

ANNUAL REPORT 2018

MANUFACTURING DIVISION

Adjusting To The New Normal
Produces a wide range products i.e security and confidential documents for the local and overseas markets
> page 28

PLANTATION DIVISION

Building Momentum
The Group owns 10 estates in Malaysia and Indonesia with a land bank totaling 27,745 hectares
> page 30

SUSTAINABILITY REPORT

We care deeply about our employees, our environment, our product quality and safety, and our communities
> page 35

CHAIRMAN'S STATEMENT

Reflecting on the Group's performance throughout the year

> page 20



REDEFINING BOUNDARIES



GROUP FACTS

FYE2018



Revenue

RM **284.65**
MILLION

Profit Before Tax

RM **63.30**
MILLION

Number of Shareholders
(As at 25 June 2018)

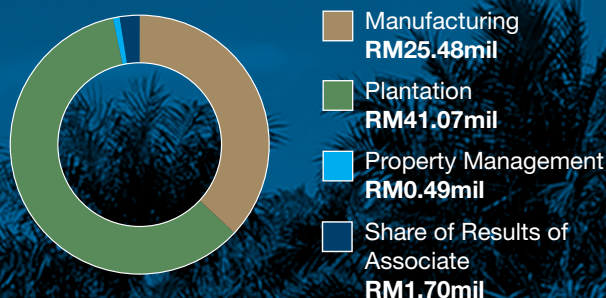
3,255

Employees

1,642



Segmental Profit Before Tax ("PBT")



Employee Breakdown by Gender



Number of Recorded Injuries

Fatality: Zero



Single-Tier Interim Dividend
(29 December 2017)

5.0sen

Single-Tier Final Dividend
(Subject to Shareholders' Approval)

7.5sen



KEY PERFORMANCE

We remains focused on
value to our share
three core objec
profitable revenue
returns on cap
and cash g

FINANCIAL OBJECTIVES

in providing sustainable returns to shareholders through various initiatives – to grow the business, to generate solid returns, to generate solid capital employed and to ensure sustainable generation.

MANUFACTURING DIVISION



STRONG CASH POSITION

RM157.26 RM140.78
MILLION MILLION

PLANTATION DIVISION



TOTAL INTERNAL FFB

175,774 RM138.10
MT MILLION

PROPERTY MANAGEMENT



**Return on Average
Capital Employed**

10.6%

**Return on
Average Equity**

7.3%

RM5.77
MILLION

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PLANTATION DIVISION



MANUFACTURING DIVISION

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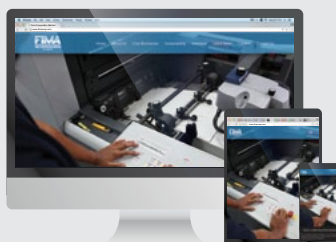
Directory of Group Operation

- Proxy Form



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

The Company is principally an investment holding company with 13 subsidiaries and 1 associate company involved in the manufacturing, plantations and property management segments.



Scan this QR code to find
more information online at
www.fimacorp.com

NOTICE OF 43RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third (43rd) Annual General Meeting (“AGM”) of **FIMA CORPORATION BERHAD** (“FimaCorp” and/or “the Company”) will be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 30 August 2018 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 2018 and the Directors’ and Auditors’ Reports thereon. | Please refer to Note A |
| 2. To approve the payment of final dividend of 7.5 sen under the single-tier system in respect of the financial year ended 31 March 2018. | 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) Encik Rezal Zain bin Abdul Rashid | Resolution 2 |
| (ii) Dato’ Roslan bin Hamir | 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 31 August 2018 until the conclusion of the next AGM of the Company. | Resolution 5 |
| 6. To approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors from 31 August 2018 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 authorize the Directors to fix their remuneration. | Resolution 7 |

SPECIAL BUSINESS

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

- | | |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|
| 8. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE | Resolution 8 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|

“THAT pursuant to Paragraph 10.09 of 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/Statement to Shareholders dated 31 July 2018 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.

NOTICE OF 43RD ANNUAL GENERAL MEETING

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

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

whichever is the earlier;

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

9. PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE 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 FimaCorp ("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 which may be dealt with in accordance with Section 127(7) of the Act; or
- (iii) retain part of the FimaCorp Shares so purchased as treasury shares and cancel the remainder of the FimaCorp Shares,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa 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;

NOTICE OF 43RD ANNUAL GENERAL MEETING

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

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

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the 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 9 years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company.”
- (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 9 years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company.”

Resolution 10

Resolution 11

11. SPECIAL RESOLUTION - PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY IN PLACE OF THE EXISTING MEMORANDUM & ARTICLES OF ASSOCIATION (“PROPOSED NEW CONSTITUTION”)

Resolution 12

“THAT approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Part C of the Circular/Statement to Shareholders dated 31 July 2018, in place of the existing Memorandum & Articles of Association; AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts necessary to give effect to the Proposed New Constitution.”

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

NOTICE OF 43RD ANNUAL GENERAL MEETING**NOTICE OF DIVIDEND ENTITLEMENT**

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 43rd AGM to be held on 30 August 2018, a single-tier final dividend of 7.5 sen for the financial year ended 31 March 2018 will be paid on 20 September 2018 to Depositors whose names appear in the Record of Depositors on 3 September 2018.

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 3 September 2018 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)

FADZIL BIN AZAHA (MIA 20995)

Company Secretaries

Kuala Lumpur

31 July 2018

(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. 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 12 months immediately after the distribution is made on 20 September 2018 in accordance with the requirements under Section 132(2) and (3) of the Act.

(III) Resolutions 2 and 3

Article 113 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office once at least in each 3 years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

The profiles of the retiring Directors are set out in the Profile of Directors of the Company's Annual Report 2018.

The Board endorsed that the Directors who retire in accordance with Article 113 of the Company's Constitution are eligible to stand for re-election.

NOTICE OF 43RD ANNUAL GENERAL MEETING

(IV) 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 43rd AGM on the following payments to Directors in 3 separate resolutions as below:-

- **Resolution 4** on payment of Directors' fees for the ensuing financial year.
- **Resolution 5** on payment of Directors' fees for the Non-Executive Directors ("NEDs") who sit on the Board of Directors of subsidiary companies from 31 August 2018 until the conclusion of the next AGM of the Company.
- **Resolution 6** on payment of Directors' remuneration from 31 August 2018 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	Meeting Allowance	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	RM6,000	RM2,000	N/A
	Member of Nomination and Remuneration Committee	N/A	RM2,000	N/A
	Member of Sustainability Committee	N/A	RM2,000	N/A
	Member of Risk Management Committee	N/A	RM2,000	N/A

Subsidiaries

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

NOTICE OF 43RD ANNUAL GENERAL MEETING

The Directors' fees were last increased in FYE2014.

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

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

(V) Resolution 7

The Board had at its meeting held on 28 May 2018 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.

(VI) 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 Shares Buy-Back Authority is set out in the Circular/Statement to Shareholders dated 31 July 2018 which is circulated together with the Company's Annual Report 2018.

(c) Resolutions 10 and 11

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

<u>Directors</u>	<u>Appointed on</u>
(i) Encik Rezal Zain bin Abdul Rashid	25 June 2002
(ii) Dato' Adnan bin Shamsuddin	20 May 2003

NOTICE OF 43RD ANNUAL GENERAL MEETING

The Nomination and Remuneration Committee and the Board, through the annual assessment carried out for the financial year ended 31 March 2018, 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 Board and Committees Meetings for an informed and balanced decision making; and
- (e) Have exercised due care during their tenure as Independent Non-Executive Director of the Company and carried out professional duties in the interest of the Company and shareholders.

(d) Resolution 12

The Special Resolution 12, if passed, will streamline the Company's Constitution with the new provisions of the Act, amendments made to the MMLR and enhance administrative efficiency. The Board proposed that the existing Memorandum & Articles of Association be amended in its entirety by the replacement of a new Constitution in view of the substantial amount of the amendments. The Proposed New Constitution shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 43rd AGM.

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 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 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 23 August 2018 shall be eligible to attend the 43rd AGM or appoint proxy(ies) to attend and/or vote on their behalf.
5. The voting at the 43rd 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:-
 - a. Encik Rezal Zain bin Abdul Rashid
 - b. Dato' Roslan bin Hamir
2. The Directors who are continuing to act as Independent Non-Executive Director are:-
 - a. Encik Rezal Zain bin Abdul Rashid
 - b. Dato' Adnan bin Shamsuddin

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 43rd 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 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

Dato' Adnan bin Shamsuddin

Member

Datuk Alias bin Ali

Member

NOMINATION & REMUNERATION COMMITTEE

Datuk Alias bin Ali

Chairman

Rezal Zain bin Abdul Rashid

Member

Dato' Adnan bin Shamsuddin

Member

COMPANY SECRETARIES

Jasmin binti Hood

LS 0009071

Fadzil bin Azaha

MIA 20995

REGISTERED OFFICE

Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Tel : +603-2092 1211
Fax : +603-2092 5932
E-mail : fima@fimacorp.com
Website : www.fimacorp.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : +603-7849 0777
Fax : +603-7841 8151/52

STOCK EXCHANGE LISTING

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

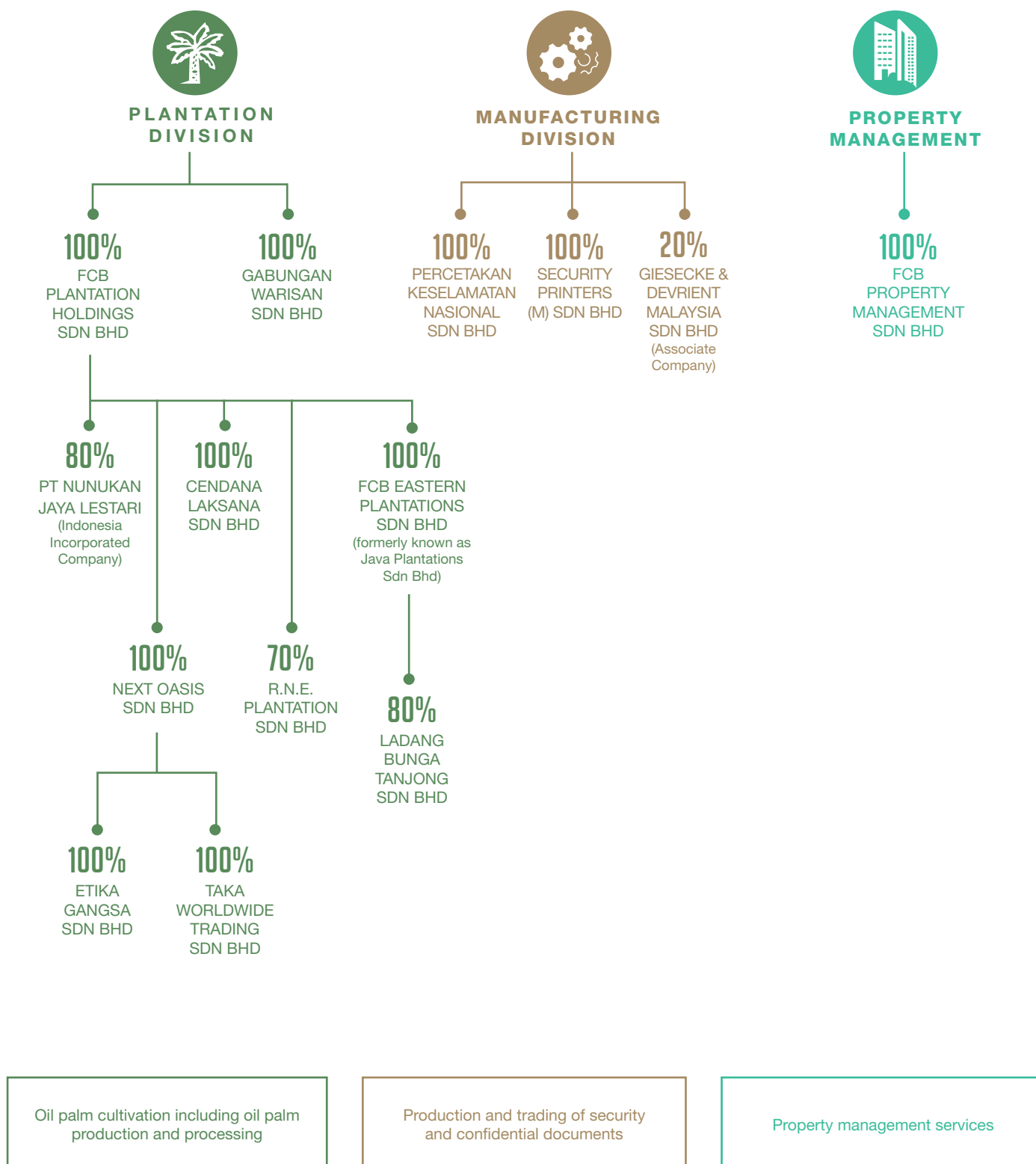
AUDITORS

Messrs. Hanafiah Raslan & Mohamad

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

GROUP CORPORATE STRUCTURE



FINANCIAL CALENDAR



1 April 2017 to
31 March 2018

Financial Year



Issued
31 July 2018

Annual Report



To be held
30 August 2018

Annual General Meeting

RESULTS

First Quarter Announced
22 August 2017

Second Quarter Announced
22 November 2017

Third Quarter Announced
20 February 2018

Fourth Quarter Announced
30 May 2018

DIVIDENDS

Interim Dividend

Announced
22 November 2017

Entitlement date
8 December 2017

Payment date
29 December 2017

Final Dividend

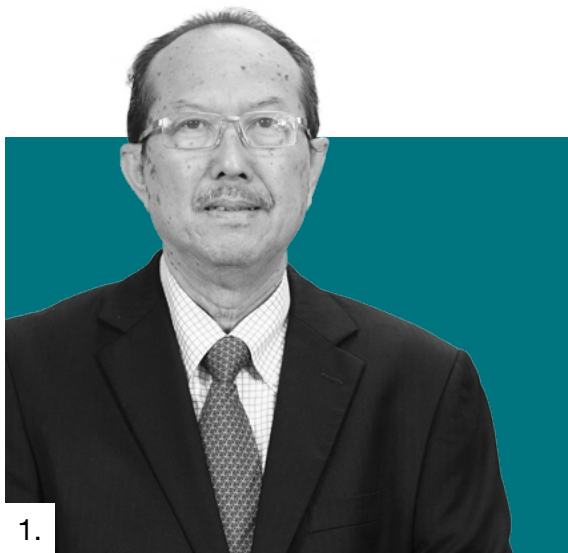
*(Subject to the approval of the shareholders at
the 43rd Annual General Meeting)*

Announced
30 July 2018

Entitlement date
3 September 2018

Payment date
20 September 2018

PROFILE OF DIRECTORS



1.



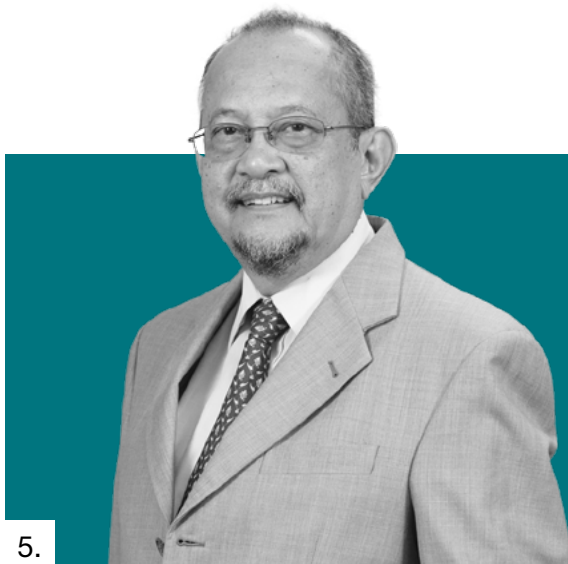
2.



3.



4.



5.

1. Dato' Adnan bin Shamsuddin

Chairman / Independent Non-Executive Director

2. Dato' Roslan bin Hamir

Managing Director / Non-Independent Executive Director

3. Rezal Zain bin Abdul Rashid

Senior Independent Non-Executive Director

4. Dr. Roshayati binti Basir

Non-Independent Non-Executive Director

5. Datuk Alias bin Ali

Independent Non-Executive Director

PROFILE OF DIRECTORS

Dato' Adnan bin Shamsuddin**71 years of age, Male, Malaysian**

Chairman / Independent Non-Executive Director

Date of Appointment:

20 May 2003

Date of Last Re-election:

23 August 2017

Academic / Professional Qualification(s):

- B.A (Hons) Second Class Upper in Economics, University of Malaya
- M.A Economics, University of Southern California

Past Appointment(s):

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

Present Directorship(s) of Public and Listed Companies:

NIL

Membership of Board Committee(s):

- Audit Committee
- Nomination and Remuneration Committee

Securities holdings in the Company:

NIL

Family relationship with any director and/or major shareholder of the Company:

NIL

List of convictions for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

Board meeting attendance during the financial year:

6/6

Dato' Roslan bin Hamir**51 years of age, Male, Malaysian**

Managing Director / Non-Independent Executive Director

Date of Appointment:

8 December 1998

Date of Last Re-election:

24 August 2016

Academic / Professional Qualification(s):

- ACCA with Bachelor of Arts (Honours) in Accounting and Finance

Past Appointment(s):

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

Present Directorship(s) of Public and Listed Companies:

- Group Managing Director, Kumpulan Fima Berhad
- Chairman and Director, Narborough Plantations Plc
- Director, Fima Bulking Services Berhad (non-listed)
- Director, Malaysian Transnational Trading (MATTRA) Corporation Berhad (non-listed)

Membership of Board Committee(s):

NIL

Securities holdings in the Company:

Please refer to Disclosure of Directors' interests in the Financial Statements

Family relationship with any director and/or major shareholder of the Company:

NIL

List of convictions for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:

NIL

Board meeting attendance during the financial year:

6/6

PROFILE OF DIRECTORS

Rezal Zain bin Abdul Rashid

51 years of age, Male, Malaysian

Senior Independent Non-Executive Director

Date of Appointment:

25 June 2002

Date of Last Re-election:

22 September 2015

Academic / Professional Qualification(s):

- Bachelor of Arts (Accounting) Degree, University of Canberra, Australia
- Member, Malaysian Institute of Accountants
- Member, CPA Australia

Past Appointment(s):

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

Present Directorship(s) of Public and Listed Companies:

- Independent Non-Executive Director, Matrix Concepts Holdings Berhad

Membership of Board Committee(s):

- Audit Committee (*Chairman*)
- Nomination and Remuneration Committee

Securities holdings in the Company:

Please refer to Disclosure of Directors' interests in the Financial Statements

Family relationship with any director and/or major shareholder of the Company:
NIL

List of convictions for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:
NIL

Board meeting attendance during the financial year:
6/6

Dr. Roshayati binti Basir

54 years of age, Female, Malaysian

Non-Independent Non-Executive Director

Date of Appointment:

23 November 2009

Date of Last Re-election:

23 August 2017

Academic / Professional Qualification(s):

- MBBS (Mal), University of Malaya
- Master in Med. Radiology, Universiti Kebangsaan Malaysia
- Member, Academy of Medicine (Malaysia)

Past Appointment(s):

- Medical Intern, Hospital Kuala Lumpur (1989-1990)
- Medical Officer (Surgery), Universiti Kebangsaan Malaysia (1990-1992)
- Trainee Radiologist, Universiti Kebangsaan Malaysia (1992-1996)
- Radiologist, Hospital Kuala Lumpur (1996)
- Consultant Radiologist Sunway Medical Centre (2002-present)

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

Membership of Board Committee(s):
NIL

Securities holdings in the Company:
Please refer to Disclosure of Directors' interests in the Financial Statements

Family relationship with any director and/or major shareholder of the Company:
Sister of Rozana Zeti binti Basir, a Director of Fima Metal Box Holdings Sdn Bhd, a major shareholder of the Company

List of convictions for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:
NIL

Board meeting attendance during the financial year:
6/6

Datuk Alias bin Ali

70 years of age, Male, Malaysian

Independent Non-Executive Director

Date of Appointment:

26 August 2004

Date of Last Re-election:

24 August 2016

Academic / Professional Qualification(s):

- Bachelor of Economics (Hons), University of Malaya
- Master in Business Management, Asian Institute of Management, Philippines
- London Executive Program, London Business School
- Diploma in Homeopathic Medicine, PPHM

Past Appointment(s):

- Deputy Director, Operations & Training, Public Services Department (1980-1985)
- Director, Industrial Development Division, Ministry of International Trade and Industry (1987-1989)
- Deputy Secretary General (Cabinet), Prime Minister's Department (1990-2000)
- Secretary General, Ministry of Health (2000-2004)
- Member, Securities Commission Malaysia (2004-2006)

Present Directorship(s) of Public and Listed Companies:

- Independent Non-Executive Director, Melati Ehsan Holdings Berhad

Membership of Board Committee(s):

- Nomination and Remuneration Committee (*Chairman*)
- Audit Committee

Securities holdings in the Company:
NIL

Family relationship with any director and/or major shareholder of the Company:
NIL

List of convictions for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during financial year:
NIL

Board meeting attendance during the financial year:
6/6

PROFILE OF KEY SENIOR MANAGEMENT



NAZARUDDIN BIN MOHD HADRI (51 years of age, Male, Malaysian)

*Chief Operating Officer
Executive Director, Operations,
Percetakan Keselamatan Nasional Sdn Bhd*

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 ("KFima").

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.

DZAKWAN BIN MANSORI (56 years of age, Male, Malaysian)

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

Advanced Diploma in Accountancy, MARA
University of Technology

He joined Fima Securities Sdn Bhd, a stock-broking arm of KFima in 1997 as Vice President of Institutional Business. His last position was Vice President of Finance and Operations before moving to PKN, the Group's subsidiary, in 2001 to head the Planning and Purchasing Division. In 2005, he was promoted to 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).



PROFILE OF KEY SENIOR MANAGEMENT



MOHD RIZAL BIN MAT NOR (50 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 ("PTNJL") in Indonesia in 2006 as Senior Manager before being appointed as PTNJL'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 PTNJL, he also sits on the Board of several other FimaCorp Group's subsidiaries.

JASMIN BINTI HOOD (45 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, 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 as 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 Berhad 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.



FADZIL BIN AZAHA (41 years of age, Male, Malaysian)

Company Secretary

Bachelor in Accounting (Hons), Northern University of Malaysia
Certified Practising Accountant of CPA Australia
Chartered Accountant of the Malaysian Institute of Accountants

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

He has 19 years of working experience in accounting, finance, treasury, auditing and corporate advisory. Prior to joining KFima Group, he was a Senior Manager (Assurance and Business Advisory) of Ernst & Young Malaysia.

Notes:-

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

5

YEAR GROUP FINANCIAL HIGHLIGHTS

REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



TOTAL ASSETS (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



FINANCIAL YEAR ENDED 31 MARCH (RM'000)

	2014	2015	2016	2017	2018
REVENUE	348,382	378,014	375,207	372,101	284,646
PROFIT					
Profit before taxation	101,246	87,827	77,300	61,261	63,303
Profit after taxation	71,994	60,305	54,872	35,007	42,211
(Loss)/profit attributable to non-controlling interests	4,294	4,544	3,590	(2,708)	6,101
ASSETS AND LIABILITIES					
Total assets	598,773	712,804	684,559	715,338	639,904
Total liabilities	83,316	152,285	102,171	128,538	74,618
Financed by:					
Shareholders' funds	489,470	530,529	554,247	561,385	546,648
Non-controlling interest	25,987	29,990	28,141	25,415	18,638
* Net asset per share (RM)	6.08	2.20	2.30	2.33	2.27
* EARNINGS AND DIVIDEND					
Earnings per share	84.10 sen	36.15 sen	21.24 sen	15.64 sen	14.98 sen
Dividends per share - Gross	35.0 sen	12.5 sen	12.5 sen	17.5 sen	12.5 sen
Dividends per share - Net	35.0 sen	12.5 sen	12.5 sen	17.5 sen	12.5 sen
SHARE PRICES					
Transacted price per share (RM)					
(i) Before share split					
Highest	8.40	9.72	N/A	N/A	N/A
Lowest	5.62	7.80	N/A	N/A	N/A
(ii) After share split					
Highest	N/A	2.99	2.84	2.33	2.36
Lowest	N/A	2.14	2.09	2.02	1.95

*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 were credited as fully paid-up on the basis of one (1) bonus share for every two (2) subdivided shares, exclude treasury shares.

CHAIRMAN'S STATEMENT

“

Our value proposition to our stakeholders is clear; we have moved our Company to segments with strong growth and our portfolio is balanced between growth and profitability.

”

**DATO' ADNAN BIN
SHAMSUDDIN**

Chairman / Independent
Non-Executive Director



“

The Group's Profit Before Tax ("PBT") increased to RM63.30 million compared to RM61.26 million recorded last year.

It is noteworthy that the Plantation Division is continuing to drive strong revenue growth, having contributed over 48.5% of the Group's revenue for the year (FYE2017: 35.8%).

”

Dear Shareholders,

The first part of FYE2018 was a particularly challenging period for the Group with a variety of factors developing negatively as the year progressed, in particular, the expiration of a major supply contract for our manufacturing subsidiary and the initial outcome of our Indonesian subsidiary PT Nunukan Jaya Lestari's ("PTNJL") legal suit. The matter is currently pending before the Mahkamah Agung whose decision is expected in the coming months.

When there are so many unexpected external variables affecting business, the only constants are the values that guide our day-to-day actions. For that reason, the theme of this Annual Report focuses on our employees, the people who apply those values through their actions and resolve amid a variety of pressures.

RESULTS

The diverse nature of the Group's operations continued to provide underlying support through the current macro-economic conditions and highly competitive market.

Group revenue decreased 23.5% to RM284.65 million (FYE2017: RM372.10 million). Revenue gains from the improved performance of Plantation Division had been materially offset by the marked decline in Manufacturing Division's revenue impacted by the expiration of a major supply contract. The Group's PBT increased to RM63.30 million compared to RM61.26 million recorded last year.

It is noteworthy that the Plantation Division is continuing to drive strong revenue growth, having contributed over 48.5% of the Group's revenue for the year (FYE2017: 35.8%).

The results we're seeing today reflect the overall soundness of our strategy. A few years ago, we made the decision to reposition our portfolio and expand the Group's plantation land banks in order to improve the Group's earnings profile. The benefits of our greenfield acquisition over recent years are gradually being realized. As you can see, Plantation Division is moving toward their long-term growth with more areas attaining maturity which gives us confidence that the investments we have been making are the right ones and will drive our future growth on both our top and bottom lines.

RM284.65mil

GROUP REVENUE

RM63.30mil

GROUP PROFIT BEFORE TAX

RM63.41mil

GROUP EARNINGS BEFORE
INTEREST AND TAX



CHAIRMAN'S STATEMENT

REVENUE

	FYE2017 (RM'Million)	FYE2018 (RM'Million)
Manufacturing	233.35	140.78
Plantation	133.21	138.10
Property Management	5.54	5.77
TOTAL	372.10	284.65

PBT

	FYE2017 (RM'Million)	FYE2018 (RM'Million)
Manufacturing	59.61	25.48
Plantation	(0.55)	41.07
Share of Results of Associate	2.69	1.70
Property Management	0.77	0.49
Others	(1.26)	(5.44)
TOTAL	61.26	63.30

Group Earnings Before Interest and Taxation ("EBIT") increased 3.4% to RM63.41 million. Earnings per share and net assets per share stood at 14.98 sen and RM2.27, respectively.

As at 31 March 2018, we have cash and bank balances of RM165.60 million and short term cash investments of RM43.88 million. Our capital expenditures totalled RM9.91 million.

A more detailed review of the results and the operating performance for the year of each of the Group's business divisions is presented on pages 28 to 34 of this Annual Report.

DIVIDEND

The Board is pleased to recommend for shareholders' approval a final single-tier dividend of 7.5 sen per share for the financial year ended 31 March 2018 at the forthcoming Annual General Meeting. If approved at the forthcoming Annual General Meeting, the dividend will be paid on 20 September 2018 to shareholders whose names appear on the register as at 3 September 2018.

SUSTAINABILITY

Besides improving our financial outcomes, we are also stepping up our sustainability aspirations. FYE2018 has been a busy year for our sustainability programme as we have been formalising and communicating our approach. There is still much to do but we are happy with the progress that has been made; in particular, the support our employees have given. In the coming year, we will give higher profile to the communication of different aspects of our sustainability programme to our employees as we intend to set measurable environmental targets.

KEY FOCUS AREAS

Our strategic plan remains the same, which is to create meaningful growth in each of our business segments and to deliver sustainable returns by organic and expansionary growth, solid return on capital employed and strong cash generation; to be supported by cost control and efficient practices across the Group. Looking to the immediate future our priorities will therefore be on growing the bottom line through improving operational efficiencies and ensuring timely completion of projects under development. We are also investing in technology and systems to provide the platform that will allow the Group to grow through better management information.

Over the mid to long term, we remain acquisitive in nature and will continue to seek and pursue opportunities to fulfil our growth ambitions, but as always, such acquisitions will be considered provided they meet the Group's investment returns criteria and the Board has comfort in the Group's gearing and funding capacity.

Acquisition of Java Plantations Sdn Bhd (now known as FCB Eastern Plantations Sdn Bhd)

DETAILS OF THE ACQUISITION

FCB Plantation Holdings Sdn Bhd ("FCBPH") entered into an agreement with Java Berhad on 6 October 2017 to acquire Java Plantations Sdn. Bhd. ("JPSB"). JPSB is an investment holding company having an 80% stake in Ladang Bunga Tanjung Sdn. Bhd., a joint venture company with Kumpulan Pertanian Kelantan Berhad, which operates an oil palm plantation held under the Individual Title Geran 36415, Lot 2429, Mukim Lubok Bongor, Jajahan Jeli, Kelantan measuring approximately 3,290 acres or 1,331 hectares. The lease period for the land is for 66 years and expiring on 28 September 2069. Under the terms of the agreement, FCBPH has also assumed Java Plantations' trade and other payables and liabilities totalling RM29.18 million. The fair value of the net assets acquired was RM4.89 million (excluding the shares of the non-controlling interest) resulting in a negative goodwill on acquisition of RM275,000.

The acquisition was completed on 20 February 2018 and the effective price paid for the acquisition is RM10,255 per acre.

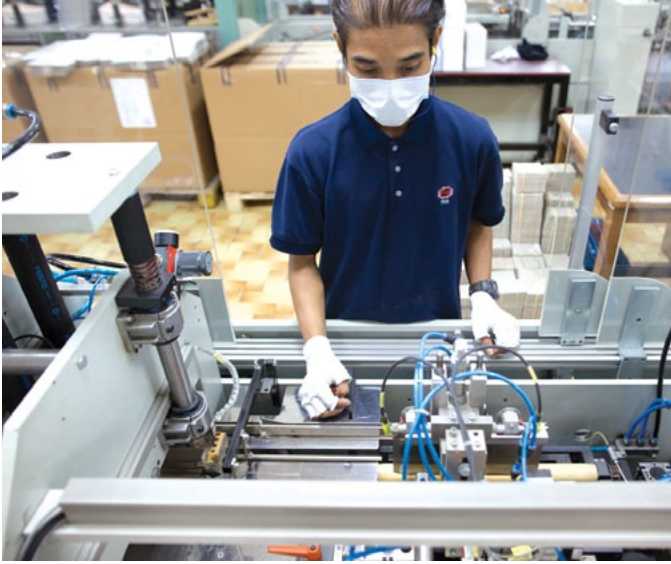
BENEFITS OF THE ACQUISITION

The acquisition would enable the Group to realise its strategy to expand its plantation business in Malaysia and capitalise on the bright prospects of the palm oil industry, which would provide a broader earnings base for the Group.

PROGRESS MADE SO FAR

Rehabilitation works on 566 hectares are ongoing to-date. Replanting works will commence this current financial year and scheduled to be completed by next financial year.

CHAIRMAN'S STATEMENT



As you know, PTNJL was served with an order from the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional revoking PTNJL's land title ("HGU") ("Ministerial Order") 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. I am sure shareholders are also aware that PTNJL is challenging the Ministerial Order and vigorously defending the HGU in the Indonesian courts. The ultimate outcome of the suit cannot presently be determined as PTNJL's appeal is currently pending before the Mahkamah Agung. Should developments result in a final adverse judgement, the Board does not anticipate that it will have further material impact on the Group's balance sheet moving forward as we have recognised a gross impairment loss of RM44.74 million on property, plant and equipment and biological assets in last year's results. However, future earnings may be affected.

BOARD AND SENIOR MANAGEMENT SUCCESSION

On 13 July 2018, we announced that Datuk Alias bin Ali will be retiring from his position as Independent Non-Executive Director at the conclusion of the AGM. Datuk Alias was appointed to the Board in August 2004 and during his tenure he has been an invaluable asset. On behalf of the Board and all Group employees, I would like to record our thanks to Datuk Alias for his valuable insights and important contributions to the Board and the Committees on which he served.

We are looking to add further to the Board's membership, to ensure we continue to have the right mix of skills and experience to address the challenges faced by our businesses in the ever-evolving environment in which we operate. In doing so, we will continue to take into account the principles of diversity, notwithstanding that we will always seek to appoint the most suitable candidate.

I would also like to express my appreciation to Susan Lee Mo Leng, who retired from her position as Chief Financial Officer and Company Secretary in end October 2017 after 38 years of dedicated and outstanding service. We thank her for her leadership and loyal service which have made a lasting contribution to the strength of the Group. Fadzil bin Azaha, is the Chief Financial Officer of our penultimate holding company Kumpulan Fima Berhad since January 2016, has succeeded her as Company Secretary while Muhammad Fadzilah Bin Abdul Ra'far has been appointed as the Company's new Financial Controller.

In the circumstances, the Group is undertaking a process to refresh the Board and appoint new non-executive directors, taking into account internal and external considerations. We expect be in a position to conclude this exercise by the end of this current financial year.

PROSPECTS

We continue to see value in the underlying strengths of our businesses. Even though the Group has solid fundamentals, the environment in which we operate is clearly changing. While the outlook for Plantation appears more positive, our Manufacturing business remains challenged. As a result, we remain cautiously optimistic for this current financial year.

Our value proposition to our stakeholders is clear; we have moved our Company to segments with strong growth and our portfolio is balanced between growth and profitability. We recognise that not every industry segment or geographic market will be consistently strong year after year, so in order to reduce the Group's earnings volatility, we took—and continue to take—decisive steps to counteract ongoing headwinds and build on our accomplishments. We are confident that the quality of our assets and strong balance sheet along with the investments and other initiatives we are making across our businesses will create a resilient platform that can drive both the top-line and bottom line. We have a strong foundation from which to grow and essential to long-term value creation.

APPRECIATION & ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to close by thanking our employees, suppliers, business partners and other stakeholders for their contribution in the past year. Their efforts and support are vital to the success of the Group.

Thank you.

DATO' ADNAN BIN SHAMSUDDIN

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

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

Fima Corporation Berhad is an investment holding company with subsidiaries principally involved in manufacturing, plantation and property management. The businesses are spread across Malaysia and Indonesia. The Group currently employs 1,642 people and has approximately 24,745 hectares of plantation land.

Group Strategic Overview

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



PROFITABLE REVENUE GROWTH

The Group aims to grow revenue in a 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 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 four strategic drivers which provide competitive advantage to the Group and act as a guideline to direct strategy formulation and implementation by the businesses within the Group.



MAINTAIN PRUDENT FINANCIAL PROFILE



STRENGTHEN CORE BUSINESSES



LEVERAGE ON MARKET OPPORTUNITIES

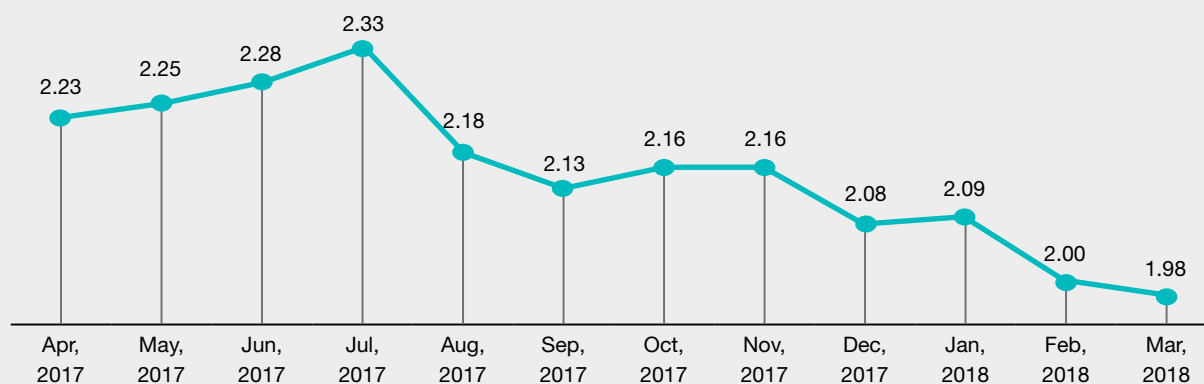


ESTABLISH STRONG PILLARS FOR FUTURE GROWTH

MANAGEMENT DISCUSSION AND ANALYSIS

KEY FINANCIAL ANALYSIS

One Year Average Monthly Closing Price (RM)



HIGH	2.25	2.27	2.32	2.36	2.35	2.21	2.18	2.22	2.16	2.14	2.10	2.02
LOW	2.20	2.14	2.20	2.22	2.17	2.12	2.12	2.13	2.06	2.01	1.98	1.95

During the year under review, the highest and lowest share price transacted were RM2.36 and RM1.95, respectively. The highest share volume transacted was in May 2017 with total volume of 1.52 million shares.

KEY FINANCIAL INDICATORS

		FYE2017	FYE2018	% Change
Revenue	RM' Million	372.10	284.65	(23.5)
Cost of Sales (COS)	RM' Million	229.65	169.23	(26.3)
Gross Profit	RM' Million	142.45	115.42	(19.0)
Gross Profit Margin	%	38.3	40.6	5.7
Earnings Before Interest and Taxation ("EBIT")	RM' Million	61.34	63.41	3.4
Profit Before Tax ("PBT")	RM' Million	61.26*	63.30	3.3
Profit After Tax ("PAT")	RM' Million	35.01	42.21	20.6
Return on Average Shareholders' Equity ("ROAE")	%	6.0	7.3	21.6
Return on Average Capital Employed ("ROACE")	%	10.1	10.6	5.0
Total Returns to Shareholders				
- Dividend Per Share	sen	17.5	12.5**	(28.6)
Retained Earnings	RM' Million	449.56	443.80	(1.3)
Total Assets	RM' Million	715.34	639.90	(10.6)
Total Liabilities	RM' Million	128.54	74.62	(42.0)
Capital Employed	RM' Million	608.09	587.58	(3.4)

* Without the impairment losses of RM29.37 million related property, plant and equipment and biological assets, the Group's PBT would be RM90.63 million.

** Subject to shareholders' approval on the single-tier final dividend of 7.5 sen.

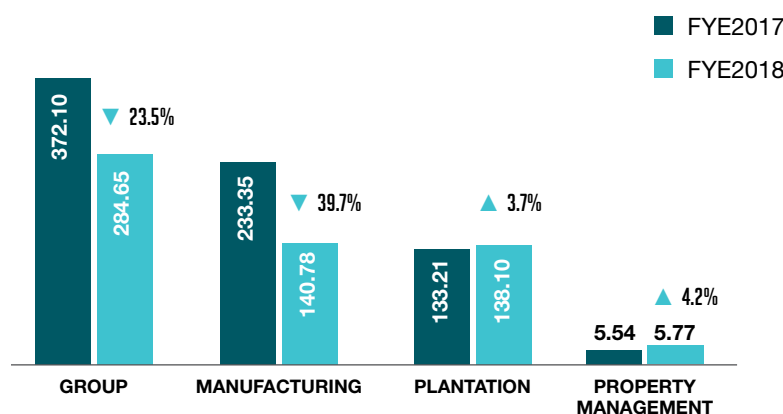
MANAGEMENT DISCUSSION AND ANALYSIS

Segmental Revenue Analysis

GROUP REVENUE

RM284.65 MILLION

23.5% DECREASE Y-O-Y (FYE2017: RM372.10 Million)



Group revenue decreased by 23.5% to RM284.65 million from RM372.10 million in FYE2017 mainly due to the sharp decline in Manufacturing Division's revenue impacted by the expiration of a major supply contract, thereby offsetting the revenue improvements of the Plantation Division which increased by 3.7% y-o-y. Growth in the Group's FFB production from 131,484 MT harvested last year to 175,774 MT resulting from better yield per mature hectare of 25.2 MT (FYE2017: 20.5 MT) was the key driver behind Plantation Division's improved results.

During the year, the Group's **PBT** improved by 3.3% to RM63.30 million from RM61.26 million recorded in the previous year on the back of improved PBT contributions from the Plantation Division which stood at RM41.07 million compared to a loss of RM0.55 million last year. Manufacturing Division posted PBT of RM25.48 million, representing a 57.3% decline y-o-y, due to the sharp decline in revenue resulting from the expiration of a major supply contract.

Segmental Profit Before Tax ("PBT") Analysis

GROUP PBT

RM63.30 MILLION

3.3% INCREASE Y-O-Y (FYE2017: RM61.26 Million)

	FYE2017 RM'million	Contribution %	FYE2018 RM'million	Contribution %
Manufacturing	59.61	97.3	25.48	40.3
Plantation	(0.55)	(0.9)	41.07	64.9
Share of Results of Associate	2.69	4.4	1.70	2.7
Property Management	0.77	1.3	0.49	0.7
Others	(1.26)	(2.1)	(5.44)	(8.6)
Group Results	61.26	100	63.30	100

FINANCIAL RESOURCES AND LIQUIDITY

The Group's **Retained Earnings** FYE2018 stood at RM443.80 million against RM449.56 million in the previous year. The variance was due to the dividend payment of RM42.20 million compared to the profit attributable to the equity holders of the Company of RM36.11 million.

Gross Profit for the Group also declined by 19.0% to RM115.42 million from RM142.45 million on the back of lower revenue registered during the financial year. The decrease in revenue is mainly attributable to decline in revenue contribution from Manufacturing by 39.7%.

The Group recorded higher **Gross Profit Margin** by 2.3% from last year (FYE2017: 38.3%) due to improved result in Plantation Division. The division

MANAGEMENT DISCUSSION AND ANALYSIS

registered 48.4% of gross profit margin against 43.2% last year due to higher yield per hectare coupled with lower depreciation and amortisation on property, plant and equipment and biological assets.

At the **PAT** level, profit increased to RM42.21 million from RM35.01 million due to lower tax expenses during the year. Taxation charged for the year decreased to RM21.09 million from RM26.25 million recorded in the previous year. In FYE2017, the Group recorded higher effective tax rate of 42.9% as compared to effective tax rate of 33.3% during the year mainly due to certain expenses such as impairment on property, plant and equipment and biological assets not being allowed for tax deduction.

Group Profit Attributable to Equity Holders of the Company for the period amounted RM36.11 million (FYE2017: RM37.72 million) representing a decreased of 4.3%. Basic earnings per share was 14.98 sen based on weighted average 241.12 million shares (FYE2017: 15.64 sen based on 241.12 million shares).

Return on Average Equity (ROAE) for FYE2018 was 7.3% (FYE2017: 6.0%) is based on an average shareholders' equity of RM576.04 million (FYE2017: RM584.59 million).

Capital employed is the total amount of capital utilises to generate profits. **Return on Average Capital Employed ("ROACE")** during FYE2018 improved to 10.6% from 10.1% recorded in the previous financial year.

The Group's **Cash and Bank Balances and Short Term Cash Investments** stood at RM209.48 million in total, 37.7% lower from a year ago of RM336.31 million mainly due to net cash used in investing and financing activities namely, payment of dividends amounting to RM50.57 million, repayment of borrowings and net purchase consideration of the Group new subsidiary FCB Eastern Plantations Sdn Bhd (formerly known as Java Plantations Sdn Bhd) amounting to RM29.03 million and RM4.56 million, respectively, CAPEX of RM9.91 million and net cash used in operating activities of RM34.30 million.

Net Cash Flow Generated from Operating Activities recorded deficit of RM34.30 million despite generating operating profit of RM61.93 million resulting from net changes in receivables and payables balances. Receivables recorded in FYE2017 compared to FYE2018 by RM24.82 million due to payment received towards end of FYE2017. The proceeds were subsequently used to pay various suppliers, which as a consequence reduced the Group's trade and other payables by RM43.78 million in FYE2018. The Group also paid RM21.39 million in taxation expenses.

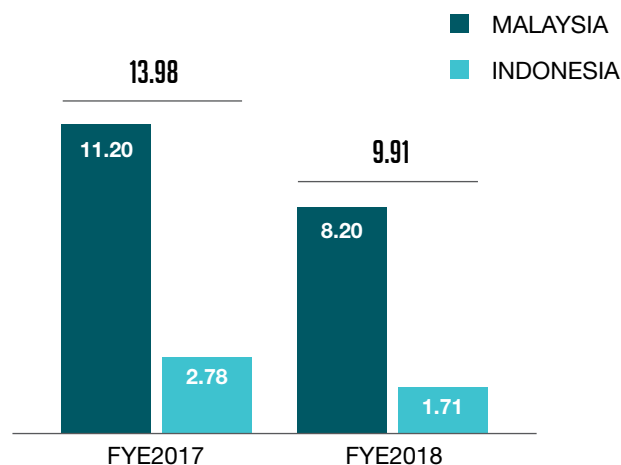
Shareholders' Equity as at 31 March 2018 stood at RM546.65 million, declined by RM14.74 million or 2.6% from the previous financial year mainly due to payment of dividends and translation of forex losses incurred during the year totalling RM42.20 million and RM8.58 million, respectively.

Share of Results of Associate, Giesecke & Devrient Malaysia Sdn. Bhd. declined by 36.9% to RM1.70 million (FYE2017: RM2.69 million).

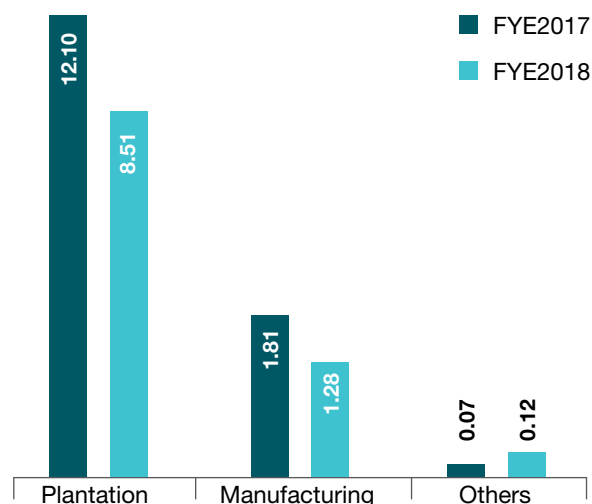
CAPITAL EXPENDITURE ("CAPEX")

The Group maintained a disciplined approach to CAPEX during the year. Total CAPEX decreased from RM13.98 million last year to RM9.91 million and comprised of property, plant and equipment (RM3.77 million) and biological assets expenditure (RM6.14 million). Sources of funds for CAPEX during the year were generated internally. CAPEX incurred during the year was largely towards plantation development works, new planting of oil palm and construction of worker's quarters.

CAPEX by Country (RM' million)



CAPEX by Division (RM' million)





MANUFACTURING DIVISION ADJUSTING TO THE NEW NORMAL

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

REVENUE

RM140.78 MILLION

PROFIT BEFORE TAXATION

RM25.48 MILLION

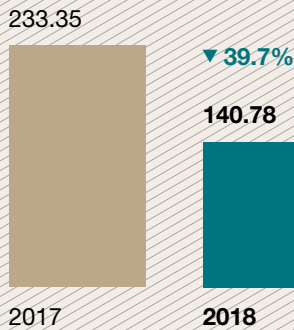
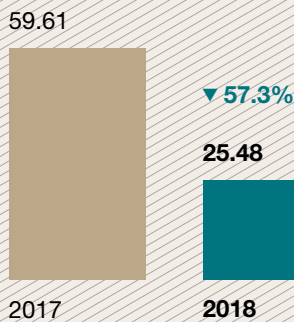
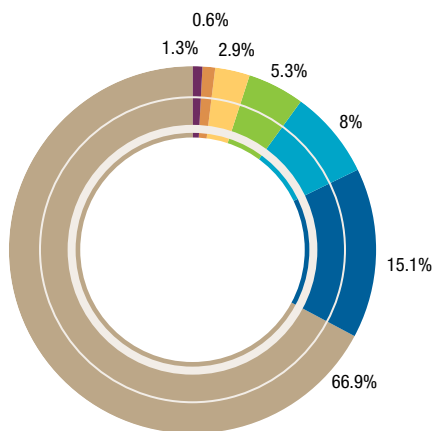
EMPLOYEES

284

ACHIEVED

1,285 days without
any lost time incident

MANUFACTURING DIVISION

Revenue
(RM 'MILLION)Profit Before Tax
(RM 'MILLION)Revenue Contribution
BY PRODUCT

Stamps, Postal & Banking Documents
 Others
 Certificates & Passes
 Confidentials
 Foreign Business
 Travel Documents
 Transport

In FYE2018, the Division registered revenue and PBT of RM140.78 million and RM25.48 million, respectively, a decrease of 39.7% in revenue and 57.3% in PBT compared to the previous year. The decline in revenue and PBT were due in large part to the expiry of a major supply contract for travel documents in Q1 of FYE2018 which in turn led to a significantly lower top-line contributions from this sub-segment i.e. from RM119.79 million last year to RM21.31 million.

The share of results of associate company, Giesecke & Devrient Malaysia Sdn. Bhd. also decreased to RM1.70 million from RM2.69 million last year.

The Division's retained earnings stood at RM250.47 million in FYE2018 (FYE2017: RM273.38 million), providing us with the financial flexibility to seize any new market opportunities as and when they arise. Trade receivables increased by 39.3% y-o-y to RM81.13 million. A significant amount of the trade receivables arises from customers with whom the Division has had a long-term relationship and therefore the Division is of view that there is no significant concentration of credit risk and that the receivables are collectable.

We expect the declining volumes from the travel documents sub-segment to persist. Nevertheless, we see potential in the transport, foreign and confidential documents sub-segments which cumulatively have generated approximately RM112.84 million in revenue, coming in at combined y-o-y growth of 6.6%. We anticipate that volumes from these sub-segments will drive revenue growth and become a larger component of our overall business in the near term. Because products from these sub-segments generally have lower margins than travel documents, we also estimate that despite the said revenue growth, there will be some contraction to the Division's overall gross profit margins before they stabilise and can resurge.

During the year under review, the Division spent RM1.28 million on capital expenditure ("CAPEX") compared to RM1.81 million last year, representing a decrease of 29.3%. CAPEX during

FYE2018 is largely restricted to assets needed to meet or maintain the Division's operational requirements. We had equipped our IT support staff with mobile devices to enhance the way they access, store and report information. Notable gains include reductions in both operational staff time and total management costs, as well as improved customer engagement.

We are acutely aware of competitors targeting our niche markets. Further, we also recognise how rapid changes in technology are revolutionising customer and business expectations thereby forcing changes on traditional business models. This is the "new normal" of our business.

The Division's strong performance over the past many years means expectations are, rightly, set at the highest level. The true test, however, lies in our ability to deliver through economic cycles, adapt to changing customer expectations and industry megatrends. So to address these new norms, we will continue to evolve our business and adjust our portfolio to take advantage of new market opportunities. We have maintained investment in products and services to support our customers and broaden our offerings. We have focused and will continue to focus our efforts on activities and opportunities that can help create sustainable value in a business environment that is vastly different than the last decade. During the year we had reduced the size of our total workforce by 10.8% - a decision that was not taken lightly - in order for the Division to remain competitive at lower levels of economic activity. Cost structures must be aligned with volumes and while rationalising a business is always painful, resetting our cost base will bring future benefits from the eventual upturn in our end markets.

At the same time we are also putting emphasis on strategic partnerships and collaborations built around technology-driven ID and security solutions and services to build capabilities which can open up additional markets and enhance our competitiveness, both local and overseas. We believe these, along with continued focus on efficiency improvements will help create the path for improved results going forward.



PLANTATION DIVISION BUILDING MOMENTUM

The Group owns and operates 10 estates in Malaysia and Indonesia with land bank totaling 24,745 hectares, of which 8,230 hectares have been planted with oil palm.

REVENUE

RM138.10 MILLION

PROFIT BEFORE TAXATION

RM41.07 MILLION

EMPLOYEES

1,011

PTNJL

TOP 50 TAXPAYER

in Nunukan Region

PLANTATION DIVISION

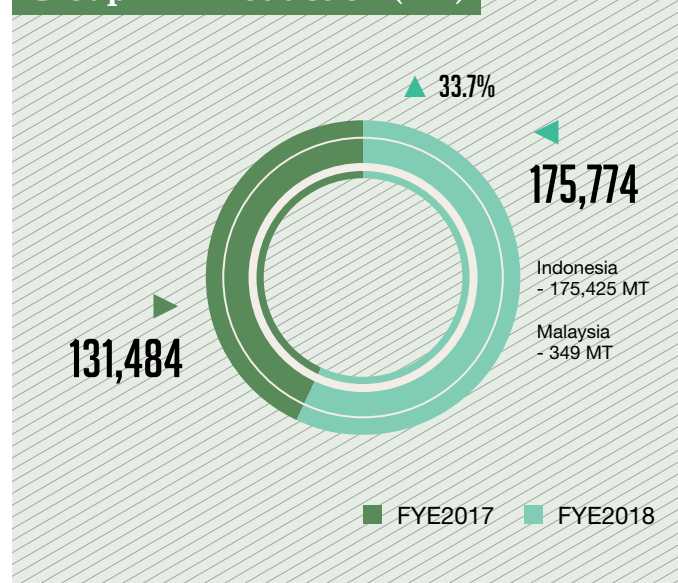
Plantation Division recorded revenue of RM138.10 million for the year ended 31 March 2018, an improvement of 3.7% from RM133.21 million recorded in the previous year. This follows the increase in the Group's fresh fruit bunch ("FFB") production to 175,774 metric tonnes ("MT") compared to 131,484 MT harvested last year due to better Group yield per mature hectare of 25.2 MT (FYE2017: 20.5 MT) which compensated for the decline in the average selling price (CIF, net of duty) realised for CPO during the year of RM2,342 per MT compared to RM2,625 per MT last year. The decline in prices was due largely to the significant increase in global crop production as average palm yields recovers from the effects of El Nino.

PBT was registered at RM41.07 million on the back of higher CPO and CPKO sales volumes compared to previous year's loss of RM0.55 million due to recognition of impairment losses on property, plant and machinery and biological assets in the Group's Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL"). Without the impairment losses, the Division's PBT last year would be RM28.82 million.

Average CPO Price Realised (RM)



Group FFB Production (MT)



FFB produced by PTNJL improved 33.4% to 175,425 MT (FYE2017: 131,484 MT). Meanwhile, FFB purchased from third parties increased to 60,460 MT from 51,853 MT in the previous year. On the back of higher FFB production, FFB production cost declined y-o-y from RM359.56 per MT to RM294.31 per MT and volume of FFB processed improved 28.1% from 183,328 MT to 234,929 MT. Processing costs were also lower at RM28.53 per MT from RM34.90 per MT last year in line with the higher volume of FFB processed.

CPO and CPKO production for the year was 51,887 MT (FYE2017: 41,619 MT) and 4,013 MT (FYE2017: 3,419 MT) respectively. The average oil extraction rate (OER) of 22.1% is lower than last year's rate of 22.7% mainly due to lower crop quality from smallholders and higher rainfall of approximately 4,033.10 mm, the highest in 5 years, which led to excessive moisture in the fruit bunches.

ESTATE DEVELOPMENT

During the year under review, the Division spent RM8.51 million on CAPEX, largely towards plantation development works, purchase/replacements of fixed assets as well as the construction of new worker's quarters. As at 31 March 2018, our housing complexes can accommodate 1,376 workers as a means to address ongoing labour shortages. We are also upgrading the IT systems for our Malaysian estates, with the initial roll-out at Ladang Cendana, which would provide the Group's head office with better visibility and control of operations at various sites.

INDONESIA

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 Mahkamah Agung PTNJL's planted area affected by the Ministerial Order measures approximately 3,692 hectares. It is pleasing to note that to-date, there is no disruption to PTNJL's operations and therefore there is no immediate operational or financial impact on PTNJL. We attribute this to the strong relationship that PTNJL has cultivated and continue to have at the grassroots level through PTNJL's economic and social contributions to the local community over the years.

Should the outcome of the court's decision result in a final adverse judgment, we do not anticipate that it will have further material impact on the Group's balance sheet moving forward as we have recognised a gross impairment loss of RM44.74 million on property, plant and equipment and biological assets in last year's result of which, as shareholders may recall, RM29.37 million and RM11.52 million (net of tax) respectively,

PLANTATION DIVISION



had been charged to other expenses and reversal of revaluation surplus of property, plant and equipment previously recognised, respectively, in the Group's Statements of Comprehensive Income. However, future earnings may be affected.

MALAYSIA

Ladang Cendana, Kemaman, Terengganu

The planting program at Ladang Cendana has been completed and approximately 786 hectares have been planted. Unfortunately, as a consequence of elephant encroachment at the estate during the year, over 17,000 young palms planted between the years 2015-2016 on an area measuring approximately 127 hectares have to be replaced. This will inevitably result in delays before the new palms can be harvested. Estate management is looking at ways to provide a safe wildlife corridor for the elephants and other animals to ensure that they do not wander off their intended course and into neighbouring communal/estate areas.

Ladang Bunga Tanjung, Jeli, Kelantan

During the year we concluded the acquisition of Java Plantations Sdn. Bhd. (now known as FCB Eastern Plantations Sdn. Bhd.), an investment holding company having an 80% interest in Ladang Bunga Tanjung Sdn Bhd which in turn has an

oil palm plantation in Jeli, Kelantan measuring approximately 1,331 hectares (or 3,290 acres). Ladang Bunga Tanjung is located in close proximity with our Ladang Dabong and Ladang Aring estates, enabling us to achieve economies of scale and operational efficiencies.

Rehabilitation works on 566 hectares thereat have already commenced. Field upkeep and maintenance as well as spraying and manuring work are progressing well with more than 50% completed as at the date of this Report.

Replanting works commenced soon after the takeover and is expected to complete by the next financial year. To-date approximately 150 hectares have been cleared and terraced. Other infrastructure works such as roads and bridges, upgrading and repair are also being carried out. GPS mapping system was employed for pre planning, roads construction and terrace positioning. This would enable estate management to efficiently plan for and maximise the planting density of the potential planting area as well as determining an efficient road system for eventual harvesting. Planting of *Mucuna Bracteata* a type of leguminous cover crop, will be undertaken soon after the areas have been cleared in order to prevent erosion, improve soil fertility and conserve soil moisture.

Consistent with the Group's policy to work with and contribute positively to the communities in which we have operations, most

PLANTATION DIVISION



of the workforce employed to perform the aforementioned works are carried out by locals who live in neighbouring villages and towns. Recruitment of local will continue to be our priority.

Existing workers quarters have been refurbished and upgraded to accommodate up to 50 workers. In the meantime, the construction of 8 new quarters that can accommodate a further 64 workers is in progress and will be completed in this current financial year.

Ladang Sg. Siput, Perak

The permission and approvals for land development at our greenfield estate in Sg. Siput, Perak measuring 2,000 hectares have been obtained from various authorities after much delay. An environmental impact assessment exercise is now being carried out by an independent consultant and is expected to be completed in this current financial year.

OUTLOOK

It is pleasing to note that the benefits of our greenfield acquisitions over recent years are gradually being realised.

We expect the Division's positive revenue momentum to be sustained on account of the projected upward trend in FFB production as more areas in the Group's greenfield estates attain maturity. Although in the near term our earnings will experience some pressure as a result of the required expenditure in developing the greenfield estates, we expect the returns will take hold once the development and planting programmes are completed thereby improving margins.

The International Monetary Fund predicts global growth to rise from 3.8% in 2017 to 3.9% in 2018-2019; the fastest pace in 6 years. This will inevitably lead to a proportional increase in consumption, particularly for food. As food consumption rises, so too will the demand for palm oil. On the other hand, we expect major challenges on the supply side due to ongoing industry labour shortages and the high replanting activities in Indonesia. In respect of the former, the Division has put in place the necessary infrastructure at its greenfield estates to facilitate mechanisation of major field operations that are labour intensive in order to reduce its labour requirements.



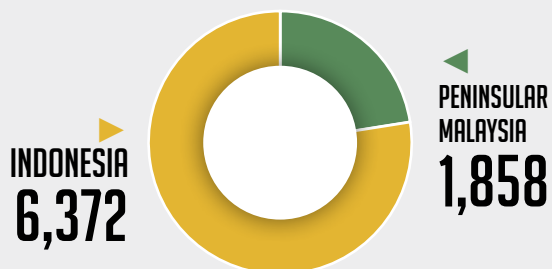
The Board believes that on balance, this sector will continue to benefit from the growing demand given that palm oil is a significant and versatile raw material for both food and non-food (i.e. oleochemicals and biofuel) industries and is confident of its sustainable growth over the long-term.

PLANTATION STATISTICS

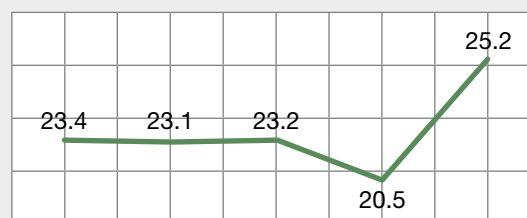
PALM PROFILES (HA)

	FYE2014	FYE2015	FYE2016	FYE2017	FYE2018
Mature					
4 - 9 years	476	440	403	336	365
10 - 18 years	5,979	6,030	6,030	6,043	6,058
	6,455	6,470	6,433	6,379	6,423
Rehab	-	-	-	-	566
Immature	52	-	489	1,101	1,241
Total Planted Area	6,507	6,470	6,922	7,480	8,230

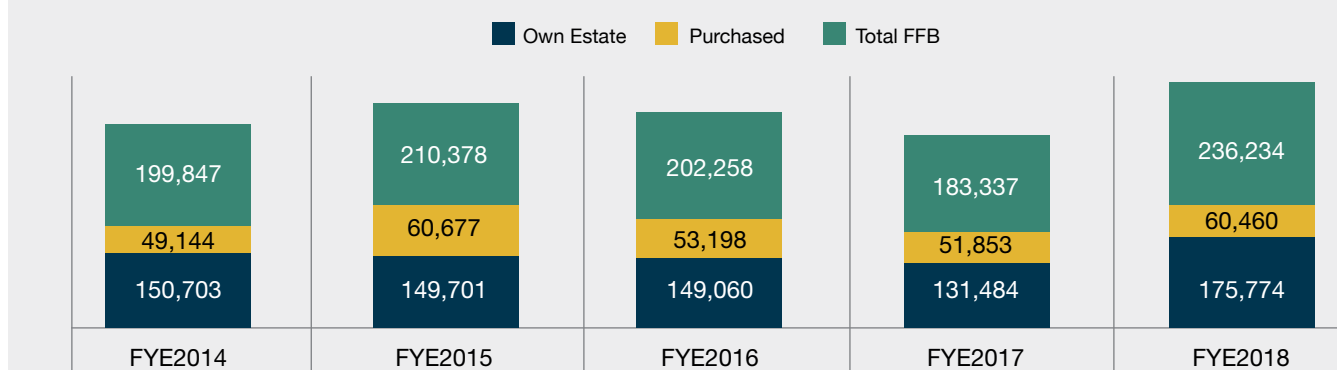
Planted Area Breakdown (HA)



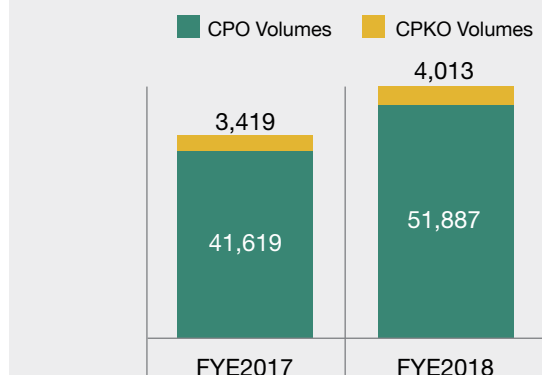
Yield Per Hectare (MT)



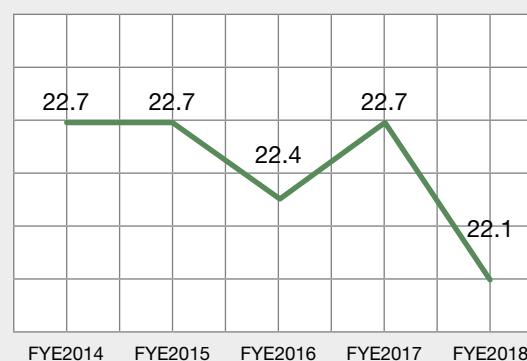
5-Year FFB Breakdown Analysis (MT)



Mill Performance (MT)



Oil Extraction Rate (%)



SUSTAINABILITY REPORT 2018

BUILDING VALUES



The Group's 3 KEY PERFORMANCE OBJECTIVES



Profitable
Revenue Growth



Solid Returns on
Capital Employed



Strong Cash
Generation

are supported by 4 STRATEGIC DRIVERS



Maintain Prudent
Financial Profile



Strengthen
Core Businesses



Leverage
on Market
Opportunities



Establish Strong
Pillars For Future
Growth

SUSTAINABILITY VALUES

*that support these objectives and
strategic drivers*



MARKETPLACE

Governance & Responsible
Business Practices
Operational & Resource
Efficiency



ENVIRONMENT

Environmental & Social
Responsibility in our
Supply Chain



SOCIAL

Building Trusting Relationships
with Stakeholders
Health, Safety & Development
of our Employees and
Communities

SUSTAINABILITY REPORT 2018



Sustainability is an essential component of a corporation's culture as it injects responsibility and accountability into every activity and process while building a successful business. Running operations with sustainability in mind is not only a matter of balanced corporate responsibility but is also sensible from a business perspective. Staying ahead of our peers is only possible if we fully dedicate ourselves to our customers, our employees, our services, the environment and the local communities where we operate.

As our sustainability practices evolve, we know we must focus on what's right for our business. We care deeply about issues such as the health and safety of our employees, environmental protection, product quality and safety, resource conservation, support for the communities we operate in and maximising profits to our shareholders. Towards this end, we will continue to work with our stakeholders on mutual sustainability efforts.

Reporting What Matters

The content included in this Report has been selected through a structured process which is aligned with our business strategy and the needs of our stakeholders. Our approach to reporting is guided by Bursa Malaysia's Sustainability Reporting Framework and also reflect changes and trends in our operating environment, risks and opportunities that could affect our value creation process and the Group's strategic objectives across three key pillars: Marketplace, Social and Environment.

We are currently in the midst of formalising our materiality and sustainability reporting processes and the work is still ongoing. In doing so we engaged with various teams from within the Group and across all parts of our businesses, gathering opinions and suggestions in both formal and informal settings to form the substance of this Report. This Report highlights some of our key sustainability issues and how we are presently addressing them. We define key issues as those issues that can, or in fact do, have a significant impact on our sustainability performance and ultimately influence financial outcomes as we believe that the long-term viability of our business rests on our ability to manage those issues. In the coming year, we will give higher profile to the communication of different aspects of our sustainability programme to our employees as we intend to set measurable environmental targets.



SUSTAINABILITY REPORT 2018

SUSTAINABILITY
GOVERNANCE

Many of our activities are highly regulated by laws and regulations relating to health, safety, environment and community impacts. We are committed to complying with the laws and regulations of the countries in which we conduct business and, where applicable, to exceeding legal and other requirements that are less stringent than our own because we believe high governance standards are integral to creating long-term value and maintaining our social licence to operate.

Our Board governs the Company and oversees our sustainability approach with dedicated Board committees assisting with oversight and monitoring. Each committee has its own Terms of Reference setting out its roles and responsibilities. The Group Sustainability Committee steers our sustainability activities and is presently chaired by the Senior Independent Non-Executive Director of the Company and reflects all areas of the Group. At management level, the Heads of Division comprises the Group's most senior executives. There is a delegations of authority framework that clearly outlines those matters delegated to the Managing Director and other members of senior management. In addition, ad-hoc committees are established to deal with particular sets of ongoing issues.

The business units are also responsible for adapting sustainability strategies to their operating needs, as well as providing the resources

needed for its implementation. They align their brands and technologies, and the sites involved, to sustainability in line with the specific challenges and priorities of their business portfolio.

The Corporate Governance Overview section of this Annual Report and our website at <http://www.fimacorp.com/corporate-governance> sets out our principles and policies in more detail.



SUSTAINABILITY REPORT 2018





MARKETPLACE

Engaging Stakeholders

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

STAKEHOLDERS	AREAS OF FOCUS	OUR APPROACH
OUR PEOPLE 	<ul style="list-style-type: none"> • Job security and wages • Conducive workplace • Career development • Corporate activity • Health and safety • Group's growth development 	<p>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.</p> <p>The Group has in place a Whistleblowing Policy and structured grievance procedures to address employees' cares and concerns.</p>
SHAREHOLDERS AND INVESTORS 	<ul style="list-style-type: none"> • Delivering profitable returns on investment • Financial strength & resilience • Disclosing timely, concise and relevant information • Upholding corporate values • Business sustainability 	<p>We respond:</p> <ul style="list-style-type: none"> • through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website. • by disseminating material issues to the market by way of Bursa announcements. • through continued improvements in our business strategies, governance framework and corporate reporting. • through engagements at General Meetings.
CUSTOMERS 	<ul style="list-style-type: none"> • Changing needs of customers and consumers • Business ethics • Innovation • Supply chain/traceability issues • Health & safety • Certification 	<p>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.</p> <p>We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide.</p> <p>Certifications to support market credibility.</p>

SUSTAINABILITY REPORT 2018

STAKEHOLDERS	AREAS OF FOCUS	OUR APPROACH
COMMUNITIES 	<ul style="list-style-type: none"> • Economic empowerment/ livelihood • Community safety and health • Environmental protection 	<p>Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers.</p> <p>Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions.</p>
MEMBERSHIPS & ASSOCIATIONS 	<ul style="list-style-type: none"> • Advancing industry-specific matters with policymakers and other key stakeholders 	<p>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.</p> <p>Further, our participation and membership in various associations ensure that we stay in touch with current and anticipated developments.</p>
SUPPLIERS 	<ul style="list-style-type: none"> • Quality control • Business ethics • Training & support • Supply chain transparency • Sustainability requirements 	<p>We require our suppliers to live up to sound social and environmental standards. We also know that our suppliers expect us to conduct our business fairly and honestly; hence establishing trust and long-term relationships.</p> <p>Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities.</p>
NATIONAL AND LOCAL GOVERNMENTS 	<ul style="list-style-type: none"> • Compliance & regulations • Land issues • Level 'playing fields' for all sectors • Local economic development programmes • Corporate Responsibility initiatives • Licence to operate • Industry-specific matters 	<p>We are a frequent economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable governments to develop and maintain public works, services and institutions.</p> <p>We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas.</p>

Business Integrity and Internal Control

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

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

The Group adopts a zero-tolerance approach to unethical practices, and every employee is accountable for ensuring that our values are always upheld in all we do. A significant number of written agreements entered into by our businesses with their respective vendors and customers include specific anti-bribery and corruption clauses.

The United Nations' Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 associated targets that address the world's most pressing economic, social and environmental challenges. The SDGs are the result of years of multi-stakeholder engagement among governments, NGOs and business.

The private sector plays an important role in achieving the SDGs. We have identified 7 goals that correspond most and are relevant to our businesses. We contribute towards the achievement of the SDGs through our direct business activities; among them, the products we produce and the way we produce them; the use by host governments of the taxes we pay, the direct and indirect employment opportunities we create, our supply chain and our voluntary social investments.

SUSTAINABILITY REPORT 2018









17
ASPIRATIONAL
OBJECTIVES

169
DEFINED
TARGETS

14
YEARS
2017-2030

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Below we highlight the areas where the Group can make the most contribution to the achievement of the SDGs and those which are closely related to our businesses:

1 NO POVERTY 	End poverty in all its forms everywhere <div> <div>HR policies on minimum wages & fair pay</div> <div>Economic empowerment/livelihood via creation of employment and business opportunities for local communities</div> </div>
2 ZERO HUNGER 	End hunger, achieve food security and improved nutrition and promote sustainable agriculture <div> <div>Potential higher yield and extraction through adoption of good agricultural practices</div> <div>Responding to the increased demand for affordable protein</div> <div>Maintaining high food safety standards</div> </div>
4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all <div> <div>Support of employees personal and professional development through training programmes</div> <div>Philanthropic initiatives in the areas of education and youth development</div> <div>Wellbeing of local communities</div> </div>
8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all <div> <div>Positive contribution to economic growth in the countries in which we operate e.g. via tax & other contributions</div> <div>Ensure good health, safety & employment conditions</div> <div>Strong stance against forced or compulsory labor and child labor</div> </div>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns <div> <div>Commitment to implement & maintain supply chain transparency and adherence to international standards (MSPO, ISO, ISPO etc)</div> <div>Water & waste management</div> <div>Use of renewable energy & efficiency of energy use</div> <div>Adoption of good agricultural practices</div> </div>
13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts opportunities for all <div> <div>Use of renewable energy & efficiency of energy use</div> <div>Water & waste management</div> <div>Adoption of good agricultural practices</div> </div>
15 LIFE ON LAND 	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss <div> <div>Use of renewable energy & efficiency of energy use</div> <div>Water & waste management</div> <div>Adoption of good agricultural practices</div> </div>

These areas are closely aligned to our established material marketplace, social and environmental aspects covered in this, and earlier, sustainability reports.

SUSTAINABILITY REPORT 2018



Responsible Business Practices

Responsible guidelines for quality, sustainability, legal compliance and ethical behavior are entrenched in the Group's governance structure to guide its decisions and actions in achieving business objectives.

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to more than 1,642 people in 2 countries. In addition to corporate income taxes, the companies within the Group pay many other taxes, including GST, customs duties, property taxes, etc. All these taxes are a significant source of funding of public services by governmental institutions. We view the fulfilment of our tax obligations as part of the process of creating sustainable value for all our stakeholders.

During the reporting year, our Indonesian subsidiary PTNJL had been awarded "50 Pembayar Pajak Terbesar Tahun 2017" under the "Wajib Pajak Badan" category.

VALUE DISTRIBUTION TO STAKEHOLDERS

(RM 'MIL)



SUSTAINABILITY REPORT 2018

Cybersecurity

Continuously maintaining our cybersecurity is critical to data integrity and sustaining trust amongst our stakeholders. The Group maintains a comprehensive information security program to protect our networks, information and communications assets, notably and in particular, threats of malicious software and phishing to email security. We review our IT policies and processes from time to time to ensure adequate safeguards are in place to prevent misuse and unauthorised access to our systems and data. Further we endeavour to strengthen the security of our systems through the implementation of management controls at all our offices.

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** Indonesian subsidiary, 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 as authorities await a definitive outcome of their ongoing legal suit 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.

In Malaysia, our estates are being readied to align their operations with the requirements of the Malaysian Sustainable Palm Oil ("MSPO"), in keeping to the mandatory timeline of 30 June 2019 (for entities without any certifications) to obtain the MSPO certification. The MSPO standards provide general principles for the implementation, establishment and improvement of the operational practices of a sustainability system to ensure the sustainability of palm oil.

ENVIRONMENT

SUSTAINABLE AGRICULTURAL PRACTICES

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:

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

Soil Management: We 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 drains 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. We also apply EFB mixed with palm oil mill effluent ("POME") as a source of nutrient and to supplement fertiliser application.

SUSTAINABILITY REPORT 2018

Biological controls against pests: Beneficial plants such as *Turnera Subulata*, *Antigonon leptopus* and *Casia Cobanensis* 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. During the year, the Group commenced an environmental impact assessment (“EIA”) on its greenfield development in Sungai Siput, Perak. The EIA is still on-going and is expected to be completed this current financial year.

Waste Management

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

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

The POME collected from the mill is treated in open ponds located on site. The organic material in wastewater is broken down by natural occurrences of anaerobic and aerobic bacteria. This process eliminates the need to add chemicals before the water is discharged and results in successful fish breeding at the final effluent pond. POME is utilised in two ways, it is either mixed with shredded EFB to make our compost or applied directly to estate using the furrow system.

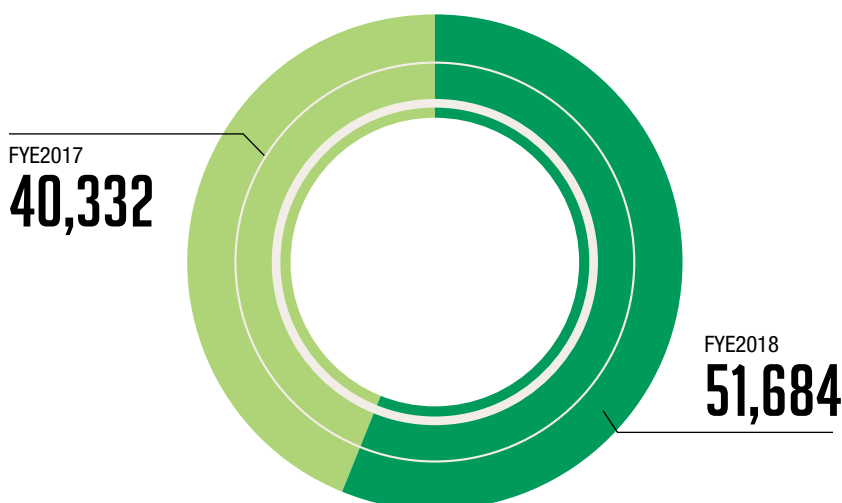
In addition to being converted into compost, shredded EFB is also widely used as feedstock for the steam boiler at the mill for power generation.

Further, we regularly monitor the POME used for land application to ensure that it does not overflow into the natural waterways.

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 4 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.

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

TOTAL EFB PRODUCED (MT)



91,209MT

of POME applied to estate fields in FYE2018

26,395MT

of EFB processed into compost in FYE2018

SUSTAINABILITY REPORT 2018

WASTE DISPOSAL BY TYPE

	Volume (MT)	
	FYE2017	FYE2018
Scheduled Waste:		
Ink containers	3.70	3.58
Contaminated rags	2.90	3.11
Printing ink waste	5.40	3.58
Solid Waste:		
Shredded paper	242.20	209.53
Food Waste (Head Office)	-	2.53
Plastic (Head Office)	-	0.39
Total	254.20	222.72

Water Management

The Group's businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. **Plantation Division's**, PTNJL is continuing their efforts to identify opportunities to reduce their water consumption using a variety of approaches including rainwater harvesting and storing captured rainwater in tanks installed at workers' quarters to be used for non-drinking purposes, namely washing and sanitation.

During the year, water consumption of PTNJL's palm oil mill in Sei-Manggaris has been increased by 19% compared to last year, largely as a result of the increase in volume of crops processed during the year. PTNJL has also 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.



Water Consumption

426,764 m³

TOTAL WATER CONSUMED BY THE GROUP

BREAKDOWN OF WATER CONSUMPTION BY DIVISION (M³)

- Plantation 398,862
- Manufacturing 15,391
- Head Office 12,511

394,510 m³

OF WATER CONSUMPTION BY MILL IN FYE2018

(FYE2017: 331,172 m³)BREAKDOWN OF WATER USAGE BY MILL (M³)

- Domestic (22%)
- Boiler (50%)
- Processing (28%)

SUSTAINABILITY REPORT 2018

Energy Management

Improving our energy efficiency not only reduces the use of natural resources and emissions of CO₂ and other pollutants but also potentially lowers costs. As an organization with operations in 2 countries, the Group is subjected to a wide range of energy supply constraints and commercial pressures and therefore uses a wide range of fuels.

1,209,327 LITRES

TOTAL FUEL CONSUMPTION
BY THE GROUP

4,614,146 KWH

TOTAL ENERGY CONSUMED
BY FIMACORP GROUP

Division	Diesel	Petrol	Grand Total
Manufacturing	30,175	3,739	33,914
Plantation	1,160,724	10,739	1,171,463
Head Office	-	3,950	3,950
Grand Total	1,190,899	18,428	1,209,327

In FYE2018, the Group implemented various energy optimisation projects and initiated new studies, that upon implementation, is expected to reduce the Group's energy use in the years to come. The projects include both operational and maintenance improvements, as well as the replacement of less efficient processing equipment. During the year, a 25 kWh solar photovoltaic (PV) system had been installed at the Group's Head Office building in Kuala Lumpur that was made up of 76 panels. The system involves a one-time cost but requires low maintenance, thus also reducing capital and operational expenditure in the long-term. Total roof area allows for up to 448 panels or 150Kwh of electricity operating at full capacity. At the present 25Kwh capacity, the energy generated will result in a decrease of CO₂ emissions by 17 tonnes a year. Given the favourable results to-date, we are now looking to increase the capacity to 150Kwh and expanding the use of solar energy.

Since 2011, all biomass residue from our PTJNL palm oil mill in Indonesia are either converted into fertilizers/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 FYE2018, 6,571,920 kw/h of electricity was generated which is equivalent to 2,190 homes' electricity use for one year* (FYE2017: 5,420,030 kWh).



- Transitioning to LED lights for our corporate offices.
- Employees are encouraged to power down computers, printers 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.
- We gave preference to sustainable and eco-friendly materials for our Head Office refurbishment works which included repurposed wood cabinetry for the pantry and carpets which are Green Label Plus certified and had recycled content.
- Replacing old appliances with ENERGY STAR certified ones.
- Recycling bins are strategically placed in and around the Head Office premises.
- Introduction of e-payslips removes the need for the production and circulation of paper-based payslips, allowing employees to view the information online.
- Our fax system automatically images incoming faxes and archives them to prevent paper waste.
- Majority of our offices use Forest Stewardship Council/ KHAN-NA paper sourced from sustainable, managed forests.
- Used coffee grounds are applied as fertiliser for the garden at Group Head Office. It is 100% organic material and helps to improve drainage, water retention and aeration in the soil as well as assisting microorganisms to thrive and attract earthworms, which are beneficial for plant growth.

SUSTAINABILITY REPORT 2018

Emission

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. For the year ended 31 March 2018 we emitted, in tonnes of carbon dioxide equivalent (CO₂eq) the following greenhouse gases.

GROUP	
Our greenhouse gas emissions	
Scope 1 – Direct emission	61,919.39 tCO ₂ eq/litre
Scope 2 – Indirect emission	4,060.45 tCO ₂ eq/kWh
Total emissions	65,979.84 tCO ₂ eq



HEAD OFFICE

Our greenhouse gas emissions	
Scope 1 – Direct emission	9.20 tCO ₂ eq/litre
*Scope 2 – Indirect emission	1,386.25 tCO ₂ eq/kWh
Total emissions	1,395.45 tCO ₂ eq
Emission intensity by square feet	0.0111MT per square feet

* Inclusive of Head Office building



MANUFACTURING

Our greenhouse gas emissions	
Scope 1 – Direct emission	89.28 tCO ₂ eq/litre
Scope 2 – Indirect emission	2,641.83 tCO ₂ eq/kWh
Total emissions	2,731.11 tCO ₂ eq
Emission intensity by Operating Hour	0.0034 MT per operating hour



PLANTATION

Our greenhouse gas emissions	
Scope 1 – Direct emission	61,820.90 tCO ₂ eq/litre
Scope 2 – Indirect emission	32.38 tCO ₂ eq/kWh
Total emissions	61,853.28 tCO ₂ eq
Emission intensity by FFB Production	0.2485 MT per MT FFB production

Notes: Scope 1 – CO₂ emissions emitted from diesel engines, transportation, chemical or physical operations.

Scope 2 – Purchase of electricity from TNB, SESB, SESCO, PNG power, etc.

SUSTAINABILITY REPORT 2018

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 constantly carry out activities aimed at preventing work injuries. Preventive and scheduled maintenance are regularly performed on all the Group's facilities, plants, storage tanks and terminals; whereupon repairs and replacements are made when necessary or appropriate. Employees who use any machinery are trained to do so properly, while training programmes 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 to policies is monitored and improvements are discussed.

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

Lost Time Incident Frequency Rate ("LTIFR")

The LTIFR refers to the number of lost time injuries occurring in the workplace per 1 million hours worked. LTIFR is recorded based on a number of lost time injuries occurring in the workplace for every 1 million man-hours worked. During FYE2018, the Group recorded an overall Frequency Rate of 6.92 based on the following formula:

$$\text{LTIFR} = \frac{\text{No. of Lost Time Injuries}}{\text{Total Man-Hours Worked}} \times 1,000,000$$

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.

SAFETY
ACHIEVEMENTS

Zero Fatality

Recorded by all divisions in FYE2018.

Percetakan Keselamatan Nasional Sdn Bhd has achieved

1,285 days

without any lost time incident as at 31 March 2018.

The 'Penghargaan Kecelakaan Nihil' was awarded this year to PTNJL by the Labour and Transmigration Ministry for having achieved

39,236,984 manhours

without any workplace accidents for the period 1 January 2015 to 31 December 2017.



SUSTAINABILITY REPORT 2018

The table below indicates the LTIFR, scaled based on the number of days of lost time:

Days of Medical Leave Taken:	LTIFR
1 Day	4.20
2-4 Days	1.48
>4 Days	1.23
All Injuries	6.92

The table indicates that after taking in to account all injuries that occurred over the year the Group had recorded an LTIFR of 6.92. This means that for every 1 million man-hours worked, there were 6.92 lost time injuries occurred on the jobsite. Last year we had identified some inconsistencies in the computation and definition of lost time injuries in different parts of the Group. The methodology has now been improved and we will continue to progressively refine our reporting criteria and improve our disclosures.

Emergency Preparedness

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

During the year, 15 Group employees received cardiopulmonary resuscitation (CPR) and first aid training which covers the practical skills needed by first aiders in the event a person is injured or taken ill at the company's work premises.

During the year, the Group did not incur any fines or sanctions for non-compliance with environmental laws or regulations.

TOTAL NO. OF RECORDED INJURIES

Days Of Medical Leave Taken Resulting From Incident

Days >4

5 Employees

Days 2-4

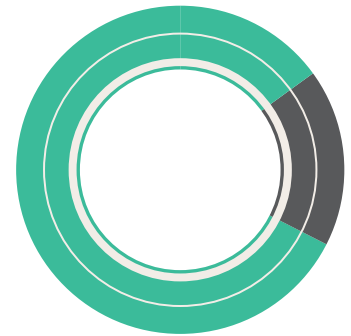
6 Employees

1 Day

17 Employees

TOTAL INJURIES

By Type



● Flying Objects 6

● Tools 22

INSIDE THE SAFETY BRIEFING



Safety briefings precede daily activities for most of our businesses to ensure employees are focused on performing the tasks at hand as safely as possible. These briefings primarily cover:

- Sequence of a task or a job;
- Potential hazards involved;
- Appropriate equipment to use;
- Personal protective equipment needed; and
- Responsibility for emergency response.

SUSTAINABILITY REPORT 2018

Business Improvement Processes (BIP)

The company firmly believes in continuously improving business processes in order to achieve cost efficiencies in production through increased specialisation and investments in key technologies as well as optimising our environmental footprint in every phase of the value chain. As such, the Group aims to regularly conduct regular Business Improvement Processes to ensure we stay on track. This year has been no exception, the table below summarises the BIP projects that were conducted this year.

Subsidiary	Type	What's been done?	How does this offer improvement?
Plantation (Estate)	Repair and Maintenance	Application of laterite stone on road	Lowers vehicle downtime, maintenance costs and improves crop evacuation
Plantation (Estate)	Infrastructure	Upgrade of bridge using galvanised culvert	Lowers vehicle downtime, maintenance costs and improves crop evacuation
Plantation (Mill)	Infrastructure	Replace wooden workshop to steel building	Improves safety and complies with local regulatory requirement
Plantation (Mill)	Purchase of New Equipment	Replacement of 2 water softener tanks affected by corrosion	Prevents calcium carbonate build-up prolonging equipment useful life.
Plantation (Mill)	Purchase of New Equipment	FOSS NIRS spectrometer	Improves the accuracy of samples tested, turnaround time and reduces manpower
Plantation (Mill)	Purchase of New Equipment	Sludge Separator, Sand Cyclone	Maximises oil recovery and minimises oil loss.
Plantation	New IT system	Upgrading IT systems of our Malaysian estates, starting with Ladang Cendana	Provide head office with better oversight and control of operations
Manufacturing	Training & Development	Retrain and reskill employees for new job functions	Redeployment and retraining of staff who were involved with one of the travel documents, to reduce retrenchment
Manufacturing	Expansion	Additional staff station/sub-stores throughout East and Peninsular Malaysia	Improve customer engagement via shorter waiting times for part replacements and on-site technical support
Manufacturing	Operational Improvement	Travel document packing operations moved from warehouse to factory	Centralisation means lower operational overheads and improved process efficiencies
Manufacturing	Purchase of New Equipment	Smartphone and 'Workforce' mobile app	Managers are able to remotely monitor the progress of daily tasks and staff movement and address issues promptly

SUSTAINABILITY REPORT 2018

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.

Employee Breakdown by Division as at 31 March 2018

	Head Office	Manufacturing	Plantation	Total
Senior Management	-	2	1	3
Management	5	12	5	22
Executive	7	24	33	64
Non-Executive	17	246	1,290	1,553
Total	29	284	1,329	1,642

Employee Breakdown by Nationality

Nationality / Country	Malaysia	Indonesia	Total
Malaysian	411	4	415
Indonesian	14	1,212	1,226
Others	1	-	1
Total	426	1,216	1,642
Ratio of local : foreign	27:1	303:1	

Employee Age Profile

Age Group	Male		Female	
	Total	%	Total	%
< 30	407	33.7	93	21.4
30 - 55	771	63.8	325	74.9
> 55	30	2.5	16	3.7
Total	1,208	100	434	100

SUSTAINABILITY REPORT 2018

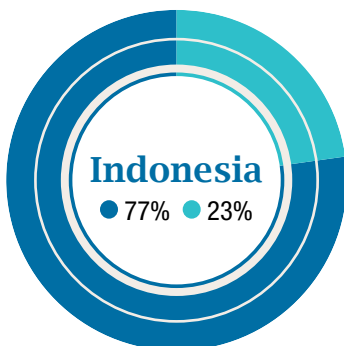
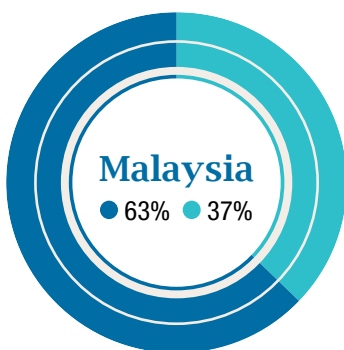
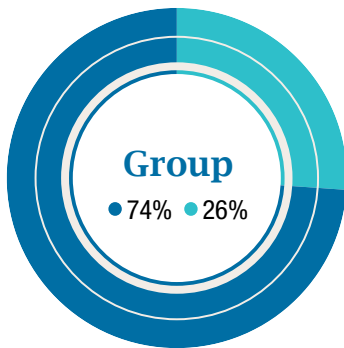
Diversity and Gender Balance

The Group is committed to providing a work environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2018, the Group's workforce totalled 1,642 and is made up of 26% women and 74% men. It is worth noting 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 tend to be significantly lower. During the year, 13 or 3.5% of new hires within the Group were women. We will continue to seek opportunities for the Group to increase the percentage of positions held by women in leadership positions.

Employee Breakdown by Gender & Location FYE2018

● Male ● Female



Employee Breakdown by Gender & Position FYE2018

Board of Directors



Senior Management



Management



Executive



Non-Executive



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 role. Where headcount reductions are necessary, affected employees are redeployed to new job tasks where retraining and skill upgrading are provided to help them transition into the new tasks.

SUSTAINABILITY REPORT 2018

Performance Management System

Level	Training Hours	
	2017	2018
Senior Management	64	24
Management	256	238
Executive	624	423
Non-Executive	544	808
Grand Total	1,488	1,493

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 will also be provided with the Employee Handbook before or as soon they start their new job. The Handbook provides new employees with information about their conditions of employment as well as the standards of professional behaviour expected.

We also set annual key performance indicators 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 recognise individual training and development needs. Based on performance and contribution, the employees are rewarded through increments, bonuses or promotions.

Employee Turnover

Level	Head Office	Plantation	Manufacturing	TOTAL
Senior Management	1	-	-	1
Management	-	1	2	3
Executive	-	2	5	7
Non-Executives	-	294	62	356
Average total headcount	27	1,312	304	1,643
Division Turnover Rate (%)	3.7%	22.6%	22.7%	22.3%

Employee turnover in the Plantation Division relates primarily to abscondments and expiry of fixed-term contract employees. The majority of employees who absconded are engaged in physical labour where traditionally the employee turnover has been high. The Manufacturing Division had reduced the size of its total contract workforce in order for the division to remain competitive at the present lower levels of economic activity. In other cases, the Group believes that the high rate of non-executive employees leaving voluntarily across the divisions has to do with the mobility of labour.

Compensation And Benefits

Pay decisions are based on:

- Performance rating
- Competency rating

Learning And Development

Identification of:

- Long term development plan
- Competency based training needs
- Business focused training needs

Succession Planning

Identification of:

- Job at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitment

Career & Talent Development

Identification of:

- Promotions and inter company/ department transfers
- Group talents

SUSTAINABILITY REPORT 2018

Human Rights and Workplace Relations

We respect our employees' right to freedom of association, to join unions as well as the right to collective bargaining in accordance with local laws. We are committed to working honestly and transparently with labour unions and we undertake negotiations in good faith. As at 31 March 2018, 20.6% Group employees are represented by labour unions. 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 a work stoppage.

	Malaysia	Indonesia
Total No of Employees	426	1,216
Unionized Employees	150	188
% of Unionized Employees	35%	15%

We are against any forms of forced labour and underage workers, and we rigorously enforce these principles at all our places of work. Each employee's profile and identity document are 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.

All our operations have grievance mechanisms that are accessible, accountable and fair, enabling concerns to be raised without fear of recrimination. This includes the Group's 'whistleblowing' policy and procedures in place for any issues identified. Our whistleblowing policy can be viewed at <http://www.fimacorp.com/corporate-governance.php>

Benefits and Welfare

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

- contributions to retirement fund;
- medical benefits for outpatient, specialist and hospitalisation treatment for employees, spouse and eligible children;



- group term life and personal accident insurance;
- alternative working hours; and
- provision of housing with clean running water and sanitation to our plantation workers.

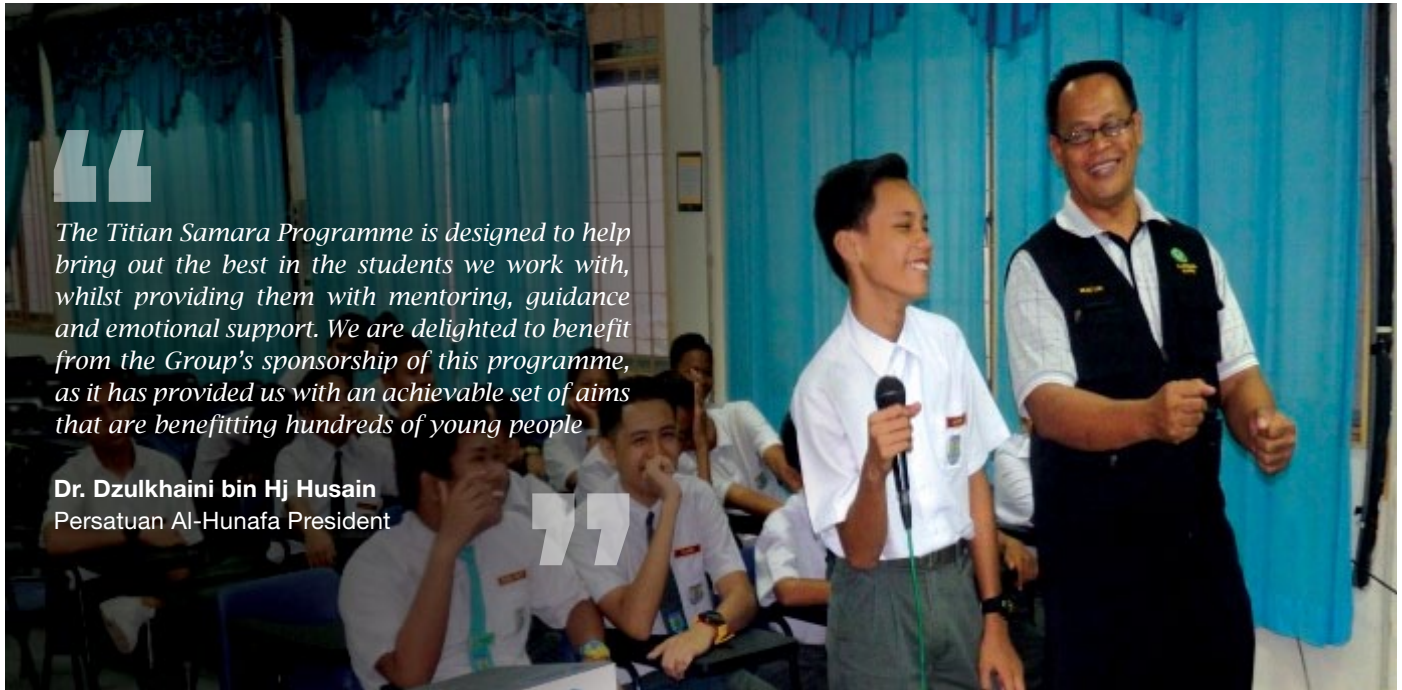
The Group pays at least minimum wage as required by law in the countries in which the Group operate and in no areas of operation does minimum wage varies by gender.

In Indonesia, PTNJL's employees wellness is managed through an on-site clinic staffed by full-time clinic assistants. PTNJL also provides free transportation for the workers' children to nearby local schools. There is also a crèche at the estate which is subsidised by the Company that caters to the needs of the plantation staff and workers. The provision of these facilities has enabled women to join PTNJL's workforce.

The Company had subsidised the cost of enrolment in the iCerdik Program™ for 37 children of Group employees. iCerdik Program™ is an interactive learning program that online revision site that can help students to get the best possible results. Contents of iCerdik Program™ is in line with the curriculum set by the Ministry of Education. This program provides a dynamic way to learn beyond the traditional classroom with ready access to online resources and exam papers. It also enables parents to engage in their children's education at home and monitor the progress thereof.

In February 2018, Group employees and their family members helped plant 200 *bakau kurap* or *rhizophora mucronata* saplings at the Kuala Selangor Nature Park as part of the efforts to sustain and conserve the mangrove ecosystem. Participants were also briefed on the importance of mangroves to the ecosystem as they serve as a barrier against tidal waves and erosion; and play a vital role in stabilising the climate as they are a major carbon sink and oxygen source.

SUSTAINABILITY REPORT 2018



Community

We believe in contributing economically and socially to the well-being of the communities where we conduct business. Supporting economic and social development of the communities in which we operate is the right thing to do for our communities as well as for our businesses.

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. A successful example of this can be seen in Indonesia where 89.8% of contracts for goods and services have been awarded to small and medium-sized local companies. In addition, 23.3% of the FFB processed by the palm oil mill are purchased from smallholder farmers.

Apart from building and furnishing the mosques and schools located within and around the plantation with the necessary amenities, our Indonesian subsidiary, PTNJL also funds the monthly allowance of teachers and imams.

During the year we renewed our sponsorship of Titian Samara Programme by Persatuan Al-Hunafa.

The NGO's mission is to help secondary students with academic and social problems to create a better future for themselves by developing their life skills such as confidence, leadership, and communication through personal development programmes and mentoring. 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.

SUSTAINABILITY REPORT 2018



Harnessing Young Talents



SLIM is an amazing opportunity for the graduates to realize their potential through hands-on experience in various aspects of the Group's business. Helping them to master a task is not only rewarding for the graduate, but for us as well. We are dedicated to the SLIM program and in playing our part in building talent pipeline for both the Company and the nation and look forward to its continued success.

Nor Ita binti Md Ali

Head of Finance & Administration, PKN



In Malaysia, the Group offered placements to 23 university graduates to undergo 8 months on-the-job training in various functions within the Group to gain the skills and experience they need to access job opportunities through our participation in the national development programme Skim Latihan 1Malaysia (SL1M). Under the SL1M programme, graduates are offered a training contract, inclusive of allowances and benefits.

Meanwhile, in Indonesia, PTNJL received 56 students from PDD Politeknik Negeri Nunukan, Kalimantan and several regional high schools to undergo a 2-month internship programme during the year.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

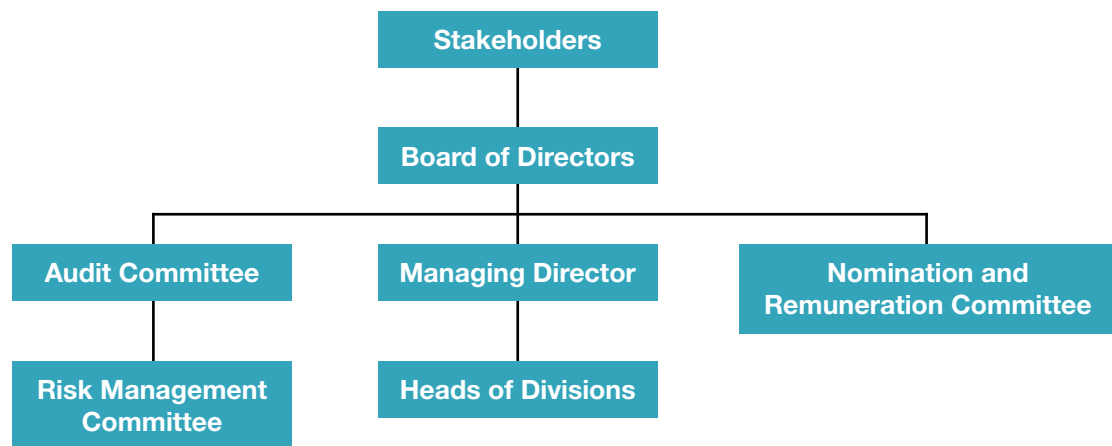
This statement illustrates the extent of which the Board has embodied the spirit and principles of the Malaysian Code on Corporate Governance ("MCCG") with regards to the recommendations stated under each principle for the year under review and should be read in conjunction with the Corporate Governance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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board Duties and Responsibilities

The Board is accountable to shareholders for the strategic direction of the Company in order to enhance shareholder value. The chart outlined below provides overview of the Company's corporate governance framework:-



The roles and responsibilities of the Board are formalised in a Board Charter. The Board Charter also defines the formal Schedule of Matters reserved for the Board including, amongst others various strategic, financial, operational and governance matters. The Board Charter may be viewed in the 'Investors' section of the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board's responsibilities include, amongst others:-

Strategy	Review strategic direction and approve the strategic and business plan
Financial oversight	Adopt the annual budget and capital expenditure plan and monitor management and financial performance
Internal control and risk management framework	Oversees the effectiveness of the Group's system of internal control and risk management framework
Financial and other reporting	Review and approve quarterly financial results, annual financial statements, directors and principal officers interest in Company's securities, related party transaction and share buy-back
Board performance and composition	Evaluate the performance of the Board and individual directors on an annual basis in determining its size, composition and the effectiveness of the Board as a whole
Leadership performance	Evaluate and assess the performance of the Managing Director
Succession and remuneration planning	Review Managing Director and senior management succession and remuneration, and setting Non-Executive Director remuneration
Sustainability	Consider the social, ethical and environmental impact of FimaCorp Group's activities and operations
Material transactions	Evaluate and approve major expenditure and capital initiatives in excess of the authority levels delegated to Management/Board of subsidiaries
Corporate Governance	Review and monitor the Company's corporate governance practices

BOARD ALLOCATION OF AGENDA ITEM FYE2018

A	30%	Financial Reporting	Quarterly financial results and audited financial statements
B	30%	Strategy and Planning	Strategic and operational planning; consideration of corporate transactions
C	20%	Group Performance Report	Review of divisional business
D	10%	Reports from Board Committees	Audit and Nomination and Remuneration activities
E	5%	Board and Board Committees Evaluation	Performance, effectiveness, composition and succession
F	5%	Other Matters	<ul style="list-style-type: none"> - Review the proposed new structure of Group Finance & Treasury; - Review the proposed establishment of an internal Sustainability Committee; - Payment of ex-gratia to Group employees; and - Payment of interim dividend for FYE2018

The Board delegates management of the day-to-day affairs and responsibilities of the Company to the Managing Director to deliver the strategic direction and goals determined by the Board. The Managing Director is authorized to delegate the powers conferred on him as he deems appropriate. The Managing Director is supported by senior management who work together to execute the Company's strategy and manage the operations of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

The Board is supported in its functions by, and has delegated authority to, the following committees which have been established to assist in the discharge of the Board's oversight function, based on clearly defined Terms of Reference, which can be found in the 'Investors' section on the Company's website:-

AUDIT COMMITTEE	<ul style="list-style-type: none"> • Rezal Zain bin Abdul Rashid (<i>Chairman</i>) • Dato' Adnan bin Shamsuddin (<i>Member</i>) • Datuk Alias bin Ali (<i>Member</i>) 	<ul style="list-style-type: none"> • Financial reporting • Internal controls • External audit • Internal audit
NOMINATION AND REMUNERATION COMMITTEE ("NRC")	<ul style="list-style-type: none"> • Datuk Alias bin Ali (<i>Chairman</i>) • Rezal Zain bin Abdul Rashid (<i>Member</i>) • Dato' Adnan bin Shamsuddin (<i>Member</i>) 	<ul style="list-style-type: none"> • Board and senior management appointments and succession planning • Composition of the Board • Group remuneration framework • Performance appraisal of the Board and its committees

MAIN ACTIVITIES OF THE NRC DURING THE FINANCIAL YEAR

- Reviewed the current size and composition of the Board and Board Committees.
- Assessed and evaluated the effectiveness of the Board as a whole, Board Committees and individual Director (self and peer evaluation).
- Assessed the independence of the Company's Independent Directors.
- Re-election and re-appointment of Directors retiring by rotation pursuant to the provisions of the Company's Constitution.
- Reviewed the tenure of the Independent Directors who have been with the Company for more than 9 years, whereupon the Committee has put forward their recommendation to the Board to seek shareholders' approval to retain the independent status of the Company's Independent Directors.
- Reviewed the attendance records/time commitment and training of each Director.
- Reviewed the composition of the Boards of the Company and its Group subsidiaries.
- Reviewed the proposed restructuring of the Group Finance and Treasury functions.

The details of the Audit Committee activities during the financial year are disclosed in the Audit Committee Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

RISK MANAGEMENT COMMITTEE ("RMC")

- RMC is sub-committee of the Audit Committee.
- Assists the Audit Committee in fulfilling its responsibilities relating to the Group's risk management and internal control framework.
- Consists of directors from the Board of the Company and Kumpulan Fima Berhad (the Company's penultimate holding company) ("KFima") and the Company's Chief Operating Officer.

SUSTAINABILITY COMMITTEE

- The committee has been established to oversee how the Group's sustainability programs support business goals and aspirations, and to monitor the progress thereof.
- Consists of representatives from the Boards of KFima and FimaCorp and members of Group management.
- The Terms of Reference can be found on the Company's website.

HEADS OF DIVISIONS ("HOD")

- Deliberates on the performance and conduct of the Group's operating units including the status of internal audit findings, implementation of Group policies and examining all strategic matters affecting the Group.
- The HOD comprises of KFima's Group Managing Director, as Chairman and all heads of divisions.

DISCLOSURE COMMITTEE

- Responsible for ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices under the Company's Corporate Disclosure Policy.
- The Committee comprises various members of senior management.

AD-HOC COMMITTEES AND TEAMS

- Project committees and teams are set up at the divisional and operating levels by the respective management.
- The committees and teams comply with the best practices in good governance, subject always to the counsel of the Board and compliance with any policy and delegated authority limits set by the Board.
- Progress reports on the respective projects are submitted to the Board of the subsidiary and the Company, as may be necessary in the circumstances.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Meetings and Time Commitment

The Board had 4 scheduled meetings during the financial year, one of which serves to review and approve the Group's budget and business plans for the next financial year. Attendance at FYE2018 Board and committees' meetings are reflected as follows:-

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

Notes:-

1. The NRC was established on 24 May 2017.
2. The Nomination Committee and Remuneration Committee were dissolved with effect from 24 May 2017 following the establishment of the NRC.

In addition to the above, all Directors of the Company have complied with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") of not holding more than 5 directorships in listed issuers at any given time. This is to ensure the Directors do not have competing time commitments that may impair their ability to discharge their responsibilities effectively. The list of directorship is annually tabled to the NRC and the Board for noting.

Training and Development

In accordance with Paragraph 15.08(3)(b) of the Listing Requirements of Bursa Malaysia, the Directors had attended various external programmes in FYE2018, which include the following:-

Directors	Training Attended	Date Held
Dato' Adnan bin Shamsuddin	CG Breakfast Series Entitled: Integrating an Innovation Mindset with Effective Governance	07/11/2017
	CG Breakfast Series Entitled: Leading Change @ The Brain	05/12/2017
	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia	01/03/2018
Dato' Roslan bin Hamir	Raising the Bar on Corporate Governance by Boardroom Corporate Services (KL) Sdn Bhd	21/07/2017
	MIA 50 th Anniversary Commemorative Lecture by Malaysian Institute of Accountants	11/09/2017
	Advocacy Session to Enhance Quality of Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers by Bursa Malaysia Berhad	23/10/2017
	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia	01/03/2018
	Price Outlook Conference & Exhibition 2018: Palm & Lauric Oils (Price Disruption - Take Control, Manage Volatility)	05/03/2018 - 07/03/2018
Encik Rezal Zain bin Abdul Rashid	Audit Committee Conference 2017	05/04/2017
	Companies Act 2016 & Understanding Financial Statements for Company Directors	20/04/2017
	Case Study Workshop for Independent Directors	16/10/2017
	Corporate Board Symposium 2017: Enhancing Board Effectiveness & Driving Governance	25/10/2017
	13 th Indonesian Palm Oil Conference and 2018 Price Outlook Growth through Productivity: Partnerships with Smallholders	01/11/2017 - 03/11/2017
	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia	01/03/2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Training Attended	Date Held
Datuk Alias bin Ali	• 1 Day Conference on Corporate Integrity Pledge	02/11/2017
	• Half Day Seminar: Governance or Lack of It!	28/11/2017
	• Regulatory Updates on Listing Requirements (New) & The Impact of Companies Act 2016 on Corporate Governance and Directors Duties	29/01/2018
Dr. Roshayati binti Basir	• Regulatory Updates on Listing Requirements (New) & The Impact of Companies Act 2016 on Corporate Governance and Directors Duties	29/01/2018
	• Business Challenges and Regulatory Expectations	12/03/2018
	• Risk Oversight and Compliance - Action Plan for Board of Directors	13/03/2018

Role of the Chairman and Managing Director

The Chairman is an independent director and the roles of the Chairman and Managing Director are not exercised by the same individual in order to ensure appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The roles and responsibilities of the Chairman and the Managing Director are set out in the Board Charter, which is available on the Company's website under 'Investors' section.

Access to Information, Independent Advice and Indemnification

After consultation with the Chairman, Directors may seek independent advice in furtherance of their duties at the Company's expense. Directors also have access to members of senior management at any time to request relevant information.

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

Company Secretaries

The Company had 2 Company Secretaries during the financial year. The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and Board Committees. All Directors have access to the services and advice of the Company Secretaries. Decisions to appoint or remove the Company Secretaries are made or approved by the Board.

The Company Secretaries' profiles are disclosed in the Profile of Key Senior Management of this Annual Report.

Board Charter

The Board Charter is a statement of the practices and processes the Board has adopted to discharge its responsibilities, including the matters reserved for the Board and the delegation of authority to the Board Committees. It also sets out the roles and responsibilities of the Board Committees, individual Directors, Chairman, Managing Director as well as Senior Independent Director. The Charter also defines relationship and interaction between the Board and management.

The Charter is available under 'Investors' section on the Company's website.

Other Policies

In addition to the Board Charter, there are a range of policies which define the Company's commitment to good corporate governance and responsible business practices. Among them are the Code of Ethics and Whistle-Blowing Policy. These policies are available on the Company's website under 'Investors' section.

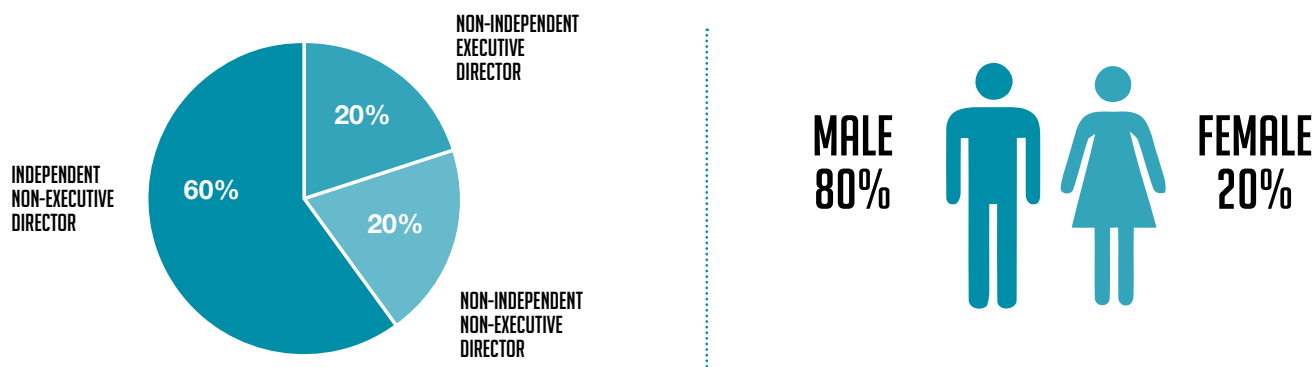
The Board is guided by company laws and the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia in discharging its responsibilities. The Group's Whistle-Blowing Policy aims to encourage employees or other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct, in an appropriate manner and without fear of reprisals or retaliation. All whistle-blowing reports are addressed to the Managing Director or Chairman of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION

The Board is committed to ensuring that the composition of the Board continues to include Directors who bring an appropriate mix of skills, experience, expertise and diversity (including gender diversity) to Board decision-making.

As at the date of this Report, the Board consisted of 5 Directors, majority of whom are Independent Non-Executive Directors.



The membership of the Board is reviewed by the Board, through the NRC annually, having regard to the on-going needs of the Company. The Board considers that its membership should reflect an appropriate balance between independent and non-independent members. The objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives and skills. Towards this end, the NRC has initiated a process to identify new Non-Executive Directors to strengthen the Board, with particular focus on gender diversity and succession requirements. The Board's overriding aim is to appoint the right directors with the desired competencies and expertise to the Board to drive Group's strategies forward. This pursuit will continue to be a priority on the Board agenda in the financial year ending 31 March 2019.

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

Independence of Directors

Independent Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business or other relationship or circumstances that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of the Company as a whole.

As at the date of this statement, 3 Independent Non-Executive Directors ("INED(s)") of the Company, namely Encik Rezal Zain bin Abdul Rashid, Dato' Adnan bin Shamsuddin and Datuk Alias bin Ali have served on the Board for a cumulative term of more than 9 years. They were approved by the shareholders of the Company during the 42nd AGM held on 23 August 2017 to continue serving as INEDs of the Company until the conclusion of the forthcoming AGM. Datuk Alias bin Ali, who has served on the Board for 14 years, will be retiring from his position as INED upon the conclusion of the forthcoming AGM. As such, the Company would be seeking the shareholders' approval at the coming AGM for Encik Rezal Zain bin Abdul Rashid and Dato' Adnan bin Shamsuddin to continue in office as Independent Directors.

The Board, through NRC assessed the independence of each INEDs annually and is satisfied that all INEDs have fulfilled the criteria of an Independent Director and satisfied the independence test carried out through the board effectiveness evaluation, in line with the Listing Requirements of Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Although long tenure of INEDs may incline towards or be perceived as compromising independence, the Board will review its position and criteria from time to time. This is to ensure that INEDs who have the necessary competencies, skills and knowledge, and who continue to exercise independent and objective judgement, play their part effectively on the Board in the best interest of the Company and satisfy the independence criteria, are not excluded based merely on the 9 years tenure criteria.

Re-election and Re-appointment of Directors

A candidate who is appointed as Director of the Company must seek re-election by shareholders at the next AGM. The Constitution of the Company further provides for rotation of Directors whereby one third or more of the Directors are to retire at every AGM of the Company and that all Directors must retire at least once in 3 years and shall be eligible for re-election.

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

Performance Evaluation

A review of the performance of the Board, Board Committees and individual Directors occurs each year. For FYE2018, the exercise was conducted internally by the Company Secretaries in April 2018. The results of the assessment indicated that overall, the performance of the Board, Board Committees and individual Directors during the review period continues to be functioning efficiently and effectively.

III. REMUNERATION

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

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

The aggregate amount of remuneration paid to the Directors for FYE2018 is set out below:-

	Executive Director	Non-Executive Directors			
	Dato' Roslan bin Hamir	Dato' Adnan bin Shamsuddin	Rezal Zain bin Abdul Rashid	Datuk Alias bin Ali	Dr. Roshayati binti Basir
	RM				
Company					
Director's Fees	-	81,000	65,000	56,000	50,000
Meeting allowance	-	30,000	34,000	30,000	12,000
Salaries	278,418	-	-	-	-
Bonus	252,966	-	-	-	-
Benefits in kind	40,000	34,118	43,610	22,124	-
Others	102,793	-	-	-	-
TOTAL	674,177	139,118	127,610	102,124	62,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	Executive Director	Non-Executive Directors			
	Dato' Roslan bin Hamir	Dato' Adnan bin Shamsuddin	Rezal Zain bin Abdul Rashid	Datuk Alias bin Ali	Dr. Roshayati binti Basir
	RM				
Subsidiaries					
Directors' Fees	-	36,000	18,000	-	-
Meeting allowance	-	8,000	4,000	-	-
Salaries	424,848	-	-	-	-
Bonus	379,443	-	-	-	-
Benefits in kind	22,700	-	-	-	-
Others	153,822	-	-	-	-
TOTAL	980,813	44,000	22,000	-	-

The Directors' fees were last increased in FYE2014. Shareholders' approval will be sought accordingly at the forthcoming AGM.

Meeting attendance allowances are paid to Non-Executive Directors based on the number of meetings attended during the financial year. For the Managing Director of the Company, the NRC reviews the remuneration package annually and recommend to the Board on specific adjustments and/or reward package that reflect his contribution throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice. The Managing Director recuses himself from deliberation and voting on his annual performance salary and bonus and remuneration package at NRC and Board meetings.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee is chaired by Encik Rezal Zain bin Abdul Rashid and the members are Dato' Adnan bin Shamsuddin and Datuk Alias bin Ali, all of whom are INEDs. The experience and qualifications of members of the Audit Committee are disclosed in the Profile of Directors section of this Annual Report. The Audit Committee has a written Terms of Reference which is available on the Company's website under 'Investors' section.

The Audit Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities with regard to financial reporting, audit and risk management, including the integrity of the Group's financial reporting, the effectiveness of the Group's enterprise risk management and internal control framework and oversight of the independence of the external and internal auditors. In this regard, the Audit Committee must ensure that the objectivity, independence and effectiveness of external and internal auditors are maintained.

The particulars in relation to the audit and non-audit fees incurred by the Company and its subsidiaries for the FYE2018 are as follows:-

	Audit Fees (RM'000)		Non-Audit Fees (RM'000)	
	FYE2018	FYE2017	FYE2018	FYE2017
Company	73	73	9	9
Subsidiaries	225	221	-	-
TOTAL	298	294	9	9

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

Related Party Transactions

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

Details of the proposed renewal of shareholders' mandate for recurrent related party transaction is set out in the Circular/ Statement to Shareholders dated 31 July 2018.

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

I. COMMUNICATION WITH STAKEHOLDERS

Shareholders and other stakeholders are informed of all material matters affecting the Company through Bursa Malaysia announcements including the Company's quarterly financial results. The Company's corporate website is also the primary source of information for investors. It houses the Company's corporate profile, individual profiles of Directors and senior management, financial results, annual reports, corporate governance related policies and the Company's operations and major subsidiaries.

II. CONDUCT OF GENERAL MEETINGS

The Board views the Company's general meetings as a valuable opportunity for shareholders to exchange views and engage in active dialogue with the Board. At the Company's 42nd AGM held on 23 August 2017, all Directors including the Chair of Board Committees were present in person to engage directly with shareholders and proxies.

The AGM notice includes details of the resolutions proposed along with any relevant background information or recommendations. The Notice of 42nd AGM of the Company was delivered to the shareholders on 28 July 2017 and was also published in the local English newspapers and made available on the Company's website. The voting at the 42nd AGM was conducted through electronic voting system. The proceedings at the AGM were recorded in the minutes of meeting and disclosed to shareholders through the Company's website.

This Corporate Governance Overview Statement was approved by the Board of Directors on 28 May 2018.

AUDIT COMMITTEE REPORT

1. MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee comprise of:

Encik Rezal Zain bin Abdul Rashid (Chairman)

Senior Independent Non-Executive Director

Member of Malaysian Institute of Accountants

Dato' Adnan bin Shamsuddin (Member)

Independent Non-Executive Director

Datuk Alias bin Ali (Member)

Independent Non-Executive Director

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management.

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

2. TERMS OF REFERENCE

In fulfilling its duties and responsibilities, the Audit Committee is guided by the Terms of Reference which is available on the Company's website at www.fimacorp.com. The Audit Committee is authorized to seek information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee. The Audit Committee is also authorized by the Board to obtain independent professional advice if necessary in discharging their functions.

3. MEETINGS

The Audit Committee meetings were held 5 times during the financial year ended ("FYE") 31 March 2018 and attendance of Audit Committee members is reflected as follows:

Name of Committee Members	No. of Meetings Attended
Encik Rezal Zain bin Abdul Rashid	5/5
Dato' Adnan bin Shamsuddin	5/5
Datuk Alias bin Ali	5/5

The Company's Managing Director, Chief Operating Officer and Financial Controller were invited to attend 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 reports. 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 2017 and 20 February 2018, to discuss key issues within their sphere of interest and responsibility.

AUDIT COMMITTEE REPORT

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 presented to the members of the Board at the Board meeting for noting.

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

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2018

4.1 During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference. Key focus areas of the Audit Committee during the financial year includes:

(a) Financial Reporting:

- Reviewed the Group's quarterly unaudited financial results and audited financial statements to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending to the Board for approval.
- Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
- Obtained assurance from the Managing Director, Chief Operating Officer and Financial Controller that:
 - > appropriate accounting policies had been adopted and applied consistently;
 - > the going concern basis applied in the audited financial statements and quarterly financial results was appropriate;
 - > adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the Financial Reporting Standards and MMLR; and
 the relevant financial statements for FYE2018 gave a true and fair view of the state of affairs of the Group.
- Reviewed the recognition of impairment of property, plant and equipment and biological assets by PT Nunukan Jaya Lestari following the dismissal of the State Administrative Court's decision to dismiss the Ministerial Order.
- Reviewed the revenue recognition by Manufacturing Division and provision of warranty by the Division.

(b) External Audit:

- Reviewed with the external auditors their audit plan, strategy and scope of the statutory audits of the Group accounts for the FYE2018. The audit plan outlines their scope of work and proposed fees for the statutory audit, assurance-related review and review of the Statement on Risk Management and Internal Control.
- Reviewed the major issues that arose during the course of the audit and their resolution.
- Reviewed the key accounting and audit judgements.
- Reviewed the recommendations made by the external auditors in their management letters and the adequacy of management's response.
- Assessed the effectiveness, the qualification and performance of the external auditors, the quality and the auditors' communication with the Audit Committee including their independence via a detailed questionnaires completed by the Audit Committee members as well as the feedback from the business units evaluating the performance of each assigned audit team and provided the recommendation on their re-appointment and remuneration to the Board.

AUDIT COMMITTEE REPORT

The external auditors have provided written confirmation to the Audit Committee on 20 February 2018 that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee after performing an effectiveness review, is satisfied with the auditors' effectiveness and independence and has recommended to the Board that Messrs Hanafiah Raslan & Mohamad be re-appointed as the Company's external auditor for the financial year ending 31 March 2019. Messrs Hanafiah Raslan & Mohamad rotates partners every five (5) years and the current audit Engagement Partner who has been appointed since 2014 will be rotated in 2019.

(c) Internal Audit:

- Reviewed and approved the Annual Internal Audit Plan for FYE2018 as proposed by GIA, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.
- Reviewed and deliberated on audit reports, follow-up reports, audit recommendations and management responses, prepared by the GIA at Audit Committee's quarterly meetings.
- Reviewed the corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- Reviewed the nature and extent of the non-audit activities performed by GIA.
- Reviewed the structure of GIA and adequacy of its resources and budget.
- 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.
- Assessed the effectiveness of the internal auditors via a detailed questionnaires completed by each Audit Committee member and individual business units. The evaluation encompassed an assessment of the qualifications and performance of the internal auditors, the size and strength of internal audit team, the quality of the internal audit plan and audit reports and the auditor's communications with the Audit Committee and the Company, and the internal auditors' independence, objectivity and professional skepticism.
- Reviewed the results of the annual assessment of the effectiveness of the internal auditors to ensure it has the required expertise and professionalism to discharge its duties.
- Facilitated the Quality Assessment Review ("QAR") of GIA's activities by the Institute of Internal Auditors Malaysia ("IIAM").

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

- Reviewed the RRPT entered into 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.
- 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) Risk Management and Internal Control:

- The quality and effectiveness of the Group's internal control through the consideration of the GIA reports embracing all material systems including financial, operational and compliance controls to ensure that they remain robust. Where areas of improvements are identified, remedial actions are taken and progress monitored.

4.2 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 programs attended by Audit Committee members are set out in the Corporate Governance Overview Statement of this Annual Report.

AUDIT COMMITTEE REPORT

5. EVALUATION OF THE AUDIT COMMITTEE

For FYE2018, the annual assessment and evaluation on the performance of the Audit Committee was conducted in-house by the Company Secretaries. The evaluation process includes the Board evaluation on the overall Audit Committee performance and the Committee's assessment of its own performance. The evaluation included a review of detailed questionnaires completed by each Director and member of the Audit Committee, based on the following key areas:

5.1 Board evaluation of Audit Committee:

- (a) To determine whether the Audit Committee carried out its duties in accordance with its Terms of Reference.
- (b) To determine whether the Audit Committee made board meetings more efficient and effective.
- (c) To determine whether the results, findings and/or recommendations reported to the Board in a clear, concise and timely manner.

5.2 Evaluation by the Audit Committee:

- (a) Composition of the Audit Committee.
- (b) Whether the Audit Committee carried out its duties and responsibilities in accordance with its Terms of Reference.
- (c) The quality of the Audit Committee's recommendations on the risk management and financial reporting.
- (d) Overall effectiveness of the Audit Committee.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

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

2. RESPONSIBILITY

The Board recognises their responsibility for the Group's system of internal control, which is designed to identify and manage the principal risks facing the business in pursuit of its objectives, to review its adequacy and integrity and to ensure good corporate governance. The management is accountable to the Board for monitoring the Group's system of internal control and for providing assurance to the Board that it has done so.

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

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

3. INTERNAL CONTROL

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

- 3.1 Operational and follow-up audits are conducted throughout the financial year based on approved annual audit plan to provide reasonable assurance that the systems of internal controls and its framework, and governance processes put in place by management continue to operate satisfactorily and effectively and to add value and improve the Group's business operations.
- 3.2 A meeting of Heads of Divisions which is held by the penultimate holding company, Kumpulan Fima Berhad ("KFima") and chaired by the KFima's Group Managing Director ("Group MD") is held monthly to deliberate on the KFima Group's financial performance, internal audit reports, business development, legal/litigation, operational and corporate issues. The Group MD will update the Board of any significant matters that require the Board's immediate attention.
- 3.3 The Managing Director actively participates and involves in the day-to-day running of the major business and regular discussions with the senior management.
- 3.4 There is a budgeting and forecasting system. Each line of business submits a business plan annually for approval by the Board. The results of the lines of businesses are reported monthly and variances are analyzed 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 3.5 The periodic and streamlining review of limits of authority and other standard operating procedures within the Group provides a sound framework of authority and accountability within the organization and to facilitate quality, well informed and timely corporate decision making at the appropriate level in the organisation's hierarchy.
- 3.6 The compliance function, which includes the Audit Committee and internal audit function carried out by the GIA established by KFima, assists the Board to oversee the management of risks and review the effectiveness of internal controls. The Committee reviews reports of the GIA and also conducts annual assessment on the adequacy of the GIA's scope of work.
- 3.7 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.
- 3.8 Review and award of major contracts by the project committees and teams, subject always to the delegated authority limits set by the Board. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
- 3.9 The Risk Management Committee ("RMC") convenes meeting 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.
- 3.10 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.
- 3.11 The competency of staff is enhanced through rigorous recruitment process and development programmes. A performance appraisal system of staff is in place, with established targets and accountability and is reviewed annually.

4. INTERNAL AUDIT FUNCTIONS

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

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

The GIA evaluates the following:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

- (a) Prepared the annual audit plan for approval by the Audit Committee.
- (b) Performed risk-based audits based on the approved annual audit plan, including follow-up of matters from previous internal audit reports.
- (c) Issued internal audit reports to the management on risk management and internal control issues identified from the risk-based audits together with recommendations for improvements for these processes.
- (d) Reported on a quarterly basis to the Audit Committee on significant risk management and internal control issues from the internal audit reports issued and the results of follow-up of matters reported.
- (e) Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of the GIA function.
- (f) Conducted regular follow-up and monitoring on the implementation of recommendations made by the GIA function to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.
- (g) Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the related party transactions have been conducted on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.
- (h) Conducted a briefing on Malaysian Sustainability Palm Oil Mill (MSPO) Certification's awareness to the Audit Committee and other Board members.
- (i) Prepared the Audit Committee Report and Statement on Risk Management and Internal Control for the Company's 2018 Annual Report.

As a means to objectively evaluate GIA service quality and to ensure continuous conformance to The Professional Practices Framework (IPPF) Standards issued by IIA, a QAR has been conducted by a qualified external independent reviewer from the IIA in March 2018.

During the financial year, six (6) 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 compliances and operations.

The total costs incurred for maintaining the GIA function for FYE2018 is RM170,000 (2017: RM150,000) comprising personnel costs, establishment expenses, admin and general expenses.

5. ENTERPRISE RISK MANAGEMENT ("ERM")

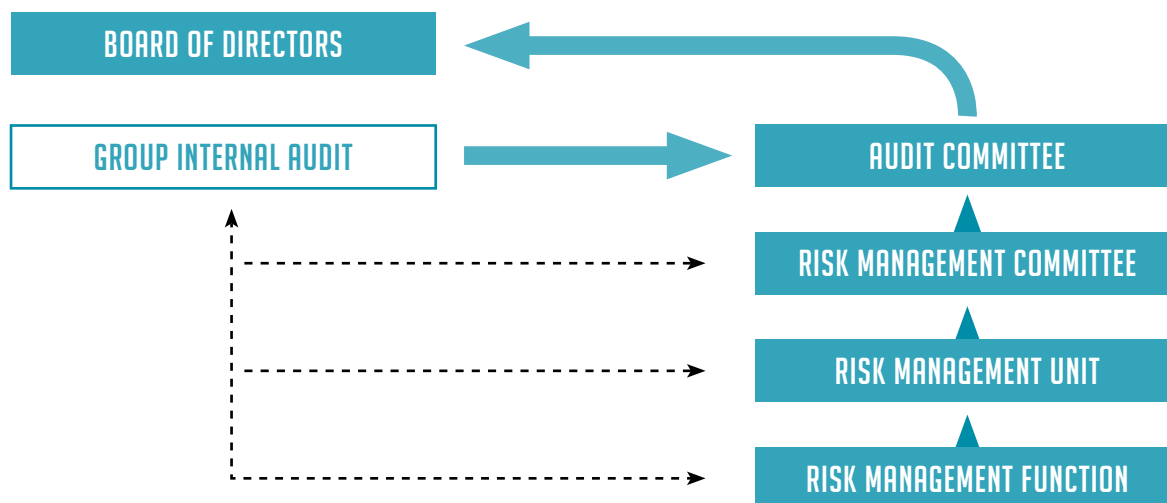
Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group has established the appropriate risk management infrastructure to ensure that the Group's assets are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

The Audit Committee and the Board is supported by RMC. 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 convenes meeting on a yearly basis to review the key risk profiles and submit a summary reporting to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

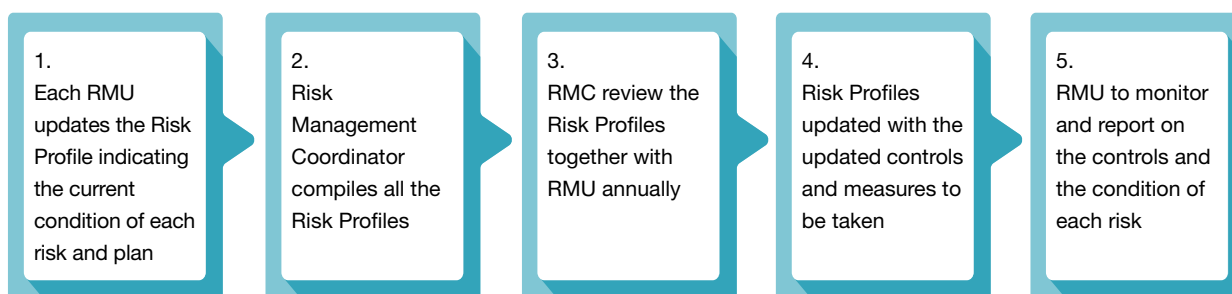
The RMC is entrusted with the responsibility of implementing and maintaining the ERM framework to achieve the following objectives:

- 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.
- Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans.
- 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 activities:

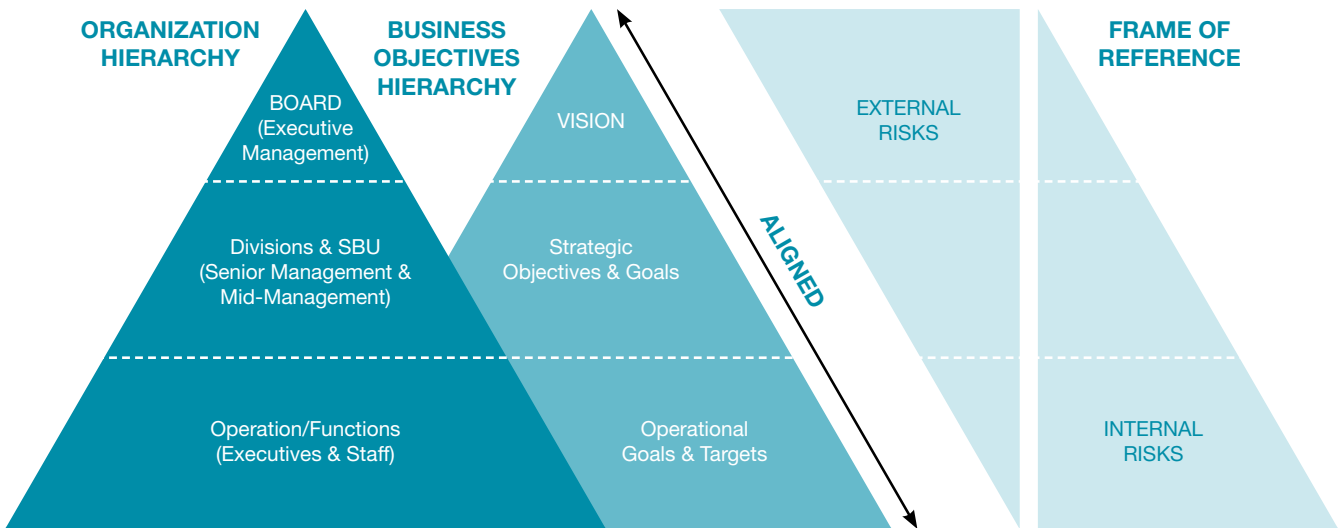
- Reviewed the extent of the controls and measures which have been put in place by each Risk Management Unit (“RMU”) to ensure the risks are managed to an acceptable level. Below are the steps of conducted within the Group:



- 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’s risk parameters, the top risks from each business segment and reported to the RMC for review, deliberation and approval.
- 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 prioritising risk action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 instil the appropriate discipline and control by 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.

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

- Detailed Risk Register.
- Risk Parameters.
- ERM Report.

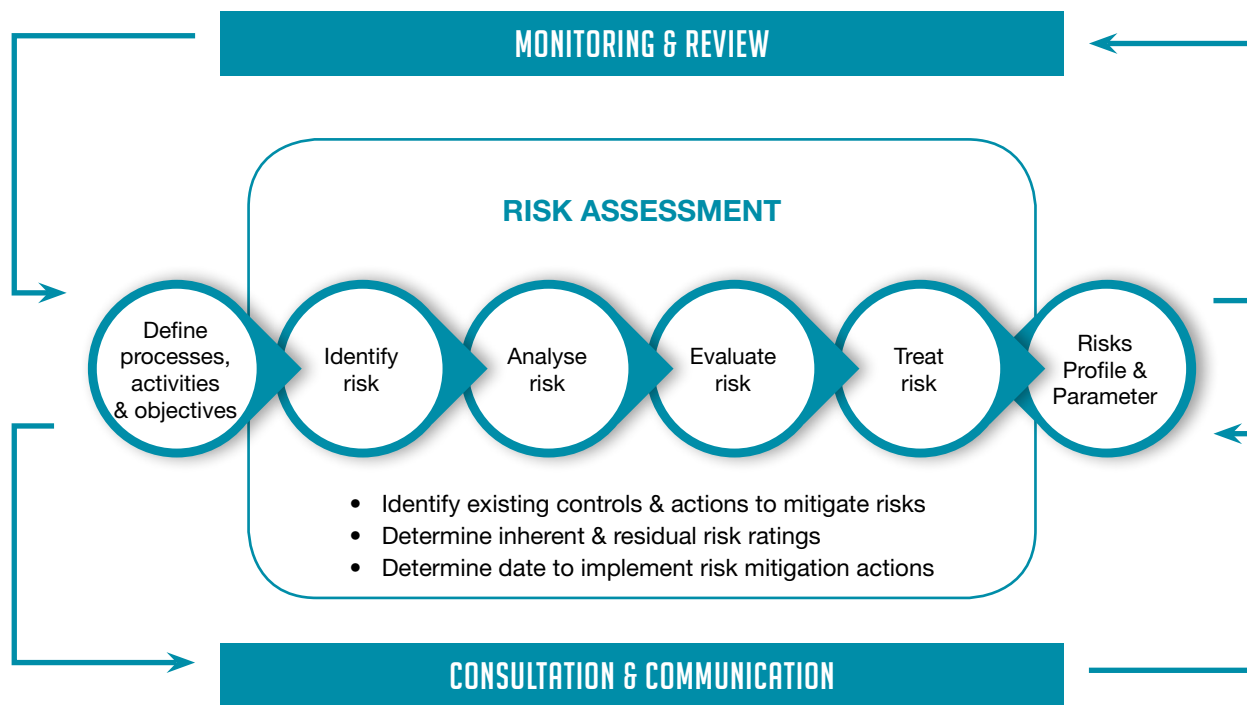
These reports were summarised as risk profile and provide the basis for the following:

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

All subsidiaries within the Group will update and present their risk profiles to the RMC on an annual basis for the RMC's review and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 financial and/or non-financial standpoint are as follows:

Broad risk area	Sub-broad risk	Key mitigation measures
Business and operational sustainability Local and global competition, economic slowdown factors and invasion/demonstration by the local community due to conflict or cultural belief adversely impact the business operations.	Losing market share, business interruption, products pricing and marketing.	<ul style="list-style-type: none"> Monitoring of market/economic conditions. Strategic business plan based on market conditions. Key marketing strategy for each division. Consistently participate in the local meetings conducted by the community or authority to ensure the company or community (vice-versa) is well updated and informed about any changes or new information or development.
Environment Local and global weather patterns, natural disasters, diseases or crop pests and stringent environmental and conservation regulations.	Affect the production due to a lower supply of materials; production efficiency and product quality.	<ul style="list-style-type: none"> Constructed a flood mitigation system at the flood prone areas. Establishing a safe wildlife corridor animals to ensure they do not wander off into communal/estate areas. Continuous manuring and pest and disease preventive and corrective programmes.
Compliance Internal and external regulatory requirements.	Regulatory.	<ul style="list-style-type: none"> Constant monitoring for each department, division and Group. Regular review in operational audit programme. Continuous updating of new regulatory requirement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Broad risk area	Sub-broad risk	Key mitigation measures
Political Investment's returns could suffer as a result of political changes or instability in a country.	Large and unpredictable changes in government policy and regulations affecting the business.	<ul style="list-style-type: none"> Proactively engage with Government bodies and authorities to strengthen the work relationship and to be well informed and updated, on any changes in regulations and policies of the country.
Pricing Raw materials cost inflation.	Price escalation of raw materials such as fertiliser, chemicals and fuel due to yearly inflation.	<ul style="list-style-type: none"> Introduced Palm Oil Mill Effluent (POME) application and composting application as part of the fertiliser program in order to reduce the manuring costs. Continuously monitoring the cost of raw materials for competitive price.

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 by the Group.	The Group is exposed to various financial risks relating to bad debts, liquidity, interest rates, foreign exchange and commodity prices.
Accountabilities	Board and Managing Director.	Heads of Divisions, Departments and Business Units.	Managing Director, 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.

6. WHISTLEBLOWING POLICY

To reinforce the culture of good business ethics, the Group has also introduced a whistleblowing framework and policy to provide an avenue for stakeholders and employees to raise genuine concerns internally or report any suspected breach or wrongdoing, which includes fraud, misappropriation of assets, breach of any law or regulation, including the Group's policies and procedures, to the Managing Director and/or Chairman of Audit Committee without fear of reprisals.

Procedure

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the year ended 31 March 2018 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement has been reviewed and approved by the Board of Directors on 28 May 2018.

REZAL ZAIN BIN ABDUL RASHID

Chairman of Audit Committee

ADDITIONAL DISCLOSURE

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

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

RRPT of the Company for the FYE2018 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 ("PTNJL") ⁽¹⁾	PT Pohon Emas Lestari ("PTPEL") ⁽²⁾	Purchase of fresh fruit bunches Buyer: PTNJL Seller: PTPEL	Bapak Muhammad Ramli ⁽³⁾	10,000	5,693

Notes:-

- (1) PTNJL's principal activities are in the oil palm production and processing. FimaCorp effectively owns 80.0% of PTNJL.
- (2) PTPEL's principal activity is oil palm production.
- (3) Bapak Muhammad Ramli is a Director of PTNJL and has 20% direct shareholding in PTNJL. He is also a Director of PTPEL and has 99.64% direct shareholding in PTPEL.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

This Statement is made in accordance with the resolution of the Board dated 30 May 2018.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

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	42,211	55,859
Profit for the year attributable to:		
- Equity holders of the Company	36,110	55,859
- Non-controlling interests	6,101	-
	42,211	55,859

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 2017 were as follows:

	RM'000
In respect of the financial year ended 31 March 2017 as reported in the directors' report for that year:	
Single-tier final dividend of 7.5 sen, paid on 20 June 2017	18,086
Single-tier special dividend of 5.0 sen, paid on 20 June 2017	12,058
In respect of the financial year ended 31 March 2018:	
Single-tier interim dividend of 5.0 sen, paid on 29 December 2017	12,058
	42,202

DIRECTORS' REPORT

DIVIDENDS (CONT'D.)

The directors recommend the payment of a single-tier final dividend 7.5 sen per share respectively on 240,953,230 ordinary shares, amounting to RM18,072,000 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 2019.

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	
Mohd Rizal bin Mat Nor	
Mohd Adizuraimin Mohd Affandi	
Jasmin binti Hood	
Che Norudin bin Che Alli	
Dato' Ahmad Faizel bin Abdul Karim	
Muhammad Ramli	
Hussin bin Abdul Jalil	(Resigned 29 May 2017)
Lee Mo Leng	(Resigned 1 November 2017)
Abdul Khudus bin Mohd Naa'im ^	
Dato' Dr. Abu Talib bin Bachik ^	(Resigned 20 February 2018)
Hedzir bin Aminudin ^	(Resigned 20 February 2018)
Sy Choon Yeh ^	(Resigned 20 February 2018)
Mat Rasid bin Mat Jaais ^	(Resigned 8 March 2018)
Ab Aziz bin Yunus	(Appointed 8 March 2018)

^ New directors of the subsidiaries following to the acquisition of FCB Eastern Plantations Sdn. Bhd. (formerly known as Java Plantations Sdn. Bhd.) on 20 February 2018.

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

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

	Group RM'000	Company RM'000
Directors' remuneration	4,608	1,132

INDEMNITIES TO DIRECTORS OR OFFICERS

No indemnities have been given or paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Group and the Company.

The amount of the professional insurance premium paid during the financial year for directors and officers of the Group and the Company is RM12,000 and RM1,000 respectively.

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 or its related corporations during the financial year were as follows:

	Number of Ordinary Shares		
	As at 1 April 2017	Bought	Sold
The Company			
Direct Interest			
Directors of the Company:			
Rezal Zain bin Abdul Rashid	5,000	-	-
Dr. Roshayati binti Basir	167,600	-	-
Director of subsidiaries:			
Nazaruddin bin Mohd Hadri	279,000	-	(100,500)

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	Number of Ordinary Shares			
	As at 1 April 2017	Bought	Sold	As at 31 March 2018
The Company (Cont'd.)				
Indirect Interest				
Directors of the Company:				
Dato' Roslan bin Hamir ⁽¹⁾	601,800	-	-	601,800
Dr. Roshayati binti Basir ⁽²⁾⁽³⁾⁽⁴⁾	150,383,658	-	-	150,383,658
Kumpulan Fima Berhad				
Penultimate Holding Company				
Direct Interest				
Directors of the Company:				
Dato' Roslan bin Hamir	320,000	-	-	320,000
Dr. Roshayati binti Basir	284,000	359,900	-	643,900
Dato' Adnan bin Shamsuddin	10,000	-	-	10,000
Directors of subsidiaries:				
Nazaruddin bin Mohd Hadri	419,500	-	(20,000)	399,500
Mohd Yusof bin Pandak Yatim	430,000	-	-	430,000
Mohd Rizal bin Mat Nor	155,000	-	-	155,000
Jasmin binti Hood	50,000	-	-	50,000
Indirect Interest				
Directors of the Company:				
Dato' Roslan bin Hamir ⁽¹⁾	1,291,000	-	-	1,291,000
Dr. Roshayati binti Basir ⁽²⁾⁽³⁾	167,723,200	91,000	(70,200)	167,744,000
Director of subsidiaries:				
Dzakwan bin Mansori ⁽⁵⁾	440,000	-	-	440,000
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 ⁽⁶⁾	38,120,326	-	-	38,120,326

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	Number of Preference Shares			31 March 2018
	1 April 2017	Bought	Sold	
BHR Enterprise Sdn. Bhd. Ultimate Holding Company (Cont'd.)				
Indirect Interest				
Dr. Roshayati binti Basir ⁽⁷⁾	4	-	-	4
	Number of Ordinary Shares			As at 31 March 2018
	As at 1 April 2017	Bought	Sold	
Nationwide Express Holdings Berhad Related Company				
Indirect Interest				
Dr. Roshayati binti Basir ⁽⁸⁾	72,611,870	150,000	-	72,761,870

Deemed interested by virtue of the following:

- (1) 601,800 and 1,291,000 ordinary shares are held under Maybank Nominees Tempatan Sdn. Bhd..
- (2) Her shareholding in BHR Enterprise Sdn. Bhd. ("BHR"), the ultimate holding company of the Company.
- (3) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in the Company.
- (4) Fima Metal Box Holdings Sdn. Bhd., the major shareholder of the Company, is a wholly-owned subsidiary of Kumpulan Fima Berhad in which BHR has 52.17% equity interest.
- (5) 440,000 ordinary shares are held under Maybank Nominees Tempatan Sdn. Bhd..
- (6) 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.
- (7) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding of preference shares in BHR.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

- (8) Dr. Roshayati binti Basir is deemed interested by virtue of the following:
- (i) Her shareholding in BHR of more than 20%. BHR is major shareholder of Nationwide Express Holding Berhad ("NEHB");
 - (ii) Her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in NEHB; and
 - (iii) Her sister, Rozilawati binti Haji Basir's indirect shareholding of 3,806,512 held under M&A Nominees (Tempatan) Sdn. Bhd..

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

TREASURY SHARES

During the financial year, the Company repurchased 198,600 of its issued ordinary shares.

As at 31 March 2018, the Company held as treasury shares a total of 4,371,100 of its 245,324,330 issued ordinary shares. Such treasury shares are held at a carrying amount of approximately RM4,577,000. Further details are disclosed in Note 24 to the financial statements.

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

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.

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

- (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.

SIGNIFICANT EVENT

The significant event is disclosed in Note 16 to the financial statements.

AUDITORS

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

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

	Group RM'000	Company RM'000
Hanafiah Raslan & Mohamad	189	73
Other auditors	109	-
	298	73

DIRECTORS' REPORT**INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hanafiah Raslan & Mohamad, as part of the terms of its audit engagement against claim by third parties arising from the audit. No payment has been made to indemnify Hanafiah Raslan & Mohamad during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 May 2018.

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 95 to 174 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 May 2018.

Dato' Adnan bin Shamsuddin

Dato' Roslan bin Hamir

STATUTORY DECLARATION

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

I, Fadzil bin Azaha, being the officer primarily responsible for the financial management of Fima Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 95 to 174 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 at Kuala Lumpur
in the Federal Territory
on 30 May 2018.

Fadzil bin Azaha
MIA 20995

Before me,

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 statements of financial position as at 31 March 2018, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 174.

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 2018 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 and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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.

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

Revenue from production of security documents and net sale of oil palm products recognised by the Group amounted to approximately RM278.9 million. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as an area of focus in our audit.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIMA CORPORATION BERHAD

Key Audit Matters (Cont'd.)

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

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

- (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 31 to the financial statements)**

As at 31 March 2018, the provision for warranty amounted to RM10.0 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 the 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 of 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIMA CORPORATION BERHAD

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

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's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIMA CORPORATION BERHAD

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.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the 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 reasonably 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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

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. 03063/02/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 May 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	3	284,646	372,101	61,648	26,743
Cost of sales		(169,230)	(229,651)	-	-
Gross profit		115,416	142,450	61,648	26,743
Other income	4	8,685	7,757	877	1,072
Other items of expense					
Administrative expenses		(33,926)	(30,230)	(1,965)	(1,857)
Selling and marketing expenses		(9,235)	(8,392)	-	-
Other expenses		(19,223)	(52,930)	(3,854)	(3,722)
Finance cost	5	(110)	(81)	-	-
Share of results from associate		1,696	2,687	-	-
Profit before tax	6	63,303	61,261	56,706	22,236
Income tax expense	9	(21,092)	(26,254)	(847)	(698)
Profit net of tax		42,211	35,007	55,859	21,538
Other comprehensive (expense)/ income, net of tax					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Reversal of revaluation surplus of property, plant and equipment previously recognised		-	(11,522)	-	-
Remeasurement of defined benefit liability		(36)	(75)	-	-
<i>Item that will be subsequently reclassified to profit or loss</i>					
Foreign currency translation (loss)/gain		(13,578)	11,516	-	-
Total comprehensive income for the year		28,597	34,926	55,859	21,538
Profit/(loss) attributable to:					
Equity holders of the Company		36,110	37,715	55,859	21,538
Non-controlling interest		6,101	(2,708)	-	-
Profit for the year		42,211	35,007	55,859	21,538
Total comprehensive income/ (expense) attributable to:					
Equity holders of the Company		27,527	37,652	55,859	21,538
Non-controlling interest		1,070	(2,726)	-	-
Total comprehensive income for the year		28,597	34,926	55,859	21,538
Earnings per share attributable to equity holders of the Company (sen per share)					
Basic/diluted earnings per share	11	14.98	15.64		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	116,666	97,856	1,843	1,927
Investment properties	13	60,670	62,177	49,442	50,604
Biological assets	14	44,512	33,030	-	-
Goodwill on consolidation	15	510	510	-	-
Investments in subsidiaries	16	-	-	77,899	72,099
Investment in associate	17	40,845	41,061	10,000	10,000
Deferred tax assets	27	7,686	9,408	410	564
		270,889	244,042	139,594	135,194
CURRENT ASSETS					
Trade and other receivables	18	120,651	97,537	822	781
Inventories	19	38,857	37,431	-	-
Due from related companies	20	28	19	45,174	26,732
Short term cash investments	21	43,883	-	7,983	-
Cash and bank balances	22	165,596	336,309	3,316	20,610
		369,015	471,296	57,295	48,123
TOTAL ASSETS					
		639,904	715,338	196,889	183,317
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	122,662	122,662	122,662	122,662
Treasury shares	24	(4,577)	(4,181)	(4,577)	(4,181)
Other reserves	25	(15,238)	(6,655)	2,095	2,095
Retained earnings	26	443,801	449,559	72,553	58,896
		546,648	561,385	192,733	179,472
Non-controlling interests					
		18,638	25,415	-	-
Total equity					
		565,286	586,800	192,733	179,472

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	27	4,897	3,275	-	-
Retirement benefit obligations	28	1,813	1,837	-	-
Finance lease obligations	29	15,588	16,176	-	-
		22,298	21,288	-	-
CURRENT LIABILITIES					
Trade and other payables	30	36,884	82,761	1,642	1,629
Provisions	31	12,081	16,947	2,120	2,120
Tax payable		2,578	6,291	93	96
Due to related companies	20	166	627	301	-
Finance lease obligations	29	611	624	-	-
		52,320	107,250	4,156	3,845
Total liabilities		74,618	128,538	4,156	3,845
TOTAL EQUITY AND LIABILITIES		639,904	715,338	196,889	183,317

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 2018

		← Non-distributable →		
Group	Note	Equity, total RM'000	Equity attributable to the Company total RM'000	Share capital RM'000
At 1 April 2016		582,388	554,247	122,662
Total comprehensive income for the year		34,926	37,652	-
Transactions with equity holders				
Purchase of treasury shares	24	(392)	(392)	-
Dividends	10	(30,144)	(30,144)	-
Grant of equity settled share options		22	22	-
Total transactions with equity holders		(30,514)	(30,514)	-
At 31 March 2017		586,800	561,385	122,662
At 1 April 2017		586,800	561,385	122,662
Total comprehensive income for the year		28,597	27,527	-
Transactions with equity holders				
Purchase of treasury shares	24	(396)	(396)	-
Dividends	10	(50,572)	(42,202)	-
Acquisition of subsidiary		1,030	-	-
Acquisition of non-controlling interests		(173)	334	-
Total transactions with equity holders		(50,111)	(42,264)	-
At 31 March 2018		565,286	546,648	122,662

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

Attributable to owners of the parent						
Distributable			Non-distributable			
Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 25) RM'000	Asset revaluation reserve RM'000	Foreign currency translation deficit RM'000	Equity contribution from parent RM'000	Non-controlling interests RM'000
(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
(4,181)	449,559	(6,655)	7,605	(18,510)	4,250	25,415
-	36,110	(8,583)	-	(8,583)	-	1,070
(396)	-	-	-	-	-	-
-	(42,202)	-	-	-	-	(8,370)
-	-	-	-	-	-	1,030
-	334	-	-	-	-	(507)
(396)	(41,868)	-	-	-	-	(7,847)
(4,577)	443,801	(15,238)	7,605	(27,093)	4,250	18,638

STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2018

← Non-distributable

Company	Note	Equity, total RM'000	Share capital RM'000
At 1 April 2016		188,464	122,662
Total comprehensive income for the year		21,538	-
Transactions with equity holders			
Purchase of treasury shares	24	(392)	-
Dividends	10	(30,144)	-
Grant of equity settled share options		6	-
Total transactions with equity holders		(30,530)	-
At 31 March 2017		179,472	122,662
At 1 April 2017		179,472	122,662
Total comprehensive income for the year		55,859	-
Transactions with equity holders			
Purchase of treasury shares	24	(396)	-
Dividends	10	(42,202)	-
Total transactions with equity holders		(42,598)	-
At 31 March 2018		192,733	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 2018

→ Distributable ←		← Non-distributable →		
Treasury shares RM'000	Retained earnings RM'000	Other reserves, total (Note 25) RM'000	Asset revaluation reserve RM'000	Equity contribution from parent RM'000
(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
(4,181)	58,896	2,095	1,556	539
-	55,859	-	-	-
(396)	-	-	-	-
-	(42,202)	-	-	-
(396)	(42,202)	-	-	-
(4,577)	72,553	2,095	1,556	539

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	63,303	61,261	56,706	22,236
Adjustments for:				
Depreciation for property, plant and equipment	9,484	15,074	166	171
Depreciation of investment properties	1,507	1,507	1,162	1,163
Amortisation of biological assets	1,451	4,555	-	-
Write off of biological assets	-	70	-	-
Impairment loss on:				
- property, plant and equipment	832	4,593	-	-
- biological assets	-	24,779	-	-
- trade receivables	9	16	-	-
- other receivables	-	3,491	-	-
Write back of impairment loss on:				
- trade receivables	(36)	(481)	-	-
- other receivables	(2,534)	-	-	-
Provision for retirement benefit obligations	289	284	-	-
Write down of inventories	2,484	3,177	-	-
Property, plant and equipment written off	1	-	1	-
Gain on disposal of property, plant and equipment	(2)	-	(1)	-
Negative goodwill on acquisition of subsidiaries	(275)	-	-	-
Net reversal of provision for warranty	(4,866)	(2,287)	-	-
Shares and options granted under ESS	-	22	-	6
Share of results of associate	(1,696)	(2,687)	-	-
Dividend income	-	-	(57,357)	(22,509)
Distribution from short term cash investments	(454)	-	(83)	-
Interest expense	110	81	-	-
Interest income	(7,681)	(7,679)	(769)	(1,048)
Operating profit/(loss) before working capital changes	61,926	105,776	(175)	19

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes (Cont'd.)	61,926	105,776	(175)	19
(Increase)/decrease in trade and other receivables	(24,818)	65,212	(41)	(109)
(Increase)/decrease in inventories	(5,724)	10,255	-	-
(Decrease)/increase in trade and other payables	(43,779)	33,283	13	(56)
Decrease in related company balances	(470)	(18)	(18,141)	(745)
Cash (used in)/generated from operations	(12,865)	214,508	(18,344)	(891)
Taxes paid	(21,390)	(25,772)	(696)	(855)
Retirement benefits paid	(43)	(50)	-	-
Net cash (used in)/generated from operating activities	(34,298)	188,686	(19,040)	(1,746)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,767)	(5,302)	(115)	(21)
Additions to biological assets	(6,146)	(8,682)	-	-
Proceeds from disposal of property, plant and equipment	38	-	33	-
Acquisition of subsidiary, net cash acquired	(4,564)	-	-	-
Acquisition of non-controlling interests	(173)	-	-	-
Distribution received from short term cash investments	454	-	83	-
Interest income received	7,681	7,679	769	1,048
Withdrawal/(placement) of deposits	23,000	(23,000)	-	-
Net short term cash investments	(43,883)	-	(7,983)	-
Dividends received	1,912	1,864	57,357	22,509
Net cash (used in)/generated from investing activities	(25,448)	(27,441)	50,144	23,536

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to equity holders	(42,202)	(30,144)	(42,202)	(30,144)
Acquisition of treasury shares	(396)	(392)	(396)	(392)
Dividends paid by a subsidiary to non-controlling interests	(8,370)	-	-	-
Repayment of obligations under finance lease	(711)	(727)	-	-
Repayment of borrowings	(29,026)	-	-	-
Subscription of loan stocks investment	-	-	(5,800)	(10,000)
Net cash used in financing activities	(80,705)	(31,263)	(48,398)	(40,536)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(140,451)	129,982	(17,294)	(18,746)
Effect of exchange rate changes in cash and cash equivalents	(7,262)	5,734	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	313,309	177,593	20,610	39,356
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 22)	165,596	313,309	3,316	20,610

(i) Changes in liabilities arising from financing activities:

	1 April 2017 RM'000	Acquisition of subsidiary RM'000	Paid RM'000	Interest expense RM'000	31 March 2018 RM'000
Finance lease obligation	16,800	-	(711)	110	16,199
Borrowings	-	29,026	(29,026)	-	-

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 financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 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 2017, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2017.

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

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.

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

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
FRS 9: Financial Instruments	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:

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.2 New FRSs, Amendments to FRS and IC Interpretations (Cont'd.)****(c) Malaysian Financial Reporting Standards ("MFRS") Framework (Cont'd.)**

The Group has not completed its assessment of the financial effects of the differences between FRS 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 2018 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.

2.3 Summary of Significant Accounting Policies**(a) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to 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.

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.)

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.

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.

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 (Cont'd.)**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

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 (Cont'd.)**

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.

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% to 25%
Factory and office renovations	2% to 20%
Equipment, furniture and fittings and motor vehicles	10% to 33.3%

Assets under construction or capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

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.

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**

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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 and the categories include financial assets at fair value through profit or loss and loans and receivables.

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.)****(i) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Summary of Significant Accounting Policies (Cont'd.)****(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 of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Revenue Recognition

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

(i) Sale of goods

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

(ii) Rental income

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

(iii) Property management services

Revenue from property management is recognised when services are rendered.

(iv) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Revenue Recognition (Cont'd.)

(v) Receipts in advance

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

(vi) Interest income

Interest income is recognised using the effective interest method.

(vii) Management fees

Management fees are recognised when the Group's right to receive payment is established.

(r) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services/ business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance. Additional disclosures on each of these segments are shown in Note 34.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Summary of Significant Accounting Policies (Cont'd.)****(s) Foreign Currencies (Cont'd.)****(ii) Foreign currency transactions (Cont'd.)**

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM, of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(t) Employee Benefits**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Summary of Significant Accounting Policies (Cont'd.)****(t) Employee Benefits (Cont'd.)****(iii) Defined benefit plan**

The foreign subsidiary in Indonesia, operates an unfunded, defined benefit Retirement Benefit Scheme (“the Scheme”) for its eligible employees. The foreign subsidiary’s obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial assumptions by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension assets or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The latest actuarial valuation was carried out using the employee data as at 31 March 2018 by PT Milliman Indonesia, an independent actuary dated 15 May 2018.

(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.

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.)****(iv) Employees' Share Scheme ("ESS") (Cont'd.)**

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

- Employee Share Option Scheme ("ESOS") (Cont'd.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Summary of Significant Accounting Policies (Cont'd.)****(u) Leases (Cont'd.)****(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.

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

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 (Cont'd.):

- 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.

NOTES TO THE FINANCIAL STATEMENTS

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 — Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation technique that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

2.4 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 Judgements (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) 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 2018 is RM9,961,000 (2017: RM14,827,000), as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

	Company		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Dividend income	-	-	57,357	22,509
Production and trading of security and confidential documents	140,779	233,347	-	-
Net sale of oil palm products	138,098	133,214	-	-
Rental income from investment properties	5,323	5,132	3,905	3,836
Property management services	446	408	386	398
	284,646	372,101	61,648	26,743

4. OTHER INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	7,681	7,679	769	1,048
Distribution from short term cash investments	454	-	83	-
Gain on disposal of property, plant and equipment	2	-	1	-
Management fees	24	24	24	24
Negative goodwill on acquisition of subsidiaries	275	-	-	-
Others	249	54	-	-
	8,685	7,757	877	1,072

5. FINANCE COST

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on obligations under finance leases	110	81	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 7)	29,023	30,251	1,562	1,452
Non-executive directors' remuneration (Note 8)	402	393	358	348
Auditors' remuneration:				
- Statutory audit fee	298	294	73	73
- Other services	9	9	9	9
Depreciation of property, plant and equipment (Note 12)	9,484	15,074	166	171
Depreciation of investment properties (Note 13)	1,507	1,507	1,162	1,163
Amortisation of biological assets (Note 14)	1,451	4,555	-	-
Write off of:				
- property, plant and equipment (Note 12)	1	-	1	-
- biological assets (Note 14)	-	70	-	-
Impairment loss on:				
- property, plant and equipment	832	4,593	-	-
- biological assets (Note 14)	-	24,779	-	-
- trade receivables (Note 18)	9	16	-	-
- other receivables (Note 18)	-	3,491	-	-
Write back of impairment loss on:				
- trade receivables (Note 18)	(36)	(481)	-	-
- other receivables (Note 18)	(2,534)	-	-	-
Write down of inventories	2,484	3,177	-	-
Gain on disposal of property, plant and equipment	(2)	-	(1)	-
Provision for retirement benefit obligations (Note 28)	289	284	-	-
Net reversal of provision for warranty (Note 31)	(4,866)	(2,287)	-	-
Realised foreign exchange loss	499	121	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. STAFF COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	24,614	25,141	1,200	1,168
EPF contribution	3,246	3,414	202	197
Social security costs	177	195	6	5
Provision for retirement benefits (Note 28)	289	284	-	-
Shares and options granted under ESS	-	22	-	6
Other staff related expenses	697	1,195	154	76
	29,023	30,251	1,562	1,452

Included in staff costs of the Group and of the Company is the Managing Director's remuneration amounting to RM1,655,000 (2017: RM1,279,000) and RM674,000 (2017: RM509,000) respectively as further disclosed in Note 8. Direct wages of employees amounting to RM6,781,000 (2017: RM7,752,000) has been included in the Group's cost of sales.

8. DIRECTORS' REMUNERATION

The details of remuneration receivable by the directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive director's remuneration				
Salaries and other emoluments	960	857	381	343
Bonus	632	368	253	147
Benefits-in-kind	63	54	40	19
	1,655	1,279	674	509
Non-executive directors' remuneration				
Fees	306	289	252	252
Benefits-in-kind	100	70	100	70
Other emoluments	118	104	106	96
	524	463	458	418
Total	2,179	1,742	1,132	927
Total excluding benefits-in-kind	2,016	1,618	992	838

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION (CONT'D.)

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

	Number of Directors	
	2018	2017
Executive:		
RM1,650,001 - RM1,700,000	1	-
RM1,250,001 - RM1,300,000	-	1
Non-executive:		
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	1	2
RM150,001 - RM200,000	2	1

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	17,929	28,890	700	699
- (Over)/under provision in prior years	(257)	1,402	(7)	-
	17,672	30,292	693	699
Deferred tax (Note 27):				
- Relating to reversal and origination of temporary differences	2,668	(4,814)	(38)	(25)
- Under provision in prior years	752	776	192	24
	3,420	(4,038)	154	(1)
Total income tax expense	21,092	26,254	847	698

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. The corporate rate tax applicable to the Indonesian subsidiary of the Group is 25% (2017: 25%).

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (CONT'D.)

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Group				
Profit before tax	63,303	61,261	56,706	22,236
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	15,193	14,703	13,609	5,336
Effect of tax rates in foreign jurisdiction	428	1,153	-	-
Effect of expenses not deductible for tax purposes	5,445	8,805	839	740
Effect of partial tax exemption	(41)	(32)	-	-
Deferred tax assets not recognised	88	92	-	-
Effect of share of results of associate	(407)	(645)	-	-
Income not subject to tax	(109)	-	(13,786)	(5,402)
Under provision of deferred tax in prior year	752	776	192	24
(Over)/under provision of income tax expense in prior year	(257)	1,402	(7)	-
	21,092	26,254	847	698

Tax losses are analysed as follows:

	Group	
	2018	2017
	RM'000	RM'000
Tax savings recognised during the year arising from:		
Unutilised tax losses carried forward	-	4,651

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interim				
Recognised during the financial year:				
Single-tier interim dividend for year ended 31 March 2018 of 5.0 sen paid on 29 December 2017	12,058	-	12,058	-
Single-tier interim dividend for year ended 31 March 2017 of 5.0 sen paid on 30 December 2016	-	12,058	-	12,058
Final				
Single tier final dividend for year ended 31 March 2017 of 7.5 sen paid on 20 June 2017	-	18,086	18,086	-
Single tier final dividend for year ended 31 March 2016 of 7.5 sen paid on 19 September 2016	-	-	-	18,086
Special				
Single tier special dividend for year ended 31 March 2017 of 5.0 sen paid on 20 June 2017	-	12,058	12,058	-
	12,058	42,202	42,202	30,144

The directors recommend the payment of a single-tier final dividend 7.5 sen per share on 240,953,230 ordinary shares, amounting to a total of RM18,072,000, 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 2019.

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	
	2018	2017
Consolidated profit attributable to equity holders of the Company (RM'000)	36,110	37,715
Weighted average number of ordinary shares in issue ('000)	241,116	241,178
Basic earnings per share for the year (sen)	14.98	15.64

(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 2018			
At Valuation/Cost			
At 1 April 2017	1,550	101,015	15,744
Additions	-	-	685
Acquisition of subsidiary (Note 16(h))	-	26,400	-
Disposals	-	-	-
Reclassification	-	-	1,011
Write-offs	-	-	-
Exchange differences	-	(19)	(2,250)
At 31 March 2018	1,550	127,396	15,190
Accumulated Depreciation and Impairment Loss			
At 1 April 2017	-	24,067	11,741
Charge for the year:			
- Depreciation	-	2,649	684
- Impairment loss	-	-	832
Disposals	-	-	-
Write-offs	-	-	-
Exchange differences	-	(5)	(2,244)
At 31 March 2018	-	26,711	11,013
Analysed as:			
Accumulated depreciation	-	12,350	5,784
Accumulated impairment loss	-	14,361	5,229
	-	26,711	11,013
Net Carrying Amount	1,550	100,685	4,177

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
84,502	21,743	46,569	3,330	274,453
1,861	-	1,069	152	3,767
-	-	-	-	26,400
(17)	-	(249)	-	(266)
-	-	-	(1,011)	-
(265)	-	(358)	-	(623)
(3,224)	(1,769)	(2,102)	(430)	(9,794)
82,857	19,974	44,929	2,041	293,937
78,677	21,539	40,573	-	176,597
2,846	97	3,208	-	9,484
-	-	-	-	832
(17)	-	(213)	-	(230)
(265)	-	(357)	-	(622)
(2,786)	(1,769)	(1,986)	-	(8,790)
78,455	19,867	41,225	-	177,271
78,195	19,867	41,225	-	157,421
260	-	-	-	19,850
78,455	19,867	41,225	-	177,271
4,402	107	3,704	2,041	116,666

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 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 Loss			
At 1 April 2016	-	6,098	3,834
Charge for the year:			
- Depreciation	-	3,605	1,753
- Impairment loss	-	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 loss	-	14,361	5,288
	-	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.)

Company	At Valuation	At Cost			
	Land and Buildings* RM'000	Plant and Machinery RM'000	Office Renovations RM'000	Equipment, Furniture, and Fittings and Motor Vehicles RM'000	Total RM'000
At 31 March 2018					
At Valuation/Cost					
At 1 April 2017	1,769	5	341	679	2,794
Additions	-	-	-	115	115
Disposals	-	-	-	(147)	(147)
Write-offs	-	-	-	(3)	(3)
At 31 March 2018	1,769	5	341	644	2,759
Accumulated Depreciation					
At 1 April 2017	98	2	278	489	867
Charge for the year	14	1	57	94	166
Disposals	-	-	-	(115)	(115)
Write-offs	-	-	-	(2)	(2)
At 31 March 2018	112	3	335	466	916
Net Carrying Amount	1,657	2	6	178	1,843
At 31 March 2017					
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

NOTES TO THE FINANCIAL STATEMENTS

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

* Land and Buildings of the Company

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 March 2018			
At Cost			
At 1 April 2017/31 March 2018	1,550	219	1,769
Accumulated Depreciation			
At 1 April 2017	-	98	98
Charge for the year	-	14	14
At 31 March 2018	-	112	112
Net Carrying Amount	1,550	107	1,657
At 31 March 2017			
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

- (a) The factory extension of the Group with a net book value of RM92,000 (2017: RM128,000) 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 RM101,639,000 (2017: RM101,020,000) and RM440,000 (2017: RM311,000) respectively.
- (c) Freehold land and buildings have been revalued on 31 March 2015 based on valuations performed by accredited independent valuers. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

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: (Cont'd.)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Costs				
Freehold land	170	170	170	170
Leasehold land	98,144	69,075	-	-
Buildings	15,190	15,744	237	237
	113,504	84,989	407	407
Accumulated Depreciation				
Leasehold land	8,652	4,487	-	-
Buildings	11,013	11,741	237	237
	19,665	16,228	237	237
Net Carrying Amount	93,839	68,761	170	170

13. INVESTMENT PROPERTIES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At Cost				
At 1 April 2017/2016 and 31 March	87,559	87,559	72,116	72,116
Accumulated Depreciation				
At 1 April 2017/2016	25,382	23,875	21,512	20,349
Charge for the year	1,507	1,507	1,162	1,163
At 31 March	26,889	25,382	22,674	21,512
Net Carrying Amount	60,670	62,177	49,442	50,604
Fair Value	61,805	63,010	50,005	51,010

- (a) The land title of a freehold land and building of the Company with a net book value of approximately RM48,633,000 (2017: RM49,777,000) is pledged as security for certain unutilised credit facilities of the Group.
- (b) The transfer of the land title of a building of the Company which is located at Pekan Nenas, Johor with a net book value of approximately RM808,000 (2017: RM827,000) has yet to be finalised.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (CONT'D.)

- (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 2018 and 31 March 2017 are based on valuation carried out by professional independent valuers, Messrs Hatta & Associates Sdn. Bhd..
- (d) Rental income generated from and direct operating expenses incurred on income generated from investment properties are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Rental income	5,323	5,132	3,905	3,836
Direct operating expenses	2,328	2,372	1,854	1,812

14. BIOLOGICAL ASSETS

	Group	
	2018	2017
	RM'000	RM'000
Oil Palm Planting		
Cost		
At 1 April 2017/2016	91,445	75,976
Additions	6,146	8,682
Acquisition of subsidiary	8,600	-
Write-off	-	(115)
Exchange differences	(9,495)	6,902
At 31 March	96,696	91,445
Accumulated Amortisation and Impairment Loss		
At 1 April 2017/2016	58,415	26,365
Charge for the year:		
- Amortisation	1,451	4,555
- Impairment loss	-	24,779
Write-off	-	(45)
Exchange difference	(7,682)	2,761
At 31 March	52,184	58,415
Analysed as:		
Accumulated amortisation	30,770	33,636
Accumulated impairment loss	21,414	24,779
	52,184	58,415
Net Carrying Amount	44,512	33,030

NOTES TO THE FINANCIAL STATEMENTS

15. GOODWILL ON CONSOLIDATION

	Group	
	2018	2017
	RM'000	RM'000
At 1 April 2017/2016 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:

	2018	2017
	%	%
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 2017	26,999	45,100	72,099
Subscription during the year	-	5,800	5,800
At 31 March 2018	26,999	50,900	77,899
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

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		Principal Activities
		2018 %	2017 %	
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	100	89	Investment holding.
PT Nunukan Jaya Lestari (ii)	Indonesia	80	80	Oil palm production and processing.
R.N.E. Plantation Sdn. Bhd. (i)	Malaysia	70	70	Oil palm plantation.
FCB Eastern Plantations Sdn. Bhd. (iii) (iv)	Malaysia	100	-	Oil palm plantation.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Details of subsidiaries are as follows (Cont'd.):

Name of Company	Country of Incorporation	Proportion of ownership interest		Principal Activities
		2018 %	2017 %	
Subsidiary of Next Oasis Sdn. Bhd.				
Taka Worldwide Trading Sdn. Bhd. (i)	Malaysia	100	89	Oil palm plantation.
Etika Gangsa Sdn. Bhd. (i)	Malaysia	100	89	Oil palm plantation.
Subsidiary of FCB Eastern Plantations Sdn. Bhd.				
Ladang Bunga Tanjong Sdn. Bhd. (iii)	Malaysia	80	-	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

(iii) Audited by firm other than member of Ernst & Young Global

(iv) Formerly known as Java Plantations Sdn. Bhd. ("JPSB")

(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

	2018 RM'000	2017 RM'000
Non-current assets - Biological assets	9,437	12,692
Non-current assets - Others	21,808	25,819
Current assets - Cash and cash equivalents	31,809	51,797
Current assets - Others	41,280	39,608
Total assets	104,334	129,916
Current liabilities	19,500	17,708
Non-current liabilities	1,291	1,319
Total liabilities	20,791	19,027
Net assets	83,543	110,889
Equity attributable to equity holders of the company	83,543	110,889

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. (Cont'd.)

- (ii) Summarised statement of comprehensive income

	2018 RM'000	2017 RM'000
Revenue	138,020	133,214
Profit for the year	33,833	(9,645)
Other comprehensive income	(30,505)	(75)
Total comprehensive income	5,350	(9,720)
Dividend paid to non-controlling interests	8,370	-

- (iii) Summarised statement of cash flows

	2018 RM'000	2017 RM'000
Net cash generated from operating activities	34,193	33,141
Net cash used in investing activities	(2,546)	(2,487)
Net cash used in financing activities	(44,373)	(3,018)
Net (decrease)/increase in cash and cash equivalents	(12,726)	27,636
Cash and cash equivalents at beginning of the year	51,797	18,427
Effect of exchange rate changes	(7,262)	5,734
Cash and cash equivalents at end of the year	31,809	51,797

- (c) During the year, the Company subscribed to RM3.0 million (30 units) 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 RM1.0 million (10 units) 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 RM0.8 million (8 units) 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.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

- (f) During the year, the Company subscribed to RM1.0 million (10 units) 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.
- (g) On 29 May 2017, the Company acquired 110 ordinary shares of Next Oasis Sdn Bhd ("Next Oasis"), representing the remaining 11% of the equity interest in Next Oasis for a purchase consideration of RM173,000.
- (h) Acquisition of subsidiary

On 6 October 2017, FCB Plantation Holdings Sdn. Bhd. has entered into a conditional Sale and Purchase Agreement with Java Berhad to acquire 1,000,000 ordinary shares representing the entire total issued and paid-up capital of JPSB for a purchase consideration of RM4,613,941. JPSB holds an 80% interest in Ladang Bunga Tanjong Sdn. Bhd., which operates an oil palm plantation held under the Individual Title Geran 36415, Lot 2429, Mukim Lubok Bongor, Jajahan Jeli, Kelantan measuring approximately 3,289.9 acres or 1,331.0 hectares. The lease period for the land is for 66 years and expiring on 28 September 2069. The acquisition was completed on 20 February 2018. On 6 April 2018, JPSB has changed its name to FCB Eastern Plantations Sdn. Bhd..

The effect of the post acquisition results not taken in the financial statements of the Group during the year amounting to RM181,000.

The details of the net assets acquired and cash flows arising from the acquisition of JPSB's Group are as follows:

	Carrying Amount RM'000	Fair Value RM'000
Property, plant and equipment	13,038	26,400
Biological assets	11,198	8,600
Trade and other receivables	38	38
Cash and bank balances	50	50
Inventories	6	6
Trade and other payables	(149)	(149)
Borrowings	(29,026)	(29,026)
	(4,845)	5,919
Less: Non-controlling interest shares on fair value of Ladang Bunga Tanjong Sdn. Bhd.		(1,030)
		4,889
Negative goodwill on acquisition		(275)
Purchase consideration settled in cash		4,614
Less: Cash and bank balances		(50)
Cash outflow of the JPSB Group acquisition		4,564

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN ASSOCIATE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	10,000	10,000	10,000	10,000
Share of post acquisition results	30,845	31,061	-	-
	40,845	41,061	10,000	10,000

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

Name of Associate	Group's effective interest		Principal Activities
	2018	2017	
	%	%	
Giesecke & Devrient Malaysia Sdn. Bhd.	20	20	Production and sale of bank notes

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 2017 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018.

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.

(i) Summarised statement of financial position

	2018	2017
	RM'000	RM'000
Assets and liabilities		
Current assets	79,654	71,035
Non-current assets	189,977	207,978
Total assets	269,631	279,013
Current liabilities	32,762	44,374
Non-current liabilities	32,643	29,330
Total liabilities	65,405	73,704
Net assets	204,226	205,309

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN ASSOCIATE (CONT'D.)

(ii) Summarised statement of comprehensive income

	2018 RM'000	2017 RM'000
Revenue	164,504	153,541
Profit before tax	11,570	12,516
Profit for the year	8,477	13,436
Total comprehensive income	8,477	13,436

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

	2018 RM'000	2017 RM'000
Net assets at 1 April 2017/2016	205,309	201,193
Total comprehensive income	8,477	13,436
Dividend	(9,560)	(9,320)
Net assets at 31 March	204,226	205,309
Interest in associate	20%	20%
Carrying value of Group's interest in associate	40,845	41,061

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade Receivables				
Third parties	106,390	77,400	445	488
Less: Allowance for impairment	(1,313)	(1,554)	-	-
Trade Receivables, Net	105,077	75,846	445	488
Other Receivables				
Deposits	660	820	188	188
Sundry receivables	4,337	8,937	10	4
Tax recoverable	40	35	-	-
Prepayments	7,605	6,701	179	101
GST input tax	3,450	8,637	-	-
Staff loan	330	275	-	-
Less: Allowance for impairment	(848)	(3,714)	-	-
Other Receivables, Net	15,574	21,691	377	293
Total Trade and Other Receivables	120,651	97,537	822	781

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 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 RM Nil (2017: RM8,645,000).

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 RM55,319,000 (2017: RM47,470,000) due from the Government of Malaysia.

Ageing analysis of trade receivables

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	28,275	28,387	80	97
Past due but not impaired:				
1 to 60 days	28,443	8,577	36	68
61 to 120 days	9,905	6,982	64	97
More than 121 days	38,454	23,255	265	226
	76,802	38,814	365	391
Impaired	1,313	1,554	-	-
	106,390	68,755	445	488

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 RM76,802,000 (2017: RM38,814,000) and RM365,000 (2017: RM391,000), 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Trade receivables (Cont'd.)

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Gross amounts of impaired trade receivables	1,313	1,554	-	-
Less: Allowance for individual impairment losses	(1,313)	(1,554)	-	-
	-	-	-	-

Movement in allowance accounts:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 April 2017/2016	1,554	1,851	-	-
Charge for the year (Note 6)	9	16	-	-
Write back of impairment loss (Note 6)	(36)	(481)	-	-
Exchange differences	(214)	168	-	-
As 31 March	1,313	1,554	-	-

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Gross amounts of impaired other receivables	848	3,714	-	-
Less: Allowance for individual impairment losses	(848)	(3,714)	-	-
	-	-	-	-

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 April 2017/2016	3,714	203	-	-
Charge for the year (Note 6)	-	3,491	-	-
Write back for impairment loss (Note 6)	(2,534)	-	-	-
Exchange differences	(332)	20	-	-
As 31 March	848	3,714	-	-

19. INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
At Cost:		
Work-in-progress	16,539	14,547
Oil palm products	8,432	8,244
Printing materials	8,910	9,573
Fertilizer	815	877
Consumables	4,161	4,190
	38,857	37,431

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM102,923,000 (2017: RM144,754,000).

NOTES TO THE FINANCIAL STATEMENTS

20. DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Due from penultimate holding company	13	-	12	-
Due from subsidiaries	-	-	45,152	26,726
Due from other related companies	11	18	6	6
Due from associate company	4	1	4	-
	28	19	45,174	26,732
Due to penultimate holding company	(164)	(66)	-	-
Due to subsidiaries	-	-	(301)	-
Due to other related companies	(2)	(561)	-	-
	(166)	(627)	(301)	-

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

21. SHORT TERM CASH INVESTMENTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At fair value				
Investment in units				
- Islamic	43,883	-	7,983	-

Short term cash investments represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise of money market funds, commercial papers and fixed deposits. Investment securities held as fixed deposit placements allow prompt redemption at anytime.

Other details of fair value of short term cash investments are further disclosed in Note 35(a) and (b).

NOTES TO THE FINANCIAL STATEMENTS

22. CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	27,698	70,718	477	1,003
Fixed deposit with licensed banks	137,898	265,591	2,839	19,607
	165,596	336,309	3,316	20,610

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at bank	165,596	336,309	3,316	20,610
Less: Deposit with a licensed bank with maturity of more than three months	-	(23,000)	-	-
Total cash and cash equivalents	165,596	313,309	3,316	20,610

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

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
Licensed banks	3.65	3.29	3.60	3.31

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

	Group		Company	
	2018	2017	2018	2017
	Days	Days	Days	Days
Licensed banks	33	35	10	48

23. SHARE CAPITAL

	Number of Shares		Amount	
	2018	2017	2018	2017
	'000	'000	RM'000	RM'000
Issued and fully paid:				
At 1 April 2017/2016 and At 31 March	245,324	245,324	122,662	122,662

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

NOTES TO THE FINANCIAL STATEMENTS

24. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by a special resolution passed in a general meeting held on 10 September 2007, gave their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 198,600 (2017: 176,300) of its issued ordinary shares from the open market at an average price of RM1.99 (2017: RM2.21) per ordinary share. The total consideration paid for the repurchase including transactions costs was RM395,868 (2017: RM392,364). 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 (2017: 245,324,330) issued and fully paid ordinary shares as at 31 March 2018, 4,371,100 (2017: 4,172,500) are held as treasury shares by the Company. As at 31 March 2018, the number of outstanding ordinary shares in issue and fully paid-up is therefore 240,953,230 (2017: 241,151,830).

25. 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 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)
At 1 April 2017	(18,510)	7,605	4,250	(6,655)
Foreign currency translation	(8,583)	-	-	(8,583)
At 31 March 2018	(27,093)	7,605	4,250	(15,238)
Company				
At 1 April 2016		1,556	533	2,089
Grant of equity-settled share options		-	6	6
At 31 March 2017/2018		1,556	539	2,095

NOTES TO THE FINANCIAL STATEMENTS

25. 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

25. 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			
	2018		2017	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at 1 April 2017/2016	-	-	8,273,500	1.64
- Granted	-	-	268,800	1.83
- Forfeited	-	-	(2,166,117)	1.49
- Exercised	-	-	(2,812,500)	1.93
Outstanding at 31 March	-	-	3,563,683	1.89
Exercisable at 31 March	-	-	-	-

- The weighted average fair value of options granted during the financial year was RM Nil (2017: RM0.17).
- The weighted average share price at the date of exercise of the options exercised during the financial year was RM Nil (2017: RM1.89).
- The weighted average exercise price for options outstanding at the end of the year was RM Nil (2017: RM1.89).
- 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

25. 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 2018 and 2017:

	Binomial option pricing model	
	2018	2017
Dividend Yield (%)	-	4.89
Expected volatility (%)	-	39.93
Risk-free interest rate (% p.a.)	-	1.83
Weighted average share price (RM)	-	1.82

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	
	2018 Number	2017 Number
Outstanding at 1 April 2017/2016	-	-
Granted	-	134,000
Vested	-	(134,000)
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.

NOTES TO THE FINANCIAL STATEMENTS

26. RETAINED EARNINGS

As at 31 March 2018, the Company may distribute the entire balance of the retained earnings under the single tier system.

27. DEFERRED TAXATION

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 April 2017/2016	(6,133)	1,778	(564)	(563)
Recognised in:				
- profit or loss (Note 9)	3,420	(4,038)	154	(1)
- other comprehensive income	(12)	(3,816)	-	-
Exchange differences	(64)	(57)	-	-
At 31 March	(2,789)	(6,133)	(410)	(564)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(7,686)	(9,408)	(410)	(564)
Deferred tax liabilities	4,897	3,275	-	-
	(2,789)	(6,133)	(410)	(564)

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 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
Recognised in profit or loss	(440)	548	766	874
At 31 March 2018	2,205	1,984	2,300	6,489

NOTES TO THE FINANCIAL STATEMENTS

27. DEFERRED TAXATION (CONT'D.)

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Other Payables RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 April 2016	(325)	(6,427)	(2,287)	(9,039)
Recognised in:				
- profit or loss	(122)	(1,565)	(990)	(2,677)
- other comprehensive income	25	-	-	25
Exchange difference	(31)	-	(26)	(57)
At 31 March 2017	(453)	(7,992)	(3,303)	(11,748)
Recognised in:				
- profit or loss	60	1,591	895	2,546
- other comprehensive income	(12)	-	-	(12)
Exchange difference	(43)	-	(21)	(64)
At 31 March 2018	(448)	(6,401)	(2,429)	(9,278)

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

	Group	
	2018 RM'000	2017 RM'000
Unutilised tax losses	2,888	4,492
Unabsorbed capital allowances	9,310	7,341
	12,198	11,833

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS

27. DEFERRED TAXATION (CONT'D.)

Deferred Tax Liabilities of the Company:

	Revaluation Reserve RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 April 2016	3	52	55
Recognised in profit or loss	-	5	5
At 31 March 2017	3	57	60
Recognised in profit or loss	-	149	149
At 31 March 2018	3	206	209

Deferred Tax Asset of the Company:

	Provision for Liabilities RM'000
At 1 April 2016	(618)
Recognised in profit or loss	(6)
At 31 March 2017	(624)
Recognised in profit or loss	5
At 31 March 2018	(619)

28. RETIREMENT BENEFIT OBLIGATIONS

The foreign subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit are calculated using the projected unit credit method, is determined by a qualified independent actuary, considering the estimated future cash outflows using market yields at the reporting date of high quality corporate bonds. The latest actuarial valuation was carried out using the employee data as at 31 March 2018.

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

	Group	
	2018 RM'000	2017 RM'000
Present value of unfunded defined benefits obligations	1,813	1,837
Analysed as:		
Non-current	1,813	1,837

NOTES TO THE FINANCIAL STATEMENTS

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group	
	2018	2017
	RM'000	RM'000
Current service cost	200	199
Interest cost	89	85
Total, included in staff costs (Note 7)	289	284

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

	Group	
	2018	2017
	RM'000	RM'000
At 1 April 2017/2016	1,837	1,391
Recognised in profit or loss (Note 6)	289	284
Benefits paid	(43)	(50)
Remeasurement of defined benefit liability	(49)	100
Exchange differences	(221)	112
At 31 March	1,813	1,837

- (d) Principal assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2018 and 2017 are as follows:

	Group	
	2018	2017
Discount rate	7.3%	7.8%
Annual salary increase	7.0%	7.0%
Retirement age	55	55

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity, converted to estimated spot rates.

NOTES TO THE FINANCIAL STATEMENTS

28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

- (d) Principal assumptions used by the foreign subsidiary in Indonesia in determining employee benefits liability as of 31 March 2018 and 2017 are as follows: (Cont'd.)

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	
	2018	2017
	RM'000	RM'000
A 1 per cent decrease/increase in discount rate will increase/decrease the defined benefit obligation by	131	143
A 1 per cent increase/decrease in expected salary growth will increase/decrease the defined benefit obligation by	127	129

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.

29. FINANCE LEASE OBLIGATIONS

The minimum lease payments and the present value of the obligations under finance lease for the years ended 31 March 2018 and 2017 are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Minimum lease payments:		
- Not later than 1 year	772	742
- Later than 1 year but not later than 5 years	4,423	4,030
- Later than 5 years	82,460	83,595
Total minimum lease payments	87,655	88,367
Less: Amounts representing finance charges	(71,456)	(71,567)
Present value of minimum lease payments	16,199	16,800
Present value of finance lease payables:		
- Not later than 1 year	611	624
- Later than 1 year but not later than 5 years	2,430	2,284
- Later than 5 years	13,158	13,892
Present value of minimum lease payments	16,199	16,800
Less: Amount due within 12 months	(611)	(624)
Amount due after 12 months	15,588	16,176

NOTES TO THE FINANCIAL STATEMENTS

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Trade Payables				
Third parties	7,982	62,216	1	16
Other Payables				
Tenants' rental deposits	965	913	955	904
Accruals and other liabilities	12,823	8,113	341	364
Provision for bonus	4,069	3,455	345	345
Receipts in advance	1,144	1,644	-	-
Others	9,901	6,420	-	-
	28,902	20,545	1,641	1,613
Total Trade and Other Payables	36,884	82,761	1,642	1,629

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2017: 30 to 90 days) term.

31. PROVISIONS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Provision for warranty	9,961	14,827	-	-
Provision for compensation claim	2,120	2,120	2,120	2,120
	12,081	16,947	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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

31. PROVISIONS (CONT'D.)

The movement of the provision for warranty is as follows:

	Group	
	2018	2017
	RM'000	RM'000
At 1 April 2017/2016	14,827	17,114
Reversal of provision (Note 6)	(6,138)	(5,829)
Charge for the year (Note 6)	1,272	3,542
At 31 March	9,961	14,827

32. COMMITMENTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved but not contracted for:				
Property, plant and equipment	14,973	11,130	481	370
Approved and contracted for:				
Property, plant and equipment	2,010	2,749	-	-
	16,983	13,879	481	370
Share of capital commitments of associated companies:				
Approved but not contracted for:				
Property, plant and equipment	-	5	-	-
Approved and contracted for:				
Property, plant and equipment	4,601	2,290	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. 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.

	2018 RM'000	2017 RM'000
Group		
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	772	756
- Management fees/services payable	(511)	(615)
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	(207)	(199)
- 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)	(102)
First Zanzibar Sdn. Bhd.		
- Services payable	(37)	(13)
PT Pohon Emas Lestari		
- Purchases made	(6,563)	(6,029)
Associate:		
Giesecke & Devrient Malaysia Sdn. Bhd.		
- Management services receivable	24	24

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY DISCLOSURES (CONT'D.)

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

	2018 RM'000	2017 RM'000
Company		
Kumpulan Fima Berhad, penultimate holding company		
- Rental income receivable	772	756
- Management fees/services payable	(250)	(212)
Subsidiaries:		
FCB Property Management Sdn. Bhd.		
- Rental income receivable	17	17
- Management services receivable	236	194
- Purchases made	(831)	(798)
Percetakan Keselamatan Nasional Sdn. Bhd.		
- Rental income receivable	163	162
- Management services receivable	394	372
- Purchases made	(118)	(119)
Security Printers (M) Sdn. Bhd.		
- Management services receivable	62	57
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)
- 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

33. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	3,772	3,332	1,238	1,084
Post-employment benefits:				
Defined contribution plan	624	550	160	139
Other benefits	82	302	50	71
	4,478	4,184	1,448	1,294

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors remuneration:				
Directors of the Company (Note 8)	2,179	1,742	1,132	927
Directors of subsidiaries	2,429	2,524	-	-

34. 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

34. SEGMENTAL INFORMATION (CONT'D.)

Business Segments

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

	Production and trading of security documents		Investment Holding	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	140,779	233,347	90,837	22,509
Inter-segment sales	-	-	-	-
Total revenue	140,779	233,347	90,837	22,509
Results				
Profit from operations	25,478	59,608	84,795	21,329
Finance costs	-	-	-	-
Share of results of associate	-	-	1,696	2,687
Profit before tax				
Income tax expense				
Profit net of tax				
Assets and Liabilities				
Segment assets	297,907	376,360	196,715	183,318
Interest in associate	-	-	40,845	41,061
Consolidated total assets				
Segment liabilities	31,299	87,073	3,982	3,845
Consolidated total liabilities				
Other Information				
Capital expenditure	1,279	1,813	-	-
Depreciation and amortisation	3,893	5,069	-	-
Impairment	9	16	-	-
Non-cash expenses other than depreciation, amortisation and impairment	2,495	2,870	-	-

NOTES TO THE FINANCIAL STATEMENTS

Property management		Oil Palm Production		Eliminations		Consolidated	
2018	2017	2018	2017	2018	2017	2018	2017
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
5,769	5,540	138,098	133,214	(90,837)	(22,509)	284,646	372,101
1,268	1,267	-	-	(1,268)	(1,267)	-	-
7,037	6,807	138,098	133,214	(92,105)	(23,776)	284,646	372,101
489	766	41,182	(464)	(90,227)	(22,584)	61,717	58,655
-	-	(110)	(81)	-	-	(110)	(81)
-	-	-	-	-	-	1,696	2,687
						63,303	61,261
						(21,092)	(26,254)
						42,211	35,007
1,477	1,487	315,107	282,271	(212,147)	(169,159)	599,059	674,277
-	-	-	-	-	-	40,845	41,061
						639,904	715,338
349	138	118,667	69,608	(79,679)	(32,126)	74,618	128,538
						74,618	128,538
127	35	8,507	12,136	-	-	9,913	13,984
1,678	1,336	6,871	14,731	-	-	12,442	21,136
-	-	832	32,863	-	-	841	32,879
1	-	278	591	-	-	2,774	3,461

NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D.)

Geographical Segments

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

	Revenue		Segment Assets		Capital Expenditure	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	146,626	238,887	535,570	585,422	8,199	11,198
Indonesia	138,020	133,214	104,334	129,916	1,714	2,786
	284,646	372,101	639,904	715,338	9,913	13,984

35. 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 2018 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)

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (Cont'd.)

The following table presents the Group's and the Company's other financial assets that are measured at fair value as at 31 March 2018 and 31 March 2017.

	Date of Valuation	Group Level 1 RM'000	Company Level 1 RM'000
As at 31 March 2018			
Assets Disclosed at Fair Value:			
Short term cash investments	31 March 2018	43,883	7,983
	Date of Valuation	Group Level 3 RM'000	Company Level 3 RM'000
As at 31 March 2018			
Assets Disclosed at Fair Value:			
Investment properties (Note 13)	31 March 2018	61,805	50,005
As at 31 March 2017			
Assets Disclosed at Fair Value:			
Investment properties (Note 13)	31 March 2017	63,010	51,010

NOTES TO THE FINANCIAL STATEMENTS

35. 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		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(i) Loans and Receivables				
Trade receivables, excluding accrued revenue (Note 18)	105,077	67,201	445	488
Other receivables excluding tax recoverable, GST input tax and prepayments (Note 18)	4,479	6,318	198	192
Amount due from related companies (Note 20)	28	19	45,174	26,732
Cash and bank balances (Note 22)	165,596	336,309	3,316	20,610
Total loans and receivables	275,180	409,847	49,133	48,022
(ii) Fair Value Through Profit or Loss				
Short term cash investments (Note 21)	43,883	-	7,983	-
(iii) Financial Liabilities Measured at Amortised Cost				
Trade payables (Note 30)	7,982	62,216	1	16
Other payables (Note 30)	28,902	20,545	1,641	1,613
Amount due to related companies (Note 20)	166	627	301	-
Total financial liabilities measured at amortised cost	37,050	83,388	1,943	1,629

NOTES TO THE FINANCIAL STATEMENTS

36. 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.

Sensitivity analysis

The carrying amounts of the Group's financial assets and liabilities denominated in foreign currency are as follows:

	2018 RM'000	2017 RM'000
IDR		
Assets		
- Trade and other receivables	29,141	27,796
- Cash and cash equivalents	31,809	51,797
	60,950	79,593
Liabilities		
- Trade and other payables	13,948	13,662

NOTES TO THE FINANCIAL STATEMENTS

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

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

Sensitivity analysis (Cont'd.)

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the Indonesian Rupiah ("IDR") exchange rates against the functional currency of the affected group companies ("RM") with all other variables held constant.

	Group	
	2018	2017
	Effect on profit net of tax	Effect on profit net of tax
	RM'000	RM'000
IDR - strengthens 5% (2017: 5%)	+1,786	+2,506
IDR - weakens 5% (2017: 5%)	-1,786	-2,506

(c) Liquidity/Funding Risk

The Group defines liquidity/funding risk as the risk that funds will not be available to meet its liabilities as and when they fall due.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. To ensure availability of funds, the Group closely monitors its cash flow position on a regular basis.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Contractual cashflow on demand or within one year	
	2018	2017
	RM'000	RM'000
Group		
Financial liabilities:		
Trade and other payables (Note 30)	36,884	82,761
Amount due to related companies (Note 20)	166	627
Total undiscounted financial liabilities	37,050	83,388

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Liquidity/Funding Risk (Cont'd.)

Analysis of financial instruments by remaining contractual maturities (Cont'd.)

	Contractual cashflow on demand or within one year	
	2018	2017
	RM'000	RM'000
Company		
Financial liabilities:		
Trade and other payables (Note 30)	1,642	1,629
Amount due to related companies (Note 20)	301	-
Total undiscounted financial liabilities	1,943	1,629

(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 RM55,319,000 (2017: RM47,470,000) due from the Government of Malaysia.

37. 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.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATION

(i) Hak Guna Usaha No. 01/Nunukan Utara

On 23 August 2016, the Company's subsidiary, PT Nunukan Jaya Lestari ("PTNJL"), received an order ("Ministerial Order") issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Defendant") 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 Pengadilan Tinggi Tata Usaha Negara Jakarta vide its written decision dated 11 December 2017:

- has partly allowed PTNJL's appeal against the State Administrative Court's decision, with costs;
- has declared that the Ministerial Order revoking PTNJL's HGU to be void, save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares; and
- has ordered the Defendant to revoke the Ministerial Order save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares.

On 10 January 2018, PTNJL has filed its statement of appeal to the Mahkamah Agung Republik Indonesia and subsequently on 23 January 2018, PTNJL filed its appeal to the Mahkamah Agung Republik Indonesia in respect of the aforesaid decision.

Notwithstanding the Ministerial Order, the local government in Kabupaten Nunukan, in the interest of good order, has given its undertaking and allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the matter by the Indonesian courts.

The assets affected by the Ministerial Order had been impaired, resulting in gross impairment loss totalling RM44,735,000 in prior year.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 30 May 2018.

LIST OF PROPERTIES

HELB BY THE GROUP AT 31 MARCH 2018

No.	Location	Description/ Existing Use	Tenure	Land Area (Hectare)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2018 (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	808,401	07 July 1993	50
2.	Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan	Bungalow	Freehold	0.33	3,114	1,656,264	07 July 1993/ 12 February 2015	69
3.	Lot 50575 Grant 12754 Mukim of Kuala Lumpur Wilayah Persekutan	Office Building	Freehold	0.59	270,372	48,632,938	17 August 1995	20
Sub Total				2.02	340,094	51,097,603		
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	11,228,979	26 January 2006	31
Sub Total				3.36	250,560	11,228,979		
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	26,720,679	6 January 2014/ 20 March 2015	N/A
Sub Total				785.39	N/A	26,720,679		
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	6,233,331	17 October 2014/ 10 March 2015	N/A
Sub Total				249.80	N/A	6,233,331		

LIST OF PROPERTIES

HELB BY THE GROUP AT 31 MARCH 2018

No.	Location	Description/ Existing Use	Tenure	Land Area (Hectare)	Built-Up Area (Sq/ft.)	Net Book Value as at 31/03/2018 (RM)	Date of Acquisition/ Last Revaluation	Approximate Age of Building (Years)
TAKA WORLDWIDE TRADING SDN BHD								
1.	PT 6943 H.S(D) 2345 Mukim of Relai District of Gua Musang Kelantan	Agriculture	Leasehold expiring 5/03/2107	202.34	N/A	3,945,856	18 March 2015	N/A
Sub Total				202.34	N/A	3,945,856		
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	3,945,856	18 March 2015	N/A
Sub Total				202.34	N/A	3,945,856		
LADANG BUNGA TANJONG SDN BHD								
1.	GRN 36415 Lot 2429 Mukim Lubok Bongor Jajahan Jeli Kelantan	Agriculture	Leasehold expiring 28/09/2069	1,331.00	N/A	26,400,000	20 February 2018	N/A
Sub Total				1,331.00	N/A	26,400,000		
R.N.E. PLANTATION SDN BHD								
1.	PT 14352 H.S(D) 16214 Mukim Sungai Siput District of Kuala Kangsar Perak	Agriculture	Leasehold expiring 3/08/2075	2,000.00	N/A	22,255,767	4 December 2015	N/A
Sub Total				2,000.00	N/A	22,255,767		
PT NUNUKAN JAYA LESTARI								
1.	Hak Guna Usaha (HGU) No. 1 and Hak Guna Bangunan (HGB) No. 50 Kelurahan Nunukan Barat Kabupaten & Kecamatan Nunukan Propinsi Kalimantan Timur Indonesia	Agriculture/ oil palm plantation and palm oil mill	Leasehold expiring 12/05/2038 (HGU) 17/03/2035 (HGB)	19,974.00 115.80	N/A 112,375	10,742,912 440,508	9 April 2007 31 December 2014	N/A 13
Sub Total				20,089.80	112,375	11,183,420		
GRAND TOTAL				23,535.05	703,029	163,011,491		

ANALYSIS OF SHAREHOLDINGS

AS AT 25 JUNE 2018

DISTRIBUTION BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shareholdings
Less than 100	266	8.17	3,166	0.00
100 - 1,000	426	13.09	255,024	0.10
1,001 - 10,000	1,601	49.19	7,984,521	3.25
10,001 - 100,000	818	25.13	24,129,979	9.84
100,001 to less than 5% of issued shares	143	4.39	65,706,282	26.78
5% and above of issued shares	1	0.03	147,245,358	60.02
TOTAL	3,255	100.00	245,324,330	100.00

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shareholders	% of Holders	Shareholdings	% of Shareholdings
1. Government Agencies	1	0.03	7,500	0.00
2. Bumiputra				
a. Individuals	74	2.27	2,745,871	1.12
b. Companies	11	0.34	153,807,408	62.70
c. Nominees Company	165	5.07	6,446,891	2.63
3. Non-Bumiputra				
a. Individuals	2,634	80.92	65,694,827	26.78
b. Companies	69	2.12	7,761,088	3.16
c. Nominees Company	172	5.28	4,085,430	1.67
MALAYSIAN TOTAL	3,126	96.04	240,549,015	98.06
4. Foreign				
a. Individuals	85	2.61	1,666,603	0.68
b. Companies	3	0.09	116,673	0.05
c. Nominees Company	41	1.26	2,992,039	1.22
FOREIGN TOTAL	129	3.96	4,775,315	1.95
GRAND TOTAL	3,255	100.00	245,324,330	100.00

DIRECTORS' SHAREHOLDINGS

No. Directors	DIRECT HOLDINGS		INDIRECT HOLDINGS	
	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
1. DATO' ADNAN BIN SHAMSUDDIN	-	-	-	-
2. DATO' ROSLAN BIN HAMIR	-	-	601,800 ^(a)	0.25
3. REZAL ZAIN BIN ABDUL RASHID	5,000	-	-	-
4. DATUK ALIAS BIN ALI	-	-	-	-
5. DR. ROSHAYATI BINTI BASIR	167,600	0.07	150,383,658 ^(b)	61.30

Notes:-

(a) 601,800 ordinary shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(b) Deemed interested by virtue of her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct and indirect shareholdings in the Company and her direct shareholding in BHR Enterprise Sdn Bhd, a substantial shareholder of Kumpulan Fima Berhad, which in turn owns Fima Metal Box Holdings Sdn Bhd, a substantial shareholder of the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 JUNE 2018

SUBSTANTIAL SHAREHOLDERS

No.	Name	DIRECT HOLDINGS	
		No. of Shares	% of Shareholdings
1.	FIMA METAL BOX HOLDINGS SDN BHD	147,245,358	60.02

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1.	FIMA METAL BOX HOLDINGS SDN BHD	147,252,358	60.02
2.	FIMA CORPORATION BERHAD (SHARE BUY BACK ACCOUNT)	4,815,400	1.96
3.	LEONG KOK TAI	2,779,500	1.13
4.	WONG YU @ WONG WING YU	2,757,800	1.12
5.	TAN AH KOW @ TAN TOONG SOON	2,430,000	0.99
6.	LIAU CHOON HWA & SONS SDN BHD	2,373,700	0.97
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	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.	LEE SIEW PING	1,070,000	0.44
16.	YEO KHEE HUAT	1,065,000	0.43
17.	ONG TECK PEOW	964,800	0.39
18.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	962,344	0.39
19.	INTROSCAPE SDN BHD	854,500	0.35
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.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	758,001	0.31
23.	TAN SIEW YOKE	714,000	0.29
24.	LIM SIEW GEOK	690,000	0.28
25.	ONG SIOK BEE	688,500	0.28
26.	TAN SIEW	669,000	0.27
27.	SOH CHOO KEAN	639,000	0.26
28.	CHEN GUANGQIANG	630,000	0.26
29.	YOONG HOI YEN	606,700	0.25
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSLAN BIN HAMIR	601,800	0.25

DIRECTORY OF GROUP OPERATION

MANUFACTURING DIVISION

Website: www.fimacorp.com

1. Fima Corporation Berhad (21185-P)
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2092 5923
2. Percetakan Keselamatan Nasional Sdn. Bhd. (166151-T)
No. 1, Jalan Chan Sow Lin
55200 Kuala Lumpur
Telephone : +603-9222 2511
Facsimile : +603-9222 4401
3. Security Printers (M) Sdn. Bhd. (34025-W)
No. 1, Jalan Chan Sow Lin
55200 Kuala Lumpur
Telephone : +603-9222 2511
Facsimile : +603-9222 4401
3. Gabungan Warisan Sdn. Bhd. (327836-P)
Ladang Dabong
PT 4718, Mukim Kuala Stong
Jajahan Kuala Krai, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302
4. Next Oasis Sdn. Bhd. (1109497-D)
Ladang Aring
PT 6943 & PT 6944
Mukim Relai, Jajahan Gua Musang
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302
5. Taka Worldwide Trading Sdn. Bhd. (714855-P)
Ladang Aring
PT 6943 Mukim Relai
Jajahan Gua Musang, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

PLANTATION DIVISION

1. PT Nunukan Jaya Lestari (NPWP 02.033.898.4-723.000)
Jln. Hasanuddin RT. 06
No. 62, Sungai Bolong
Kabupaten Nunukan
Kalimantan Utara 77482
Indonesia
Telephone : 006 2 55624551
Facsimile : 006 2 5562025081
2. Cendana Laksana Sdn. Bhd. (1024167-W)
Ladang Cendana
Batu 40, Jerangau-Jabor Highway
Air Putih, 24050 Kemaman
Terengganu
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
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No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

DIRECTORY OF GROUP OPERATION

6. Etika Gangsa Sdn. Bhd. (754947-D)
Ladang Aring
PT 6944 Mukim Relai
Jajahan Gua Musang, Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

7. R.N.E. Plantation Sdn. Bhd. (1067900-V)
HSD 16214, PT 14352, Mukim Sungai Siput
Daerah Kuala Kangsar
Perak
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

8. FCB Eastern Plantations Sdn. Bhd. (210695-H)
(formerly known as Java Plantations Sdn. Bhd.)
Lot 2429, Mukim Lubok Bongor
Daerah Kuala Balah
17600 Jeli
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

9. Ladang Bunga Tanjong Sdn. Bhd. (389287-K)
Lot 2429, Mukim Lubok Bongor
Daerah Kuala Balah
17600 Jeli
Kelantan
c/o: Plantation Division
Kumpulan Fima Berhad
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2095 9302

OTHERS

1. FCB Property Management Sdn. Bhd. (264746-K)
Suite 4.1, Level 4
Block C, Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Telephone : +603-2092 1211
Facsimile : +603-2092 5923

ASSOCIATE COMPANY

1. Giesecke & Devrient Malaysia Sdn. Bhd. (573030-M)
Lot 6, Off Jalan Delima 1/1
Batu 3, 40150 Shah Alam, Selangor
Telephone : +603-5629 2929
Facsimile : +603-5629 2800

PROXY FORM



I/We _____ NRIC/Company No. _____
 (Full Name in Capital Letters)
 of _____
 (Full Address)
 being a Member of **FIMA CORPORATION BERHAD** ("the Company"), do hereby appoint
 _____ NRIC/Company No. _____
 (Full Name in Capital Letters)
 of _____
 (Full Address)
 or failing him/her _____ NRIC/Company No. _____
 (Full Name in Capital Letters)
 of _____
 (Full Address)

as my/our* proxy to vote for me/us* and on my/our* behalf at the Forty-Third (43rd) Annual General Meeting ("AGM") of the Company to be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 30 August 2018 at 9.30 a.m.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of final dividend of 7.5 sen under the single-tier system in respect of the financial year ended 31 March 2018. - Ordinary Resolution 1		
2.	To re-elect Encik Reza Zain bin Abdul Rashid pursuant to Article 113 of the Company's Constitution. - Ordinary Resolution 2		
3.	To re-elect Dato' Roslan bin Hamir pursuant to Article 113 of the Company's Constitution. - Ordinary Resolution 3		
4.	To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year. - Ordinary Resolution 4		
5.	To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 31 August 2018 until the conclusion of the next AGM of the Company. - Ordinary Resolution 5		
6.	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors from 31 August 2018 until the conclusion of the next AGM of the Company. - Ordinary Resolution 6		
7.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration. - Ordinary Resolution 7		
AS SPECIAL BUSINESS			
8.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature. - Ordinary Resolution 8		
9.	Proposed renewal of the authority for share buy-back. - Ordinary Resolution 9		
10.	Proposed retention of Encik Reza Zain bin Abdul Rashid as Independent Non-Executive Director. - Ordinary Resolution 10		
11.	Proposed retention of Dato' Adnan bin Shamsuddin as Independent Non-Executive Director. - Ordinary Resolution 11		
12.	Proposed adoption of a new Constitution of the Company in place of the existing Memorandum & Articles of Association. - Special Resolution 12		

* Strike out whichever not applicable

Signature (If Shareholder is a Corporation, this part should be executed under seal)

Dated this _____ day of _____ 2018

No. of Shares held
CDS Account No.

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 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 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 23 August 2018 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote on their behalf.
5. The voting at the 43rd AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

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**AFFIX
STAMP**

The Company Secretaries
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(Company No. : 21185-P)
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Plaza Damansara
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