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

Condensed Consolidated Financial Statements
For the Third Quarter Ended 31 December 2018

FIMA CORPORATION BERHAD (21185-P)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current Quarter		9 Months Cumulative	
		Current Year Quarter 31/12/18	Preceding Year Corresponding Quarter 31/12/17	Current Year To Date 31/12/18	Preceding Year Corresponding Period 31/12/17
		RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Revenue	A9	53,349	62,403	174,958	210,305
Cost of sales		(27,165)	(39,497)	(106,637)	(130,558)
Gross profit		**26,184**	**22,906**	**68,321**	**79,747**
Interest income		1,112	1,829	4,185	5,309
Other income		852	84	995	244
Administrative expenses		(5,969)	(6,280)	(17,951)	(17,647)
Selling and marketing expenses		(797)	(830)	(2,188)	(2,484)
Other operating (expenses)/profit		(2,626)	(4,088)	13,452	(17,695)
Finance costs		(41)	(33)	(128)	(86)
Share of results from associate		1,132	1,003	2,493	1,657
Profit before tax	A9/A10	19,847	14,591	69,179	49,045
Income tax expense	B5	(5,060)	(4,526)	(11,522)	(14,754)
Profit net of tax		**14,787**	**10,065**	**57,657**	**34,291**
Other comprehensive income/(loss), net of tax					
Foreign currency translation gain/(loss)		2,691	(2,740)	1,653	(7,801)
Total comprehensive income for the period		**17,478**	**7,325**	**59,310**	**26,490**
Profit attributable to:					
Equity holders of the Company		13,141	8,419	49,577	29,648
Non-controlling interests		1,646	1,646	8,080	4,643
Profit for the period		**14,787**	**10,065**	**57,657**	**34,291**
Total comprehensive income attributable to:					
Equity holders of the Company		15,293	6,227	50,899	23,407
Non-controlling interests		2,185	1,098	8,411	3,083
Total comprehensive income for the period		**17,478**	**7,325**	**59,310**	**26,490**
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B10	5.46	3.49	20.61	12.29

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements)

FIMA CORPORATION BERHAD (21185-P)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	As at 31/12/18 RM'000	As at 31/03/18 RM'000 (Restated)	As at 01/04/17 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	191,267	161,178	130,886
Investment properties	59,540	60,670	62,177
Goodwill on consolidation	510	510	510
Investment in associate	30,035	40,845	41,061
Deferred tax assets	7,922	7,686	9,408
	289,274	270,889	244,042
Current assets			
Biological assets	1,771	3,060	4,822
Inventories	71,066	38,857	37,431
Trade and other receivables	110,822	120,651	97,537
Due from related companies	97	28	19
Short term cash investments	117,970	43,883	-
Cash and bank balances	89,354	165,596	336,309
	391,080	372,075	476,118
TOTAL ASSETS	**680,354**	**642,964**	**720,160**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	122,662	122,662	122,662
Treasury shares	(5,996)	(4,577)	(4,181)
Other reserves	(3,011)	(4,333)	4,250
Retained earnings	454,870	435,344	442,512
	568,525	549,096	565,243
Non-controlling interests	27,661	19,250	26,379
Total equity	596,186	568,346	591,622
Non-current liabilities			
Retirement benefit obligations	1,797	1,813	1,837
Finance lease obligations	15,143	15,588	16,176
Deferred tax liabilities	5,016	4,897	3,275
	21,956	22,298	21,288
Current liabilities			
Trade and other payables	44,893	36,884	82,761
Provisions	10,599	12,081	16,947
Tax payable	6,028	2,578	6,291
Due to related companies	81	166	627
Finance lease obligations	611	611	624
	62,212	52,320	107,250
Total liabilities	84,168	74,618	128,538
TOTAL EQUITY AND LIABILITIES	**680,354**	**642,964**	**720,160**
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.37	2.28	2.34

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements)

FIMA CORPORATION BERHAD (21185-P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	<------------------- Attributable to Equity Holders of the Company ------------------>									
	<--------------------------------------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 2017										
As previously stated	122,662	(4,181)	(6,655)	7,605	(18,510)	4,250	449,559	561,385	25,415	586,800
Effects from adoption of MFRS	-	-	10,905	(7,605)	18,510	-	(7,047)	3,858	964	4,822
As restated	122,662	(4,181)	4,250	-	-	4,250	442,512	565,243	26,379	591,622
Total comprehensive income for the period	-	-	(6,241)	-	(6,241)	-	29,648	23,407	3,083	26,490
Transactions with owners										
Acquisition of non-controlling interests	-	-	-	-	-	-	334	334	(507)	(173)
Dividend paid	-	-	-	-	-	-	(42,202)	(42,202)	(8,694)	(50,896)
Total transactions with owners	-	-	-	-	-	-	(41,868)	(41,868)	(9,201)	(51,069)
At 31 December 2017 (Restated)	122,662	(4,181)	(1,991)	-	(6,241)	4,250	430,292	546,782	20,261	567,043

FIMA CORPORATION BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018 (CONT'D.)

	<-------------------	-------------------	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 2018										
As previously stated	122,662	(4,577)	(15,238)	7,605	(27,093)	4,250	443,801	546,648	18,638	565,286
Effects from adoption of MFRS	-	-	10,905	(7,605)	18,510	-	(8,457)	2,448	612	3,060
As restated	122,662	(4,577)	(4,333)	-	(8,583)	4,250	435,344	549,096	19,250	568,346
Total comprehensive income for the period	-	-	1,322	-	1,322	-	49,577	50,899	8,411	59,310
Transactions with owners										
Acquisition of treasury shares	-	(1,419)	-	-	-	-	-	(1,419)	-	(1,419)
Dividend paid	-	-	-	-	-	-	(30,051)	(30,051)	-	(30,051)
Total transactions with owners	-	(1,419)	-	-	-	-	(30,051)	(31,470)	-	(31,470)
At 31 December 2018	122,662	(5,996)	(3,011)	-	(7,261)	4,250	454,870	568,525	27,661	596,186

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements)

FIMA CORPORATION BERHAD (21185-P)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	9 months ended 31/12/18	9 months ended 31/12/17
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	69,179	49,045
Adjustments for:		
Depreciation for property, plant and equipment	9,930	8,948
Depreciation of investment properties	1,130	1,130
Impairment loss on trade and other receivables	27	8
Write back of impairment loss on trade and other receivables	(34)	(5)
Fair value changes on biological assets	1,289	926
Inventories written (back)/down	(1,251)	853
Net (reversal of)/provision for retirement benefit obiligations	(53)	9
Net (reversal of)/provision for warranty	(1,482)	949
Write back of impairment loss on property, plant and equipment	(23,631)	-
Share of results of associate	(2,493)	(1,657)
Interest expense	128	86
Interest income	(4,185)	(5,309)
Operating profit before working capital changes	48,554	54,983
Decrease/(increase) in trade and other receivables	10,354	(26,807)
Increase in inventories	(30,742)	(17,004)
Increase in related companies balances	(154)	(995)
Increase/(decrease) in trade and other payables	7,761	(44,126)
Cash generated from/(used in) operations	35,773	(33,949)
Taxes paid	(8,189)	(10,391)
Net cash generated from/(used in) operating activities	27,584	(44,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,092)	(7,542)
Acquisition of non-controlling interests	-	(173)
Interest income received	4,185	5,309
Dividends received	13,303	1,912
Net investment in short term cash investments	(74,087)	(29,000)
Net cash used in investing activities	(72,691)	(29,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(30,051)	(42,202)
Dividends paid by a subsidiary to non-controlling interests	-	(8,694)
Repayment of obligations under finance lease	(573)	(558)
Acquisition of treasury shares	(1,419)	-
Net cash used in financing activities	(32,043)	(51,454)
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(77,150)	(125,288)
Effect of exchange rate changes in cash and cash equivalents	908	(5,436)
Cash and cash equivalents balances at beginning of the period	165,596	336,309
Cash and cash equivalents at end of period	89,354	205,585
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	40,147	24,384
Deposits with licensed banks	49,207	181,201
Cash and cash equivalents	89,354	205,585

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements)

PART A - Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

The interim statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2018. 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 2018.

The financial statements of the Group for the financial year ending 31 March 2019 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework. The date of transition to the MFRS Framework was on 1 April 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from Financial Reporting Standards ("FRS") in Malaysia to MFRS are discussed below:

(a) Property, plant and equipment

Under the FRS accounting framework, the Group elected to account for the freehold land, leasehold land and buildings included within property, plant and equipment using the revaluation model, where these assets are measured at fair value less accumulated impairment losses recognised after the date of valuation. The Group decided to change the accounting policy for these assets from the revaluation model to cost model, the change in accounting policy will result in the revaluation amount on the transition date to be recorded as deemed costs for these assets when the Group first adopt the MFRS framework. Subsequent to the transition date, these assets will be stated at cost less any accumulated depreciation and accumulated impairment losses.

Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116: Property, Plant and Equipment ("MFRS 116"). After initial recognition, the bearer biological assets will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The Group measures the bearer biological assets at fair value less accumulated impairment losses recognised after the date of valuation. Upon adoption of MFRS framework, the Group decided to apply the cost model for accounting the bearer plants, the change in accounting framework will result in the reclassification of the bearer assets from biological assets to property, plant and equipment, and the revaluation amount on the transition date to be recorded as deemed costs of the bearer plants which will be subsequently be stated at cost less any accumulated depreciation and accumulated impairment losses.

(b) Biological assets

The amendments also require produce that grows on bearer plants to be within the scope of MFRS 141: Agriculture, to be measured at fair value less costs to sell. The biological assets of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest.

(c) Business combinations

The Group has elected to apply MFRS 3: Business Combinations prospectively from the date of transition. In respect of acquisitions prior to the date of transition.

(i) the classification of former business combinations under FRS is maintained;

(ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) the carrying amount of goodwill recognised under FRS is not adjusted.

A1. Basis of preparation (contd.)

(d) Financial instruments

MFRS 9: Financial Instruments ("MFRS 9") replaces FRS 139: Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments:

(i) classification and measurement;
(ii) impairment; and
(iii) hedge accounting.

With the exception of hedge accounting, the Group has applied MFRS 9 retrospectively, with the initial application date of 1 April 2018 and adjusting the comparative information for the period beginning 1 April 2017.

(i) Classification and measurement

MFRS 9 contains a new classification and measurement approach for the financial assets that reflects the business model in which the assets are managed and their cash flows characteristics.

MFRS 9 contains three principal classification catergories for the financial assets as follows:

- amortised cost ("AC")
- fair value through Other Comprehensive Income ("FVOCI")
- fair value through Profit or Loss ("FVTPL")

The standard eliminates the previous FRS 139 categories of Held - to - Maturity, Loan and Receivables ("L&R") and Available-for-Sale ("AFS").

The following table shows the original measurement categories in accordance FRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets as at 1 April 2018.

Group financial assets	**Original classification under FRS 139**	**Original carrying amount under FRS 139**	**New classification under MFRS 9**	**New carrying amount under MFRS 9**
		RM '000		**RM '000**
Trade receivables	L&R	105,077	AC	105,077
Other receivables, excluding tax recoverable, GST input tax and prepayments	L&R	4,479	AC	4,479
Amount due from related companies	L&R	28	AC	28
Cash and bank balances	L&R	165,596	AC	165,596
Short term cash investments	FVTPL	43,883	FVTPL	43,883

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing FRS 139’s incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

A1. Basis of preparation (contd.)

(d) Financial instruments (contd.)

(ii) Impairment (contd.)

The Group's trade and other receivables applied the standard's simplified approach and calculated ECLs based on life time expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forwardlooking factors specific to the debtors and the economic environment in which the business is operating in.

(e) Revenue from contracts with customers

Upon adoption of MFRS 15: Revenue from Contracts with Customers ("MFRS 15") , the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers.

(f) Foreign exchange reserve

Under FRSs, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign exchange reserves for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at date of transition to MFRS, the cumulative foreign exchange translation differences were adjusted to retained earnings.

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

Reconciliation of Condensed Consolidate Statement of Financial Position

	As at 31/03/18			As at 01/04/17		
	Previously reported under FRS	Effects on adoption MFRS	Reported under MFRS	Previously reported under FRS	Effects on adoption MFRS	Reported under MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Property, plant and equipment	116,666	44,512	161,178	97,856	33,030	130,886
Biological assets	44,512	(44,512)	-	33,030	(33,030)	-
Current asset						
Biological assets	-	3,060	3,060	-	4,822	4,822
Equity						
Other reserves	(15,238)	10,905	(4,333)	(6,655)	10,905	4,250
Retained earnings	443,801	(8,457)	435,344	449,559	(7,047)	442,512
Non-controlling interest	18,638	612	19,250	25,415	964	26,379

A1. Basis of preparation (contd.)

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows: (contd.)

Reconciliation of Condensed Consolidate Statement of Comprehensive Income

	Quarter ended 31/12/17		
	Previously reported under FRS	Effects on adoption MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Revenue	210,305	-	210,305
Cost of sales	(129,632)	(926)	(130,558)
Gross profit	80,673	(926)	79,747
Interest income	5,309	-	5,309
Other income	244	-	244
Administrative expenses	(17,647)	-	(17,647)
Selling and marketing expenses	(2,484)	-	(2,484)
Other operating expenses	(17,695)	-	(17,695)
Finance costs	(86)	-	(86)
Share of results from associate	1,657	-	1,657
Profit before tax	49,971	(926)	49,045
Income tax expense	(14,754)	-	(14,754)
Profit net of tax	35,217	(926)	34,291
Other comprehensive loss, net of tax			
Foreign currency translation loss	(7,801)	-	(7,801)
Total comprehensive income for the period	27,416	(926)	26,490
Profit attributable to:			
Equity holders of the Company	30,389	(741)	29,648
Non-controlling interests	4,828	(185)	4,643
Profit for the period	35,217	(926)	34,291
Total comprehensive income attributable to:			
Equity holders of the Company	24,148	(741)	23,407
Non-controlling interests	3,268	(185)	3,083
Total comprehensive income for the period	27,416	(926)	26,490
Earnings per share attributable to equity holders of the Company			
Basic/diluted earnings per share (sen)	12.60	(0.31)	12.29

Reconciliation of Condensed Consolidate Statement of Cash Flows

	Quarter ended 31/12/17		
	Previously reported under FRS	Effects on adoption MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Profit before tax	49,971	(926)	49,045
Depreciation for property, plant and equipment	6,414	2,534	8,948
Amortisation of biological assets	2,534	(2,534)	-
Fair value changes on biological assets	-	926	926
Purchase of property, plant and equipment	(3,499)	(4,043)	(7,542)
Additions to biological assets	(4,043)	4,043	-

A2. Changes in accounting policies

(a) Standards and Interpretations issued but not yet effective

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

	Effective for annual period beginning on or after
MFRS 16: Leases	1 January 2019
MFRS 17: Insurance contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sales or contribution of assets between an investor and its associate or joint venture	Deferred
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over income tax treatments	1 January 2019

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

<u>MFRS 16: Leases</u>

MFRS 16 replaces the guidance in MFRS 117, Lease, IC Interpretation 4, Determining Whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

<u>Amendments to MFRS 10 and MFRS 128: Sales or contribution of assets between an investor and its associate or joint venture</u>

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

There will be no significant impact on the Group from the adoption of Amendments to MFRS 128.

A3. Auditors' report on preceding annual financial statements

The financial statements of the Group for the financial year ended 31 March 2018 were not subject to any audit qualification.

A4. Seasonality or cyclicality 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 other than as disclosed in Note B8(b).

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

Saved as disclosed below, there were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial period todate.

During the current quarter, the Company repurchased 277,000 of its issued ordinary shares from the open market at an average price of RM1.81. The total transaction paid for the repurchase including transaction costs was RM499,021. Of the total 245,324,330 issued ordinary shares, 5,112,400 shares are held as treasury shares by the Company.

A8. Dividends paid

		9 months cumulative	
		31/12/18	31/12/17
		RM'000	RM'000
Interim Dividend			
2018	10% single-tier interim dividend (Paid on 29 December 2017)	-	12,058
2019	10% single-tier interim dividend (Paid on 28 December 2018)	12,011	-
Final Dividend			
2017	15% single-tier final dividend (Paid on 18 September 2017)	-	18,086
	10% single-tier special dividend (Paid on 18 September 2017)	-	12,058
2018	15% single-tier final dividend (Paid on 20 September 2018)	18,040	-
		30,051	42,202

A9. Segmental information

(a) Segmental revenue and results for business segments

	Quarter ended		9 months cumulative	
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	34,992	33,367	103,025	108,868
Oil palm production and processing	17,331	28,025	68,823	98,326
Property management	1,323	1,358	3,996	4,092
Others	26,309	27,662	56,629	90,837
	79,955	90,412	232,473	302,123
Eliminations	(26,606)	(28,009)	(57,515)	(91,818)
	53,349	62,403	174,958	210,305
Profit before tax				
Production and trading of security and confidential documents	9,955	4,379	25,342	19,188
Oil palm production and processing	8,981	11,167	42,631	31,608
Property management	98	32	241	311
Others	25,990	24,740	55,101	86,186
	45,024	40,318	123,315	137,293
Share of results of associate	1,132	1,003	2,493	1,657
	46,156	41,321	125,808	138,950
Eliminations	(26,309)	(26,730)	(56,629)	(89,905)
	19,847	14,591	69,179	49,045

A9. Segmental information (contd.)

(b) Geographical segments

	Quarter ended		9 months cumulative	
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	62,776	62,419	163,925	203,859
Indonesia	17,179	27,993	68,548	98,264
	79,955	90,412	232,473	302,123
Eliminations	(26,606)	(28,009)	(57,515)	(91,818)
	53,349	62,403	174,958	210,305
Profit before tax				
Malaysia	37,078	29,575	79,942	105,476
Indonesia	9,078	11,746	45,866	33,474
	46,156	41,321	125,808	138,950
Eliminations	(26,309)	(26,730)	(56,629)	(89,905)
	19,847	14,591	69,179	49,045

	Quarter ended/9 months cumulative			
	31/12/18		31/12/17	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	757,474	172,627	692,782	65,897
Indonesia	120,912	19,682	88,181	20,115
	878,386	192,309	780,963	86,012
Eliminations	(198,032)	(108,141)	(125,382)	2,526
Group	680,354	84,168	655,581	88,538

A10. Profit before tax

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

	Quarter ended		9 months cumulative	
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
Other income				
Management fees	-	6	10	18
Others	927	78	985	226
Operating expenses				
Depreciation	2,504	3,850	11,060	10,078
Foreign exchange gain	(1,344)	(159)	(2,111)	(27)
Impairment loss on trade and other receivables	-	-	27	8
Write back of impairment loss on trade and other receivables	(10)	-	(34)	(5)
Fair value changes on biological assets	155	49	1,289	926
Inventories written (back)/down	(163)	(109)	(1,251)	853
Net (reversal of)/provision for retirement benefit obligations	(53)	(24)	(53)	9
Net (reversal of)/provision for warranty	(494)	297	(1,482)	949
Write back of impairment loss on property, plant and equipment (Note B8(b))	-	-	(23,631)	-

A11. Valuation of property, plant and equipment

The Group upon adoption of MFRS has elected to use cost model from previous revaluation model. This change in accounting policy has resulted in revaluation amount on the transition date to be recorded as deemed cost.

A12. Subsequent events

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

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to date.

A14. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 March 2018 other than as disclosed in Note B8.

A15. Capital commitments

	As at 31/12/18
	RM'000
Property, plant and equipment:	
Approved and contracted for	2,964

A16. Acquisition of property, plant and equipment

As at the end of the financial year todate, the Group has acquired the following assets.

	Current year to date 31/12/18
	RM'000
Plant and machinery	2,478
Factory and office renovations	641
Equipment, furniture and fittings and motor vehicles	1,560
Bearer plants	11,413
	16,092

A17. Related party transactions

	Current year to date 31/12/18 RM'000
Penultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	576
Management fees payable	366
Fellow Subsidiary	
Fima Instanco Sdn Bhd	
Rental income receivable	120
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	66
Purchases made - Delivery services	27
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	5,074

A18. Inventories

During the quarter, there was no significant write down or write back of inventories other than as disclosed in Note A10 above.

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

B1. Review of performance

	Year to date 31/12/18	31/12/17	Variance	
	RM'000	RM'000	RM'000	%
Group				
Revenue	174,958	210,305	(35,347)	(16.8)
Profit before tax and write back *	45,548	49,045	(3,497)	(7.1)
Profit before tax	69,179	49,045	20,134	41.1
Profit after tax	57,657	34,291	23,366	68.1
Profit attributable to equity holders of the Company	49,577	29,648	19,929	67.2

* *The amount is before the significant write back of impairment loss on property, plant and equipment amounting RM23.6 million pursuant to the Mahkamah Agung's decision as disclosed in Note B8(b).*

The Group recorded lower revenue by RM35.4 million and lower profit before tax and write back of impairment loss on property, plant and equipment by RM3.5 million for the first nine months, as compared to corresponding period last year mainly due to lower revenue generated by all segments.

The performances of each business divisions are as follows:

	Year to date 31/12/18	31/12/17	Variance	
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	103,025	108,868	(5,843)	(5.4)
Profit before tax	25,342	19,188	6,154	32.1

Revenue from this segment decreased by 5.4% to RM103.0 million from RM108.9 million last year, primarily due to expiration of the contract to supply certain travel documents in the first quarter FY2018. On the back of favourable sales mix and higher write back of inventories and provision for warranty by RM4.5 million, the division recorded higher pretax profit by RM6.2 million compared to corresponding period last year.

	31/12/18	31/12/17	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	68,823	98,326	(29,503)	(30.0)
Profit before tax and write back *	19,000	31,608	(12,608)	(39.9)
Profit before tax	42,631	31,608	11,023	34.9

* *The amount is before the significant write back of impairment loss on property, plant and equipment amounting RM23.6 million pursuant to the Mahkamah Agung's decision as disclosed in Note B8(b).*

Below are the key operating statistics for the segment:

	Year to date 31/12/18	31/12/17	Variance	
				%
<u>Indonesia</u>				
Fresh fruit bunch (FFB) produced (mt)	120,758	133,966	(13,208)	(9.9)
FFB yield/ha (mt)	19.01	21.01	(2.00)	(9.5)
Cost of FFB produced (RM/mt)	206.58	242.20	35.62	14.7
Crude palm oil (CPO) produced (mt)	35,698	40,407	(4,709)	(11.7)
CPO extraction rate (%)	22.60	22.25	0.35	1.6
Sales quantity (mt)				
CPO	29,998	36,292	(6,294)	(17.3)
Crude palm kernel oil (CPKO)	3,065	3,394	(329)	(9.7)
Average CIF selling price, net of duty (RM/mt)				
CPO	1,964	2,292	(328)	(14.3)
CPKO	3,141	4,234	(1,093)	(25.8)

B1. Review of performance (contd.)

	Year to date 31/12/18	31/12/17	Variance	%
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	786	139	647	465.5
FFB yield/ha (mt)	7.24	5.39	1.85	34.3
Palm profiles (ha)				
Mature	6,426.7	6,375.1		
Immature	2,110.6	1,244.2		
Rehab	496.7	-		
Total planted area	8,537.3	7,619.3		

This segment registered a 30.0% decrease in revenue compared to the corresponding period last year, primarily due to lower sales volume and selling price of CPO and CPKO. Despite this, the division recorded higher pretax profit by RM11.0 million following to the significant write back of impairment loss on property, plant and equipment amounting RM23.6 million pursuant to the Mahkamah Agung's decision as disclosed in Note B8(b).

Plantation estates in Malaysia which are presently in the development process registered a total pretax loss of RM3.2 million (last year: RM1.9 million).

	Year to date 31/12/18	31/12/17	Variance	
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	3,996	4,092	(96)	(2.3)
Profit before tax	241	311	(70)	(22.5)

Revenue from the property management division remained consistent compared to corresponding period last year with minimal decrease of 2.3%. Pretax profit decreased by RM70,000 on the back of higher operating costs.

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

	Q3 FY 2019	Q2 FY 2019	Variance	
	RM'000	RM'000	RM'000	%
Group				
Revenue	53,349	70,368	(17,019)	(24.2)
Profit before tax and write back *	19,847	17,041	2,806	16.5
Profit before tax	19,847	40,672	(20,825)	(51.2)
Profit after tax	14,787	36,050	(21,263)	(59.0)
Profit attributable to equity holders of the Company	13,141	30,174	(17,033)	(56.4)

* *The amount is before the significant write back of impairment loss on property, plant and equipment amounting RM23.6 million pursuant to the Mahkamah Agung's decision as disclosed in Note B8(b).*

	Q3 FY 2019	Q2 FY 2019	Variance	
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	34,992	36,817	(1,825)	(5.0)
Profit before tax	9,955	10,977	(1,022)	(9.3)

Revenue from production of security and confidential documents decreased by RM1.8 million or 5.0% 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 lower write back of inventories and reversal of provision for warranty, a pretax profit of RM10.0 million was posted, a fall of 9.3% over the previous quarter.

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

	Q3 FY 2019	Q2 FY 2019	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	17,331	32,492	(15,161)	(46.7)
Profit before tax and write back *	8,981	6,198	2,783	44.9
Profit before tax	8,981	29,829	(20,848)	(69.9)

* *The amount is before the significant write back of impairment loss on property, plant and equipment amounting RM23.6 million pursuant to the Mahkamah Agung's decision as disclosed in Note B8(b).*

	Q3 FY 2019	Q2 FY 2019	Variance	
Crude palm oil (CPO) produced (mt)	13,984	11,572	2,412	20.8
Sales Quantity (mt)				
Crude palm oil (CPO)	8,023	12,963	(4,940)	(38.1)
Crude palm kernel oil (CPKO)	995	2,070	(1,075)	-
Average CIF selling price, net of duty (RM/mt)				
CPO	1,838	1,947	(109)	(5.6)
CPKO	2,447	3,476	(1,029)	(29.6)

Revenue from this segment for the current quarter of RM17.3 million was RM15.2 million or 46.7% lower than the preceding quarter, mainly due to lower sales volume and selling price of CPO and CPKO. Despite this, the division recorded higher pretax profit and write back of impairment by RM2.8 million mainly due to lower loss registered by plantation estates in Malaysia by RM1.3 million and lower manuring cost by RM2.1 million as compared to preceding quarter.

B3. Prospects

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.

The overall performance of the oil palm production and processing is very much influenced by the direction of palm oil prices and our estates' yield. Nevertheless, we will remain focus in improving our efficiency in oil processing and optimising production cost.

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 31/12/18	Current year to date 31/12/18
	RM'000	RM'000
Tax charge	5,060	11,522

The effective tax rate on the Group's profit todate is lower than the statutory tax rate mainly due to income not subject to tax from write back of impairment loss on property, plant and equipment.

B6. Corporate proposals

(a) Status of corporate proposal

There are no corporate proposal announced but not completed at the date of the report.

(b) Utilisation of proceeds raised from any corporate proposal

Not applicable.

B7. Finance lease obligations

	As at 31/12/18 RM'000	As at 31/12/17 RM'000
Obligations under finance leases		
Current	611	624
Non-current	15,143	15,704
	15,754	16,328

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

(a) 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.

(b) 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.

(c) 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 period of 30 years.

B8. Changes in material litigation

(a) On 30 July 2018, the Company announced that its wholly owned subsidiary, Percetakan Keselamatan Nasional Sdn. Bhd. ("the Plaintiff"), has on the same day, commenced a High Court action against Datasonic Technologies Sdn. Bhd. ("the Defendant").

The claim is for a sum of RM24,975,000 (excluding interest and cost), being the amount due and owing by the Defendant to the Plaintiff for 1.5 million Malaysian passport booklets which were supplied by the Plaintiff to the Defendant.

At the request of the Defendant during the case management on 3 October 2018, the Plaintiff agreed to attempt mediation with the aim of arriving at an amicable resolution. The mediation took place on 17 October 2018 and 19 October 2018. However, the parties could not reach a resolution.

The civil suit is now fixed for case management on 1 March 2019 pending settlement negotiations between the parties.

This civil suit is not expected to have any material impact on the financial and operational position of the Company.

B8. Changes in material litigation (contd.)

(b) 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.

Pursuant to Pengadilan Tinggi Tata Usaha Negara Jakarta's decision dated 11 December 2017, PTNJL has filed its statement of appeal on 10 January 2018 and appeal on 23 January 2018 to the Mahkamah Agung Republik Indonesia ("Mahkamah Agung") in respect of the decision of the Pengadilan Tinggi Tata Usaha Negara Jakarta.

Mahkamah Agung, vide its written decision dated 21 August 2018, has allowed PTNJL's appeal and ruled that the Ministerial Order revoking PTNJL's HGU be annulled. The Mahkamah Agung also ordered the Defendant, to simultaneously:

(i) issue an order cancelling PTNJL's HGU rights over the areas overlapping with third party interests measuring 3,500 hectares; and

(ii) issue a new HGU certificate in favour of PTNJL for an area measuring 16,474.130 hectares, (which is 19,974.130 hectares *less* the 3,500 hectares referred to in paragraph (i) above).

PTNJL is currently taking the necessary legal steps to enforce the court's decision.

The amount of write back relating to the impairment of property, plant and equipment previously affected by the Ministerial Order was RM23,631,000 which has been reflected in the previous quarterly results.

On 20 February 2019, the Company announced that PTNJL has received notice (which was received by PTNJL's solicitors on 18 February 2019 and subsequently forwarded to the Company on 19 February 2019) that the Defendant has filed an application for judicial review together with its judicial review memorandum at the Mahkamah Agung on 8 February 2019. The Defendant is seeking to set aside the Mahkamah Agung's written decision dated 21 August 2018 on grounds that the court had among others misapplied the law to the relevant facts in arriving at the decision. PTNJL has 30 days from the date of the receipt of the said notice to file its counter memorandum.

Under Indonesian laws and regulations, commencement of judicial review proceedings does not prevent the implementation of the Mahkamah Agung's written decision as aforesaid.

B8. Changes in material litigation (contd.)

(c) 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

B9. Dividend

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

B10. Earnings per share

	Quarter ended		9 Months Cumulative	
	31/12/18	**31/12/17**	**31/12/18**	**31/12/17**
Earnings				
Profit attributable to owners of the Company (RM'000)	13,141	8,419	49,577	29,648
Basic earnings per share				
Weighted average number of ordinary shares in issue	240,588,471	241,151,830	240,588,471	241,151,830
Basic earnings per share (sen)	5.46	3.49	20.61	12.29

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)
FADZIL AZAHA (MIA20995)
Company Secretaries

Kuala Lumpur
Date: 22 February 2019