                              |

- i. the number of ordinary shares in the Company ("Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company;
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profits, and share premium account, if any, of the Company. The audited retained profits of the Company as at 31 March 2015 amounted to RM51,149,000;
- iii. the authority conferred by this resolution will be effective immediately upon passing of this ordinary resolution and shall continue to be in force until :
  - (a) the conclusion of the next AGM of the Company following the general meeting in which the authorization is obtained, at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (c) 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 guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

- iv. upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorized to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares for re-sell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or for distribution as share dividends to the shareholders of the Company or retain part of the Shares so purchased as treasury shares and cancel all or part of them subsequently;

AND THAT the Directors of the Company be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize or to effect the purchase(s) or shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any), as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

7. **ORDINARY RESOLUTION**

**Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

**Ordinary Resolution 7**

"THAT pursuant to Paragraph 10.09 of the Bursa Securities Main Market Listing Requirements, a mandate be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, entered into or to be entered into by the Company and/or its subsidiaries provided that such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.5 Part A of the Circular to Shareholders dated 26 August 2015 AND THAT such approval conferred by the mandate shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time it shall lapse unless by ordinary resolution passed at general meeting, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient and necessary to give effect to the proposed mandate".

8. **ORDINARY RESOLUTION**

**Continuing in office as an Independent Non-Executive Director**

To retain the following Directors as Independent Non-Executive Directors of the Company:-

- (i) Encik Rezal Zain bin Abdul Rashid
- (ii) YBhg Dato' Adnan bin Shamsuddin
- (iii) YBhg Datuk Alias bin Ali

**Ordinary Resolution 8**

**Ordinary Resolution 9**

**Ordinary Resolution 10**

9. To transact any other ordinary business for which due notice has been given.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 15 September 2015. Only members whose names appear on the Record of Depositors as at 15 September 2015 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.

#### **NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS HEREBY GIVEN** that subject to the approval of the shareholders at the AGM to be held on 22 September 2015, a single-tier final dividend of 15.0% or 7.5 sen per share of RM0.50 sen for the financial year ended 31 March 2015 will be paid on 9 October 2015 to depositors whose names appear in the Record of Depositors on 25 September 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 25 September 2015 in respect of transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**LEE MO LENG** (MIA 9505)

**MOHD YUSOF BIN PANDAK YATIM** (MIA 4110)

Secretaries

Kuala Lumpur

26 August 2015

#### **NOTE**

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the Meeting.

#### **EXPLANATORY NOTE A**

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, the Audited Financial Statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

## **EXPLANATORY NOTE ON SPECIAL BUSINESS**

### **Ordinary Resolution 6**

#### **Proposed Renewal of the Authority for Shares Buy-Back**

The proposed Ordinary Resolution 6, if passed, will empower the Directors to purchase the Company's shares up to ten per cent (10%) of the issued and paid-up share capital of Company by utilising the funds allocated out of the total retained profits and the share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Based on the Company's audited financial statements for the year ended 31 March 2015, the Company's retained earnings stood at RM51,149,000.

### **Ordinary Resolution 7**

#### **Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Ordinary Resolution 7, 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.

The details of the proposal are set out in the Circular to Shareholders dated 26 August 2015 which is circulated together with the Annual Report.

### **Ordinary Resolutions 8 to 10**

#### **Continuing in office as an Independent Non-Executive Director**

The Board of Directors of the Company, after having assessed the independence of Encik Rezal Zain bin Abdul Rashid, YBhg Dato' Adnan bin Shamsuddin and YBhg Datuk Alias bin Ali, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, recommends to retain them as Independent Non-Executive Directors of the Company based on the following justifications:

- a) Have fulfilled the criteria as an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore are able to bring independent and objective judgment 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 judgment, to the Board;
- d) Have contributed sufficient time and effort and attended all the Committees and Board Meetings for an informed and balanced decision making;
- e) Have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional and fiduciary duties in the interest of the Company and shareholders; and
- f) Having been with the Company for more than 9 years and are familiar with the Group's business operations, have contributed actively and effectively during deliberations or discussions at Committees and Board meetings.

# PROXY FORM



I / We, \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a Member / Members of Fima Corporation Berhad, do hereby appoint

\_\_\_\_\_ (Full Name in Capital Letters)

of \_\_\_\_\_ (Full Address)

or failing him \_\_\_\_\_ (Full Name in Capital Letters)

of \_\_\_\_\_ (Full Address)

as my/our proxy to vote for me/us\* and on my/our\* behalf at the Fortieth (40<sup>th</sup>) Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 22 September 2015 at 10.30 a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions: -

No.	Resolutions	For	Against
Ordinary Resolution 1	To declare a single-tier final dividend of 15.0% or 7.5 sen per share of RM0.50 sen in respect of the financial year ended 31 March 2015 as recommended by the Directors.		
Ordinary Resolution 2	To re-elect YBhg Dato' Adnan bin Shamsuddin pursuant to Article 113 of the Company's Articles of Association.		
Ordinary Resolution 3	To re-elect Encik Rezal Zain bin Abdul Rashid pursuant to Article 113 of the Company's Articles of Association.		
Ordinary Resolution 4	To approve the payment of Directors' fees.		
Ordinary Resolution 5	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>AS SPECIAL BUSINESS</b>			
Ordinary Resolution 6	Proposed renewal of the authority for shares buy-back.		
Ordinary Resolution 7	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
Ordinary Resolution 8	To retain Encik Rezal Zain bin Abdul Rashid as Independent Non-Executive Director of the Company.		
Ordinary Resolution 9	To retain YBhg Dato' Adnan bin Shamsuddin as Independent Non-Executive Director of the Company.		
Ordinary Resolution 10	To retain YBhg Datuk Alias bin Ali as Independent Non-Executive Director of the Company.		

Please indicate with a tick ( / ) whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this      day of                      2015

No. of shares held

.....  
Signature / Seal

**Notes:**

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a Member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company, not less than forty eight (48) hours before the time of holding the Meeting or any adjournment thereof.
4. Only members whose names appear on the Record of Depositors as at 15 September 2015 shall be entitled to attend the Annual General meeting or appoint proxy(ies) to attend and vote on their behalf.

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Postage  
Stamp

**FIMA CORPORATION BERHAD**

(Company No: 21185-P)

Suite 4.1, Level 4  
Block C, Plaza Damansara  
45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur

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# 2015 ANNUAL REPORT



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

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fortieth (40<sup>th</sup>) Annual General Meeting (“AGM”) of FIMA CORPORATION BERHAD will be held on Tuesday, 22 September 2015 at 10.30 a.m at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur for the following purposes: -

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 and the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note A**
2. To re-elect the following Directors who retire by rotation pursuant to Article 113 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-
  - (i) YBhg Dato' Adnan bin Shamsuddin **Ordinary Resolution 1**
  - (ii) Encik Rezal Zain bin Abdul Rashid **Ordinary Resolution 2**

(The profile of the above directors is set out on Page 8 and Page 9 of the Annual Report 2015.)
3. To approve the payment of Directors' fees. **Ordinary Resolution 3**
4. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 4**

## AS SPECIAL BUSINESS

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

5. **ORDINARY RESOLUTION**  
**Proposed renewal of the authority for shares buy-back** **Ordinary Resolution 5**

“THAT subject to the Companies Act, 1965 (the Act), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, the Directors of the Company be and are hereby authorized to purchase such amount of ordinary shares in the Company's issued and paid-up share capital as may be determined by the Directors of the Company from time to time through the Bursa Securities subject further to the following :

  - i. the number of ordinary shares in the Company (“Shares”) which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company;

## NOTICE OF ANNUAL GENERAL MEETING (contd.)

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profits, and share premium account, if any, of the Company. The audited retained profits of the Company as at 31 March 2015 amounted to RM51,149,000;

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

(a) the conclusion of the next AGM of the Company following the general meeting in which the authorization is obtained, at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) 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 guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

iv. upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorized to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares for re-sell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or for distribution as share dividends to the shareholders of the Company or retain part of the Shares so purchased as treasury shares and cancel all or part of them subsequently;

AND THAT the Directors of the Company be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize or to effect the purchase(s) or shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any), as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING (contd.)

### 6. ORDINARY RESOLUTION

#### Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature

Ordinary  
Resolution 6

"THAT pursuant to Paragraph 10.09 of the Bursa Securities Main Market Listing Requirements, a mandate be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, entered into or to be entered into by the Company and/or its subsidiaries provided that such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.5 Part A of the Circular to Shareholders dated 26 August 2015 AND THAT such approval conferred by the mandate shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time it shall lapse unless by ordinary resolution passed at general meeting, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient and necessary to give effect to the proposed mandate".

### 7. ORDINARY RESOLUTION

#### Continuing in office as an Independent Non-Executive Director

To retain the following Directors as Independent Non-Executive Directors of the Company:-

- (i) Encik Rezal Zain bin Abdul Rashid

Ordinary  
Resolution 7

- (ii) YBhg Dato' Adnan bin Shamsuddin

Ordinary  
Resolution 8

- (iii) YBhg Datuk Alias bin Ali

Ordinary  
Resolution 9

- 8. To transact any other ordinary business for which due notice has been given.

## NOTICE OF ANNUAL GENERAL MEETING (contd.)

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 15 September 2015. Only members whose names appear on the Record of Depositors as at 15 September 2015 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN** that subject to the approval of the shareholders at the AGM to be held on 22 September 2015, a single-tier final dividend of 15.0% or 7.5 sen per share of RM0.50 sen for the financial year ended 31 March 2015 will be paid on 9 October 2015 to depositors whose names appear in the Record of Depositors on 25 September 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 25 September 2015 in respect of transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**LEE MO LENG** (MIA 9505)

**MOHD YUSOF BIN PANDAK YATIM** (MIA 4110)

Secretaries

Kuala Lumpur

26 August 2015

### NOTE

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the Meeting.

### EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, the Audited Financial Statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.



# NOTICE OF ANNUAL GENERAL MEETING (contd.)

## EXPLANATORY NOTE ON SPECIAL BUSINESS

### **Ordinary Resolution 5 Proposed Renewal of the Authority for Shares Buy-Back**

The proposed Ordinary Resolution 5, if passed, will empower the Directors to purchase the Company's shares up to ten per cent (10%) of the issued and paid-up share capital of Company by utilising the funds allocated out of the total retained profits and the share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Based on the Company's audited financial statements for the year ended 31 March 2015, the Company's retained earnings stood at RM51,149,000.

### **Ordinary Resolution 6 Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Ordinary Resolution 6, 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.

The details of the proposal are set out in the Circular to Shareholders dated 26 August 2015 which is circulated together with the Annual Report.

### **Ordinary Resolutions 7 to 9 Continuing in office as an Independent Non-Executive Director**

The Board of Directors of the Company, after having assessed the independence of Encik Rezal Zain bin Abdul Rashid, YBhg Dato' Adnan bin Shamsuddin and YBhg Datuk Alias bin Ali, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, recommends to retain them as Independent Non-Executive Directors of the Company based on the following justifications:

- a) Have fulfilled the criteria as an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore are able to bring independent and objective judgment 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 judgment, to the Board;
- d) Have contributed sufficient time and effort and attended all the Committees and Board Meetings for an informed and balanced decision making;
- e) Have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional and fiduciary duties in the interest of the Company and shareholders; and
- f) Having been with the Company for more than 9 years and are familiar with the Group's business operations, have contributed actively and effectively during deliberations or discussions at Committees and Board meetings.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## 1. Directors who are standing for re-election at the Fortieth (40<sup>th</sup>) Annual General Meeting of Fima Corporation Berhad are :-

- (i) Retiring under Article 113 of the Company's Articles of Association  
*YBhg Dato' Adnan bin Shamsuddin* (Resolution 1)
- (ii) Retiring under Article 113 of the Company's Articles of Association  
*Encik Rezal Zain bin Abdul Rashid* (Resolution 2)

## 2. Details of Directors who are standing for re-election are set out under the Directors' Profile Section of this Annual Report.

## 3. Details of Attendance of Directors at Board meetings

Total of five (5) meetings were held during the financial year ended 31 March 2015. The details of attendance of each Director at the Board Meetings held during the financial year are set out below.

Name of Directors	Number of Board Meetings	
	Held	Attended
Roslan bin Hamir	5	5
Dato' Adnan bin Shamsuddin	5	5
Rezal Zain bin Abdul Rashid	5	5
Datuk Alias bin Ali	5	5
Dr. Roshayati binti Basir	5	5

## 4. Details of place, date and time of Board Meetings

Five (5) Board Meetings were held during the financial year ended 31 March 2015 as follows:-

Venue	Date	Time
Boardroom Kumpulan Fima Berhad Suite 4.1, Level 4.1 Block C, Plaza Damansara 45, Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur	22 May 2014	11.45 a.m.
	26 June 2014	4.30 p.m.
	21 August 2014	11.55 a.m.
	20 November 2014	4.00 p.m.
	24 February 2015	4.30 p.m.



# CORPORATE INFORMATION

<b>Board of Directors</b>	Dato' Adnan bin Shamsuddin Roslan bin Hamir Rezal Zain bin Abdul Rashid Datuk Alias bin Ali Dr. Roshayati binti Basir	<i>Chairman</i> <i>Managing Director</i> <i>Senior Independent Non-Executive Director</i> <i>Independent Non-Executive Director</i> <i>Non-Independent Non-Executive Director</i>
<b>Audit Committee</b>	Rezal Zain bin Abdul Rashid Dato' Adnan bin Shamsuddin Datuk Alias bin Ali	<i>Chairman/Senior Independent Non-Executive Director</i> <i>Independent Non-Executive Director</i> <i>Independent Non-Executive Director</i>
<b>Remuneration &amp; Nominations Committee</b>	Datuk Alias bin Ali Rezal Zain bin Abdul Rashid Dato' Adnan bin Shamsuddin	<i>Chairman/Independent Non-Executive Director</i> <i>Senior Independent Non-Executive Director</i> <i>Independent Non-Executive Director</i>
<b>Company Secretaries</b>	Lee Mo Leng (MIA 9505) Mohd Yusof bin Pandak Yatim (MIA 4110)	
<b>Auditors</b>	Hanafiah Raslan & Mohamad Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur	
<b>Share Registrar</b>	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Tel : (603) 7841 8000 Fax: (603) 7841 8008	
<b>Registered Office</b>	Suite 4.1, Level 4 Block C, Plaza Damansara 45, Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel : (603) 2092 1211 Fax: (603) 2094 5996	
<b>Website</b>	<a href="http://www.fimacorp.com">http://www.fimacorp.com</a>	
<b>Principal Bankers</b>	Malayan Banking Berhad Public Bank Berhad	
<b>Stock Exchange Listing</b>	Main Market of Bursa Malaysia Securities Berhad Stock Name : FIMACOR Stock Code : 3107 Sector : Industrial Products	

## PROFILE OF DIRECTORS

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### **DATO' ADNAN BIN SHAMSUDDIN**

**(68 years of age, Malaysian)**

**Chairman**

**Independent Non-Executive Director**

**B.A (Hons) Second Class Upper in Economics (University of Malaya)**

**M.A Economics (University of Southern California)**

On 20 May 2003, he was appointed as Director and member of the Audit Committee, Remuneration Committee and Nomination Committee. On 24 February 2010, he was appointed Chairman of the Company.

He began his career by joining the Administrative and Diplomatic Service, of the Government of Malaysia in 1971 and was appointed as Assistant Secretary, Ministry of Transport. After four years at the Ministry of Transport, he was awarded a scholarship to pursue post graduate studies in United States.

He returned to Malaysia in 1977 and was posted as Director of Air Transport in the Department of Civil Aviation and in 1983, promoted to the post of Deputy Director General of Civil Aviation. When the airport was corporatized in 1992, he opted to join Malaysia Airports Holdings Berhad and served as Executive Director until he retired in 2003. Presently, he is the Chairman of Percetakan Keselamatan Nasional Sdn Bhd, a wholly-owned subsidiary of Fima Corporation Berhad and a Board member of Nationwide Express Courier Services Berhad.

He had attended all five (5) board meetings held in the financial year.

### **ROSLAN BIN HAMIR**

**(48 years of age, Malaysian)**

**Managing Director**

**ACCA graduate with a Bachelor of Arts (Honours) in Accounting and Finance.**

He was appointed to the Board on 8 December 1998. In May 1999, he was made Executive Director and redesignated as Managing Director.

He was previously with Ernst & Young Consultants Sdn Bhd as an auditor as well as management consultant from 1993 till 1998 when he joined Kumpulan Fima Berhad as Senior Vice President, Corporate Services. He is presently the Group Managing Director of Kumpulan Fima Berhad, a company listed on Bursa Malaysia Securities Berhad and the Non-Executive Chairman of Narborough Plantation Plc, a company listed on London Stock Exchange.

He had attended all five (5) board meetings held in the financial year.

## PROFILE OF DIRECTORS (contd.)

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### REZAL ZAIN BIN ABDUL RASHID

(48 years of age, Malaysian)

**Senior Independent Non-Executive Director**

**Accountancy degree (University of Canberra, Australia)**

He joined the Board on 25 June 2002 and serves as the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He was appointed Senior Independent Non-Executive Director on 21 February 2012.

He is a Chartered Public Accountant with ASCPA and also a Public Accountant with the Malaysian Institute of Accountants. He was previously with KPMG Desa Megat & Co as a senior auditor and after 4 years of auditing, he was transferred to Peat Marwick Consultants. He subsequently joined the Corporate Finance Department of Arab Malaysia Merchant Bank, specializing in Mergers and Acquisitions.

In 1996, he joined TDM Berhad as the Manager of Corporate & Business Development and was appointed as the Chief Operating Officer in 1999. In July 2000, he left TDM Berhad, pursuant to a management-buy-out of one of its subsidiaries. He is presently a Board member, Audit Committee chairman and a member of the Remuneration and Nomination Committees of YFG Berhad and Matrix Concepts Holding Berhad.

He had attended all five (5) board meetings held in the financial year.

### DATUK ALIAS BIN ALI

(67 years of age, Malaysian)

**Independent Non-Executive Director**

**Bachelor of Economics (Hons) (University of Malaya)**

**Master in Business Management (Asian Institute of Management, Manila, Philippines)**

**London Executive Program (LBS)**

**Diploma in Homeopathic Medicine (PPHM)**

He was appointed to the Board on 26 August 2004 and serves as the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

He began his career in 1970 with the Prime Minister's Department. During the 34 years of service with the Government, he held various senior positions in several Ministries. In 1995, he was appointed Deputy Secretary General (Cabinet) of the Prime Minister's Department and in 2000, he was appointed Secretary General of the Ministry of Health until his retirement in March 2004. He is currently a Board member of Duopharma Biotech Berhad and Melati Ehsan Holdings Berhad.

He had attended all five (5) board meetings held in the financial year.

## PROFILE OF DIRECTORS (contd.)

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### **DR. ROSHAYATI BINTI BASIR**

**(51 years of age, Malaysian)**

***Non-Independent Non-Executive Director***

***MBBS (Mal) (University of Malaya)***

***Master in Med. Radiology (Universiti Kebangsaan Malaysia)***

A doctor by profession, she was appointed to the Board on 23 November 2009. She did her Internship with Hospital Kuala Lumpur in 1989. She then served as Medical Officer (Surgery) with Universiti Kebangsaan Malaysia in 1990 and later in 1992 as Trainee Radiologist. In 1996, she joined Hospital Kuala Lumpur as a Radiologist. Currently, she is the Consultant Radiologist with Sunway Medical Centre and is a member of the Academy of Medicine (Malaysia). She is also a Board member of Nationwide Express Courier Services Berhad.

She had attended all five (5) board meetings held in the financial year.

#### **Note :**

- i) *Save as herein disclosed, none of the other Directors has any family relationship with each other and/or major shareholders of the Company.*
- ii) *Save for that disclosed in the section on related party transactions, the Directors have no conflict of interest with the Company.*
- iii) *None of the Directors has been convicted of any offences within the past ten (10) years.*

# CHAIRMAN'S STATEMENT

Dear Shareholders,

*On behalf of the Board of Directors of Fima Corporation Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of our Company and Group for the financial year ended 31 March 2015.*

## FINANCIAL REVIEW

For the financial year ended 31 March 2015, the Group's revenue for the year rose to RM378.0 million, an improvement of RM29.6 million or 8.5% compared to previous year. A lower profit before tax ("PBT") of RM87.8 million was posted, a shortfall of 13.3% against RM101.2 million recorded last year.

## OPERATIONS REVIEW

### Printing and Trading of Security and Confidential Documents



*Goss printing machine*

The production and trading of security and confidential documents contributed 71% of the Group's total revenue for the year under review.

Revenue from this division rose by 10.4% to RM266.8 million from RM241.6 million in the previous financial year, mainly attributable to improved sales volume following the launch of a new product in mid-2013.

Due to less favourable sales mix and higher operating cost, PBT decreased by RM12.9 million or 20.3% to RM50.5 million from RM63.4 million recorded last year.



*Kugler Womako Finishing Line*



# CHAIRMAN'S STATEMENT (contd.)

## Plantation Division



FFB Collection

Our Plantation Division in Indonesia, PT Nunukan Jaya Lestari ("PT NJL") achieved 4.2% increase in revenue from RM102.8 million registered in the previous year to RM107.1 million, attributable to higher sales of crude palm oil ("CPO").

During the year, fresh fruit bunches ("FFB") produced fell from 150,703 mt in the previous year to 149,701 mt with a yield of 23.37 mt per mature ha whilst purchase of FFB from third party increased to 60,677 mt from the previous year of 49,144 mt.

On the back of improved revenue, PBT improved to RM37.3 million, an increase of 17.9% from the previous year.

Production of CPO and CPKO during the year under review was 47,649 mt (2014: 45,350 mt) and 1,191 mt (2014: 2,396 mt) respectively. The average oil extraction rate achieved marginally increased to 22.71% from 22.66% in the previous year.



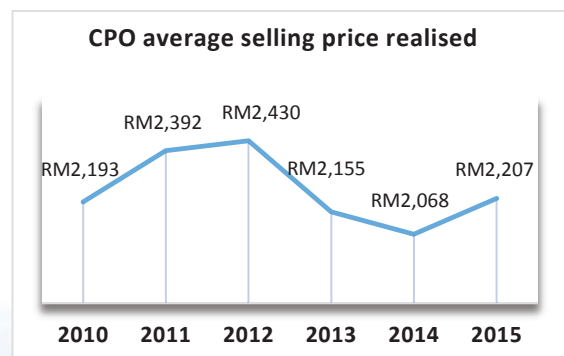
CPO tanks in PT NJL

During the year, the CPO average CIF selling price realised was RM2,207 per mt compared to RM2,068 per mt in the previous year.

Meanwhile, planting activities on the Group's estate in Kemaman, Terengganu have progressed as planned. As at 31 March 2015, approximately 380 had been cleared for new planting.



Bird view of PT NJL Mill



# CHAIRMAN’S STATEMENT (contd.)

## Property Management



*Plaza Damansara Building*

Office rental rates had remained stable due to high supply and low demand for office space.

For the year 2015, the occupancy rate of our building in Plaza Damansara increased by 4.2% to 77.6% whilst the factory premise in Bangi remained fully occupied.

## COPORATE DEVELOPMENT

I am pleased to report that during the financial year, the Group completed the acquisition of two subsidiaries, namely Gabungan Warisan Sdn Bhd (“GWSB”) and Next Oasis Sdn Bhd (“Next Oasis”).

On 17 October 2014, the Company completed the acquisition of the entire equity interest of GWSB. GWSB has been granted a parcel of leasehold land measuring approximately 249.8 ha situated in Kuala Krai, Kelantan. (“Ladang Dabong”).

Land development of Ladang Dabong is expected to commence in 2nd half of 2015 and the new planting programme will take off at the beginning of following financial year.



*Ladang Dabong, Jajahan Kuala Krai*

On 17 March 2015, subsidiary FCB Plantation Holdings Sdn Bhd completed the acquisition of two parcels of leasehold land measuring 404.6 ha situated in Gua Musang, Kelantan via the acquisition of 89% of equity interest in Next Oasis.

These acquisitions augur well with the Group’s strategy to expand its plantation land bank and hence, providing a broader earning base for the Group.



*PT NJL Composting Plant*



## CHAIRMAN'S STATEMENT (contd.)

### FUTURE OUTLOOK

The year 2014 was challenging for most businesses in Malaysia due to the depreciating Ringgit and declining commodity prices during the 2<sup>nd</sup> half of the year. Despite these challenges, the Group continued to perform well.

The Malaysia economy is projected to remain on a steady growth path of 4.5% to 5.5% in 2015. Domestic demand will continue to be the pillar of the economic growth anchored by private sector spending.



*PKN Business Plan Session*

Despite the change in the market trend for high technology security solutions, demand for security and confidential documents remains strong.

Faced with the challenges of strong competition and pressure on sales margin, the printing and trading of security and confidential division continues to focus on its long-term strategy to enhance its products and services whilst strengthening its strategic alliance with partners. The division will continue to develop new products and solutions to complement its core products, which is the key in maintaining its market competitiveness.

Meanwhile, the Plantation Division is expected to maintain high FFB production in the coming years as more planted areas are into their prime age.

The Group will continue its efforts to administer the business operational costs and enhance its operational efficiencies.



*FFB ramp at PT NJL*

### DIVIDEND

The Board of Directors is pleased to recommend for shareholders' approval a final dividend of 15% or 7.5 sen per RM0.50 share for the year ended 31 March 2015. An interim dividend of 10% or 5.0 sen per RM0.50 share was paid on 24 December 2014. Total dividend for the financial year under review is 25% or 12.5 sen per RM0.50 share. (2014: 35% or 35.0 sen per RM1.00 share).

On 10 October 2014, ordinary shares of RM1.00 each was subdivided into two ordinary shares of RM0.50 each and one bonus share was credited for every two subdivided shares.



## **CHAIRMAN'S STATEMENT (contd.)**

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### **APPRECIATION**

On behalf of the Board of Directors, I would like to thank our customers, business associates, Government authorities and other stakeholders for their continuous support and confidence in us, all of which is vital towards to the Group's achievements to date.

I would also wish to extend my special thanks to my fellow Board members for their contributions and guidance. Last but not least, I would like to convey my utmost appreciation to the management and staff for their dedication and support to the Group.

**DATO' ADNAN BIN SHAMSUDDIN**

Chairman

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is committed to establishing and maintaining a high standard of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Group of companies. This statement illustrates the extent of which the Board has embodied the spirit and principles of the Malaysian Code on Corporate Governance (“The Code”). Unless otherwise stated below, the Company is in compliance with the requirements of the Code.

The following paragraphs set out the Company’s application of the stated principles and best practices of the Malaysian code on Corporate Governance.

## BOARD OF DIRECTORS

### A. Roles and Responsibilities

The Board of Directors assumes responsibilities in corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. It meets regularly to set the Group’s overall strategic direction, to review the financial and operational performance and to provide oversight to ensure that the Group is effectively controlled and resourced. In summary, matters requiring Board approval include:

- annual financial statements and quarterly financial results;
- the Company’s strategic and operating plans;
- annual budget;
- appointment to the Board;
- dividend recommendation;
- major capital expenditure, restructuring, acquisitions and disposals of significant assets and investment proposals;
- the overall system of internal control and risk management; and
- related party transactions.

The roles and responsibilities of the Board are formalized in a Board Charter which is available in the Investor Relations section of the Company’s website at [www.fimacorp.com](http://www.fimacorp.com).

### B. Composition and Board Balance

At the date of this statement, the Board consists of five (5) members, comprising four (4) Non-Executive Directors (three of whom are independent) and one (1) Managing Director. The composition of the Board, not only reflects the broad range of experience, skills and knowledge required to properly direct and supervise the Group’s business activities, but also the importance of independence in decision-making at the Board level.

There is a distinct and clear division of responsibility between the Chairman and the Managing Director to ensure a strict balance of power and authority. The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The Managing Director, assisted by senior management, is responsible for leading and managing the Group’s businesses within the authorities delegated by the Board and the implementation of Board strategy and policy. The Managing Director, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

## STATEMENT OF CORPORATE GOVERNANCE (contd.)

The Non-Executive Directors support the skills and experiences of the Managing Director, contributing to the formulation of policy and decision-making through their knowledge and experience of other business and sectors. The Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with exercise of their independent judgement. Together they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into account the long term interest of the shareholders, employees, customers, and the many communities in which the Group conducts its business.

Encik Rezal Zain bin Abdul Rashid is the Company's Senior Independent Director, to whom any concerns pertaining to the Company may be conveyed. He is also responsible to receive reports from employees or third parties for the purpose of whistleblowing in accordance with the Group's Whistleblowing Policy.

In accordance with the Company's Articles of Association, all Directors are subjected to election by the shareholders at the Annual General Meeting ("AGM") subsequent to their appointment. At least one third of the remaining Directors are subject to re-election by rotation at each AGM.

The Company's Chairman and Senior Independent Director are also currently a board member of several subsidiaries of the Group.

### C. Independence of Directors

Each of the three (3) Independent Non-Executive Directors has provided written declaration to the Nomination Committee and the Board confirming that they continue to fulfil the criteria of independence as set out in the Bursa Malaysia Main Market Listing Requirements.

The Board acknowledges the Code's recommendation that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Board does not consider that independence can be assessed with reference to a set period of time. Rather, regard must be given on their capacity to act in accordance with their fiduciary duties and whether there exist any relationships or interests which could materially interfere with the exercise of their independent judgement.

In the circumstances, the Nomination Committee and the Board, through the annual assessment carried out have concluded that the Company's three (3) Independent Non-Executive Directors i.e. Encik Rezal Zain bin Abdul Rashid, YBhg Dato' Adnan bin Shamsuddin and YBhg Datuk Alias bin Ali ("Independent Non-Executive Directors") who have served on the Board for a cumulative term of more than 9 years, remain independent in character and judgment and that they are each free from any business or other relationships which could materially impair the exercise of their independent judgement. The Company has diverse operations that have grown over time and, in the Board's view, derives the benefits from having long serving Directors with detailed knowledge of the history and experience of the operations.

The Board will table a proposal to retain the Independent Non-Executive Directors as Independent Directors for shareholders' approval at the forthcoming Annual General Meeting of the Company. Justifications on the continuation of the three (3) Independent Non-Executive Directors as independent directors are provided in the notice of meeting.

Generally and in any event, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where a material conflict exists, the Director concerned declares his or her interest in those dealings to the Board and takes no part in decisions or discussions relating to them.

## STATEMENT OF CORPORATE GOVERNANCE (contd.)

### D. Board Meetings

Board meetings are scheduled in advance before the beginning of the new calendar year in order to facilitate the Board attendance at the Board meetings. The Board meets at least 4 times a year and has a formal schedule of matters reserved to it. Additional meetings are convened whenever necessary to consider urgent proposals or matters that require the Board's expeditious review and decision. Decisions can also be taken by way of Directors' Circular Resolutions between the scheduled meetings, where appropriate.

Whenever necessary, senior management are also invited to join in Board and Board Committee meetings to provide explanation or engage in dialogue with Board members on agenda items being discussed in order for the Board and/or Board Committees to make an informed decision. All issues raised, deliberations and decisions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board meetings.

During the financial under review, five (5) meetings were held and all Directors complied with the requirement of at least 50% attendance as prescribed in the Main Market Listing Requirements. The details of attendance of each Director at the Board and Board Committees meetings held during the financial year under review are reflected as follows:

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee
Roslan bin Hamir	5 out of 5	N/A	N/A	N/A
Dato' Adnan bin Shamsuddin	5 out of 5	5 out of 5	1 out 1	1 out 1
Rezal Zain bin Abdul Rashid	5 out of 5	5 out of 5	1 out 1	1 out 1
Datuk Alias bin Ali	5 out of 5	5 out of 5	1 out 1	1 out 1
Dr. Roshayati binti Basir	5 out of 5	N/A	N/A	N/A

The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as members of the Board.

### E. Board Performance Evaluation

During the year, an evaluation to assess the performance of the Board as a whole and its committees was conducted with the aim of improving the effectiveness of the Board and its members. This year's review took place in the final quarter of the financial year and was led by the Chairman of the Nomination Committee, who in turn provided feedback to the Board.

The evaluation process is conducted by way of a detailed questionnaire completed by each of the directors and committee members covering the following key areas:

- A. Board structure and operations.
- B. Adding value.
- C. Performance management.
- D. Conformance and compliance.
- E. Stakeholder relationship.
- F. Board committees.

## STATEMENT OF CORPORATE GOVERNANCE (contd.)

The results of the evaluations are then discussed and reviewed by the Nomination Committee and together with any recommendations, are presented to the Board.

The evaluation was designed to be forward looking, assessing inter alia, the quality or the Board's structure, dynamics and succession planning. The results of the evaluation have determined that overall, the Board continues to be functioning effectively with proper commitment to their respective roles, including of time. The Board Committees were also judged to be functioning efficiently and effectively. In addition, the evaluation had identified the strengths of the Board and its Committees and highlighted areas for the Board to work on in order to prepare for future challenges.

The Board, on the recommendation of the Nomination Committee, is also satisfied with the level of independence of each of the Company's Independent Non-Executive Directors and their ability to act in the best interests of the Company.

### F. Access to Information and Independent Advice

In advance of each Board meeting, the members of the Board are each provided a full set of board papers for each agenda item which include the comprehensive reviews and analysis of major operational, financial, technical, legal and regulatory issues, reports of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval, performance reports of the Group's business developments and updates and on other matters of discussion and/or approval.

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company in furtherance of their duties and in the event that circumstances warrant the same. The Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Board is, from time to time, updated on the relevant amendments to the Main Market Listing Requirements as well as changes in the law, governance and other regulatory requirements.

The Directors have full and unrestricted access to Management and, in addition to the presentations made by Management to Board and/or Board Committee meetings, to any information relating to the Group's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of any technical issues tabled to the Board. This helps to foster an open and regular exchange of knowledge and experience.

### G. Board Charter

The Board Charter sets out the roles and responsibilities of the Board in accordance with the principles outlined in the Code and ensures that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings. The Board Charter also provides references for Directors in relation to the Board's role, powers, duties and functions. It also outlines the Board's rights to establish committees to assist in the discharge of its duties and its meetings' requirements.

A copy of the Board Charter is available in the Investor Relations section of the Company's website at [www.fimacorp.com](http://www.fimacorp.com).



## STATEMENT OF CORPORATE GOVERNANCE (contd.)

### H. Board Committees

The Board has established three (3) Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, the primary functions of which are to assist the Board in overseeing the affairs of the Group and these Committees have been entrusted with specific responsibilities and authority. The Board Committees are authorized to examine specific issues and report to the Board with their recommendations. The responsibility of making decisions on all matters ultimately lies with the Board as a whole.

The authority and the functions of these Board Committees are clearly defined in their respective terms of reference, which are available on the Company's website at [www.fimacorp.com](http://www.fimacorp.com).

#### i) Audit Committee

The Board is also assisted by the Audit Committee whose members and activities for the year under review are presented in the Audit Committee Report in this Annual Report. The terms of reference of the Audit Committee are available on the Company's website at [www.fimacorp.com](http://www.fimacorp.com).

The Risk Management Committee ("RMC") has been established as a sub-committee of the Audit Committee to support the Audit Committee in providing oversight, direction and counsel to the Group's risk management process. The RMC is headed by the Senior Independent Non-Executive Director and supported by a Risk Management Unit, comprising of senior management and headed by the Managing Director. The RMC is not authorized to implement its recommendations on behalf of the Audit Committee but shall make the relevant recommendations to the Audit Committee for its consideration and implementation.

#### ii) Nomination Committee

The Nomination Committee was established on 28 August 2001 and the members of the Committee are:

*Datuk Alias bin Ali (Chairman)*  
*Rezal Zain bin Abdul Rashid*  
*Dato' Adnan bin Shamsuddin*

The Nomination has been entrusted with the following duties and/or responsibilities:

- Review contribution of individual Directors and effectiveness of the Board as a whole with its mix of skills and experience and other qualities, including core competencies which Non- Executive Director shall bring to the Board;
- Make recommendations to the Board on candidates for directorship on the Board of the Company and its Group;
- Recommend suitable orientation, educational and training programmes to continuously train and equip both existing and new Directors; and
- Examine the size of the Board to determine its effectiveness.

## STATEMENT OF CORPORATE GOVERNANCE (contd.)

During the financial year, the Nomination Committee reviewed and made recommendations to the Board on the following matters:

- The current size and composition of the Board of Directors;
- The annual evaluation of the Board's effectiveness and performance covering the assessment of the Board as a whole, each Board Committee and independence of the Independent Directors; and
- The tenure of the Independent Directors who have been with the Company for more than nine (9) years, whereupon the Committee has put forward their recommendation to the Board to seek shareholders' approval to retain the independent status of the Company's Independent Directors.

The Nomination Committee meets as and when necessary and can also make decisions by way of circular resolutions.

### iii) Remuneration Committee

The Remuneration Committee was formed on 28 August 2001 and the members of the Committee are:

*Datuk Alias bin Ali (Chairman)*  
*Rezal Zain bin Abdul Rashid*  
*Dato' Adnan bin Shamsuddin*

The Committee will be responsible for setting the policy framework and making recommendations to the Board on remuneration packages and benefits extended to the Managing Director.

The Remuneration Committee shall have the authority to carry out the following:

- Make recommendations to the Board on the remuneration framework for the Managing Director and determine the remuneration arrangements for the Managing Director;
- Recommend to the Board changes in remuneration, if required or in the event the present structure and remuneration policy are deemed inappropriate;
- Review and recommend to the Board regarding any proposed new employees' share option scheme and/or amendments to the existing scheme; and
- Remuneration of the Non-Executive Directors shall be determined by the Board collectively, where individuals concerned shall abstain from discussion of their own remuneration.

For the current financial year, the remuneration package for the Managing Director was approved by the full Board with the Director affected not involved in the approval of his own package. Fees payable to Non-Executive Directors is determined by the Board with the approval from the shareholders at the AGM.

### iv) Management of Business Operations

A Heads of Divisions ("HOD") has been established to assist in the running of the business of the Group. The HOD, under the chairmanship of the Managing Director, deliberates on the performance and conduct of the Group's operating units, implementation of Group policies and examining all strategic matters affecting the Group.

## STATEMENT OF CORPORATE GOVERNANCE (contd.)

### I. Directors' Training

The Directors continually attend relevant training programmes and seminars to keep abreast with the various issues facing the changing business environment within which the Group operates and further enhance their professionalism in discharging their fiduciary duties to the Company.

Details of training attended by Directors during the year are as follows:-

Director	Training attended	Date
Roslan bin Hamir	1. GST Updates and Overview by Messrs. KPMG	21/04/2014
	2. Family Business Succession by Labuan International Business and Finance Centre	11/11/2014
	3. Practical Guide to Related Party Transactions organized by Epsilon Advisory Services	04/02/2015
Dato' Adnan bin Shamsuddin	1. GST Updates and Overview by Messrs. KPMG	21/04/2014
	2. Board Chairman Series: The Role of the Chairman organized by Iclif Leadership and Governance Centre Risk Management	24/06/2014
	3. Nominating Committee Programme 2: Effective Board Evaluation organized by Iclif Leadership and Governance Centre	18/08/2014
Rezal Zain bin Abdul Rashid	1. GST Updates and Overview by Messrs. KPMG	21/04/2014
	2. Enterprise Risk Management and Directors and Officers Insurance organized by Boardroom Limited	05/09/2014
	3. MIA International Accountant Conference	4 -5/11/2014
Datuk Alias bin Ali	1. Corporate Integrity organized by CCM	02/04/2014
	2. GST Updates and Overview by Messrs. KPMG	21/04/2014
	3. Risk Management & Internal Control Workshop for Audit Committee Members organized by CG Board Asia Pacific Sdn Bhd	13/10/2014
	4. GST training by BDO	20/11/2014
	5. Tax Information for Directors & Asia Pacific Biologics Market Overview organized by CCM	20/01/2015
Dr. Roshayati binti Basir	1. GST Updates and Overview by Messrs. KPMG	21/04/2014
	2. MICG Annual Director Duties, Governance and Regulatory Updates Seminar 2014	22/04/2014
	3. Directors Breakfast Series "Great companies deserve great boards" organized by Bursa Malaysia	10/10/2014



## STATEMENT OF CORPORATE GOVERNANCE (contd.)

### J. Re-election of Directors

In accordance with the Articles of Association of the Company, at least one-third of the Directors are required to retire from office at least once in every three (3) years at each Annual General Meeting but shall be eligible for re-election.

The profiles of the Directors, who are due for re-election in accordance with Section 114 of the Company's Articles of Association are set out in the Profile of Directors section of this Annual Report.

### DIRECTORS' REMUNERATION

The breakdown of the remuneration of the Directors of the Group during the financial year ended 31 March 2015 is as follows:

	Executive RM'000	Non-Executive RM'000	Total RM'000
Fees	-	290	290
Salaries and Other Emoluments	712	86	798
Bonus	353	-	353
Benefits-in-Kind	56	-	56

The remuneration of the Executive Director is the remuneration attributable to the Managing Director, Encik Roslan bin Hamir.

The number of Directors in the Company whose remuneration fall within the respective bands is tabulated as follows:

	Number of Directors (Company)		
	Executive	Non-Executive	Total
RM50,001 – RM100,000	-	3	3
RM100,001 – RM150,000	-	1	1
RM1,100,001 – RM1,150,000	1	-	1

### COMPANY SECRETARIES

All Directors have access to the services of the Company Secretaries in relation to discharging their duties as a director, or as a member of any Board Committee. The appointment, and removal, of the Company Secretaries is a matter reserved for the Board as a whole.

The Company Secretaries have oversight on overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates. The Company Secretaries are responsible to the Board for ensuring that all government matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interest and disclosures of any conflicts of interest in transactions with the Group. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings to the Management for action, lodgments with the stock exchange and other regulators, management of dividend payment, and oversight of the relationship with the Company's share registrar.

# STATEMENT OF CORPORATE GOVERNANCE (contd.)

## COMMUNICATION AND RELATIONSHIP WITH SHAREHOLDERS

Consistent with the Bursa Malaysia Securities Berhad's objectives, it is the intention of the Board that the shareholders are well informed of all major developments that have an impact on the Company. The Board recognizes the importance of accountability to its shareholders through proper communication with its shareholders. The Company reaches out to its shareholders through its distribution of annual reports, quarterly results and corporate announcements released to the Bursa Malaysia. However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder.

All shareholders are encouraged to attend the AGM and to participate in the proceedings, as the AGM is the principal forum for dialogue with shareholders. At the AGM, opportunities are given to shareholders to raise questions and concerns with regards to the Company's business and performance.

In addition, shareholders and investors can obtain the latest corporate information, financial results and other announcements of the Group by assessing its website at [www.fimacorp.com](http://www.fimacorp.com).

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balance and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy. Efforts are made to ensure that the financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is presented herein.

### Risk Management and Internal Controls

The Directors acknowledge their responsibilities for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Audit Committee provides advice and assistance to the Board in meeting these responsibilities and the role of the former in relation thereto is described in the Statement on Risk Management and Internal Control of this Annual report.

Towards achieving this objective, the Board will ensure that there is full control and direction over appropriate strategic, financial, organizational and compliance issued through regular meetings. It also maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets. However, such system can only provide reasonable but not absolute assurance against material misstatement or loss.

### Related Party Transactions

All related party transactions are reviewed by the Audit Committee on a quarterly basis. The shareholders' mandate in respect of existing and/or new recurrent related party transactions is obtained at the AGM of the Company on an annual basis.

Details of the proposed renewal of shareholders' mandate for recurrent related party transactions is set out in the Circular to Shareholders dated 26 August 2015.

## **STATEMENT OF CORPORATE GOVERNANCE (contd.)**

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### **Relationship with the Auditors**

Through the Audit Committee, the Group has established transparent and appropriate relationship with the auditors, both internal and external. The role of the Audit Committee in relation to the auditors, including a summary of activities of the Audit Committee is included in the Audit Committee Report stated herein.

As at the date of this Annual Report, the Audit Committee had met with the external auditors without the presence of the Managing Director and management on two occasions i.e. 21 August 2014 and 24 February 2015, to discuss the adequacy of controls and any judgmental areas.

The amount of non-audit fees paid and payable to the external auditors by the Company for the financial year ended 31 March 2015 was RM8,000 (2014: RM5,000).

### **STATEMENT OF COMPLIANCE**

The Board considers that the Company has complied with the relevant Principles and Recommendations as set out in the Code other than those disclosed within this Statement of Corporate Governance.

This Statement is made in accordance with the resolution of the Board dated 30 June 2015.

# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

At Fima Corporation Berhad, we recognise the importance of corporate responsibility as an integral part of our business as we continue to ensure a sustainable future for our business while being committed to achieve a balance among the interests of all stakeholders.

We focus on four key areas of corporate responsibility in our business operations: stakeholders' engagement, workplace, community and environmental sustainability.

## Stakeholders Engagement

As a responsible public listed company, we acknowledged that we have a duty to protect the interests of our stakeholders, and especially our shareholders. This is reflected in continuous efforts to strengthen the fundamentals of the Group in a manner that guarantees financial growth in a sustainable manner.

Our Board of Directors takes the lead in ensuring a high level of governance and maintains a close yet independent relationship with the Management to guide the Group as we proceed along our forward journey. We are committed in providing the stakeholders with timely, complete and accurate updates of the Group based on the principles of transparency, integrity and good corporate governance. We also provide timely updates on our financial performance through announcements to Bursa Malaysia Securities Berhad, which are subsequently posted on our corporate website at [www.fimacorp.com](http://www.fimacorp.com), along with other relevant updates and publications such as our annual reports.

We also acknowledge the importance of the annual general meeting where at this session, our Board and Management including our external auditors are on hand to provide an account of the Group's performance for the year and to answer any queries.

Under the stewardship of the Board, we adhere to the Malaysian Code on Corporate Governance 2012, the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Malaysian Accounting Standards Board and other laws and regulations.



AGM 2014



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (contd.)

## Workplace

Our employees are the most valuable assets and the pillar of strength behind our success. We recognise that workforce diversity in terms of gender, ethnicity and age, amongst others, can bring various experiences and perspective towards meeting the changing needs of the business environment and our organisational growth. We make every effort to empower the people with the right knowledge, skills and capabilities. This enables them to grow in their respective career paths and deliver breakthrough performance to the Company, while emphasising on their safety and wellbeing at work wherever they may be.

We are also committed to foster a conducive working environment, and free of discrimination and harassment for all our employees. Various training and development programmes were implemented during the year to enhance our employees' knowledge, expertise and professionalism.

For the year under review, the Group has organised various activities such as family days, weekend retreats, sports day and festive gatherings as means to promote harmonious relationship and interaction amongst staff from across the Group and to foster a sense of belonging to the Group.



*Training session*



*Routine briefing at mill*



*Inter-department games*



*Technical support department, PKN*

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (contd.)



*PKN family day 2014*

### Community

We believe in making a positive and sustainable impact in the communities we operate in. We continuously build our goodwill by playing a significant role in enhancing the living standards of the community focusing on educational and social development.

During the financial year under review, our Indonesian subsidiary, PT Nunukan Jaya Lestari ("PT NJL") had been actively involved in the following activities:

- Cash allowance for school teachers.
- Donation of school uniforms, learning materials and equipment to primary and secondary schools.
- Food donation to community health centre.
- Contribution to local community for religious festivals and events.



*Students' study tour at PT NJL*



## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (contd.)



*Donation of tables by PT NJL*

As part of the Group's effort to promote a caring society and the importance of saving lives, the Group's subsidiary, Percetakan Keselamatan Nasional Sdn Bhd ("PKN") partnered with the National Blood Bank to organise a blood drive at its premise. The response was highly encouraging, with 60 staffs participating in the said blood donation drive.

PKN also reinforces its ties with employees by providing financial aid to children of their employees to help them pursue their tertiary education in institutes of higher learning in Malaysia.



*Presentation of education financial aid by MD*



*Blood donation drive at PKN*

PKN continued to help the local communities in the form of donations, sponsorships and support in kind. To name a few:

- Donation to Pertubuhan Integriti Insan Malaysia for its al-Qur'an in Braille programme with Persatuan Orang-orang Cacat Penglihatan Islam Malaysia.
- Donation to Nadi Anissa, a Muslim women's organisation focussed on providing recreational activities in line with the Syariah principles and Islamic environment.
- Donation to BOLD Association for children with special needs in Penang for its welfare activities.
- Donation for programme Sustainable Bentong organised by Persatuan NGO Sustainable Urban Living Association of Malaysia for its eco-camping in Bentong for primary and secondary pupils.
- Donation to Pertubuhan Prihatin Orang Kurang Upaya 1Malaysia for its programme called "Kasoot Wheelchair".
- Donation to Majlis Sukan Negara Malaysia for Polis Diraja Malaysia's football team participation in Malaysia League 2015.

# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (contd.)

## Environment

Environmental responsibility is part of our commitment towards building a sustainable and growing organisation. We trust that our business operations are carried out in a manner that minimise the negative impact to the environment.

Our Indonesian estates are committed in preserving the environment through its waste management programme. Sludge from the palm oil mill effluent pond is treated into organic fertilizer and applied directly to the fields whilst empty fruit bunches are applied to new plantings. In addition, cover crops are established to improve soil properties, reduce erosion and lower carbon dioxide emissions. As part of our effort to minimise the usage of pesticides, beneficial host plants are planted to attract predators of leaf pests.



*Zero discharge of effluent*



*Composting plant at PT NJL*



# AUDIT COMMITTEE REPORT

## Members

Members of the Audit Committee (“Committee”) are as follows:-

Rezal Zain bin Abdul Rashid	<i>Chairman/Senior Independent Non-Executive Director (Member of Malaysian Institute of Accountants)</i>
Dato’ Adnan bin Shamsuddin	<i>Independent Non-Executive Director</i>
Datuk Alias bin Ali	<i>Independent Non-Executive Director</i>

## Meetings

During the financial year, the Committee convened five (5) meetings. The attendance records of each member are as follows:

Member	Meetings Attended	Date of Meeting				
		22/05/14	26/06/14	21/08/14	20/11/14	24/02/15
Rezal Zain bin Abdul Rashid	5/5	Present	Present	Present	Present	Present
Dato’ Adnan bin Shamsuddin	5/5	Present	Present	Present	Present	Present
Datuk Alias bin Ali	5/5	Present	Present	Present	Present	Present

The Audit Committee had met with the external auditors without the presence of the Managing Director and management on 21 August 2014 and 24 February 2015, to discuss the adequacy of controls and any judgmental areas.

## Activities

In line with the terms of reference of the Committee, the following main activities were carried out during the financial year in discharging its duties and responsibilities.

1. Reviewed the quarterly unaudited financial results and annual audited financial statements of the Company and Group and recommended to the Board of Directors (“Board”) for consideration and approval.
2. Obtained written assurance from the external auditors confirming that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
3. Reviewed and approved the external auditors’ scope of work and audit plan, prior to the commencement of audit work.
4. Reviewed the audit findings, audit report, management letters and responses with the external auditors.
5. Reviewed the internal audit plan and programme, considered the major findings of internal audit and actions taken by the management in response to the audit findings.
6. Reviewed related party transactions and conflict of interest situations that may arise in the Company.
7. Met with the external auditors twice during the year without the presence of the Managing Director and the management.

# AUDIT COMMITTEE REPORT (contd.)

## Internal audit function

The Audit Committee has been supported by the Group Internal Audit Department (GIA) of the penultimate holding company, Kumpulan Fima Berhad, which undertakes internal audit functions of the Group and Company based on an internal audit plan that is duly approved by the Audit Committee. The GIA reports directly to the Audit Committee to ensure impartiality and independence.

The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risk exposures over key business processes within the Group.

## Terms of Reference

### 1.0 Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, a majority of whom must be independent Directors.

The members of the Committee shall elect a Chairman from among their number who shall be an independent non-executive Director. No alternate director is appointed as a member of the Committee.

The Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a Director who must have at least three (3) years working experience and have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

### 2.0 Authority

The Committee is authorized by the Board to:

- Have authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company or Group;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- Obtain legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it is deemed necessary; and
- Convene meetings with the external auditors, without the presence of the Managing Director and the management of the Company, whenever deemed necessary.

# AUDIT COMMITTEE REPORT (contd.)

## 3.0 Functions

The functions of the Committee shall be:

- To review the following and report the same to the Board :-
  - The audit plan with the external auditors;
  - The evaluation of the system of internal accounting controls with the external auditors;
  - The management letter and management's response with the external auditors;
  - The assistance given by the employees to the external auditors;
  - The adequacy of the scope, functions and resources of the internal audit functions;
  - The scope and results of the internal audit programmes;
  - The quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly to:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements.
  - Any related party transaction and conflict of interest situations that may arise within the company or group including any transaction, procedure or course of conduct that raises the question of management integrity;
  - Any letter of resignation from the external auditors; and
  - Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- To recommend the nomination of a person or persons as external auditors.
- To monitor the implementation of the Group's risk management policies, ensuring an appropriate enterprise-wide risk management system is in place with adequate and effective processes.
- With the Board's approval and consistent with the Committee's oversight responsibilities, the Committee shall be authorized to delegate certain functions to sub-committees. These sub-committees shall act within agreed terms of reference and shall report all of their recommendations to the Committee for full deliberation and discussion. These sub-committees are not authorized to implement its recommendations on behalf of the Committee but shall make the relevant recommendations to the Committee for its consideration and implementation.

## AUDIT COMMITTEE REPORT (contd.)

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### 4.0 Meetings

Meetings shall be held at least four (4) times a year or at a frequency to be decided by the Committee. At least twice a year, the Committee shall meet with the external auditors without the presence of the Managing Director and the management of the Company. Other Directors and employees may be invited to attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

The quorum for each meeting shall be at least two (2) members. In order to form a quorum in respect of a meeting, the majority of members present must be independent directors.

The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes of meetings to the Committee members and to all members of the Board and shall keep record of all meetings.

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

### Training

The training attended by the Committee members during the financial year ended 31 March 2015 is reported in the Statement of Corporate Governance in this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“the Code”) stipulates that the Board of Listed companies should maintain a sound system of internal controls to safeguard shareholders’ investment and the Group’s assets.

The Board acknowledges that the practice of good corporate governance is an on-going process and not just an annual matter to be covered as compliance in the Annual Report. The Board is committed to practicing the highest standards of corporate governance and observing best practices throughout the Group. The Board’s Statement on Risk Management and Internal Control is in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## RESPONSIBILITY OF THE BOARD

The Board recognizes the importance of a sound risk management framework and internal control systems for good corporate governance. The Board affirms its overall responsibility for the adequacy and integrity of the Group’s risk management and internal control system.

The Group’s system of risk management and internal control covers, inter alia, controls relating to financial control, risk management, operational, management information systems and compliance with applicable laws, regulations, rules, directives and guidelines.

The process for identifying, evaluating and managing the significant risks faced by the Group is on going, regularly reviewed by the Board through its Audit Committee and has been in place for the whole year under review. In view of the limitations that are inherent in any system of internal control, the Group’s internal control system is designed to manage rather than eliminate risks that may impact the achievement of the Group’s business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

## SYSTEM OF INTERNAL CONTROLS

The key elements of the Group’s internal control system are as follows:

- Clear organization structure with defined reporting lines.
- Documented internal policies, standards, procedures and limits of approving authorities for operating and capital expenditure.
- Quarterly management report on key business performance, operating statistics and regular matters are provided to the members of the Board to review and monitor the achievements of the Group’s performance.
- Active participation and involvement by the Managing Director in the day-to-day running of the major businesses and regular discussions with the Senior Management.
- A meeting of the Heads of Division chaired by the Managing Director is held monthly to deliberate on operational, financial and key management issues. The Managing Director will update the Board of any significant matters that require the Board’s immediate attention.
- Each line of business submits an annual budget for approval by the Board. The results of the lines of business are monitored monthly and variances are analysed against the budget and acted on in a timely manner.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

- Ongoing reviews on the system of the internal controls are carried out by the Group Internal Audit Department established by the penultimate holding company, Kumpulan Fima Berhad. Results of such reviews are reported to the Audit Committee. The work of the internal auditors is focused on areas of priority as identified by the Group's enterprise risk management process.
- The Audit Committee convenes regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors on the state of the system internal controls. The minutes of the Audit Committee meetings are tabled to the Board.
- Staff's competency 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 on an annual basis.
- Adequate insurance and physical security of major assets.
- The Group has in place a whistle blowing policy to provide an avenue for employees or other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct that may have occurred. The policy is available in the Governance section of the Company's website at [www.fimacorp.com](http://www.fimacorp.com). The procedure for reporting is as follows:

- Any concern should be raised with the 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. The communication channel to the Managing Director are:

Name : Encik Roslan bin Hamir  
Via Email : [whistleblowing@fimacorp.com](mailto:whistleblowing@fimacorp.com)  
Via Mail : *Mark: Strictly Confidential*  
Fima Corporation Berhad  
Suite 4.1, Level 4, Block C, Plaza Damansara  
45, Jalan Medan Setia 1, Bukit Damansara  
50490 Kuala Lumpur

Attention: Managing Director

- In the case where reporting to management is a concern, then the report should be made to the Chairman of Audit Committee. The communication channel to the Chairman of Audit Committee are:

Name : Encik Rezal Zain bin Abdul Rashid  
Via Email : [ac.chairman@fimacorp.com](mailto:ac.chairman@fimacorp.com)  
Via Mail : *Mark: Strictly Confidential*  
Fima Corporation Berhad  
Suite 4.1, Level 4, Block C, Plaza Damansara  
45, Jalan Medan Setia 1, Bukit Damansara  
50490 Kuala Lumpur

Attention: Chairman of Audit Committee

The above mechanism protects employees and stakeholders who contemplate to "blow the whistle" against victimization or harassment. The confidentiality of all matters raised and the identity of the whistleblower are protected under the policy.



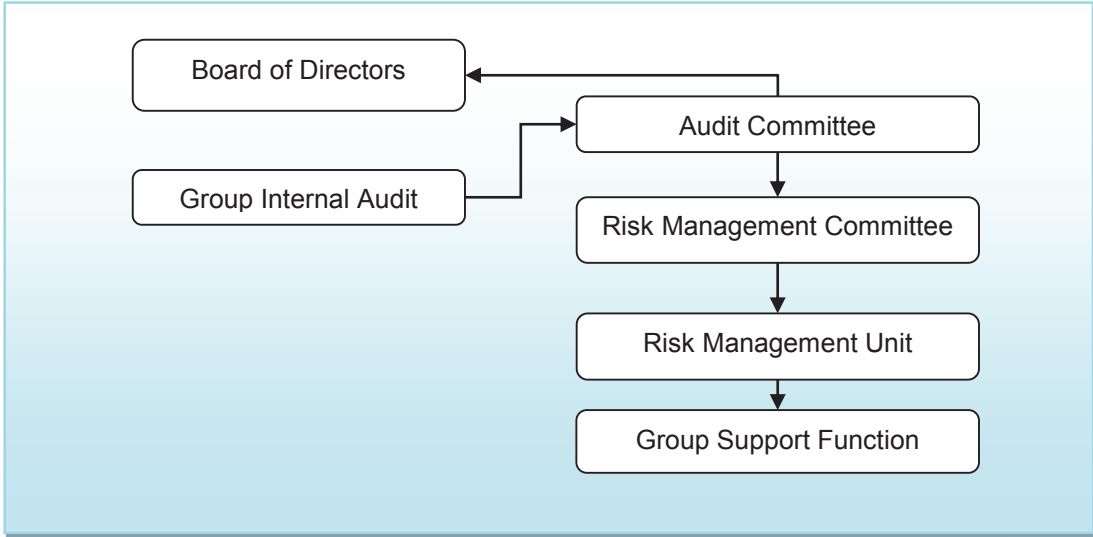
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

## ENTERPRISE RISK MANAGEMENT

The Audit Committee and the Board are supported by a Risk Management Committee, headed by the Senior Independent Non-Executive Director. The Risk Management Committee identifies and communicates to the Audit Committee and the Board the present and potential critical risks the Group faces, their changes and the management action plans to manage these risks. The Risk Management Committee in discharging its duties is supported by a Risk Management Unit, comprising of senior management and headed by the Managing Director.

The Board of Directors 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 risk and ensure the implementation of appropriate systems to manage these risks.

### 1. Risk organization structure



### 2. The ERM framework adopted by the Group involves various key processes and its core elements are as follows:

- The identification of each business risk by division to ensure that all components of the organizational risks are captured and categorized mainly as follows:

Broad risk area	Sub-broad risk	Key mitigation measures
<b>Operational</b> Global, regional and/or local economic slowdown factors adversely impact commodity prices, customers demand and costs.	Business interruption, pricing and marketing	<ul style="list-style-type: none"> <li>Monitoring of market/economic conditions.</li> <li>Strategic business plan based on market conditions.</li> <li>Key marketing strategy for each division.</li> </ul>
<b>Finance</b> Volatile exchange rates for foreign investment.	Foreign exchange	<ul style="list-style-type: none"> <li>Foreign currency bank accounts.</li> <li>Exploring export markets.</li> </ul>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

Broad risk area	Sub-broad risk	Key mitigation measures
<b>Human Resource</b> Failure to recruit and retain key staff, and the inability to deploy staff within the Group where they are most needed could affect the business.	Succession planning	<ul style="list-style-type: none"> <li>Talent management and succession planning framework, policies and talent mobilization.</li> <li>Revised remuneration and rewards programme.</li> <li>Annual key performance indicator and appraisal for each personnel.</li> </ul>
<b>Compliance</b> Internal and external regulatory requirements.	Regulatory	<ul style="list-style-type: none"> <li>Constant monitoring for each department, division and Group.</li> <li>Regular review in operational audit programme.</li> <li>Continuous updating to new regulatory requirement.</li> </ul>
<b>Safety, Health and Environment</b> Major accident occurs to employees/contractors arising from non-compliance with policies and procedures leading to death or severe injury.	Compliance of safety, health and environment ("SHE")	<ul style="list-style-type: none"> <li>The Safety, Health &amp; Environment (and Emergency Response Policies &amp; Procedure was established and implemented at divisional level.</li> <li>Performance monitoring &amp; reporting implemented.</li> <li>Regular safety training dialogues and dedicated SHE Committee/Department.</li> </ul>

- Risk management context and accountabilities

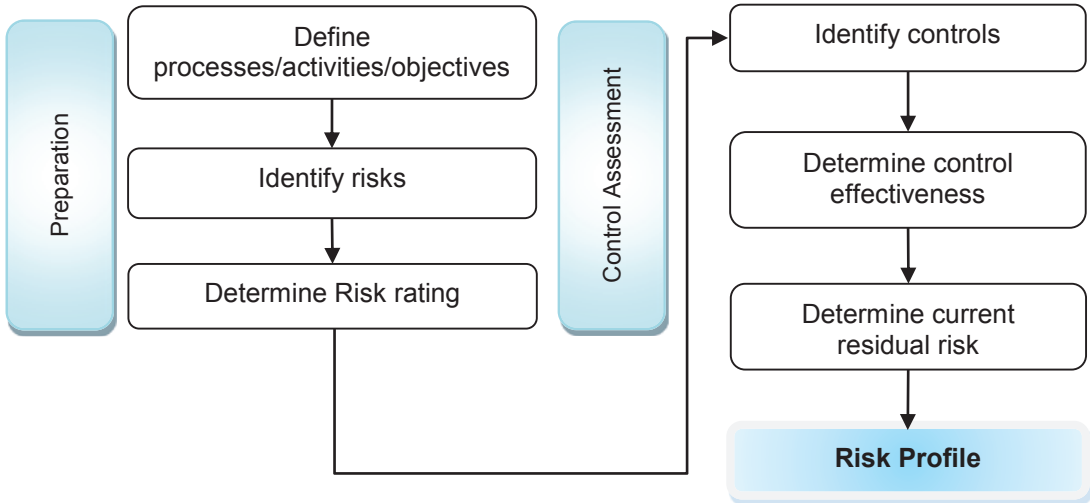
	Strategic risk	Operational risks	Financial risks
<b>Framework</b>	Strategic risks are primarily risks caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities.	Operational risks are inherent in the continuing activities within the different 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.
<b>Exposure</b>	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 the Group.	The group is exposed to various financial risks relating to bad debts, liquidity, interest rates, foreign exchange and commodity prices.
<b>Accountabilities</b>	Board and Managing Director.	Heads of Divisions, Department and business units.	Group Managing Director, Group Financial Controller and cascading to all Head of Business Units.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

The ERM assessment has been conducted through a combination of workshops and interviews involving senior management participation to provide a structured approach in identifying, prioritizing and managing risks.

The Risk Management Committee’s reports include an assessment of the degree of risk, an evaluation of the effectiveness of the controls in place and the requirements for future controls. The approved divisional risk profile will be adopted after presentation to Risk Management Committee bi-annually. The Risk Management Committee is a sub-committee of the Audit Committee and its role is to assist the Audit Committee in providing oversight and direction to the Group risk management processes.

The risk assessment process is depicted as follows:



- a. All subsidiaries within the Group update their risk profile annually and key enterprise risks facing the Group are reported every quarter to the Audit Committee.
- b. The Group’s risk ERM programme is supported by the Group’s Risk Management Policy and Procedures (“the Policy”) which is consistent with the current requirements of the Code.
- c. The Policy will sensitize staff more strongly to risk identification, measurement, control, on-going monitoring, responsibilities and accountabilities. The workshops conducted generated the following reports:
  - Detailed risk register
  - Risk Parameters
  - ERM Report
- d. The above reports were summarized as risk profile and provide the basis for the following:
  - Business action plans and improvement strategies;
  - Developing cost effective control strategies; and
  - Prioritization of areas for operational audit.
- e. The principal risks identified are those relating to operational, finance, environment, management information, technology, preparedness, human resources, governance, integrity, compliance and reputation. Significant risk issues evaluated by the Risk Management Committee will be escalated to the Audit Committee for its deliberation.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

## INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Group Internal Audit Department (“GIA”) of the penultimate holding company, Kumpulan Fima Berhad. The principal role of GIA is to independently review whether a framework of controls and an effective risk management framework are in place to manage risks and management responses to these risks are acceptable.

The role of GIA has moved towards a risk-based internal audit methodology from compliance based. This approach includes focusing the internal audit work on the significant risks identified across the Group. Risk management and internal controls are firmly linked with the ability of the Group to fulfill clear business objectives.

GIA engages in regular communication with the management team and various departments within the organization in relation to its internal audit activities and efforts for continuous improvement in operations and systems. Scheduled internal audits are carried out by GIA based on the audit plan presented to and approved by the Audit Committee.

GIA reports directly to the Audit Committee periodically and is independent of the activities it audits. Follow-up reviews and deliberation of internal audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses are highlighted.

During the year, GIA has evaluated the adequacy, integrity and effectiveness of the Group’s internal controls in safeguarding shareholders’ investment and the Group’s assets. The internal controls cover financial, operational and compliance and enterprise risk management. The cost incurred by GIA in respect of internal audit function during the financial year was RM140,000.

## ADEQUACY AND EFFECTIVENESS OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Financial Controller that the Group’s overall risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group’s risk management and internal control system that would require separate disclosure in the Group’s Annual Report.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report for the year ended 31 March 2015 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 internal controls.

This Statement is made in accordance with the resolution of the Board dated 30 June 2015.

# DIRECTORS' RESPONSIBILITY STATEMENT

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## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the result of the Company and of the Group for the year then ended.

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

The Directors have responsibility for ensuring that proper accounting records are kept and the accounts and other financial reports of the Group are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accountings standards in Malaysia.

The Directors also have a general responsibility for taking such steps as are reasonable open to them to control and safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board dated 30 June 2015.

# ADDITIONAL COMPLIANCE INFORMATION

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## ADDITIONAL COMPLIANCE INFORMATION

- **Utilisation of Proceeds**

No proceeds were raised by the Company from any corporate exercise during the financial year.

- **Share Buy-Backs**

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

- **Options, Warrants or Convertible Securities**

There were no issues or exercise of options, warrants or convertible securities during the financial year.

- **American Depository Receipt (ADR)/Global Depository Receipt (GDR) Programmes**

During the financial year, the Company did not sponsor any ADR or GDR programmes.

- **Imposition of Sanctions/Penalties**

There was no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year.

- **Non-Audit Fees**

Non-audit fees paid to the external auditors during the financial year was RM8,000 (2014: RM5,000).

- **Profit Estimate, Forecast or Projection**

The Company did not release any profit estimate, forecast or projection for the financial year.

- **Profit Guarantee**

During the financial year, there were no profit guarantees given by the Company.



## **ADDITIONAL COMPLIANCE INFORMATION (contd.)**

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- **Material Contracts and Contracts Relating to Loans**

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors or substantial shareholders entered into since the previous financial year ended 31 March 2014.

- **Family Relationship of Director with any Directors and/or Major Shareholders**

None of the Directors has family relationships to one another.

- **Conflict of Interest and Convictions for Offences of Directors**

None of the Directors has any conflict of interest in Fima Corporation Berhad or has been convicted of any offence within the past ten (10) years.

# FIVE YEAR FINANCIAL HIGHLIGHTS OF GROUP YEAR ENDED 31 MARCH

(RM'000)	2015	2014	2013	2012	2011
<b>REVENUE</b>	378,014	348,382	305,145	300,174	298,480
<b>PROFIT</b>					
Profit before Taxation	87,827	101,246	88,839	107,505	111,566
Profit after Taxation	60,305	71,994	61,899	78,917	84,757
Profit attributable to Non-controlling Interests	4,544	4,294	3,670	7,010	5,271
<b>ASSETS AND LIABILITIES</b>					
Total Assets	712,804	598,773	562,975	547,153	515,838
Total Liabilities	152,285	83,316	73,552	91,520	114,975
Financed By:					
Shareholders' Equity	530,529	489,470	460,199	435,189	380,814
Non-controlling Interests	29,990	25,987	29,224	20,444	20,049
* Net asset per share (RM)	2.20	6.08	5.72	5.41	4.73
<b>* EARNINGS AND DIVIDEND</b>					
Earnings per share	36.15	84.1 sen	72.4 sen	89.4 sen	98.8 sen
Dividends per share - Gross	12.5 sen	35.0 sen	38.5 sen	35.0 sen	30.0 sen
Dividends per share - Net	12.5 sen	35.0 sen	30.13 sen	26.25 sen	22.5 sen
<b>SHARE PRICES</b>					
Transacted price per share (RM)					
(i) Before share split					
Highest	9.72	8.4	6.65	6.95	6.52
Lowest	7.8	5.62	5.6	4.88	3.92
* (ii) After share split					
Highest	2.99	N/A	N/A	N/A	N/A
Lowest	2.14	N/A	N/A	N/A	N/A

**\* Note:**

On 13 October 2014, 82,426,810 ordinary shares of RM1.00 each were split into 164,853,620 ordinary shares of RM0.50 each. A bonus issue of 80,470,710 new subdivided shares was credited as fully paid-up on the basis of one (1) bonus shares for every two subdivided shares, exclude treasury shares.

## PLANTATION STATISTICS YEAR ENDED 31 MARCH

	2015	2014	2013	2012	2011
<b>PLANTED AREA (HECTARE)</b>					
Mature					
> 12 years	1,693.00	-	-	-	-
8 - 12 years	4,462.46	6,106.25	5,614.30	3,645.40	1,693.00
4 - 7 years	314.38	348.70	739.20	2,708.10	4,585.25
	6,469.84	6,454.95	6,353.50	6,353.50	6,278.25
Immature	-	52.38	47.98	47.98	95.82
Total Planted Area	6,469.84	6,507.33	6,401.48	6,401.48	6,374.07
<b>FFB PRODUCTION (MT)</b>					
Own estates	149,701	150,703	154,995	139,144	117,975
Purchased	60,677	49,144	32,796	22,673	33,611
Total processed	209,847	200,095	187,575	163,203	150,144
<b>OIL EXTRACTION RATE (OER) %</b>	22.71	22.66	23.36	23.84	24.55
<b>YIELD PER MATURE HECTARE (MT FFB)</b>	23.14	23.35	24.40	21.90	18.79

# ***FINANCIAL STATEMENT***



FIMA CORPORATION BERHAD  
(21185-P)

# DIRECTORS' REPORT

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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 2015.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries and associates are production of security and confidential documents, oil palm production and processing and production and sale of bank notes as described in Notes 16 and 17 to the financial statements, respectively.

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit net of tax	<u>60,305</u>	<u>36,869</u>
Profit for the year attributable to:		
- Equity holders of the Company	55,761	36,869
- Non-controlling interests	<u>4,544</u>	<u>-</u>
	<u>60,305</u>	<u>36,869</u>

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.



## DIRECTORS' REPORT (contd.)

### DIVIDENDS

The amounts of dividends paid by the Company since 31 March 2014 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 March 2014 as reported in the directors' report for that year:	
Single-tier second interim dividend of 15%, paid on 12 August 2014	12,071
Single-tier special dividend of 5%, paid on 12 August 2014	<u>4,023</u>
	16,094
In respect of the financial year ended 31 March 2015:	
Single-tier interim dividend of 10%, paid on 24 December 2014	<u>12,071</u>
	<u>28,165</u>

The directors recommend the payment of a single-tier final dividend of 15% on 241,412,130 ordinary shares of RM0.50 per share or 7.5 sen per share of RM0.50 sen, amounting to a total of RM18,105,910, which subject to the shareholders' approval at the forthcoming Annual General Meeting will be paid on a date to be determined. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 March 2016.

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Adnan bin Shamsuddin      (Chairman)  
Roslan bin Hamir                      (Managing Director)  
Datuk Alias bin Ali  
Rezal Zain bin Abdul Rashid  
Dr. Roshayati binti Basir

In accordance with Article 113 of the Company's Articles of Association, YBhg Dato' Adnan bin Shamsuddin and Encik Rezal Zain bin Abdul Rashid retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## DIRECTORS' REPORT (contd.)

### 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, other than those arising from the share options granted pursuant to the Kumpulan Fima Berhad Employee Share Scheme ("ESS").

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 shown in Note 8 to the financial statements) 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 32 to the financial statements.

### DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of					
	RM1.00 each			RM0.50 each		
	1 April 2014	Acquired/ (disposed) before share split	Total shares before share split	Share split	Bonus shares after share split	31 March 2015
<b>The Company</b>						
<b>Direct Interest</b>						
Roslan bin Hamir	203,600	(3,000)	200,600	401,200	200,600	601,800
Rezal Zain bin Hamir	-	5,000	5,000	10,000	5,000	15,000
<b>Indirect Interest</b>						
Dr. Roshayati binti Basir	50,127,886	-	50,127,886	100,255,772	50,127,886	150,383,658

During the financial year, the Company undertook a share split involving the subdivision of every one (1) existing ordinary shares of RM1.00 each into two (2) ordinary shares of RM0.50 each. One (1) bonus share was further credited as fully paid for every two (2) subdivided shares held.

## DIRECTORS' REPORT (contd.)

### DIRECTORS' INTERESTS (CONTD.)

	Number of Ordinary Shares of RM1.00 Each					
	As at 1 April 2014	Options exercised	Restricted Share Grant	Bought	Sold	As at 31 March 2015
<b>Kumpulan Fima Berhad</b>						
<b>Penultimate Holding Company</b>						
<b>Direct</b>						
Roslan bin Hamir	361,000	-	60,000	-	-	421,000
Dr. Roshayati binti Basir	200,000	-	-	-	-	200,000
Dato' Adnan bin Shamsuddin	10,000	-	-	-	-	10,000
<b>Indirect * (1) (2)</b>						
Dr. Roshayati binti Basir	165,021,000	-	-	1,309,200	-	166,330,200

\* Deemed interested by virtue of the following:

- (1) Her shareholding in BHR Enterprise Sdn Bhd ("BHR"), the ultimate holding company of the Company;
- (2) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in the Company; and
- (3) Fima Metal Box Holdings Sdn Bhd, the major shareholder of the Company, is a wholly-owned subsidiary of Kumpulan Fima Berhad in which BHR has 53.27% equity interest.

	Number of Options Over Ordinary Shares of RM1.00 Each				
	Exercise Price RM	As at 1 April 2014	Granted	Exercised	As at 31 March 2015
<b>Kumpulan Fima Berhad</b>					
<b>Penultimate Holding Company</b>					
Roslan bin Hamir	1.48	1,070,000	-	-	1,070,000

## DIRECTORS' REPORT (contd.)

### DIRECTORS' INTERESTS (CONTD.)

	Number of Ordinary Shares of RM1.00 Each Granted under the Restricted Share Grant Scheme			As at 31 March 2015
	As at 1 April 2014	Granted	Vested	
<b>Kumpulan Fima Berhad</b> <b>Penultimate Holding</b> <b>Company</b>				
Roslan bin Hamir	-	60,000	(60,000)	-

The options and ordinary shares were granted pursuant to the Kumpulan Fima Berhad Employee Share Scheme ("ESS") which are subject to Bye-Laws governing their issues. The ESS will expire on 17 November 2016. The salient features and terms of the ESS are disclosed in Note 25.

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.

### ISSUE OF SHARES

At the annual general meeting held on 24 September 2014, the shareholders of the Company approved the increase in the authorised share capital of the Company from RM100,000,000 comprising 100,000,000 shares of RM1.00 each to RM250,000,000 comprising 500,000,000 shares of RM0.50 each.

On 13 October 2014, the Company had completed a share split involving the subdivision of every one (1) existing shares of RM1.00 each into two (2) ordinary shares of RM0.50 each. 82,426,810 ordinary shares of RM1.00 each were split into 164,853,620 ordinary shares of RM0.50 each. A bonus issue of 80,470,710 new subdivided shares was credited as fully paid-up on the basis of one (1) bonus shares for every two subdivided shares, exclude treasury shares.

### TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares.

As at 31 March 2015, the Company held as treasury shares a total of 3,912,200 of its 245,324,330 issued ordinary shares of RM0.50 per share. Such treasury shares are held at a carrying amount of approximately RM3,604,000. Further details are disclosed in Note 24 to the financial statements.

# DIRECTORS' REPORT (contd.)

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## 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 allowance for doubtful debts and satisfied themselves that there are 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, and
- (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.
- (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.



## **DIRECTORS' REPORT (contd.)**

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### **OTHER STATUTORY INFORMATION (CONTD.)**

(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.

### **AUDITORS**

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 June 2015.

Dato' Adnan bin Shamsuddin

Roslan bin Hamir

## **STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

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We, Dato' Adnan bin Shamsuddin and 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 58 to 153 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 June 2015.

Dato' Adnan bin Shamsuddin

Roslan bin Hamir

### **STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Lee Mo Leng, 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 58 to 154 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 Lee Mo Leng  
at Kuala Lumpur in the Federal  
Territory on 30 June 2015.

Lee Mo Leng

Before me,  
Kapt (B) Jasni bin Yusoff  
Pesuruhjaya Sumpah  
No. W 465

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIMA CORPORATION BERHAD Incorporated in Malaysia**

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## **Report on the financial statements**

We have audited the financial statements of Fima Corporation Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the 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 a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 153.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIMA CORPORATION BERHAD (contd.) Incorporated in Malaysia**

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## *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## **Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## **Other reporting responsibilities**

The supplementary information set out in Note 38 on page 154 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIMA CORPORATION BERHAD (contd.) Incorporated in Malaysia**

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## **Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad  
AF: 0002  
Chartered Accountants

Muhammad Affan bin Daud  
No. 3063/02/16(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
30 June 2015



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>	3	378,014	348,382	42,273	28,106
Cost of sales		(251,174)	(209,943)	-	-
<b>Gross profit</b>		126,840	138,439	42,273	28,106
Other income	4	11,103	9,901	1,328	2,255
<b>Other items of expense</b>					
Administrative expenses		(22,628)	(22,480)	(2,211)	(1,787)
Selling and marketing expenses		(6,275)	(7,175)	-	-
Other expenses		(24,508)	(23,048)	(3,963)	(2,161)
Finance cost	5	(42)	-	-	-
Share of results from associates		3,337	5,609	-	-
<b>Profit before tax</b>	6	87,827	101,246	37,427	26,413
Income tax expense	9	(27,522)	(29,252)	(558)	(3,011)
<b>Profit net of tax</b>		60,305	71,994	36,869	23,402
<b>Other comprehensive income, net of tax</b>					
Revaluation of property, plant and equipment - not to be reclassified to profit or loss in subsequent period		18,884	-	26	-
Foreign currency translation loss - to be reclassified to profit or loss in subsequent period		(2,504)	(14,120)	-	-
<b>Total comprehensive income for the year</b>		76,685	57,874	36,895	23,402
<b>Profit attributable to:</b>					
Equity holders of the Company		55,761	67,700	36,869	23,402
Non-controlling interest		4,544	4,294	-	-
<b>Profit for the year</b>		60,305	71,994	36,869	23,402
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		69,050	56,404	36,895	23,402
Non-controlling interest		7,635	1,470	-	-
<b>Total comprehensive income for the year</b>		76,685	57,874	36,895	23,402
<b>Earnings per share attributable to equity holders of the Company (sen per share)</b>					
Basic/diluted earnings per share	11	36.15	43.89		

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	105,181	74,187	2,234	2,170
Investment properties	13	65,191	66,699	52,930	54,093
Biological assets	14	44,877	50,962	-	-
Goodwill on consolidation	15	6,200	510	-	-
Investments in subsidiaries	16	-	-	63,999	58,363
Investments in associates	17	38,687	35,350	10,000	10,000
Deferred tax assets	27	5,921	3,221	552	489
		<u>266,057</u>	<u>230,929</u>	<u>129,715</u>	<u>125,115</u>
<b>CURRENT ASSETS</b>					
Trade and other receivables	18	182,856	105,071	713	794
Inventories	19	91,234	67,523	-	-
Due from related companies	20	17	46	6,244	214
Cash and cash equivalents	21	172,640	195,204	39,510	41,040
		<u>446,747</u>	<u>367,844</u>	<u>46,467</u>	<u>42,048</u>
<b>TOTAL ASSETS</b>		<u>712,804</u>	<u>598,773</u>	<u>176,182</u>	<u>167,163</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	22	122,662	82,427	122,662	82,427
Share premium	23	-	534	-	534
Treasury shares	24	(3,604)	(3,604)	(3,604)	(3,604)
Other reserves	25	(9,257)	(22,720)	2,070	2,019
Retained earnings	26	420,728	432,833	51,149	82,146
		<u>530,529</u>	<u>489,470</u>	<u>172,277</u>	<u>163,522</u>
<b>Non-controlling interests</b>		<u>29,990</u>	<u>25,987</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>560,519</u>	<u>515,457</u>	<u>172,277</u>	<u>163,522</u>

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 (contd.)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	27	10,983	4,727	-	-
Retirement benefit obligations	28	1,634	1,465	-	-
Finance lease obligations	29	5,094	-	-	-
		<u>17,711</u>	<u>6,192</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	30	127,887	72,877	3,581	3,342
Tax payable		5,471	4,241	324	299
Due to related companies	20	725	6	-	-
Finance lease obligations	29	491	-	-	-
		<u>134,574</u>	<u>77,124</u>	<u>3,905</u>	<u>3,641</u>
<b>Total liabilities</b>		<u>152,285</u>	<u>83,316</u>	<u>3,905</u>	<u>3,641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>					
		<u>712,804</u>	<u>598,773</u>	<u>176,182</u>	<u>167,163</u>

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

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Group	Note	Equity attributable to the Company		Attributable to owners of the parent			Non-distributable			Non-distributable		
		Equity total RM'000	Equity attributable to the Company total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 25) RM'000	Asset revaluation reserve RM'000	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Non-controlling interests RM'000
<b>At 1 April 2013</b>		489,423	460,199	82,427	534	(3,604)	392,392	(11,550)	1,530	(16,903)	3,823	29,224
Total comprehensive income for the year		57,874	56,404	-	-	-	67,700	(11,296)	-	(11,296)	-	1,470
<b>Transaction with owners</b>												
Dividends	10	(31,966)	(27,259)	-	-	-	(27,259)	-	-	-	-	(4,707)
Grant of equity settled share options		126	126	-	-	-	-	126	-	-	126	-
Total transactions with owners		(31,840)	(27,133)	-	-	-	(27,259)	126	-	-	126	(4,707)
<b>At 31 March 2014</b>		515,457	489,470	82,427	534	(3,604)	432,833	(22,720)	1,530	(28,199)	3,949	25,987
<b>At 1 April 2014</b>		515,457	489,470	82,427	534	(3,604)	432,833	(22,720)	1,530	(28,199)	3,949	25,987
Total comprehensive income for the year		76,685	69,050	-	-	-	55,761	13,289	15,293	(2,004)	-	7,635
<b>Transaction with owners</b>												
Dividends	10	(31,797)	(28,165)	-	-	-	(28,165)	-	-	-	-	(3,632)
Grant of equity settled share options		174	174	-	-	-	-	174	-	-	174	-
Bonus shares issued		-	-	40,235	(534)	-	(39,701)	-	-	-	-	-
Total transactions with owners		(31,623)	(27,991)	40,235	(534)	-	(67,866)	174	-	-	174	(3,632)
<b>At 31 March 2015</b>		560,519	530,529	122,662	-	(3,604)	420,728	(9,257)	16,823	(30,203)	4,123	29,990

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

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015 (contd.)

Company	Note	Non-distributable				Distributable			Non-distributable	
		Equity, total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 25) RM'000	Asset revaluation reserve RM'000	Equity contribution from parent RM'000	
<b>At 1 April 2013</b>		167,366	82,427	534	(3,604)	86,003	2,006	1,530	476	
Total comprehensive income for the year		23,402	-	-	-	23,402	-	-	-	
<b>Transaction with owners</b>										
Dividends	10	(27,259)	-	-	-	(27,259)	-	-	-	
Grant of equity settled share options		13	-	-	-	-	13	-	13	
Total transactions with owners		(27,246)	-	-	-	(27,259)	13	-	13	
<b>At 31 March 2014</b>		<u>163,522</u>	<u>82,427</u>	<u>534</u>	<u>(3,604)</u>	<u>82,146</u>	<u>2,019</u>	<u>1,530</u>	<u>489</u>	
<b>At 1 April 2014</b>		163,522	82,427	534	(3,604)	82,146	2,019	1,530	489	
Total comprehensive income for the year		36,895	-	-	-	36,869	26	26	-	
<b>Transaction with owners</b>										
Dividends	10	(28,165)	-	-	-	(28,165)	-	-	-	
Grant of equity settled share options		25	-	-	-	-	25	-	25	
Bonus shares issued		-	40,235	(534)	-	(39,701)	-	-	-	
Total transactions with owners		(28,140)	40,235	(534)	-	(67,866)	25	-	25	
<b>At 31 March 2015</b>		<u>172,277</u>	<u>122,662</u>	<u>-</u>	<u>(3,604)</u>	<u>51,149</u>	<u>2,070</u>	<u>1,556</u>	<u>514</u>	

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



# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	87,827	101,246	37,427	26,413
Adjustments for:				
Depreciation for property, plant and equipment	19,180	14,108	155	121
Depreciation of investment properties	1,508	1,510	1,163	1,167
Amortisation of biological assets	3,526	4,128	-	-
Impairment loss on trade receivables	1,106	201	5	-
Write back of impairment loss on trade receivables	(59)	(636)	-	-
Impairment loss on other receivables	-	286	-	-
Write back of impairment loss on other receivables	(46)	(620)	-	-
Provision for retirement benefit obligations	182	256	-	-
Write down of inventories	232	239	-	-
Gain on disposal of property, plant and equipment	(14)	(335)	(2)	(33)
Shares and options granted under ESS	174	126	25	13
Gain from plantation investment compensation	(811)	(714)	-	-
Share of results of associates	(3,337)	(5,609)	-	-
Dividend income	-	-	(37,975)	(24,077)
Interest income	(7,176)	(7,443)	(1,302)	(1,819)
Operating profit/(loss) before working capital changes	102,292	106,743	(504)	1,785
(Increase)/decrease in trade and other receivables	(78,126)	(17,710)	76	4,647
Increase in inventories	(23,943)	(14,003)	-	-
Increase in trade and other payables	53,675	6,109	239	12
Increase/(decrease) in related company balances	748	(60)	(6,031)	3,151
Cash generated from/(used in) operations	54,646	81,079	(6,220)	9,595
Taxes paid	(29,156)	(25,485)	(599)	(881)
Retirement benefits paid	-	(39)	-	-
Interest income received	7,176	7,443	1,302	1,819
Net cash generated from/(used in) operating activities	32,666	62,998	(5,517)	10,533

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(10,793)	(54,034)	(191)	(477)
Additions to biological assets	(4,406)	(538)	-	-
Proceeds from disposal of property, plant and equipment	15	337	3	33
Proceeds from plantation investment compensation	1,296	1,056	-	-
Acquisition of subsidiaries, net cash acquired	(7,503)	-	(3,335)	-
Repayment of obligations under finance lease	(427)	-	-	-
Dividends received	-	-	37,975	22,108
Net cash (used in)/generated from investing activities	<u>(21,818)</u>	<u>(53,179)</u>	<u>34,452</u>	<u>21,664</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(28,165)	(27,259)	(28,165)	(27,259)
Dividends paid by a subsidiary to non-controlling interests	(3,632)	(4,707)	-	-
Redemption of loan stocks investment	-	-	3,700	18,500
Subscription of loan stocks investment	-	-	(6,000)	(31,000)
Net cash used in financing activities	<u>(31,797)</u>	<u>(31,966)</u>	<u>(30,465)</u>	<u>(39,759)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>				
	(20,949)	(22,147)	(1,530)	(7,562)
Effect of exchange rate changes in cash and cash equivalents	(1,615)	(3,674)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>195,204</u>	<u>221,025</u>	<u>41,040</u>	<u>48,602</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)</b>	<u>172,640</u>	<u>195,204</u>	<u>39,510</u>	<u>41,040</u>

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

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015

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## 1. CORPORATE INFORMATION

The principal activities of the Company are those of property management and investment holding. The principal activities of the subsidiaries and associates are described in Notes 16 and 17, 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, penultimate and ultimate holding companies are Fima Metal Box Holdings Sdn. Bhd., Kumpulan Fima Berhad and BHR Enterprise Sdn. Bhd. respectively, all of which were incorporated in Malaysia. The penultimate 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 Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations

#### (a) Changes in Accounting Policies

The accounting policies adopted for this financial statements are consistent with those adopted by the Group in the audited financial statements for the year ended 31 March 2014 except for the adoption of the following new and revised FRSs and Issues Committee ("IC") Interpretations which are relevant to the Group's operations with effect from 1 April 2014:

Description	Effective for annual period beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Financial Instruments - Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

#### (i) Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group since none of the entities in the Group has any offsetting arrangements.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (a) Changes in Accounting Policies (Contd.)

##### (ii) Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirements for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

##### (iii) Amendments to FRS 136: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

##### (iv) Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (a) Changes in Accounting Policies (Contd.)

##### (v) IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

#### (b) 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 annual period beginning on or after
Amendments to FRS 119: Defined Benefits Plan (Employee Contributions)	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	1 January 2016

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (b) Standards Issued But Not Yet Effective (Contd.)

Description (Contd.)	Effective for annual period beginning on or after
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 15: Revenue from Contracts with Customers	1 January 2017
FRS 9: Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### (i) Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of services, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (b) Standards Issued But Not Yet Effective (Contd.)

- (ii) Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

- (iii) Amendments to FRS 116 and FRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be measured under FRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The directors anticipate that the application of these amendments will have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (b) Standards Issued But Not Yet Effective (Contd.)

##### (iv) Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

##### (v) Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (b) Standards Issued But Not Yet Effective (Contd.)

- (vi) Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

#### (c) Malaysian Financial Reporting Standards ("MFRS") Framework

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

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

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 New FRSs, Amendments to FRS and IC Interpretations (Contd.)

#### (c) Malaysian Financial Reporting Standards ("MFRS") Framework (Contd.)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2018. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2015 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2018.

### 2.3 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 affect its returns.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (a) Basis of Consolidation (Contd.)

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.

Losses within a subsidiary company are attributed to the non-controlling interests even if that results in 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 31 MARCH 2015 (contd.)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (a) Basis of Consolidation (Contd.)

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 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 FRS 139 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 FRS 139, it is measured in accordance with the appropriate FRS.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (a) Basis of Consolidation (Contd.)

##### Business Combinations (Contd.)

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 2.3(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
- (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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (c) Transaction with Non-Controlling Interest

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. 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 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (d) Investment in Associate Companies (Contd.)

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.

Subsequent to recognition, property, plant and equipment except for certain freehold land and buildings 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 and buildings other than office buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Revaluations are made at least once in every five years based on a revaluation by an independent valuer on an open market value basis. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (e) Property, Plant and Equipment (Contd.)

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

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. A lease of less than 50 years is described as a short lease.

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:

Buildings	2% to 10%
Leasehold land	Over lease period
Plant and machinery	10% - 25%
Factory and office renovations	2% to 20%
Equipment, furniture and fittings and motor vehicles	10% - 33.3%

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (f) Biological Assets - Oil Palm Planting Expenditure

All expenses incurred in land preparation, planting and developing of oil palm up to maturity are capitalised as biological assets. A portion of the indirect overheads which include general and administrative expenses incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity at the age of 36 months. All expenses subsequent to maturity are recognised in the profit or loss. Upon attaining maturity, oil palm planting expenditure is amortised over 20 years. Replanting expenditure and nursery assets are capitalised under oil palm planting expenditure in the year in which they are incurred until maturity.

#### (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.

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 rate:

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.

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **2.3 Summary of Significant Accounting Policies (Contd.)**

##### **(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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (i) Impairment of Non-financial Assets (Contd.)

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 the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (j) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company categorised the classification of their financial assets at initial recognition as loans and receivables.

Loans and receivables are classified as current assets, except for those having maturity date later than 12 months after the reporting date which are classified as non-current.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (j) Financial Assets (Contd.)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### (k) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the First-In, First-Out ("FIFO") basis. 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

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities within the scope of FRS 139 Financial Instruments: Recognition and Measurement, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gain or losses on derivatives include exchange differences.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (n) Financial Liabilities (Contd.)

##### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade payables, other payables and amounts due to related companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (p) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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 is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Specific income streams are recognised as follows:

##### (i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts, and upon transfer of significant risks and rewards of ownership to the buyer.

##### (ii) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

##### (iii) Property management services

Revenue from property management is recognised when services are rendered.

##### (iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **2.3 Summary of Significant Accounting Policies (Contd.)**

##### **(q) Revenue Recognition (Contd.)**

###### **(v) Receipts in advance**

Receipts in advance are deferred and classified under current liabilities in the statement of financial position.

###### **(vi) Interest income**

Interest income is recognised using the effective interest method.

###### **(vii) Management fees**

Management fees are recognised when the Group's 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. Additional disclosures on each of these segments are shown in Note 33.

##### **(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 Ringgit Malaysia (RM), which is also the Company's functional currency.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (s) Foreign Currencies (Contd.)

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (s) Foreign Currencies (Contd.)

##### (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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (t) Employee Benefits (Contd.)

##### (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 2015 by PT Milliman Indonesia, an independent actuary dated 20 April 2015.

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **2.3 Summary of Significant Accounting Policies (Contd.)**

##### **(t) Employee Benefits (Contd.)**

##### **(iv) Employees' Share Scheme ("ESS")**

The Kumpulan Fima Berhad Employee's Share Scheme ("ESS") comprises the following:

- Employee Share Option Scheme ("ESOS")

The ESOS is an equity-settled share-based compensation plan that allows the directors and employees of the Company and its subsidiaries to acquire shares of Kumpulan Fima Berhad ("KFima"). The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity contribution from parent reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the equity contribution from parent reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The equity contribution from parent reserve is transferred to retained earnings upon expiry of the share options.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (t) Employee Benefits (Contd.)

##### (iv) Employees' Share Scheme ("ESS") (Contd.)

###### - Restricted Share Grant Scheme ("RSGS")

Senior management personnel of the Group are entitled to performance-based restricted shares as consideration for services rendered. The RSGS may be settled by way of issuance and transfer of new KFima shares or by cash at the absolute discretion of the Options Committee. The total fair value of RSGS granted to senior management employees is recognised as an employee cost with a corresponding increase in the equity contribution from parent reserve within equity over the vesting period and taking into account the probability that the RSGS will vest.

The fair value of RSGS is measured at grant date, taking into account, the market vesting conditions upon which the RSGS were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share that are expected to be awarded on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSGS that are expected to be awarded on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the equity contribution from parent reserve.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (u) Leases

##### (a) As lessee

Finance leases, which transfer to the Group 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 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.

##### (b) 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 2.3(q)(ii).

#### (v) Income Tax

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (v) Income Tax (Contd.)

##### (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
- 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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Summary of Significant Accounting Policies (Contd.)

#### (v) Income Tax (Contd.)

##### (ii) Deferred tax (Contd.)

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.

### 2.4 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments 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:

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Significant Accounting Estimates and Judgments (Contd.)

#### (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) Income taxes

The Group and the Company are subject to income taxes in Malaysia and Indonesia. Significant judgment is required in determining the allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made. The Group's and the Company's tax expense for the current financial year is RM27,522,000 (2014: RM29,252,000) and RM558,000 (2014: RM3,011,000) respectively, as disclosed in Note 9.

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **2.4 Significant Accounting Estimates and Judgments (Contd.)**

##### **(iii) Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group's and the Company's deferred tax assets as at 31 March 2015 is RM5,921,000 (2014: RM3,221,000) and RM552,000 (2014: RM489,000) respectively, as disclosed in Note 27.

##### **(iv) Useful lives and depreciation of property, plant and equipment**

Management uses key source of estimation and critical judgment in the process of applying the Group's accounting policies for depreciation in respect of plant and machinery.

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of the plant and machinery to be within 4 to 10 years. These are common life expectancies applied in the industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(v) Employee Share Scheme ("ESS")**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions and the carrying amounts are disclosed in Note 25.



## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **2.4 Significant Accounting Estimates and Judgments (Contd.)**

##### **(vi) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2015 was RM6,200,000 (2014: RM510,000). Further details are disclosed in Note 15.

##### **(vii) Revaluation of property, plant and equipment**

The Group carries certain freehold land, leasehold land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2015 for revalued land and buildings. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 12.

##### **(viii) Provision for goods defect**

Provisions for goods defect are 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 and estimates of costs to remedy the various qualitative issues that might occur.

Total Group's provisions for goods defect as of 31 March 2015 is RM16,492,000 (2014: RM14,168,000), as disclosed in Note 30(c).

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 3. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Dividend income from subsidiaries	-	-	37,975	24,077
Production and trading of security and confidential documents	265,187	239,989	-	-
Net sale of oil palm products	107,116	102,766	-	-
Rental income from investment properties	5,263	5,176	3,868	3,597
Property management services	448	451	430	432
	<u>378,014</u>	<u>348,382</u>	<u>42,273</u>	<u>28,106</u>

### 4. OTHER INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	7,176	7,443	1,302	1,819
Gain on disposal of property, plant and equipment	14	335	2	33
Gain from plantation investment compensation	811	714	-	-
Management fees	24	629	24	24
Marketing fees	-	-	-	379
Others	3,078	780	-	-
	<u>11,103</u>	<u>9,901</u>	<u>1,328</u>	<u>2,255</u>

### 5. FINANCE COST

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense on obligations under finance leases	42	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 6. PROFIT BEFORE TAX

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Staff costs (Note 7)	28,354	25,113	1,358	1,529
Non-executive directors' remuneration (Note 8)	376	398	330	334
Statutory audit fees:				
- Auditors of the Company	257	196	87	45
Other non-audit fees:				
- Auditors of the Company	8	5	8	5
Factory rental	765	700	-	-
Repairs and maintenance	2,450	2,712	139	98
Depreciation of property, plant and equipment (Note 12)	19,180	14,108	155	121
Depreciation of investment properties (Note 13)	1,508	1,510	1,163	1,167
Amortisation of biological assets (Note 14)	3,526	4,128	-	-
Impairment loss on trade receivables (Note 18)	1,106	201	5	-
Write back of impairment loss on trade receivables (Note 18)	(59)	(636)	-	-
Impairment loss on other receivables (Note 18)	-	286	-	-
Write back of impairment loss on other receivables (Note 18)	(46)	(620)	-	-
Write down of inventories	232	239	-	-
Gain on disposal of property, plant and equipment	(14)	(335)	(2)	(33)
Provision for retirement benefit obligations (Note 28)	182	256	-	-
Realised foreign exchange gain	(1,224)	(592)	-	(1,163)
Loss on derivatives	-	216	-	216

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 7. STAFF COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	23,652	21,151	1,074	1,305
EPF contribution	2,880	2,374	145	122
Social security costs	189	173	4	3
Provision for retirement benefits (Note 28)	182	256	-	-
Shares and options granted under ESS	174	126	25	13
Other staff related expenses	1,277	1,033	110	86
	<u>28,354</u>	<u>25,113</u>	<u>1,358</u>	<u>1,529</u>

Included in staff costs of the Group and of the Company is the executive directors' remuneration amounting to RM1,121,000 (2014: RM1,121,000) and RM446,000 (2014: RM472,000) respectively as further disclosed in Note 8. Direct wages of employees amounting to RM8,393,000 (2014: RM7,924,000) have been included in the Group's cost of sales.

### 8. 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Executive directors' remuneration</b>				
Salaries and other emoluments	712	659	285	264
Bonus	353	364	140	145
Benefits-in-kind	56	98	21	63
	<u>1,121</u>	<u>1,121</u>	<u>446</u>	<u>472</u>
<b>Non-executive directors' remuneration</b>				
Fees	290	308	252	252
Other emoluments	86	90	78	82
	<u>376</u>	<u>398</u>	<u>330</u>	<u>334</u>
Total	<u>1,497</u>	<u>1,519</u>	<u>776</u>	<u>806</u>
Total excluding benefits-in-kind	<u>1,441</u>	<u>1,421</u>	<u>755</u>	<u>743</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 8. DIRECTORS' REMUNERATION (CONTD.)

The number of directors of the Company whose total remuneration during the year fall within the following bands is analysed below:

	Number of Directors	
	2015	2014
<b>Executive:</b>		
RM1,100,001 - RM1,150,000	1	1
<b>Non-Executive:</b>		
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	-	1

### 9. INCOME TAX EXPENSE

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	26,413	24,825	808	3,002
- Under/(over) provision in prior years	3,854	(3)	(184)	(4)
	<u>30,267</u>	<u>24,822</u>	<u>624</u>	<u>2,998</u>
Deferred tax (Note 27):				
- Relating to reversal and origination of temporary differences	(2,013)	6,707	(70)	10
- (Over)/under provision in prior years	(732)	(2,277)	4	3
	<u>(2,745)</u>	<u>4,430</u>	<u>(66)</u>	<u>13</u>
Total income tax expense	<u>27,522</u>	<u>29,252</u>	<u>558</u>	<u>3,011</u>

The Malaysian statutory tax rate will be reduced to 24% from the current year's tax of 25% (2014: 25%) effective year of assessment 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 9. INCOME TAX EXPENSE (CONTD.)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Group</b>				
Profit before tax	87,827	101,246	37,427	26,413
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	21,957	25,311	9,357	6,603
Effect of expenses not deductible for tax purposes	3,392	3,025	875	459
Effect of partial tax exemption	(115)	(67)	-	-
Effect of share of results of associates	(834)	(1,402)	-	-
Income not subject to tax	-	-	(9,494)	(4,050)
Deferred tax on potential dividend receivable	-	4,665	-	-
(Over)/under provision of deferred tax in prior year	(732)	(2,277)	4	3
Under/(over) provision of income tax expense in prior year	3,854	(3)	(184)	(4)
Income tax expense recognised in in profit or loss	27,522	29,252	558	3,011



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 10. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Interim</b>				
Recognised during the financial year:				
Single-tier interim dividend for year ended 31 March 2014 of 15% paid on 27 December 2013	-	12,071	-	12,071
2nd single-tier interim dividend for year ended 31 March 2014 of 15% paid on 12 August 2014	-	12,071	12,071	-
Single-tier interim dividend for year ended 31 March 2015 of 10% paid on 24 December 2014	12,071	-	12,071	-
<b>Final</b>				
Final dividend for year ended 31 March 2013 of 18.5% less 25% taxation paid on 10 October 2013	-	-	-	11,165
<b>Special</b>				
Single-tier special dividend for year ended 31 March 2014 of 15% paid on 12 August 2014	-	4,023	4,023	4,023
	<u>12,071</u>	<u>28,165</u>	<u>28,165</u>	<u>27,259</u>

The directors recommend the payment of a single-tier final dividend of 15% on 241,412,130 ordinary shares of RM0.50 per share or 7.5 sen per share of RM0.50 sen, amounting to a total of RM18,105,910, which subject to the shareholders' approval at the forthcoming Annual General Meeting will be paid on a date to be determined. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 March 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

#### (a) Basic

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the retrospective adjustments arising from the Share Split which was completed on 13 October 2014, and Bonus Issue which was completed on 13 October 2014, as required by FRS 133 on Earnings per Share.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
		<b>Restated</b>
Consolidated profit attributable to equity holders of the Company (RM'000)	55,761	67,700
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 January	43,588	43,588
Effect of share split	55,102	55,102
Effect of bonus shares issued	55,545	55,545
	<u>154,235</u>	<u>154,235</u>
Basic earnings per share for the year (sen)	<u>36.15</u>	<u>43.89</u>

#### (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 31 MARCH 2015 (contd.)

## 12. PROPERTY, PLANT AND EQUIPMENT

### Group

	At Valuation		At Cost					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and Machinery RM'000	Factory and Office Renovations RM'000	Equipment, Furniture and Fittings and Motor Vehicles RM'000	Work In Progress RM'000	
<b>At 31 March 2015</b>								
<b>At Valuation/Cost</b>								
At 1 April 2014	1,500	30,219	6,109	74,556	20,184	33,601	4,133	170,302
Additions	-	-	1,242	3,546	19	4,142	1,844	10,793
Acquisition of subsidiaries	-	8,500	-	-	-	-	-	8,500
Disposals	-	-	-	(37)	-	(652)	-	(689)
Transfer from biological asset	-	7,998	-	-	-	-	-	7,998
Reclassification	-	-	4,141	282	-	20	(4,443)	-
Revaluation surplus/(deficit)	50	25,144	(21)	-	-	-	-	25,173
Exchange differences	-	(2)	(82)	(177)	(139)	(152)	(57)	(609)
<b>At 31 March 2015</b>	<b>1,550</b>	<b>71,859</b>	<b>11,389</b>	<b>78,170</b>	<b>20,064</b>	<b>36,959</b>	<b>1,477</b>	<b>221,468</b>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	-----At Valuation-----		-----At Cost-----					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and Machinery RM'000	Factory and Office Renovations RM'000	Equipment, Furniture and Fittings and Motor Vehicles RM'000	Work In Progress RM'000	
<b>At 31 March 2015</b>	-	262	1,300	60,499	15,273	18,781	-	96,115
<b>Accumulated Depreciation</b>	-	1,093	1,050	5,507	1,874	9,656	-	19,180
At 1 April 2014	-	-	-	(37)	-	(651)	-	(688)
Charge for the year	-	2,062	-	-	-	-	-	2,062
Disposals	-	(43)	(17)	(95)	(104)	(123)	-	(382)
Transfer from biological asset	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 31 March 2015	-	3,374	2,333	65,874	17,043	27,663	-	116,287
<b>Net Carrying Amount</b>	1,550	68,485	9,056	12,296	3,021	9,296	1,477	105,181

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group

	At Valuation		At Cost					Total
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and Machinery RM'000	Factory and Office Renovations RM'000	Equipment, Furniture and Fittings and Motor Vehicles RM'000	Work In Progress RM'000	RM'000
<b>At 31 March 2014</b>	1,500	121	6,269	69,979	21,655	20,409	3,851	123,784
<b>At Valuation/Cost</b>								
At 1 April 2013	-	30,110	4	4,484	314	14,410	4,712	54,034
Additions	-	-	-	(2,602)	-	(137)	-	(2,739)
Disposals	-	-	409	3,593	-	64	(4,066)	-
Reclassification	-	-	-	-	-	(33)	-	(33)
Write-offs	-	(12)	(573)	(898)	(1,785)	(1,112)	(364)	(4,744)
Exchange differences	-	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	1,500	30,219	6,109	74,556	20,184	33,601	4,133	170,302

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	-----At Valuation-----		-----At Cost-----					Total RM'000
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and Machinery RM'000	Factory and Office Renovations RM'000	Equipment, Furniture and Fittings and Motor Vehicles RM'000	Work In Progress RM'000	
<b>At 31 March 2014</b>	-	-	628	57,344	14,501	14,745	-	87,218
<b>Accumulated Depreciation</b>	-	262	728	6,208	1,932	4,978	-	14,108
At 1 April 2013	-	-	-	(2,600)	-	(137)	-	(2,737)
Charge for the year	-	-	-	-	-	(33)	-	(33)
Disposals	-	-	(56)	(453)	(1,160)	(772)	-	(2,441)
Write-offs	-	-	1,300	60,499	15,273	18,781	-	96,115
Exchange differences	-	262	4,809	14,057	4,911	14,820	4,133	74,187
At 31 March 2014	1,500	29,957	4,809	14,057	4,911	14,820	4,133	74,187
<b>Net Carrying Amount</b>								



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### Company

At Valuation	-----At Cost-----				Total
	Land and Buildings*	Plant and Machinery	Office Renovations	Equipment, Furniture, and Fittings and Motor Vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 March 2015</b>					
<b>At Valuation/Cost</b>					
At 1 April 2014	1,700	4	341	522	2,567
Additions	40	-	-	151	191
Revaluation surplus	29	-	-	-	29
Disposal	-	-	-	(4)	(4)
At 31 March 2015	<u>1,769</u>	<u>4</u>	<u>341</u>	<u>669</u>	<u>2,783</u>
<b>Accumulated Depreciation</b>					
At 1 April 2014	53	3	105	236	397
Charge for the year	16	-	58	81	155
Disposal	-	-	-	(3)	(3)
At 31 March 2015	<u>69</u>	<u>3</u>	<u>163</u>	<u>314</u>	<u>549</u>
<b>Net Carrying Amount</b>	<u>1,700</u>	<u>1</u>	<u>178</u>	<u>355</u>	<u>2,234</u>
<b>At 31 March 2014</b>					
<b>At Cost</b>					
At 1 April 2013	1,700	2	82	476	2,260
Additions	-	2	259	216	477
Disposal	-	-	-	(137)	(137)
Write-offs	-	-	-	(33)	(33)
At 31 March 2014	<u>1,700</u>	<u>4</u>	<u>341</u>	<u>522</u>	<u>2,567</u>
<b>Accumulated Depreciation</b>					
At 1 April 2013	40	2	54	350	446
Charge for the year	13	1	51	56	121
Disposal	-	-	-	(137)	(137)
Write-offs	-	-	-	(33)	(33)
At 31 March 2014	<u>53</u>	<u>3</u>	<u>105</u>	<u>236</u>	<u>397</u>
<b>Net Carrying Amount</b>	<u>1,647</u>	<u>1</u>	<u>236</u>	<u>286</u>	<u>2,170</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

#### \* Land and Buildings of the Company

<b>At 31 March 2015</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>At Cost</b>			
At 1 April 2014	1,500	200	1,700
Additions	-	40	40
Revaluation surplus/(deficit)	50	(21)	29
At 31 March 2015	<u>1,550</u>	<u>219</u>	<u>1,769</u>
<b>Accumulated Depreciation</b>			
At 1 April 2014	-	53	53
Charge for the year	-	16	16
At 31 March 2015	<u>-</u>	<u>69</u>	<u>69</u>
<b>Net Carrying Amount</b>	<u>1,550</u>	<u>150</u>	<u>1,700</u>
<b>At 31 March 2014</b>			
<b>At Cost</b>			
At 1 April 2013/31 March 2014	<u>1,500</u>	<u>200</u>	<u>1,700</u>
<b>Accumulated Depreciation</b>			
At 1 April 2013	-	40	40
Charge for the year	-	13	13
At 31 March 2014	<u>-</u>	<u>53</u>	<u>53</u>
<b>Net Carrying Amount</b>	<u>1,500</u>	<u>147</u>	<u>1,647</u>

- (a) The factory extension of the Group with a net book value of RM235,000 (2014: RM504,000) was constructed on a piece of land leased from the lessor. The lease will expire on 30 April 2020.
- (b) Included in the property, plant and equipment of the Group and the Company are cost of fully depreciated assets still in use of RM67,558,000 (2014: RM57,386,000) and RM313,000 (2014: RM299,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) Freehold land, leasehold land and buildings have been revalued on 31 March 2015 based on open market valuations carried out by an independent firm of professional valuers to reflect their fair value. The book values of these land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

Fair value measurement disclosures for revalued land and buildings are provided in Note 34.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Freehold land	Comparison method <sup>(i)</sup>	Average price per square feet	RM44 - RM45
Leasehold land	Comparison method <sup>(i)</sup>	Average price per acre	RM4,641 - RM15,255
	Discounted cash flow method <sup>(ii)</sup>	Average yield price per hectare	RM1,438 - RM1,489
		Discount rate	13.38%
Annual inflation rate		7% - 14%	
Building	Depreciated replacement method <sup>(iii)</sup>	Average price per square feet	RM80 - RM150

- (i) The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in time, location, size, planning provisions, tenure, title restrictions, etc. to arrive at the value of the land.
- (ii) The discounted cash flow method entails determining the gross income contribution based on projection of fresh fruit bunches production, which is based on the potential projection from historical production analysis from the plantation, and the assumption of market price for the projection years.
- (iii) The depreciated replacement cost method entails determining the current gross replacement (or reproduction costs) of building and improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) Freehold land, leasehold land and buildings have been revalued on 31 March 2015 based on open market valuations carried out by an independent firm of professional valuers to reflect their fair value. The book values of these land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve (contd.).

If the total amounts of the freehold land, leasehold land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Costs</u>		
Freehold land	1,500	1,500
Leasehold land	46,715	30,219
Buildings	11,410	6,109
	59,625	37,828
<u>Accumulated depreciation</u>		
Leasehold land	(3,374)	(262)
Buildings	(2,333)	(1,300)
<b>Net Carrying Amount</b>	53,918	36,266

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 13. INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
At 1 April 2014/2013 and 31 March	87,559	87,559	72,116	72,116
<b>Accumulated depreciation</b>				
At 1 April 2014/2013	20,860	19,350	18,023	16,856
Charge for the year	1,508	1,510	1,163	1,167
At 31 March	22,368	20,860	19,186	18,023
<b>Net Carrying Amount</b>	65,191	66,699	52,930	54,093
<b>Fair value</b>	66,400	68,620	53,900	55,920

- (a) The land title of a freehold land and building of the Company with a net book value of approximately RM52,067,000 (2014: RM53,211,000) is pledged as securities 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 RM863,000 (2014: RM882,000) is yet to be finalised.
- (c) The fair value of the investment properties during the year was determined based on comparison approach. The fair value of the properties as at 31 March 2015 and 31 March 2014 are based on valuation carried out by professional independent valuers, Messrs Hatta & Associates Sdn. Bhd.
- (d) Rental income generated from and direct operating expenses incurred on income generated from investment properties are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Rental income	5,263	5,176	3,868	3,597
Direct operating expenses	2,484	2,260	1,930	1,795

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 14. BIOLOGICAL ASSETS

	Group	
	2015	2014
	RM'000	RM'000
<b>Oil Palm Planting</b>		
<b>Cost</b>		
At 1 April 2014/2013	72,538	80,776
Additions	4,406	538
Disposal	(660)	(429)
Transfer to property, plant and equipment	(7,998)	-
Write-off	(54)	(723)
Exchange difference	(762)	(7,624)
At 31 March	<u>67,470</u>	<u>72,538</u>
<b>Accumulated Amortisation</b>		
At 1 April 2014/2013	21,576	20,160
Amortisation for the year	3,526	4,128
Disposal	(171)	(87)
Transfer to property, plant and equipment	(2,062)	-
Write-off	(54)	(723)
Exchange difference	(222)	(1,902)
At 31 March	<u>22,593</u>	<u>21,576</u>
<b>Net Carrying Amount</b>	<u>44,877</u>	<u>50,962</u>

### 15. GOODWILL ON CONSOLIDATION

	Group	
	2015	2014
	RM'000	RM'000
At 1 April 2014/2013	510	510
Acquisition of subsidiaries (Note 16)	5,690	-
At 31 March	<u>6,200</u>	<u>510</u>

The entire goodwill is in respect of the acquisition of the subsidiaries in Malaysia and Indonesia.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 15. GOODWILL ON CONSOLIDATION (CONTD.)

### (a) Key Assumptions used in Value-In-Use Calculations

The key assumptions used in value-in-use calculations are as follows:

	2015 %	2014 %
Discount rate <sup>1</sup>	7	9
Terminal growth rate <sup>2</sup>	5	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.

## 16. INVESTMENTS IN SUBSIDIARIES

Company	Unquoted shares RM'000	Redeemable convertible loan stocks RM'000	Total RM'000
At 1 April 2014	23,663	34,700	58,363
Subscription during the year	-	6,000	6,000
Acquisition during the year	3,336	-	3,336
Redemption during the year	-	(3,700)	(3,700)
At 31 March 2015	26,999	37,000	63,999
At 1 April 2013	23,663	22,200	45,863
Subscription during the year	-	31,000	31,000
Redemption during the year	-	(18,500)	(18,500)
At 31 March 2014	23,663	34,700	58,363

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Details of subsidiaries are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest		Principal Activities
		2015 %	2014 %	
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.
FCB Property Management Sdn. Bhd. (i)	Malaysia	100	100	Property management.
FCB Plantation Holdings Sdn. Bhd. (i)	Malaysia	100	100	Investment holding.
Gabungan Warisan Sdn. Bhd. (i)	Malaysia	100	-	Oil palm plantation.
<b>Subsidiary of FCB Plantation Holdings Sdn Bhd</b>				
Cendana Laksana Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Next Oasis Sdn. Bhd. (i)	Malaysia	89	-	Investment holding.
PT Nunukan Jaya Lestari (ii)	Indonesia	80	80	Oil palm production and processing.
<b>Subsidiary of Next Oasis Sdn Bhd</b>				
Taka Worldwide Sdn. Bhd. (i)	Malaysia	89	-	Oil palm plantation.
Etiqa Gangsa Sdn. Bhd. (i)	Malaysia	89	-	Oil palm plantation.

(i) Audited by Hanafiah Raslan & Mohamad, a member of Ernst & Young Global

(ii) Audited by member firms of Ernst & Young Global in Jakarta

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (b) Acquisition of subsidiaries

- (i) On 17 June 2014, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with Yee Kong Fatt and Cheong Kok Tong for the acquisition of two million (2,000,000) ordinary share of RM1.00 each, representing the entire equity interest of Gabungan Warisan Sdn Bhd ("GWSB") for a total purchase consideration of RM3.702 million. The authorised share capital of GWSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,000 ordinary shares have been issued and are fully paid-up.

GWSB has been granted a 99 year lease by Akademi Yakin Sdn Bhd, a wholly-owned subsidiary of Yayasan Kelantan Darul Naim, to undertake the development of a parcel of land measuring approximately 617.3 acres held under PT 4718, HS(D) 9350, Mukim Kuala Stong, Jajahan Kuala Krai, Kelantan Darul Naim in accordance with the terms and conditions as set out in the agreement to lease dated 18 May 2014. The acquisition was completed on 17 October 2014.

- (ii) On 17 March 2015, FCB Plantation Holdings Sdn Bhd acquired 890 ordinary shares of RM1.00 each, representing 89% of the total issued and paid-up share capital of Next Oasis Sdn Bhd for a total cash consideration of RM890. The remaining 11% equity interest is held by London Nusantara Plantations PLC.

The effect of these acquisitions on the financial results of the Group during the year is as follows:

	<b>2015</b>
	<b>RM'000</b>
Revenue	-
Operating costs	346
Loss before tax	(346)
Tax expenses	-
Loss for the financial year	(346)

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

#### (b) Acquisition of subsidiaries (Contd.)

The details of net assets acquired and cash flows arising from the acquisitions of the following significant subsidiaries are as follows:

	<b>Acquiree's carrying amounts RM'000</b>	<b>Fair Value RM'000</b>
<b>Gabungan Warisan Sdn Bhd</b>		
Property, plant and equipment	3,189	3,500
Trade and other receivables	557	557
Finance lease liabilities	(3,189)	(3,189)
Payables and accruals	(568)	(568)
Fair value of net assets acquired	<u>(11)</u>	<u>300</u>
Goodwill on acquisition		<u>3,035</u>
Purchase consideration settled in cash		<u>3,335</u>

	<b>Acquiree's carrying amounts RM'000</b>	<b>Fair Value RM'000</b>
<b>Next Oasis Sdn Bhd (as a Group)</b>		
Property, plant and equipment	2,823	5,000
Trade and other receivables	103	103
Cash and bank balances	1	1
Finance lease liabilities	(2,823)	(2,823)
Payables and accruals	(767)	(767)
Fair value of net assets acquired	<u>(663)</u>	<u>1,514</u>
Goodwill on acquisition		<u>2,655</u>
Purchase consideration settled in cash		<u>4,169</u>
Less: Cash and bank balances of subsidiaries acquired		<u>(1)</u>
Cash outflow of the Group on acquisition		<u>4,168</u>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (b) Acquisition of subsidiaries (Contd.)

A summary of the details of net assets acquired and cash flows arising from the acquisitions during the financial year are as follows:

	Acquiree's carrying amounts RM'000	Fair Value RM'000
Property, plant and equipment	6,012	8,500
Trade and other receivables	660	660
Cash and bank balances	1	1
Finance lease liabilities	(6,012)	(6,012)
Payables and accruals	(1,335)	(1,335)
Fair value of net assets acquired	<u>(674)</u>	<u>1,814</u>
Goodwill on acquisition (Note 15)		<u>5,690</u>
Purchase consideration settled in cash		7,504
Less: Cash and bank balances of subsidiaries acquired		(1)
Cash outflow of the Group on acquisition		<u>7,503</u>

### (c) Financial information of PT Nunukan Jaya Lestari which have 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

	2015 RM'000	2014 RM'000
Non-current assets - Biological assets	41,924	50,588
Non-current assets - Others	53,109	22,453
Current assets - Cash and cash equivalents	45,089	36,482
Current assets - Others	33,051	29,806
Total assets	<u>173,173</u>	<u>139,329</u>
Current liabilities	21,844	8,023
Non-current liabilities	1,184	1,371
Total liabilities	<u>23,028</u>	<u>9,394</u>
Net assets	<u>150,145</u>	<u>129,935</u>
Equity attributable to shareholders of the company	<u>150,145</u>	<u>129,935</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

- (c) Financial information of PT Nunukan Jaya Lestari which have a non-controlling interests is set out below. The summarised financial information presented below is the amount before inter-company elimination (Contd.).

- (ii) Summarised statement of comprehensive income

	2015 RM'000	2014 RM'000
Revenue	107,098	111,114
Profit for the year	22,875	21,470
Other comprehensive income	15,453	(14,120)
Total comprehensive income	<u>38,328</u>	<u>7,350</u>

- (iii) Summarised statement of cash flow

	2015 RM'000	2014 RM'000
Net cash generated from operating activities	38,834	34,230
Net cash used in investing activities	(1,462)	(2,875)
Net cash used in financing activities	<u>(28,259)</u>	<u>(25,758)</u>
Net increase in cash and cash equivalents	9,113	5,597
Cash and cash equivalents at beginning of the year	36,482	34,103
Effect of exchange rate changes	<u>(506)</u>	<u>(3,218)</u>
Cash and cash equivalents at end of the year	<u>45,089</u>	<u>36,482</u>

### 16. INVESTMENTS IN SUBSIDIARIES (CONTD.)

- (d) During the year, the Company subscribed to RM37.0 million (370 units) of redeemable convertible loan stocks issued by a subsidiary, Cendana Laksana Sdn Bhd., with a nominal value of RM100,000 per loan stock at 7.0% per annum coupon rate by capitalising its advances previously made to the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	10,000	10,000	10,000	10,000
Share of post acquisition results	28,687	25,350	-	-
	<u>38,687</u>	<u>35,350</u>	<u>10,000</u>	<u>10,000</u>

Represented by:

Share of net assets	<u>38,687</u>	<u>35,350</u>	<u>10,000</u>	<u>10,000</u>
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Details of the associates, which are all incorporated in Malaysia, are as follows:

Name of Associates	Group's effective interest		Principal Activities
	2015 %	2014 %	
KadKash Sdn. Bhd.	40	40	Dormant
Giesecke and Devrient Malaysia Sdn. Bhd. (i)	20	20	Production and sale of bank notes

(i) Audited by a firm other than Hanafiah Raslan and Mohamad

The financial statements of the above associates are conterminous with those of the Group, except for G&D which 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 2014 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2014 and 31 March 2015.

Summarised financial information in respect of Giesecke & Devrient Malaysia Sdn. Bhd. is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.



## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 17. INVESTMENTS IN ASSOCIATES (CONTD.)

(i) Summarised statement of financial position

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Assets and liabilities		
Current assets	67,343	76,839
Non-current assets	195,892	215,356
Total assets	<u>263,235</u>	<u>292,195</u>
Current liabilities	37,739	57,686
Non-current liabilities	32,060	57,757
Total liabilities	<u>69,799</u>	<u>115,443</u>
Net assets	<u>193,436</u>	<u>176,752</u>

(ii) Summarised statement of comprehensive income

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	161,350	116,275
Profit before tax	17,427	25,366
Profit for the year	16,684	28,042
Total comprehensive income	<u>16,684</u>	<u>28,042</u>

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Net assets at 1 April 2014/2013	176,752	148,710
Total comprehensive income	16,684	28,042
Net assets at 31 March	<u>193,436</u>	<u>176,752</u>
Interest in associates	<u>20%</u>	<u>20%</u>
Carrying value of Group's interest in associates	<u>38,687</u>	<u>35,350</u>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade receivables</b>				
Third parties	163,800	91,120	406	405
Less: Allowance for impairment	(1,182)	(127)	(5)	-
<b>Trade receivables, net</b>	<b>162,618</b>	<b>90,993</b>	<b>401</b>	<b>405</b>
<b>Other receivables</b>				
Deposits	683	502	188	190
Sundry receivables	11,800	10,834	1	-
Tax recoverable	115	176	-	88
Prepayments	7,530	2,038	123	111
Staff loan	350	814	-	-
Less: Allowance for impairment	(240)	(286)	-	-
<b>Other receivables, net</b>	<b>20,238</b>	<b>14,078</b>	<b>312</b>	<b>389</b>
<b>Total trade and other receivables</b>	<b>182,856</b>	<b>105,071</b>	<b>713</b>	<b>794</b>

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 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 a balance of RM146,673,000 (2014: RM75,980,000) due from the Government of Malaysia.

### Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	34,091	38,162	174	86
Past due but not impaired:				
1 to 60 days	38,559	20,013	45	43
61 to 120 days	24,698	17,327	31	58
More than 121 days	65,270	15,491	151	218
	128,527	52,831	227	319
Impaired	1,182	127	5	-
	<b>163,800</b>	<b>91,120</b>	<b>406</b>	<b>405</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 18. TRADE AND OTHER RECEIVABLES (CONTD.)

#### (a) Trade receivables (Contd.)

##### 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 has trade receivables amounting to RM128,527,000 (2014: RM52,831,000) and RM227,000 (2014: RM319,000), 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 in full within the next twelve months.

##### Receivables that are impaired

The Group 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Gross amounts of impaired trade receivables	1,182	127	5	-
Less: Allowance for individual impairment losses	(1,182)	(127)	(5)	-
	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 18. TRADE AND OTHER RECEIVABLES (CONTD.)

#### (a) Trade receivables (Contd.)

Movement in allowance accounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April 2014/2013	127	624	-	-
Charge for the year (Note 6)	1,106	201	5	-
Write back of impairment loss (Note 6)	(59)	(636)	-	-
Bad debts written off	-	(62)	-	-
Exchange differences	8	-	-	-
As 31 March	<u>1,182</u>	<u>127</u>	<u>5</u>	<u>-</u>

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross amounts of impaired other receivables	240	286	-	-
Less: Allowance for individual impairment losses	<u>(240)</u>	<u>(286)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 18. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Other receivables (Contd.)

Movement in allowance accounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April 2014/2013	286	620	-	-
Charge for the year (Note 6)	-	286	-	-
Write back for impairment loss (Note 6)	(46)	(620)	-	-
As 31 March	240	286	-	-

### 19. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
Work-in-progress	52,920	39,440
Oil palm products	7,927	3,988
	<u>60,847</u>	<u>43,428</u>
<b>At net realisable value:</b>		
Printing materials	13,212	12,124
Fertilizer	1,706	569
Consumables	15,469	11,402
	<u>30,387</u>	<u>24,095</u>
	<u>91,234</u>	<u>67,523</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM172,136,000 (2014: RM146,326,000).

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 20. DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Due from subsidiaries	-	-	6,242	210
Due from other related companies	2	31	2	4
Due from associate company	15	15	-	-
	<u>17</u>	<u>46</u>	<u>6,244</u>	<u>214</u>
Due to penultimate holding company	(212)	(6)	-	-
Due to other related companies	(513)	-	-	-
	<u>(725)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>

The amounts due from/(to) penultimate holding company, subsidiaries, associate and related companies are unsecured, non-interest bearing and are repayable upon demand.

### 21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	6,036	3,838	720	735
Fixed deposit with licensed banks	166,604	191,366	38,790	40,305
	<u>172,640</u>	<u>195,204</u>	<u>39,510</u>	<u>41,040</u>

The weighted average effective interest rates ("WAEIR") per annum of deposits at the reporting date are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Licensed banks	<u>3.45</u>	<u>3.23</u>	<u>3.60</u>	<u>3.25</u>

The average maturity of deposits as at the end of the financial year are as follows:

	Group		Company	
	2015 Days	2014 Days	2015 Days	2014 Days
Licensed banks	<u>26</u>	<u>26</u>	<u>30</u>	<u>26</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 22. SHARE CAPITAL

	Number of Ordinary Shares		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
Authorised:				
Ordinary shares of RM1.00 each				
At 1 April 2014/2013	-	100,000	-	100,000
Subdivided to RM0.50 each	-	(100,000)	-	(100,000)
At 31 March	-	-	-	-
Ordinary shares of RM0.50 each				
At 1 April 2014/2013	200,000	-	100,000	-
Subdivided from RM1.00 each	-	200,000	-	100,000
Created during the year	300,000	-	150,000	-
At 31 March	500,000	200,000	250,000	100,000

	Number of Ordinary Shares		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 April 2014/2013	-	82,427	-	82,427
Subdivided to RM0.50 each	-	(82,427)	-	(82,427)
At 31 March	-	-	-	-
Ordinary shares of RM0.50 each				
At 1 April 2014/2013	-	-	-	-
Subdivided from RM1.00 each	164,853	-	82,427	-
Bonus shares issued	80,471	-	40,235	-
At 31 March	245,324	-	122,662	-
	245,324	82,427	122,662	82,427



## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 22. SHARE CAPITAL (CONTD.)

On 13 October 2014, 82,426,810 ordinary shares of RM1.00 each were split into 164,853,620 ordinary shares of RM0.50 each. A bonus issue of 80,470,710 new subdivided shares was credited as fully paid-up on the basis of one (1) bonus shares for every two subdivided shares, exclude treasury shares.

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 23. SHARE PREMIUM

	2015 RM'000	2014 RM'000
At 1 April 2014/2013	534	534
Issuance of bonus shares	(534)	-
At 31 March	<u>-</u>	<u>534</u>

### 24. 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 10 September 2007, gave their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the current and prior financial year, the Company did not repurchase any of its issued ordinary shares.

Of the total 245,324,330 (2014: 82,426,810) issued and fully paid ordinary shares of RM0.50 each (2014: RM1.00 each) as at 31 March 2015, 3,912,200 (2014: 1,956,100) are held as treasury shares by the Company. As at 31 March 2015, the number of outstanding ordinary shares in issue and fully paid-up is therefore 241,412,130 (2014: 80,470,710) ordinary shares of RM0.50 each (2014: RM1.00 each).

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 25. OTHER RESERVES

Group	Asset revaluation reserve RM'000	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Total RM'000
<b>At 1 April 2013</b>	1,530	(16,903)	3,823	(11,550)
Foreign currency translation	-	(11,296)	-	(11,296)
Grant of equity-settled share options	-	-	126	126
<b>At 31 March 2014</b>	<u>1,530</u>	<u>(28,199)</u>	<u>3,949</u>	<u>(22,720)</u>
<b>At 1 April 2014</b>	1,530	(28,199)	3,949	(22,720)
Foreign currency translation	-	(2,004)	-	(2,004)
Revaluation surplus, net of tax	15,293	-	-	15,293
Grant of equity-settled share options	-	-	174	174
<b>At 31 March 2015</b>	<u>16,823</u>	<u>(30,203)</u>	<u>4,123</u>	<u>(9,257)</u>
<b>Company</b>				
<b>At 1 April 2013</b>	1,530	-	476	2,006
Grant of equity-settled share options	-	-	13	13
<b>At 31 March 2014</b>	<u>1,530</u>	<u>-</u>	<u>489</u>	<u>2,019</u>
<b>At 1 April 2014</b>	1,530	-	489	2,019
Grant of equity-settled share options	-	-	25	25
Revaluation surplus, net of tax	26	-	-	26
<b>At 31 March 2015</b>	<u>1,556</u>	<u>-</u>	<u>514</u>	<u>2,070</u>

The nature and purpose of each category of reserve are as follows:

**(a) Asset revaluation reserve**

The asset revaluation reserve is used to record increases in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 25. OTHER RESERVES (CONTD.)

#### (b) 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.

#### (c) Equity contribution from parent

On 19 November 2011, the penultimate holding company, Kumpulan Fima Berhad ("KFima") implemented an Employees Share Scheme ("ESS") comprising of the Share Option Scheme and the Restricted Share Grant Scheme. The ESS is governed by Bye-Laws which was approved by KFima's shareholders at the extraordinary general meeting held on 21 September 2011. The ESS will expire on 17 November 2016. The ESS comprises the following:

- **Employee Share Option Scheme ("ESOS");** whereby eligible employees are granted the right to subscribe for a number of KFima's shares at the prescribed subscription price subject to the terms and conditions of the Bye-Laws. No performance targets are required to be met before the options may be granted under the ESOS.
- **Restricted Share Grant Scheme ("RSGS");** whereby the employees having a designation of general manager and above will be granted the right to have a number of KFima's shares vested in them, subject to the terms and conditions of the Bye-Laws. The RSGS requires performance targets to be met prior to the vesting of KFima's shares.

In implementing the RSGS, KFima has established a trust for the purposes of subscribing for the new shares and transferring such new shares to the entitled employees as the Options Committee shall direct.

Equity contribution from parent represents the equity-settled share options and shares granted by KFima 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 KFima.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 25. OTHER RESERVES (CONTD.)

### (c) Equity contribution from parent (Contd.)

The eligibility criteria of the ESS are as follows:

- (i) Full time employment in the Company or other company within the Group for more than one (1) year;
- (ii) A resident who is a citizen of Malaysia, non-citizen with permanent resident status or non-citizen who holds a valid work permit in Malaysia and has entered into a full time or fixed term employment with any company within the Group, having the designation of Manager or above;
- (iii) If the employee is working under a fixed-term contract basis, the term of contract must not be less than two (2) years and renewal of contract must take place six (6) months before expiration; and
- (iv) Fulfil such other criteria as determined by the Options Committee from time to time.

The ESS is for a period of 5 years and the Options Committee has the discretion to extend the duration of the ESS for up to another 5 years provided that the scheme does not exceed 10 years in its entirety.

### (i) ESOS

The following table illustrates the number of share options ("No.") and weighted average exercise prices ("WAEP") of, and movements during the financial year as disclosed in the financial statements of Kumpulan Fima Berhad:

#### Movement of share options under ESOS during the financial year

	Group			
	2015		2014	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at 1 April				
2014/2013	10,485,200	1.54	13,015,500	1.50
-Granted	1,634,800	2.06	1,097,700	1.78
-Forfeited	(607,900)	1.81	(325,500)	1.56
-Exercised	(2,383,900)	1.53	(3,302,500)	1.49
Outstanding at 31 March	9,128,200	1.64	10,485,200	1.54
Exercisable at 31 March	7,210,200	1.62	9,192,000	1.52

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 25. OTHER RESERVES (CONTD.)

### (c) Equity contribution from parent (Contd.)

#### (i) ESOS (Contd.)

- The weighted average fair value of options granted during the financial year was RM0.44 (2014: RM0.42).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM2.28 (2014: RM1.99).
- The weighted average exercise price for options outstanding at the end of the year was RM1.64 (2014: RM1.54).

#### Fair value of share options granted

The fair value of the share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the pricing models for the years ended 31 March 2015 and 2014:

	<b>Binomial option pricing model</b>	
	<b>2015</b>	<b>2014</b>
Dividend Yield (%)	3.52	3.50
Expected volatility (%)	42.62	42.31
Risk-free interest rate (% p.a.)	3.55	3.15
Expected life of option (years)	2.98	3.29
Weighted average share price (RM)	2.14	2.03

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 25. OTHER RESERVES (CONTD.)

#### (c) Equity contribution from parent (Contd.)

##### (ii) RSGS

The following table illustrates the movements of shares vested under the RSGS during the financial year:

##### Movement of shares under RSGS during the financial year

	Group	
	2015	2014
	Number	Number
Outstanding at 1 April 2014/2013	-	-
Granted	206,000	207,500
Vested	<u>(206,000)</u>	<u>(207,500)</u>
Outstanding at 31 March	<u>-</u>	<u>-</u>

The vesting of the RSGS shares is conditional upon the satisfaction of the performance targets of the Group and all other conditions as set out in the ESS Bye-Laws.

### 26. RETAINED EARNINGS

As at 31 March 2015, the Company may distribute the entire balance of the retained earnings under the single tier system.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 27. DEFERRED TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April 2014/2013	1,506	(2,809)	(489)	(502)
Recognised in profit or loss (Note 9)	(2,745)	4,430	(66)	13
Revaluation of asset	6,289	-	3	-
Exchange differences	12	(115)	-	-
At 31 March	<u>5,062</u>	<u>1,506</u>	<u>(552)</u>	<u>(489)</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	(5,921)	(3,221)	(552)	(489)
Deferred tax liabilities	10,983	4,727	-	-
	<u>5,062</u>	<u>1,506</u>	<u>(552)</u>	<u>(489)</u>

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:

	Revaluation Reserve RM'000	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 April 2013	-	1,996	-	1,996
Recognised in profit or loss	-	1,379	4,666	6,045
At 31 March 2014	-	3,375	4,666	8,041
Recognised in profit or loss	-	(1,607)	(65)	(1,672)
Revaluation of asset	6,534	-	-	6,534
At 31 March 2015	<u>6,534</u>	<u>1,768</u>	<u>4,601</u>	<u>12,903</u>



## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 27. DEFERRED TAXATION (CONTD.)

#### Deferred tax asset of the Group:

	Retirement Benefit Obligations RM'000	Other Payables RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 April 2013	(335)	(4,470)	-	(4,805)
Recognised in profit or loss	(31)	(638)	(1,061)	(1,730)
At 31 March 2014	(366)	(5,108)	(1,061)	(6,535)
Recognised in profit or loss	(31)	(656)	(619)	(1,306)
At 31 March 2015	(397)	(5,764)	(1,680)	(7,841)

#### Deferred tax liability of the Company:

	Revaluation Reserve RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2013	-	28	28
Recognised in profit or loss	-	13	13
At 31 March 2014	-	41	41
Revaluation of asset	3	-	3
Recognised in profit or loss	-	8	8
At 31 March 2015	3	49	52

#### Deferred tax asset of the Company:

	Provision for Liabilities RM'000
At 1 April 2013	(530)
Recognised in profit or loss	-
At 31 March 2014	(530)
Recognised in profit or loss	(74)
At 31 March 2015	(604)

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 28. 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 2015.

(a) The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2015	2014
	RM'000	RM'000
Present value of unfunded defined benefits obligations	1,634	1,465
Analysed as:		
Non-current	1,634	1,465

(b) The amounts recognised in the profit or loss are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Current service cost	108	205
Interest cost	74	51
Total, included in staff costs (Note 7)	182	256

(c) Movements in the net liability during the financial year are as follows:

	Group	
	2015	2014
	RM'000	RM'000
At 1 April 2014/2013	1,465	1,338
Recognised in profit or loss (Note 6)	182	256
Benefits paid	-	(39)
Exchange differences	(13)	(90)
At 31 March	1,634	1,465

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 28. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

- (d) Principal assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2015 and 2014 are as follows:

	Group	
	2015	2014
Discount rate	8.0%	9.0%
Annual salary increase	8.0%	8.0%
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	
	2015 RM'000	2014 RM'000
A 1 per cent decrease/increase in discount rate will increase/ decrease the defined benefit obligation by	131	132
A 1 per cent increase/decrease in expected salary growth will increase/decrease the defined benefit obligation by	131	117

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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 29. FINANCE LEASE OBLIGATIONS

	Group	
	2015 RM'000	2014 RM'000
Minimum lease payments:		
- Not later than 1 year	502	-
- Later than 1 year but not later than 5 years	1,182	-
- Later than 5 years	30,083	-
Total minimum lease payments	31,767	-
Less: Amounts representing finance charges	(26,182)	-
Present value of minimum lease payments	5,585	-
Present value of finance lease payables:		
- Not later than 1 year	491	-
- Later than 1 year but not later than 5 years	953	-
- Later than 5 years	4,141	-
Present value of minimum lease payments	5,585	-
Less: Amount due within 12 months	(491)	-
Amount due after 12 months	5,094	-

## 30. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	85,788	43,060	-	-
<b>Other payables</b>				
Tenants' rental deposits	968	965	968	965
Accruals and other liabilities	12,954	5,695	313	257
Provision for bonus	2,761	2,883	180	-
Receipts in advance	746	1,192	-	-
Provision for compensation claim	2,120	2,120	2,120	2,120
Others	22,550	16,962	-	-
	42,099	29,817	3,581	3,342
Total trade and other payables	127,887	72,877	3,581	3,342

### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2014: 30 to 90 days) term.

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

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### **30. TRADE AND OTHER PAYABLES (CONTD.)**

#### **(b) Provision for compensation claim**

Following the termination of the Tenancy Agreement by Malaysia Airports Holdings Berhad ("MAHB") on 11 May 2000, the Company as the principal tenant issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex.

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

On 11 November 2008, the Court had disposed off this matter summarily in favour of the plaintiff and on 4 March 2009, the Company had filed its Record of Appeal to the Court of Appeal to appeal against the decision. The Company made full provision for the compensation claim during the financial year ended 31 March 2009.

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

#### **(c) Others**

Included in others is a provision of RM16,492,000 (2014: RM14,168,000) made in respect of return of certain goods for which the actual amount is subject to the agreement of several parties.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 31. COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital expenditure:				
Approved but not contracted for:				
Property, plant and equipment	11,718	8,652	290	330
Approved and contracted for:				
Property, plant and equipment	9,391	7,000	1	273
	<u>21,109</u>	<u>15,652</u>	<u>291</u>	<u>603</u>
Share of capital commitments of associated companies:				
Approved but not contracted for:				
Property, plant and equipment	39	40	-	-
	<u>39</u>	<u>40</u>	<u>-</u>	<u>-</u>

## 32. 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.

	2015 RM'000	2014 RM'000
<b>Group</b>		
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	666	604
- Sales made	-	20
- Management fees/services payable	(85)	(263)

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 32. RELATED PARTY DISCLOSURES (CONTD.)

#### (a) Related party transactions (Contd.)

Group	2015 RM'000	2014 RM'000
Fellow subsidiaries:		
Malaysian Transnational Trading (MATTRA) Corporation Berhad		
- Rental income receivable	3	5
Fima Instanco Sdn Bhd		
- Rental income receivable	120	120
Related by virtue of having common director/(s) of the Company:		
Nationwide Express Courier Services Berhad		
- Purchases made	(131)	(211)
- Rental income receivable	78	77
Related by virtue of director/(s) of the Company and/or Group having substantial interest:		
TD Technologies Sdn. Bhd.		
- Services payable	(71)	(71)
First Zanzibar Sdn. Bhd.		
- Services payable	(22)	(32)
PT Pohon Emas Lestari		
- Purchases made	(8,359)	(11,947)
Associate:		
Giesecke & Devrient Malaysia Sdn. Bhd.		
- Management services receivable	24	24



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 32. RELATED PARTY DISCLOSURES (CONTD.)

### (a) Related party transactions (Contd.)

Company	2015 RM'000	2014 RM'000
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	666	604
- Management fees/services payable	(47)	(127)
Fellow subsidiaries:		
Malaysian Transnational Trading (MATTRA) Corporation Berhad		
- Rental income receivable	3	5
Subsidiaries:		
FCB Property Management Sdn. Bhd.		
- Rental income receivable	17	17
- Management services receivable	166	155
- Purchases made	(915)	(939)
Percetakan Keselamatan Nasional Sdn. Bhd.		
- Rental income receivable	119	-
- Management services receivable	310	278
- Purchases made	(87)	(38)
Security Printers (M) Sdn. Bhd.		
- Management services receivable	47	39
PT Nunukan Jaya Lestari		
- Marketing fees receivable	-	379
Related by virtue of having common director/(s):		
Nationwide Express Courier Services Berhad		
- Rental income receivable	16	15
- Purchases made	(2)	(1)
Associate:		
Giesecke & Devrient Malaysia Sdn. Bhd.		
- Management services receivable	24	24

Information regarding outstanding balance arising from related party transactions as at the financial year end are disclosed in Note 20 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 32. RELATED PARTY DISCLOSURES (CONTD.)

#### (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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	2,992	2,588	957	677
Post-employment benefits:				
Defined contribution plan	470	381	119	61
Other benefits	220	204	57	44
	<u>3,682</u>	<u>3,173</u>	<u>1,133</u>	<u>782</u>

Included in the total key management personnel above are the remuneration in respect of the executive director of the Company:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration (Note 8)	<u>1,497</u>	<u>1,519</u>	<u>776</u>	<u>806</u>

### 33. 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) 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.

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 33. SEGMENTAL INFORMATION

### (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.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 34. 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 2015 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 other financial assets that are measured at fair value as at 31 March 2015 and 31 March 2014.

	<b>Date of Valuation</b>	<b>Level 3 RM'000</b>
<b>As at 31 March 2015</b>		
<b>Assets measured at fair value:</b>		
Property, plant and equipment (Note 12)		
- Freehold land	31 March 2015	1,550
- Leasehold land	31 March 2015	68,485
- Buildings	31 March 2015	<u>150</u>
<b>Assets disclosed at fair value:</b>		
Investment properties (Note 13)	31 March 2015	<u>66,400</u>
<b>As at 31 March 2014</b>		
<b>Assets disclosed at fair value:</b>		
Investment properties (Note 13)	31 March 2014	<u>68,620</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

### 34. FINANCIAL INSTRUMENTS (CONTD.)

- (b) The financial instruments of the Group and of the Company as at the reporting date are categorised into the following classes:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>(i) Loans and receivables</b>				
Trade receivables (Note 18)	162,618	90,993	401	405
Other receivables excluding tax recoverable and prepayments (Note 18)	12,593	11,864	189	190
Amount due from related companies (Note 20)	17	46	6,244	214
Cash and cash equivalents (Note 21)	172,640	195,204	39,510	41,040
<b>Total loans and receivables</b>	<b>347,868</b>	<b>298,107</b>	<b>46,344</b>	<b>41,849</b>

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>(ii) Financial liabilities measured at amortised cost</b>				
Trade payables (Note 30)	85,788	43,060	-	-
Other payables excluding provision (Note 30)	25,607	15,649	3,581	3,342
Amount due to related companies (Note 20)	725	6	-	-
<b>Total financial liabilities measured at amortised cost</b>	<b>112,120</b>	<b>58,715</b>	<b>3,581</b>	<b>3,342</b>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

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## 35. 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.

### (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.



# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (b) Foreign Exchange Risk (Contd.)

#### 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.

The carrying amounts of the Group's financial assets and liabilities denominated in foreign currency are as follows:

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>IDR</b>		
Assets		
- Trade and other receivables	19,857	23,783
- Cash and cash equivalents	45,089	36,482
	<u>64,946</u>	<u>60,265</u>
Liabilities		
- Trade and other payables	<u>18,275</u>	<u>6,827</u>
	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>Effect on</b>	<b>Effect on</b>
	<b>profit</b>	<b>profit</b>
	<b>net of tax</b>	<b>net of tax</b>
	<b>RM'000</b>	<b>RM'000</b>
IDR - strengthens 5% (2014: 5%)	2,334	2,672
IDR - weakens 5% (2014: 5%)	<u>(2,334)</u>	<u>(2,672)</u>

# NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (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.

	Contractual Cashflow On demand or within one year	
	2015 RM	2014 RM
<b>Group</b>		
<b>Financial liabilities:</b>		
Trade and other payables (Note 30)	127,887	72,877
Amount due to related companies (Note 20)	725	6
Total undiscounted financial liabilities	<u>128,612</u>	<u>72,883</u>
<b>Company</b>		
<b>Financial liabilities:</b>		
Trade and other payables (Note 30), representing total undiscounted financial liabilities	<u>3,581</u>	<u>3,342</u>

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2015 (contd.)**

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### **35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)**

#### **(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 does not have any significant exposure to any individual customer or counterparty except with the Government of Malaysia as disclosed in Note 18. The Group does not have any major concentration of credit risk related to any financial instruments.

### **36. 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.

### **37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 30 June 2015.

## SUPPLEMENTARY INFORMATION

### 38. SUPPLEMENTARY INFORMATION

The following analysis of realised and unrealised retained earnings of the Group and the Company is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements as issued by the Malaysian Institute of Accountants and presented in accordance with the directive issued by Bursa Malaysia.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	411,529	411,391	52,716	83,777
Unrealised	(23,907)	(17,794)	(1,567)	(1,631)
	<u>387,622</u>	<u>393,597</u>	<u>51,149</u>	<u>82,146</u>
Total share of retained earnings from associated companies				
Realised	31,820	23,903	-	-
Unrealised	(3,133)	1,447	-	-
	<u>28,687</u>	<u>25,350</u>	<u>-</u>	<u>-</u>
Add : Consolidation adjustments	<u>4,419</u>	<u>13,886</u>	<u>-</u>	<u>-</u>
Retained profits as per financial statements	<u>420,728</u>	<u>432,833</u>	<u>51,149</u>	<u>82,146</u>

The disclosure of realised and unrealised retained profits above is solely for compliance with the directive issued by the Bursa Malaysia and should not be used for any other purpose.

# LIST OF PROPERTIES

## Held by the group at 31 March 2015

No.	Location	Description/ Existing Use	Tenure	Land Area (Acre)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/3/2015 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
<b>FIMA CORPORATION BERHAD</b>								
1.	Lot 3767 & 3768 Grant 24531 & 24532 Mukim Jeram Batu Pontian, Johor	Industrial land and building	Freehold	2.71	66,608	863,601	07 July 1993	47
2.	Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan	Bungalow	Freehold	0.82	3,114	1,700,000	07 July 1993/ 12 February 2015	66
3.	Lot 50575 Grant 12754 Mukim of Kuala Lumpur Wilayah Persekutuan	Office Building	Freehold	1.45	270,372	52,066,656	17 August 1995	17
<b>Sub Total</b>				<b>4.98</b>	<b>340,094</b>	<b>54,630,257</b>		
<b>PERCETAKAN KESELAMATAN NASIONAL SDN BHD</b>								
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	12,261,230	26 January 2006	28
<b>Sub Total</b>				<b>8.30</b>	<b>250,560</b>	<b>12,261,230</b>		
<b>CENDANA LAKSANA SDN BHD</b>								
1.	PN 7602 (Lot 2925) and HSD 398 (PT 757P) Mukim of Tebal District of Kemaman Terengganu	Agriculture	Leasehold expiring 8/08/2048 (PN 7602) 8/08/2039 (HSD 398)	1,940.73	N/A	30,000,000	6 January 2014/ 20 March 2015	N/A
<b>Sub Total</b>				<b>1,940.73</b>	<b>N/A</b>	<b>30,000,000</b>		
<b>GABUNGAN WARISAN SDN BHD</b>								
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	3,500,000	17 October 2014/ 10 March 2015	N/A
<b>Sub Total</b>				<b>617.27</b>	<b>N/A</b>	<b>3,500,000</b>		
<b>TAKA WORLDWIDE SDN BHD</b>								
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	2,500,000	18 March 2015	N/A
<b>Sub Total</b>				<b>500.00</b>	<b>N/A</b>	<b>2,500,000</b>		
<b>ETIKA GANGSA SDN BHD</b>								
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	2,500,000	18 March 2015	N/A
<b>Sub Total</b>				<b>500.00</b>	<b>N/A</b>	<b>2,500,000</b>		
<b>PT NUNUKAN JAYA LESTARI</b>								
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)	49,356.75 286.15	N/A 112,375	28,908,928 1,076,928	9 April 2007/ 31 December 2014	N/A 10
<b>Sub Total</b>				<b>49,642.90</b>	<b>112,375</b>	<b>29,985,856</b>		
<b>GRAND TOTAL</b>				<b>53,214.18</b>	<b>703,029</b>	<b>135,377,343</b>		

# ANALYSIS OF SHAREHOLDINGS AS AT 31 JULY 2015

## SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	151	5.10	2,388	0.00
100 - 1,000	310	10.47	198,703	0.08
1,001 - 10,000	1,513	51.08	7,461,825	3.04
10,001 - 100,000	837	28.26	24,487,479	9.98
100,001 to less than 5% of issued shares	150	5.06	65,928,577	26.88
5% and above of issued shares	1	0.03	147,245,358	60.02
	<b>2,962</b>	<b>100.00</b>	<b>245,324,330</b>	<b>100.00</b>

## CATEGORY OF SHAREHOLDINGS

Category of Shareholders	Shareholders	%	Shareholdings	%
1. Government Agencies/Institutions	1	0.03	7,500	0.00
2. Bumiputra				
a. Individual	72	2.43	3,211,971	1.31
b. Companies	10	0.34	152,564,158	62.19
c. Nominees	199	6.72	9,748,391	3.97
3. Non-Bumiputra				
a. Individual	2,269	76.60	60,866,381	24.81
b. Companies	61	2.06	7,423,388	3.03
c. Nominees	194	6.55	6,231,580	2.54
<b>Malaysian Total</b>	<b>2,806</b>	<b>94.73</b>	<b>240,053,369</b>	<b>97.85</b>
4. Foreign				
a. Individual	97	3.27	1,279,252	0.52
b. Companies	4	0.14	195,423	0.08
c. Nominees	55	1.86	3,796,286	1.55
<b>Foreign Total</b>	<b>156</b>	<b>5.27</b>	<b>5,270,961</b>	<b>2.15</b>
<b>GRAND TOTAL</b>	<b>2,962</b>	<b>100.00</b>	<b>245,324,330</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS AS AT 31 JULY 2015 (contd.)

### DIRECTORS' SHAREHOLDINGS

Director	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
Roslan bin Hamir	601,800	0.25	-	-
Rezal Zain bin Abdul Rashid	5,000	-	-	-
Dr. Roshayati binti Basir	-	-	150,383,658	61.30

### INFORMATION OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

	No. of Shares	%
1. Fima Metal Box Holdings Sdn Bhd	147,245,358	60.02

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%
1.	Fima Metal Box Holdings Sdn Bhd	147,245,358	60.02
2.	Fima Corporation Berhad Share Buy-Back Account	3,912,200	1.59
3.	Wong Yu @ Wong Wing Yu	2,700,000	1.10
4.	Tan Ah Kow @ Tan Toong Soon	2,430,000	0.99
5.	Liau Choon Hwa & Sons Sdn Bhd	2,373,700	0.97
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Ong Kok Yon	2,164,300	0.88
7.	Hamidah Binti Abdul Rahman	1,816,800	0.74
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Bank of Singapore Limited	1,562,700	0.64
9.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Liau Thai Min (MY0918)	1,368,600	0.56
10.	BHR Enterprise Sdn Bhd	1,321,500	0.54
11.	Wong Yu @ Wong Wing Yu	1,260,000	0.51
12.	Chin Kian Fong	1,251,000	0.51
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Liau Thai Min	1,196,200	0.49
14.	Wong Soo Ping	1,117,200	0.46
15.	Yeo Khee Huat	1,065,000	0.43



## ANALYSIS OF SHAREHOLDINGS AS AT 31 JULY 2015 (contd.)

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTD.)

No.	Names	No. of Shares	%
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C - NR)	1,012,905	0.41
17.	Ong Teck Peow	964,800	0.39
18.	Introscape Sdn Bhd	962,300	0.39
19.	Gan Kho @ Gan Hong Leong	923,600	0.38
20.	Lee Siew Peng	870,000	0.35
21.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Yee Ming	810,000	0.33
22.	Yong Siew Lee	750,000	0.31
23.	Tan Siew Yoke	714,000	0.29
24.	Lim Siew Geok	705,000	0.29
25.	Ong Siok Bee	688,500	0.28
26.	Tan Siew	669,000	0.27
27.	Soh Choo Kean	639,000	0.26
28.	Kenanga Nominees (Asing) Sdn Bhd Monex Boom Securities (HK) Limited for Chen Guangxin	630,000	0.26
29.	Roslan Bin Hamir	601,800	0.25
30.	Lim Siew See	586,200	0.24

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# PROXY FORM

I / We, \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a Member / Members of Fima Corporation Berhad, do hereby appoint

\_\_\_\_\_ (Full Name in Capital Letters)

of \_\_\_\_\_ (Full Address)

or failing him \_\_\_\_\_ (Full Name in Capital Letters)

of \_\_\_\_\_ (Full Address)

as my/our proxy to vote for me/us\* and on my/our\* behalf at the Fortieth (40<sup>th</sup>) Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 22 September 2015 at 10.30 a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

No.	Resolutions	For	Against
Ordinary Resolution 1	To re-elect YBhg Dato' Adnan bin Shamsuddin pursuant to Article 113 of the Company's Articles of Association.		
Ordinary Resolution 2	To re-elect Encik Rezal Zain bin Abdul Rashid pursuant to Article 113 of the Company's Articles of Association.		
Ordinary Resolution 3	To approve the payment of Directors' fees.		
Ordinary Resolution 4	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>AS SPECIAL BUSINESS</b>			
Ordinary Resolution 5	Proposed renewal of the authority for shares buy-back.		
Ordinary Resolution 6	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
Ordinary Resolution 7	To retain Encik Rezal Zain bin Abdul Rashid as Independent Non-Executive Director of the Company.		
Ordinary Resolution 8	To retain YBhg Dato' Adnan bin Shamsuddin as Independent Non-Executive Director of the Company.		
Ordinary Resolution 9	To retain YBhg Datuk Alias bin Ali as Independent Non-Executive Director of the Company.		

Please indicate with a tick ( / ) whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this      day of                      2015

No. of shares held

.....  
Signature / Seal

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a Member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company, not less than forty eight (48) hours before the time of holding the Meeting or any adjournment thereof.
4. Only members whose names appear on the Record of Depositors as at 15 September 2015 shall be entitled to attend the Annual General meeting or appoint proxy(ies) to attend and vote on their behalf.

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Postage  
Stamp

**FIMA CORPORATION BERHAD**

(Company No: 21185-P)

Suite 4.1, Level 4  
Block C, Plaza Damansara  
45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur

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FIMA CORPORATION BERHAD  
(21185-P)

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**FIMA CORPORATION BERHAD** (Company No: 21185-P)  
Suite 4.1, Level 4, Block C, Plaza Damansara,  
45, Jalan Medan Setia 1, Bukit Damansara,  
50490 Kuala Lumpur.