FIMA CORPORATION BERHAD
(21185-P)

ANNUAL REPORT 2017

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42nd Annual General Meeting of Fima Corporation Berhad

Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur

Wednesday, 23 August 2017

9.30a.m.

FINANCIAL **STATEMENTS**

OTHER **INFORMATION**

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NOTICE OF 42ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Second (42nd) Annual General Meeting ("AGM") of **FIMA CORPORATION BERHAD** ("the Company") will be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 23 August 2017 at 9.30 a.m. for the transaction of the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2017 and the Directors' and Auditors' Reports thereon. **Please refer to Note A**

2. To approve the payment of a single-tier final dividend of 7.5 sen and a single-tier special dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 March 2017 as recommended by the Directors. **Resolution 1**

3. To re-elect the following Directors who retire by rotation pursuant to Article 113 of the Company's Constitution and being eligible offer themselves for re-election:-

   (i) Dato' Adnan bin Shamsuddin **Resolution 2**

   (ii) Dr. Roshayati binti Basir **Resolution 3**

4. To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year. **Resolution 4**

5. To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company. **Resolution 5**

6. To approve the payment of Directors' remuneration (excluding Directors' fees) for the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company. **Resolution 6**

7. To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

   "THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5 Part A of the Company's Circular to Shareholders dated 28 July 2017 which are necessary for the day-to-day operations of the Company and/or its subsidiaries provided that such transactions are entered into in the ordinary course of business of the Company and/or its subsidiaries, are carried out on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

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

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

NOTICE OF 42ND ANNUAL GENERAL MEETING

(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier;

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

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

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

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

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

(i) cancel the FimaCorp Shares so purchased; or
(ii) retain the FimaCorp Shares so purchased as treasury shares; or
(iii) retain part of the FimaCorp Shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as share dividends to the shareholders of the Company and/or re-sell on the Bursa Malaysia in accordance with the MMLR of Bursa Securities and/or cancellation of all or part of them subsequently.

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

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

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

NOTICE OF 42ND ANNUAL 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 MMLR of Bursa Securities or any other relevant authorities;

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

10. **RETENTION OF INDEPENDENT DIRECTORS OF THE COMPANY**

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

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

(iii) "THAT approval be and is hereby given to Datuk Alias bin Ali who has served as an Independent Non-Executive Director of the Company for a cumulative term of nine years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 12**

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 42nd AGM to be held on 23 August 2017, a single-tier final dividend of 7.5 sen and a single-tier special dividend of 5.0 sen for the financial year ended 31 March 2017 will be paid on 18 September 2017 to Depositors whose names appear in the Record of Depositors on 5 September 2017.

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

(a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 5 September 2017 in respect of transfers; and

(b) Securities bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

JASMIN BT HOOD (LS 0009071)
LEE MO LENG (MIA 9505)
Company Secretaries

Kuala Lumpur
28 July 2017

NOTICE OF 42ND ANNUAL GENERAL MEETING

(I) Note A

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

(II) Resolution 1

Under Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 24 May 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 18 September 2017 in accordance with the requirements under Section 132(2) and (3) of the Act.

(III) Resolutions 4, 5 and 6

Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 42nd AGM on the following payments to Directors in three (3) separate resolutions as below:

- **Resolution 4** on payment of Directors' fees for the Non-Executive Directors for the ensuing financial year.
- **Resolution 5** on payment of Directors' fees for the Non-Executive Directors who sit on the Board of Directors of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company.
- **Resolution 6** on payment of Directors' remuneration (excluding Directors' fees) for the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company.

Ordinary Resolutions 4, 5 and 6 comprises fees, allowances and other benefits payable to the Non-Executive Chairman, members of the Board and Board Committees, including fees and allowances payable to them by subsidiaries are set out in the table below:

Company

		Fee per Annum	Meeting Allowance per meeting	Benefits
Board	Chairman	RM75,000	RM2,000	Medical coverage and other claimable benefits
	Member	RM50,000	RM2,000	
Committees	Chairman of Audit Committee	RM15,000	RM2,000	N/A
	Member of Audit Committee	RM12,000	RM2,000	N/A
	Member of Nomination and Remuneration Committee	N/A	RM2,000	N/A
	Member of Risk Management Committee	N/A	RM2,000	N/A

NOTICE OF 42ND ANNUAL GENERAL MEETING

Subsidiaries

Name	Position Held	Fee Type	Amount
Dato' Adnan bin Shamsuddin	Subsidiary: Percetakan Keselamatan Nasional Sdn Bhd		
	Chairman	Director's fee per annum Meeting allowance per meeting	RM18,000 RM1,000
	Subsidiary: PT Nunukan Jaya Lestari		
	President Commissioner	Director's fee per annum Meeting allowance per meeting	RM18,000 RM1,000
Rezal Zain bin Abdul Rashid	Subsidiary: FCB Plantation Holdings Sdn Bhd		
	Chairman	Director's fee per annum Meeting allowance per meeting	RM18,000 RM1,000

The Directors' fees were last increased in FYE2014. The Directors' fees for FYE2018 will remain unchanged.

The amount of Directors' fees payable is based on the number of meetings for the Board, Board Committees and Board of subsidiaries as well as the number of Non-Executive Directors ("NEDs") involved in these meetings until the conclusion of the next AGM of the Company, including other benefits payable to the NEDs.

Note: The Managing Director does not receive any Director's fees.

(IV) Resolution 7

The Board had at its meeting held on 22 February 2017 approved the recommendation by the Audit Committee on the re-appointment of Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company. The Board and Audit Committee collectively agreed that Messrs. Hanafiah Raslan & Mohamad has met the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Securities.

(V) EXPLANATORY NOTES ON SPECIAL BUSINESS

(a) Resolution 8

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

(b) Resolution 9

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

Further information on the Proposed Renewal of the Authority for Shares Buy-Back is set out in the Circular to Shareholders dated 28 July 2017 which is circulated together with the Company's 2017 Annual Report.

NOTICE OF 42ND ANNUAL GENERAL MEETING

(c) Resolutions 10, 11 and 12

The following Directors were appointed as Independent Non-Executive Directors of the Company and have reached the cumulative nine (9) years term limit as recommended by Malaysian Code on Corporate Governance 2012:-

Directors	Date of Appointment
(i) Encik Rezal Zain bin Abdul Rashid	25 June 2002
(ii) Dato' Adnan bin Shamsuddin	20 May 2003
(iii) Datuk Alias bin Ali	26 August 2004

The Nomination Committee and the Board, through the annual assessment carried out for the financial year ended 31 March 2017, concluded that the above Directors remain independent and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:-

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

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may 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 of the Company 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 a proxy must be completed and deposited at the registered office of the Company not less than twenty-four (24) hours before the time of holding the Meeting or any adjournment thereof.

4. Only members registered in the General Meeting Record of Depositors as at 16 August 2017 shall be eligible to attend the Annual General Meeting or appoint proxy(ies) to attend and/or vote on their behalf.

5. The voting at the 42nd AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are retiring pursuant to Article 113 of the Company's Constitution and seeking re-election are:

    (i) Dato' Adnan bin Shamsuddin
    (ii) Dr. Roshayati binti Basir

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

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

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

ADMINISTRATIVE DETAILS

REGISTRATION

- Registration will start at 8.00 a.m. and will remain open until the conclusion of the 42nd AGM or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the venue to ascertain where you should register for the AGM and join the queue accordingly.
- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter. No person will be allowed to register on behalf of another person even with the original IC of that person.
- After the verification and registration, you will be given an identification tag for e-polling process. No person will be allowed to enter the venue without the identification tag.

REFRESHMENT

- Light refreshment will be served after the AGM.
- No person will be allowed to enter the coffee house without the identification tag.

E-POLLING PROCEDURES

- Please remain seated until you are being ushered by the officers to the polling station located at foyer area to cast your votes.
- The Poll Administrators will be present at each polling station to assist the voting process and the independent scrutineers will also be present to monitor the process.
- At the polling station, you are required to scan the barcode on your identification wristband.
- If you are an **INDIVIDUAL SHAREHOLDER** or **CORPORATE REPRESENTATIVE**, your name or the name of the corporate shareholders and total shareholdings held in Fima Corporation Berhad will appear on the screen. Please cast your vote for all the resolutions by selecting your favoured option. Upon completion, please click “CONFIRM” to submit your votes.
- If you are a **PROXY** for one (1) or more shareholders, the name of the shareholder who has appointed you as proxy and his/her shareholdings in Fima Corporation Berhad will appear on the screen.
- If the shareholder has specified the manner in which his/her vote is to be cast, his/her vote would be pre-selected on the screen. The PROXY is only required to click “CONFIRM” to submit the votes.
- If the shareholder has not specified the voting instructions in the proxy form, the PROXY may vote on the resolutions in any manner as he/she think fits. Upon completion, please click “CONFIRM” to submit your votes.
- If you are both an **INDIVIDUAL SHAREHOLDER** as well as a **CORPORATE REPRESENTATIVE** and **PROXY** for another shareholder, the screen will show your name and total shareholdings in Fima Corporation Berhad, the name of the corporate shareholder and its total shareholdings and the name of the shareholder who has appointed you as proxy and his/her shareholdings held in Fima Corporation Berhad.
- You will need to vote in your capacity as SHAREHOLDER first before proceeding to vote in your capacity as CORPORATE REPRESENTATIVE and PROXY. Upon completion, please click “CONFIRM” to submit your votes.
- Please note that **no alteration or deletion can be made to the votes cast** once you have clicked “CONFIRM”.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Rezal Zain bin Abdul Rashid
Senior Independent Non-Executive Director

Datuk Alias bin Ali
Independent Non-Executive Director

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

AUDIT COMMITTEE

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

Dato' Adnan bin Shamsuddin
Independent Non-Executive Director

Datuk Alias bin Ali
Independent Non-Executive Director

REMUNERATION & NOMINATION COMMITTEE

Datuk Alias bin Ali
Chairman/Independent Non-Executive Director

Rezal Zain bin Abdul Rashid
Senior Independent Non-Executive Director

Dato' Adnan bin Shamsuddin
Independent Non-Executive Director

COMPANY SECRETARIES

Jasmin binti Hood
(LS 0009071)

Lee Mo Leng
(MIA 9505)

AUDITORS

Hanafiah Raslan & Mohamad
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : (603) 78490777 (Helpdesk)
Fax : (603) 7841 8151 / (603) 7841 8152
Email : ssr.helpdesk@symphony.com.my

REGISTERED OFFICE

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

WEBSITE

http://www.fimacorp.com

PRINCIPAL BANKERS

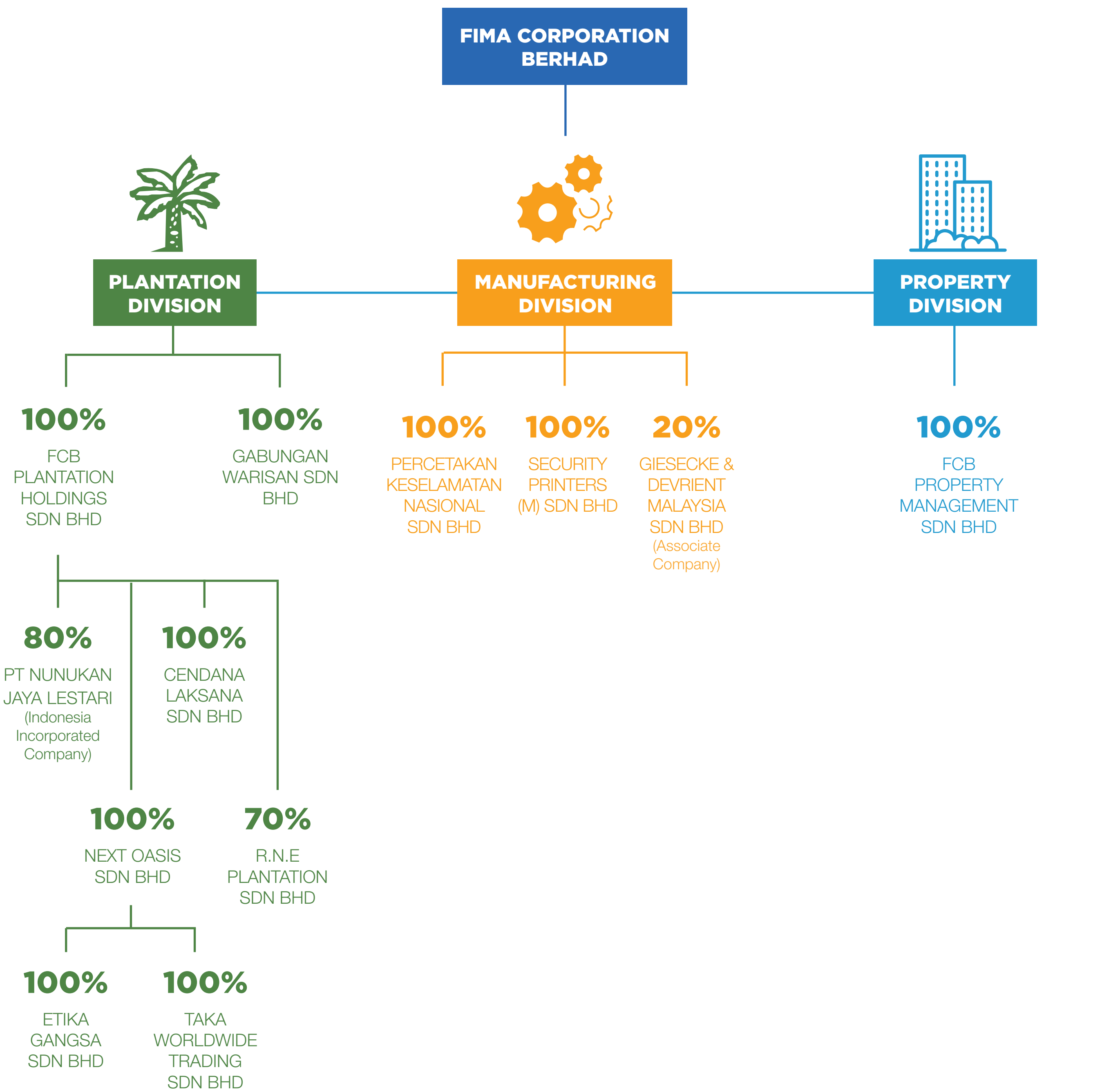
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

GROUP CORPORATE STRUCTURE

FIMA CORPORATION BERHAD
(21185-P)



Oil palm cultivation including oil palm production and processing

Production and trading of security and confidential documents

Property management services

FINANCIAL CALENDAR

ANNUAL REPORT

Issued 28 July 2017

FINANCIAL YEAR

1 April 2016 to 31 March 2017

ANNUAL GENERAL MEETING

To be held 23 August 2017

RESULT

First Quarter Announced

23 August 2016

Second Quarter Announced

23 November 2016

Third Quarter Announced

22 February 2017

Fourth Quarter Announced

24 May 2017

DIVIDENDS

Interim Dividend

Announced

24 November 2016

Entitlement date

9 December 2016

Payment date

30 December 2016

Final Dividend

(Subject to the approval of the shareholders at the 42nd Annual General Meeting)

Announced

27 July 2017

Entitlement date

5 September 2017

Payment date

18 September 2017

BOARD OF DIRECTORS

DATO' ROSLAN BIN HAMIR
Managing Director / Non-Independent Executive Director

DR. ROSHAYATI BINTI BASIR
Non-Independent Non-Executive Director

DATUK ALIAS BIN ALI
Independent Non-Executive Director

REZAL ZAIN BIN ABDUL RASHID
Senior Independent Non-Executive Director

DATO' ADNAN BIN SHAMSUDDIN
Chairman Independent Non-Executive Director

PROFILE OF DIRECTORS

DATO' ADNAN BIN SHAMSUDDIN

70 years of age, Male, Malaysian

Chairman

Independent Non-Executive Director

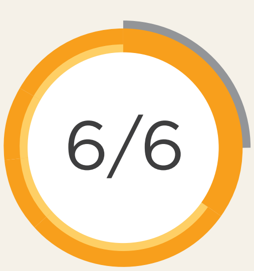
B.A (Hons) Second Class Upper in Economics (University of Malaya)

M.A Economics (University of Southern California)

On 20 May 2003, he was appointed as Director and member of the Audit Committee, Remuneration 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.



He had attended all six (6) board meetings held in the financial year.

DATO' ROSLAN BIN HAMIR

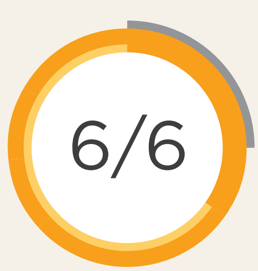
50 years of age, Male, Malaysian

Managing Director/Non-Independent Executive 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 a 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.



He had attended all six (6) board meetings held in the financial year.

REZAL ZAIN BIN ABDUL RASHID

50 years of age, Male, Malaysian

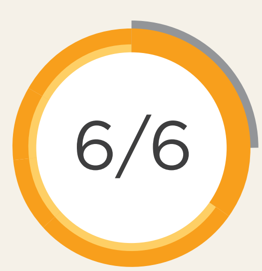
Senior Independent Non-Executive Director

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 Committee. 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 and Risk Management Committee's chairman and a member of the Nomination Committees of Matrix Concepts Holding Berhad.



He had attended all six (6) board meetings held in the financial year.

PROFILE OF DIRECTORS

DATUK ALIAS BIN ALI

69 years of age, Male, Malaysian

Independent Non-Executive Director

Bachelor of Economics (Hons)
(University of Malaya)

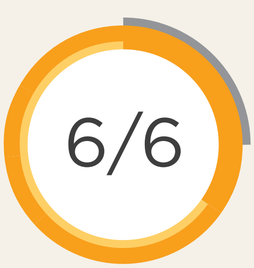
Master in Business Management
(Asian Institute of Management, Manila, Philippines)

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 Melati Ehsan Holdings Berhad.



He had attended all six (6) board meetings held in the financial year.

DR. ROSHAYATI BINTI BASIR

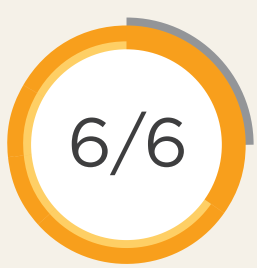
(53 years of age, female, Malaysian)

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 had attended all six (6) 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) Other than traffic offences, none of the Directors has been convicted of any offences within the past five (5) years.

iv) None of the Directors has been imposed any public sanction or penalty by regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

1.


3.


2.


4.


5.


PROFILE OF KEY SENIOR MANAGEMENT

1. NAZARUDDIN BIN MOHD HADRI

(50 years of age, male, Malaysian)
Chief Operating Officer

Bachelor of Commerce majoring in Accounting (St.Mary's University, Canada)

He joined Fima Corporation Berhad ("FimaCorp") in 2003 as Vice President. He was subsequently seconded to an associate company, Giesecke & Devrient Malaysia Sdn Bhd as an Executive Director. In 2005, he was appointed as Director of Operations of Percetakan Keselamatan Nasional Sdn Bhd ("PKN"), subsidiary of FimaCorp and subsequently appointed as Chief Operating Officer of FimaCorp on 23 November 2009. He was appointed as Executive Director, Operations of PKN on 25 August 2014. He is also a Board member of several subsidiary companies of FimaCorp and Kumpulan Fima Berhad.

He started his career as an auditor with Ernst & Young from 1991 until 1995. He then joined a unit trust management company as Head of Finance and Administration from 1995 to 2002.

2. DZAKWAN BIN MANSORI

(55 years of age, male, Malaysian)
Executive Director, Sales (PKN)

Advanced Diploma in Accountancy (University Teknologi MARA, Shah Alam)

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

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

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

3. MOHD RIZAL BIN MAT NOR

(49 years of age, male, Malaysian)
General Manager, Plantation Division

B.A. (Hons) in Accounting, Polytechnic of North London

He joined subsidiary, PT Nunukan Jaya Lestari ("PT NJL") in Indonesia in 2006 as Senior Manager before being appointed as PT NJL's President Director in 2012. On 12 July 2013, he assumed the role of General Manager, Plantation Division with lead responsibility for overseeing the Group's estate operations in Malaysia and Indonesia.

He has extensive experience in accounting, finance and general management across a number of industries, amongst them, telecommunications and utilities. Besides PT NJL, he also sits on the Board of four (4) other Group subsidiaries.

PROFILE OF KEY SENIOR MANAGEMENT

4. SUSAN LEE MO LENG

(57 years of age, female, Malaysian)
Chief Financial Officer/
Company Secretary

ACCA

An Accountant by profession, she is an ACCA graduate and a chartered member of Malaysian Institute of Accountants. She joined subsidiary, Security Printers (M) Sdn Bhd in 1978 and was transferred to the holding company in 1993. As the Group Accountant since 1 July 1995, she was redesignated as Financial Controller on 1 September 2001 and subsequently appointed as Company Secretary on 20 September 2001. On 23 August 2016, she was appointed as Chief Financial Officer and is a Board member of FCB Property Management Sdn Bhd.

She attended all Board and Board Committees Meetings of FimaCorp held in the financial year.

5. JASMIN BINTI HOOD

(44 years of age, female, Malaysian)
Company Secretary

Bachelor of Laws (LL.B) Hons, University of Southampton
Certificate of Legal Practice, University of Malaya
Licensed Company Secretary, Companies Commission of Malaysia

She joined the penultimate holding company, Kumpulan Fima Berhad ("KFima") on 2 January 2008 and was appointed as Company Secretary in the same year. She is currently Company Secretary to KFima's Group of subsidiaries. She was appointed Joint Company Secretary of FimaCorp on 25 November 2015. She has extensive experience in legal, corporate secretarial and compliance matters having served in various positions in organisations including Golden Hope Plantations Berhad, Bursa Malaysia and Hong Leong Finance Berhad. She sits on the Board of R.N.E. Plantation Sdn Bhd, a subsidiary of FimaCorp and several of the KFima Group's subsidiaries.

She attended all Board and Board Committees Meetings of FimaCorp held in the financial year.

Note:

i) None of the key senior management has any family relationship with any director and/or major shareholders of the Company.

ii) None of the key senior management has any conflict of interest with the Company.

iii) Other than traffic offences, none of the key senior management has been convicted of any offences within the past five (5) years.

iv) None of the key senior management has been imposed any public sanction or penalty by regulatory bodies during the financial year.

FIVE-YEAR FINANCIAL HIGHLIGHTS

REVENUE
RM **372.1** million

PROFIT BEFORE TAXATION
RM **61.3** million

TOTAL LIABILITIES
RM **128.5** million

TOTAL ASSETS
RM **715.3** million

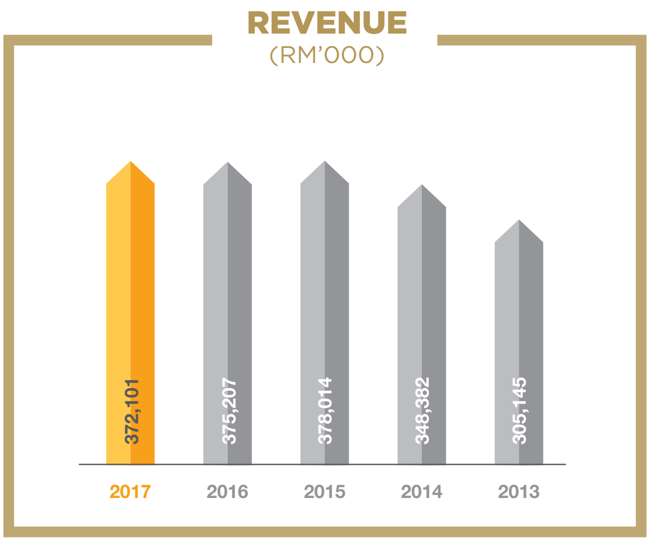
SHAREHOLDERS' EQUITY
RM **561.4** million

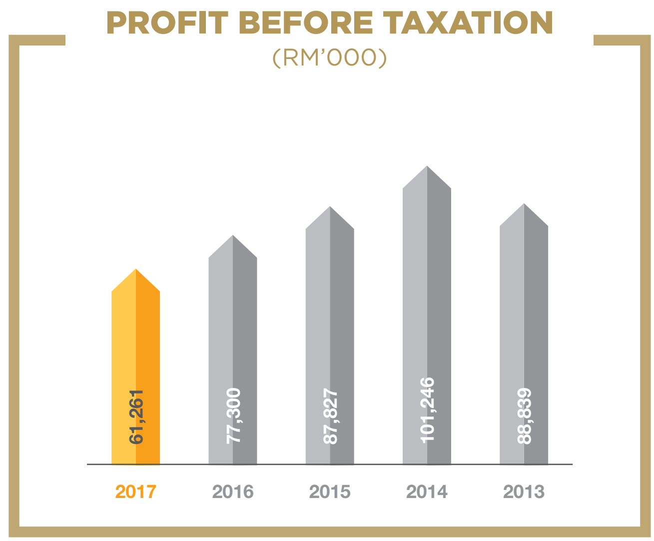
EARNINGS PER SHARE (BASIC)
15.64 sen

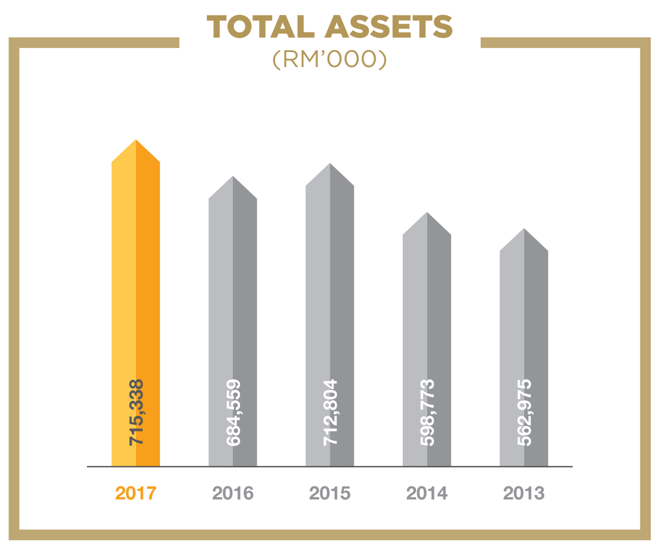
(RM'000)	2017	2016	2015	2014	2013
REVENUE	372,101	375,207	378,014	348,382	305,145
PROFIT					
Profit before Taxation	61,261	77,300	87,827	101,246	88,839
Profit after Taxation	35,007	54,872	60,305	71,994	61,899
(Loss)/Profit attributable to non-controlling Interests	(2,708)	3,590	4,544	4,294	3,670
ASSETS AND LIABILITIES					
Total Assets	715,338	684,559	712,804	598,773	562,975
Total Liabilities	128,538	102,171	152,285	83,316	73,552
Financed By:					
Shareholders' Equity	561,385	554,247	530,529	489,470	460,199
Non-controlling Interests	25,415	28,141	29,990	25,987	29,224
* Net asset per share (RM)	2.33	2.30	2.20	6.08	5.72
* **EARNINGS AND DIVIDEND**					
Earnings per share	15.64 sen	21.24 sen	36.15 sen	84.1 sen	72.4 sen
Dividends per share - Gross	17.5 sen	12.5 sen	12.5 sen	35.0 sen	38.5 sen
Dividends per share - Net	17.5 sen	12.5 sen	12.5 sen	35.0 sen	30.13 sen
SHARE PRICES					
Transacted price per share (RM)					
(i) Before share split					
Highest	N/A	N/A	9.72	8.40	6.65
Lowest	N/A	N/A	7.80	5.62	5.60
* (ii) After share split					
Highest	2.33	2.84	2.99	N/A	N/A
Lowest	2.02	2.09	2.14	N/A	N/A

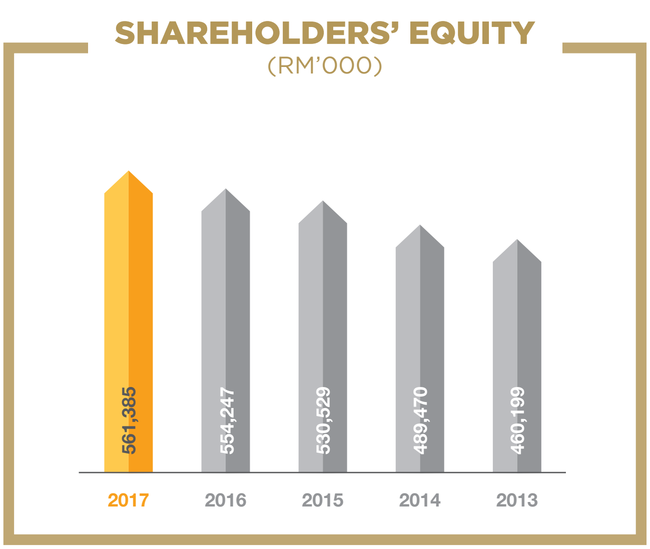
* Note:
On 13 October 2014, 82,426,810 ordinary shares of RM1.00 each were split into 164,853,620 ordinary shares of RM0.50 each. A bonus issue of 80,470,710 new subdivided shares was credited as fully paid-up on the basis of one (1) bonus shares for every two subdivided shares, exclude treasury shares.

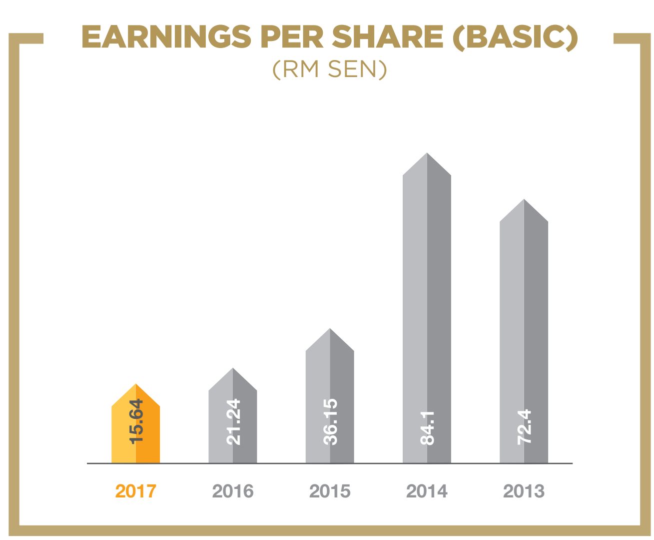
FIVE-YEAR FINANCIAL HIGHLIGHTS











CHAIRMAN'S STATEMENT

DATO' ADNAN BIN SHAMSUDDIN

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

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Fima Corporation Berhad ("FimaCorp") for the financial year ended 31 March 2017.

FINANCIAL RESULTS AND PERFORMANCE

I am pleased to report that the Group has once again delivered satisfactory performance for the financial year ended 31 March 2017 ("FYE2016/17") despite the demands of a changing marketplace and persistently challenging economic backdrop.

The Group posted a revenue of RM372.1 million for FYE2016/17 which was 0.8% lower than last year's revenue of RM375.2 million. Despite the improvement in gross profit from RM117.7 million to RM142.5 million, the Group's PBT for FYE2016/17 decreased by 20.8% to RM61.3 million compared to RM77.3 million recorded last year. The reduction in PBT was mainly due to RM29.4 million net impairment losses on property, plant and equipment and biological assets of subsidiary, PT Nunukan Jaya Lestari. Without the impairment losses, PBT improved by 17.2% compared to last year.

Earnings per share decreased by 26.4% to 15.64 sen, and net assets stood at RM2.33 per share. As at 31 March 2017, FimaCorp's market capitalisation was RM549.4 million.

Further information on the Group's financial performance can be found on pages 89 to 163 of this Annual Report.

DIVIDEND

The Board is recommending the payment of a final dividend for the year of 12.5 sen per share (FYE2015/16: 7.5 sen) and a special dividend of 5.0 sen per share. If approved at the forthcoming Annual General Meeting, the dividend will be paid on 18 September 2017 to shareholders whose names appear on the register as at 5 September 2017. This would bring the total dividend for the full year to 17.5 sen per share (FYE2015/16: 12.5 sen).

MATERIAL EVENTS

I cannot reflect on FYE2016/17 without acknowledging the events involving our Indonesian subsidiary PT Nunukan Jaya Lestari ("PTNJL"). On 26 August 2016, we announced that vide a letter dated 25 July 2016 to PTNJL (which PTNJL received on 23 August 2016) the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional issued an order to revoke PTNJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") ("Ministerial Order") with immediate effect, on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003; resulting in parts of the area within the HGU to overlap with forestry zones. Subsequently on 21 October 2016, we announced that PTNJL filed an application in the Pengadilan Tata Usaha Negara ("State Administrative Court") in Jakarta, Indonesia seeking an order to annul the Ministerial Order.

CHAIRMAN'S STATEMENT

The application was dismissed by the State Administrative Court on 13 June 2017 and on 21 June 2017, PTNJL filed a Statement of Appeal to the Pengadilan Tinggi Tata Usaha Negara (hereafter referred to as "Court of Appeal") to appeal against the decision of the State Administrative Court.

Notwithstanding the Ministerial Order, we also disclosed that the local government in Kabupaten Nunukan has given its undertaking and allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the suit by the Indonesian courts. The goodwill created with the local community in the area through PTNJL's socio-economic contributions and community engagements over the years has resulted and continues to result, in strong support for PTNJL at the grassroots level. As at the date of this Annual Report, the suit is still on-going, and there is little more I can say at this time, other than to assure you that the Board is giving this matter its fullest attention and that we will pursue all available legal avenues to protect PTNJL's rights and interests.

GOVERNANCE & SUSTAINABILITY

The Board's FYE2016/17 evaluation was externally facilitated by consultants from Boardroom Corporate Services Sdn Bhd, and this provided both positive and constructive feedback. The Board evaluation process and summary are described on pages 54 to 55 of this Report.

Further, the Nomination and Remuneration Committees have been combined into a single Nomination and Remuneration Committee ("NRC"), and the scope of the new NRC have been enlarged to include (i) reviewing and recommending the appropriate remuneration policies applicable to directors of subsidiaries and senior management, and (ii) the recruitment, appointment and evaluation of the performance of directors of subsidiaries and senior management. This exercise, which was initiated in FYE2016/17 and will be formalised in FYE2017/18, is part of the Board's commitment to continuously strengthen the Group's governance process and the appropriate succession arrangements for its senior leadership team which in turn is a vital element in ensuring the future of our company.

We are also happy to report that the Group has during the year, initiated analysis and tracking of the environmental impact of our operations. This is part of our penultimate holding company's initiative to see where we as a Group stand and to provide benchmarks to measure future progress. So in this year's Sustainability Report, you will find more comprehensive reporting on, among others, the Group's energy use, CO_2 emissions, recycling of waste and the various efforts being undertaken to reduce the Group's carbon footprint. It is my hope, as well as that of my fellow Board members that you will find value in the information we have compiled, and we welcome your feedback.

OUTLOOK

Bank Negara Malaysia expects Malaysia to register gross domestic product between 4.3% and 4.8% in 2017, on the back of domestic demand growth underpinned by private sector activity. The country's exports and imports are also expected to strengthen on projected improvement in global economic growth, higher commodity prices, and sustained domestic demand.

On a macro level, the IMF is forecasting an uptick in global growth from 3.1% in 2016 to 3.5% and 3.6% in 2017 and 2018 respectively. Global trade activity is expected to pick up on the back of policy stimulus and a gradual normalisation of large economies such as Brazil and Russia. However, uncertainties surrounding US policy direction under the new administration, geopolitical tensions, Brexit and calls for protectionism may pose downside risks to global growth prospects.

Economic recovery in Malaysia has to-date been relatively muted, with growth driven predominantly by commodity price increases and restricted to only a few sectors of the economy. We anticipate that the year ahead is likely to continue to present a challenging operating environment. Add to that, factors such as extreme weather conditions and currency volatility are all likely to affect our businesses in the near term. Against these dynamics, a conservative approach remains prudent, and we will maintain our balance sheet strength and resilience to downside risks as main priorities.

APPRECIATION

On behalf of the Board, I wish to express my sincere appreciation to all of our shareholders, customers, suppliers, employees, business partners and other stakeholders for their ongoing support for the Group. In particular, I wish to thank each one of our employees for the loyalty and dedication that they demonstrate every day in serving our stakeholders and achieving our objectives. Despite the enormous challenges facing the Group, our employees have remained motivated, continuing to display diligence, integrity, teamwork and, above all, a sound understanding of the pressures with which we have had to contend with the past year.

DATO' ADNAN BIN SHAMSUDDIN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

FimaCorp is an investment holding company with subsidiaries principally involved in the manufacturing, plantation and property management.

- Manufacturing - Production and trading of security and confidential documents
- Plantation - Oil palm production and processing
- Property Management - Management of commercial properties

GROUP STRATEGIC OVERVIEW

Key Performance Objectives

FimaCorp Group remains focused on providing sustainable value to our shareholders through three core objectives namely profitable revenue growth, solid returns on capital employed and strong cash generation.

Profitable Revenue Growth

The Group aims to grow revenue in sustainable manner through expansion of existing operations, products and services, growth in market share and expanding into new market

Solid Return On Capital Employed

Long-term contracts, investment and ownership of productive assets with continued focus on efficiencies, cost structures of the group and improved returns on capital employed

Strong Cash Generation

Operational strategies are necessary elements for a business and are directed towards cash generation

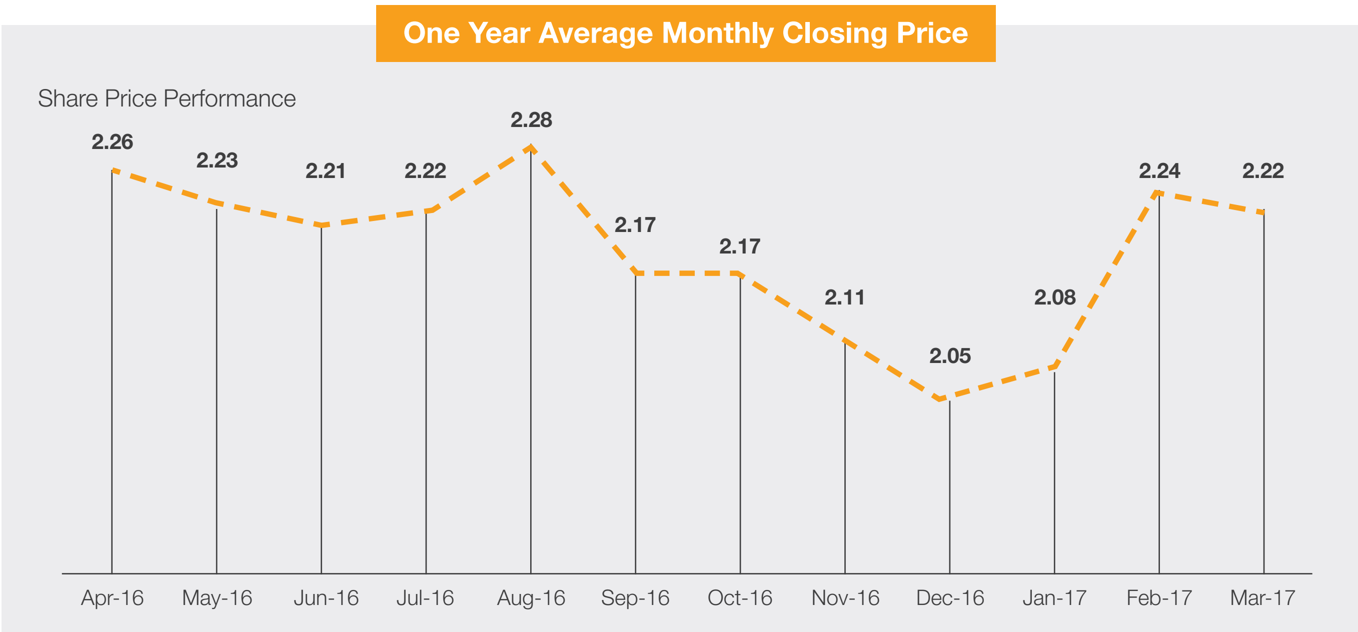
Expansion and growth are focused towards high quality investment with steady cash flows

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

MANAGEMENT DISCUSSION AND ANALYSIS

KEY FINANCIAL ANALYSIS

Share Price Performance



		2017	2016
Revenue	*RM million*	372.1	375.2
Earnings before interest and taxation ("EBIT")	*RM million*	61.3	77.4
Profit before tax ("PBT")	*RM million*	61.3	77.3
Profit after tax (PAT)	*RM million*	35.0	54.9
Return on average shareholders' equity ("ROAE")	*%*	6.0	9.6
Return on average capital employed ("ROACE")	*%*	10.1	13.0
Total returns to shareholders			
- dividend (sen per share)	*sen*	17.5	12.5
Net cash generated from operating activities	*RM million*	196.3	63.9

SEGMENTAL REVENUE

	2017 RM'million	2016 RM'million	Variance %
Manufacturing	233.3	266.7	(12.5)
Plantation	133.2	102.6	29.8
Property Management	5.6	5.9	(5.1)
Group results	372.1	375.2	(0.8)

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL PROFIT BEFORE TAX ("PBT")

	2017 RM'million	Contribution %	2016 RM'million	Contribution %
Manufacturing	59.6	97.2	54.0	69.9
Plantation	(0.7)	(1.1)	21.3	27.6
Share of results of associate	2.7	4.4	1.6	2.0
Property Management	(0.3)	(0.5)	0.4	0.5
Group results	61.3	100.0	77.3	100.0

The Group's PBT decreased by 20.7% to RM61.3 million from RM77.3 million recorded in the previous financial year. The decrease is solely due to impairment losses on property, plant and equipment and biological assets in a subsidiary, PT Nunukan Jaya Lestari ("PTNJL") mitigated by improved CPO and CPKO prices coupled with lower cost of sales during the year. Our plantation estates in Kelantan and Terengganu which are undergoing land development and palm planting recorded RM2.5 million pretax loss during the financial year.

FINANCIAL RESOURCES AND LIQUIDITY

The group generated a **Net Cash** of RM196.3 million from its operating activities for FYE2016/17 against RM63.9 million in the previous financial year. This increase reflects cash proceeds from the trade debtors.

Gross Profit for the Group had improved by 21.1% to RM142.5 million from RM117.7 in FYE2015/16. The Group's improved gross profit was mainly due to a reduction in direct costs.

The Group registered a 20.7% shortfall on **EBIT** against the same period last year, recording RM61.3 million for FYE2016/17. This was mainly due to RM29.4 million net impairment losses on property, plant and equipment and biological assets of PTNJL subsequent to the State Administrative Court's decision on 13 June 2017 to dismiss PTNJL's application to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal to appeal against the decision of the State Administrative Court.

The Group's **Cash and Bank Balance**, which were primarily denominated in Ringgit and Indonesian Rupiah, stood at RM336.3 million as at 31 March 2017 compared to RM177.6 million last year. By our current cash position and the ability to generate cash from operations, we believe we have the sufficient capital resources and liquidity to meet our commitments, support operations, and growth strategies, finance capital expenditures, and fund declared dividends.

Shareholders' Equity as at 31 March 2017 stood at RM586.8 million, an increase of RM4.4 million or 0.8% over the previous financial year.

With the decrease in PAT, the Group recorded **ROAE** of 6.0% for FYE2016/17 as compared to 9.6% recorded in the previous financial year.

ROACE fell to 10.1% during the year compared to 13.0% in FYE2015/16 due to lower EBIT recorded.

The **Share of Results of Associates** in FYE2016/17 increased by 68.8% to RM2.7 million (FYE2015/16: RM1.6 million) on the back of stronger contributions from Giesecke & Devrient (Malaysia) Sdn Bhd.

CAPITAL EXPENDITURE ("CAPEX")

During the year, the Group's **CAPEX** decreased to RM14.0 million compared to RM17.8 million in the previous year. The CAPEX was incurred largely towards plantation development works, new planting of oil palm and construction of worker's quarters. Sources of funds for CAPEX during the year were internally generated.

The cost of **Biological Assets** at financial year end decreased by 33.4% to RM33.0 million compared to last year. This was primarily due to RM24.8 million net impairment losses in PTNJL. Additional CAPEX of RM8.7 million was incurred for plantation development works and new planting programs at our estates in Kelantan and Terengganu.

MANAGEMENT DISCUSSION AND ANALYSIS

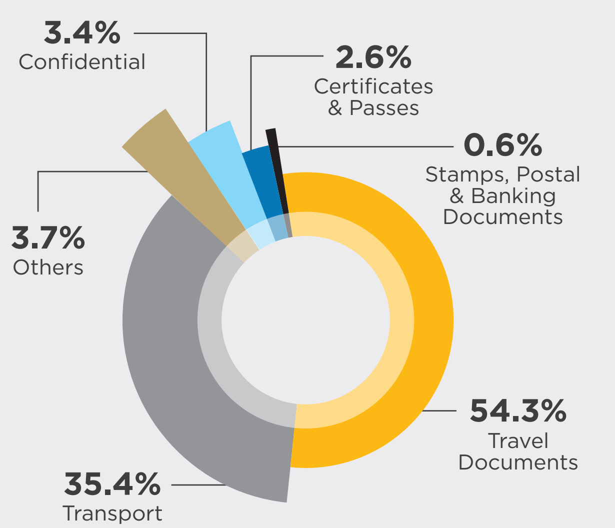
SEGMENTAL REPORTING

MANUFACTURING

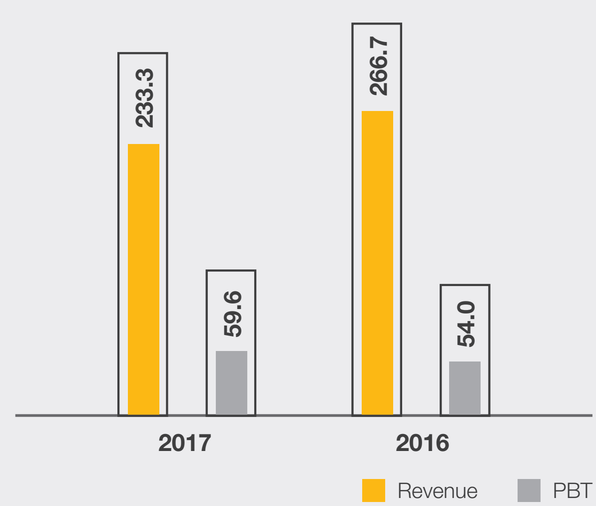
BUSINESS OPERATION REVIEW

Despite the challenging operating conditions, the Division remains the biggest contributor to the Group in FYE2016/17, delivering a revenue and PBT of RM233.3 million and RM59.6 million respectively, a decrease of 12.5% in revenue and an improvement of 10.4% in PBT from the previous year. The decline in revenue was due to lower sales volume from travel documents resulting from the expiry of a supply contract in Q3 of FYE2016/17 (which was subsequently extended until Q1 of this current financial year), mitigated by improved sales volume of transport and confidential documents. Meanwhile, PBT improved due to lower depreciation cost and favourable sales mix.

Revenue Contribution by Product (%)



Manufacturing Division Performance (Y-o-Y) ('Million)



MANAGEMENT DISCUSSION AND ANALYSIS

The Division's cash flow from operations remains strong at RM158.3 million in FYE2016/17, an increase of RM105.5 million from the previous year thereby providing us with the financial flexibility to seize any new market opportunities as and when they arise.

During the year, trade receivables increased by 64.1% to RM49.8 million. A significant amount of the trade receivables arise from customers with whom the Division has had a long-term relationship, and therefore the Board is of the view that the risk of non-payment is low and the receivables are collectable. During the financial year, the Division spent RM1.8 million on capital expenditure ("CAPEX") compared to RM7.2 million in the last financial year, a decrease of 75.0%. CAPEX during FYE2016/17 is mostly restricted to assets needed to meet or maintain the Division's operational requirements.

OUTLOOK

During the year under review, the testing economic climate and heightened strategic moves by competitors had exerted pressures within the Division's traditional and niche market segments. The Division has also experienced rapidly evolving customer expectations, innovative digital technologies and new service models, which are changing end-to-end processes.

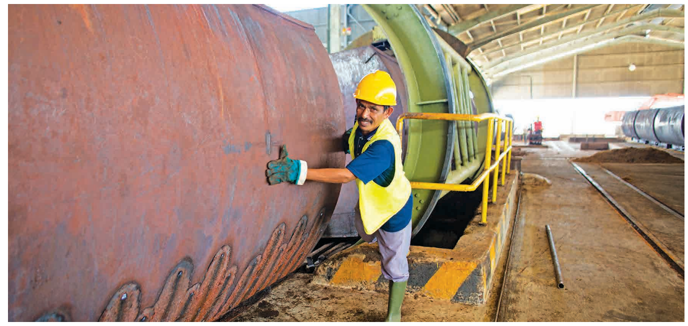
The Division expects that challenges in our existing markets will remain and the expiry of the aforesaid supply contract will have an impact on the Division's performance in this current year. On the same token, the past year's results and events reflect the attractive nature of the markets in which we operate, but it also indicates that we need to take a long hard look at our portfolio. The overall market opportunity is reflected by the strong demand for technology-driven ID and security solutions both locally and overseas thus creating significant potential for the Division. To seize these opportunities, the Division is now focused on adapting our businesses to ensure that we keep pace with the dynamic and accelerating market trends, and offset the decline in our traditional security printing segment.

For the next few years, we have identified the following as top priorities, namely:

- adapting the Division to being a multi-platform entity;
- transforming our business model while simultaneously building the capabilities needed for the future, and
- expanding our presence into adjacent geographies in particular product segments with our strategic partners.

MANAGEMENT DISCUSSION AND ANALYSIS

PLANTATION

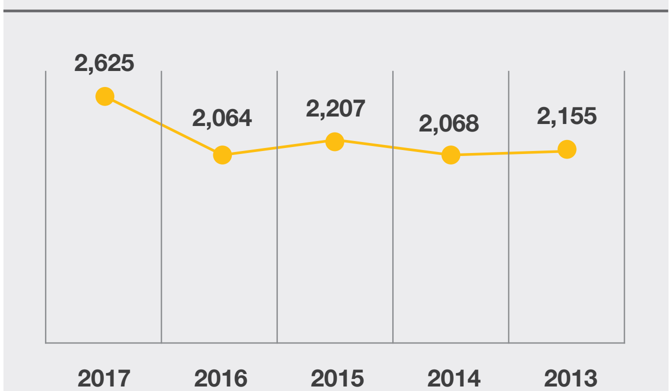


BUSINESS OPERATION REVIEW

The Group's Plantation Division recorded a revenue of RM133.2 million for the year ended 31 March 2017, an improvement of 29.8% from RM102.6 million recorded in the previous year as a result of higher average selling prices for CPO. The Division achieved a CIF average selling price for CPO of RM2,625 per metric tonne ("MT") compared to RM2,064 per MT last year.

The rebound of CPO prices during the year was a consequence of the effects of the prolonged El Nino phenomenon which caused a longer than anticipated drought thereby resulting in a significant decline in FFB production and palm oil stocks.

Average CPO Price Realised



Despite higher revenue on the back of improved CPO and CPKO prices, the Division registered a deficit of RM0.7 million due to impairment losses on property, plant and machinery and biological assets in the Group's Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") totalling RM29.4 million. Without the impairment losses, the division's PBT would be RM28.6 Million an improvement of 34% compared to last year.

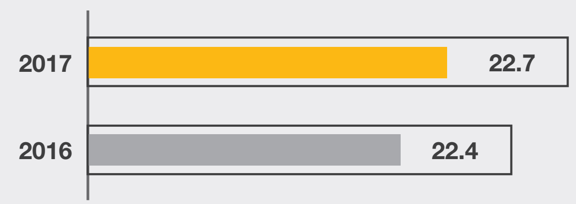
As mentioned earlier in the Chairman's Statement, PTNJL has instituted legal proceedings to challenge the revocation of PTNJL's land title under the Ministerial Order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional Republik Indonesia ("Ministerial Order"). As a consequence, and although the outcome of the appeal is pending, PTNJL had decided to recognise the impairment losses of the assets affected by the State Administrative Court's decision on 13 June 2017 as the matter indicates a material uncertainty that may cast an adverse effect on the manner in which the assets is expected to be used.

Due to the impact of El Nino, fresh fruit bunches ("FFB") produced by PTNJL declined 11.8% to 131,484 MT (FYE2015/16:149,060 MT). A lower yield per hectare of 20.6 MT was recorded compared to 23.2 MT last year. FFB purchased from third parties also decreased to 51,853 MT from 53,198 MT in the previous year.

CPO and CPKO production during the year under review was 41,619 MT (FYE2015/16: 45,387 MT) and 3,418 MT (FYE2015/16: 3,363 MT) respectively. The Group's average oil extraction rate of 22.7% was marginally higher compared with 22.4% recorded in the previous year.

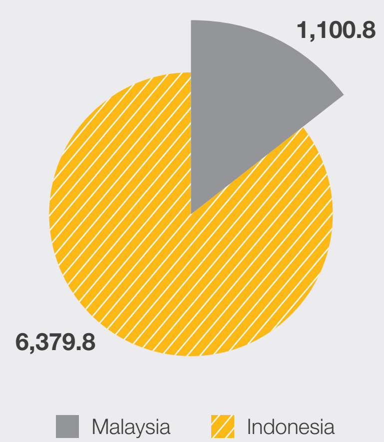
MANAGEMENT DISCUSSION AND ANALYSIS

Oil Extraction Rate (OER %) Performance Y-o-Y



On the back of lower FFB production, FFB processed reduced to 183,328 MT from 202,406 MT the previous year, a decrease of 9.4%. As a result, the cost of FFB increased by 39% to RM359.6 per MT, while the processing costs rose from RM27.2 per MT to RM34.9 MT.

Planted Area (Ha)



ESTATE DEVELOPMENT

During FYE2016/17, the Division spent RM12.1 million on CAPEX, largely towards plantation development works and construction/refurbishment of workers' quarters.

PTNJL

As highlighted earlier by the Chairman in his Statement, PTNJL is allowed to continue to operate its plantation operations until the final determination of the status of its land by the Indonesian courts. PTNJL's planted area affected by the Ministerial Order measures approximately 3,691.9 hectares. It is pleasing to note that to-date, there has not been any disruption to PTNJL's operations and therefore there has not been any immediate operational or financial impact on PTNJL.

Ladang Cendana, Kemaman, Terengganu

The planting program at Ladang Cendana has been completed, and harvesting of the first planting had commenced in April 2017. As at 31 March 2017, approximately 760.1 hectares have been planted.

Ladang Dabong, Kuala Krai, Kelantan

A total of 110.0 hectares has been planted in FYE2016/17. Planting on the remaining areas have been planned for this current year.

Ladang Aring, Gua Musang, Kelantan

Progress continues on the new area with 230.7 hectares planted during the year. Planting on the remaining areas has been planned for this current financial year.

Ladang Sg Siput, Perak

The progress in obtaining the land development approvals have been slow and are still pending to-date. Barring any further delays, we expect to receive the said approvals by the end of this current financial year

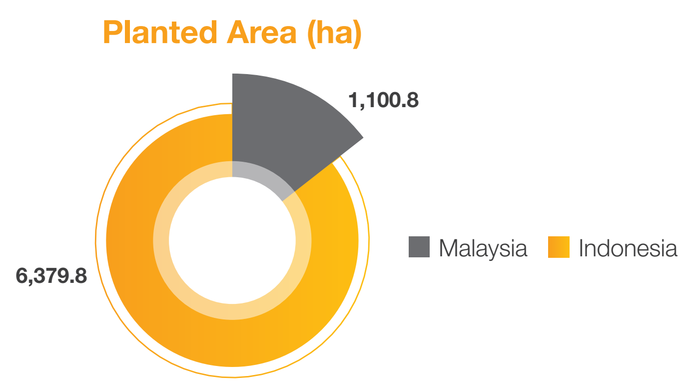
OUTLOOK

The commodity prices remain unpredictable on an expected recovery in palm and soybean production, slow-down growth in major markets like China as well as the effects of severe weather patterns.

Nevertheless, and notwithstanding the final outcome of our appeal and other actions available to us to annual the Ministerial Order, the Board is of the view that this sector will continue to benefit from the growing demand given that palm oil is a significant and versatile raw material for both food and non-food industries, and expect to see sustainable growth over the long-term.

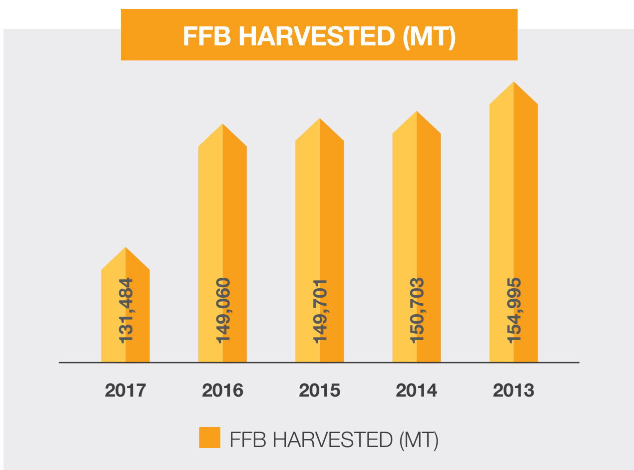
In the medium term, we forecast an upward trend in FFB production as more young areas in the Group's greenfield estates attain maturity and start to produce. Subject to palm-oil prices remaining at healthy levels, growth in the Group's FFB production is expected to have a favourable impact on the Group's revenue in the coming years.

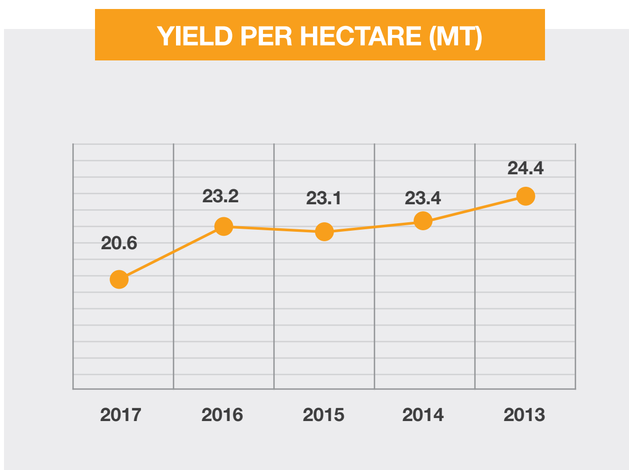
PLANTATION STATISTICS

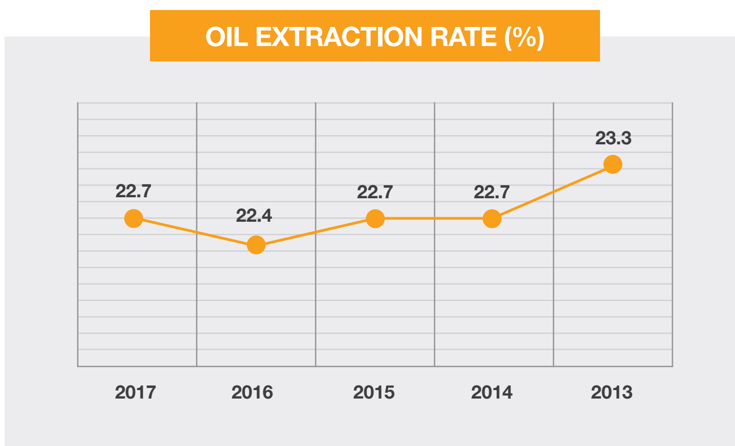


PALM PROFILES

Year	2017	2016	2015	2014	2013
Mature					
> 12 years	5,538.5	3,641.0	1,693.0	-	-
8 - 12	591.1	2,540.4	4,462.5	6,106.3	5,614.3
4 - 7	250.2	251.6	314.4	348.7	739.2
Immature	1,100.8	489.1	-	52.4	47.9
Total Planted Area	7,480.6	6,922.1	6,469.9	6,507.4	6,401.4







SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

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

We embrace continuous improvement as the path forward to become a more sustainable company. As we look back on our progress over the last year, our efforts can now be categorized in three major areas that are relevant to our businesses and of interest to our stakeholders, and looks at the Group's performance at each of these areas. Our approach to reporting is guided by Bursa Malaysia's Sustainability Reporting Framework which comprises amendments to the Listing Requirements, the Sustainability Reporting Guide and Toolkit thus providing stakeholders with a more comprehensive view of the Group's sustainability initiatives.

MARKET PLACE

ENGAGING STAKEHOLDERS

We work with a range of stakeholders that have a wide breadth of interests. We engage with our stakeholders through a variety of mechanisms to identify and understand the issues that are of most importance to them. These engagements are crucial to enable us to tackle some of the major challenges facing our operations mainly challenges that affect everyone along our value chain, and to seek beneficial solutions on concerns that an entity cannot solve on its own. Below are our key stakeholder groups, our areas of focus and the mechanisms that we use to engage with our stakeholders.

"FimaCorp is ranked amongst the Top 100 Bursa Malaysia-listed companies for Excellence Award for Overall Corporate Governance"

- Based on the Malaysia-Asean Corporate Governance Transparency Index, Findings and Recognition 2016.

Stakeholder	Areas of focus	Our approach
Our people	• Job security and wages • Conducive workplace • Career development • Corporate activity • Health and safety • Group's growth & development	Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically by offering diverse employment prospects, opportunities for development, and competitive rewards and benefits that have a clear link to performance. The Group has in place a Whistleblowing Policy and structured grievance procedures to address employees' cares and concerns.

SUSTAINABILITY REPORT

Stakeholder	Areas of focus	Our approach
Shareholders and investors	• Delivering profitable returns on investment • Financial strength & resilience • Disclosing timely, concise and relevant information • Upholding corporate values • Business sustainability	We respond: • through timely disclosures of the Group's financial results, announcements, annual reports which are posted on our Company's website. • By disseminating material issues to the market by way of Bursa announcements. • through continued improvements in our business strategies, governance framework and corporate reporting. • through engagements at General Meetings.
Customers	• Changing needs of customers and consumers • Business ethics • Innovation • Supply chain/traceability issues • Health & safety • Certification	We seek to be honest and fair in our relationships with our customers and to provide the standards of product and service that have been agreed. We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide. Certifications to support market credibility.
Communities	• Economic empowerment/ livelihood • Community safety and health	Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers. Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions.
Memberships & associations	Advancing industry specific matters with policymakers and other key stakeholders	Our memberships provide a forum for us to promote and defend our interests in the broader industry context, to learn from and to benefit from their contribution. Further, our participation and membership in various associations ensures that we stay in touch with current and anticipated developments.
Suppliers	• Quality control • Business ethics • Training & support • Supply chain transparency • Sustainability requirements	We require our suppliers to live up to good social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly, and establishing trust and long-term relationships are essential. In collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities.
National and local governments	• Compliance & regulations • Land issues • Level 'playing fields' for all sectors • Local economic development programmes • Corporate Responsibility initiatives • Licence to operate • Industry specific matters	We are often a major economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable government to develop and maintain public works, services and institutions. We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support on national agendas.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

During the year, an internal Group Sustainability Committee made up of representatives from the Boards of the Company and its penultimate holding company, Kumpulan Fima Berhad ("KFima") and members of senior management was established to oversee how the KFima Group's sustainability programs support business goals and aspirations, and monitor the progress thereof.

QUALITY & STANDARDS

We have policies and procedures in place to ensure the safety and quality of our products and services. We continually monitor and review processes, putting in place systems to better manage risk, increase productivity, sharpen our competitive edge and make strategic choices that have a positive impact on society and environment.

The Group also stays current with new regulations, industry best practices and marketplace conditions and the Group's businesses consistently strive to improve and refine their requirements and standards throughout the entire supply chain.

The Plantation Division's subsidiary in Indonesia, PT Nunukan Jaya Lestari ("PTNJL") is accredited with ISO 14001:2004 Environment Management System for the processes employed in the production of its CPO, CPKO and palm kernel. The Indonesian Sustainable Palm Oil ("ISPO") audit on PTNJL has currently been put on hold, albeit temporarily as authorities await a definitive outcome of the ongoing land issue pertaining to PTNJL's land title before resuming the audit process for ISPO consideration. Management does not believe this will have any material affect to PTNJL's operations in the near-term.

ENVIRONMENT

We continue with our practice of minimising environmental impact, implementing appropriate energy-efficient processes and technologies, seeking resource conservation and pollution prevention as well as other measures towards reducing resource depletion, greenhouse gas emission and waste generation. The Group's priorities include:

SUSTAINABLE AGRICULTURAL PRACTICES

Conservation areas: Within our estates, areas alongside river banks (riparian reserves) are set aside as conservation areas wildlife corridors which include, among others, sanctuaries for migratory birds and habitat for jungle flora and fauna. The riparian reserves also help to slow down soil run-off and soil particles.

Soil Management: We follow best industry practices e.g. application of empty fruit bunches (EFB), establishing cover crops such as Mucuna bracteata, Calopogonium mucunoides and Calopogonium coeruleum, alone or in mixture, to improve soil properties and lower carbon dioxide emissions. Vetiver grass has been planted along the ponds, bunds and field drain to reduce erosion and prevent landslips whilst at the same time help clean the waste water. Vetiver grass is a deep rooted grass and is known for its high tolerance of heavy metals, phosphates, nitrates and agricultural chemicals.

SUSTAINABILITY REPORT

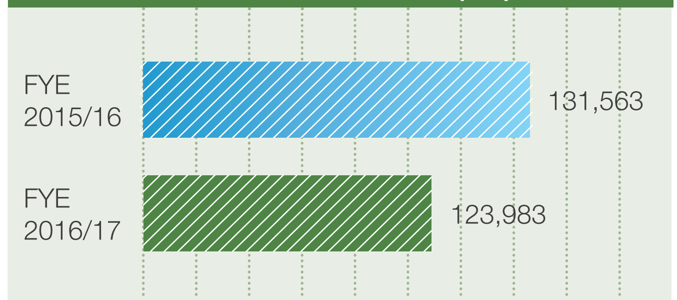
Biological controls against pests: Beneficial plants are planted to attract predators (insects) of leaf pests. These predators feed on leaf pest larvae thereby minimising the usage of pesticides. The introduction of barn owls in estates to suppress rodent population and the placement of pheromone traps to capture Rhinoceros beetles are among methods that have been adopted and proven effective.

Environmental assessment: Environmental impact assessments are carried out ahead of any new plantation development.

WASTE MANAGEMENT

The Plantation Division adheres to a "zero waste" policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill wastes comprising POME and EFB are converted into organic fertilizer or compost which is then applied directly to oil palm fields as a source of nutrients and to supplement fertilizer application. We monitor and treat all effluent and wastewater before discharging into the effluent pond. The organic materials in the wastewater are broken down by natural activities of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the water is discharged and this had resulted in successful fish breeding at the final effluent pond.

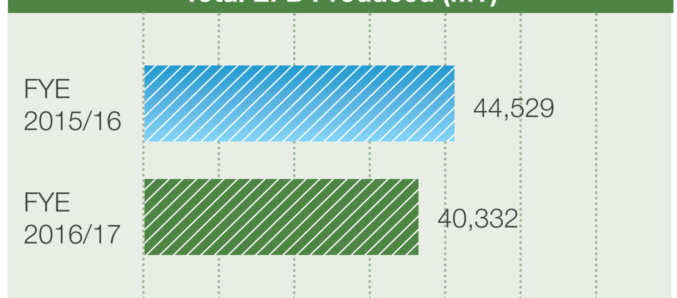
Total POME Produced (MT)



71,013 MT
POME applied to estate in FYE2016/17

51,169 MT
POME applied to compost in FYE2016/17

Total EFB Produced (MT)



22,660 MT
EFB processed into compost in FYE2016/17

LETTING NATURE TAKE ITS COURSE

PTNJL has applied 17,671 tonnes or 44% of total EFB produced to the fields to allow for the slow release of organic nutrients through decomposition while conserving soil moisture and improving soil structure. The remaining 56% or 22,660 tonnes of EFB were processed into compost for application to the fields as well as biomass fuel for the boiler.

SUSTAINABILITY REPORT

PTNJL has achieved the Green rating, the second highest level in Indonesia's Program for Pollution Control, Evaluation, and Rating ("PROPER") in the manufacturing/agroindustry category for three consecutive years. The Green rating is awarded to businesses/ activities that have displayed environmental management effort and achieved results better than those required by regulation.

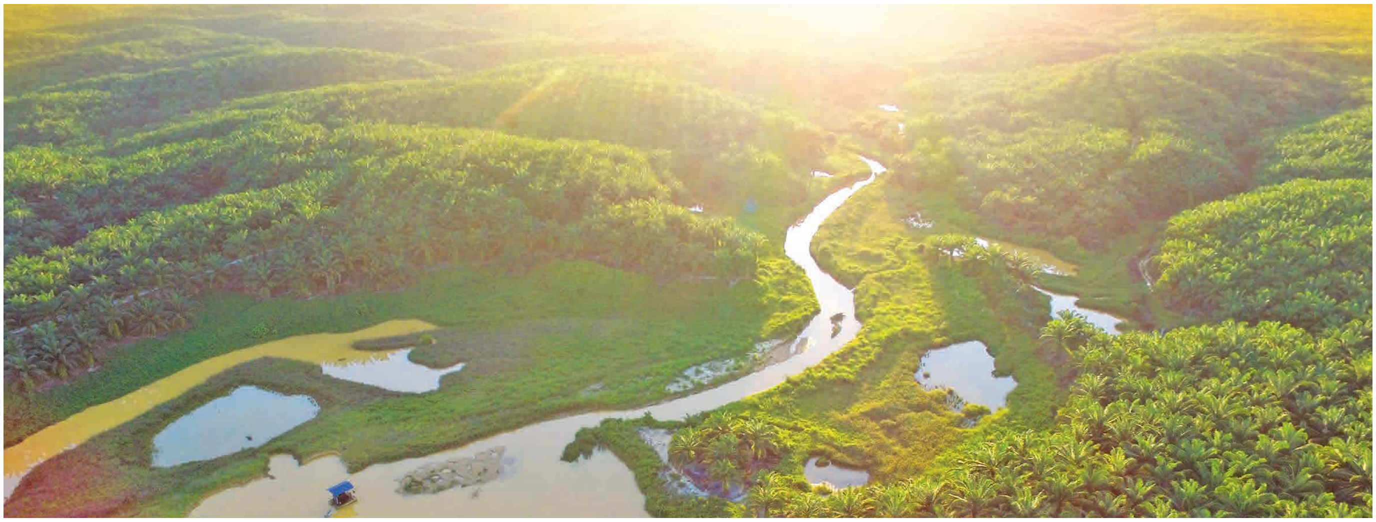
PROPER is a national-level public environmental reporting initiative in Indonesia. Aimed at promoting industrial compliance with pollution control regulations; facilitating the adoption of practices contributing to "clean technology"; and ensuring a better environmental management system, the program uses a color-coded rating, ranging from gold for excellent performance to black for poor performance. The rating system for PROPER is split into five categories – Gold, Green, Blue, Red and Black, with the Gold rating being the highest level that a company can achieve.

At the **Manufacturing Division**, hazardous wastes and residual products recovered from the manufacturing operations are disposed of in accordance with stringent industry standards and statutory requirements.

Waste Disposal by Type

Material	Volume (MT)	
	FYE2016/17	FYE2015/16
Scheduled Waste:		
Ink containers	3.70	2.70
Contaminated rags	2.90	2.00
Printing ink waste	5.40	1.30
Solid Waste:		
Shredded paper	242.20	250.00
Total	**254.20**	**256.00**

SUSTAINABILITY REPORT



WATER MANAGEMENT

Water is a vital resource for our oil palm trees and palm oil mill. We strive to use water efficiently by recycling and reusing it in certain parts of our process. At PTNJL, the rainwater is harvested and stored in rainwater tanks installed at workers' quarters to be used for non-drinking purposes, namely washing and sanitation.

The Group's Indonesian subsidiary, PTNJL has set aside areas within its plantation as water catchment zone. Chemical applications are strictly prohibited at the water catchment zone to facilitate natural re-vegetation of the area and preservation thereof. During the year, water consumption of PTNJL's palm oil mill has been reduced by 4% compared to last year.

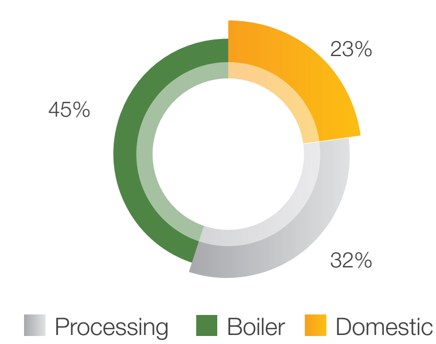
Consumption by Mill

331,172m^3

water consumption by mill in FYE2016/17

(FYE2015/16: 346,660m^3)

Breakdown of Water Usage



ENERGY USE & EMISSION

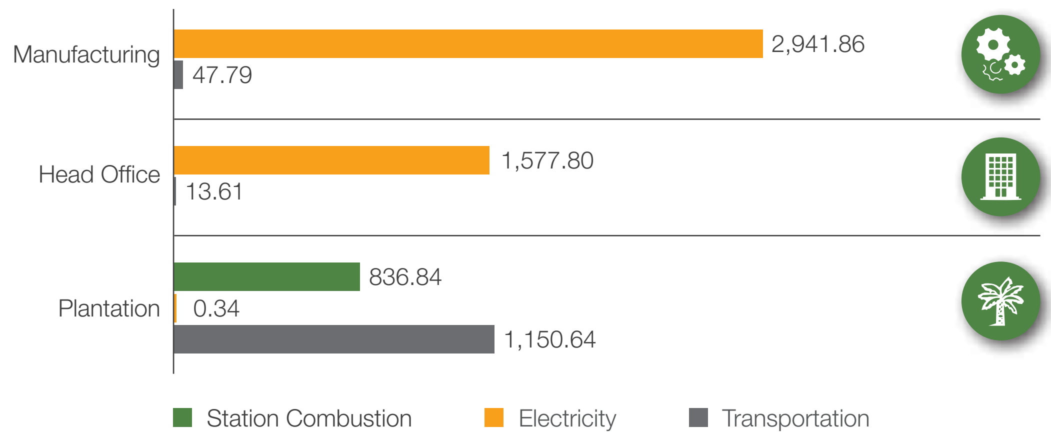
This year marks our inaugural disclosure on our CO_2 emission using tools adopted from the Greenhouse Gas Protocol to monitor and measure the Group's CO_2 emissions. Over the last year, we have initiated analysis and tracking of our CO_2 emission and energy use. As we are committed to developing our measurement of energy and CO_2, we will continue to refine our reporting criteria and progressively enhance our disclosures.

Efficient energy use is a key business concern. Improving our energy efficiency not only reduces the use of natural resources and emissions of CO_2 and other pollutants but also potentially lowers costs. As an organization with operations in 3 countries, the Group is subjected to a wide range of energy supply constraints and commercial pressures and therefore uses a wide variety of fuels.

SUSTAINABILITY REPORT

Overall CO_2e by division (MT)

6,569
tCO_2e
Total Group CO_2 Emission



The other factor in the Group's energy trends is the underlying efficiency of our plants. A robust approach to energy management is therefore crucial across our businesses and each business unit regularly reviews its operational performance and responds to it appropriately. This year, a series of detailed efficiency performance tests was carried out by the Group's Engineering Department on all boilers within the Group's businesses. The test had several objectives, chief among them is to provide our businesses with long term maintenance planning and identify boilers that need replacement.

4,595,006
kWh

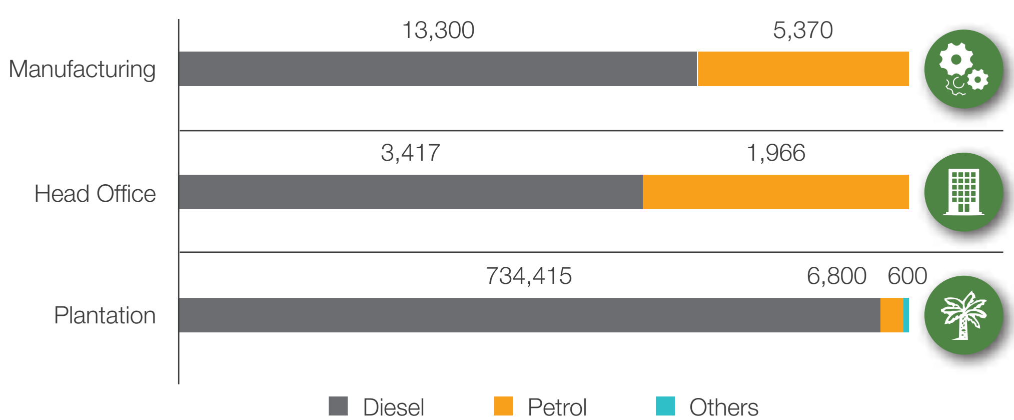
Total Group Energy Consumed

GETTING A CLEAN DEAL FROM RENEWABLE ENERGY

Since 2011, all biomass residue from our Sei-Menggaris palm oil mill in Indonesia are either converted into fertilizer/compost or clean energy. In the case of the latter, mesocarp fibre, palm shell and shredded EFB are utilised as feedstock for the steam boiler and the steam generated therefrom will then fuel the steam turbine in the cogeneration plant. The impact from the utilisation of biomass as renewal energy has been significant. The electricity and heat energy generated from the cogeneration plant is used to power the oil mill, worker's quarters and as well as government facilities, schools and mosque. In FYE2016/17, 5,420,030 kWh of electricity was generated which is equivalent to 562 homes' electricity use for one year*.

*per US EPA calculator

Fuel Consumption by Division (litres)



765,868
litres
Total Group Fuel Consumption

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

SMALL GESTURES, BIG IMPACT

- The Group continuously seeks to identify opportunities to reduce energy use over time such as transitioning to LED lights for our corporate office and installing solar street lights at our estates.
- Employees are encouraged to power down computers and lights in areas that are not in use.
- Switching from paper cheques to e-payments for a majority of transactions which also improves business efficiency.
- Recycling bins are strategically placed in and around the head office premise.

OCCUPATIONAL SAFETY & HEALTH

We regard safeguarding of our employees, neighbours, visitors and assets as a core indicator of our business success.

Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in occupational safety and health; and continuously carry out activities aimed at preventing work injuries. Preventive and scheduled maintenance are regularly performed on all the Group's facilities, plants, and estates; whereupon repairs and replacements are made when necessary or appropriate. Employees who use any machinery are trained to do so properly, while training programs in the use of personal protective equipment for workers handling or exposed to hazardous materials are regularly conducted and have been, and will continue to be, a vital part of the Group's operations.

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

SUSTAINABILITY REPORT

920 DAYS

PKN has achieved **920 Days** without any lost time incident as at 31 March 2017.

ZERO FATALITY

Recorded by all divisions in FYE2016/17.

During the year, PTNJL's palm oil mill was accredited with Sistem Manajemen Keselamatan dan Kesehatan Kerja (or "SMK3") a local Indonesian Government safety certification that is comparable with the globally recognized OHSAS 18001:2007.

SMK3

UTAMAKAN KESELAMATAN DAN KESEHATAN KERJA

INCIDENT FREQUENCY RATE

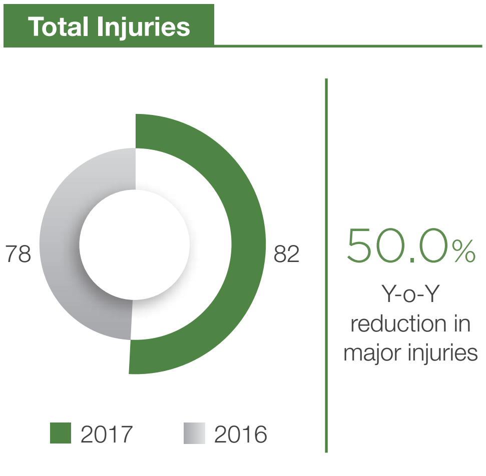
Frequency Rate is recorded based on number of lost time injuries ("LTI") occurring in the work place for every 1 million man-hours worked. During FYE2016/17, the Group recorded Frequency Rate of 18.47 (FYE2015/16:17.57) based on the following formula:

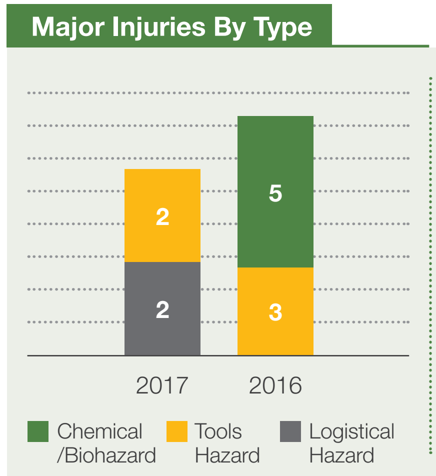
$$\text{Lost Time Injury Frequency Rates (LTIFR)} = \frac{\text{No. of accident}}{\text{Total man-hours worked}} \times 1{,}000{,}000$$

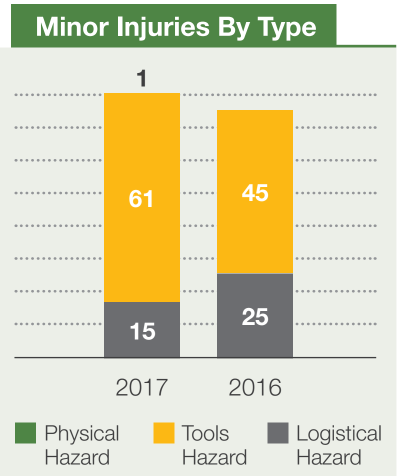
The indicators help us to track the effectiveness of measures taken to improve safety and health performance in all business divisions. In addition, it helps the Group to identify the most useful preventive action.

We are pleased to report that the number of major injuries had dropped by 50%, from 8 incidences in FYE2015/16 to 4 incidences in FYE2016/17. However, an increase in the number of minor injuries from 70 to 76 has adversely impacted to our frequency rate this year to 18.47 from 17.57 last year. The total number of recorded injuries increased by 5% to 82 compared to the previous year. Most incidences this year are represented by minor injuries related to tools and logistical hazards at our Indonesian estate.

SUSTAINABILITY REPORT







Major Injury : *Any incidences resulting in disability, medical treatment and lost time of more than 1 full working day.*
Minor injury : *Any incidences resulting in only first aid and/or no significant lost time with immediate continuation of work.*
Near Misses : *These incidences were excluded.*

Emergency preparedness

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

SOCIAL

OUR PEOPLE

Our people has always been the backbone of our success. They provide innovative and diverse thinking we need for our businesses. We support them by providing a work environment that is positive and build an inclusive culture in which all employees can thrive. We believe in the inherent benefits of a diverse and inclusive workplace, to maximise our business results and attract, recruit, engage and retain a talented workforce.

SUSTAINABILITY REPORT

EMPLOYEE BREAKDOWN
AS AT 31 MARCH 2017

	Head Office	Manufacturing	Plantation	Total
Senior Management	1	2	1	**4**
Management	3	14	3	**20**
Executive	5	29	28	**62**
Non-Executive	16	281	1,318	**1,615**
Total	**25**	**326**	**1,350**	**1,701**

BREAKDOWN OF EMPLOYEES BY NATIONALITY

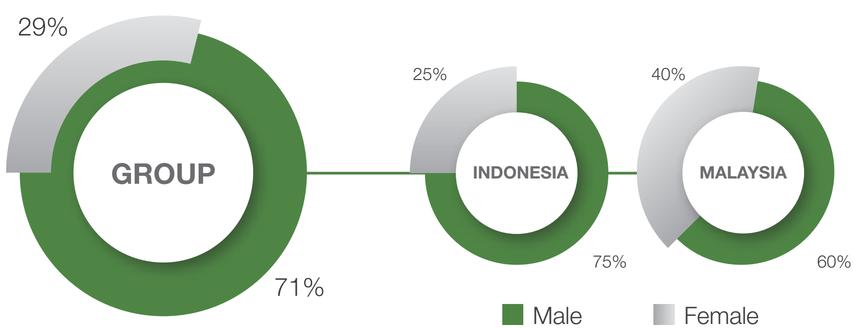
Nationality	Malaysia	Indonesia	Total
Malaysian	386	5	**391**
Indonesian	20	1,269	**1,289**
Others	21	-	**21**
Total	**427**	**1,274**	**1,701**
Ratio of local : foreign	5 : 1	127 : 1	

EMPLOYEE AGE GROUP BY DIVISION

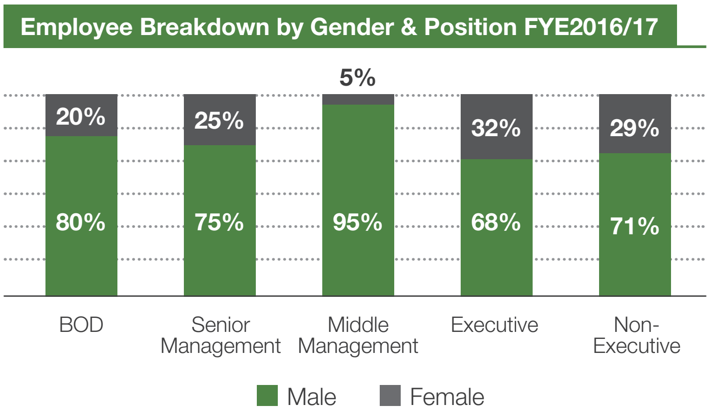
Age Group	Male	Female
<30	76%	24%
30-35	69%	31%
>55	57%	43%

DIVERSITY AND GENDER BALANCE

In FYE2016/17, the Group's workforce stood at 1,701 strong and is made up of 29% women and 71% men. It is worth noting, however, that due to the nature of certain job functions, such as manual work in our plantation operations, the female take-up rate for these jobs tends to be significally lower.



SUSTAINABILITY REPORT



EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We recognise the importance of engaging, motivating, training and supporting our people. We strive to develop our employees to reach their maximum potential through training, job rotation and internal promotion opportunities. Training allocation is available annually for our employees to participate in internal or external workshops and seminars. We believe that a mixture of both internal and external training develops targeted skills and knowledge for a specific roles.

Level	Average Training Hours Per Employee			
	2017		2016	
	Male	Female	Male	Female
Senior Management	16	16	26.7	16
Management	11.8	32	10	0
Executive	5.5	19.2	5.1	11.1
Non-Executive	0.3	0.5	0.8	0

All new employees undergo an induction program which helps them to familiarise with all aspects of the Company and the Group, understand the responsibilities of their new role, the culture of our business, the processes they need to follow as well as our expectations for ethical conduct. They also will be provided with the Employee Handbook before, or as soon as they start their new job. This Handbook provides new employees with information about their conditions of employment as well as the standards of professional behaviour expected.

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

SUSTAINABILITY REPORT

EMPLOYEE TURNOVER

	Head Office	Plantation	Manufacturing
Senior Management	-	-	-
Management	-	2	-
Executive	-	-	1
Non-Executives	-	416	63
Average Head Count	**26**	**1,353**	**345**
Division Turnover Rate (%)	**0%**	**31%**	**19%**

26.6% of the Group's total employee turnover relates to abscondments in the Plantation Division. The majority of employees who absconded are engaged in physical labour where traditionally the employee turnover has been high.

FREEDOM OF ASSOCIATION

We respect the right of our employees to exercise freedom of association and collective bargaining in accordance with local laws. As at 31 March 2017, 349 Group employees are represented by labour unions or works councils. Our collective bargaining agreements with these representative groups contain provisions covering grievance and discipline processes, paid time off, paid maternity leave and collectively bargained severance and separation benefits. Other negotiated terms and conditions of employment contained in our collective agreements include, among others, matters such as wages and performance management.

During the year, the Group did not experience any situations with the unions that resulted in work stoppage.

	Malaysia	Indonesia	Total
Total No of Employees	414	1,274	1,688
Unionized Employees	161	188	349
% of Unionized Employees	38%	14%	20%

HUMAN RIGHTS

We are against any forms of forced labour and underage workers and we rigorously enforce these principle at all our places of work. Each employee's profile and identity document is maintained in our HR data system and we continuously monitor compliance with the minimum legal working age requirements enforced by the local authorities in the countries where we operate our businesses. All employees work on their own free will and without coercion. During the year, there has been no incidence of child or forced labour in the Group.

SUSTAINABILITY REPORT

BENEFITS AND WELFARE

The Group's compensation structure includes fixed and variable components depending on the employee's job grade. We comply strictly with rules and regulations stipulated by local governments on minimum wages paid to employees.

Each location within the Group has its own locally defined employee benefit schemes. For eligible employees, these include:

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalization treatment for employees, spouse and eligible children;
- group term life and personal accident insurance;
- our Indonesian subsidiary, PTNJL provides free transportation for the workers' children to nearby local schools. There is also a clinic and crèche at the estate to cater to the needs of the plantation staff and workers. The provision of these facilities has enabled women to join PTNJL's workforce; and
- provision of housing together with clean water and sanitation to our plantation workers.

While we emphasise the importance for our employees to be well-versed in the Group's current development and achievement status, we also recognise the importance of bringing excitement and fun elements for our employees' participation. Sports activities and events such as family days, weekend retreats, and festive gatherings are organised with the aim to foster greater bonding and camaraderie amongst employees which in turn helps improve engagement at work.

SUSTAINABILITY REPORT

COMMUNITY

We believe in contributing economically and socially to the well-being of the communities where we conduct business. By proactively engaging with the communities where we operate, we can maximise our business value, manage social risks and impacts and create opportunities for stakeholders.

As part of our commitment in strengthening the local socio-economic base, we provide jobs opportunities for the communities near our projects. In tandem, the Group hires and trains local employees at our jobsites, providing technical training and skills to improve workers' wage-earning potential. We also support local suppliers and entrepreneurs through purchasing local goods and services.

Empowering underprivileged sections of society through sponsorship and providing resources is an important part of our community outreach. Our Manufacturing Division continued its sponsorship in Persatuan Al-Hunafa, a non-profit organisation towards its Titian Samara Programme that aimed at helping secondary students with academic and social problems. During the year, the programme focuses on 4 schools in Klang, Selangor and 1 school in Kelantan namely, SMK Raja Lumu, SMK Pandamaran Jaya, SMK Telok Gadong and SMK Kampung Jawa and SMK Laloh, Kuala Krai.

The Group's Manufacturing Division provided a grant to University Kebangsaan Malaysia towards their research on the geopolitical detection system in Johor.

The Group offers placements to university students to undergo on-the-job programmes in various functions within the Group to gain the skills and experience they need to access entry-level job opportunities. During the year, 2 students from Kolej Vokasional Port Dickson underwent a 4-month work-based training programme at PKN. In January 2017, PKN absorbed a contract employee who had previously underwent an internship programme with the company, as a permanent staff. Meanwhile, our Indonesian subsidiary, PTNJL also received 5 students from PDD Politeknik Negeri Nunukan, Kalimantan to undergo 2-month internship programme during the year.

ROAD TO PROSPERITY

PTNJL has always placed significant emphasis on community relations and corporate social responsibility initiatives, making significant investment in local communities and infrastructure with the aim of improving the standards of living of its employees and local citizens on and around its estates. During the year, PTNJL had carried out upgrading and maintenance works on the rural roads at Desa Semaja (8km) and Mattiro Bulu (8km), providing these rural towns with the much needed connectivity and access to socio-economic services and economic opportunity.

"Extreme seasonal weather such as floods and droughts as well as frequent use by heavy goods vehicles in these areas mean that roads need to be properly maintained. The improved roads have made it easier for children to attend school, for people to reach hospitals in cases of emergency and for both local farmers and consumers to reach markets. The average travel times have significantly reduced."

- Mohd Rizal Mat Nor, President Director, PTNJL

STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to establishing and maintaining high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the Group. Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing long term shareholders' value, increasing investors' confidence and protecting stakeholders' interests.

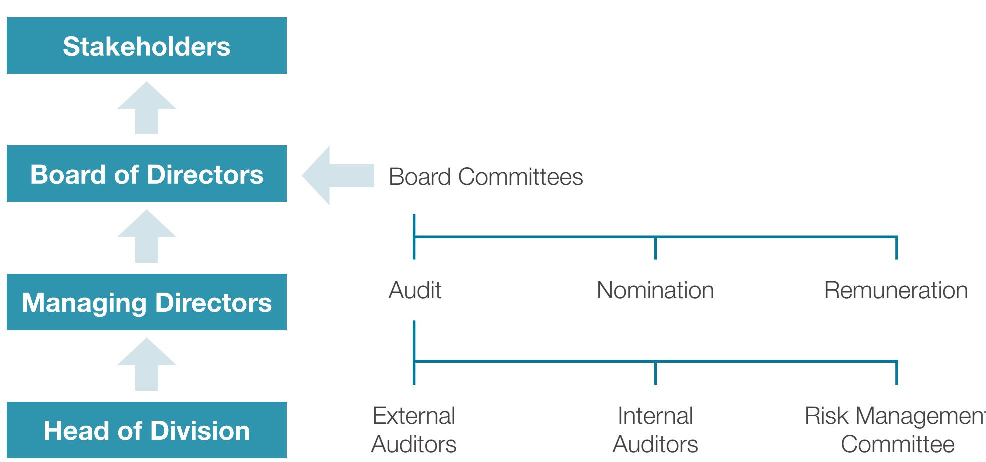
This statement illustrates the extent of which the Board has embodied the spirit and principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") with regards to the recommendations stated under each principle for the year under review.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board is responsible for the oversight and stewardship of the Group. There is a clear division of functions between the Board and the Management. The Board oversees the Group's strategic direction and corporate governance. The Managing Director, assisted by the senior management is responsible for leading and managing the Group's businesses within the authorities delegated by the Board and the implementation of Board's 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.

In order to effectively discharge its duties, the Board has established a governance framework which provides an overview of the corporate governance processes and responsibilities within the Group.



1.2 Roles and Responsibilities of the Board

The Board is generally entrusted with the overall governance of the Company, the responsibility to exercise reasonable and proper care of the Company's resources for the best interests of its shareholders as well as to safeguard the Company's assets. 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.

STATEMENT ON CORPORATE GOVERNANCE

The Board has adopted a schedule of matters specifically reserved for its approval, which include amongst others:

- annual financial statements and quarterly results;
- the Company's strategies and operating plans;
- annual budget;
- new appointments to the Board;
- dividend recommendation;
- large capital expenditure, corporate restructuring, acquisitions and disposals of significant assets and investment proposals;
- related party transactions; and
- overall system of internal control and risk management.

In summary, the Board's activities during the financial year comprised the following:

- Reviewed and approved the Group's annual budget for the financial year 2017/18 and business plans for financial years 2018/19 to 2021/22.

- Overseeing the conduct of the Group's business by monitoring through a quarterly group performance report which is tabled to the Board which includes a summary of the Group's financial performance, operational issues, significant changes/development in the business and the external environment, which affect the operations.

- Reviewed the audited financial statements for the financial year ended 31 March 2016 and satisfied that the financial statements reflected the true and fair view of the financial positions and results and the Group.

- Reviewed and approved the final quarterly results for the financial year ended 31 March 2016 and quarterly results for nine months period ended 31 December 2016.

- Reviewed and assessed the annual assessment of the effectiveness of the Board, Board Committees, external and internal auditors.

- Reviewed the current compositions of the Board and Independent Directors and the time commitment given by the Directors in fulfilling their responsibilities as Directors and members of the Board Committees.

- Reviewed the Terms of Reference of the Nomination and Remuneration Committee and expanded their functions to include (i) reviewing and recommending the appropriate remuneration policies applicable to directors of subsidiaries and senior management, and (ii) the recruitment, appointment and evaluation of the performance of Directors to directors of subsidiaries and senior management.

- Reviewed the tenure of the Independent Director's time in office.

- Reviewed the performance of the Managing Director and approved his remuneration package and benefits.

- Reviewed and approved the statements for insertion in the Company's Annual Report for the financial year ended 31 March 2016.

- Reviewed the Circular to Shareholders in relation to the proposed shareholders' mandate for recurrent related transactions of a revenue or trading nature and Statement to Shareholders in relation to proposed renewal of the authority for share buy-back.

- Reviewed the Audit Planning Memorandum for the year ending 31 March 2017.
- Recommended the final dividend for financial year ended 31 March 2016.
- Approved the interim dividend for financial year ended 31 March 2017.
- Noted the minutes of Board Committees and Heads of Divisions meetings on a quarterly basis.
- Noted the reports on dealings by Directors and Principal Officers in the Company's securities.

While the Board retains full responsibility for guiding and monitoring the Company in discharging its responsibilities, it delegates the performance of certain of its functions to the Board Committees, which provide the Board with recommendations and advice. The Board has established Board Committees, namely the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee to assist the Board in the discharge of its stewardship. These Board Committees operate within clearly defined terms of reference and have the authority to examine specific issues within their respective terms of reference as approved by the Board and report their proceedings and deliberations to the Board. The ultimate responsibility for decision making, however, lies with the Board.

As foreshadowed above, the Board had during the year, reviewed and approved the expansion of the Nomination and Remuneration Committees' functions respectively to also include advising the Board on all matters pertaining to remuneration, recruitment and performance evaluation of subsidiary directors and senior management. The revised functions are put in place to align the Group with better governance practices as well as ensuring long term sustainability of key managerial persons within the Group and create competitive advantage.

Subsequently, on 24 May 2017, the Board resolved to combine the Nomination Committee and Remuneration Committee into a single Nomination and Remuneration Committee ("NRC") with effect from the said date.

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.

1.3 Code of Conduct

The Board is guided by company laws and the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia in discharging its responsibilities.

The Code of Ethics provides guidance for proper standards of conduct and sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

A Whistle Blowing Policy is also in place, which seeks to foster an environment of integrity and ethical behavior. It provides an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices, in an appropriate manner and without fear of retaliation. All whistle-blowing reports are addressed to the Senior Independent Director of the Company.

The Board Charter and Whistle Blowing Policy are available in the Company's website at www.fimacorp.com.

STATEMENT ON CORPORATE GOVERNANCE

1.4 Sustainability of Business

The Board believes business sustainability and corporate responsibility are integral to generate and sustain short and long term value for its stakeholders. The Board is cognizant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance is taken into consideration.

The sustainability practices and corporate responsibility programmes of the Group are disclosed in the Sustainability Report in this Annual Report.

1.5 Access to Information and Advice

Prior to the date of each Board meeting, all Directors are provided with 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 board papers are issued not less than three (3) working days before the meeting date to enable the Directors to appreciate the issues to be deliberated and where necessary, be briefed before the meeting.

The Board also receives monthly summary report on the performance of the Group with key financial highlights to ensure that the Directors are updated on the performance of the various business units.

The Directors have independent access to the advice and services of the Company Secretaries, who are responsible for ensuring that the Board meeting procedures are followed and the applicable rules and regulations are complied with. The Board is, from time to time, updated on the relevant amendments to the Bursa Malaysia's Main Market Listing Requirements ("MMLR") as well as changes in the law, governance and other regulatory requirements.

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 also 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.

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.

A meeting of Heads of Divisions ("HOD") chaired by the Managing Director is held monthly to deliberate on the Group's financial performance, business development, operational and corporate issues. The minutes of the HOD meeting is tabled to the Board on a quarterly basis and the Managing Director will update the Board of any significant matters that require the Board's immediate attention.

1.6 Company Secretaries

To ensure the effective functioning of the Board, all Directors have full access to the advice and services of the Company Secretaries. 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 also serve and advise the Board on matters relating to compliance with relevant laws, rules and regulations, governance best practices and Directors' duties and responsibilities. These include obligations on Directors relating to disclosure of interest and disclosures of any conflicts of interest in transactions with the Group, prohibition on dealing in securities and restrictions on disclosures of price-sensitive information in line with the recommendation of the MCCG 2012.

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.

The Company Secretaries of the Company are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. One is licensed by the Companies Commission of Malaysia while the other is an Associate member of the Malaysian Institute of Accountants.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance through attendance at relevant training programmes. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

1.7 Board Charter

In discharging its duties and roles effectively, the Board is guided by its Board Charter, which sets out the mandate, responsibilities and procedures of the Board in accordance with the principles of good corporate governance stated in the principles, guidelines and requirements issued by regulatory authorities. The Board Charter is reviewed and updated from time to time to reflect relevant changes to policies, procedures and processes as well as amendments to the rules and regulations. It also outlines the Board's rights to establish committees to assist in the discharge of its duties and its meetings' requirements. The Board Charter is accessible to the public for reference on the Company's website at www.fimacorp.com.

2. STRENGTHEN COMPOSITION

The Board has delegated certain responsibilities to the Board Committees namely the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee which operate within defined terms of reference approved by the Board. The Board Committees are authorized to examine specific issues and where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate 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.

STATEMENT ON CORPORATE GOVERNANCE

2.1 Audit Committee

The Board is assisted by the Audit Committee whose members and activities for the year under review are presented in the Report of the Audit Committee in this Annual Report. The activities carried out by the Audit Committee during the financial year are set out in the Audit Committee Report of this Annual Report and the terms of reference of the Audit Committee are available on the Company's website at www.fimacorp.com.

2.2 Nomination Committee

The Nomination Committee which was established on 28 August 2001 and consists entirely of non-executive directors, all of whom are independent directors.

The Nomination Committee 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 each Director shall bring to the Board;
- Make recommendations to the Board on candidates for directorship on the Board of the Company and its Group subsidiaries;
- Recommend suitable orientation, educational and training programmes to continuously train and equip both existing and new Directors;
- Examine the size of the Board to determine its effectiveness; and
- Carry out annual assessments on the independence of the Independent Directors.

The following activities were carried out by the Nomination Committee during the financial year ended 31 March 2017:

- Reviewed the current size and composition of the Board and Board Committees;
- Assessed and evaluated the effectiveness of the Board as a whole and each Board Committee;
- Assess the independence of the Independent Non-Executive Directors of the Company;
- Reviewed the tenure of the Independent Directors who have been with the Company for more than nine (9) years, whereupon the Committee has put forward its recommendation to the Board to seek shareholder's approval to retain the independent status of the Company's Independent Directors; and
- Reviewed the attendance records, time commitment and training of each Director during the year under review.

The Nomination Committee was dissolved with effect from 24 May 2017 following the establishment of the Nomination and Remuneration Committee.

2.3 Remuneration Committee

The Remuneration Committee was formed on 28 August 2001 and the Remuneration Committee's primary responsibility is to structure and review and to make recommendations to the Board the remuneration packages and benefits extended to the Managing Director.

The following activities were carried out by the Remuneration Committee during the financial year ended 31 March 2017:

- Assessed and evaluated the performance of the Managing Director; and
- Made recommendations to the Board in relation to the fixed remuneration and annual incentive for the Managing Director.

The Remuneration Committee was dissolved with effect from 24 May 2017 following the establishment of the Nomination and Remuneration Committee.

2.4 Nomination & Remuneration Committee ("NRC")

The Nomination & Remuneration Committee was recently formed on 24 May 2017 and the members of the Committee as at the date of this Annual Report are:

Datuk Alias bin Ali (Chairman)
(Independent Non-Executive Director)

Rezal Zain bin Abdul Rashid
(Senior Independent Non-Executive Director)

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

The NRC's primary responsibility is to structure and review and to make recommendations to the Board on all matters pertaining to remuneration, recruitment and performance evaluation of the Managing Director, subsidiary company directors and senior management.

The NRC's Terms of Reference is available in the Company's website.

2.5 Risk Management Committee

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.

Through the RMC, the Board oversees the risk management framework of the Group. The RMC advises the Audit Committee and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organization.

The RMC reviews and recommends the annual Risk Profile of the Group which specifies the key enterprise risks for approval by the Board.

Details of the Company's risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

2.6 Management Committees

Management committees comprising of senior management/heads of operating units have been established to oversee the areas of business operations assigned to them under their respective mandates.

- **Heads of Divisions ("HOD")**

  The HOD, under the chairmanship of the Managing Director, deliberates on the performance and conduct of the Group's operating units including the status of internal audit findings, implementation of Group's policies and examining all strategic matters affecting the Group.

  A regular monthly meeting is held by the HOD to deliberate on operational, financial and key management issues and all minutes of meetings were tabled to the Board for noting.

- **Corporate Disclosure Committee**

  The Company's Corporate Disclosure Committee is responsible for ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices under the Company's Corporate Disclosure Policy, which is available on the Group's website. The Committee comprises various members of senior management.

2.7 Appointment, Re-election and Assessment of Directors

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from members of the Board and/or shareholders. The Nomination and Remuneration Committee will assess the suitability of the proposed candidates in terms of qualifications, experience, expertise, conflict of interest and time commitment before recommending the appointment to the Board.

The Company's Constitution provide that all Directors are subject to retirement and re-election by shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three (3) years.

The profiles of the Directors who are due to re-election in accordance with Section 113 of the Company's Articles of Association are set out in the Profile of Directors section of this Annual Report.

There were no new appointments to the Board during the year.

2.8 Board Performance Evaluation

The Company conducts an annual evaluation of the effectiveness of its Board and Board Committees. The evaluation was designed to be forward looking, assessing inter alia, the quality of the Board's structure, performance management, conformance and stakeholder's relationship.

During the year, Boardroom Corporate Services (KL) Sdn Bhd was appointed to carry out the board evaluation via interviews and questionnaires which comprised of a Board and Board Committee Evaluation, Directors' Self and Peer Evaluation as well as Directors' Skills Set Matrix.

STATEMENT ON CORPORATE GOVERNANCE

The Board evaluation comprised the following assessment criteria:

1. Effectiveness of the Board and Board Committees as a whole:
   - Board structure and operation
   - Management relationship
   - Roles and responsibilities

2. Contribution of individual Director:
   - Knowledge, judgement and decision making
   - Integrity and ethics
   - Time commitment
   - Leadership

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

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.

2.9 Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in its membership which includes gender, ethnicity and age. The Board ensures that the mix and profiles of the Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

In this regard, the Nomination and Remuneration Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. The Nomination and Remuneration Committee had been considering the appointment of an additional female independent non-executive director, taking into account the combination of skill, experience and strength in the qualities necessary to strengthen the composition of the Board.

2.10 Directors' Remuneration

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the AGM based on the recommendation of the Board. The determination of the level of fees for the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Individual Directors will abstain from participating in the discussion and decision of their own remuneration.

Meeting attendance allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year. The meeting attendance allowances also apply to Board Committees to which the Non-Executive Directors are invited to attend pursuant to the Company's policy and procedures.

For the Executive/Managing Director of the Company and subsidiaries, the Nomination and Remuneration Committee reviews the remuneration package annually and recommend to the Board on specific adjustments and/or reward package that reflect their respective contribution throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice.

STATEMENT ON CORPORATE GOVERNANCE

Details of remuneration received from the Company and subsidiary companies by Directors of the Company during the financial year ended 31 March 2017 are as follows:

a) Aggregate remuneration of Directors categorized into appropriate components:

	Managing Director	Non-Executive Directors			
	Dato' Roslan Hamir	Dato' Adnan Shamsuddin	Rezal Zain Abdul Rashid	Datuk Alias Ali	Dr. Roshayati Basir
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Fees	-	119	65	56	50
Salaries	660	-	-	-	-
Bonus	368	-	-	-	-
Benefits-in-Kind	54	-	-	-	-
Others	197	36	28	28	12
Total	**1,279**	**155**	**93**	**84**	**62**

	Managing Director	Non-Executive Directors			
	Dato' Roslan Hamir	Dato' Adnan Shamsuddin	Rezal Zain Abdul Rashid	Datuk Alias Ali	Dr. Roshayati Basir
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Fees	-	81	65	56	50
Salaries	264	-	-	-	-
Bonus	147	-	-	-	-
Benefits-in-Kind	19	-	-	-	-
Others	79	28	28	28	12
Total	**509**	**109**	**93**	**84**	**62**

b) The number of Directors in the Company whose total remuneration falls within the following bands of RM50,000 is tabulated as follows:

	Number of Directors (Company)		
	Executive	Non-Executive	Total
RM50,001 – RM100,000	-	3	3
RM150,001 – RM200,000	-	1	1
RM1,250,001 – RM1,300,000	1	-	1

STATEMENT ON CORPORATE GOVERNANCE

3. REINFORCE INDEPENDENCE

a. 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 is in compliance with Paragraph 15.02 of the MMLR as more than one third of its members are independent directors.

The Board is satisfied that in view of the size of the Group and its business operations, the size of the Board is optimum for effective deliberations at Board meetings and efficient conduct of Board meetings, and is balanced with appropriate mix of experience, skills, knowledge, attributes and core competencies to enable the Board to effectively discharge its responsibilities and perform its functions.

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, an Independent Non-Executive Director, is responsible for the governance and leadership of the Board, ensuring its effectiveness and orderly conduct. The Managing Director, assisted by senior management, is overall responsible for the day-to-day management of the Group's operations and businesses as well as the implementation of Board policies and decisions. The Managing Director, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management. The responsibilities and authorities between the Chairman and the Managing Director are also clearly outlined in the Company's Board Charter, which is available on the Company's website.

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.

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. They provide unbiased and independent views and the presence of these Independent Directors fulfil a pivotal role of corporate accountability.

b. Independence of Directors

Currently, three (3) Board members are Independent Non-Executive Directors who are able to exercise independent judgement on issues of strategy, performance and resources of the Group. The Independent Non-Executive Directors do not engage in the day-to-day management of the Group and do not participate in any business dealings and are not involved in any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of independent judgement. This is to enable the Independent Non-Executives to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations. The Independent Non-Executive Directors also provide independent and objective views, assessment and suggestions in deliberations of the Board, and ensure effective check and balance in the functioning of the Board.

As at the date of this statement, Encik Rezal Zain bin Abdul Rashid, Dato' Adnan bin Shamsuddin and Datuk Alias bin Ali, who are the Independent Non-Executive Directors of the Company have served on the Board for a cumulative term of more than 9 years. They have completed a self-assessment checklist on independence and 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 MMLR.

STATEMENT ON CORPORATE GOVERNANCE

The Board acknowledges MCCG 2012's recommendation that the tenure of an independent director should not exceed a cumulative term of 9 years. The Company has not established term limits for the Independent Non-Executive Directors who have served the Company for more than 9 years as 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 are any relationships or interests which could materially interfere with the exercise of their independent judgement and ability to act in the best interests of the Company.

During the year under review, the Nomination Committee and the Board had performed annual assessment on Independent Directors based on the following aspects:

(i) has fulfilled the criteria under the definition of Independent Director pursuant to Bursa Securities' Main Market Listing Requirements;

(ii) has actively participated in Board deliberations, objective in decision making and provided an independent voice on the Board; and

(iii) provide the Board with a diverse set of experience, expertise and independent judgement in the Group.

In the circumstances, the Nomination Committee and the Board have concurred that the Independent Non-Executive Directors have both 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 Board believes that there are notable benefits to be acquired from long serving Directors who possess insightful knowledge of the Company's businesses and proceedings.

The Board will table a proposal to retain the Independent Non-Executive Directors as Independent Directors for shareholders' approval at the forthcoming AGM 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.

4. FOSTER COMMITMENT

a. Time Commitment

The Board complied with the requirements of the MMLR where none of the members of the Board holds more than five (5) directorships in listed companies. The Directors are required to disclose and update his or her directorships in other companies or significant commitments outside the Company as and when necessary to ensure that such appointments would not unduly affect their time commitments and responsibilities to the Board. All the Non-Executive Directors have provided a confirmation to the Nomination Committee and the Board that they will continue to devote sufficient time and attention to the affairs of the Company in fulfilling their duties as Non-Executive Directors of the Company.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance before the beginning of the calendar year so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules. The calendar provides Directors with the scheduled dates for meetings of the Board and Board Committees, AGM as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. Additional meetings are convened whenever necessary to consider urgent proposals or matters that require the Board's expeditious review and decision.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities which is evident by their satisfactory attendance at the Board and Board Committees meetings held during the financial year as follows:

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Adnan bin Shamsuddin	6 out of 6	5 out of 5	1 out 1	1 out 1
Dato' Roslan bin Hamir	6 out of 6	N/A	N/A	N/A
Rezal Zain bin Abdul Rashid	6 out of 6	5 out of 5	1 out 1	1 out 1
Datuk Alias bin Ali	6 out of 6	5 out of 5	1 out 1	1 out 1
Dr. Roshayati binti Basir	6 out of 6	N/A	N/A	N/A

b. Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required under the MMLR. The Directors are mindful that training is an ongoing process to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial industry and business landscape. The Company Secretary who receives regular updates on training programmes from regulatory authorities and professional bodies will circulate it to the Directors for their consideration.

During the financial year, the Board via the Nomination Committee had reviewed the attendance of all Directors in various training programmes, conference, seminar and talks organized by external professionals as set out below:

Directors	Training attended	Date
Dato' Adnan bin Shamsuddin	1. How to Leverage on AGMs for Better Engagement with Shareholders by Bursa Malaysia	21/11/2016
	2. The Velocity of Global Change & Sustainability – The New Business Model by ACCA Malaysia	10/01/2017
	3. Fintech & Digital Economy Conference 2017 by MICG	12/01/2017
	4. Sustainability Awareness and Companies Act 2016 by Kumpulan Fima Berhad	13/03/2017
Dato' Roslan bin Hamir	1. New or Amended MFRS/FRS by Sekhar & Tan	5/12/2016
	2. Boards and C-Level Executives: Balancing Trust and Tension by MICG	17/01/2017
	3. Sustainability Awareness and Companies Act 2016 by Kumpulan Fima Berhad	13/03/2017
Rezal Zain bin Abdul Rashid	1. The Companies Bill 2016 – What You Need to Know	23/04/2016
	2. Creating a Better World: The Role of Corporate ASEAN in driving the Sustainable Development Goals	27/04/2016
	3. The Cybersecurity Threat and How Board Should Mitigate the Risks by Bursa Malaysia	18/11/2016
	4. How to Leverage on AGMS for Better Engagement with Shareholders by Bursa Malaysia	21/11/2016
	5. Compliance Seminar 2016: Levelling Up with New Financial Technology by SIDC	24/11/2016
	6. Sustainability Awareness and Companies Act 2016 by Kumpulan Fima Berhad	13/03/2017

STATEMENT ON CORPORATE GOVERNANCE

Directors	Training attended	Date
Datuk Alias bin Ali	1. Directors Duties, Business Ethics & Governance Seminar 2016 by Chemical Company of Malaysia Berhad	28/04/2016
	2. Latest Updates on Directors' Remuneration Seminar 2016 by Federation of Public Listed Companies Berhad	20/07/2016
	3. Dynamic Board Stewardship 2016 by MINDA	31/10/2016 -3/11/2016
	4. The Velocity of Global Change & Sustainability – The New Business Model by ACCA Malaysia	10/01/2017
	5. Fintech & Digital Economy Conference 2017 by MICG	12/01/2017
	6. Sustainability Awareness and Companies Act 2016 by Kumpulan Fima Berhad	13/03/2017
Dr. Roshayati binti Basir	1. Role of the Chairman & Independent Directors by MICG	28/09/2016
	2. The Cybersecurity Threat and How Board Should Mitigate the Risks by Bursa Malaysia	18/11/2016
	3. WIM Conference on Integrity and Governance by Women's Institute of Management	21/11/2016-22/11/2016
	4. Sustainability Awareness and Companies Act 2016 by Kumpulan Fima Berhad	13/03/2017

All training programmes attended by Directors are recorded and maintained by the Company Secretary.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable Financial Reporting Standards

For financial reporting through quarterly reports to Bursa Malaysia Securities Berhad and the Annual Report to shareholders, the Directors have a responsibility to ensure the accuracy of the financial statements and all other financial disclosures based on the provisions of the Companies Act 2016 and applicable approved accountings standards in Malaysia. The Audit Committee assists the Board to oversee the Group's financial reporting processes and the quality of its financial reporting. The Statement of Responsibility by Directors in respect of preparation of the annual financial statements is presented herein.

5.2 Assessment of Suitability and Independence of External Auditors

During the year, the Audit Committee undertook an annual assessment of the performance of the external auditors, Hanafiah Raslan & Mohamad ("HRM"), which encompassed the quality of the audit, independence, objectivity and professionalism.

Feedback was also obtained via assessment questionnaires from the Group's internal auditors and personnel who had substantial contact with the external audit team. The Audit Committee took into account HRM's ability to provide advice or clarifications on the quality of the Group's financial reporting, updates of current developments in accounting principles and auditing standards and maintain active engagement through both verbal and written communication during the audit process, as well as their responsiveness to issues.

HRM had presented its written assurance on independence through their Audit Plan and Report to the Audit Committee on 22 February 2017 that, in accordance with the terms of all relevant professional and regulatory requirements, they are and had been independent throughout the conduct of the audit engagement.

STATEMENT ON CORPORATE GOVERNANCE

The Audit Committee was satisfied with the suitability of HRM based on the quality of services and adequacy of resources that they have provided to the Group. The Audit Committee was also satisfied that the provision of non-audit services during the year by HRM did not in any way impair their objectivity and independence as external auditors of the Group. Non-audit fees incurred during the financial year was RM8,000 (2016: RM8,000).

Having regard to the assessment of external auditors, the Board was satisfied with the suitability and independence of HRM and had approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of HRM as external auditors of the Company.

5.3 Related Party Transactions

All related party transactions are reviewed by the Audit Committee on a quarterly basis. Details of the proposed renewal of shareholders' mandate for recurrent related party transactions is set out in the Circular to Shareholders dated 28 July 2017.

6. RECOGNIZE AND MANAGE RISKS

6.1 Risk Management Framework

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.

The system of internal controls is designed to manage and provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. The Board however, recognizes that the system must continually evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place the appropriate action plans to further enhance the Group's system of internal control.

6.2 Internal Audit Function

Internal audit functions of the Group is carried out by the Group Internal Audit Department ("GIA") of the penultimate holding company, Kumpulan Fima Berhad, which reports directly to the Audit Committee on its activities based on an internal audit plan that is approved by the Audit Committee.

The functions of GIA are complementary to, but different from that of external auditors. It undertakes regular monitoring of the Group's key controls and procedures, an integral part of the Group's system of internal control. An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. GIA also undertakes investigation on behalf of the Audit Committee and follows up on complaints on matters affecting the Group's operations.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company has in place a Corporate Disclosure Policy to provide the Group with appropriate guidance to discharge its disclosure obligations and ensure that all communications to the public by the Company are timely, complete and accurate in accordance with all applicable legal and regulatory requirements. Corporate disclosure practices are administered and overseen by a Corporate Disclosure Committee.

STATEMENT ON CORPORATE GOVERNANCE

The Board, assisted by the Audit Committee, oversees the financial reporting processes and the quality of the financial reporting by the Group. The Audit Committee reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements. The Audit Committee also assists the Board in reviewing the appropriateness of the accounting policies applied by the Group as well as the changes to these policies.

The Company's website at www.fimacorp.com is the key communication channel for the Company to reach its shareholders and stakeholders and it provides quick access to information about the Group. The website includes all announcements made by the Company, financial results, annual reports and the corporate and governance structure of the Company. Notices of AGM, minutes of AGM and slide presentations made at AGM are also available on the Company's website for the benefit of shareholders who were unable to attend the meetings.

8. RELATIONSHIP WITH SHAREHOLDERS

The Board views the Company's general meetings as a valuable opportunity for shareholders to exchange views and engage in active dialogue with the Board. Shareholders are encouraged to attend the AGM and participate in the proceedings. Shareholders are given both the opportunity and time to raise questions and seek clarification on the agenda items and on the performance of the Company and Group.

At the 41st AGM, all Board members, senior management and external auditors were in attendance to respond to the shareholders' queries. The proceedings of the 41st AGM included the Managing Director's presentation of the Company's financial performance for financial year ended 31 March 2016. To ensure transparency, the Board also shared with the shareholders the Board's responses to questions raised by the Minority Shareholders Watchdog Group.

COMPLIANCE STATEMENT

The Board is of the view that the Company has, in all material aspects applied the principles and complied with the recommendations of MCCG 2012, save for the recommendation that the tenure of an independent director shall not exceed a cumulative term of 9 years where the non-observance has been explained in this Statement.

This Statement is made in accordance with the resolution of the Board dated 24 May 2017.

AUDIT COMMITTEE REPORT

Composition

The Audit Committee comprises three (3) members, all of whom are Non-Executive Directors. The Audit Committee Chairman, Encik Rezal Zain bin Abdul Rashid, is a member of the Malaysian Institute of Accountants (MIA).

During the year, Boardroom Corporate Services (KL) Sdn Bhd was appointed to carry out the board evaluation of the Audit Committee via interviews and questionnaires. The Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Audit Committee's terms of reference, and supports the Board in ensuring the Group upholds appropriate corporate governance standards. The terms of reference of the Audit Committee are available on the Company's website at www.fimacorp.com.

Members of the Audit Committee are as follows:-

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

Meetings

During the financial year, the Audit Committee convened a total of five (5) meetings during the financial year ended 2017 and all members attended those meetings.

Member	Meetings Attended	Date of Meeeting				
		24/05/16	3/06/16	23/08/16	23/11/16	22/02/17
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

Representing the senior management, the Managing Director, Chief Operating Officer and Chief Financial Officer were invited to attend all the meetings to facilitate deliberations as well as to provide clarification on audit issues. The Head of Group Internal Audit ("GIA") also attended the meetings to present their respective audit and investigation reports. The Audit Committee meeting is always held before the Board's meeting to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis.

On the external audit aspects, the external auditors were invited to the meetings to discuss their Management Letters, Audit Planning Memorandum and other matters deemed relevant. During the financial year, the external auditors and the Audit Committee met without the presence of the Managing Director and management on 24 May 2016 and 21 February 2017, to discuss key issues within their sphere of interest and responsibility.

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

AUDIT COMMITTEE REPORT

Summary of Activities

During the financial year under review, the Audit Committee in the discharge of its duties and functions had carried out the following activities:

A. Financial Reporting

1. Reviewed the quarterly unaudited financial statements and the annual audited financial statements with the Management and external auditors focusing on the matters set out below, prior to recommendation to the Board of Directors ("Board") for approval:

   - Any change in accounting policies and practices, and its implementation;
   - Any significant change and adjustment in the presentation of financial statements;
   - Any significant variation in audit scope and approach in respect of the audited financial statements; and
   - Compliance with accounting standards and regulatory requirements.

2. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion of the same in the Company's Annual Report.

B. External Audit

1. Reviewed and deliberated on the following:

   - the external auditors' annual audit plan for financial year ended 22 June 2017 outlining their scope of work which included new areas or new scope of audit emphasis such as changes in laws and regulations (e.g. Companies Act 2016), multi-location audit scoping, audit timeline and statutory audit fees;

   - issues that arose during the course of the audit and their resolution;

   - key accounting and audit judgements; and

   - recommendations made by the external auditors in their management letters and the adequacy of management's response.

2. Undertook an annual assessment of the performance of the external auditors, Messrs. Hanafiah Raslan & Mohamad ("HRM") including the suitability, independence, quality of services and adequacy of resources and experience of the external auditors, and provided the recommendation on their re-appointment and remuneration to the Board. Assessment questionnaires were used as a tool to rate HRM's performance using a five-point scale on their ability to provide advice or clarifications on the quality of the Group's financial reporting, updates of current developments in accounting principles and auditing standards and maintain active engagement through both verbal and written communication during the audit process, as well as their responsiveness to issues.

HRM had presented written assurance on independence through their Audit Plan and Report to the Audit Committee on 22 February 2017 that, in accordance with the terms of all relevant professional and regulatory requirements, they are and had been independent throughout the conduct of the audit engagement.

The Audit Committee was satisfied with the suitability of HRM, as a firm as well as in terms of the professional staff assigned to the audit, based on the quality of services and sufficiency of resources they provided to the Group. The Audit Committee took note of the openness in communication and interaction with the lead audit engagement partner and engagement team, which demonstrated their independence, objectivity and professionalism. The outcome of the performance assessment of HRM and the feedback obtained via assessment questionnaires from Company personnel who have had substantial contact with the audit team during the year support the Audit Committee's recommendation to the Board that HRM be reappointed as the Company's external auditors for the financial year ending 31 March 2018.

AUDIT COMMITTEE REPORT

The Board, having considered the recommendation by the Audit Committee, was satisfied with the suitability and independence of HRM and had approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of HRM as external auditors of the Company.

C. Internal Audit

1. Reviewed and approved the Group Internal Audit plan and programme for financial year ended 31 March 2018 as proposed by GIA, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.

2. Reviewed and deliberated the findings of internal audit reports presented by Head of GIA and the adequacy of management's response/actions to address control deficiencies.

3. Reviewed the Enterprise Risk Management Report on key risk profiles and risk management activities.

4. Assessed the quality of services, effectiveness and competency of GIA.

D. Recurrent Related Party Transactions ("RRPT")

1. Reviewed the RRPT entered into by the Company with related parties in accordance with the shareholders' mandate obtained to ensure that they are at arm's length and within the mandated amount and other RRPT that are outside the shareholders' mandate.

2. Reviewed and recommended to the Board the Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPT of a revenue or trading nature.

E. Share Buy-back

1. Reviewed and recommended to the Board the Statement to Shareholders in relation to renewal of the authority for share buy-back.

During the year, the Audit Committee members attended various training programs to keep them abreast of new development pertaining to legislation, regulations, current commercial issues and risks in order to effectively discharge their duties. Details of training progams attended by Audit Committee members are set out in the Statement on Corporate Governance section of this Audit Report.

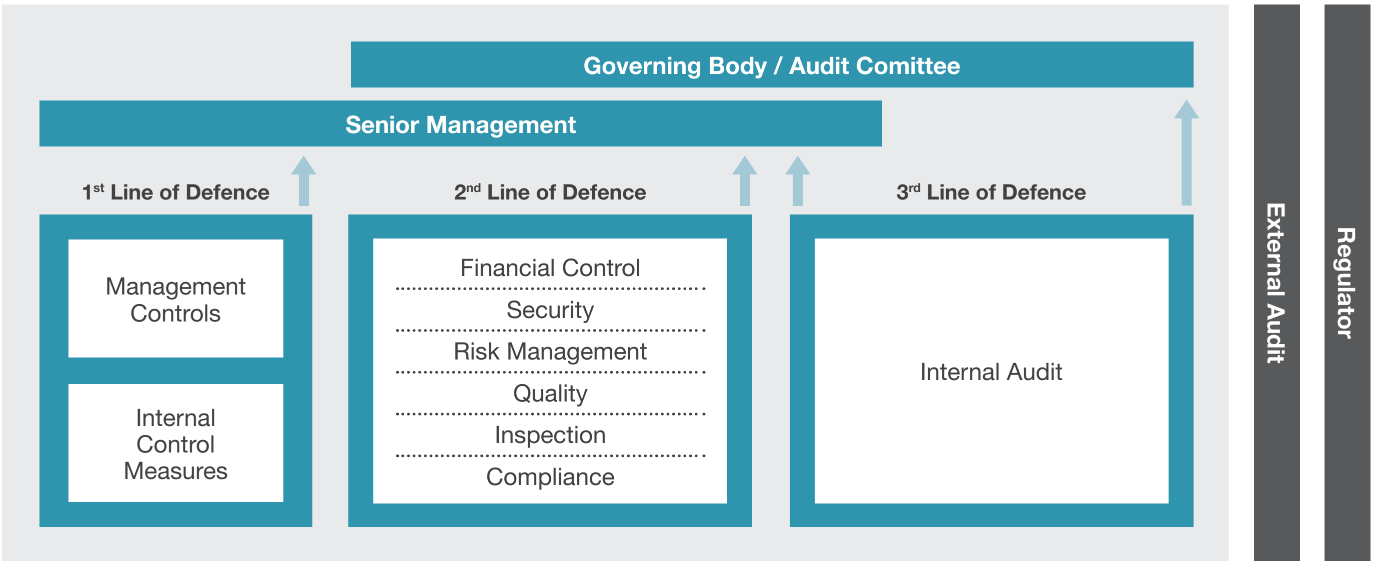
Internal audit function

The Audit Committee is 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 annual internal audit plan that is reviewed and approved by the Audit Committee. The internal audit plan includes review of the adequacy of operational controls, risk management, compliance with established policies, procedures, laws and regulations, quality of assets and management efficiency, amongst others.

The Head of GIA reports directly to the Audit Committee to ensure impartiality and independence. GIA communicates to Management on audit observations noted in the course of their review and performs monitoring on the status of actions taken by the operating units. The terms of reference of the GIA are clearly spelt out in the Group Internal Audit Charter.

GIA serves as the third line of defense, giving assurance to the Audit Committee that the internal controls and risk management activities are functioning as intended.

AUDIT COMMITTEE REPORT



GIA provides independent, objective assurance and consulting activities within the Group to add value and improve the Group's operations through audits of the Group's key operations. 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.

During the financial year, GIA had undertaken the following activities:

- Developed an annual audit plan using a risk-based approval, taking into consideration of the key business units of the Group and input from the senior management and Audit Committee.
- Presented the annual audit plan and programme to the Audit Committee for approval.
- Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management and internal control processes.
- Ascertained the level of compliance with established policies and procedures of the Group.
- Performed risk-based audits based on the annual audit plan, including follow-up on matters raised in the previous internal audit reports.
- Issued internal audit reports on risk management, control and governance issues together with recommendations for improvements and enhancements to the existing system of internal control and work procedures/processes.
- Reported on a quarterly basis to the Audit Committee on significant risk management, control and governance issues from the internal audit carried, the results of investigations and special reviews undertaken.
- Conducted regular follow-up and monitoring on the implementation of recommendations made by GIA to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.

During the financial year, three (3) internal audit reports were issued on various operating units of the Group covering reviews on control environment, risk management, revenue assurance, procurement, finance, human resource, occupational safety and health and regulatory compliance and operations. The cost incurred for the internal audit function during the financial year was RM150,000 (2016: RM150,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is in line with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance 2012.

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the 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.

ENTERPRISE RISK MANAGEMENT ("ERM")

Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group has established the appropriate risk management infrastructure to ensure that the Group's assets are well-protected and shareholders' value enhanced.

The Audit Committee and the Board are supported by a Risk Management Committee ("RMC"), headed by the Senior Independent Non-Executive Director. The RMC in discharging its duties is supported by a Risk Management Unit, comprising of senior management and headed by the Managing Director. The RMC 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 RMC is entrusted with the responsibility of implementing and maintaining the enterprise risk management ("ERM") framework to achieve the following objectives:

- communicate the vision, role, direction and priorities to all employees and key stakeholders;
- identify, assess, treat, report and monitor significant risks in an effective manner;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

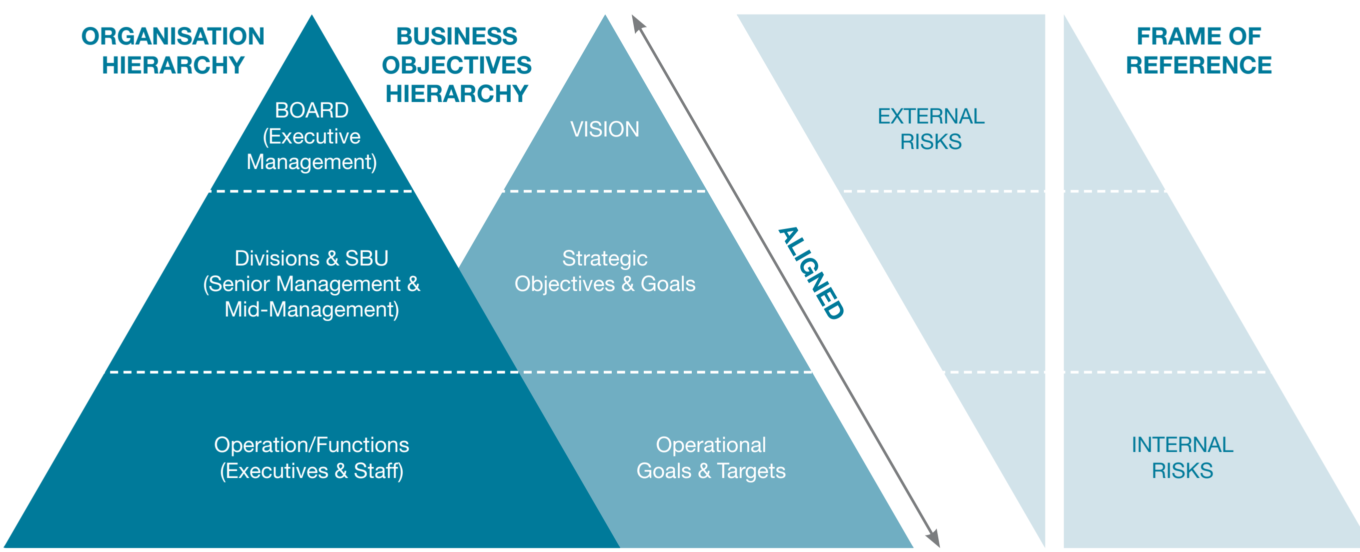
- enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and
- create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.

In line with the achievement of the above objectives, the RMC has undertaken the following:

- formalization of risk management policy and procedures and adopted a structured and systematic risk assessment, monitoring and reporting framework;
- heightened risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;
- compilation of the business units' risk profiles in relation to the Group risk parameters, the top risks from each business segment and reported to the Audit Committee for review, deliberation and approval; and
- fostered a culture of continuous improvement in risk management through risk review meetings; and provided a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritizing risk action plans.

The Group has in place the necessary risk infrastructure encompassing the risk assessment process, organizational oversight and reporting functions to instill the appropriate discipline and control. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function. The RMC convenes on an annual basis to review the key risk profiles and submit a summary reporting to the Audit Committee.

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 risks and ensure the implementation of appropriate systems to manage these risks.



The ERM framework adopted by the Group encompasses the risk assessment process, organisational oversight and reporting function to instill the appropriate discipline and control around continuously improving risk management capabilities. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The ERM assessment was conducted through a combination of workshops and interviews involving senior management and the key enterprise risks facing the Group's business units are then reported to the Audit Committee on every quarter. The workshops and interviews conducted have generated the following reports:

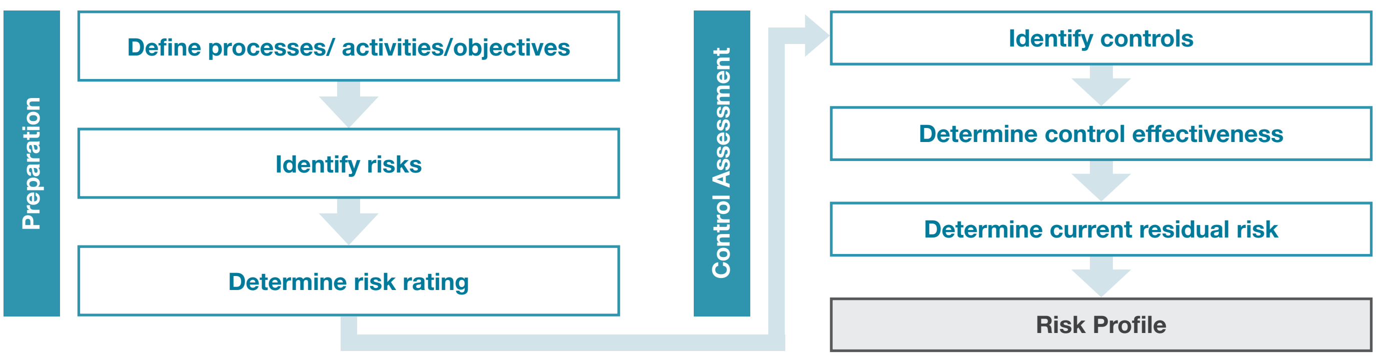
- Detailed risk register
- Risk Parameters
- ERM Report

These reports were summarised as risk profile and provide the basis for the following:

- Business action plans and improvement strategies;
- Developing cost effective control strategies; and
- Prioritisation of areas for operational audit.

All subsidiaries within the Group will update their risk profile to the RMC on an annual basis.

An overview of the Group's risk assessment process is depicted as follows:



The top five (5) risk factors of the Group after considering its likelihood and its impact from both a financial and/or non-financial standpoint are as follows:

Broad risk area	Sub-broad risk	Key mitigation measures
Operational Global, regional and/or local economic slowdown factors adversely impact commodity prices, customers demand and costs.	Business interruption, pricing and marketing.	• Monitoring of market/economic conditions. • Strategic business plan based on market conditions. • Key marketing strategy for each division.
Environmental Erratic weather conditions	Business interruption due to damages to assets	• Continuous preventive and corrective maintenance programmes and exploring new methods to mitigate drought conditions.
Finance Volatile exchange rates for import and export	Foreign exchange	• Foreign currency bank accounts. • Foreign exchange hedging.
Human Resource Failure to recruit and retain key staff.	Succession planning	• Talent management and succession planning framework, policies and talent mobilisation. • Revised remuneration and rewards programme. • Annual key performance indicator and appraisal for each personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Broad risk area	Sub-broad risk	Key mitigation measures
Compliance Internal and external regulatory requirements.	Regulatory	• Constant monitoring for each department, division and Group. • Regular review in operational audit programme. • Continuous updating to new regulatory requirement.
Political Investment returns could suffer as a result of political changes or instability in a country	Major and unpredictable changes in government policies and regulations affecting the business.	• Frequent meetings with related Government bodies and authorities to strengthen the work relationship and to be well informed and updated, on any new changes in regulations and policies of the country.
Safety, Health and Environment 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")	• The Safety, Health & Environment (and Emergency Response Policies & Procedure was established and implemented at divisional level. • Performance monitoring & reporting implemented. • Regular safety training dialogues and dedicated SHE Committee/Department.

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

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

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

INTERNAL CONTROL

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

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

2. Each line of business is responsible for the conduct and performance of its operating units, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place.

3. A meeting of Heads of Divisions chaired by the Managing Director is held monthly to deliberate on the Group's financial performance, business development, operational and corporate issues. The Managing Director will update the Board of any significant matters that require the Board's immediate attention.

4. The Managing Director actively participates and involves in the day-to-day running of the major business and regular discussions with the Senior Management.

5. Monthly financial summary report and quarterly management reports on key business performance, operating statistics and regular matters are provided to the members of the Board for review and to monitor the achievements of the Group's performance.

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

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

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

9. 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 of internal control. Minutes of the Audit Committee meetings are tabled to the Board.

10. The RMC convenes annually to review and recommend the risk management policies, strategies, key risk profiles and risk mitigation actions for the Group and reports to the Audit Committee

11. Major contracts are awarded by a Tender Committee comprising of Senior Management. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.

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

13. The competency of staff is enhanced through rigorous recruitment process and development programmes. A performance appraisal system of staff is in place, with established targets and accountability and is reviewed on an annual basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

14. The Board is supported by qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board, particularly on issues relating to compliance with the MMLR, the Companies Act 2016 and other relevant laws and regulations.

15. Code of ethics are established and adopted by the Board and all employees to ensure high standards of conduct and ethical values in all business practices.

16. 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 police is available in the Governance section of the Company's website at www.fimacorp.com.

17. Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

INTERNAL AUDIT FUNCTIONS

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.

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 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 RM150,000.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement 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.

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

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has received assurance from the Managing Director and Chief Financial Officer 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.

This statement is made in accordance with a resolution of the Board of Directors dated 24 May 2017.

ADDITIONAL COMPLIANCE INFORMATION

- **Utilisation of Proceeds Raised from Corporate Proposals**

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

- **Non-Audit Fees**

  Non-audit fees paid to the external auditors during the financial year was RM9,000 (2016: RM8,000).

- **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 2016.

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

  RRPT of the Company for the financial year ended 31 March 2017 were as follows:

Name of Subsidiary	Related Party	Nature of RRPT	Interested Major Shareholder and Director of Subsidiary	Estimated Annual Value Disclosed in the Preceding Year's Circular (RM'000)	Actual Value of Transactions during the financial year (RM'000)
PT Nunukan Jaya Lestari ("PT NJL)[1]	PT Pohon Emas Lestari ("PT PEL")[2]	Purchase of fresh fruit bunches Buyer: PT NJL Seller: PT PEL	Bapak Muhammad Ramli[3]	10,000	6,029

Notes:

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

(2) PT PEL's principal activity is oil palm production; and

(3) Bapak Muhammad Ramli is a Director of PT NJL and has 20% direct shareholding in PT NJL. He is also a Director of PT PEL and has 99.64% direct shareholding in PT PEL.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Companies Act 2016, the Main Market Listing Requirements and applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements 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 results and cash flows of the Company and of the Group for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors have responsibility for ensuring that proper accounting records are kept and the accounts and other financial reports of the Group are prepared with reasonable accuracy in accordance with the provisions of the Companies Act 2016 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 Company and the Group, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board dated 24 May 2017.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	35,007	21,538
Profit for the year attributable to:		
- Equity holders of the Company	37,715	21,538
- Non-controlling interests	(2,708)	-
	35,007	21,538

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 31 March 2016 were as follows:

	RM'000
In respect of the financial year ended 31 March 2016 as reported in the directors' report for that year:	
Single-tier final dividend of 15%, paid on 19 September 2016	18,086
In respect of the financial year ended 31 March 2017:	
Single-tier interim dividend of 10%, paid on 30 December 2016	12,058
	30,144

The directors recommend the payment of a single-tier final dividend and special dividend of 7.5 sen and 5.0 sen per share respectively on 241,151,830 ordinary shares, amounting to a total of RM30,144,000, 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 2018.

DIRECTORS' REPORT

DIRECTORS

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

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

* Directors of the Company and subsidiaries

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

Nazaruddin bin Mohd Hadri
Dzakwan bin Mansori
Mohd Yusof bin Pandak Yatim
Lee Mo Leng
Mohd Rizal bin Mat Nor
Mohd Adizuraimin Mohd Affandi
Jasmin binti Hood
Che Norudin bin Che Alli
Hussin bin Abdul Jalil (Resigned 29 May 2017)
Ahmad Faizel bin Abdul Rahim
Muhammad Ramli

In accordance with Article 113 of the Company's Articles of Association, Dato' Adnan bin Shamsuddin and Dr. Roshayati binti Basir retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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.

INDEMNITIES TO DIRECTORS OR OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Company, other than as disclosed in Note 6 to the financial statements.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company and directors of subsidiaries 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			
	As at 1 April 2016	**Bought**	**Sold**	**As at 31 March 2017**
The Company				
Direct Interest				
Directors of the Company:				
Dato' Roslan bin Hamir	601,800	-	-	601,800
Rezal Zain bin Abdul Rashid	5,000	-	-	5,000
Dr. Roshayati binti Basir	114,000	53,600	-	167,600
Directors of subsidiaries:				
Nazaruddin bin Mohd Hadri	279,000	-	-	279,000
Lee Mo Leng	60,000	-	-	60,000
The Company				
Indirect Interest (1)(2)(3)				
Director of the Company:				
Dr. Roshayati binti Basir	150,383,658	-	-	150,383,658

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	Number of Ordinary Shares				
	As at 1 April 2016	Options exercised	Shares vested under Restricted Share Giant Scheme	Bought/ Sold	As at 31 March 2017
Kumpulan Fima Berhad					
Penultimate Holding Company					
Direct Interest					
Directors of the Company:					
Dato Roslan bin Hamir	481,000	1,070,000	60,000	-	1,611,000
Dr. Roshayati binti Basir	284,000	-	-	-	284,000
Dato' Adnan bin Shamsuddin	10,000	-	-	-	10,000
Directors of subsidiaries:					
Nazaruddin bin Mohd Hadri	360,000	72,000	18,000	(30,500)	419,500
Dzakwan bin Mansori	72,000	360,000	18,000	-	450,000
Mohd Yusof bin Pandak Yatim	192,000	240,000	18,000	(20,000)	430,000
Lee Mo Leng	143,000	100,000	10,000	(91,900)	161,100
Mohd Rizal bin Mat Nor	107,500	37,500	10,000	-	155,000
Jasmin binti Hood	36,800	50,000	10,000	(46,800)	50,000
Indirect Interest (1)(2)					
Director of the Company:					
Dr. Roshayati binti Basir	167,273,200	-	-	734,000	168,007,200

	Number of Options over Ordinary Shares				
	Exercise price RM	As at 1 April 2016	Granted	Exercised	As at 31 March 2017
Kumpulan Fima Berhad					
Penultimate Holding Company					
Director of the Company:					
Dato Roslan bin Hamir	1.48	1,070,000	-	(1,070,000)	-

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	Number of Ordinary Shares Granted under the Restricted Share Grant Scheme			
	As at 1 April 2016	Granted	Vested	As at 31 March 2017
Kumpulan Fima Berhad				
Penultimate Holding Company				
Director of the Company:				
Dato 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 had expired on 17 November 2016. The salient features and terms of the ESS are disclosed in Note 24.

	Number of Ordinary Shares			
	As at 1 April 2016	Granted	Sold	As at 31 March 2017
BHR Enterprise Sdn. Bhd.				
Ultimate Holding Company				
Direct Interest				
Director of the Company:				
Dr. Roshayati binti Basir	19,060,163	-	-	19,060,163
Indirect interest				
Dr. Roshayati binti Basir (4)	38,120,326	-	-	38,120,326

	Number of preference shares			
	1 April 2016	Bought	Sold	31 March 2017
BHR Enterprise Sdn. Bhd.				
Ultimate Holding Company				
Indirect interest				
Dr. Roshayati binti Basir (5)	4	-	-	4

DIRECTORS' INTERESTS (CONT'D.)

	Number of Ordinary Shares				
	As at 1 April 2016	Bought	Split	Sold	As at 31 March 2017
Nationwide Express Holdings Berhad Related Company					
Indirect interest					
Dr. Roshayati binti Basir (6)(7)	36,305,935	-	36,305,935	-	72,611,870

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.

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

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

(6) Her shareholdings in BHR, the major shareholder of Nationwide Express Holdings Berhad ("NEHB").

(7) Her indirect shareholding of 3,656,512 shares in NEHB which is held under M&A Nominees (Tempatan) Sdn. Bhd..

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

TREASURY SHARES

During the financial year, the Company repurchased 176,300 of its issued ordinary shares.

As at 31 March 2017, the Company held as treasury shares a total of 4,172,500 of its 245,324,330 issued ordinary shares of RM0.50 per share. Such treasury shares are held at a carrying amount of approximately RM4,181,000. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS' REPORT

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 were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office. Details of auditors' remuneration for their services as auditors are disclosed in Note 6 to the financial statements. No payment has been made to indemnify the auditors during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 June 2017.

Dato' Adnan bin Shamsuddin

Dato' Roslan bin Hamir

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dato' Adnan bin Shamsuddin and Dato' Roslan bin Hamir, being two of the directors of Fima Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 89 to 163 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 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 22 June 2017.

Dato' Adnan bin Shamsuddin

Dato' Roslan bin Hamir

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

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 89 to 164 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 22 June 2017.

Lee Mo Leng

Before me,
Kapt (B) Affandi bin Ahmad
Pesuruhjaya Sumpah
No. W 678

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIMA CORPORATION BERHAD

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of the Group and of the Company, which comprise the statement of financial position as at 31 March 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 89 to 163.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters (Cont'd.)

Impairment of property, plant and equipment and biological assets
(Refer to Note 12, Note 14 and Note 37 (i))

On 23 August 2016, the Company's subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), received an order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Ministerial Order") dated 25 July 2016 to revoke PTNJL's right for the cultivation of oil palm in Kalimantan Utara with immediate effect.

The Ministerial Order was issued as certain parts of the areas on which right for cultivation of oil palm was issued to PTNJL, were originally designated as forestry areas. The administrative irregularities committed by certain officers of the Badan Pertahanan Nasional Provinsi Kalimantan Timur resulted in the improper issuance of right to PTNJL in 2003.

On 21 October 2016, PTNJL filed an application with the Pengadilan Tata Usaha ("PTUN") in Jakarta, Indonesia to seek an order to annul the Ministerial Order. In the said application, PTNJL also sought an order from PTUN to postpone the enforcement of the Ministerial Order until the full and final determination of the matter by the Indonesian courts.

On 13 June 2017, the State Administrative Court delivered an oral judgment and dismissed the application filed by PTNJL to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal to appeal against the decision of the State Administrative Court.

The outcome of the appeal can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. As the State Administrative Court had dismissed the application to annul the Ministerial Order, the Group may not be able to recover the carrying amounts of the property, plant and equipment and biological assets related to the right for cultivation of oil palm of the affected area, and has recorded an impairment loss of RM44.7 million. Given the significance of the matter and the judgement and estimates involved in the assessment of the recoverable amounts of the property, plant and equipment and biological assets, we identified this as an important area for our audit.

In addressing this area of concern, we:

a) reviewed the Ministerial Order, the Group's correspondences and minutes of meetings with its legal advisers;

b) discussed the Ministerial Order with management personnel responsible for managing the Group's legal matters and with those charged with governance;

c) considered the objectivity, independence and expertise of the legal advisers engaged by the Group;

d) evaluated the management's judgments on the possible effects of the Ministerial Order and the recoverability of the related property, plant and equipment and biological assets; and

e) evaluated the adequacy of the disclosures of the matter giving rise to the impairment loss.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIMA CORPORATION BERHAD

Key Audit Matters (Cont'd.)

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

Revenue from production and trading of security and confidential documents contributed to approximately 63% of the Group's revenue. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as a key audit matter in our audit. There is a risk that revenue could be subject to misstatement, particularly in respect of the timing and amount of revenue recognised.

As part of our audit, we performed the following:

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

b) Inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards;

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

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

Provision for warranty
(Refer to Note 30 to the financial statements)

As at 31 March 2017, the provision for warranty amounted to RM14.8 million. The Group provides warranty for defective travel documents and licenses for a specified period or term. The Group assessed the provision for warranty based on the estimated replacement costs to be incurred for the defective products during the warranty periods. The costs are estimated based on historical rate of return of the defective products. Given its magnitude and significant judgement involved in management's assessment, we identified the provision for warranty to be an area of audit focus.

As part of our audit, we performed the following:

a) Obtained an understanding of the Group's warranty estimation process;

b) Assessed the reasonableness of the provision for warranty by comparing with the average historical rate of return of the respective products. Our audit procedures, included amongst others, evaluating the validity of the historical data used to determine the rate of return and performing test of details on the historical products claims; and

c) Recomputed the management's calculation of the provision for warranty.

Information other than the financial statements and auditors' report thereon

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

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIMA CORPORATION BERHAD

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

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

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

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

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 39 on page 164 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepares, in all materials respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Muhammad Affan bin Daud
No. 3063/02/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 June 2017

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	3	372,101	375,207	26,743	51,622
Cost of sales		(229,651)	(257,517)	-	-
Gross profit		142,450	117,690	26,743	51,622
Other income	4	7,757	9,163	1,072	1,509
Other items of expense					
Administrative expenses		(30,230)	(22,027)	(1,857)	(1,771)
Selling and marketing expenses		(8,392)	(8,889)	-	-
Other expenses		(52,930)	(20,116)	(3,722)	(3,945)
Finance cost	5	(81)	(72)	-	-
Share of results from associates		2,687	1,551	-	-
Profit before tax	6	61,261	77,300	22,236	47,415
Income tax expense	9	(26,254)	(22,428)	(698)	(888)
Profit net of tax		35,007	54,872	21,538	46,527
Other comprehensive income, net of tax					
Items that will not be subsequently reclassified to profit or loss					
Reversal of revaluation surplus of property, plant and equipment previously recognised		(11,522)	-	-	-
Remeasurement of defined benefit liability		(75)	265	-	-
Item that will be subsequently reclassified to profit or loss					
Foreign currency translation gain		11,516	3,097	-	-
Total comprehensive income for the year		34,926	58,234	21,538	46,527
Profit attributable to:					
Equity holders of the Company		37,715	51,282	21,538	46,527
Non-controlling interest		(2,708)	3,590	-	-
Profit for the year		35,007	54,872	21,538	46,527
Total comprehensive income attributable to:					
Equity holders of the Company		37,652	53,972	21,538	46,527
Non-controlling interest		(2,726)	4,262	-	46,527
Total comprehensive income for the year		34,926	58,234	21,538	46,527
Earnings per share attributable to equity holders of the Company (sen per share)					
Basic/diluted earnings per share	11	15.64	21.24		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	97,856	125,855	1,927	2,077
Investment properties	13	62,177	63,684	50,604	51,767
Biological assets	14	33,030	49,611	-	-
Goodwill on consolidation	15	510	510	-	-
Investments in subsidiaries	16	-	-	72,099	62,099
Investment in associate	17	41,061	40,238	10,000	10,000
Deferred tax assets	26	9,408	8,952	564	563
		244,042	288,850	135,194	126,506
CURRENT ASSETS					
Trade and other receivables	18	97,537	167,079	781	672
Inventories	19	37,431	51,003	-	-
Due from related companies	20	19	34	26,732	25,987
Cash and bank balances	21	336,309	177,593	20,610	39,356
		471,296	395,709	48,123	66,015
TOTAL ASSETS		715,338	684,559	183,317	192,521
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	122,662	122,662	122,662	122,662
Treasury shares	23	(4,181)	(3,789)	(4,181)	(3,789)
Other reserves	24	(6,655)	(6,674)	2,095	2,089
Retained earnings	25	449,559	442,048	58,896	67,502
		561,385	554,247	179,472	188,464
Non-controlling interests		25,415	28,141	-	-
Total equity		586,800	582,388	179,472	188,464

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	3,275	10,730	-	-
Retirement benefit obligations	27	1,837	1,391	-	-
Finance lease obligations	28	16,176	16,799	-	-
		21,288	28,920	-	-
CURRENT LIABILITIES					
Trade and other payables	29	82,761	49,698	1,629	1,685
Provisions	30	16,947	19,234	2,120	2,120
Tax payable		6,291	3,013	96	252
Due to related companies	20	627	660	-	-
Finance lease obligations	28	624	646	-	-
		107,250	73,251	3,845	4,057
Total liabilities		128,538	102,171	3,845	4,057
TOTAL EQUITY AND LIABILITIES		715,338	684,559	183,317	192,521

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Group	Note	Equity, total RM'000	Equity attributable to the Company total RM'000	Share capital RM'000
At 1 April 2015		560,519	530,529	122,662
Total comprehensive income for the year		58,234	53,972	-
Transaction with owners				
Purchase of treasury shares	23	(185)	(185)	-
Dividends	10	(38,085)	(30,174)	-
Grant of equity settled share options		105	105	-
Acquisition of subsidiary		1,800	-	-
Total transactions with owners		(36,365)	(30,254)	-
At 31 March 2016		582,388	554,247	122,662
At 1 April 2016		582,388	554,247	122,662
Total comprehensive income for the year		34,926	37,652	-
Transaction with owners				
Purchase of treasury shares	23	(392)	(392)	-
Dividends	10	(30,144)	(30,144)	-
Grant of equity settled share options		22	22	-
Total transactions with owners		(30,514)	(30,514)	-
At 31 March 2017		586,800	561,385	122,662

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Attributable to Owners of the Company							
Non-distributable	Distributable	Non-distributable					
Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 24) RM'000	Asset revaluation reserve RM'000	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Non-controlling interests RM'000
(3,604)	420,728	(9,257)	16,823	(30,203)	4,123	29,990
-	51,494	2,478	-	2,478	-	4,262
(185)	-	-	-	-	-	-
-	(30,174)	-	-	-	-	(7,911)
-	-	105	-	-	105	-
-	-	-	-	-	-	1,800
(185)	(30,174)	105	-	-	105	(6,111)
(3,789)	442,048	(6,674)	16,823	(27,725)	4,228	28,141
(3,789)	442,048	(6,674)	16,823	(27,725)	4,228	28,141
-	37,655	(3)	(9,218)	9,215	-	(2,726)
(392)	-	-	-	-	-	-
-	(30,144)	-	-	-	-	-
-	-	22	-	-	22	-
(392)	(30,144)	22	-	-	22	-
(4,181)	449,559	(6,655)	7,605	(18,510)	4,250	25,415

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Company	Note	Equity, total RM'000	Share capital RM'000
At 1 April 2015		172,277	122,662
Total comprehensive income for the year		46,527	-
Transaction with owners			
Purchase of treasury shares	23	(185)	-
Dividends	10	(30,174)	-
Grant of equity settled share options		19	-
Total transactions with owners		(30,340)	-
At 31 March 2016		188,464	122,662
At 1 April 2016		188,464	122,662
Total comprehensive income for the year		21,538	-
Transaction with owners			
Purchase of treasury shares	23	(392)	-
Dividends	10	(30,144)	-
Grant of equity settled share options		6	-
Total transactions with owners		(30,530)	-
At 31 March 2017		179,472	122,662

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Non-distributable	Distributable	Non-distributable		
Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 24) RM'000	Asset revaluation reserve RM'000	Equity contribution from parent RM'000
(3,604)	51,149	2,070	1,556	514
-	46,527	-	-	-
(185)	-	-	-	-
-	(30,174)	-	-	-
-	-	19	-	19
(185)	(30,174)	19	-	19
(3,789)	67,502	2,089	1,556	533
(3,789)	67,502	2,089	1,556	533
-	21,538	-	-	-
(392)	-	-	-	-
-	(30,144)	-	-	-
-	-	6	-	6
(392)	(30,144)	6	-	6
(4,181)	58,896	2,095	1,556	539

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	61,261	77,300	22,236	47,415
Adjustments for:				
Depreciation for property, plant and equipment	15,074	19,980	171	183
Depreciation of investment properties	1,507	1,507	1,163	1,163
Amortisation of biological assets	4,555	3,235	-	-
Write off of biological assets	70	28	-	-
Impairment loss on:				
- property, plant and equipment	4,593	-	-	-
- biological assets	24,779	-	-	-
- trade receivables	16	1,434	-	-
- other receivables	3,491	2	-	-
Write back of impairment loss on:				
- trade receivables	(481)	(748)	-	(5)
- other receivables	-	(50)	-	-
Provision for retirement benefit obligations	284	69	-	-
Write down of inventories	3,177	88	-	-
Gain on disposal of property, plant and equipment	-	(71)	-	-
Net (reversal of)/provision for warranty	(2,287)	622	-	-
Shares and options granted under ESS	22	105	6	19
Gain from plantation investment compensation	-	(346)	-	-
Share of results of associates	(2,687)	(1,551)	-	-
Dividend income	-	-	(22,509)	(47,125)
Interest income	(7,679)	(5,680)	(1,048)	(1,485)
Operating profit before working capital changes	105,695	95,924	19	165
Decrease/(increase) in trade and other receivables	65,211	16,865	(109)	46
Decrease in inventories	10,255	40,143	-	-
Increase/(decrease) in trade and other payables	33,283	(64,870)	(56)	224
Decrease in related company balances	(18)	(644)	(745)	(19,743)
Cash generated from/(used in) operations	214,426	87,418	(891)	(19,308)
Cash generated from/(used in) operations	214,426	87,418	(891)	(19,308)
Taxes paid	(25,772)	(29,206)	(855)	(971)
Retirement benefits paid	(50)	(14)	-	-
Interest income received	7,679	5,680	1,048	1,485
Net cash generated from/(used in) operating activities	196,283	63,878	(698)	(18,794)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,302)	(10,796)	(21)	(26)
Additions to biological assets	(8,682)	(6,985)	-	-
Proceeds from disposal of property, plant and equipment	-	71	-	-
Proceeds from plantation investment compensation	-	711	-	-
Acquisition of subsidiary, net cash acquired	-	(4,162)	-	-
Repayment of obligations under finance lease	(645)	(442)	-	-
Dividends received	1,864	-	22,509	47,125
Net cash (used in)/generated from investing activities	(12,765)	(21,603)	22,488	47,099
CASH FLOWS FROM FINANCING ACTIVITIES				
Placement of deposits	(23,000)	-	-	-
Dividends paid	(30,144)	(30,174)	(30,144)	(30,174)
Acquisition of treasury shares	(392)	(185)	(392)	(185)
Dividends paid by a subsidiary to non-controlling interests	-	(7,911)	-	-
Redemption of loan stocks investment	-	-	-	24,900
Subscription of loan stocks investment	-	-	(10,000)	(23,000)
Net cash used in financing activities	(53,536)	(38,270)	(40,536)	(28,459)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	129,982	4,005	(18,746)	(154)
Effect of exchange rate changes in cash and cash equivalents	5,734	948	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	177,593	172,640	39,356	39,510
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)	313,309	177,593	20,610	39,356

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are those of property management and investment holding. The principal activities of the subsidiaries and associate are described in Notes 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, 2016 in Malaysia.

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representatives) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, becomes effective on 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

(a) Removal of the authorised share capital; and
(b) Shares of the Company will cease to have par or nominal value.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New FRSs, Amendments to FRS and IC Interpretations

(a) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on after 1 January 2016.

Description	Effective for annual period beginning on or after
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 11: Accounting for Acquisitions of Interest 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

The adoption of the above new and standards and interpretations do not have significant impact on the financial statements of the Group and of the Company.

(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
Annual Improvements to FRSs 2014-2016 Cycle	1 January 2017
Amendments to FRS 107: Disclosure initiative	1 January 2017
Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses	1 January 2017
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 2: Classification and measurement of Share-based payment transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New FRSs, Amendments to FRS and IC Interpretations (Cont'd.)

(b) Standards Issued But Not Yet Effective (Cont'd.)

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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

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

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

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. 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 2017 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 2019.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 if only the Company has the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affects its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(a) Basis of Consolidation (Cont'd.)

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(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.

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:

Leasehold land	Over lease period
Buildings	2% to 10%
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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(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 rates:

Freehold building	2%
Leasehold building	2% to 3%
Leasehold land	Over lease period

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment property.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year in which they arise.

(h) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(i) Impairment of Non-financial Assets (Cont'd.)

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(j) Financial Assets (Cont'd.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(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.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and amounts due to related companies.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(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.

(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.

(v) Receipts in advance

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(q) Revenue Recognition (Cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(s) Foreign Currencies (Cont'd.)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(t) Employee Benefits (Cont'd.)

(iii) Defined benefit plan (Cont'd.)

The latest actuarial valuation was carried out using the employee data as at 31 March 2017 by PT Milliman Indonesia, an independent actuary dated 18 April 2017.

(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.

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(u) Leases

(i) 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.

(ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set-out in Note 2.3(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(v) Income Tax (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(w) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of Significant Accounting Policies (Cont'd.)

(w) Fair Value Measurement (Cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

- Level 3 — Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Significant Accounting Estimates and Judgments (Cont'd.)

(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 RM26,254,000 (2016: RM22,428,000) and RM698,000 (2016: RM888,000) respectively, as disclosed in Note 9.

(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 2017 is RM9,408,000 (2016: RM8,952,000) and RM564,000 (2016: RM563,000) respectively, as disclosed in Note 26.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Significant Accounting Estimates and Judgments (Cont'd.)

(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 24.

(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 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 2017 was RM510,000 (2016: RM510,000). Further details are disclosed in Note 15.

(vii) Provision for warranty

Provision for warranty is based on 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.

Total Group's provision for warranty as of 31 March 2017 is RM14,827,000 (2016: RM17,114,000), as disclosed in Note 30.

3. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income from subsidiaries	-	-	22,509	47,125
Production and trading of security and confidential documents	233,347	266,682	-	-
Net sale of oil palm products	133,214	102,614	-	-
Rental income from investment properties	5,132	5,460	3,836	4,066
Property management services	408	451	398	431
	372,101	375,207	26,743	51,622

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	7,679	5,680	1,048	1,485
Gain on disposal of property, plant and equipment	-	71	-	-
Gain from plantation investment compensation	-	346	-	-
Management fees	24	24	24	24
Others	54	3,042	-	-
	7,757	9,163	1,072	1,509

5. FINANCE COST

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on obligations under finance leases	81	72	-	-

6. PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Staff costs (Note 7)	31,504	29,572	1,452	1,369
Non-executive directors' remuneration (Note 8)	393	386	348	340
Statutory audit fees:				
- Auditors of the Company	189	194	73	87
- Other auditors	105	96	-	-
Other non-audit fees:				
- Auditors of the Company	9	8	9	8
Factory rental	771	771	-	-
Repairs and maintenance	1,416	2,113	61	139
Depreciation of property, plant and equipment (Note 12)	15,074	19,980	171	183
Depreciation of investment properties (Note 13)	1,507	1,507	1,163	1,163
Amortisation of biological assets (Note 14)	4,555	3,235	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX (CONT'D.)

The following amounts have been included in arriving at profit before tax: (Cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Write off of biological assets (Note 14)	70	28	-	-
Impairment loss on:				
- property, plant and equipment	4,593	-	-	-
- biological assets (Note 14)	24,779	-	-	-
- trade receivables (Note 18)	16	1,434	-	-
- other receivables (Note 18)	3,491	2	-	-
Write back of impairment loss on:				
- trade receivables (Note 18)	(481)	(748)	-	(5)
- other receivables (Note 18)	-	(50)	-	-
Write down of inventories	3,177	88	-	-
Gain on disposal of property, plant and equipment	-	(71)	-	-
Provision for retirement benefit obligations (Note 27)	284	69	-	-
Net (reversal of)/provision for warranty (Note 30)	(2,287)	622	-	-
Professional indemnity insurance for directors and officers	12	11	1	1
Realised foreign exchange loss/(gain)	121	(3,060)	-	-

7. STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	26,242	24,759	1,168	1,062
EPF contribution	3,555	3,170	197	181
Social security costs	206	183	5	4
Provision for retirement benefits (Note 27)	284	69	-	-
Shares and options granted under ESS	22	105	6	19
Other staff related expenses	1,195	1,286	76	103
	31,504	29,572	1,452	1,369

Included in staff costs of the Group and of the Company is the Managing Director's remuneration amounting to RM1,279,000 (2016: RM1,265,000) and RM509,000 (2016: RM532,000) respectively as further disclosed in Note 8. Direct wages of employees amounting to RM7,752,000 (2016: RM7,836,000) has been included in the Group's cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive director's remuneration				
Salaries and other emoluments	857	799	343	320
Bonus	368	363	147	144
Benefits-in-kind	54	103	19	68
	1,279	1,265	509	532
Non-executive directors' remuneration				
Fees	289	290	252	252
Other emoluments	104	96	96	88
	393	386	348	340
Total	1,672	1,651	857	872
Total excluding benefits-in-kind	1,618	1,548	838	804

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

	Number of Directors	
	2017	2016
Executive:		
RM1,250,001 - RM1,300,000	1	1
Non-Executive:		
RM50,001 - RM100,000	3	3
RM150,001 - RM200,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	28,890	24,889	699	896
- Under provision in prior years	1,402	846	-	3
	30,292	25,735	699	899
Deferred tax (Note 26):				
- Relating to reversal and origination of temporary differences	(4,814)	(1,690)	(25)	(70)
- Relating to changes in tax rates	-	183	-	21
- Under/(over) provision in prior years	776	(1,800)	24	38
	(4,038)	(3,307)	(1)	(11)
Total income tax expense	26,254	22,428	698	888

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. The corporate rate tax applicable to the Indonesian subsidiary of the Group is 25% (2016: 25%).

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group				
Profit before tax	61,261	77,300	22,236	47,415
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	14,703	18,489	5,336	11,380
Effect of tax rates in foreign jurisdiction	1,153	812	-	-
Effect of changes in tax rates on opening balance of deferred tax	-	183	-	21
Effect of expenses not deductible for tax purposes	8,805	3,961	740	756
Effect of partial tax exemption	(32)	(34)	-	-
Deferred tax assets not recognised	92	343	-	-
Effect of share of results of associates	(645)	(372)	-	-
Income not subject to tax	-	-	(5,402)	(11,310)
Under/(over) provision of deferred tax in prior year	776	(1,800)	24	38
Under provision of income tax expense in prior year	1,402	846	-	3
	26,254	22,428	698	888

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (CONT'D.)

Tax losses are analysed as follows:

	Group 2017 RM'000	Group 2016 RM'000
Tax savings recognised during the year arising from:		
Unutilised tax losses carried forward	4,651	377

10. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interim				
Recognised during the financial year:				
Single-tier interim dividend for year ended 31 March 2016 of 15% paid on 31 December 2015	-	12,070	-	12,070
Single-tier interim dividend for year ended 31 March 2017 of 10% paid on 30 December 2016	12,058	-	12,058	-
Final				
Single tier final dividend for year ended 31 March 2015 of 15% paid on 9 October 2015	-	-	-	18,104
Single tier final dividend for year ended 31 March 2016 of 15% paid on 19 September 2016	-	18,086	18,086	-
	12,058	30,156	30,144	30,174

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDENDS (CONT'D.)

The directors recommend the payment of a single-tier final dividend and special dividend of 7.5 sen and 5.0 sen per share respectively on 241,151,830 ordinary shares, amounting to a total of RM30,144,000, 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 2018.

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.

	Group	
	2017	**2016**
Consolidated profit attributable to equity holders of the Company (RM'000)	37,715	51,282
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 January	241,178	241,404
Basic earnings per share for the year (sen)	15.64	21.24

(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

12. PROPERTY, PLANT AND EQUIPMENT

Group

	At Valuation		
	Freehold Land RM'000	**Leasehold Land RM'000**	**Buildings RM'000**
At 31 March 2017			
At Valuation/Cost			
At 1 April 2016	1,550	101,001	12,239
Additions	-	-	2,174
Disposals	-	-	-
Write-offs	-	-	-
Exchange differences	-	14	1,331
At 31 March 2017	1,550	101,015	15,744
Accumulated Depreciation and Impairment			
At 1 April 2016	-	6,098	3,834
Charge for the year:			
- Depreciation	-	3,605	1,753
- Impairment loss (Note 37(i))	-	14,361	5,288
Disposals	-	-	-
Write-offs	-	-	-
Exchange differences	-	3	866
At 31 March 2017	-	24,067	11,741
Analysed as:			
Accumulated depreciation	-	9,706	6,453
Accumulated impairment	-	14,361	5,288
loss	-	24,067	11,741
Net Carrying Amount	1,550	76,948	4,003

NOTES TO THE FINANCIAL STATEMENTS

At Cost				
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**	**Total RM'000**
81,077	20,460	43,491	2,794	262,612
1,239	-	1,704	185	5,302
-	-	(36)	-	(36)
(3)	-	(102)	-	(105)
2,189	1,283	1,512	351	6,680
84,502	21,743	46,569	3,330	274,453
71,891	19,266	35,668	-	136,757
4,936	1,117	3,663	-	15,074
307	-	-	-	19,956
	-	(36)	-	(36)
(3)	-	(102)	-	(105)
1,546	1,156	1,380	-	4,951
78,677	21,539	40,573	-	176,597
78,370	21,539	40,573	-	156,641
307	-	-	-	19,956
78,677	21,539	40,573	-	176,597
5,825	204	5,996	3,330	97,856

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (Cont'd.)

	At Valuation		
	Freehold Land RM'000	**Leasehold Land RM'000**	**Buildings RM'000**
At 31 March 2016			
At Valuation/Cost			
At 1 April 2015	1,550	77,549	11,389
Additions	-	-	198
Acquisition of subsidiaries	-	23,447	-
Disposals	-	-	-
Reclassification	-	-	266
Write-offs	-	-	-
Exchange differences	-	5	386
At 31 March 2016	1,550	101,001	12,239
Accumulated Depreciation			
At 1 April 2015	-	3,374	2,333
Charge for the year	-	2,724	1,414
Disposals	-	-	-
Write-offs	-	-	-
Exchange differences	-	-	87
At 31 March 2016	-	6,098	3,834
Net Carrying Amount	1,550	94,903	8,405

NOTES TO THE FINANCIAL STATEMENTS

	At Cost				
	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	Total RM'000
	78,170	20,064	36,959	1,477	227,158
	2,272	15	6,680	1,631	10,796
	-	-	-	-	23,447
	-	-	(400)	-	(400)
	-	-	105	(371)	-
	-	-	(273)	-	(273)
	635	381	420	57	1,884
	81,077	20,460	43,491	2,794	262,612
	65,874	17,043	27,663	-	116,287
	5,657	1,885	8,300	-	19,980
	-	-	(400)	-	(400)
	-	-	(273)	-	(273)
	360	338	378	-	1,163
	71,891	19,266	35,668	-	136,757
	9,186	1,194	7,823	2,794	125,855

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company

At 31 March 2017	At Valuation Land and Buildings* RM'000	At Cost Plant and Machinery RM'000	At Cost Office Renovations RM'000	At Cost Equipment, Furniture, and Fittings and Motor Vehicles RM'000	Total RM'000
At Valuation/Cost					
At 1 April 2016	1,769	6	341	673	2,789
Additions	-	1	-	20	21
Write-offs	-	(2)	-	(14)	(16)
At 31 March 2017	1,769	5	341	679	2,794
Accumulated Depreciation					
At 1 April 2016	84	3	221	404	712
Charge for the year	14	1	57	99	171
Write-offs	-	(2)	-	(14)	(16)
At 31 March 2017	98	2	278	489	867
Net Carrying Amount	1,671	3	63	190	1,927
At 31 March 2016					
At Valuation/Cost					
At 1 April 2015	1,769	4	341	669	2,783
Additions	-	2	-	24	26
Write-offs	-	-	-	(20)	(20)
At 31 March 2016	1,769	6	341	673	2,789
Accumulated Depreciation					
At 1 April 2015	69	3	163	314	549
Charge for the year	15	-	58	110	183
Write-offs	-	-	-	(20)	(20)
At 31 March 2016	84	3	221	404	712
Net Carrying Amount	1,685	3	120	269	2,077

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

***Land and Buildings of the Company**

At 31 March 2017	Freehold land RM'000	Buildings RM'000	Total RM'000
At Cost			
At 1 April 2016/31 March 2017	1,550	219	1,769
Accumulated Depreciation			
At 1 April 2016	-	84	84
Charge for the year	-	14	14
At 31 March 2017	-	98	98
Net Carrying Amount	1,550	121	1,671
At 31 March 2016			
At Cost			
At 1 April 2015/31 March 2016	1,550	219	1,769
Accumulated Depreciation			
At 1 April 2015	-	69	69
Charge for the year	-	15	15
At 31 March 2016	-	84	84
Net Carrying Amount	1,550	135	1,685

(a) The factory extension of the Group with a net book value of RM128,000 (2016: RM179,000) 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 RM101,020,000 (2016: RM100,232,000) and RM311,000 (2016: RM314,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(c) 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:

	Group 2017 RM'000	Group 2016 RM'000
Costs		
Freehold land	1,500	1,500
Leasehold land	57,341	57,341
Buildings	15,744	12,239
	74,585	71,080
Accumulated Depreciation		
Leasehold land	(17,754)	(2,120)
Buildings	(11,741)	(3,834)
	(29,495)	(5,954)
Net Carrying Amount	45,090	65,126

13. INVESTMENT PROPERTIES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
At Cost				
At 1 April 2016/2015 and 31 March	87,559	87,559	72,116	72,116
Accumulated Depreciation				
At 1 April 2016/2015	23,875	22,368	20,349	19,186
Charge for the year	1,507	1,507	1,163	1,163
At 31 March	25,382	23,875	21,512	20,349
Net Carrying Amount	62,177	63,684	50,604	51,767
Fair value	63,010	63,850	51,010	51,850

(a) The land title of a freehold land and building of the Company with a net book value of approximately RM49,777,000 (2016: RM50,922,000) 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 RM827,000 (2016: RM845,000) has 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 2017 and 31 March 2016 are based on valuation carried out by professional independent valuers, Messrs Hatta & Associates Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (CONT'D.)

(d) Rental income generated from and direct operating expenses incurred on income generated from investment properties are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	5,131	5,460	3,835	4,066
Direct operating expenses	2,372	2,336	1,812	1,843

14. BIOLOGICAL ASSETS

	Group	
Oil Palm Planting	**2017 RM'000**	**2016 RM'000**
Cost		
At 1 April 2016/2015	75,976	67,470
Additions	8,682	6,985
Disposal	-	(510)
Write-off	(115)	(41)
Exchange difference	6,902	2,072
At 31 March	91,445	75,976
Accumulated Amortisation and Impairment		
At 1 April 2016/2015	26,365	22,593
Charge for the year:		
- Amortisation	4,555	3,235
- Impairment loss (Note 37(i))	24,779	-
Disposal	-	(156)
Write-off	(45)	(13)
Exchange difference	2,761	706
At 31 March	58,415	26,365
Analysed as:		
Accumulated amortisation	33,636	26,365
Accumulated impairment loss	24,779	-
	58,415	26,365
Net Carrying Amount	33,030	49,611

NOTES TO THE FINANCIAL STATEMENTS

15. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000
At 1 April 2016/2015 and 31 March	510	510

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

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

	2017 %	2016 %
Discount rate [1]	10	10
Terminal growth rate [2]	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

	Unquoted shares RM'000	Redeemable convertible loan stocks RM'000	Total RM'000
Company			
At 1 April 2016	26,999	35,100	62,099
Subscription during the year	-	10,000	10,000
At 31 March 2017	26,999	45,100	72,099
At 1 April 2015	26,999	37,000	63,999
Subscription during the year	-	23,000	23,000
Redemption during the year	-	(24,900)	(24,900)
At 31 March 2016	26,999	35,100	62,099

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of subsidiaries are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest 2017 %	2016 %	Principal Activities
Security Printers (M) Sdn. Bhd. (i)	Malaysia	100	100	Trading of security and confidential documents.
Percetakan Keselamatan Nasional Sdn. Bhd. (i)	Malaysia	100	100	Production of security and confidential documents.
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	100	Oil palm plantation.
Subsidiary of FCB Plantation Holdings Sdn. Bhd.				
Cendana Laksana Sdn. Bhd. (i)	Malaysia	100	100	Oil palm plantation.
Next Oasis Sdn. Bhd. (i)	Malaysia	89	89	Investment holding.
PT Nunukan Jaya Lestari (ii)	Indonesia	80	80	Oil palm production and processing.
R.N.E. Plantantion Sdn. Bhd. (i)	Malaysia	70	70	Oil palm plantation.
Subsidiary of Next Oasis Sdn. Bhd.				
Taka Worldwide Trading Sdn. Bhd. (i)	Malaysia	89	89	Oil palm plantation.
Etika Gangsa Sdn. Bhd. (i)	Malaysia	89	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

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Financial information of a material subsidiary, PT Nunukan Jaya Lestari, which has a non-controlling interests is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statement of financial position

	2017 RM'000	2016 RM'000
Non-current assets - Biological assets	20,346	39,673
Non-current assets - Others	27,861	48,885
Current assets - Cash and cash equivalents	51,797	18,427
Current assets - Others	39,608	33,516
Total assets	139,612	140,501
Current liabilities	17,708	9,146
Non-current liabilities	1,319	897
Total liabilities	19,027	10,043
Net assets	120,585	130,458
Equity attributable to shareholders of the company	120,585	130,458

(ii) Summarised statement of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	133,214	102,614
Profit for the year	(9,645)	16,080
Other comprehensive income	(75)	265
Total comprehensive income	(9,720)	16,345
Dividend paid to non-controlling interests	-	(7,911)

(iii) Summarised statement of cash flows

	2017 RM'000	2016 RM'000
Net cash generated from operating activities	36,564	13,098
Net cash used in investing activities	(2,487)	(1,420)
Net cash used in financing activities	(3,018)	(40,087)
Net increase/(decrease) in cash and cash equivalents	31,059	(28,409)
Cash and cash equivalents at beginning of the year	18,427	45,089
Effect of exchange rate changes	2,311	1,747
Cash and cash equivalents at end of the year	51,797	18,427

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) During the year, the Company subscribed to RM5.0 million (50 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 5.0% per annum coupon rate.

(d) During the year, the Company subscribed to RM2.0 million (20 units) of redeemable convertible loan stocks issued by a subsidiary, Gabungan Warisan Sdn. Bhd., with a nominal value of RM100,000 per loan stock at 5.0% per annum coupon rate.

(e) During the year, the Company subscribed to RM1.0 million (10 units) of redeemable convertible loan stocks issued by a subsidiary, Etika Gangsa Sdn. Bhd., with a nominal value of RM100,000 per loan stock at 5.0% per annum coupon rate.

(f) During the year, the Company subscribed to RM2.0 million (20 units) of redeemable convertible loan stocks issued by a subsidiary, Taka Worldwide Trading Sdn. Bhd., with a nominal value of RM100,000 per loan stock at 5.0% per annum coupon rate.

17. INVESTMENT IN ASSOCIATE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	10,000	10,000	10,000	10,000
Share of post acquisition results	31,061	30,238	-	-
	41,061	40,238	10,000	10,000

Details of the associate, which is incorporated in Malaysia, are as follows:

Name of Associate	Group's effective interest 2017 %	2016 %	Principal Activities
Giesecke & 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 Giesecke & Devrient Malaysia Sdn. Bhd. ("G&D") is not coterminous with those of the Group as G&D has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of G&D for the year ended 31 December 2016 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2016 and 31 March 2017.

Summarised financial information in respect of G&D is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN ASSOCIATE (CONT'D.)

(i) Summarised statement of financial position

	2017 RM'000	2016 RM'000
Assets and liabilities		
Current assets	71,035	74,090
Non-current assets	207,978	195,456
Total assets	279,013	269,546
Current liabilities	1,061	44,377
Non-current liabilities	72,643	23,976
Total liabilities	73,704	68,353
Net assets	205,309	201,193

(ii) Summarised statement of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	153,541	164,958
Profit before tax	12,516	9,172
Profit for the year	13,436	7,757
Total comprehensive income	13,436	7,757

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

	2017 RM'000	2016 RM'000
Net assets at 1 April 2016/2015	201,193	193,436
Total comprehensive income	13,436	7,757
Dividend	(9,320)	-
Net assets at 31 March	205,309	201,193
Interest in associate	20%	20%
Carrying value of Group's interest in associate	41,061	40,238

18. TRADE AND OTHER RECEIVABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade Receivables				
Third parties	77,400	149,911	488	345
Less: Allowance for impairment	(1,554)	(1,851)	-	-
Trade Receivables, Net	75,846	148,060	488	345
Other Receivables				
Deposits	820	935	188	187
Sundry receivables	8,937	8,729	4	-
Tax recoverable	35	1,210	-	-
Prepayments	6,701	2,332	101	101
GST input tax	8,637	5,716	-	39
Staff loan	275	300	-	-
Less: Allowance for impairment	(3,714)	(203)	-	-
Other Receivables, Net	21,691	19,019	293	327
Total Trade and Other Receivables	97,537	167,079	781	672

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 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.

Included in trade receivables amount is accrued revenue of RM8,645,000 (2016: RM Nil).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for balances of RM47,470,000 (2016: RM135,723,000) 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 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Neither past due nor impaired	28,387	26,482	97	102
Past due but not impaired:				
1 to 60 days	8,577	24,755	68	77
61 to 120 days	6,982	32,958	97	5
More than 121 days	23,255	63,865	226	161
	38,814	121,578	391	243
Impaired	1,554	1,851	-	-
	68,755	149,911	488	345

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

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 RM38,814,000 (2016: RM121,578,000) and RM391,000 (2016: RM243,000), 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's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Gross amounts of impaired trade receivables	1,554	1,851	-	-
Less: Allowance for individual impairment losses	(1,554)	(1,851)	-	-
	-	-	-	-

Movement in allowance accounts:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At 1 April 2016/2015	1,851	1,182	-	5
Charge for the year (Note 6)	16	1,434	-	-
Write back of impairment loss (Note 6)	(481)	(748)	-	(5)
Bad debts written off	-	(33)	-	-
Exchange differences	168	16	-	-
As 31 March	1,554	1,851	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gross amounts of impaired other receivables	3,714	203	-	-
Less: Allowance for individual impairment losses	(3,714)	(203)	-	-
	-	-	-	-

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.

Movement in allowance accounts:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	203	240	-	-
Charge for the year (Note 6)	3,491	2	-	-
Write back for impairment loss (Note 6)	-	(50)	-	-
Exchange differences	20	11	-	-
As 31 March	3,714	203	-	-

19. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At Cost:		
Work-in-progress	14,547	19,847
Oil palm products	8,244	8,232
Printing materials	9,573	18,486
Fertilizer	877	282
Consumables	4,190	4,156
	37,431	51,003

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM144,754,000 (2016: RM174,871,000).

NOTES TO THE FINANCIAL STATEMENTS

20. DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Due from subsidiaries	-	-	26,726	25,977
Due from other related companies	18	19	6	10
Due from associate company	1	15	-	-
	19	34	26,732	25,987
Due to penultimate holding company	(66)	(146)	-	-
Due to other related companies	(561)	(514)	-	-
	(627)	(660)	-	-

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 BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	70,718	5,153	1,003	1,392
Fixed deposit with licensed banks	265,591	172,440	19,607	37,964
	336,309	177,593	20,610	39,356

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at bank	336,309	177,593	20,610	39,356
Less: Deposit with a licensed bank with maturity of more than three months	(23,000)	-	-	-
Total cash and cash equivalents	313,309	177,593	20,610	39,356

NOTES TO THE FINANCIAL STATEMENTS

21. CASH AND BANK BALANCES (CONT'D.)

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

	Group		Company	
	2017 RM'000 %	2016 RM'000 %	2017 RM'000 %	2016 RM'000 %
Licensed banks	3.29	3.62	3.31	3.65

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Licensed banks	35	38	48	53

22. SHARE CAPITAL

	Number of Shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Authorised:				
At 1 April 2016/2015 and 31 March	-	500,000	-	250,000
Issued and fully paid:				
At 1 April 2016/2015 and 31 March	245,324	245,324	122,662	122,662

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

23. 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 financial year, the Company repurchased 176,300 (2016: 84,000) of its issued ordinary shares from the open market at an average price of RM2.21 per ordinary share. The total consideration paid for the repurchase including transactions costs was RM392,364 (2016: RM184,985). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Of the total 245,324,330 (2016: 245,324,330) issued and fully paid ordinary shares as at 31 March 2017, 4,172,500 (2016: 3,996,200) are held as treasury shares by the Company. As at 31 March 2017, the number of outstanding ordinary shares in issue and fully paid-up is therefore 241,151,830 (2016: 241,328,130).

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER RESERVES

	Foreign Currency Translation Deficit RM'000	Asset Revaluation Reserve RM'000	Equity Contribution from Parent RM'000	Total RM'000
Group				
At 1 April 2015	(30,203)	16,823	4,123	(9,257)
Foreign currency translation	2,478	-	-	2,478
Grant of equity-settled share options	-	-	105	105
At 31 March 2016	(27,725)	16,823	4,228	(6,674)
At 1 April 2016	(27,725)	16,823	4,228	(6,674)
Foreign currency translation	9,215	-	-	9,215
Grant of equity-settled share options	-	-	22	22
Reversal of revaluation surplus of property, plant and equipment previously recognised	-	(9,218)	-	(9,218)
At 31 March 2017	(18,510)	7,605	4,250	(6,655)
Company				
At 1 April 2015		1,556	514	2,070
Grant of equity-settled share options		-	19	19
At 31 March 2016		1,556	533	2,089
At 1 April 2016		1,556	533	2,089
Grant of equity-settled share options		-	6	6
At 31 March 2017		1,556	539	2,095

24. OTHER RESERVES (CONT'D.)

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, leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(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 had expired 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.

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) Fulfill such other criteria as determined by the Options Committee from time to time.

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER RESERVES (CONT'D.)

(c) Equity Contribution from Parent (Cont'd.)

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			
	2017		2016	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at 1 April 2016/2015	8,273,500	1.64	9,128,200	1.64
-Granted	268,800	1.83	844,800	1.89
-Forfeited	(2,166,117)	1.49	(818,900)	1.77
-Exercised	(2,812,500)	1.93	(880,600)	1.48
Outstanding at 31 March	3,563,683	1.89	8,273,500	1.64
Exercisable at 31 March	-	-	8,736,000	1.68

- The weighted average fair value of options granted during the financial year was RM0.17 (2016: RM0.28).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.89 (2016: RM1.91).
- The weighted average exercise price for options outstanding at the end of the year was RM1.89 (2016: RM1.64).
- The ESOS had expired on 17 November 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER RESERVES (CONT'D.)

(c) Equity Contribution from Parent (Cont'd.)

(i) ESOS (Cont'd.)

The following table lists the inputs to the pricing models for the years ended 31 March 2017 and 2016:

	Binomial option pricing model	
	2017	**2016**
Dividend Yield (%)	4.89	5.00
Expected volatility (%)	39.93	38.72
Risk-free interest rate (% p.a.)	1.83	2.52
Expected life of option (years)	-	2.87
Weighted average share price (RM)	1.82	1.88

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.

(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	
	2017 Number	**2016 Number**
Outstanding at 1 April 2016/2015	-	-
Granted	134,000	188,000
Vested	(134,000)	(188,000)
Outstanding at 31 March	-	-

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.

25. RETAINED EARNINGS

As at 31 March 2017, the Company may distribute the entire balance of the retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAXATION

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
At 1 April 2016/2015	1,778	5,062	(563)	(552)
Recognised in:				
- profit or loss (Note 9)	(4,038)	(3,307)	(1)	(11)
- other comprehensive income				
Revaluation of asset	(3,841)	-	-	-
Exchange differences	(32)	23	-	-
At 31 March	(6,133)	1,778	(564)	(563)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(9,408)	(8,952)	(564)	(563)
Deferred tax liabilities	3,275	10,730	-	-
	(6,133)	1,778	(564)	(563)

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 2015	6,534	1,768	4,601	12,903
Recognised in profit or loss	-	(2,086)	-	(2,086)
At 31 March 2016	6,534	(318)	4,601	10,817
Recognised in:				
- profit or loss	(48)	1,754	(3,067)	(1,361)
- other comprehensive income	(3,841)	-	-	(3,841)
At 31 March 2017	2,645	1,436	1,534	5,615

	Retirement Benefit Obligations RM'000	Other Payables RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 April 2015	(397)	(5,764)	(1,680)	(7,841)
Recognised in profit or loss	72	(663)	(607)	(1,198)
At 31 March 2016	(325)	(6,427)	(2,287)	(9,039)
Recognised in profit or loss	(128)	(1,565)	(1,016)	(2,709)
At 31 March 2017	(453)	(7,992)	(3,303)	(11,748)

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAXATION (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	2017 RM	2016 RM
Unutilised tax losses	-	1,715
Unabsorbed capital allowances	6,713	4,613
	6,713	6,328

Deferred Tax Liabilities of the Company:

	Revaluation Reserve RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2015	3	49	52
Recognised in profit or loss	-	3	3
At 31 March 2016	3	52	55
Recognised in profit or loss	-	5	5
At 31 March 2017	3	57	60

Deferred Tax Asset of the Company:

	Provision for Liabilities RM'000
At 1 April 2015	(604)
Recognised in profit or loss	(14)
At 31 March 2016	(618)
Recognised in profit or loss	(6)
At 31 March 2017	(624)

NOTES TO THE FINANCIAL STATEMENTS

27. 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 2017.

(a) The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2017 RM'000	2016 RM'000
Present value of unfunded defined benefits obligations	1,837	1,391
Analysed as: Non-current	1,837	1,391

(b) The amounts recognised in the profit or loss are as follows:

	Group	
	2017 RM'000	2016 RM'000
Current service cost	199	19
Past service cost	-	(19)
Interest cost	85	69
Total, included in staff costs (Note 7)	284	69

(c) Movements in the net liability during the financial year are as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 April 2016/2015	1,391	1,634
Recognised in profit or loss (Note 6)	284	69
Benefits paid	(50)	(14)
Remeasurement of defined benefit liability	100	(354)
Exchange differences	112	56
At 31 March	1,837	1,391

(d) Principal assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2017 and 2016 are as follows:

	Group	
	2017	2016
Discount rate	7.8%	8.7%
Annual salary increase	7.0%	7.5%
Retirement age	55	55

NOTES TO THE FINANCIAL STATEMENTS

27. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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	
	2017 RM'000	2016 RM'000
A 1 per cent decrease/increase in discount rate will increase/decrease the defined benefit obligation by	143	121
A 1 per cent increase/decrease in expected salary growth will increase/decrease the defined benefit obligation by	129	104

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.

28. FINANCE LEASE OBLIGATIONS

	Group	
	2017 RM'000	2016 RM'000
Mininum lease payments:		
- Not later than 1 year	742	726
- Later than 1 year but not later than 5 years	4,030	3,697
- Later than 5 years	83,595	84,671
Total minimum lease payments	88,367	89,094
Less: Amounts representing finance charges	(71,567)	(71,649)
Present value of minimum lease payments	16,800	17,445
Present value of finance lease payables:		
- Not later than 1 year	624	646
- Later than 1 year but not later than 5 years	2,284	2,257
- Later than 5 years	13,892	14,542
Present value of minimum lease payments	16,800	17,445
Less: Amount due within 12 months	(624)	(646)
Amount due after 12 months	16,176	16,799

NOTES TO THE FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade Payables				
Third parties	62,216	33,960	16	-
Other Payables				
Tenants' rental deposits	913	960	904	960
Accruals and other liabilities	8,113	5,331	364	380
Provision for bonus	3,455	3,105	345	345
Receipts in advance	1,644	951	-	-
Others	6,420	5,391	-	-
	20,545	15,738	1,613	1,685
Total Trade and Other Payables	82,761	49,698	1,629	1,685

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2016: 30 to 90 days) term.

30. PROVISIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Provision for warranty	14,827	17,114	-	-
Provision for compensation claim	2,120	2,120	2,120	2,120
	16,947	19,234	2,120	2,120

(a) Provision for warranty is based on current volumes of products sold still under warranty and on historic quality rates as well as estimates and assumptions regarding future quality rates for new products.

NOTES TO THE FINANCIAL STATEMENTS

30. PROVISIONS (CONT'D.)

(b) Provision for compensation claim is for a tenant's renovation costs and general damages arising from an early termination of a tenancy agreement by the Company. On 27 September 2011, the Court of Appeal had allowed the Company's appeal against the decision handed down by the High Court in favour of the tenant and directed that the matter be remitted back to the High Court for a full trial. There has been no development since then.

The movement of the provision for warranty is as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 April 2016/2015	17,114	16,492
Reversal of provision (Note 6)	(5,829)	(3,414)
Charge for the year (Note 6)	3,542	4,036
At 31 March	14,827	17,114

31. COMMITMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditure:				
Approved but not contracted for:				
Property, plant and equipment	11,130	16,927	370	385
Approved and contracted for:				
Property, plant and equipment	2,749	1,882	-	-
	13,879	18,809	370	385
Share of capital commitments of associated companies:				
Approved but not contracted for:				
Property, plant and equipment	5	6,696	-	-
Approved and contracted for:				
Property, plant and equipment	2,290	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

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.

	2017 RM'000	2016 RM'000
Group		
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	756	749
- Management fees/services payable	(291)	(364)
Fellow subsidiaries:		
Fima Instanco Sdn. Bhd.		
- Rental income receivable	120	120
Related by virtue of common shareholder of the Company:		
Nationwide Express Courier Services Berhad		
- Purchases made	(199)	(344)
- Rental income receivable	78	78
Related by virtue of director/(s) of the Company and/or Group having substantial interest:		
TD Technologies Sdn. Bhd.		
- Services payable	(102)	(69)
First Zanzibar Sdn. Bhd.		
- Services payable	(13)	(44)
PT Pohon Emas Lestari		
- Purchases made	(6,029)	(5,003)
Associate:		
Giesecke & Devrient Malaysia Sdn. Bhd.		
- Management services receivable	24	24

32. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related Party Transactions (Cont'd.)

	2017 RM'000	2016 RM'000
Company		
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	756	749
- Management fees/services payable	(212)	(196)
Subsidiaries:		
FCB Property Management Sdn. Bhd.		
- Rental income receivable	17	17
- Management services receivable	194	180
- Purchases made	(798)	(773)
Percetakan Keselamatan Nasional Sdn. Bhd.		
- Rental income receivable	162	158
- Management services receivable	372	335
- Purchases made	(119)	(180)
Security Printers (M) Sdn. Bhd.		
- Management services receivable	57	50
Associate:		
Giesecke & Devrient Malaysia Sdn. Bhd.		
- Management services receivable	24	24
Related by virtue of common shareholder of the Company:		
Nationwide Express Courier Services Berhad		
- Purchases made	(1)	(1)
- Rental income receivable	16	16

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

32. RELATED PARTY DISCLOSURES (CONT'D.)

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	3,332	3,216	1,036	1,036
Post-employment benefits: Defined contribution plan	550	510	129	129
Other benefits	302	260	105	105
	4,184	3,986	1,270	1,270

Included in the total key management personnel above are the remuneration in respect of the directors of the Company and directors of subsidiaries:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors remuneration:				
Directors of the Company (Note 8)	1,672	1,651	857	872
Directors of subsdiaries	2,524	2,100	-	-

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.

(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

33. SEGMENT INFORMATION (CONT'D.)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by business segment:

	Production and trading of security documents		Investment Holding	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue				
External sales	233,347	266,682	22,509	47,125
Inter-segment sales	-	51	-	-
Total revenue	233,347	266,733	22,509	47,125
Results				
Profit from operations	59,608	54,007	-	-
Finance costs	-	-	-	-
Share of results of associates	-	-	2,687	1,551
Profit before tax				
Income tax expense				
Profit net of tax				
Assets and Liabilities				
Segment assets	376,360	326,621	183,318	192,526
Interest in associates	-	-	41,061	40,238
Consolidated total assets				
Segment liabilities	87,073	59,945	3,845	4,061
Consolidated total liabilities				
Other Information				
Capital expenditure	1,813	7,176	-	-
Depreciation and amortisation	5,069	10,461	-	-
Impairment	16	926	-	-
Non-cash expenses other than depreciation, amortisation and impairment	2,870	316	-	-

Geographical Segments

The following table provides an analysis of the Group's revenue, carrying amount of segment assets and capital expenditure, analysed by geog

Malaysia
Indonesia

NOTES TO THE FINANCIAL STATEMENTS

Property management		Oil Palm Production		Eliminations		Consolidated	
2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
5,540	5,911	133,214	102,614	(22,509)	(47,125)	372,101	375,207
1,267	1,266	-	-	(1,267)	(1,317)	-	-
6,807	7,177	133,214	102,614	(23,776)	(48,442)	372,101	375,207
(270)	385	(683)	21,429	-	-	58,655	75,821
-	-	(81)	(72)	-	-	(81)	(72)
-	-	-	-	-	-	2,687	1,551
						61,261	77,300
						(26,254)	(22,428)
						35,007	54,872
1,487	1,490	282,271	253,173	(169,159)	(129,489)	674,277	644,321
-	-	-	-	-	-	41,061	40,238
						715,338	684,559
138	130	69,608	60,886	(32,126)	(22,851)	128,538	102,171
						128,538	102,171
35	30	3,454	27,037	-	-	5,302	34,243
1,336	1,347	14,731	12,914	-	-	21,136	24,722
-	-	32,863	510	-	-	32,879	1,436
-	-	3,617	479	-	-	6,487	795

graphical segments:

Revenue		Segment Assets		Capital Expenditure	
2017	2016	2017	2016	2017	2016
238,887	272,593	534,665	503,820	2,516	7,206
133,214	102,614	139,612	140,501	2,786	27,037
372,101	375,207	674,277	644,321	5,302	34,243

NOTES TO THE FINANCIAL STATEMENTS

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 2017 are as follows:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the Group's and the Company's other financial assets that are measured at fair value as at 31 March 2017 and 31 March 2016.

	Date of Valuation	Group Level 3 RM'000	Company Level 3 RM'000
As at 31 March 2017			
Assets Disclosed at Fair Value:			
Investment properties (Note 13)	31 March 2017	63,010	51,010
As at 31 March 2016			
Assets Disclosed at Fair Value:			
Investment properties (Note 13)	31 March 2016	63,850	51,850

34. FINANCIAL INSTRUMENTS (CONT'D.)

(b) The financial instruments of the Group and of the Company as at the reporting date are categorised into the following classes:

		Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(i)	**Loans and Receivables**				
	Trade receivables, excluding accrued revenue (Note 18)	67,201	148,060	488	345
	Other receivables excluding tax recoverable, GST input tax and prepayments (Note 18)	6,318	9,761	192	187
	Amount due from related companies (Note 20)	19	34	26,732	25,987
	Cash and bank balances (Note 21)	336,309	177,593	20,610	39,356
	Total loans and receivables	409,847	335,448	48,022	65,875
(ii)	**Financial Liabilities Measured at Amortised Cost**				
	Trade payables (Note 29)	62,216	33,960	16	-
	Other payables (Note 29)	20,545	15,738	1,613	1,685
	Amount due to related companies (Note 20)	627	660	-	-
	Total financial liabilities measured at amortised cost	83,388	50,358	1,629	1,685

NOTES TO THE FINANCIAL STATEMENTS

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign Exchange Risk (Cont'd.)

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:

	2017 RM'000	2016 RM'000
IDR		
Assets		
- Trade and other receivables	27,796	21,841
- Cash and cash equivalents	51,797	18,427
	79,593	40,268
Liabilities		
- Trade and other payables	13,662	7,843

	Group	
	2017 Effect on profit net of tax RM'000	2016 Effect on profit net of tax RM'000
IDR - strengthens 5% (2016: 5%)	+2,506	+1,232
IDR - weakens 5% (2016: 5%)	-2,506	-1,232

(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.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity/Funding Risk (Cont'd.)

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	
	2017	**2016**
	RM	**RM**
Group		
Financial liabilities:		
Trade and other payables	82,761	49,698
Amount due to related companies (Note 20)	627	660
Total undiscounted financial liabilities	83,388	50,358
Company		
Financial liabilities:		
Trade and other payables (Note 29), representing total undiscounted financial liabilities	1,629	1,685

(d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for a balance of RM47,470,000 (2016: RM135,723,000) due from the Government of Malaysia.

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. SUBSEQUENT EVENTS

(i) Hak Guna Usaha No. 01/Nunukan Utara

On 23 August 2016, the Company's subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), received an order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Ministerial Order") dated 25 July 2016 to revoke PTNJL's land title Hak Guna Usaha ("HGU") for the cultivation of oil palm in Kalimantan Utara with immediate effect.

The Ministerial Order was on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry areas.

On 21 October 2016, PTNJL filed an application in the Pengadilan Tata Usaha ("PTUN") in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from PTUN to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts.

On 13 June 2017, the State Administrative Court delivered an oral judgment and dismissed the application filed PTNJL to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal to appeal against the decision of the State Administrative Court.

The assets affected by the Ministerial Order had been impaired, resulting in gross impairment loss totalling RM44,735,000.

(ii) Acquisition of remaining equity in Next Oasis Sdn Bhd

On 29 May 2017, subsidiary, FCB Plantation Holdings Sdn Bhd acquired 110 ordinary shares representing the remaining 11% of the equity interest in Next Oasis Sdn. Bhd. from London Nusantara Plantations PLC for a cash consideration of RM173,000.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 22 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

39. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained profits of the Company and its subsidiaries				
Realised	438,672	429,858	60,452	69,058
Unrealised	(20,992)	(31,599)	(1,556)	(1,556)
	417,680	398,259	58,896	67,502
Total share of retained earnings from associated companies				
Realised	35,164	34,389	-	-
Unrealised	(4,103)	(4,151)	-	-
	31,061	30,238	-	-
Add : Consolidation adjustments	818	13,551	-	-
Retained profits as per financial statements	449,559	442,048	58,896	67,502

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 2017

No.	Location	Description/ Existing Use	Tenure	Land Area (Hectare)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2017 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
	FIMA CORPORATION BERHAD							
1.	PTD 4656 HS(D) 13531 Mukim Jeram Batu Pontian, Johor	Industrial land and building	Freehold	1.1	66,608	826,801	07 July 1993	49
2.	Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan	Bungalow	Feeehold	0.33	3,114	1,670,843	07 July 1993/ 12 February 2015	68
3.	Lot 50575 Grant 12754 Mukim of Kuala Lumpur Wilayah Persekutan	Office Building	Freehold	0.59	270,372	49,777,510	17 August 1995	19
	Sub Total			**2.02**	**340,094**	**52,275,154**		
	PERCETAKAN KESELAMATAN NASIONAL SDN BHD							
1.	Lot 27306 Section 13, Mukim Kajang District of Hulu Langat Selangor	Industrial land and building	Leasehold expiring 29/09/2086	3.36	250,560	11,573,062	26 January 2006	30
	Sub Total			**3.36**	**250,560**	**11,573,062**		
	CENDANA LAKSANA SDN BHD							
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)	785.39	N/A	27,813,888	6 January 2014/ 20 March 2015	N/A
	Sub Total			**785.39**	**N/A**	**27,813,888**		
	GABUNGAN WARISAN SDN BHD							
1.	PT 4718 H.S(D) 9350 Mukim of Kuala Stong District of Kuala Krai Kelantan	Agriculture	Leasehold expiring 22/07/2112	249.80	N/A	6,400,234	17 October 2014/ 10 March 2015	N/A
	Sub Total			**249.80**	**N/A**	**6,400,234**		

LIST OF PROPERTIES

HELD BY THE GROUP AT 31 MARCH 2017

No.	Location	Description/ Existing Use	Tenure	Land Area (Hectare)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2017 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
	TAKA WORLDWIDE SDN BHD							
1.	PT 6943 H.S(D) 2345 Mukim of Relai District of Gua Musang Kelantan	Agriculture	Leasehold expiring 5/03/2107	202.34	N/A	3,477,762	18 March 2015	N/A
	Sub Total			**202.34**	**N/A**	**3,477,762**		
	ETIKA GANGSA SDN BHD							
1.	PT 6944 H.S(D) 2346 Mukim of Relai District of Gua Musang Kelantan	Agriculture	Leasehold expiring 5/03/2107	202.34	N/A	3,478,159	18 March 2015	N/A
	Sub Total			**202.34**	**N/A**	**3,478,159**		
	R.N.E. PLANTATION SDN BHD							
1.	PT 14352 H.S(D) 16214 Mukim Sungai Siput District of Kuala Kangsar Perak	Agriculture	Leasehold expiring 3/08/2075	2,000.00	N/A	22,645,454	4 December 2015	N/A
	Sub Total			**2,000.00**	**N/A**	**22,645,454**		
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)	19,974.00 115.80	N/A 112,375	5,640,181 969,213	9 April 2007/ 31 December 2014	N/A 12
	Sub Total			**20,089.80**	**112,375**	**6,609,394**		
	GRAND TOTAL			**23,535.05**	**703,029**	**134,273,107**		

ANALYSIS OF SHAREHOLDINGS

AS AT 23 JUNE 2017

SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	225	7.03	2,764	0.00
100 - 1,000	394	12.30	257,098	0.10
1,001 - 10,000	1,606	50.14	7,982,936	3.26
10,001 - 100,000	827	25.82	24,169,629	9.85
100,001 to less than 5% of issued shares	150	4.68	65,666,545	26.77
5% and above of issued shares	1	0.03	147,245,358	60.02
	3,203	100.00	245,324,330	100.00

CATEGORY OF SHAREHOLDINGS

	Category of Shareholders	Shareholders	%	Shareholders	%
1.	Government Agencies/Institutions	1	0.03	7,500	0.00
2.	Bumiputra				
	a. Individual	72	2.25	2,793,271	1.14
	b. Companies	9	0.28	152,817,908	62.29
	c. Nominees	183	5.71	6,663,991	2.72
3.	Non-Bumiputra				
	a. Individual	2,532	79.05	63,624,724	25.94
	b. Companies	63	1.97	8,116,888	3.31
	c. Nominees	200	6.25	6,166,280	2.51
	Malaysian Total	**3,060**	**95.54**	**240,190,562**	**97.91**
4.	Foreign				
	a. Individual	91	2.84	1,799,180	0.73
	b. Companies	3	0.09	184,173	0.08
	c. Nominees	49	1.53	3,150,415	1.28
	Foreign Total	**143**	**4.46**	**5,133,768**	**2.09**
	GRAND TOTAL	**3,203**	**100.00**	**245,324,330**	**100.00**

DIRECTORS' SHAREHOLDINGS

	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
Dato' Roslan bin Hamir	-	-	601,800	0.25
Rezal Zain bin Abdul Rashid	5,000	-	-	-
Dr. Roshayati binti Basir	167,600	0.05	150,383,658	61.30

ANALYSIS OF SHAREHOLDINGS

AS AT 23 JUNE 2017

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	4,152,500	1.70
3.	Wong Yu @ Wong Wing Yu	2,757,800	1.12
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.	Leong Kok Tai	2,252,700	0.92
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)	1,408,400	0.57
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	1,208,200	0.49
14.	Wong Soo Ping	1,117,200	0.46
15	Yeo Khee Huat	1,065,000	0.43
16.	Lee Siew Peng	1,030,000	0.42
17.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C - NR)	974,344	0.40
18.	Ong Teck Peow	964,800	0.39
19.	Introscape Sdn Bhd	917,500	0.37
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Yee Ming	810,000	0.33
21.	Yong Siew Lee	800,000	0.33
22.	Tan Siew Yoke	714,000	0.29
23.	Ong Siok Bee	688,500	0.28
24.	Lim Siew Geok	680,000	0.28
25.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	675,036	0.28
26.	Tan Siew	669,000	0.27
27.	Soh Choo Kean	639,000	0.26
28.	Gan Kho @ Gan Hong Leong	633,100	0.26
29.	Chen Guangxin	630,000	0.26
30.	Yoong Hoi Yen	606,700	0.25

PROXY FORM

FIMA CORPORATION BERHAD
(21185-P)

I / We, ______________________________ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

being a Member / Members of **FIMA CORPORATION BERHAD** ("the Company"), do hereby appoint

______________________________ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him/her ______________________________ NRIC/Company No. ______________________
(Full Name in Capital Letters)

of ____
(Full Address)

as my/our proxy to vote for me/us* and on my/our* behalf at the Forty-Second (42nd) 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 Wednesday, 23 August 2017 at 9.30 a.m.

Please indicate with an "X" whether you wish your votes to be cast for or against the Resolutions. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

No.	Resolutions	For	Against
Ordinary Resolution 1	To declare a single-tier final dividend of 7.5 sen and a single-tier special dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 March 2017 as recommended by the Directors.		
Ordinary Resolution 2	To re-elect Dato' Adnan bin Shamsuddin pursuant to Article 113 of the Company's Constitution.		
Ordinary Resolution 3	To re-elect Dr. Roshayati binti Basir pursuant to Article 113 of the Company's Constitution.		
Ordinary Resolution 4	To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year.		
Ordinary Resolution 5	To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 6	To approve the payment of Directors' remuneration (excluding Directors' fees) for the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 7	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.		
AS SPECIAL BUSINESS			
Ordinary Resolution 8	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
Ordinary Resolution 9	Proposed renewal of the authority for shares buy-back.		
Ordinary Resolution 10	Authority for Encik Rezal Zain bin Abdul Rashid to continue in office as Independent Non-Executive Director of the Company.		
Ordinary Resolution 11	Authority for Dato' Adnan bin Shamsuddin to continue in office as Independent Non-Executive Director of the Company.		
Ordinary Resolution 12	Authority for Datuk Alias bin Ali to continue in office as Independent Non-Executive Director of the Company.		

* Strike out whichever not applicable

No. of Share held
CDS Account No.

....

Signature (If Shareholder is a Corporation, this part should be executed under seal)

Dated this __________ **day of** __________ **2017**

NOTES:

1. A member of the Company entitled to attend and vote at the meeting 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 of the Company 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 twenty four (24) 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 16 August 2017 shall be entitled to attend the Annual General meeting or appoint proxy(ies) to attend and vote on their behalf.
5. The voting at the 42nd AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

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FIMA CORPORATION BERHAD
(21185-P)

STAMP

The Company Secretaries
FIMA CORPORATION BERHAD
(Company No. : 21185-P)
Suite 4.1, Level 4, Block C
Plaza Damansara
No. 45, Jalan Medan Setia 1, Bukit Damansara
50490 Kuala Lumpur

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www.fimacorp.com

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(21185-P)

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