



FIMA CORPORATION BERHAD (21185-P)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Third Quarter Ended 31 December 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017
(THE FIGURES HAVE NOT BEEN AUDITED)**

		Current Quarter		9 Months Cumulative	
		Current	Preceding Year	Current	Preceding Year
		Year	Corresponding	Year	Corresponding
		Quarter	Quarter	To Date	Period
Note		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	62,403	95,159	210,305	291,375
Cost of sales		(39,448)	(60,272)	(129,632)	(188,142)
Gross profit		22,955	34,887	80,673	103,233
Interest income		1,829	1,143	5,309	4,191
Other income		84	22	244	66
Administrative expenses		(6,280)	(8,699)	(17,647)	(19,706)
Selling and marketing expenses		(830)	(788)	(2,484)	(2,445)
Other operating expenses		(4,088)	(6,012)	(17,695)	(19,150)
Finance costs		(33)	(44)	(86)	(55)
Share of results from associates		1,003	855	1,657	1,712
Profit before tax	A9/A10	14,640	21,364	49,971	67,846
Income tax expense	B5	(4,526)	(5,608)	(14,754)	(18,339)
Profit net of tax		10,114	15,756	35,217	49,507
Other comprehensive (loss)/income, net of tax					
Foreign currency translation (loss)/gain		(2,740)	4,566	(7,801)	12,159
Total comprehensive income for the period		7,374	20,322	27,416	61,666
Profit attributable to:					
Equity holders of the Company		8,458	15,147	30,389	47,123
Non-controlling interests		1,656	609	4,828	2,384
Profit for the period		10,114	15,756	35,217	49,507
Total comprehensive income attributable to:					
Equity holders of the Company		6,266	18,800	24,148	56,850
Non-controlling interests		1,108	1,522	3,268	4,816
Total comprehensive income for the period		7,374	20,322	27,416	61,666
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B10	3.51	6.28	12.60	19.53

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	As at 31/12/2017 (unaudited)	As at 31/03/17 (audited)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	93,676	97,856
Biological assets	33,311	33,030
Investment properties	61,047	62,177
Goodwill on consolidation	510	510
Investment in associate	40,806	41,061
Deferred tax assets	8,953	9,408
	238,303	244,042
Current Assets		
Inventories	53,582	37,431
Trade and other receivables	124,828	97,537
Due from related companies	387	19
Cash and cash equivalents	234,585	336,309
	413,382	471,296
TOTAL ASSETS	651,685	715,338
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(4,181)	(4,181)
Other reserves	(12,896)	(6,655)
Retained earnings	437,096	449,559
	542,681	561,385
Non-controlling interests	20,466	25,415
Total Equity	563,147	586,800
Non-Current Liabilities		
Retirement benefit obligations	1,718	1,837
Finance lease obligations	15,704	16,176
Deferred tax liabilities	3,222	3,275
	20,644	21,288
Current Liabilities		
Trade and other payables	38,635	82,761
Provisions	17,896	16,947
Tax payable	10,739	6,291
Due to related companies	-	627
Finance lease obligations	624	624
	67,894	107,250
Total Liabilities	88,538	128,538
TOTAL EQUITY AND LIABILITIES	651,685	715,338
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.25	2.33

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017**

	<----- Attributable to Owners of the Parent ----->									
	<-----Non-Distributable----->						Distributable			
	Share capital	Treasury shares	Other reserves	Asset revaluation reserve	Foreign translation reserve	Equity contribution from parent	Retained earnings	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	122,662	(3,789)	(6,674)	16,823	(27,725)	4,228	442,048	554,247	28,141	582,388
Total comprehensive income for the period	-	-	9,727	-	9,727	-	47,123	56,850	4,816	61,666
Transaction with owners										
Dividend paid	-	-	-	-	-	-	(30,144)	(30,144)	-	(30,144)
Acquisition of Treasury Shares	-	(392)	-	-	-	-	-	(392)	-	(392)
Total transactions with owners	-	(392)	-	-	-	-	(30,144)	(30,536)	-	(30,536)
As 30 September 2016	122,662	(4,181)	3,053	16,823	(17,998)	4,228	459,027	580,561	32,957	613,518
At 1 April 2017	122,662	(4,181)	(6,655)	7,605	(18,510)	4,250	449,559	561,385	25,415	586,800
Total comprehensive income for the period	-	-	(6,241)	-	(6,241)	-	30,389	24,148	3,268	27,416
Transaction with owners										
Acquisition of non-controlling interests	-	-	-	-	-	-	(650)	(650)	477	(173)
Dividend paid	-	-	-	-	-	-	(42,202)	(42,202)	(8,694)	(50,896)
Total transactions with owners	-	-	-	-	-	-	(42,852)	(42,852)	(8,217)	(51,069)
At 31 December 2017	122,662	(4,181)	(12,896)	7,605	(24,751)	4,250	437,096	542,681	20,466	563,147

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017**

	9 months ended	
	31/12/2017	31/12/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	49,971	67,846
Adjustments for:		
Depreciation for property, plant and equipment	6,414	11,292
Depreciation of investment properties	1,130	1,130
Amortisation of biological assets	2,534	3,443
Impairment loss on trade receivables	8	35
Write back of impairment loss on trade receivables	(5)	(371)
Inventories written down	853	136
Provision for retirement benefit obligations	9	28
Provision for warranty	949	1,018
Share of results of associate	(1,657)	(1,712)
Interest income	(5,309)	(4,191)
Operating profit before working capital changes	54,897	78,654
(Increase)/decrease in trade and other receivables	(26,807)	20,388
(Increase)/decrease in inventories	(17,004)	4,185
(Decrease)/increase in related companies balances	(995)	274
(Decrease)/increase in trade and other payables	(44,126)	73,537
Cash (used in)/generated from operations	(34,035)	177,038
Taxes paid	(10,391)	(8,442)
Retirement benefits paid	-	(10)
Interest income received	5,309	4,191
Net cash (used in)/generated from operating activities	(39,117)	172,777
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,499)	(3,477)
Additions to biological assets	(4,043)	(6,517)
Acquisition of non-controlling interests	(173)	-
Repayment of obligations under finance lease	(472)	(486)
Dividends received	1,912	-
Net cash used in investing activities	(6,275)	(10,480)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(42,202)	(30,144)
Dividends paid by a subsidiary to non-controlling interests	(8,694)	-
Acquisition of treasury shares	-	(392)
Net cash used in financing activities	(50,896)	(30,536)
CASH AND CASH EQUIVALENTS		
Net (decrease)/increase in cash and cash equivalents	(96,288)	131,761
Effect of exchange rate changes in cash and cash equivalents	(5,436)	6,195
Cash and cash equivalents balances at beginning of the period	336,309	177,593
Cash and cash equivalents at end of period	234,585	315,549
CASH AND CASH EQUIVALENTS COMPRISE OF :		
Cash and bank balances	24,384	39,981
Deposits with licensed banks	210,201	275,568
	234,585	315,549

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements)

PART A - Explanatory notes pursuant to FRS 134

A1. Basis of preparation

The interim statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the statutory financial statements for the financial year ended 31 March 2017 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations.

(a) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 April 2017, the Group adopted the following FRSs and Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations:-

- Annual Improvements to FRSs 2012 - 2014 Cycle
- Amendments to FRS 107: Disclosure initiative
- Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses

The adoption of the above FRSs and Amendments to FRSs did not have any significant effect on the financial performance or presentation of the financial statements of the Group.

(b) Standards and Interpretations issued but not yet effective

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

	Effective for annual period beginning on or after
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 2: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

A2. Changes in accounting policies (contd.)

(c) Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS interim financial statements for the quarter ending 30 June 2018. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

A3. Auditors' report on preceding annual financial statements

The financial statements of the Group for the financial year ended 31 March 2017 were not subject to any audit qualification.

A4. Seasonality or cyclicity of the interim operations

The production of security and confidential documents is influenced by cyclical changes in volume of certain products whilst the oil palm production and processing division is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

A5. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6. Changes in estimates

There were no changes in estimates that have a material effect to the current quarter's results.

A7. Issuances, cancellation, repurchases, resale and repayment of debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial year to date.

During the current quarter, the Company did not repurchase any of its issued ordinary shares. Of the total 245,324,330 issued ordinary shares, 4,172,500 shares are held as treasury shares by the Company.

A8. Dividends paid

		9 months cumulative	
		30/12/17	30/12/16
		RM'000	RM'000
Final Dividend			
2016	15% single-tier final dividend (Paid on 22 September 2016)	-	18,104
2017	15% single-tier final dividend (Paid on 20 June 2017)	18,086	-
	10% single-tier special dividend (Paid on 20 June 2017)	12,058	-
Interim Dividend			
2017	10% single-tier interim dividend (Paid on 30 December 2016)	-	12,070
2018	10% single-tier interim dividend (Paid on 29 December 2017)	12,708	-
		42,852	30,174

A9. Segmental information

(i) Segmental revenue and results for business segments

	Quarter ended		9 months cumulative	
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	33,367	66,023	108,868	193,149
Oil palm production and processing	28,025	28,174	98,326	95,156
Property management	1,358	1,283	4,092	4,024
Others	27,662	13,384	90,837	22,509
	90,412	108,864	302,123	314,838
Eliminations	(28,009)	(13,705)	(91,818)	(23,463)
	62,403	95,159	210,305	291,375
Profit before tax				
Production and trading of security and confidential documents	4,379	16,052	19,188	48,424
Oil palm production and processing	11,216	4,211	32,534	16,653
Property management	32	154	311	610
Others	24,740	13,476	86,186	22,956
	40,367	33,893	138,219	88,643
Share of results of associate	1,003	855	1,657	1,712
	41,370	34,748	139,876	90,355
Eliminations	(26,730)	(13,384)	(89,905)	(22,509)
	14,640	21,364	49,971	67,846

A9. Segmental information (contd.)

(ii) Geographical segments

	Quarter ended		9 months cumulative	
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	62,419	80,690	203,859	219,682
Indonesia	27,993	28,174	98,264	95,156
	90,412	108,864	302,123	314,838
Eliminations	(28,009)	(13,705)	(91,818)	(23,463)
	62,403	95,159	210,305	291,375
Profit before tax				
Malaysia	29,575	29,943	105,476	71,863
Indonesia	11,795	4,805	34,400	18,492
	41,370	34,748	139,876	90,355
Eliminations	(26,730)	(13,384)	(89,905)	(22,509)
	14,640	21,364	49,971	67,846

	Quarter ended/9 months cumulative		31/12/16	
	31/12/17	31/12/16	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	692,782	65,897	758,363	158,499
Indonesia	84,285	20,115	136,497	16,304
	777,067	86,012	894,860	174,803
Eliminations	(125,382)	2,526	(96,588)	9,951
Group	651,685	88,538	798,272	184,754

A10. Profit before tax

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

	Quarter ended		9 months cumulative	
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Other income				
Management fees	6	6	18	18
Others	78	16	226	48
Operating expenses				
Depreciation and amortisation	3,850	5,448	10,078	15,865
Foreign exchange (gain)/loss	(159)	(112)	(27)	18
Impairment loss on trade receivables	-	10	8	35
Write back of impairment loss on trade receivables	-	(78)	(5)	(371)
Inventories written (back)/down	(109)	297	853	136
Provision for warranty	297	421	949	1,018
Net (reversal of)/provision for retirement benefit obligations	(24)	-	9	28

A11. Valuation of property, plant and equipment

The carrying amounts of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

A12. Subsequent events

There were no material events subsequent to the end of the current quarter.

A13. Changes in the composition of the Group

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

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

A14. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since the last annual balance sheet (other than as disclosed in Note B8).

A15. Capital commitments

	As at 31/12/2017
	RM'000
Property, plant and equipment:	
Approved and contracted for	1,680
Approved but not contracted for	14,980
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Share of capital commitments of associated companies:	
Property, plant and equipment	
Approved and contracted for	4,262
Approved but not contracted for	6
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A16. Acquisition of property, plant and equipment

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

	Current year to date 31/12/2017
	RM'000
Office equipment and fittings	403
Plant and machinery	809
Motor vehicles	519
Factory and office renovations	1,610
Computer hardware and software	158
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	3,499
	<hr/>

A17. Related party transactions

	Current year to date 31/12/2017
	RM'000
Penultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	579
Fellow Subsidiaries :	
Fima Instanco Sdn Bhd	
Rental income receivable	90
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	63
Purchases made - Delivery services	69
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	<u>4,982</u>

A18. Inventories

During the quarter, the amount of inventories written back was RM109,000.

**PART B - Explanatory notes pursuant to Bursa Malaysia Listing Requirements:
Chapter 9, Appendix 9B, Part A**

B1. Review of performance

Group	Year to date		Variance	
	31/12/17	31/12/16		
	RM'000	RM'000	RM'000	%
Revenue	210,305	291,375	(81,070)	(27.8)
Profit before tax	49,971	67,846	(17,875)	(26.3)
Profit after tax	35,217	49,507	(14,290)	(28.9)
Profit attributable to equity holders of the Company	30,389	47,123	(16,734)	(35.5)

The Group recorded a lower revenue and profit before tax of RM210.3 million and RM50.0 million respectively for the third quarter, as compared to RM291.4 million and RM67.8 million respectively for the corresponding period last year. The decrease in revenue was mainly due to lower revenue from the production of security and confidential documents.

Production and trading of security and confidential documents	Year to date		Variance	
	31/12/17	31/12/16		
	RM'000	RM'000	RM'000	%
Revenue	108,868	193,149	(84,281)	(43.6)
Profit before tax	19,188	48,424	(29,236)	(60.4)

Revenue from this segment decreased by 43.6% to RM108.9 million from RM193.1 million last year, primarily due to expiration of the contract to supply certain travel documents in the first quarter FY2018.

Oil palm production and processing	Year to date		Variance	
	31/12/17	31/12/16		
	RM'000	RM'000	RM'000	%
Revenue	98,326	95,156	3,170	3.3
Profit before tax	32,534	16,653	15,881	95.4

	Year to date		Variance	
	31/12/17	31/12/16		
	RM'000	RM'000	RM'000	%
Fresh fruit bunch (FFB) produced (mt)	133,966	96,632	37,334	38.6
FFB yield/ha (mt)	21.01	15.14	5.87	38.8
Cost of FFB produced (RM/mt)	242.20	346.87	(104.67)	(30.2)
Crude palm oil (CPO) produced (MT)	40,407	31,513	8,894	28.2
CPO extraction rate (%)	22.25	22.93	(0.68)	(3.0)
Sales Quantity (mt)				
CPO	36,292	33,066	3,226	9.8
Crude palm kernel oil (CPKO)	3,394	2,075	1,319	63.6
Average CIF selling price, net of duty (RM/mt)				
CPO	2,292	2,525	(233)	(9.2)
CPKO	4,234	5,375	(1,141)	(21.2)
Palm profiles (ha)				
Mature	6,375.1	6,383.1		
Immature	1,244.2	489.1		
Total planted area	7,619.3	6,872.2		

B1. Review of performance (contd.)

Oil palm production and processing (contd.)

This segment registered a 95.4% increase in pretax profit compared to the corresponding period last year, mainly due to improvement of FFB yield/ha following the recovery of El Nino which affected the production of FFB in the past. Accordingly, the division registered higher sales of CPKO and CPO and higher volume has lowered the average cost/mt of FFB produced. In addition, lower depreciation was charged due to impairment of property, plant and equipment and biological assets in preceding financial year pursuant to Ministerial Order as disclosed in Note B8(i).

Plantation estates in Malaysia which are presently in the development process registered a total pretax loss of RM1,886,000 (2017: RM1,839,000).

	Year to date		Variance	
	31/12/17	31/12/16	RM'000	%
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	4,092	4,024	68	1.7
Profit before tax	311	610	(299)	(49.0)

Revenue from the property management division remained consistent compared to corresponding period last year with minimal increase of 1.7%. Pretax profit decreased by RM299,000 on the back of higher upkeep of premises expenses.

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

	Q3	Q2	Variance	
	FY 2018	FY 2018	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	62,403	68,749	(6,346)	(9.2)
Profit before tax	14,640	19,645	(5,005)	25.5
Profit after tax	10,114	14,282	(4,168)	29.2
Profit attributable to Equity Holders of the Company	8,458	12,844	(4,386)	34.1

During the quarter under review, the Group posted a revenue of RM62.4 million with a pretax profit of RM14.6 million as compared to RM19.6 million pretax profit on the back of RM68.8 million revenue in the preceding quarter.

	Q3	Q2	Variance	
	FY 2018	FY 2018	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	33,367	39,281	(5,914)	(15.1)
Profit before tax	4,379	9,636	(5,257)	(54.6)

Revenue from production of security and confidential documents decreased by RM5.9 million or 15.1% in the third quarter compared to the preceding quarter. This was mainly due to decreased volume for confidential documents. On the back of lower revenue coupled with unfavourable sales mix, a pretax profit of RM4.4 million was posted, a fall of 54.6% over the previous quarter.

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

	Q3 FY 2018	Q2 FY 2018	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	28,025	28,377	(352)	(1.2)
Profit before tax	11,216	10,622	594	5.6

	Q3 FY 2018	Q2 FY 2018	Variance	
Sales Quantity (mt)				
Crude palm oil (CPO)	11,035	10,923	113	1.0
Crude palm kernel oil (CPKO)	1,016	991	25	2.5
Average CIF selling price, net of duty (RM/mt)				
CPO	2,099	2,121	(22)	(1.0)
CPKO	4,623	3,927	696	17.7

Revenue from this segment for the current quarter of RM28.0 million was RM352,000 or 1.2% lower than the preceding quarter, mainly due to lower selling price of CPO.

B3. Prospects

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

As the setback in FFB production arising from the consequences of the El Nino experienced in 2015/2016 has ended, the FFB yield is recovering and is anticipated to improve further. Nevertheless, the overall performance of the oil palm production and processing is very much influenced by the direction of palm oil prices. In view of the current prevailing palm oil prices, the Board of Directors expects the results of this financial year to be satisfactory.

B4. Variance of actual profit from forecast profit

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

B5. Taxation

	Current quarter 31/12/2017	Current year to date 31/12/2017
	RM'000	RM'000
Tax charge	4,526	14,754

The effective tax rate on the Group's profit to date is higher than the statutory tax rate mainly due to certain expenses disallowed for taxation purposes and no group relief.

B6. Corporate proposals

(a) Status of corporate proposal

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

On 6 October 2017, FCB Plantation Holdings Sdn Bhd (FCBPH), a wholly-owned subsidiary of the Company, has entered into a conditional Sale and Purchase Agreement (SPA) with Java Berhad (the Vendor) to acquire 1,000,000 ordinary shares or 100% of the total issued and paid-up capital of Java Plantations Sdn Bhd (Java Plantations) for a purchase consideration of RM5,197,118.37 ("Proposed Acquisition"). Java Plantations holds an 80% interest in Ladang Bunga Tanjung Sdn Bhd (LBTSB), a joint venture company between Java Plantations and Kumpulan Pertanian Kelantan Berhad which operates an oil palm plantation held under the Individual Title Geran 36415, Lot 2429, Mukim Lubok Bongor, Jajahan Jeli, Kelantan measuring approximately 3,289.9 acres or 1,331.0 hectares (Land). The lease period for the Land is for 66 years and expiring in 28 September 2069. The lease over the Land together with Java Plantations' 80% equity interest in LBTSB have been charged to a financial institution as security for credit facilities granted by the said financial institution to LBTSB. Pursuant to the terms of the SPA, FCBPH will also assume and undertakes to pay the total advances given by the Vendor to Java Plantations which as at 30 June 2017 stood at RM19,953,232.21 and redeem the Land and the pledged shares from LBTSB's financier through the settlement of the amount owing by LBTSB to the said financier which as at 30 June 2017 totalled RM8,350,369.83, which shall be payable at the times and in the manner set out in the SPA. All conditions precedent pertaining to the Proposed Acquisition have been fulfilled on 4 January 2018.

The Proposed Acquisition was completed on 20 February 2018.

(b) Utilisation of proceeds raised from any corporate proposal

Not applicable.

B7. Finance lease obligations

	As at 31/12/2017	As at 31/12/16
	RM'000	RM'000
Obligations under finance leases		
Current	624	646
Non-current	15,704	16,313
	16,328	16,959

The obligations under finance leases are in respect of the following land lease:

- i. A 99 year land lease granted to subsidiary, Gabungan Warisan Sdn Bhd to develop approximately 249.8 ha of land in Kuala Krai, Kelantan Darul Naim. The lease will expire on 2 July 2112.
- ii. Sub-leases granted to subsidiaries, Taka Worldwide Trading Sdn Bhd and Etika Gangsa Sdn Bhd over 2 parcels of land measuring approximately 404.6 ha, deemed suitable for oil palm cultivation, situated in Mukim Relai, Jajahan Gua Musang, Kelantan for a term of 66 years expiring 5 March 2075, with an option to renew for a further period of 33 years.
- iii. A 60 year lease granted to subsidiary, R.N.E. Plantation Sdn Bhd over 1 plot of agricultural land measuring 2,000 ha located at Sungai Siput, Daerah Kuala Kangsar, Perak. The lease will expire on 3 August 2075, with an option to renew for a further 30 years.

B8. Changes in material litigation

- (i) On 21 October 2016, the Company announced that its Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") has instituted legal proceedings to challenge the order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Defendant:") ("Ministerial Order") to revoke PT NJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") with immediate effect.

The Ministerial Order was on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry areas. PTNJL's planted area affected by the Ministerial Order measures 3,691.9 hectare.

On 21 October 2016, PTNJL filed an application in the State Administrative Court in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from PTUN to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts. The Defendant, together with a third party intervener, PT Adindo Hutani Lestari, have filed a defence against the said suit.

On 13 June 2017, the State Administrative Court dismissed the application filed by PTNJL to annul the Ministerial Order. Subsequently on 24 July 2017, PTNJL filed an appeal to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the decision of the State Administrative Court.

The Pengadilan Tinggi Tata Usaha Negara Jakarta vide its written decision dated 11 December 2017 (which was received by the Company's solicitors on 2 January 2018 and subsequently forwarded to the Company on 3 January 2018):

- (i) has partly allowed PTNJL's appeal against the State Administrative Court's decision, with costs;
- (ii) 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
- (iii) 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. Based on the current circumstances, the Board is of the opinion that the Ministerial Order will not have any immediate operational and financial impact on the Group.

- (ii) Following the termination of the Tenancy Agreement by Malaysia Airports Holding Berhad ("MAHB") on 11 May 2000, the Company as the Principal Tenant had issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex, Subang.

Pursuant to the above, on 28 September 2001, the Company was served a Writ of Summons dated 9 August 2001 from a tenant ("Plaintiff") claiming for a compensation sum of approximately RM2.12 million being their renovation costs and general damages. The Board had sought the opinion from the solicitors who were of the opinion that there should be no compensation payable to the Plaintiff as the demised premise was acquired by a relevant authority which was provided in the Tenancy Agreement between the Company and the Plaintiff.

On 11 November 2008, the Court had disposed off this matter summarily in favour of the plaintiff and on 4 March 2009, the Company had filed its Record of Appeal to the Court of Appeal to appeal against the decision. The Company had made full provision for the compensation claim of RM2.12 million during the financial year ended 31 March 2009.

On 27 September 2011, the Court of Appeal had allowed the Company's appeal against the decision handed down by the High Court and directed that the matter be remitted back to the High Court for a full trial. There has been no development since 27 September 2011.

B9. Dividend

For the current quarter under review, no dividend has been proposed and declared (preceding year corresponding period: nil).

B10. Earnings per share

	Quarter ended		9 Monhs Cumulative	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Earnings				
Profit attributable to owners of the Company (RM'000)	8,458	15,147	30,389	47,123
Basic Earning per Share				
Weighted average number of ordinary shares in issue	241,151,830	241,281,721	241,151,830	241,281,721
Basic earnings per share (sen)	3.51	6.28	12.60	19.53

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 20 February 2018