KUMPULAN FIMA BERHAD
(11817-V)

# 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 30

## PLANTATION DIVISION

**Building Momentum**

Owns and operates 14 estates in Malaysia and Indonesia with a landbank totaling 30,898 ha

> page 32

## BULKING DIVISION

**Fueling Growth**

Our liquid bulk terminals have 271 tanks with a combined storage tank capacity of 275,190 MT

> page 36

## FOOD DIVISION

**Staying Resilient**

Manufactures and distributes canned mackerel, canned tuna and frozen tuna loins for both export and domestic markets

> page 38

## LETTER FROM THE GROUP MANAGING DIRECTOR

Reflecting on the Group's performance throughout the year

> page 19


# REDEFINING BOUNDARIES

011817 072018

# GROUP FACTS FYE2018

## Revenue

RM482.46 MILLION

## Profit Before Tax

RM80.48 MILLION

## Number of Shareholders

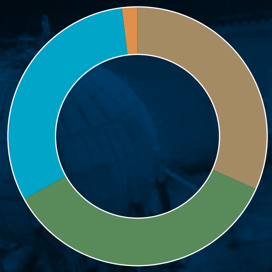
*(As at 25 June 2018)*

8,152

## Employees

3,075

## Segmental Profit Before Tax ("PBT")



Manufacturing **RM25.48mil**

Plantation **RM28.34mil**

Bulking **RM24.91mil**

Food **RM1.36mil**

## Employee Breakdown by Gender

Male 58%

Female 42%

## Number of Recorded Injuries

Fatality: Zero

2017 98

2018 40

59% Y-O-Y reduction in major injuries

## Dividend Payment

9sen

(subject to shareholders approval)

## Return on Average Capital Employed

7.7%

## Return on Average Equity

4.8%

## KEY PERFORMAN

We remains focused or
value to our sharehold
objectives – to grow
generate solid returns
and cash g

NCE OBJECTIVES

n providing sustainable
ers through three core
profitable revenue, to
s on capital employed
generation.

## MANUFACTURING DIVISION

STRONG CASH POSITION

RM157.26 MILLION

REVENUE

RM140.78 MILLION

## PLANTATION DIVISION

TOTAL INTERNAL FFB

198,644 MT

REVENUE

RM153.65 MILLION

## BULKING DIVISION

TOTAL THROUGHPUT

951,851 MT

REVENUE

RM53.54 MILLION

## FOOD DIVISION

TOTAL SALES VOLUME (IFC)

645,871 CARTON

REVENUE

RM129.27 MILLION

BULKING
DIVISION


# TABLE OF CONTENTS

## CORPORATE INFORMATION

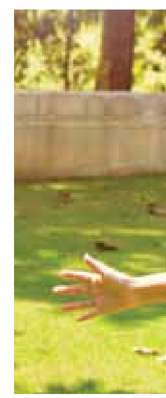


## PERFORMANCE REVIEW



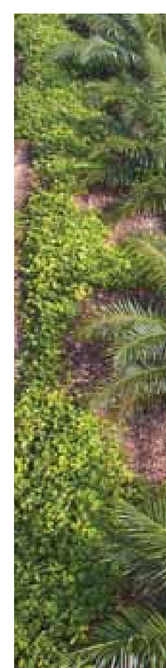
## SUSTAINABILITY REPORT





## CORPORATE GOVERNANCE





PLANTATION
DIVISION





# FINANCIAL STATEMENTS



# OTHER INFORMATION






Kumpulan Fima Berhad ("KFima") was incorporated by the Malaysian Government on 24th February 1972 under the name Fima Sdn Bhd. KFima's first business was canning of pineapples when Pineapple Cannery of Malaysia (PCM) was organised as KFima's wholly owned subsidiary. KFima was converted to a public company and changed its name to Kumpulan Fima Berhad. In 1991, KFima became the controlling shareholder of Fima Metal Box Berhad, now known as Fima Corporation Berhad ("FimaCorp"), a company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

In 1991, KFima underwent a Management Buy-Out (MBO) in line with the privatisation policy of the Malaysian Government. In 1996 KFima was listed on the Main Board of Bursa Malaysia. Today, KFima is a diversified group with business in Manufacturing, Plantation, Bulking and Food sectors.

Scan this QR code to find more information online at **www.fima.com.my**

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty-Sixth (46th) Annual General Meeting ("AGM") of **KUMPULAN FIMA BERHAD** ("KFIMA" 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 3.00 p.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 9.0 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 114 of the Company's Constitution and being eligible offer themselves for re-election:-

   (i) Dato' Rosman bin Abdullah **Resolution 2**
   (ii) Puan Rozana Zeti binti Basir **Resolution 3**

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

5. To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 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 2.4 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.

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 maybe required) as they may consider expedient or necessary to give effect to the proposed mandate."

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

"THAT subject to compliance with the Act, the MMLR of Bursa Securities, provisions of the Company's Constitution, and all other applicable laws, guidelines, rules and regulations, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares in KFIMA ("KFIMA 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 KFIMA 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 KFIMA Shares so purchased at their discretion, in the following manner:-

(i) cancel the KFIMA Shares so purchased; or
(ii) retain the KFIMA 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 KFIMA Shares so purchased as treasury shares and cancel the remainder of the KFIMA 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 KFIMA Shares shall continue to be valid until all the purchased KFIMA Shares have been dealt with by the Directors of the Company;

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

(i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by 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;

# NOTICE OF ANNUAL GENERAL MEETING

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 Azizan bin Mohd Noor 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**

    (ii) "THAT approval be and is hereby given to Dato' Rosman bin Abdullah 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 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 DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the 46th AGM to be held on 30 August 2018, a single-tier final dividend of 9.0 sen for the financial year ended 31 March 2018 will be paid on 5 October 2018 to Depositors whose names appear in the Record of Depositors on 20 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 20 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

# NOTICE OF ANNUAL GENERAL MEETING

**(I) Note A**

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

**(II) Resolution 1**

Under Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 30 May 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 5 October 2018 in accordance with the requirements under Section 132(2) and (3) of the Act.

**(III) Resolutions 2 and 3**

Article 114 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 Board endorsed that the Directors who retire in accordance with Article 114 of the Company's Constitution are eligible to stand for re-election.

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

**(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 46th 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 | RM90,000 | RM2,000 | Medical coverage and other claimable benefits |
| Member | RM60,000 | RM2,000 | |
| **Committees** | | | |
| Chairman of Audit Committee | RM15,000 | RM2,000 | N/A |
| Member of Audit Committee | RM7,500 | RM2,000 | N/A |
| Member of Nomination and Remuneration Committee | N/A | RM2,000 | N/A |

**Subsidiaries**

| Subsidiary | Position Held | Fee Type | Amount |
|---|---|---|---|
| International Food Corporation Limited | Chairman | Director's fee – per annum | RM18,000 |
| | | Meeting allowance – per meeting | RM1,000 |
| Fima Bulking Services Berhad | Chairman | Director's fee – per annum | RM18,000 |
| | | Meeting allowance – per meeting | RM1,000 |

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 Group Managing Director does not receive any Director's fees.*

**(V) Resolution 7**

The Board had at its meeting held on 30 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.

# NOTICE OF ANNUAL GENERAL MEETING

**(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:-

| Directors | Appointed on |
|---|---|
| (i) Encik Azizan bin Mohd Noor | 2 April 2003 |
| (ii) Dato' Rosman bin Abdullah | 5 May 2004 |

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 46th AGM.

Further information on the Proposed New Constitution is set out in the Circular/Statement to Shareholders dated 31 July 2018 which is circulated together with the Company's Annual Report 2018.

**Notes:-**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may not be a member of the Company and a member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.

2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

3. The instrument appointing a proxy must be completed and deposited at the registered office of the Company not less than forty-eight (48) 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 46th AGM or appoint proxy(ies) to attend and/or vote on their behalf.

5. The voting at the 46th 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 114 of the Company's Constitution and seeking re-election are:-

   a. Dato' Rosman bin Abdullah
   b. Puan Rozana Zeti binti Basir

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

   a. Encik Azizan bin Mohd Noor
   b. Dato' Rosman bin Abdullah

   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 1.00 p.m. and will remain open until the conclusion of the 46th 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 Kumpulan Fima Berhad will appear on the screen. Please cast your vote for all the resolutions by selecting your favoured option. Upon completion, please click "CONFIRM" to submit your votes.
- If you are a **PROXY** for one (1) or more shareholders, the name of the shareholder who has appointed you as proxy and his/her shareholdings in Kumpulan Fima 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 Kumpulan Fima 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 Kumpulan Fima 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' Roslan bin Hamir**
*Group Managing Director/ Non-Independent Executive Director*

**Azizan bin Mohd Noor**
*Senior Independent Non-Executive Director*

**Rozana Zeti binti Basir**
*Non-Independent Non-Executive Director*

**Dato' Rosman bin Abdullah**
*Independent Non-Executive Director*

**Rozilawati binti Haji Basir**
*Non-Independent Non-Executive Director*

## AUDIT COMMITTEE

**Azizan bin Mohd Noor**
*Chairman*

**Dato' Rosman bin Abdullah**
*Member*

**Rozana Zeti binti Basir**
*Member*

## NOMINATION AND REMUNERATION COMMITTEE

**Dato' Rosman bin Abdullah**
*Chairman*

**Azizan bin Mohd Noor**
*Member*

**Rozilawati binti Haji Basir**
*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 5923
E-mail : info@fima.com.my
Website : www.fima.com.my

## PRINCIPAL BANKERS

Malayan Banking Berhad

Public Bank Berhad

## SHARE REGISTRAR

**Symphony Share Registrars Sdn. Bhd.**
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : (+603) 7849 0777
Fax : (+603) 7841 8151/52

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : KFIMA
Stock Code : 6491
Sector : Trading/Services

## AUDITORS

Messrs. Hanafiah Raslan & Mohamad

# FINANCIAL CALENDAR

**1 APRIL 2017 TO 31 MARCH 2018**

## RESULTS

**First Quarter Announced**
28 August 2017

**Second Quarter Announced**
24 November 2017

**Third Quarter Announced**
22 February 2018

**Fourth Quarter Announced**
30 May 2018

## ANNUAL REPORT

Issued 31 July 2018

## ANNUAL GENERAL MEETING

To be held 30 August 2018

## FINAL DIVIDEND

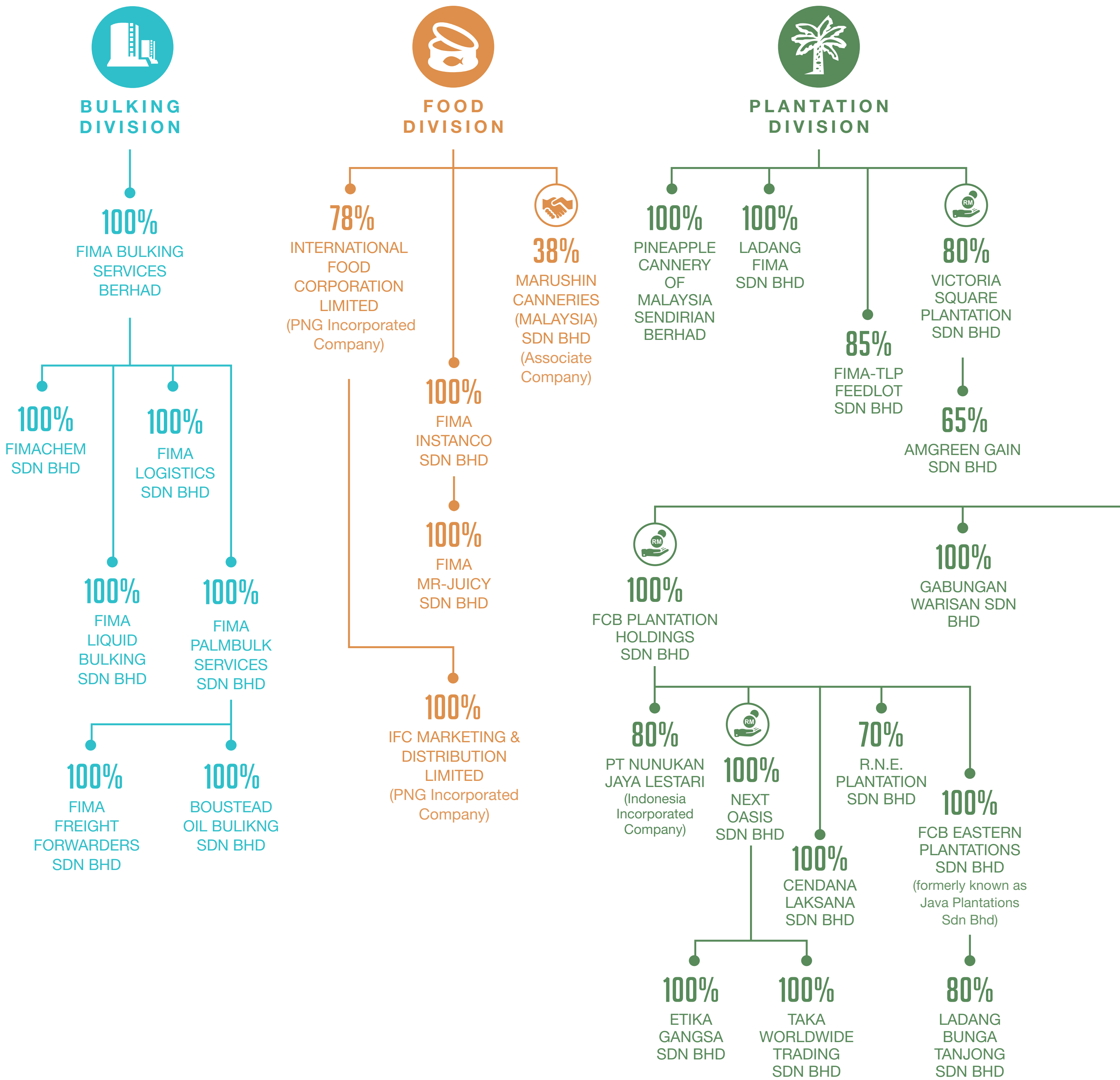
**Announced**
30 July 2018

**Entitlement date**
20 September 2018

**Payment date**
5 October 2018

*(Subject to the approval of the shareholders at the 46th Annual General Meeting)*

# GROUP CORPORATE STRUCTURE




Bulk handling and storage of various types of liquid and semi-liquid products

Manufacture and distribution of canned fish including food packaging

Oil palm and pineapple cultivation including oil palm production and processing

# GROUP CORPORATE STRUCTURE

## MANUFACTURING DIVISION

- 100% PERCETAKAN KESELAMATAN NASIONAL SDN BHD
- 100% SECURITY PRINTERS (M) SDN BHD
- 20% GIESECKE & DEVRIENT MALAYSIA SDN BHD (Associate Company)

Production and trading of security and confidential documents

## OTHERS

- 100% FIMA METAL BOX HOLDINGS SDN BHD
  - 60% FIMA CORPORATION BERHAD
    - 100% FCB PROPERTY MANAGEMENT SDN BHD
- 100% MALAYSIAN TRANSNATIONAL TRADING (MATTRA) CORPORATION BERHAD
  - 100% MATTRA PREMIER SDN BHD
- 100% FIMA OVERSEAS HOLDINGS SDN BHD
  - 80% ENDELL PTE LTD (Singapore Incorporated Company)
- 60% FIMA FRASER'S HILL SDN BHD
- 100% FIMA BIODIESEL SDN BHD
  - 100% KF COMMODITIES SDN BHD

Investment holdings, trading and property investment

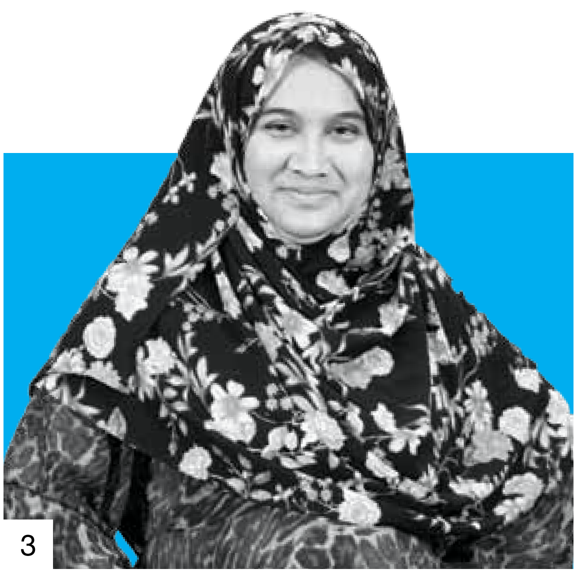
Investment Holding

Associate Company

# PROFILE OF DIRECTORS


1


2


3


4


5

1. **Dato' Roslan bin Hamir**
   Group Managing Director /
   Non-Independent Executive Director

2. **Azizan bin Mohd Noor**
   Senior Independent Non-Executive Director

3. **Rozana Zeti binti Basir**
   Non-Independent Non-Executive Director

4. **Rozilawati binti Haji Basir**
   Non-Independent Non-Executive Director

5. **Dato' Rosman bin Abdullah**
   Independent Non-Executive Director

## Dato' Roslan bin Hamir

**51 years of age, Male, Malaysian**
Group Managing Director / Non-Independent Executive Director

**Date of Appointment:**
11 October 2002
**Date of Last Re-election:**
23 August 2017

**Academic / Professional Qualification(s):**
- ACCA graduates with Bachelor of Arts (Honours) in Accounting and Finance

**Past Appointment(s):**
- Auditor, Messrs. Ernst & Young (1993-1997)
- Senior Vice President, Corporate Services, Kumpulan Fima Berhad (1998-1999)

**Present Directorship(s) of Public and Listed Companies:**
- Managing Director, Fima Corporation 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 five (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

## Azizan bin Mohd Noor

**77 years of age, Male, Malaysian**
Senior Independent Non-Executive Director

**Date of Appointment:**
2 April 2003
**Date of Last Re-election:**
23 August 2017

**Academic / Professional Qualification(s):**
- Member, Institute of Chartered Accountants, England & Wales (ICAEW)
- Member, Malaysian Institute of Accountants (MIA)
- Member, Malaysian Institute of Certified Public Accountants (MICPA)

**Past Appointment(s):**
- Senior Auditor, Azman, Wong, Salleh & Co., Chartered Accountants (1972-1973)
- Chief Internal Auditor, Bank Bumiputra Malaysia Berhad (1973-1976)
- Senior Partner, Anuarul, Azizan, Chew & Co., Chartered Accountants (1976-2000)

**Present Directorship(s) of Public and Listed Companies:**
- Chairman, Fima Bulking Services Berhad (non-listed)

**Membership of Board Committee(s):**
- Audit Committee (Chairman)
- 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 five (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

## Rozana Zeti binti Basir

**43 years of age, Female, Malaysian**
Non-Independent Non-Executive Director

**Date of Appointment:**
30 March 2004
**Date of Last Re-election:**
22 September 2015

**Academic / Professional Qualification(s):**
- Bachelor of Arts in Fashion Marketing, American College, London

**Past Appointment(s):**
- Visual Merchandising Executive, Metro Jaya Bhd (1998-2000)
- Corporate Services Executive, Kumpulan Fima Berhad (2000-2001)

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

**Membership of Board Committee(s):**
- Audit 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:**
- Sister of Rozilawati binti Haji Basir, a Non-Independent Non-Executive Director of the Company
- Rozana Zeti binti Basir is also a Director of BHR Enterprise Sdn Bhd, a major shareholder of the Company

**List of convictions for offences within the past five (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

## Rozilawati binti Haji Basir

**47 years of age, Female, Malaysian**
Non-Independent Non-Executive Director

**Date of Appointment:**
26 November 2009
**Date of Last Re-election:**
24 August 2016

**Academic / Professional Qualification(s):**
- B.A (Hons) Degree Social Sciences majoring in Law, University of Hertfordshire, United Kingdom
- Masters in Business Administration in International Business, University of Bristol, United Kingdom

**Past Appointment(s):**
- Research & Analyst Assistant, Capitalcorp Securities Malaysia Sdn Bhd (1994-1995)
- Corporate Services Executive, Kumpulan Fima Berhad (1996-1997)
- Executive Director, Business Development, Nationwide Express Courier Services Berhad ("NECSB") (2000-2003)
- Chief Executive Officer, NECSB (2003-2010)
- Chairman and Director, NECSB (2010-2014)
- Managing Director, Nationwide Express Holdings Berhad (2014-2018)

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

**Membership of Board Committee(s):**
- 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:**
- Sister of Rozana Zeti binti Basir, a Non-Independent Non-Executive Director of the Company
- Rozilawati binti Haji Basir is also a Director of BHR Enterprise Sdn Bhd, a major shareholder of the Company

**List of convictions for offences within the past five (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' Rosman bin Abdullah

**51 years of age, Male, Malaysian**
Independent Non-Executive Director

**Date of Appointment:**
5 May 2004
**Date of Last Re-election:**
24 August 2016

**Academic / Professional Qualification(s):**
- Bachelor of Commerce (Accounting) Degree, Australian National University
- Advanced Management Programme, Oxford University
- Member, Malaysian Institute of Accountants (MIA)
- Member, Australian Society of Certified Practicing Accountants

**Past Appointment(s):**
- Auditor and Financial Advisor, Arthur Andersen & Co. (1989-1997)
- Executive Director, Malaysia Airports Holdings Berhad (1997-2003)
- Corporate Affairs Director, PECD Berhad (2003-2006)
- Non-Independent Non-Executive Director, Cuscapi Berhad (2003-2013)
- Group Chief Executive Officer, PECD Berhad (2006-2009)
- Independent Non-Executive Director, KUB Malaysia Berhad (2006-2011)
- Independent Non-Executive Director, Hume Industries Berhad (2006-2018)
- Chief Executive Officer, Syarikat Air Negeri Sembilan Sdn Bhd (2009-2012)
- Independent Non-Executive Director, Cliq Energy Berhad (2012-2015)

**Present Directorship(s) of Public and Listed Companies:**
- Group Managing Director, Putrajaya Perdana Berhad (non-listed)

**Membership of Board Committee(s):**
- Nomination and Remuneration Committee (Chairman)
- Audit 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 five (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

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

| | |
|---|---|
| **Group Chief Financial Officer/ Company Secretary** | Bachelor in Accounting (Hons), Northern University of Malaysia (UUM)<br>Certified Practising Accountant of CPA Australia<br>Chartered Accountant of the Malaysian Institute of Accountants (MIA) |

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

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

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

| | |
|---|---|
| **Chief Operating Officer**, *Fima Corporation Berhad*<br>**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"), the Group's listed subsidiary 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 of the Group's subsidiaries.

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.

# PROFILE OF KEY SENIOR MANAGEMENT

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

| | |
|---|---|
| **Executive Director, Sales,**<br>*Percetakan Keselamatan Nasional Sdn Bhd* | Advanced Diploma in Accountancy,<br>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 as Director of Sales and was appointed to the Board as Executive Director, Sales on 25 August 2014.

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

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

## JASMIN BINTI HOOD (45 years of age, Female, Malaysian)

| | |
|---|---|
| **Senior General Manager,**<br>**Group Secretarial & Legal /**<br>**Company Secretary** | Bachelor of Laws (LL.B) Hons,<br>University of Southampton<br>Certificate of Legal Practice,<br>University of Malaya<br>Licensed Company Secretary,<br>Companies Commission of Malaysia |

She joined KFima on 2 January 2008 and was appointed as Company Secretary in the same year. She is currently Company Secretary to KFima's Group subsidiaries including its listed subsidiary, FimaCorp and for all Board Committees of KFima and FimaCorp. She also oversees KFima's Group Corporate Services Department.

She has extensive experience in legal, corporate secretarial and compliance matters having served in various positions in organisations including Golden Hope Plantations Berhad, Bursa Malaysia and Hong Leong Finance Berhad. She sits on the Board of several of the Group's subsidiaries.

# PROFILE OF KEY SENIOR MANAGEMENT

## IRMAN BIN ABDUL SHUKOR (42 years of age, Male, Malaysian)

| | |
|---|---|
| **Director,<br>Strategy & Business Development** | Master of Science in Investment & Finance (Strathclyde)<br>Bachelor of Accountancy (Hons) (Stirling) |

He joined the Company in January 2018 as Director, Strategy & Business Development to oversee the overall Group business development strategies.

Prior to joining the Company, he was previously Director of Business Development of Halim Mazmin Group since 2015. Between 1999 until 2015, he has held diverse positions in various organizations such as United Overseas Bank, Wira Emas Sdn Bhd (Albukhary Group), DRB-HICOM Berhad, Permata Trans Offshore Sdn Bhd and Al Rayan Ventures (Qatar), specializing in corporate banking, business development, corporate finance and advisory, and other financial and consultancy related works.

## MOHD RIZAL BIN MAT NOR (50 years of age, Male, Malaysian)

| | |
|---|---|
| **General Manager,<br>Plantation Division** | B.A (Hons) in Accounting,<br>Polytechnic of North London |

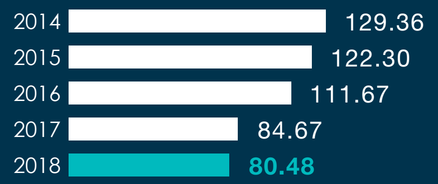
He joined the Group's subsidiary, PT Nunukan Jaya Lestari ("PTNJL") in Indonesia in 2006 as Senior Manager before being appointed as PTNJL's President Director in 2012. On 12 July 2013, he assumed the role of General Manager, Plantation Division with lead responsibility for overseeing the Group's estate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

He has extensive experience in accounting, finance and general management across a number of industries, amongst them, telecommunications and utilities.

# 5 YEAR GROUP FINANCIAL HIGHLIGHTS

### REVENUE
(RM 'MILLION)


### PROFIT BEFORE TAXATION
(RM 'MILLION)




### TOTAL ASSETS
(RM 'MILLION)


### SHAREHOLDERS' FUNDS
(RM 'MILLION)


| FINANCIAL YEAR ENDED 31 MARCH (RM 'MILLION) | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **REVENUE** | 504.59 | 544.79 | 541.11 | 547.21 | **482.46** |
| **PROFIT** | | | | | |
| Profit before taxation | 129.36 | 122.30 | 111.67 | 84.67 | **80.48** |
| Income tax expenses | 39.33 | 38.29 | 31.67 | 34.24 | **31.72** |
| Non-controlling interests | 29.73 | 25.44 | 23.27 | 20.59 | **16.71** |
| Profit after taxation and non-controlling interest | 60.30 | 58.58 | 56.73 | 29.84 | **32.06** |
| **ASSETS AND LIABILITIES** | | | | | |
| Total assets | 991.78 | 1,189.50 | 1,185.66 | 1,224.28 | **1,168.21** |
| Total liabilities | 128.55 | 211.49 | 186.38 | 197.87 | **170.61** |
| Non-controlling interests | 224.94 | 245.72 | 250.99 | 257.70 | **244.42** |
| Shareholders' funds | 638.28 | 732.29 | 748.30 | 768.70 | **753.18** |
| **EARNINGS AND DIVIDEND** | | | | | |
| Earnings per share (sen) | | | | | |
| Basic | 22.16 | 21.26 | 20.51 | 10.70 | **11.36** |
| Diluted | 22.03 | 21.10 | 20.31 | 10.70 | **11.36** |
| Gross dividend per share (sen) | 8.00 | 8.50 | 9.00 | 9.00 | **9.00** |
| Net dividend per share (sen) | 8.00 | 8.50 | 9.00 | 9.00 | **9.00** |
| **SHARE PRICES** | | | | | |
| Transacted price per share (RM) | | | | | |
| Highest | 2.38 | 2.43 | 2.04 | 1.98 | **1.96** |
| Lowest | 1.87 | 1.75 | 1.72 | 1.70 | **1.45** |

# LETTER FROM THE GROUP MANAGING DIRECTOR

**DATO' ROSLAN BIN HAMIR**
Group Managing Director

# LETTER FROM THE GROUP MANAGING DIRECTOR

**RM482.46MIL**
Group Revenue

**RM80.48MIL**
Group Profit Before Tax

**RM81.98MIL**
Group Earnings Before Interest and Tax

**Dear Shareholders,**

We had anticipated a difficult year in FYE2018 and had highlighted several of the challenges we saw ahead in last year's annual report. The first part of the year under review was a particularly intense period for the Group with a variety of factors developing negatively as the year progressed, in particular, expiration of a major supply contract for our manufacturing subsidiary and the initial outcome of 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. Add to that, we also experienced the loss of our Chairman, Tan Sri Ir. Muhammad Radzi bin Haji Mansor who passed away on 21 July 2017.

When there are so many unexpected external variables affecting business, the only constants are the values that guide our day-to-day actions. During my visits to the operating sites I have been struck by the enthusiasm and professional attitude shown by them, especially those who have been affected by difficult circumstances. For that reason, the theme of this 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, with exposure to various sectors continue to provide underlying support through the current macro-economic conditions and highly competitive market.

Group revenue decreased 11.8% to RM482.46 million (FYE2017: RM547.21 million). Revenue gains from the improved performance of Bulking, Food and Plantation Divisions 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 profit before tax ("PBT") decreased to RM80.48 million compared to RM84.67 million recorded last year. The weak Kina has had a significant effect on the Group's PBT due to our PNG subsidiary, International Food Corporation Ltd's exposure to the US Dollar and Malaysian Ringgit thereby offsetting the strong PBT contributions from Plantation Division which increased to RM28.34 million from a loss of RM5.96 million year-on-year ("y-o-y").

| REVENUE | FYE2017 (RM 'MILLION) | FYE2018 (RM 'MILLION) |
|---|---|---|
| Manufacturing | 233.35 | **140.78** |
| Plantation | 146.87 | **153.65** |
| Bulking | 47.46 | **53.54** |
| Food | 114.26 | **129.27** |
| Others | 5.27 | **5.22** |
| **TOTAL** | 547.21 | **482.46** |

| PBT | FYE2017 (RM 'MILLION) | FYE2018 (RM 'MILLION) |
|---|---|---|
| Manufacturing | 59.61 | **25.48** |
| Plantation | (5.96) | **28.34** |
| Bulking | 20.00 | **24.91** |
| Food | 6.52 | **1.36** |
| Others (including associate companies) | 4.50 | **0.39** |
| **TOTAL** | 84.67 | **80.48** |

It is noteworthy that Food and Plantation Divisions are continuing to drive strong revenue growth, having collectively contributed over 58.6% of the Group's revenue for the year (FYE2017: 47.7%).

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.

Bulking Division has also performed to expectations and growing its volumes, closing the year with improvements in both revenue and PBT y-o-y despite margin pressures in an extremely tight market. Shareholders may recall that last year, Bulking was negatively impacted by the effects of low CPO production which inter alia led to low palm oil inventories

## LETTER FROM THE GROUP MANAGING DIRECTOR

and intense competition between terminals, as the overall decrease in throughput had created excess capacity for all players.

Group Earnings Before Interest and Tax ("EBIT") decreased 4.0% to RM81.98 million. Earnings per share and net assets per share stood at 11.36 sen and RM2.67, respectively.

As at 31 March 2018, we have cash and cash equivalents of RM235.30 million. Our capital expenditures (including biological asset expenditures) totalled RM32.50 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 30 to 41 of this Annual Report.

### Dividend

The Board is pleased to recommend for shareholders' approval a final single-tier dividend of 9.0 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 5 October 2018 to shareholders whose names appear on the register as at 20 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.

## 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 Tanjong 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 JPSB's trade and other payables 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 in this current financial year and scheduled to be completed by next financial year.

## 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.

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 Kalimatan 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 well 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 it is currently pending before the Mahkamah Agung. Should developments result in a final adverse judgment, 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 in last year's results. However, future earnings may be affected.

## Board and Senior Management Succession

On behalf of the Board and all Group employees, I would like to express my appreciation to Mohd Yusof bin Pandak Yatim, who retired from his position as Chief Financial Officer/Company Secretary in end-October 2017 after 21 years of dedicated and outstanding service. He will be succeeded by Fadzil bin Azaha who has been with KFIMA since January 2016 and, coming to us from a Big Four accounting firm, brings with him extensive financial knowledge, built up over 19 years of working experience.

This coming year will also see the retirement from the Group of two long-serving executives: S. Kamalanathan, Chief Executive Officer of Bulking Division and Ahmad Zakri bin Abu Bakar, Director of Food Division. We thank them for their leadership and loyal service which have made a lasting contribution to the strength of the Group.

## LETTER FROM THE GROUP MANAGING DIRECTOR

"While we do have near-term challenges and external headwinds to contend with, 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 top-line and bottom line."

Allow me to also take a moment, in memory of the late Tan Sri Ir. Muhammad Radzi bin Haji Mansor who served as our Chairman from 2009 right up to the date of his passing. We have all benefited from his wise counsel, lively banter and thoughtful engagement with the Board and various stakeholders alike. Those who knew and worked with him would also recall his total dedication, at heart and in practice, to the Group. KFIMA was indeed privileged to have had the stewardship of the late Tan Sri Ir. Muhammad Radzi.

I would like to share with you that throughout the year, succession planning – not only for senior management but also the Board, were the principal focus of the Nomination and Remuneration Committee's meetings and informal exchanges between committee members and our fellow directors. This was also reiterated during the Board retreat held in May 2017. In the circumstances, the Group is undertaking a process to refresh the Board and identify a new chairperson as well as appointment of new non-executive directors, taking into account internal and external considerations. We expect be in a position to conclude this exercise in this current financial year.

### Prospects

We continue to see value in the underlying strengths of our businesses but while the Group has solid fundamentals, the environment in which we operate is clearly changing. Even though outlook for Plantation, Food and Bulking 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. While we do have near-term challenges and external headwinds to contend with, 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 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, employees, 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' ROSLAN BIN HAMIR**
Group Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's principal activities are organised in four divisions: manufacturing, plantation, bulking and food. The businesses are spread across Malaysia, Indonesia, and Papua New Guinea. The Group currently employs 3,075 people and has approximately 30,898 hectares of plantation land.

The purpose of this review is to highlight and 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.

## GROUP STRATEGIC OVERVIEW

The Group 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.

### 3 KEY PERFORMANCE OBJECTIVES

**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 Returns 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 4 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.

### 4 STRATEGIC DRIVERS

**Maintain Prudent Financial Profile**

**Strengthen Core Businesses**

**Leverage on Market Opportunities**

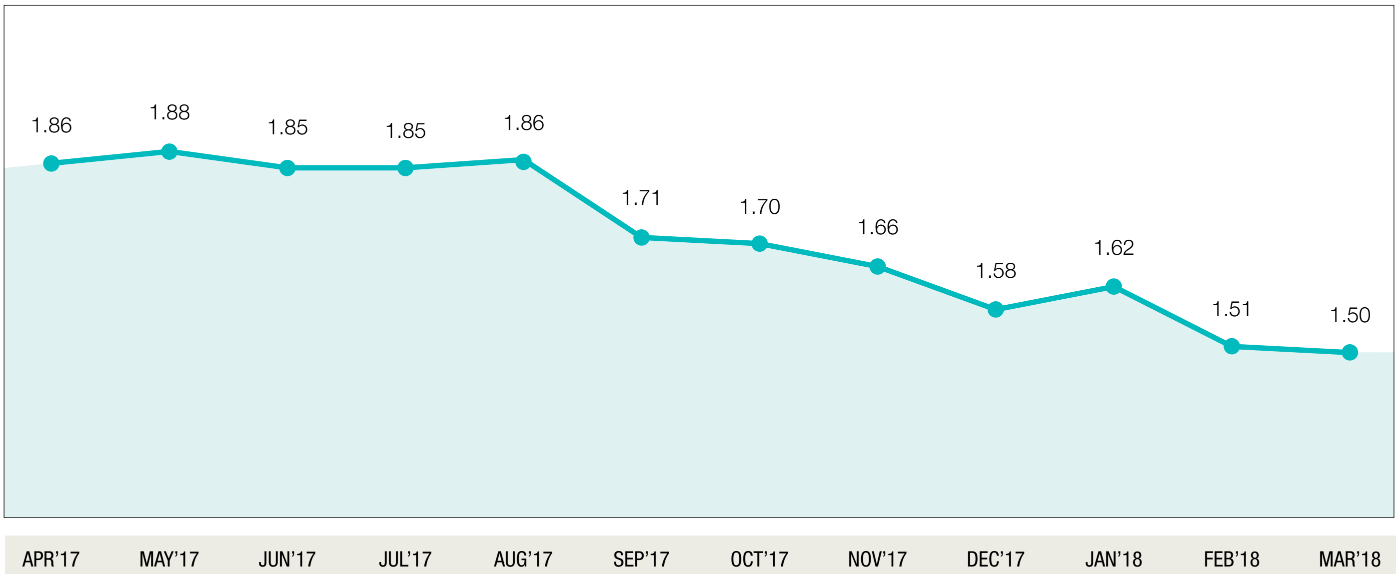
**Establish Strong Pillars For Future Growth**

MANAGEMENT DISCUSSION AND ANALYSIS

# KEY FINANCIAL ANALYSIS

## ONE YEAR AVERAGE MONTHLY CLOSING SHARE PRICE

(RM)

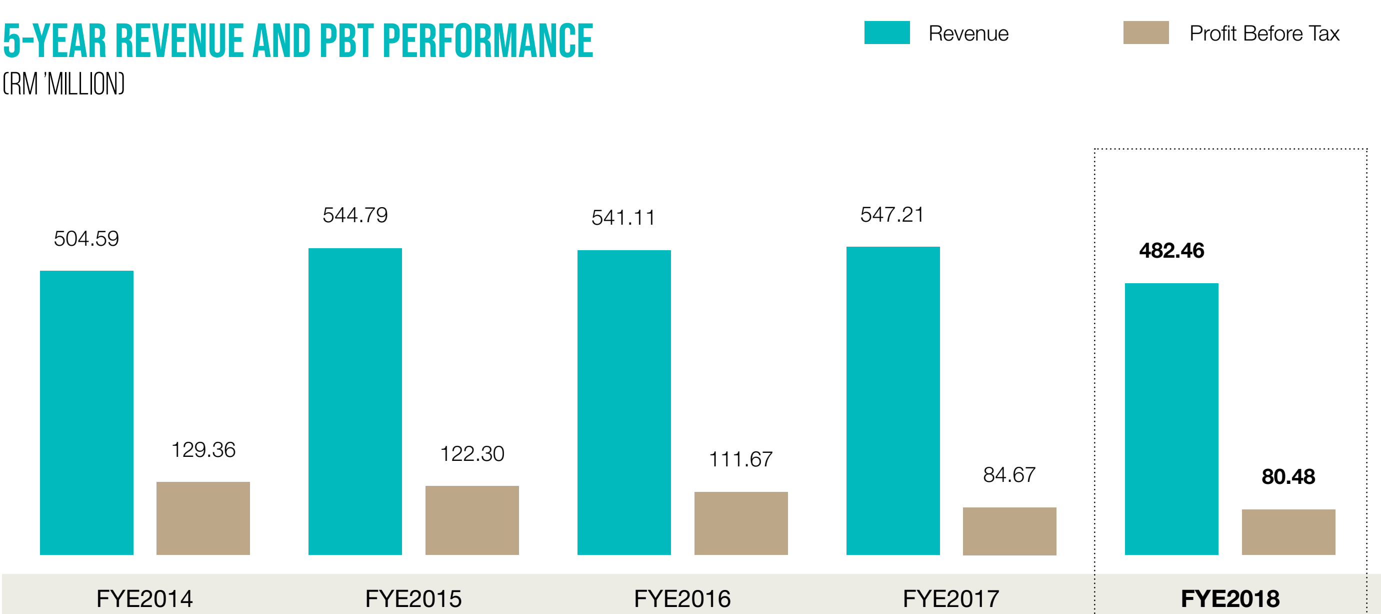



| MONTH | APR'17 | MAY'17 | JUN'17 | JUL'17 | AUG'17 | SEP'17 | OCT'17 | NOV'17 | DEC'17 | JAN'18 | FEB'18 | MAR'18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIGH | 1.95 | 1.96 | 1.88 | 1.90 | 1.90 | 1.82 | 1.71 | 1.70 | 1.66 | 1.65 | 1.60 | 1.55 |
| LOW | 1.82 | 1.80 | 1.81 | 1.82 | 1.79 | 1.65 | 1.68 | 1.60 | 1.56 | 1.57 | 1.45 | 1.46 |

During the year under review, the highest and lowest share price transacted was RM1.96 and RM1.45, respectively. The highest share volume transacted was in May 2017 with total volume of 5.7 million shares.

## 5-YEAR REVENUE AND PBT PERFORMANCE

(RM 'MILLION)



# KEY FINANCIAL HIGHLIGHTS

| | | FYE2017 | FYE2018 | VARIANCE % |
|---|---|---|---|---|
| Revenue | *RM million* | 547.21 | **482.46** | (11.8) |
| Cost of Sales (COS) | *RM million* | 339.15 | **294.07** | (13.3) |
| Gross Profit | *RM million* | 208.07 | **188.40** | (9.5) |
| Gross Profit Margin | *%* | 38.0 | **39.1** | 2.9 |
| Earnings Before Interest And Taxation ("EBIT") | *RM million* | 85.42 | **81.98** | (4.0) |
| Profit Before Tax ("PBT") | *RM million* | 84.67* | **80.48** | (4.9) |
| Profit After Tax ("PAT") | *RM million* | 50.43 | **48.77** | (3.3) |
| Profit Attributable to Equity Holders of The Company | *RM million* | 29.84 | **32.06** | 7.4 |
| Return on Average Shareholders' Equity ("ROAE") | *%* | 5.0 | **4.8** | (3.2) |
| Return on Average Capital Employed ("ROACE") | *%* | 8.0 | **7.7** | (3.5) |
| Total Returns to Shareholders<br>- Gross Dividend Per Share | *sen* | 9.00 | **9.00**** | - |
| Net Cash Flow Generated From/(Used in) Operation | *RM million* | 191.11 | **(7.52)** | (103.9) |
| Total Assets | *RM million* | 1,224.28 | **1,168.21** | (4.6) |
| Total Liabilities | *RM million* | 197.87 | **170.61** | (13.8) |
| Capital Employed | *RM million* | 1,077.34 | **1,052.14** | (2.3) |
| Retained Earnings | *RM million* | 315.38 | **322.33** | 2.2 |

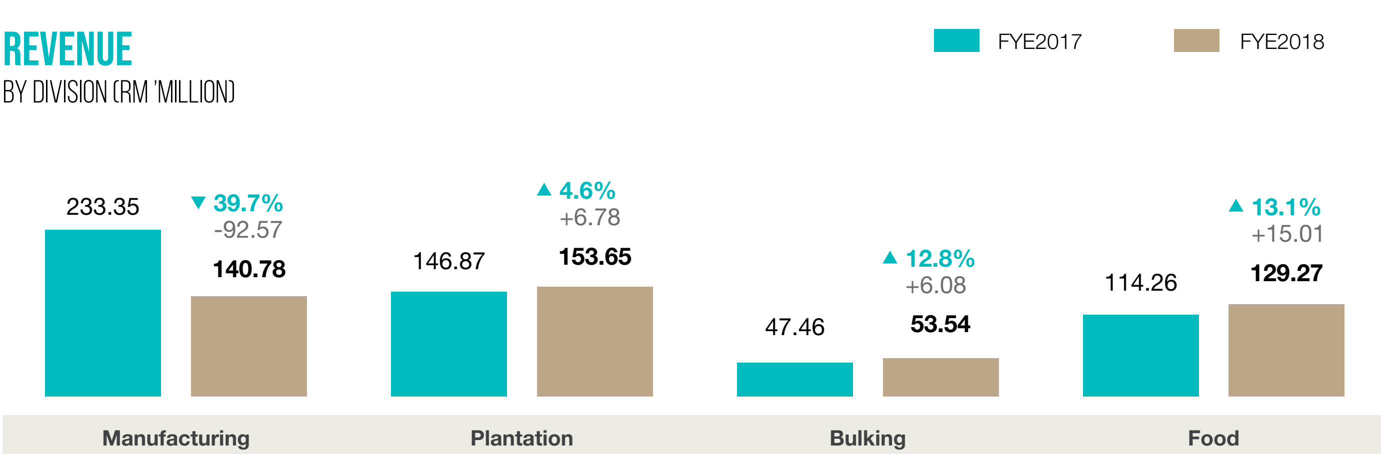
* *Without the impairment losses of RM29.37 million related to the property, plant and equipment and biological assets, the Group's PBT would be RM114.04 million.*

** *Subject to shareholders' approval.*

| REVENUE | FYE2017 RM million | Contribution % | FYE2018 RM million | Contribution % | Variance RM million | Variance % |
|---|---|---|---|---|---|---|
| Manufacturing | 233.35 | 42.6 | **140.78** | **29.2** | (92.57) | (39.7) |
| Plantation | 146.87 | 26.8 | **153.65** | **31.8** | 6.78 | 4.6 |
| Bulking | 47.46 | 8.7 | **53.54** | **11.1** | 6.08 | 12.8 |
| Food | 114.26 | 20.9 | **129.27** | **26.8** | 15.01 | 13.1 |
| Others | 5.27 | 1.0 | **5.22** | **1.1** | (0.05) | (0.9) |
| Group Results | 547.21 | 100.0 | **482.46** | **100.0** | (64.75) | (11.8) |

## REVENUE

BY DIVISION (RM 'MILLION)



# MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group generated revenue of RM482.46 million compared to RM547.21 million recorded last year, a decrease of 11.8%. The decrease in revenue is mainly attributable to the sharp decline in Manufacturing Division's revenue by 39.7% or RM92.57 million following the expiration of a major supply contract, thereby offsetting the revenue improvements from Plantation, Bulking and Food Divisions.

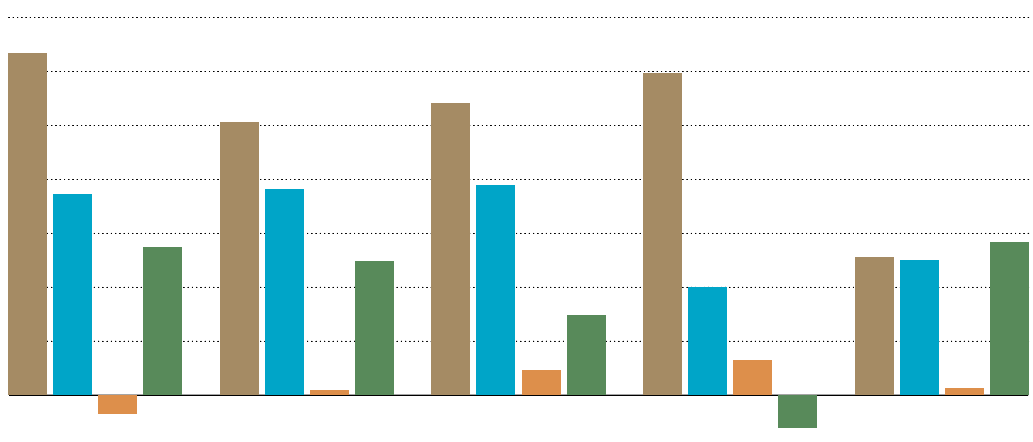
Despite the volatility in commodity prices during the year, our Plantation Division recorded better revenue compared to the previous year. Higher fresh fruit bunch production resulting from better yield per mature hectare of 22.9 MT (FYE2017: 19.4 MT) coupled with higher volume Crude Palm Oil and Crude Palm Oil Kernel sold were the key drivers behind Plantation Division's improved results.

Bulking Division also posted an improved revenue of RM53.54 million compared to RM47.46 million in the previous year due to higher throughput of edible oil as compared to last year.

Food Division also recorded higher revenue on the back of improved sales in all product segments especially tuna.

**PROFITABILITY**

## PBT PERFORMANCE 2014-2018
(RM'MILLION)



| | FYE2014 | FYE2015 | FYE2016 | FYE2017 | **FYE2018** |
|---|---|---|---|---|---|
| Manufacturing | 63.39 | 50.54 | 54.01 | 59.61 | **25.48** |
| Bulking | 37.28 | 38.08 | 38.88 | 20.00 | **24.91** |
| Food | (3.44) | 0.28 | 4.72 | 6.52 | **1.36** |
| Plantation | 27.33 | 24.73 | 14.78 | (5.96) | **28.34** |

| | FYE2017 RM million | Contribution % | FYE2018 RM million | Contribution % | Variance RM million | Variance % |
|---|---|---|---|---|---|---|
| Manufacturing | 59.61 | 70.4 | **25.48** | **31.7** | (34.13) | (57.3) |
| Plantation | (5.96) | (7.0) | **28.34** | **35.2** | 34.30 | 575.5 |
| Bulking | 20.00 | 23.6 | **24.91** | **30.9** | 4.91 | 24.6 |
| Food | 6.52 | 7.7 | **1.36** | **1.7** | (5.16) | (79.1) |
| Others | 1.64 | 1.9 | **0.87** | **1.1** | (0.77) | (47.0) |
| Associate Companies | 2.86 | 3.4 | **(0.48)** | **(0.6)** | (3.34) | (116.8) |
| **Group PBT** | 84.67 | 100.0 | **80.48** | **100.0** | (4.19) | (4.9) |

**Profit Before Tax ("PBT")** declined by 4.9% or RM4.19 million to RM80.48 million compared to RM84.67 million recorded last year. The drop in Group PBT was mainly due to lower contributions from Manufacturing and Food Divisions by 57.3% (RM34.13 million) and 79.1% (RM5.16 million), respectively.

The sharp decrease in the Manufacturing Division's PBT was primarily due to the expiry of a major supply contract for travel documents. In addition, the weak Kina has significantly affected the Food Division's PBT due to forex losses of RM8.53 million in its PNG subsidiary, International Food Corporation Ltd. Meanwhile, Plantation Division recorded PBT of RM28.34 million on the back of improved revenue.

The results reflect the Group's overall strategy to reposition our portfolio and expand the Group's plantation land banks to provide sustainable earnings for the Group as over the years, the Group's main growth driver has been the Manufacturing Division. Plantation Division's revenue has been on the uptrend over the last 5 years and we expect the Division's earnings to continue to improve on the back of the projected upward trend in FFB production as more areas in the Group's greenfield estates attain maturity; and offset the decline in contributions from Manufacturing Division.

**Gross Profit** for the Group declined 9.5% to RM188.40 million from RM209.07 million on the back of lower revenue recorded despite lower cost of sales in FYE2018.

The Group recorded improved **Gross Profit Margin** of 39.1%, 2.9% higher compared to last year's 38.0% due to improved result in Plantation Division. The division registered 48.4% Gross Profit Margin against 43.2% last year due to higher yield per hectare as well lower depreciation and amortisation on property, plant and equipment and biological assets following to the impairment made last year.

**Share of Results of Associates** recorded loss of RM0.48 million as compared to a profit of RM2.86 million last year on the back of lower contributions from Giesecke & Devrient Malaysia Sdn Bhd and Marushin Canneries (M) Sdn Bhd.

**PAT** decreased to RM48.77 million from RM50.43 million in previous year due to lower PBT during the year. Taxation charged for the period decreased to RM31.72 million from RM34.24 million recorded in the previous year. In FYE2017, the Group recorded higher effective tax rate of 40.4% as compared to effective tax rate of 39.4% during the year mainly due to certain expenses such as impairment on property, plant and equipment and biological assets are not allowable for tax deduction.

**Profit Attributable to Equity Holders** of the Company improved 7.4% or RM2.22 million from RM29.84 million recorded in FYE2017 to RM32.06 million in FYE2018.

The Group's **Retained Earnings** FYE2018 stood at RM322.33 million against RM315.38 million in the previous financial year due to the variance arising from dividend payment of RM25.40 million compared to the profit attributable to the equity holders of the Company of RM32.06 million.

**Shareholders' Equity** stood at RM997.59 million, down 2.8 % mainly due to dividend payment and translation of forex losses incurred by foreign subsidiaries during the year totalling RM25.40 million and RM22.04 million, respectively.

**Return on Average Equity ("ROAE")** for FYE2018 was 4.8% (FYE2017: 5.0%) based on an average shareholders' equity of RM1,012.00 million (FYE2017: RM1,012.85 million).

Capital employed is the total amount of capital that a company utilises that a company utilised in order to generate profits. **Return on Average Capital Employed ("ROACE")** during FYE2018 declined to 7.7% from 8.0% recorded in the previous financial year.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's **capital expenditure ("CAPEX")** and working capital requirements have been financed by cash generated from operations and a mix of short-term bank credit facilities. This provides the Group with a balanced range of funding sources.

The Group's **Cash and Bank Balances and Short Term Cash Investments** stood at RM287.18 million in total, 26.5% lower from a year ago of RM390.78 million mainly due to net cash used in investing and financing activities namely, payment of dividends amounting of RM50.53 million, net repayment of borrowings of RM10.12 million, net purchase consideration of the Group's new subsidiary FCB Eastern Plantations Sdn Bhd (formerly known as Java Plantations Sdn Bhd) totalling RM4.56 million, CAPEX of RM32.50 million and net cash used in operating activities of RM7.52 million.

**Net Cash Flow Generated from Operating Activities** recorded deficit of RM7.52 million despite generating operating profit of RM102.12 million resulting from net changes in receivables and payables balances. Receivables recorded in FYE2017 were lower compared to FYE2018 by RM24.97 million due to payment received towards end of FYE2017. The proceeds were subsequently utilised to pay various suppliers, which as a consequence reduced the Group's trade and other payables by RM56.37 million in FYE2018. The Group also paid RM29.66 million in taxation expenses.

For FYE2018, the Group incurred a total of RM32.50 million for CAPEX comprising of biological assets expenditure (RM18.69 million) and property, plant & equipment (RM13.81 million). The Group retains strong discipline on CAPEX, with generally conservative business considerations and realistic benchmarks used to commensurate with the nature and risks of the activity or project.

## 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.

In FYE2018, the Division registered revenue and PBT of RM140.78 million and RM25.48 million respectively, representing a decrease of 39.7% and 57.3% respectively from 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 led to significantly lower top and bottom-line contributions from this sub-segment. Revenue from the travel documents sub-segment declined markedly from RM119.79 million last year to RM21.31 million.

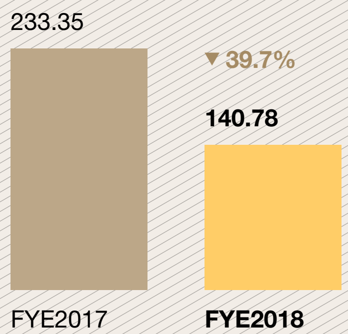
The share of results of associate company Giesecke & Devrient Malaysia Sdn Bhd also decreased to RM1.70 million from RM2.69 million last year.

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 39.3% y-o-y to RM81.13 million. A significant amount of the trade receivables arose from customers with whom the Division has had a long-term relationship and therefore the Board is of view that there is no significant concentration of credit risk and that the receivables are collectable.

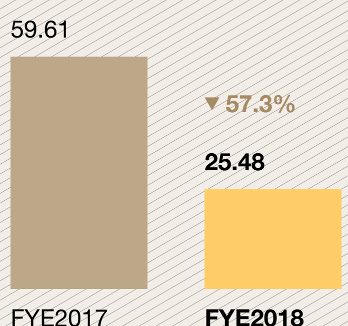
We expect the declining volumes from the travel documents sub-segment to persist. Nevertheless, we see potential in the transport, foreign and confidential documents sub-segments

## MANUFACTURING DIVISION

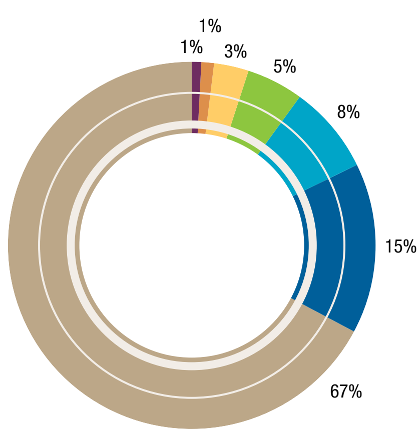
## REVENUE
(RM 'MILLION)




## PROFIT BEFORE TAX
(RM 'MILLION)




## REVENUE
CONTRIBUTION BY PRODUCT (%)




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

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. Since 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 our overall gross profit margins.

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 utilized 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 recognize 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. In order 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, to ensure the Division remains 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 identity documents and security solutions and services to build capabilities which can open up additional markets and enhance our competitiveness, both local and overseas. These, along with continued focus on efficiency improvements create the path for improved results going forward.

PLANTATION DIVISION

# BUILDING MOMENTUM

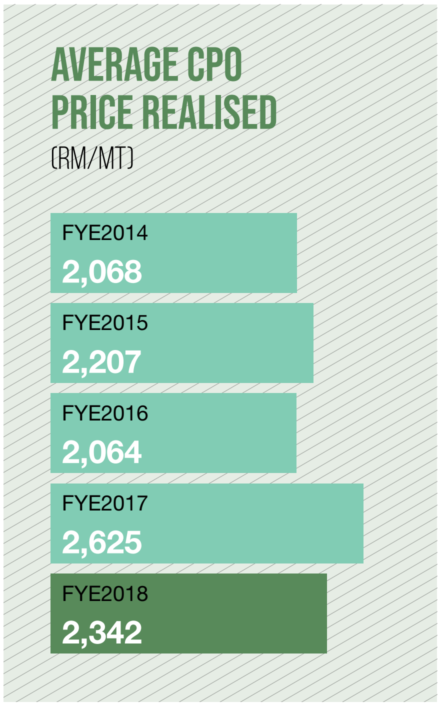
The Group owns and operates 14 estates in Malaysia and Indonesia with land bank totaling 30,898 hectares, of which 14,132 hectares have been planted with oil palm.

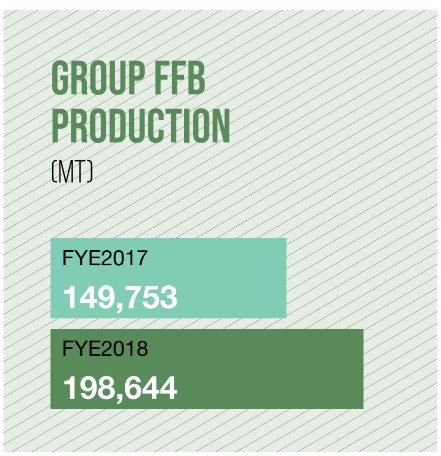
Plantation Division recorded a revenue of RM153.65 million for the financial year ended 31 March 2018, an improvement of 4.6% from RM146.87 million achieved last year. This follows the increase in fresh fruit bunch ("FFB") production to 198,644 metric tonne ("MT") compared to 149,753 MT harvested last year with an average yield of 22.9 MT per mature hectare (FYE2017: 19.4 MT). The average price realized for CPO (net of duty) registered during the year was RM2,342.00 per MT compared to RM2,625.00 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 the El Nino phenomenon.

Higher PBT of RM28.34 million was recorded on the back of higher CPO and CPKO sales volumes compared to previous year in which the Division had recorded loss of RM5.96 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") totaling RM29.37 million. Without the impairment losses, the Division's PBT for FYE2017 would have been RM23.41 million.

FFB produced by PTNJL increased 33.4% to 175,425 MT (FYE2017: 131,484 MT). A higher yield per hectare of 27.5 MT was recorded compared to 20.6 MT last year. Meanwhile FFB purchased from third parties increased to 60,460 MT from 51,853 MT in the previous year. FFB production of our Johor estates have also improved by 4.0% to 17,912 MT, (FYE2017: 17,195 MT) due to better yield per mature hectare of 21.1 MT against the 20.3 MT achieved last year. FFB production from the newly matured areas at our estate in Miri, Sarawak had increased almost five-fold y-o-y, from 1,075 MT achieved to 4,958 MT.

CPO and CPKO production during the year under review was 51,887 MT




and 4,013 MT, respectively (FYE2017: 41,619 MT and 3,419 MT, respectively). The Group's average oil extraction rate ("OER") of 22.1% was slightly lower compared to 22.7% OER recorded in the previous year 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.

Volume of FFB processed increased 28% to 234,029 MT from 183,328 MT in the previous year. Cost of FFB production averaged RM359.56 per MT while processing costs decreased from RM34.47 per MT to RM28.53 per MT in line with the higher FFB processed.

# ESTATE OPERATIONS

## Indonesia

As noted in the letter from the Group Managing Director, PTNJL has instituted legal proceedings to challenge the revocation of PTNJL's land title pursuant to the Ministerial Order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional Republik Indonesia and the matter is currently pending before the Mahkamah Agung. Notwithstanding, the local government in Kabupaten Nunukan has up until today allowed PTNJL to continue with its plantation operations until the final determination of the matter by the courts and we are happy to report that there have not been any material disruptions to PTNJL's operations. 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 reflected our estimate of loss by recognising a gross impairment loss of RM44.74 million on property, plant and equipment ("PPE") and biological assets in last year's results of which, as shareholders may recall, RM29.37 million and RM11.52 million (net of tax) respectively, had been charged to other expenses and reversal of revaluation surplus of PPE previously recognized, respectively, in the Group's Statements of Comprehensive Income. However, future earnings may be affected.

## Malaysia

The mature areas at the Group's Ladang Amgreen in Miri, Sarawak has reached approximately 822 hectares (FYE2017: 474 hectares) and is further expected to increase to 2,387 hectares by the end of this current year. Management's immediate focus will therefore be on maximizing yields and improving agronomic standards of the fields. Majority of the planting at this estate were undertaken mainly between the years 2012 – 2015 so the anticipated increase in yields provide a basis for FFB volume growth in the near term. We are also currently considering the proposal to revive the proposal to build a palm oil mill in Miri (which was deferred last year) as a stand-alone business and possibly at a different location. This project is still in its early stages including project and site evaluations, as well as preliminary engineering and design. Nevertheless, we are excited by the prospects of this project in terms of the economic benefits that it can bring to the Group and the surrounding communities and hope to see it come to fruition. In the meantime, crops harvested from Ladang Amgreen are sent to a third-party mill for processing.

As at 31 March 2018, approximately 786 hectares have been planted at Ladang Cendana in Kemaman, Terengganu. 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 proactively 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.

Planting and development at our greenfield estates in Kelantan has been progressing well with 110 hectares and 396 hectares planted at Ladang Dabong, Kuala Krai and Ladang Aring, Gua Musang, respectively. Planting on the remaining areas at the estates has been planned for this current financial year.

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

# PLANTATION DIVISION

exercise is now being carried out by an independent consultant and is expected to be completed in this current year.

During the year, the Group's subsidiary, FCB Plantation Holdings Sdn Bhd ("FCBPH") completed the acquisition of Java Plantations Sdn Bhd (now known as FCB Eastern Plantations Sdn Bhd) ("JPSB"). JPSB holds an 80% interest in Ladang Bunga Tanjong Sdn Bhd ("LBT"), which operates an oil palm plantation in Jeli, Kelantan measuring approximately 3,290 acres or 1,331 hectares. LBT is located in the proximity of 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 currently with more than 50% completed as at the date of this Report.

Replanting works commenced soon after the take over and is expected to complete by the next financial year. To-date approximately 150 hectares have been cleared and terraced. Other infrastructure works such road and bridges upgrading and repairs 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 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 of the workforce employed to perform the aforementioned works are carried out by locals who live in neighbouring villages and towns. Local resourcing 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.

During the year under review, the Division spent RM24.77 million on CAPEX, largely towards plantation development works, purchase/replacements of fixed assets as well as the construction of new housing complexes. Presently our housing complexes can accommodate 2,248 workers as a means to address ongoing labour shortages. We are also upgrading the IT systems of our estates which would provide the Group's head office more visibility and control of operations at various sites.

### Pineapple

Total area planted with pineapple in our estates in Johor totalled 171 hectares (or 422 acres). For the year under review, the pineapple harvest increased by 3.8% to 3,374 MT, up from 3,249 MT in the previous 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 revenue to continue to improve on the back of the projected upward trend in FFB production as more areas in the Group's greenfield estates attain maturity. Our earnings however will experience some pressure in the near term as a result of the required expenditure in developing the greenfield estates. The returns will take hold once the development works are completed and margins improve.

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 the demand for food. As food consumption rises, so too will the demand for palm oil. However, we may face major challenges on the supply side due to ongoing industry labour shortages and the high replanting activities in Indonesia.

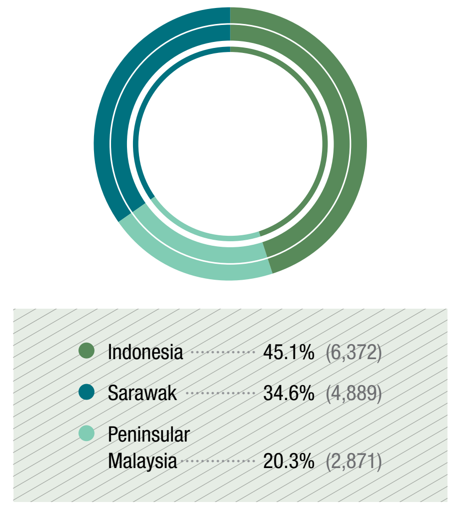
The Board believes that on balance, this sector will continue to benefit from the growing demand given that palm oil is a significant and versatile raw material for both food and non-food (i.e. oleochemicals and biofuel) industries and is confident of its sustainable growth over the long-term.

## PALM PROFILE (HA)

| YEAR | FYE2014 | FYE2015 | FYE2016 | FYE2017 | FYE2018 |
|---|---|---|---|---|---|
| > 19 years | 881 | 432 | - | - | - |
| 10 - 18 years | 5,711 | 6,154 | 6,154 | 6,214 | 6,206 |
| 4 - 9 years | 1,439 | 1,097 | 1,594 | 1,502 | 1,913 |
| | 8,031 | 7,683 | 7,748 | 7,716 | 8,119 |
| Rehab | - | - | - | - | 566 |
| Immature | 2,512 | 4,678 | 4,798 | 5,491 | 5,447 |
| Total Planted Area | 10,543 | 12,361 | 12,546 | 13,207 | 14,132 |

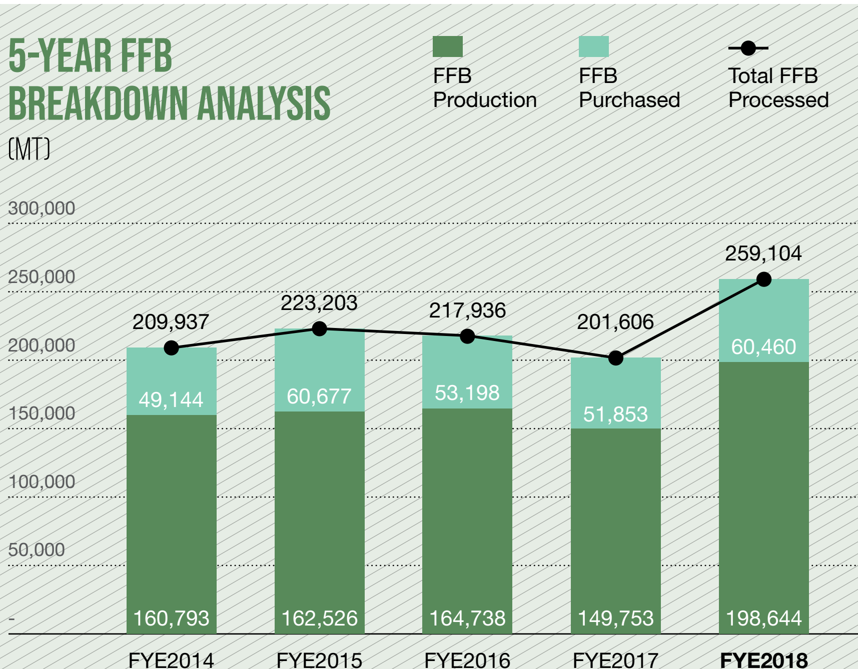
## PLANTED AREA

(HA)



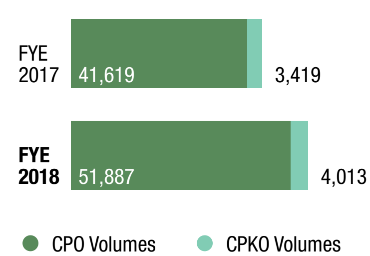

## 5-YEAR FFB BREAKDOWN ANALYSIS

(MT)

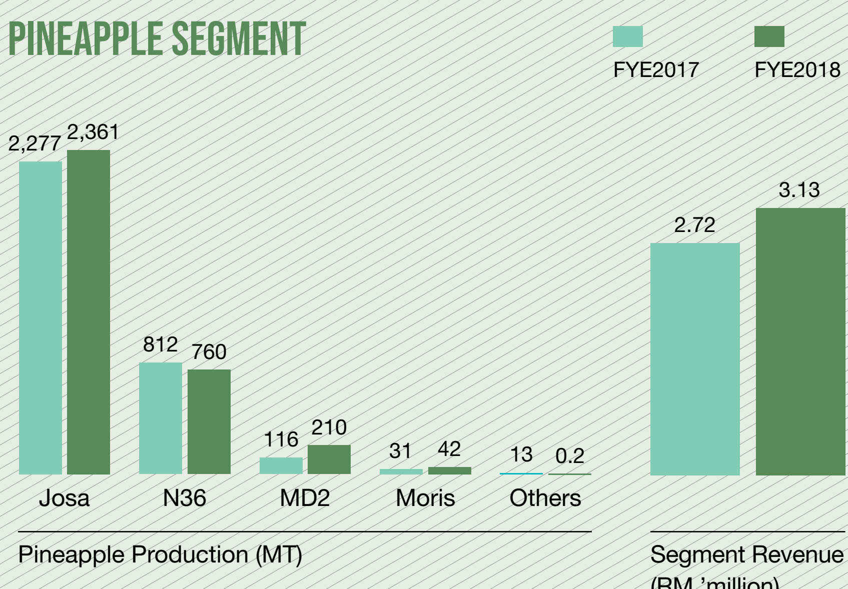



## MILL PERFORMANCE

(MT)

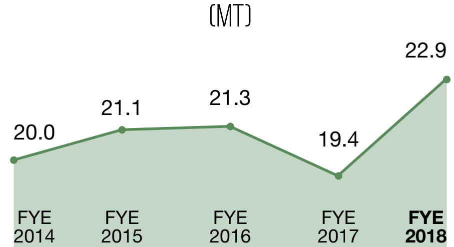



## PINEAPPLE SEGMENT



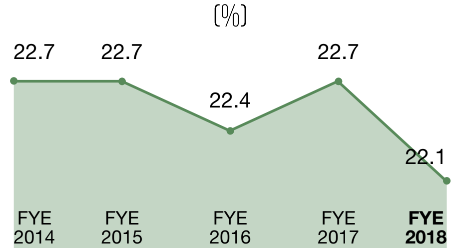

## YIELD PER HECTARE

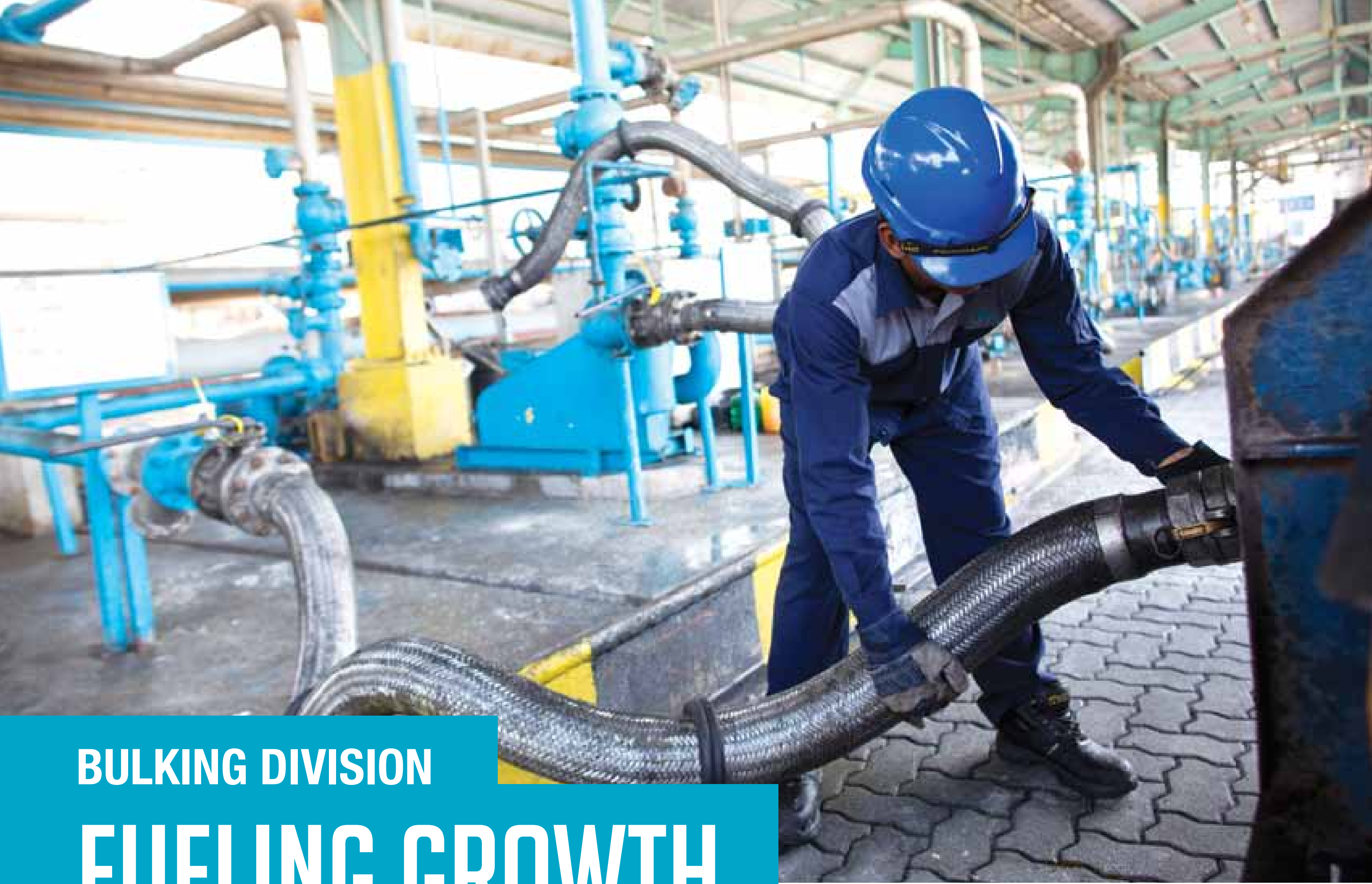
(MT)




## OIL EXTRACTION RATE

(%)





## BULKING DIVISION

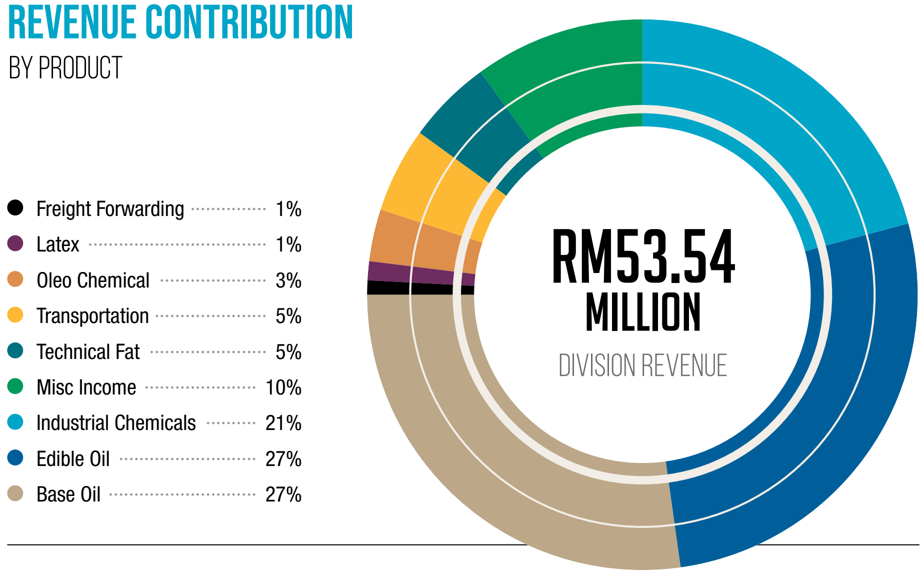
# FUELING GROWTH

The Bulking Division operates five liquid bulk terminals of which three are located in North Port in Port Klang and two in Butterworth. Presently, these terminals have 271 tanks with a combined storage tank capacity of 275,190mt and can handle a wide range of liquid cargoes ranging from palm oil products to latex concentrates, oleochemicals to specialty oils, as well as petroleum products, industrial chemicals and technical fats.

These terminals also provide storage facilities for import and export, transshipment, containerization, local dispatch, heating, nitrogen blanketing and drumming of liquid products. Other services provided by the Bulking Division include customs declaration, freight forwarding, break-bulking, trucking and related logistics businesses.

## REVENUE CONTRIBUTION

BY PRODUCT




Bulking Division posted revenue of RM53.54 million, up 12.8% compared to last year. PBT improved by 24.6% to RM24.91 million from RM20.0 million recorded last year. Particularly strong growth in the edible oils, industrial chemicals and technical fats sub-segments throughput was the main driver of growth for the Division throughout FYE2018, offsetting the decline in base oil and latex sub-segments. Average occupancy rate was 60.8%, which is 8.8% higher than last year, led by the technical fats sub-segment. The edible oils sub-segment has been strong in the second half of the FYE2018 particularly at our terminals in Butterworth, benefiting from the high levels of CPO inventories during the said period. This is in sharp contrast to last year when the Division was severely impacted by the effects of low CPO production, which led to low palm oil inventories and intense competition between terminals, as the decrease in overall throughput had created excess capacity for all players.

In some ways, the market conditions and challenges we have encountered particularly in the last 2 years proved instructive causing us to evaluate our operating structures and pursue various initiatives aimed at remaining competitive, creating new revenue streams, and maximizing productivity and efficiency.

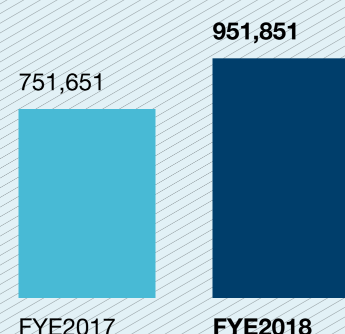
During the year, the Division spent RM1.70 million on CAPEX which has been channeled towards upgrading of our terminals' infrastructure. We had also purchased next-generation trucks and prime movers for our freight-forwarding and logistics arm as part of an ongoing commitment to have more efficient vehicles and improve driving standards and safety. Further, to strengthen our cost competitiveness, we had realigned our pricing and introduced commercial incentives that have helped deliver growth in our volumes.

The Division has launched a project to revive the Group's 60,000 MT p/a biodiesel plant which in previous years had been leased to and operated by a third party. This project comes at a time when the market for biodiesel is expanding globally amid rising crude oil prices and increased demand for renewable energy. The plant, which is expected to be operational in this current financial year once the necessary refurbishment/replacement of major components are completed and pre-commissioning results meet the desired performance requirements. This will serves as a logical next step in a broader strategy to expand our services and product offerings.

There have been signs of improvements in both customer sentiment and the broader macro-economic conditions in Malaysia since end-2017, albeit with some volatility along the way. Positive as they are, both supply and demand factors remain uncertain in view of recent and ongoing developments in the US and European Union especially those pertaining to policy changes on biofuels and other trade measures; and the impact of these developments on our customers' end markets. We expect continued uncertainty in the segments we serve in this current financial year and so within this context we will conduct our business efficiently and aligned with market trends. We believe that our robust business model, infrastructure and our reputation as a reliable and cost-effective provider of services will position us well to navigate continued challenging market conditions along the commercial corridors we serve, and to capitalize on any opportunities.

## TOTAL THROUGHPUT

(MT)




| | **(MT)** |
|---|---:|
| Edible Oil | 510,049 |
| Oleo Chemical | 11,894 |
| Technical Fats | 49,278 |
| Industrial Chemicals | 165,269 |
| Base Oil | 160,413 |
| Latex | 14,412 |
| Transportation | 40,536 |

## FOOD DIVISION

# STAYING RESILIENT

### Manufacture & distribution of canned fish

The Group's involvement is via its subsidiary in Papua New Guinea ("PNG"), International Food Corporation Limited ("IFC") which manufactures and distributes canned mackerel, canned tuna and frozen tuna loins for both export and domestic markets.

Canned mackerel and tuna under IFC's own "Besta", "Besta McFlakes","Besta Choice" and the recently launched "Besta White" brands are produced primarily for the PNG market while frozen tuna loins and private label canned tuna are exported to the European Union.

The Group's associate company, Marushin Canneries (M) Sdn Bhd manufactures and markets canned sardine, tuna and mackerel in Malaysia under the brand name "KING CUP".

### Food packaging

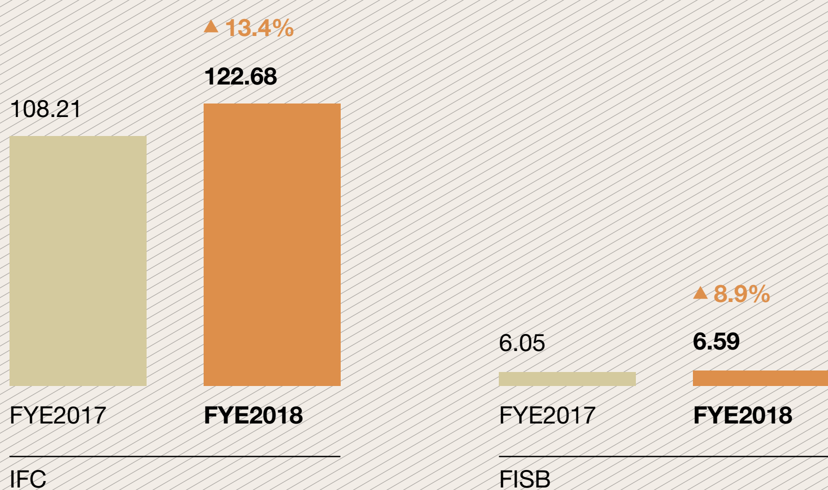
KFima Group's involvement is through its 100% owned subsidiary, Fima Instanco Sdn Bhd ("FISB") whose principal activities are trading of products under its own "Instanco" and "Farmtree" brands. FISB also provides contract packing services of powdered beverages and condiments for third parties.

## FOOD DIVISION

Food Division recorded strong revenue growth of RM129.27 million, up 13.1% from RM114.26 million last year. Higher sales volumes, favourable product mix and higher selling prices in most product segments had positively impacted revenues during the year. However, PBT declined by RM5.16 million compared to the same period last year due to the forex losses of RM8.53 million. The weak Kina has had a significant effect on IFC, our PNG subsidiary, thereby impacting on KFIMA Group's earnings results, both in terms of the negative forex translation of IFC's operations from Kina to Malaysian Ringgit and on the cost of raw material purchases, which are largely denominated in US Dollars.

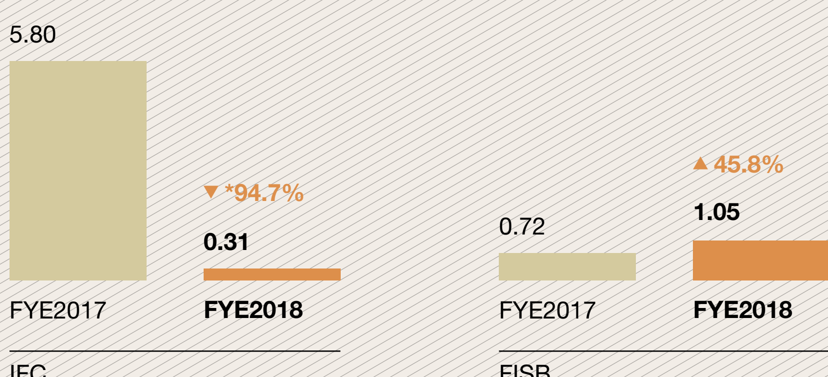
### REVENUE

CONTRIBUTION BY COMPANY (RM'MILLION)




### PROFIT BEFORE TAX

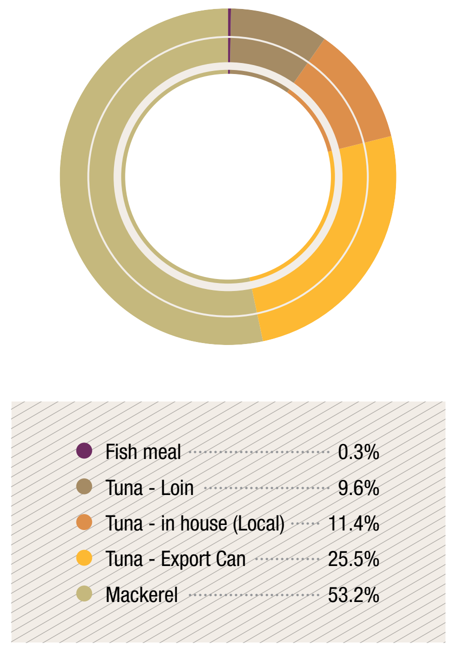
CONTRIBUTION BY COMPANY (RM'MILLION)




** Due to the forex losses of RM8.53 million*

### IFC REVENUE

CONTRIBUTION BY PRODUCT (%)




The Division has put in place a renewed focus on marketing and sales and we are pleased with our momentum on this front as underlying sales trends continue to strengthen for both local and export markets. Overall, IFC sold 645,871 cartons of canned products, an improvement of 12.8% over last year. Exports of tuna products to the European Union, IFC's major export destination, increased favourably both in terms of volume and value, especially for tuna loins. The mackerel segment grew 4.0% volume-wise and 4.5% in terms of value.

# FOOD DIVISION

## IFC PRODUCT

SALES VOLUME BY CARTON

| | | |
|---|---|---|
| Tuna - Domestic | 25% | 159,220 |
| Tuna - Export | 30% | 194,706 |
| Mackerel | 45% | 291,945 |

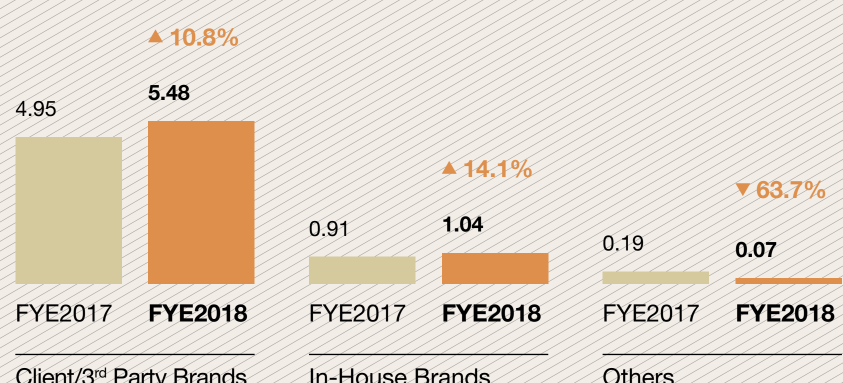
In PNG, IFC launched a new premium tuna product range under the brand “Besta White” where we introduced 3 new variants, Barbeque, Smoked and Hot & Spicy. We are renewing our brands with vibrant flavours and new graphics to better appeal to today’s consumers. As we innovate, we expect to see benefits from improving sales mix. Although it is still early days, Besta White is off to a good start – retailer support has been good and early consumer reviews are encouraging. Given the proven health and nutritional benefits of fish consumption, we believe the prospects for our business are supported by strong growth potential. Canned fish remains as a staple and affordable protein choice of PNG consumers. These are convenient food items because and they are ready-to-eat and require very little preparation and based on the strength of our Besta brands, we are confident that the Division is well positioned to satisfy consumers who look for sustainable, convenient, nutritious and competitively priced protein.

Although our fishmeal production currently represents a relatively small percentage of our business, it provides a major outlet to recycle by-products from our fish processing plant. Fish processing activities generate large quantities of organic waste from unused fish parts which is a rich source of essential amino acids. Contributions from the fishmeal segment declined 24.5% y-o-y due to the lower demand in the local PNG market. Nevertheless, our longer view on fishmeal is positive given the continuing growth in global aquaculture and the inroads we are making into the export market in this current year.

In Malaysia, our food-packing subsidiary, FISB has continued to deliver revenue and PBT growth, benefitting from improved sales volumes on existing contracts as well as volumes from new customers. Careful margin and cost control measures have also contributed to the improved PBT recorded by FISB vis-à-vis lower overhead and equipment maintenance expenses.

## FISB REVENUE

CONTRIBUTION BY CATEGORY (RM 'MILLION)




On the operational side, there has been emphasis on improving operational efficiencies and minimizing our environmental footprint in our supply chain and production processes. The new can body welder installed at IFC's plant last year has contributed in a smoother operation, improved workflow and better plant efficiencies. In addition, our businesses also work closely with suppliers and customers to develop the best cost and solutions without compromising on product quality or service level.

The capacity challenge facing the business around continually satisfying customer demand requirements is being addressed on an ongoing basis by capital expenditure ("CAPEX") projects. On this note our CAPEX for the year totaled RM4.59 million and is primarily related to new facilities and expansion or improvements of facilities at our sites.

The Division's operating model for the coming year is focused on:

- growing the business organically through the introduction of innovative products and by expanding IFC's export markets especially within the European Union;

- leveraging the synergy potential across the KFIMA Group, including sharing of technical expertise, cross-selling opportunities, customer relationships and procurement efficiencies;

- achieving cost efficiencies through increased specialisation and investments in key technologies as well as reviewing and optimising our environmental footprint in every phase of the value chain given the growing trend towards more sustainable processes; and

- in the case of IFC, to continue maintaining a strict position on marine resource sustainability within its operating principles. IFC's production plant in PNG has received the Marine Stewardship Council ("MSC") Chain of Custody certification - an indication that we meet international best practice in each step of the manufacturing process. MSC certification has become the market standard for seafood, especially in the European market, given the high degree of competition and consumers' growing preference towards sustainably-sourced seafood. We remain staunchly committed to the sustainability agenda and have put in place strategic alliance with raw material suppliers and fishing companies not only to ensure that our supply is sustainable, but also the products are responsibly sourced and traceable from catch to can. Further information on the Division's sustainability performance can also be found in the Sustainability Report.

As we move forward, we are cognisant of various risk factors, including currency and interest rate volatility, high commodity prices and the outlook for the PNG economy. Despite these challenges, we are confident in the robustness of the business strategy and the ability of the Division to develop profitably and increase shareholder value into the future. This, together with a number of CAPEX programmes across the business, have significantly increased our geographic footprint, market offerings and product range and puts the Division on a strong footing for future growth.

# 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

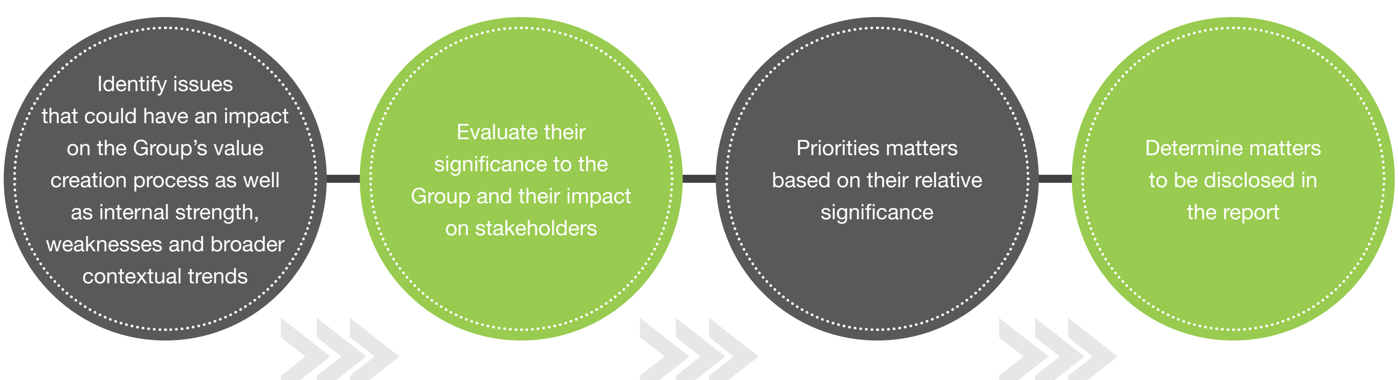
We define sustainability in a way that brings responsibility and accountability into every activity and process while building a successful business. Doing business with sustainability in mind is not only a matter of balanced corporate responsibility but is also sensible from a business perspective. We can only retain our competitive edge if we entirely 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 returning profits to our shareholders. Towards this end, we will continue to work with our stakeholders and others on common-ground 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 business, 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 a higher profile to the communication of different aspects of our sustainability programme to our employees as we intend to set measurable environmental targets.



# 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 charter setting out its roles and responsibilities. The Group Sustainability Committee steers our sustainability activities and is presently chaired by a Senior Independent Non-Executive Director of Fima Corporation Berhad 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 Group Managing Director of KFima 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.fima.com.my/corporate-governance.html 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 | • Job security and wages<br>• Conducive workplace<br>• Career development<br>• Corporate activity<br>• Health and safety<br>• Group's growth development | Our strategy is to invest in the attraction, retention and development of a diverse and talented workforce aligned with our values of open communication, empowering others, safety, respecting all our stakeholders and acting ethically by offering diverse employment prospects, opportunities for development, and competitive rewards and benefits that have a clear link to performance.<br><br>The Group has in place a Whistleblowing Policy and structured grievance procedures to address employees' cares and concerns. |
| SHAREHOLDERS AND INVESTORS | • Delivering profitable returns on investment<br>• Financial strength & resilience<br>• Disclosing timely, concise and relevant information<br>• Upholding corporate values<br>• Business sustainability | We respond:<br><br>• through timely disclosures of the Group's financial results, announcements, annual reports and via the Company's website.<br><br>• by disseminating material issues to the market by way of Bursa announcements.<br><br>• through continued improvements in our business strategies, governance framework and corporate reporting.<br><br>• through engagements at General Meetings. |
| CUSTOMERS | • Changing needs of customers and consumers<br>• Business ethics<br>• Innovation<br>• Supply chain/traceability issues<br>• Health & safety<br>• Certification | We seek to be honest and fair in our relationships with our customers and to provide the standards of product and service that have been agreed.<br><br>We take all reasonable steps to ensure the safety and quality of the goods we produce and the services we provide.<br><br>Certifications to support market credibility. |
| COMMUNITIES | • Economic empowerment/ livelihood<br>• Community safety and health<br>• Environmental protection | Our operations create employment and career development opportunities for our local communities, as well as business opportunities for local suppliers.<br><br>Communities also benefit from improved standards of living from, inter alia, the infrastructure we put in place and welfare contributions. |

| STAKEHOLDERS | AREAS OF FOCUS | OUR APPROACH |
|---|---|---|
| MEMBERSHIPS & ASSOCIATIONS | • Advancing industry-specific matters with policymakers and other key stakeholders | Our memberships provide a forum for us to promote and defend our interests in the broader industry context, to learn from and to benefit from their contribution.<br><br>Further, our participation and membership in various associations ensure that we stay in touch with current and anticipated developments. |
| SUPPLIERS | • Quality control<br>• Business ethics<br>• Training & support<br>• Supply chain transparency<br>• Sustainability requirements | 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.<br><br>Collaborating with suppliers to secure long-term availability of materials and to pursue future opportunities. |
| NATIONAL AND LOCAL GOVERNMENTS | • Licence to operate<br>• Compliance & regulations<br>• Land issues<br>• Level 'playing fields' for all sectors<br>• Local economic development programmes<br>• Corporate Responsibility initiatives<br>• Industry-specific matters | We are often a major economic contributor to the local and national jurisdictions in which we operate. Our tax and other contributions enable governments to develop and maintain public works, services and institutions.<br><br>We proactively engage the government and regulators on policy matters at local, provincial and federal levels and provide support of national agendas. |

## 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 also has 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 8 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.

# SUSTAINABLE DEVELOPMENT GOALS

**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**

- HR policies on **minimum wages** & **fair pay**
- Economic empowerment/livelihood via **creation of employment and business opportunities** for local communities

## 2 ZERO HUNGER

**End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

- Potential **higher yield** and **extraction** through adoption of good agricultural practices
- Responding to the increased demand for **affordable protein**
- Maintaining **high food safety standards**

## 4 QUALITY EDUCATION

**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

- Support of employees personal and professional development through **training programmes**
- **Philanthropic initiatives** in the areas of education and youth development
- **Wellbeing** of local communities

## 8 DECENT WORK AND ECONOMIC GROWTH

**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

- Positive **contribution to economic growth** in the countries in which we operate e.g. via tax & other contributions
- Ensure **good health**, **safety** & **employment** conditions
- **Strong stance against forced** or compulsory labor and child labor

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

**Ensure sustainable consumption and production patterns**

- Commitment to **implement & maintain** supply chain transparency and adherence to international standards (NFA, Marine Stewardship Council, Dolphin Safe, MSPO, ISO etc)
- **Water** & **waste** management
- Use of **renewable energy** & efficiency of energy use
- **Conservation** of fish resource through responsible procurement
- Adoption of **good agricultural practices**

## 13 CLIMATE ACTION

**Take urgent action to combat climate change and its impacts opportunities for all**

- Use of **renewable energy** & efficiency of energy use
- **Water** & **waste** management
- Adoption of **good agricultural practices**

## 14 LIFE BELOW WATER

**Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

- **Zero tolerance** approach to illegal, unreported and unregulated ("IUU") fishing
- Commitment to **implement & maintain** supply chain transparency and adherence to international standards (NFA, Marine Stewardship Council, Dolphin Safe, MSPO, ISPO etc)

## 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**

- Use of **renewable energy** & efficiency of energy use
- **Water** & **waste** management
- Adoption of **good agricultural practices**

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

## Responsible Business Practices

The economic returns created by responsible and sustainable business practices benefit a broad range of stakeholders. This includes the provision of employment to almost 3,000 people in 3 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 for 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.

### VALUE DISTRIBUTION TO STAKEHOLDERS

(RM 'MILLION)


> **Top 50 Tax Payer in the Nunukan Region**
>
> During the reporting year, our Indonesian subsidiary PTNJL had been awarded "50 Pembayar Pajak Terbesar Tahun 2017" under the "Wajib Pajak Badan" category.

# 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.

## Product Information & Product Labeling

Product information and labelling requirements are stringent in the jurisdictions where we operate and include disclosures on date of manufacture and expiry, ingredients, components of food additives (if any), nutritional information and instructions for storage. Relaying product information to our customers makes it easier for them to make more informed decisions and product comparisons. During the year under review, there were no incidents of fines/penalties imposed on the Group due to the non-compliance of any product labelling regulation.

**Traceability** - *Collaborating with suppliers, IFC ensures that tuna procured and processed do not contain those which are Illegal, Unreported or Unregulated ("IUU").*

**Certified** – *All required certifications and accreditations are aligned with regulations, industry best practices and marketplace conditions in which we operate.*


**Accountability** – *IFC's operations are subjected to regular audits conducted by government and regulatory authorities such as National Fisheries Authority of PNG, British Retail Consortium, International Food Standard, Dolphin Safe, HACCP, GMP, MSC and Jakim (Halal).*

**Purchasing Policy** – *IFC is committed to buying tuna caught by purse seine and FAD-free only.*

## Quality & Standards

To maintain safety and quality, the Group 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.

Each business has also developed and documented policies and procedures that the business should exercise over specified processes.

The **Food Division**'s production facilities, suppliers of ingredients and packaging materials are required to comply with stringent international standards and regulations, government regulations and company policies, procedures, controls, and good manufacturing practices applicable to their operations. To ensure compliance with these requirements, we are subject to a number of audits and inspections. This includes (but not limited to) audits conducted by government and regulatory authorities such the National Fisheries Authority of Papua New Guinea and annual audits performed by independent third-party organizations for the British Retail Consortium (for which IFC achieved Grade A), International Food Standard, Dolphin Safe, GMP, Marine Stewardship Council and Halal (JAKIM) accreditations.

IFC is also subjected to the Business Social Compliance Initiative (BSCI) Code of Conduct, which is based mainly on the conventions of the International Labour Organization. We are proud to report that IFC had retained BSCI rating of Grade A (Excellent).

## IFC & FISB CERTIFICATIONS



IFC's production plant in PNG has received the Marine Stewardship Council ("MSC") Chain of Custody certification - an indication that IFC has complied with international best practice in each step of the manufacturing process. To obtain the Chain of Custody certification, IFC had to pass an independent audit that was conducted by an accredited certification body and will undergo annual surveillance audits to demonstrate that it continues to meet the MSC standard which include:

- a randomly chosen batch reconciliation or traceability test to measure the input and output of fish quantities as MSC fish are processed;
- proper labelling and storage of MSC-certified fish; and
- accurate and reliable record-keeping.

The following companies within the **Bulking Division** have retained the following accreditations for the handling, storage and shipment of various product categories to help maintain objective oversight of the quality of its operations:

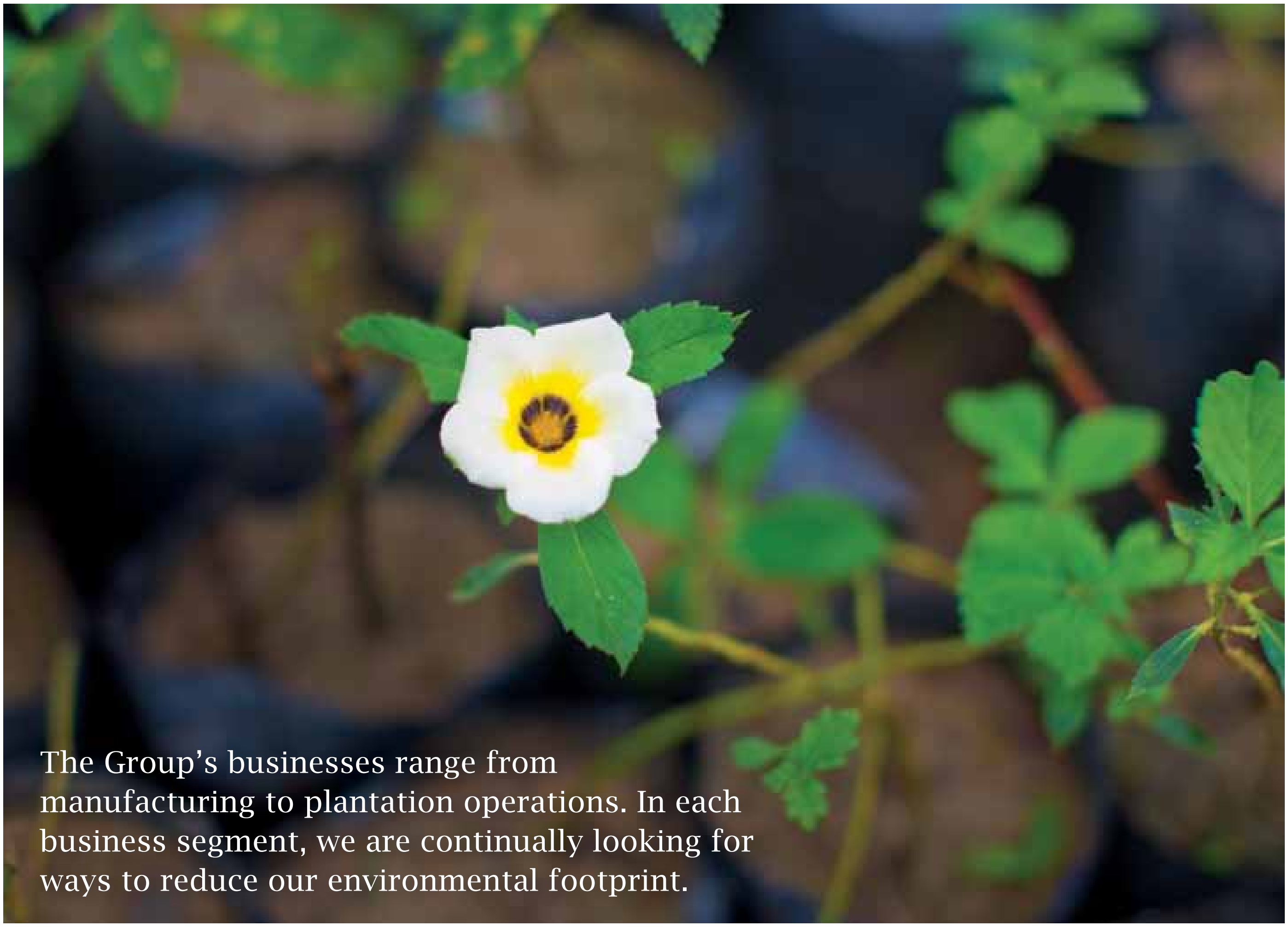
| Company | Accreditation | Type |
|---|---|---|
| Fima Bulking Services Berhad | ISO 9001:2008 | Handling, storage & shipment oleochemicals, oils and fats |
| | ISCC-EU | International Sustainability Carbon Control |
| Fimachem Sdn Bhd | ISO 9001:2008 | Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids |
| | OHSAS18001:2007 | Transferring from ships, handling, filling of drums and transport of hazardous & non-hazardous liquids |
| Fima Freight Forwarders Sdn Bhd | ISO 9001:2008 | Freight forwarding & bulk transportation |
| Fima Palmbulk Services Sdn Bhd | ISO 9001:2015 | Handling, storage & shipment of oleochemicals, edible oils, molasses and latex |

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 the 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.

SUSTAINABILITY REPORT 2018

## ENVIRONMENT



The Group's businesses range from manufacturing to plantation operations. In each business segment, we are continually looking for ways to reduce our environmental footprint.

## The Group's priorities within this include:

### Sustainable Agricultural Practices

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

**Soil Management:** We follow best industry practices, e.g. 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 while at the same time help clean the wastewater. 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 a mix of shredded empty fruit bunches ("EFB") with palm oil mill effluent ("POME") as an organic source of nutrient and hence reducing the input of inorganic fertiliser.

**Biological controls against pests:** Beneficial plants such as Turnera Subulata, Antigonan Leptopus and Casia Cobanensis are planted to attract predators (insects) of leaf pests. These predators feed on leaf pest larvae thereby minimising the use 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.

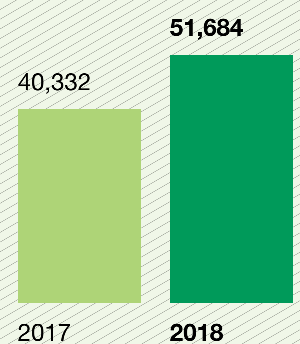
## Waste Management

The **Plantation Division** adheres to a "zero discharge" policy by recycling waste and by-products. At our palm oil mill in Indonesia, oil mill waste comprises of POME and EFB. These are both utilised in different 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").

TOTAL EFB PRODUCED

(MT)




**91,209**

MT

of POME applied to estate fields in FYE2018

**26,395**

MT

of EFB processed into compost in FYE2018

The POME collected from the mill is treated in open anaerobic 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 via 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.

A substantial amount of unused fish parts generated by fish processing activities at International Food Corporation Ltd ("IFC"), the **Food Division**'s processing plant in Papua New Guinea, are converted into fishmeal which is then sold to companies involved in the aquaculture and livestock industries. The remainder is sold to external fishmeal processors.

| | FYE2017 | FYE2018 |
|---|---|---|
| Fishmeal | 315,000 kg | **611,500 kg** |

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

SUSTAINABILITY REPORT 2018

## WASTE DISPOSAL BY TYPE

| | Volume (tonnes) | |
|---|---|---|
| | FYE2017 | FYE2018 |
| **Scheduled Waste:** | | |
| Ink containers | 3.70 | **3.58** |
| Contaminated rags | 2.90 | **3.11** |
| Printing ink waste | 5.40 | **3.58** |
| Recycle used oil | 15.64 | **34.05** |
| **Solid Waste:** | | |
| Shredded paper | 242.20 | **209.53** |
| Used Tyres | - | **6.00** |
| Scrap Crushed Iron | - | **6.00** |
| Food Waste (Head Office) | - | **2.53** |
| Plastic (Head Office) | - | **0.39** |
| **Total** | 269.84 | **268.77** |

### Water Management

The Group's businesses remain focused on efficient water management through, inter alia, reusing water throughout their operations and rainwater harvesting. **Food Division**'s PNG subsidiary, IFC is continuing their efforts to identify opportunities to reduce their water consumption using a variety of approaches including water recycling, replacing faulty equipment, and fixing leakages. In addition, the **Plantation Division** has installed rainwater tanks at the workers' quarters in our Miri and PTNJL estates. This allows us to harvest rainwater to be used for daily consumption. Weirs have also been constructed across the field drains at our Miri estate to facilitate water retention and maintain the groundwater table at optimal levels.

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

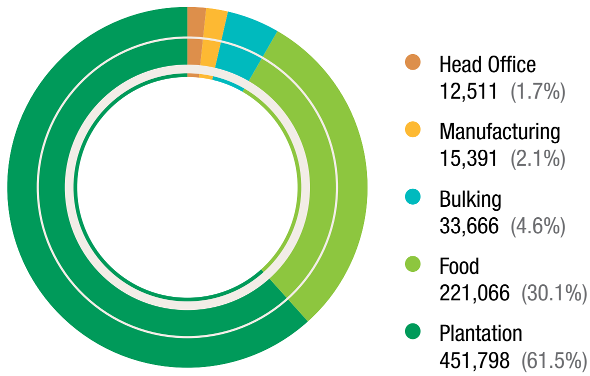
## WATER CONSUMPTION

**734,432 M³**

TOTAL WATER CONSUMED BY THE GROUP

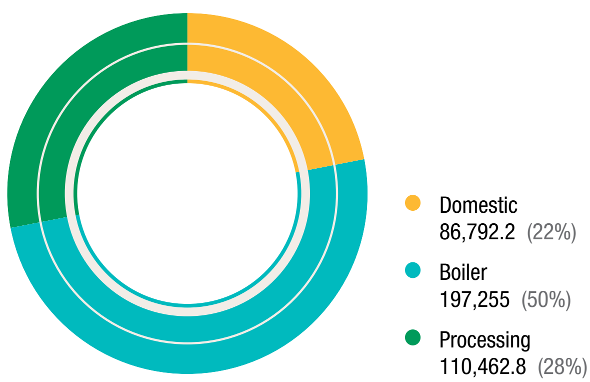
## BREAKDOWN OF WATER CONSUMPTION

BY DIVISION (M³)




## BREAKDOWN OF WATER USAGE

BY MILL (M³)




**394,510 M³**

OF WATER CONSUMPTION BY MILL IN FYE2018

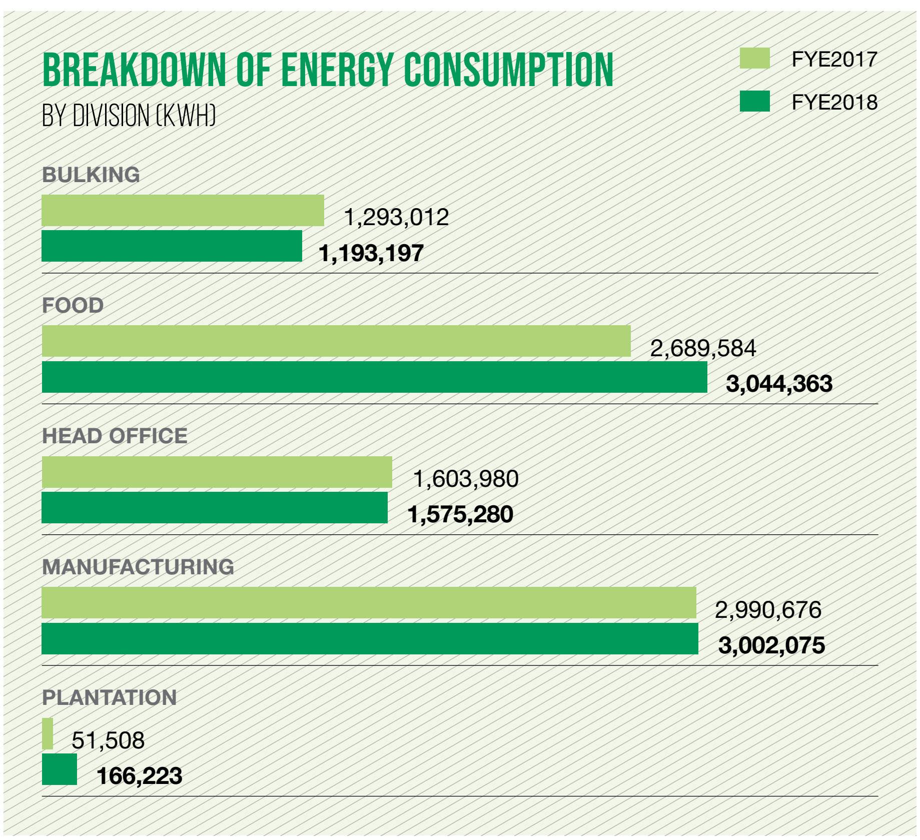
*(FYE2017: 331,172 m³)*

## Energy Management

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

| Division | Diesel | Petrol | Fuel Oil | Total |
|---|---|---|---|---|
| Bulking | 515,319 | 3,476 | 1,778,885 | **2,297,680** |
| Food | 574,361 | - | - | **574,361** |
| Manufacturing | 30,175 | 3,739 | - | **33,914** |
| Plantation | 1,536,246 | 42,950 | - | **1,579,196** |
| **Grand Total** | **2,656,101** | **50,165** | **1,778,885** | **4,485,151** |

In FYE2018, the Group implemented various energy optimisation projects and initiated new studies, which 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. At the present 25KwH capacity, the energy generated will result in a decrease of $CO_2$ emissions by 17 tonnes a year. Given the favourable results to-date, we are now looking at expanding the use of solar energy.




**4,485,151 LITRES**

TOTAL FUEL CONSUMED BY THE GROUP

**8,981,138 KWH**

TOTAL ENERGY CONSUMED BY THE GROUP

Refrigeration, lighting and air-conditioning account for the majority of energy used by IFC's processing plant. During the year, IFC invested RM337,300 in energy efficiency projects which included LED lighting retrofits and upgrades in electrical infrastructure. IFC is also upgrading 2 of its boilers to replace the existing ageing boilers. These upgrades, once completed will add to the efficiency increases at IFC's processing plant. At present, IFC recycles the steam produced by its boilers. This steam energy which would otherwise be wasted is captured and reused to supply heat for the heating process.

Since 2011, all biomass residue from our PTNJL palm oil mill in Indonesia is either converted into fertiliser/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 renewable 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 kWh of electricity was generated which is equivalent to 528 homes' electricity use for one year* (FYE2017: 5,420,030 kWh).

*Source: US EPA calculator*

## OFFICE INITIATIVES

- 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.

## Emission

We emit GHG both directly and indirectly. Our largest impact in terms of emissions is direct (scope 1) emissions mainly 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.

| GROUP | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 70,643.31 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 7,903.4 $tCO_2eq$/kWh |
| *Total emissions | 78,546.71 $tCO_2eq$ |

| MANUFACTURING | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 89.28 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 2,641.83 $tCO_2eq$/kWh |
| Total emissions | 2,731.11 $tCO_2eq$ |
| Emission intensity by Operating Hour | 0.0034 MT per operating hour |

| PLANTATION | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 63,191 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 146.28 $tCO_2eq$/kWh |
| Total emissions | 63,337.81 $tCO_2eq$ |
| Emission intensity by FFB Production | 0.2545 MT per MT FFB production |

| HEAD OFFICE | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 9.20 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 1,386.25 $tCO_2eq$/kWh |
| Total emissions | 1,395.45 $tCO_2eq$ |
| Emission intensity by square feet | 0.0111 MT per square feet |

| BULKING | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 5,819.75 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 1,050.01 $tCO_2eq$/kWh |
| Total emissions | 6,869.76 $tCO_2eq$ |
| Emission intensity by Product Storage | 0.0072 MT per MT product storage |

| FOOD | |
|---|---|
| **Our greenhouse gas emissions** | |
| Scope 1 – Direct emission | 1,533.54 $tCO_2eq$/litre |
| Scope 2 – Indirect emission | 2,679.04 $tCO_2eq$/kWh |
| Total emissions | 4,212.58 $tCO_2eq$ |
| Emission intensity by Fish Processed | 0.0005 MT per MT fish processed |

*Note: Scope 1 – $CO_2$ emissions emitted from diesel engines, transportation vehicles, chemical or physical operations.*
*Scope 2 – Purchase of electricity from TNB, SESB, SESCO, PNG power, etc.*

SUSTAINABILITY REPORT 2018

## Responsibly Sourced Seafood

The **Food Division** believes ocean sustainability is important. The Division's PNG subsidiary, IFC, responsibly sources their fish supply to support and ensure the long-term viability and conservation of fish resources. Sustainability and traceability are high on IFC's agenda when making purchase decisions.

By only sourcing tuna from an approved list of fishing vessels, i.e. those registered under the ProActive Vehicle Register, IFC is able to ensure it is not supporting illegal fishing or sourcing from vessels on the Illegal, Unreported and Unregulated ("IUU") blacklists supplied by the relevant tuna management bodies. For each catch, IFC is also able to determine when, where and how it was caught. Observers are regularly on board the vessels that catch tuna to ensure the vessel operators are adhering to the required standards. During FYE2018, IFC did not incur any IUU-related violations.

All of the tuna that IFC purchases are caught by purse seine fishing. Purse seine fishing is among the more efficient methods of catching tuna as the amount of bycatch is minimal compared to other fishing methods. The majority of the tuna that IFC buys is skipjack and yellowfin which is widely considered to be highly fertile and abundant. Moreover, tuna fishery in PNG is managed under the National Tuna Fishery Management Plan, which regulates among others total allowable catches of tuna thereby maintaining sustainable stock levels. Moving forward, IFC intends to source more tuna caught without the use of fish aggregating devices ("FAD"). FAD is defined by the Western and Central Pacific Fisheries Commission as ***"any object or group of objects, of any size, that has or has not been deployed, that is living or non-living, including but not limited to buoys, floats, netting, webbing, plastics, bamboo, logs and whale sharks floating on or near the surface of the water that fish may associate with."*** FADs are used by purse seine vessels largely to catch tuna. A concern with using FAD is the impact on all other non-tuna marine life which become attracted to the FAD and gets trapped in the net. That bycatch can include sharks, swordfish and juvenile fish. During the year, 98.6% of the tuna purchased by IFC are caught without the use of FADs (FYE2017:92.9%). Ultimately, IFC endeavours to have its tuna source and products to be 100% FAD-free.

## Occupational Safety & Health

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

Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in occupational safety and health; and continuously carry out activities aimed at preventing workplace injuries. Preventive and scheduled maintenance is 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 correctly, 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 with policies is monitored, and improvements are discussed.

For the third consecutive year, Fimachem Sdn Bhd was presented with Merit Awards in the Employee Health and Safety Code and Distribution Code categories at the Chemical Industries Council of Malaysia Responsible Care Awards 2017/18. 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.

CICM Chemical Industries Council of Malaysia

Responsible Care® OUR COMMITMENT TO SUSTAINABILITY

SMK3

# 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.

## 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 5.29 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.

The table below indicates the LTIFR, scaled for several severities of injuries:

| Days of Lost Time Injuries: | LTIFR |
|---|---|
| 1 Day | 2.25 |
| 2-4 Days | 1.32 |
| >4 Days | 1.72 |
| All Injuries | 5.29 |

The table indicates that after taking into account all injuries that occurred over the year, the Group had recorded an LTIFR of 5.29 site for every 1 million man-hours worked. 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.

## TOTAL NO. OF RECORDED INJURIES

DAYS OF MEDICAL LEAVE TAKEN RESULTING FROM AN INCIDENT


## TOTAL INJURIES

BY TYPE

- Falling/Flying Objects 6 (15.0%)
- Physical 7 (17.5%)
- Tools 27 (67.5%)

# SUSTAINABILITY REPORT 2018

## 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.


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

- The sequence of a task or a job;
- Potential hazards involved;
- Appropriate equipment to be used;
- Personal protective equipment needed; and
- Emergency response.

## Business Improvement Processes (BIP)

The Group 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 conduct regular BIPs to ensure we stay on track. This year has been no exception, and the table below summarises the BIP projects that were undertaken this year:

| Subsidiary | Type | What's been done? | How does this offer improvement? |
|---|---|---|---|
| Food | Installation of New Equipment | Installation of 2 water softener and carbon filter | Prevents calcium carbonate build-up, thus prolonging equipment useful life. |
| Food | Repair and Maintenance | Repaired and improved the insulation of tuna and mackerel cold room ceiling | Keeps cold air insulated whilst ensuring stable refrigeration and preserving fish quality. Energy use and cost are also minimised |
| Food | Repair and Maintenance | Newly installed ceiling with a colour bond sheet at Tuna skinning and cleaning area | Better insulation means cooler work environment for employees and lowers air-conditioning use. |
| Food | Repair and Maintenance | New Mackerel Polyurethane flooring | Waterproof and easy to clean spillage thus more hygienic |
| Food | Installation of New Equipment | Installation of two larger sauce kettles mackerel & tuna | Reduce manpower, cooking time and steam consumption |

| Subsidiary | Type | What's been done? | How does this offer improvement? |
|---|---|---|---|
| Bulking | Repair and Maintenance | Under Deck Structure Repair | Restore structural integrity & extend the useful life |
| Bulking | Repair and Maintenance | Sandblasting and recoating of 6 storage tanks | Minimise skin losses and potential cross-contamination. |
| Bulking | Purchase of new equipment | Installation of 5 units of electronic radar gauging system | Reduces labour employed and real-time, remote monitoring |
| Bulking | Repair and Maintenance | New weighbridge can support trucks up to 18m in length | Able to handle heavier tanks |
| Bulking | Purchase of new software | Upgrading the existing HR management system | Automated overtime calculation thereby minimising errors. e-leave features and recording staff activities |
| 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 the bridge using galvanised culvert | Lowers vehicle downtime, maintenance costs and improves crop evacuation |
| Plantation (Mill) | Infrastructure | Replace wooden workshop with a steel structure | Improves safety and complies with the local regulatory requirement |
| Plantation (Mill) | Purchase new equipment | Replacement of 2 water softener tanks affected by corrosion | Prevents calcium carbonate build-up prolonging equipment useful life. |
| Plantation (Mill) | Purchase new equipment | FOSS NIRS spectrometer | Improves the accuracy of samples analysed, turnaround time and reduces manpower requirements |
| Plantation (Mill) | Purchase new equipment | Sludge Separator, Sand Cyclone | Maximises oil recovery and minimizes oil loss. |
| Plantation | New IT system | Upgrading the 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 from the travel documents segment for other available positions and reduce retrenchment |
| Manufacturing | Expansion | Additional staff stations / sub-stores throughout East and Peninsula 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, improved process efficiencies and resource utilisation |
| Manufacturing | Purchase of new equipment | Smartphone and 'Workforce' mobile application | 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 have 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 builds 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.

**741**
NEW HIRES IN FYE2018

## EMPLOYEE BREAKDOWN

BY DIVISION AS AT 31 MARCH 2018

| | Head Office | Bulking | Food | Manufacturing | Plantation | Total |
|---|---|---|---|---|---|---|
| Senior Management | 6 | 1 | - | 2 | 1 | **10** |
| Management | 16 | 10 | 7 | 12 | 8 | **53** |
| Executive | 30 | 21 | 20 | 24 | 46 | **141** |
| Non-Executive | 26 | 122 | 990 | 246 | 1,487 | **2,871** |
| **Total** | **78** | **154** | **1,017** | **284** | **1,542** | **3,075** |

## EMPLOYEE BREAKDOWN

BY NATIONALITY AS AT 31 MARCH 2018

| Nationality / Country | Malaysia | Indonesia | Papua New Guinea | Total |
|---|---|---|---|---|
| Malaysian | 734 | 4 | 8 | **746** |
| Indonesian | 130 | 1,212 | 1 | **1,343** |
| Papua New Guinean | 0 | 0 | 971 | **971** |
| Filipino | 0 | 0 | 9 | **9** |
| Others | 6 | 0 | 0 | **6** |
| **Total** | **870** | **1,216** | **989** | **3,075** |
| *Ratio of local : foreign* | *4:1* | *254:1* | *40:1* | |

## EMPLOYEE AGE PROFILE

AS AT 31 MARCH 2018

| | Male | | Female | |
|---|---|---|---|---|
| **Age Group** | **Total** | **%** | **Total** | **%** |
| < 30 | 626 | 35 | 413 | 32 |
| 30 - 55 | 1,107 | 62 | 823 | 64 |
| > 55 | 58 | 3 | 48 | 4 |
| **Total** | **1,791** | **100** | **1,284** | **100** |

## Diversity and Gender Balance

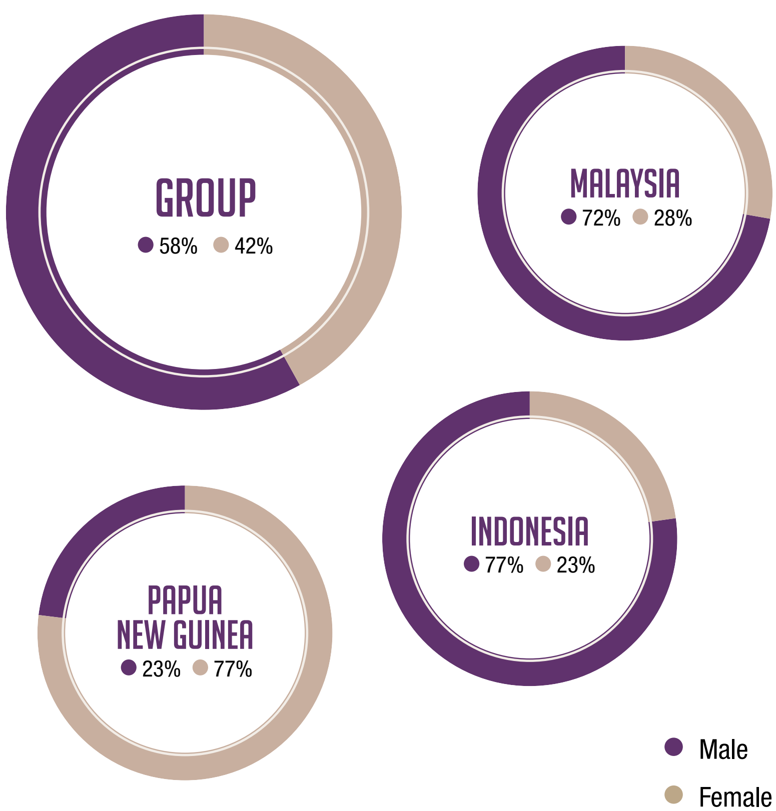
The Group is committed to providing a work environment free of discrimination and unfair bias, where every employee has an equal opportunity in the workplace.

In FYE2018, the Group's workforce totalled 3,075 and is made up of 42% women and 58% men. It is worth noting that due to the nature of specific job functions such as manual work in our plantation and bulking operations, the female take-up rate for these jobs tend to be significantly lower whereas in PNG, IFC's tuna loiners are predominantly female given that loining requires delicate handling in order to prevent bruising of the meat which can affect its quality.

During the year, 259 or 35% 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.

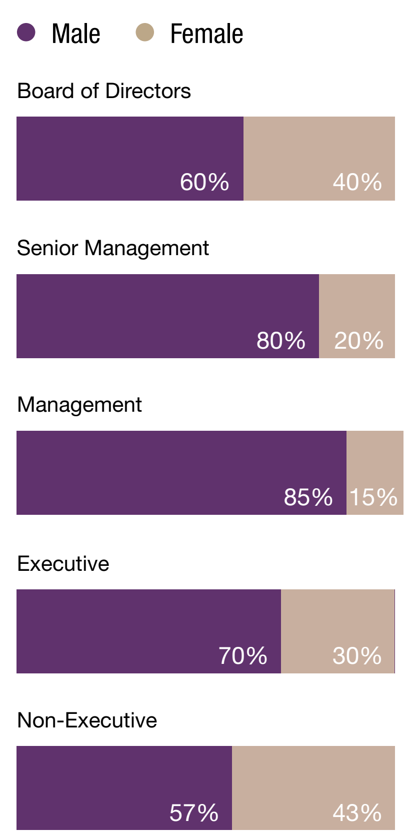
### EMPLOYEE BREAKDOWN

BY GENDER & LOCATION FYE2018




### EMPLOYEE BREAKDOWN

BY GENDER & POSITION FYE2018



SUSTAINABILITY REPORT 2018

## 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.

| | Training Hours | |
|---|---|---|
| | 2017 | 2018 |
| Senior Management | 767 | 224 |
| Management | 818 | 1,013 |
| Executive | 1,379 | 3,424 |
| Non-Executive | 2,440 | 3,793 |
| **Grand Total** | **5,404** | **8,454** |

**Bulking Division** has long provided education aid to its eligible employees in their pursuit of higher education and job-related certification to equip them with the necessary skills and knowledge relevant to their day-to-day role.

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 as 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 and/or promotions.

# PERFORMANCE MANAGEMENT SYSTEM

## COMPENSATION AND BENEFITS

Pay decisions are based on:

- Performance rating
- Competency rating

## LEARNING AND DEVELOPMENT

Identification of:

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

## SUCCESSION PLANNING

Identification of:

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

## CAREER & TALENT DEVELOPMENT

Identification of:

- Promotions and inter company/ department transfer
- Group talents

### Employee Turnover

| | Head Office | Plantation | Manufacturing | Food | Bulking |
|---|---|---|---|---|---|
| Senior Management | 3 | - | - | 1 | 1 |
| Management | 1 | 2 | 2 | 2 | - |
| Executive | 2 | 6 | 5 | 2 | - |
| Non-Executives | 2 | 355 | 62 | 122 | 7 |
| **Average Total Headcount** | **72** | **1,521** | **304** | **1,017** | **154** |
| **Division Turnover Rate (%)** | **11.2%** | **23.9%** | **22.7%** | **13.5%** | **5.3%** |

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 given 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.

### 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 2018,11% of our 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.

# SUSTAINABILITY REPORT 2018

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 | 870 | 1,216 |
| Unionized Employees | 150 | 188 |
| % of Unionized Employees | 17.2% | 15.5% |

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.fima.com.my/corporate-governance.html.*

## Benefits and Welfare

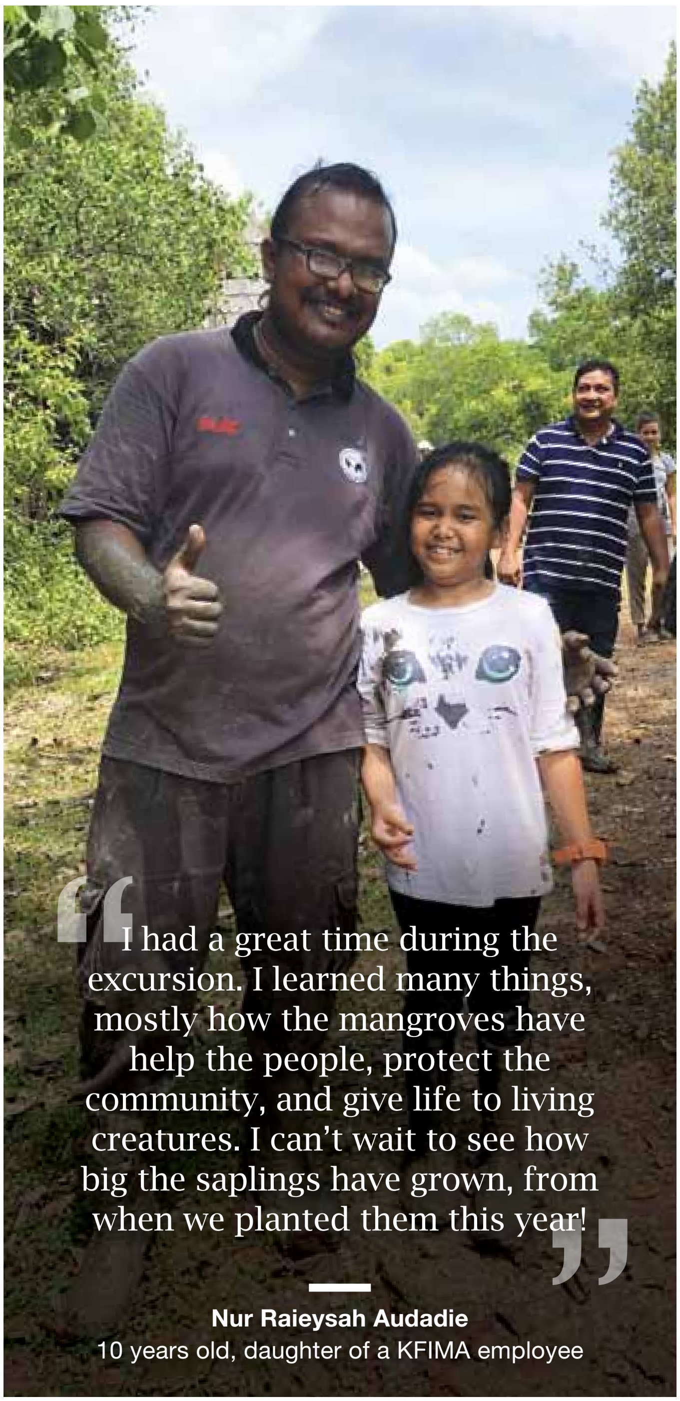
The Group's compensation structure includes fixed and variable components depending on the employee's job grade. Each location within the Group has its own locally defined employee benefit schemes. For eligible employees, these include:

- 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;
- 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 employee 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.

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.



"I had a great time during the excursion. I learned many things, mostly how the mangroves have help the people, protect the community, and give life to living creatures. I can't wait to see how big the saplings have grown, from when we planted them this year!"

**Nur Raieysah Audadie**
10 years old, daughter of a KFIMA employee

During the year, the **Bulking Division** continued its long-standing tradition of rewarding children of employees who have excelled in the UPSR, PT3 and SPM examinations with cash incentives. In IFC, 213 employees received cash incentives in recognition of their long-term commitment to the company.

Employees are also encouraged to participate in numerous activities organised by Kelab Sukan Fima and/or Badan Keluarga including, among others, monthly Al-Quran Tafseer classes, Tazkirah Ramadhan, Ramadhan Iftar function, Hari Raya Open House and potluck. Family days, weekend retreats, sports activities and festive gatherings were also regularly organised at the divisional level.

At the Group's Ladang Ayer Hitam in Johor, 0.25 acres of land plus resources such as seeds and fertiliser have been allocated by the estate management for employees to cultivate lemongrass, chillies, ginger and turmeric. Meanwhile, in Ladang Kota Tinggi, employees use the land to grow bananas, vegetables and corn (when in season). At the end of the harvest, they get to take their produce home for their consumption.

The Company had subsidised the cost of enrolment in the iCerdik Program™ for 37 children of KFIMA 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.

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 to 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 job sites, 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 is purchased from smallholder farmers.

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.

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

IFC has continued its support of aspiring local talents in developing their skills through their participation in the local soccer leagues. During the year, IFC became a partner sponsor of the Morobe Football Association during the year and had also provided funding for Besta PNG United FC with a commitment of K100,000. IFC had also donated canned food to affected communities in the Southern Highlands and Hela Province following the earthquake that occurred in February 2018.

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 and support of Skim Latihan 1Malaysia (SL1M). Under the SL1M programme, graduates are offered a training contract inclusive of allowances and benefits. Meanwhile, our Indonesian subsidiary, 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. In PNG, educational tours of IFC's production facility are regularly arranged with local schools to create awareness of the fishing industry and canning processes.

"The Titian Samara Programme is designed to help bring out the best of the students we work with while providing them with mentoring, guidance and emotional support. We are delighted to benefit from KFIMA Group's sponsorship of this programme, as it has provided us with an achievable set of aims that are benefitting hundreds of young people."

**Dr. Dzulkhaini bin Hj Husain**
Persatuan Al-Hunafa President

"In PKN, I was assigned to the Sales Department where I assisted my supervisor on projects relating to Passport and travelling documents. The opportunity has been invaluable as I was able to be involved in PKN's daily operations and earn exposure through meaningful project assignments. I also got to meet and work with customers and authorities which have helped improve my interpersonal skills."

**Muhammad Syakir bin Sabaruddin**
Bachelor of Human Sciences (Political Science) (Hons.)
- IIUM SL1M Trainee, Sales Department, PKN

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Kumpulan Fima Berhad** ("the Company" or "KFima") continues to be committed to embrace good corporate governance practices, where possible, having regard to the size and ownership of the Company, to achieving and sustaining high standards of corporate governance and compliance with the Malaysian Code on Corporate Governance ("MCCG") best practice recommendations.

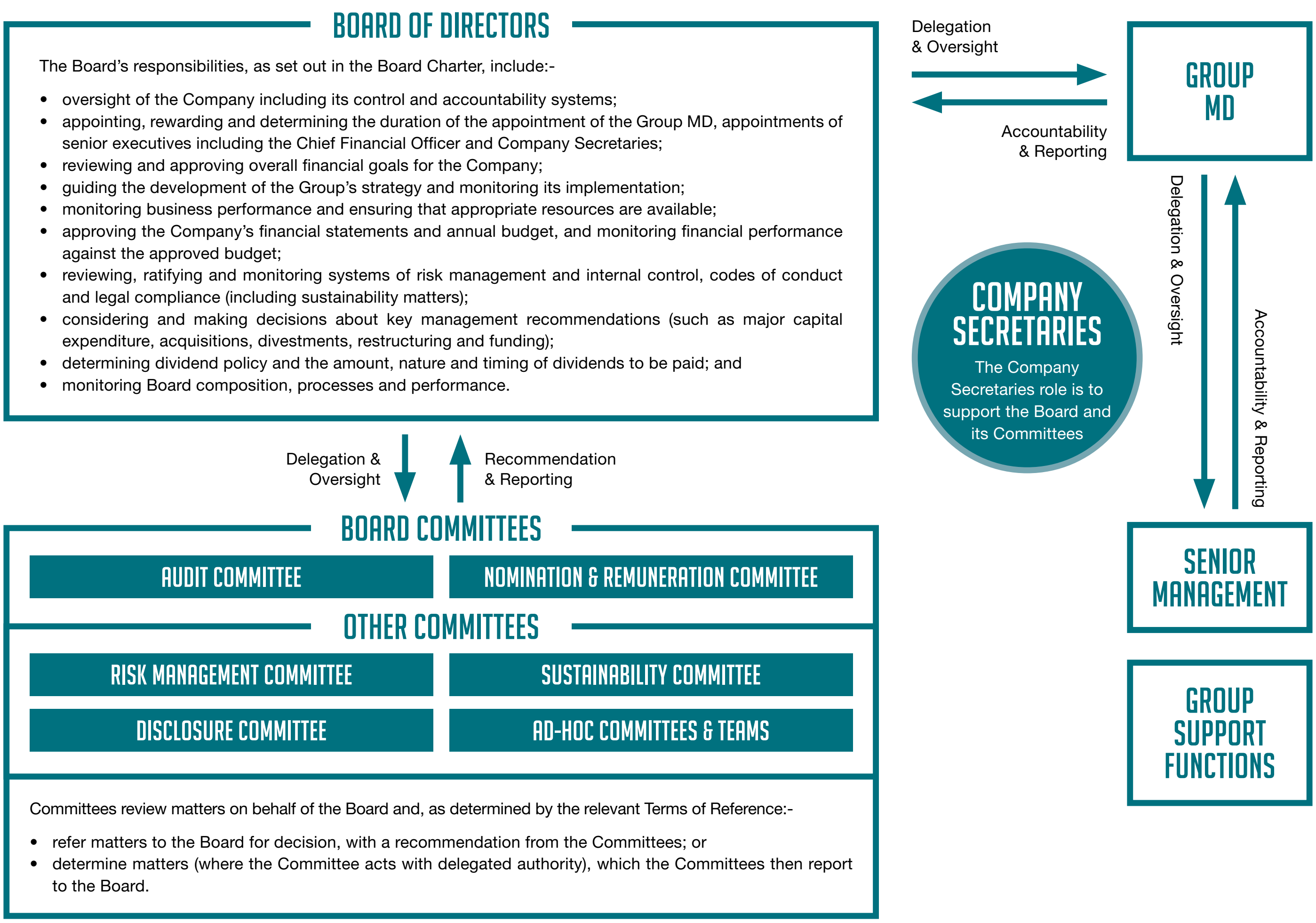
This statement illustrates the extent of which the Board has embodied the spirit and principles of the MCCG with regards to the recommendations stated under each principle for the year under review and should be read in conjunction with the Corporate Governance Report which is accessible online at www.fima.com.my.

## 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 an overview of the Company's corporate governance framework:-



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

### Board Allocation of Agenda Item FYE2018

| | | | |
|---|---|---|---|
| A | 30% | Financial Reporting | • Quarterly financial results and audited financial statements. |
| B | 30% | Group Performance Report | • Review of divisional business operations. |
| C | 20% | Strategy and Planning | • Determining dividend amount, nature and timing of dividends to be paid; and<br>• Strategic and operational planning; consideration of key management recommendation (such as major capex, acquisitions, divestments and funding). |
| D | 15% | Reports from Board Committees | • Audit and Nomination and Remuneration Committees activities;<br>• Performance, reward, composition and succession of Board and senior management; and<br>• Appointments of Company Secretary, Chief Financial Officer and new senior management. |
| E | 5% | Other Matters | • Review the proposed new structure of Group Finance & Treasury;<br>• Payment of Ex-gratia to Group employees;<br>• Disclosure on dealing in securities by Directors and Principal Officers; and<br>• Implementation of alternative working hours. |

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

### Board Committees

To assist in the performance of its role, the Board is supported by the Audit and Nomination and Remuneration Committees. Each Board Committee has defined Terms of Reference, which are available at the Company's website. An overview of the members and key responsibilities of each committee is set out below:-

| Committee | Members | Key responsibilities |
|---|---|---|
| AUDIT COMMITTEE | • Azizan bin Mohd Noor *(Chairman)*<br>• Dato' Rosman bin Abdullah *(Member)*<br>• Rozana Zeti binti Basir *(Member)* | • Financial reporting<br>• Internal controls<br>• External audit<br>• Internal audit |
| NOMINATION AND REMUNERATION COMMITTEE ("NRC") | • Dato' Rosman bin Abdullah *(Chairman)*<br>• Azizan bin Mohd Noor *(Member)*<br>• Rozilawati binti Haji Basir *(Member)* | • Board and senior management appointments and succession planning<br>• Composition of the Board<br>• Group remuneration framework<br>• 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 nine (9) years, whereupon the Committee has put forward their recommendation to the Board to seek shareholders' approval to retain the independent status of the Company's Independent Directors.
- 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.

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.
- Assisting the Audit Committee in fulfiling its responsibilities relating to the Group's risk management and internal control framework.
- Comprises of directors from the Board of KFima and Fima Corporation Berhad ("FimaCorp") (the Group's listed subsidiary) and FimaCorp's Chief Operating Officer.

### HEAD 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 Group MD as Chairman and all heads of divisions and support function.

### SUSTAINABILITY COMMITTEE

- The committee oversees 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 senior management.
- The Terms of Reference can be found on the Company's website.

### 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 KFima, as may be necessary in the circumstances.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Meetings and Time Commitment

The Board had six (6) scheduled meetings during the financial year, one (1) 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 and Remuneration Committee |
|---|---|---|---|
| Dato' Rosman bin Abdullah | 6/6 | 5/5 | 3/3 |
| Dato' Roslan bin Hamir | 6/6 | N/A | N/A |
| Azizan bin Mohd Noor | 6/6 | 5/5 | 3/3 |
| Rozana Zeti binti Basir | 6/6 | 5/5 | N/A |
| Rozilawati binti Haji Basir | 6/6 | N/A | 3/3 |

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 five (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:-

| Director | Training Attended | Date Held |
|---|---|---|
| **DATO' ROSLAN BIN HAMIR** | • Raising the Bar on Corporate Governance by Boardroom Corporate Services (KL) Sdn Bhd. | 21/7/2017 |
| | • MIA 50th Anniversary Commemorative Lecture by Malaysian Institute of Accountants. | 11/9/2017 |
| | • 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 Berhad. | 1/3/2018 |
| | • Price Outlook Conference & Exhibition 2018: Palm & Lauric Oils (Price Disruption - Take Control, Manage Volatility) | 5/3/2018 - 7/3/2018 |
| **DATO' ROSMAN BIN ABDULLAH** | • Assessment of the Board, Board Committees and Individual Directors - Taking Stock of Performance by Malaysian Institute of Corporate Governance. | 11/4/2017 |
| | • 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services by Bain & Company. | 19/5/2017 |
| | • Launch of Mid and Small Cap Research Scheme by Bursa Malaysia Berhad. | 25/5/2017 |
| | • Malaysia Code on Corporate Governance Update & Cyber Security Awareness Session by KPMG. | 28/5/2017 |
| | • CIPAA Talk by Partner at Messrs Thomas Philip, Advocates & Solicitors. | 27/8/2017 |
| | • Effective Internal Audit Function for Audit Committee Workshop by Bursa Malaysia Berhad. | 25/9/2017 |
| | • CG Breakfast Series with Directors: Integrating an Innovation Mindset with Effective Governance by Bursa Malaysia Berhad. | 7/11/2017 |
| | • Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia Berhad. | 2/3/2018 |

| Director | Training Attended | Date Held |
|---|---|---|
| **ENCIK AZIZAN BIN MOHD NOOR** | • Share Buy-Back– Impact of New Companies Act 2016 & TOM Code 2016 by Malaysian Institute of Accountant. | 26/4/2017 |
| | • MIA-SC Workshop on Malaysian Code on Corporate Governance by Securities Commission. | 17/11/2017 |
| | • CG Breakfast Series Entitled: “Leading Change @ The Brain” by The Iclif Leadership and Governance Centre. | 5/12/2017 |
| | • Corporate Governance, Directors’ Duties and Regulatory Updates Seminar 2018 II by Aram Global Sdn Bhd. | 21/3/2018 |
| **PUAN ROZANA ZETI BINTI BASIR** | • The Role of Boards in Fraud Risk Management by Institute of Enterprise Risk Practitioners. | 22/8/2017 |
| | • MICG half-day seminar ‘is diversity required in the boardroom?’ by Malaysian Institute of Corporate Governance. | 5/10/2017 |
| | • Directors & Officers Liabilities/Prospectus Offerings Securities Insurance - A Competitive Risk Transfer Mechanism by Malaysian Institute of Corporate Governance. | 22/1/2018 |
| | • Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia Berhad. | 2/3/2018 |
| **CIK ROZILAWATI BINTI HAJI BASIR** | • CG Breakfast Series with Directors: Integrating an Innovation Mindset with Effective Governance by Bursa Malaysia Berhad. | 7/11/2017 |

### Role of the Chairman and the Group Managing Director

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the Board Charter has clearly defined that the roles of the Chairman and the Group MD are separate. The Board Charter also sets out the roles and responsibilities of the Chairman and the Group MD.

### 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 two (2) Company Secretaries during the financial year. The Company Secretaries report directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. This includes advising the Board and its Committees on governance matters, coordinating Board business and providing a point of reference for dealings between the Board and management. Each director has the ability to communicate with 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 section 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, Group MD as well as Senior Independent Director. The Charter also defines relationship and interaction between the Board and management.

The Charter is available in the ‘Investors’ section of the Company’s website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 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 Group MD or Chairman of the Audit Committee.

## 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.

The Board currently comprises five (5) Directors, including two (2) Independent Non-Executive Directors and two (2) female Directors. 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.

### BOARD COMPOSITION

- Independent Non-Executive Directors ....... 2 (40.0%)
- Non-Independent Non-Executive Directors ....... 2 (40.0%)
- Executive/ Non-Independent Director ..... 1 (20.0%)

### BOARD DIVERSITY

- Female ................ 2 (40.0%)
- Male ..................... 3 (60.0%)

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, including the Chairman of the Board 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.

### 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, two (2) Independent Non-Executive Directors ("INEDs") of the Company, namely Encik Azizan bin Mohd Noor and Dato' Rosman bin Abdullah have served on the Board for a cumulative term of more than nine (9) years. The Board, through NRC assessed the independence of each INEDs annually and is satisfied that all two (2) 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.

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 nine (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 Annual General Meeting ("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 three (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. A full review of the outcome was tabled to the NRC in May 2018 and the outcomes and recommended actions were thereafter tabled to the Board. 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 | Azizan bin Mohd Noor | Rozana Zeti binti Basir | Dato' Rosman bin Abdullah | Rozilawati binti Haji Basir | Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor *(Demised on 21 July 2017)* |
| | RM | | | | | |
| **Company** | | | | | | |
| Fees | - | 75,000 | 67,500 | 67,500 | 60,000 | 50,178 |
| Meeting allowance | - | 30,000 | 24,000 | 30,000 | 20,000 | 4,000 |
| Salaries | 472,056 | - | - | - | - | - |
| Bonus | 322,622 | - | - | - | - | - |
| Benefits in kind | - | 25,656 | - | 39,392 | - | - |
| Others | 151,851 | - | - | - | - | - |
| **TOTAL** | **946,529** | **130,656** | **91,500** | **136,892** | **80,000** | **54,178** |
| **Subsidiaries** | | | | | | |
| Fees | - | 18,000 | - | - | - | 21,377 |
| Meeting allowance | - | 4,000 | - | - | - | 1,000 |
| Salaries | 703,266 | - | - | - | - | - |
| Bonus | 632,409 | - | - | - | - | - |
| Benefits in kind | 62,700 | - | - | - | - | - |
| Others | 196,829 | - | - | - | - | - |
| **TOTAL** | **1,595,204** | **22,000** | **-** | **-** | **-** | **22,377** |

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Meeting attendance allowances are paid to Non-Executive Directors based on the number of meetings attended during the financial year. For the Group MD 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 Group MD 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

Two (2) out of the three (3) Audit Committee members are Independent Non-Executive Directors. The Audit Committee is chaired by Encik Azizan bin Mohd Noor and the members are Dato' Rosman bin Abdullah and Puan Rozana Zeti binti Basir. 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) | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Company | 114 | 114 | 9 | 9 |
| Subsidiaries | 727 | 625 | 9 | 9 |
| **TOTAL** | **841** | **739** | **18** | **18** |

### 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, 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 45$^{th}$ 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 Company's external auditors, attend the AGM and are available to answer questions about the conduct of the external audit as well as the preparation and content of the auditor's report.

The AGM notice includes details of the resolutions proposed along with any relevant background information or recommendations. The Notice of 45$^{th}$ 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 45$^{th}$ 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 25 June 2018.

# AUDIT COMMITTEE REPORT

## 1. MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee comprise of:

**Encik Azizan bin Mohd Noor** (Chairman)
*Senior Independent Non-Executive Director*
*Member of Malaysian Institute of Accountants*

**Dato' Rosman bin Abdullah** (Member)
*Independent Non-Executive Director*
*Member of Malaysian Institute of Accountants*

**Puan Rozana Zeti binti Basir** (Member)
*Non-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.fima.com.my. 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 five (5) times during the financial year ended ("FYE") 31 March 2018 and all the members attended those meetings.

| Name of Committee Members | No. of Meetings Attended |
|---|---|
| Encik Azizan bin Mohd Noor | 5/5 |
| Dato' Rosman bin Abdullah | 5/5 |
| Puan Rozana Zeti binti Basir | 5/5 |

The Company's Group Managing Director ("Group MD") and Chief Financial Officer ("CFO") were invited to attend the meetings to facilitate deliberations as well as to provide clarification on audit issues. The meetings were also attended by Head of Group Internal Audit ("GIA") to present audit reports and upon invitation, the external auditors to discuss on the Management Letters, Audit Planning Memorandum and other matters deemed relevant. During the FYE2018, the external auditors and the Audit Committee met without the presence of the Group MD and management on 30 May 2017 and 22 February 2018 to discuss key issues within their sphere of interest and responsibility.

The Company Secretaries act as secretary to the Audit Committee. The Company Secretaries shall cause minutes to be entered in the books provided for purpose of recording all resolutions and proceedings of minutes and shall be kept at the registered office of the Company for inspection of any member of the Audit Committee or the Board. Such minutes shall be signed by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts. Minutes of each meeting shall also be distributed to all attendees of the Audit Committee meetings and 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 FYE2018, the Audit Committee carried out its duties as set out in its Terms of Reference. A summary of work performed by the Audit Committee are as follows:

**(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 Group MD and CFO 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.
- Selection of a new Head for GIA.

**(b) External Audit:**

- Reviewed the external auditors' audit plan, strategy and scope of the statutory audits of the Group accounts for the FYE2018 together with the external auditors. 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; and
- 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.

The external auditors have provided written confirmation to the Audit Committee on 22 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.

# AUDIT COMMITTEE REPORT

(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. 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.
- Reviewed and deliberated the Quality Assessment Review ("QAR") of GIA presented 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 the 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 FYE2018, 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 section of this Annual 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 on the evaluation and the results of the evaluation, 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 Group Managing Director ("Group MD") and the Chief Financial Officer ("CFO") 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 chaired by KFima's 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 Group MD 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 analysed against budget and acted on in timely manner. The Group's strategic directions are also reviewed annually taking into account changes in market conditions and significant business risks.

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 organisation 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 Group Internal Audit Department ("GIA"), 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 (3) 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 FUNCTION

The Group's internal audit function is undertaken by the GIA, which reports directly to the Audit Committee and administratively to the Group MD. The GIA assists the Audit Committee in 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 its 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; and

(c) Adequacy of policies, procedures and guidelines on the Company and Group's accounting, financial and operational activities.

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

(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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(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 the 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) Preparation of 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 the IIAM, a QAR has been conducted by a qualified external independent reviewer from IIAM in March 2018. The results of the review are collected, analysed and presented to the Audit Committee together with the follow-up actions/actions that have been taken by the GIA.

During the FYE2018, thirteen (13) 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 GIA function for the FYE2018 is RM417,000 (2017: RM377,000), comprising personnel costs, establishment expenses, administration 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 the 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 annually to review the key risk profiles and submit a summary reporting to the Audit Committee.

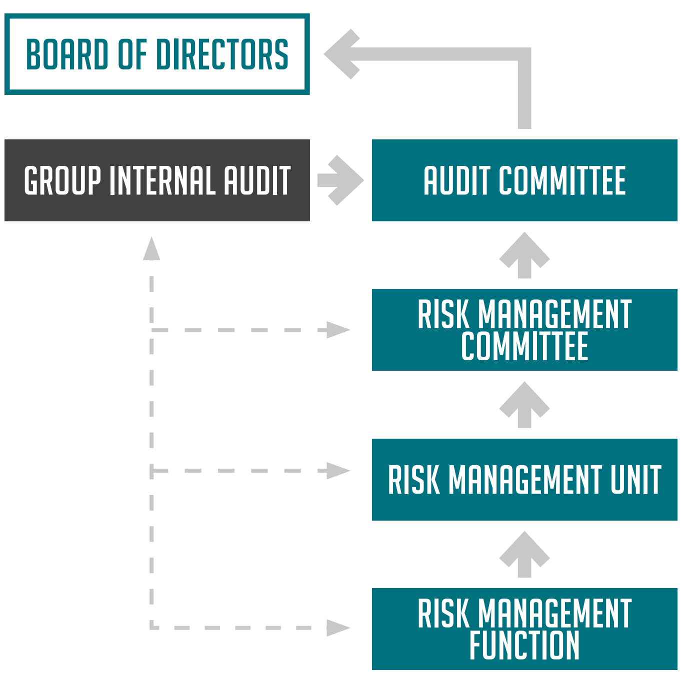
The RMC is entrusted with the responsibility of implementing and maintaining the ERM framework to achieve the following objectives:

(a) Communicate the vision, role, direction and priorities to all employees and key stakeholders;

(b) Identify, assess, treat, report and monitor significant risks in an effective manner;

(c) Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and

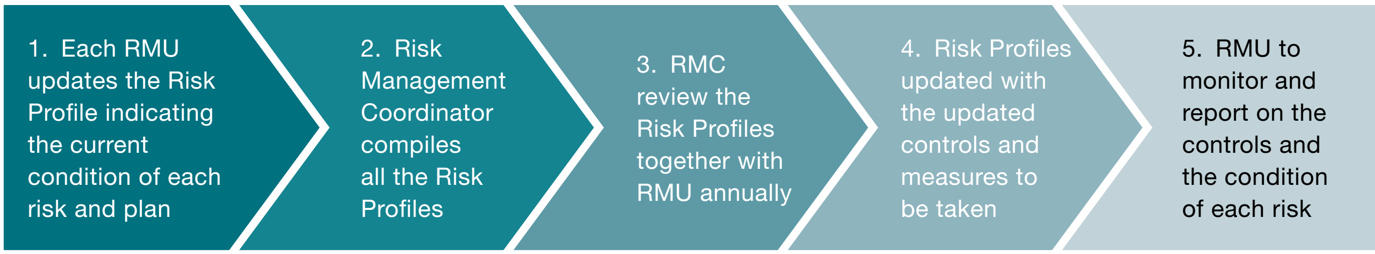
(d) Create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

(a) 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 ERM conducted within the Group:

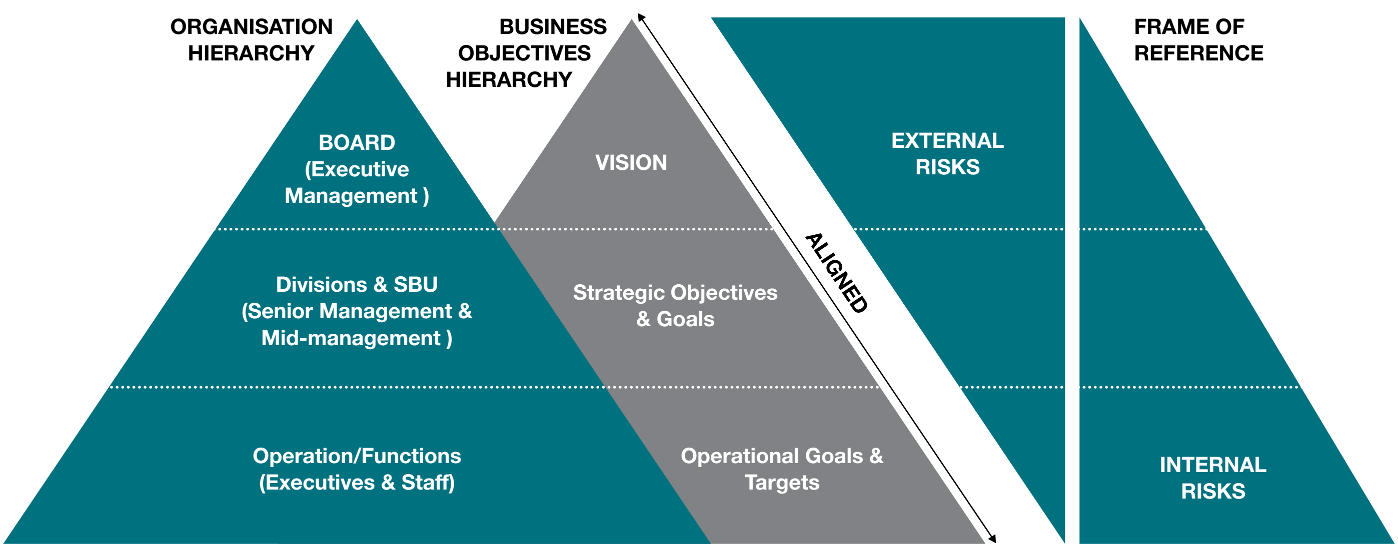



(b) Heightened risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;

(c) 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; and

(d) 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.

The Board 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

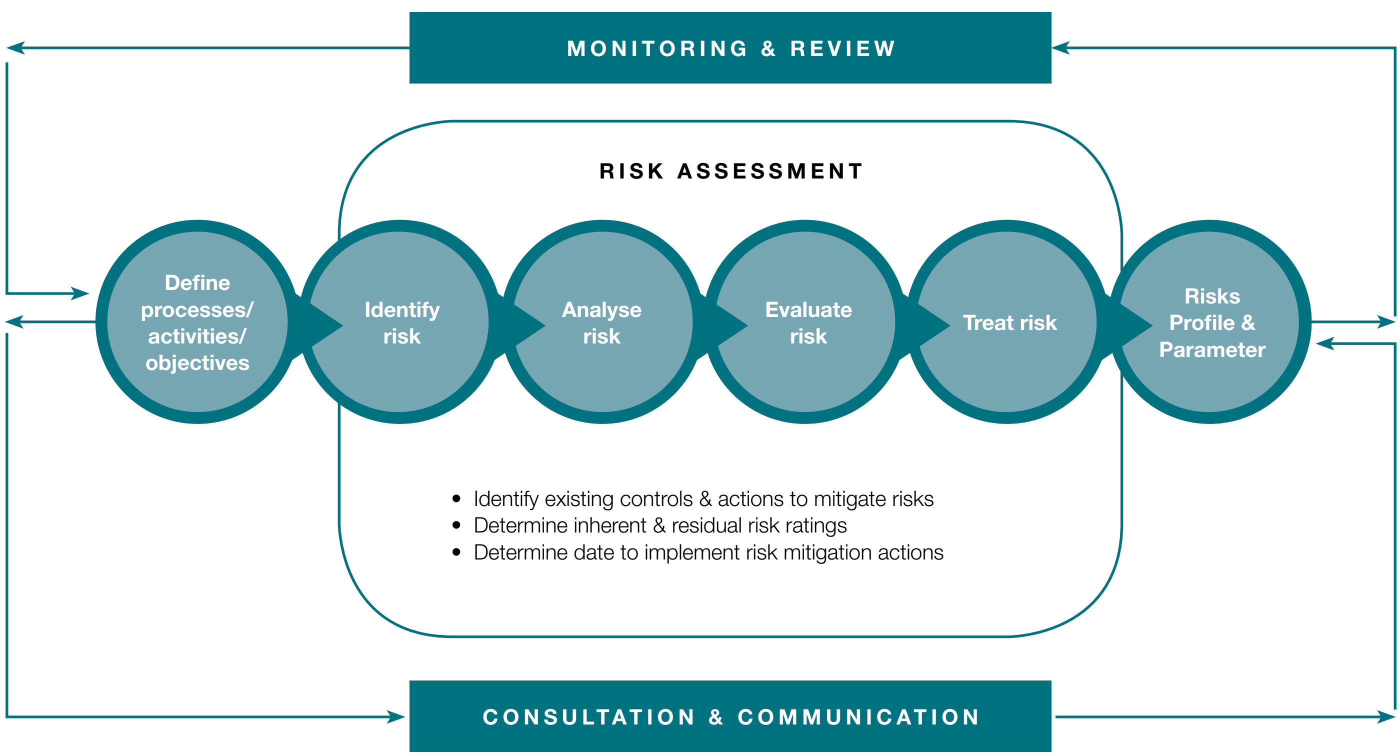
- Detailed Risk Register
- Risk Parameters
- ERM Report

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

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

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

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



The top six (6) risk factors of the Group after considering its likelihood and its impact from both a financial and/or non-financial standpoint are as follows:

| Broad risk area | Sub-broad risk | Key mitigation measures |
|---|---|---|
| 1. **Business and operational sustainability**<br>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 | • Monitoring of market/economic conditions.<br>• Strategic business plan based on market conditions.<br>• Key marketing strategy for each division.<br>• Consistently participate in the local meetings conducted by the community or authority to ensure the company or community (vis-versa) is well updated and informed about any changes or new information or development. |
| 2. **Environment**<br>Local and global weather patterns, natural disasters, diseases or crop pests and stringent environmental and conservation regulations. | Affect the prodcution due to a lower supply of materials; production efficiency and product quality | • Constructed a flood mitigation system at the flood prone areas.<br>• Establishing a safe wildlife corridor animals to ensure they do not wander off into communal/ estate areas.<br>• Continuous manuring and pest and disease preventive and corrective programmes. |
| 3. **Financial**<br>Volatile exchange rates for import and export. | Foreign exchange | • Foreign currency bank accounts.<br>• Foreign exchange hedging |
| 4. **Compliance**<br>Internal and external regulatory requirements. | Regulatory | • Constant monitoring for each department, division and Group.<br>• Regular review in operational audit programme.<br>• Continuous updating of new regulatory requirement. |
| 5. **Safety, Health and Environment**<br>Accident occurs to employees or customers arising from non-compliance with policies and procedures leading to injury or casualty. | Non-compliance of occupational, safety, health and environment ("OSHA") | • The Safety, Health & Environment and Emergency Response Policies & Procedures have been established and implemented at divisional level.<br>• Periodic compliance performance checking, monitoring and reporting.<br>• Regular safety training dialogues and dedicated SHE Committee/ Department. |
| 6. **Political**<br>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 effecting the business | • 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. |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

| | Strategic risks | 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 Group MD. | Heads of Divisions, Department and business units. | Group MD and Chief Financial Officer 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 Group MD 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 Group MD:

Name : Dato' Roslan bin Hamir

Via Email : whistleblowing@fima.com.my

Via Mail : Kumpulan Fima Berhad
Suite 4.1, Level 4, Block C, Plaza Damansara
No 45, Jalan Medan Setia 1, Bukit Damansara
50490 Kuala Lumpur
Attention: Group Managing Director *(to mark as "Strictly Confidential")*

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 Azizan bin Mohd Noor |
| Via Email | : | ac_chairman@fima.com.my |
| Via Mail | : | Kumpulan Fima Berhad<br>Suite 4.1, Level 4, Block C, Plaza Damansara<br>No 45, Jalan Medan Setia 1, Bukit Damansara<br>50490 Kuala Lumpur<br>Attention: Chairman of Audit Committee *(to mark as "Strictly Confidential")* |

The above mechanism protects employees and stakeholders who contemplate to "blow the whistle" against victimisation 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 FYE2018 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 25 June 2018.

**AZIZAN BIN MOHD NOOR**
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 financial year ended 31 March 2018 were as follows:-

| Name of Companies | Related Parties | Nature of RRPT | Interested Major Shareholder, Directors and Persons Connected to Them of KFima | Estimated Annual Value Disclosed in the Preceding Year's Circular RM'000 | Actual Value of Transactions during the Financial Year RM'000 |
|---|---|---|---|---|---|
| KFima [1]<br>IFC [2] | KFima/IFC | Sale of frozen fish<br><br>**Seller**:<br>KFima<br><br>**Buyer**:<br>IFC | **Major Shareholder**<br>BHR<br><br>**Directors**<br>Dato' Rosman bin Abdullah [3]<br>Dato' Roslan bin Hamir [4]<br>Rozana Zeti binti Basir [5]<br>Rozilawati binti Haji Basir [6]<br><br>**Persons Connected**<br>Persons Connected to BHR<br>*(refer to Table A)* | 45,000 | 16,307 |

**Notes:**

*(1) KFima holds 95.57% effective interest in IFC, by virtue of its 77.85% direct investment and 17.72% indirect investment through Endell Pte Ltd (a company incorporated in the Republic of Singapore), an 80.00% owned subsidiary of Fima Overseas Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of KFima;*

*(2) IFC's principal activities are in the manufacturing and distribution of canned fish;*

*(3) Dato' Rosman bin Abdullah is an Independent Non-Executive Director of KFima and has direct shareholding in KFima;*

*(4) Dato' Roslan bin Hamir is the Group Managing Director of KFima and Director of IFC and has direct and indirect shareholdings in KFima;*

*(5) Rozana Zeti binti Basir is a Non-Independent Non-Executive Director of KFima and has direct and indirect shareholdings in KFima; and*

*(6) Rozilawati binti Haji Basir is a Non-Independent Non-Executive Director of KFima and has direct and indirect shareholdings in KFima.*

**TABLE A**

| Name | Direct Interest No. of Shares | Direct Interest % | Indirect Interest No. of Shares | Indirect Interest % |
|---|---|---|---|---|
| **Directors** | | | | |
| Dato' Roslan bin Hamir | 320,000 | 0.11 | (1) 1,291,000 | 0.46 |
| Dato' Rosman bin Abdullah | 200,000 | 0.07 | - | - |
| Rozana Zeti binti Basir | 250,000 | 0.09 | (5) 168,613,400 | 59.86 |
| Rozilawati binti Haji Basir | 200,000 | 0.07 | (4)(5) 168,663,400 | 59.88 |
| **Major Shareholder** | | | | |
| BHR | 147,252,300 | 52.27 | (2) 64,755,300 | 22.99 |
| **Persons Connected to Directors and/or Major Shareholder of KFima other than disclosed above** | | | | |
| *Persons Connected to BHR* | | | | |
| Puan Sri Datin Hamidah binti Abdul Rahman | 215,000 | 0.08 | (3) 168,648,400 | 59.87 |
| Roshayati binti Basir | 643,900 | 0.23 | (5) 168,219,500 | 59.72 |
| Rozilawati binti Haji Basir | 200,000 | 0.07 | (4)(5) 168,663,400 | 59.88 |
| Rozana Zeti binti Basir | 250,000 | 0.09 | (5) 168,613,400 | 59.86 |
| Ahmad Riza bin Basir | - | - | (5) 168,863,400 | 59.95 |
| Zailini binti Zainal Abidin | - | - | (6) 168,863,400 | 59.95 |

**Notes:**

(1) *Dato' Roslan bin Hamir's indirect shareholding in the Company is held under Maybank Nominees (Tempatan) Sdn Bhd.*

(2) *Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir's direct and indirect shareholding, respectively, in the Company. Deemed interested by virtue of their shareholdings in BHR of more than 20%.*

(3) *Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.*

(4) *Rozilawati binti Haji Basir's indirect shareholding in the Company is held under M&A Nominees (Tempatan) Sdn Bhd.*

(5) *Deemed interested by virtue that:*

(i) *Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir and her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.*

(ii) *Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir are sisters and their shareholdings in BHR of more than 20%.*

(iii) *Ahmad Riza bin Basir is the son of Puan Sri Datin Hamidah binti Abdul Rahman and brother of Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir and:*

a) *His indirect shareholdings in the Company which are held through M&A Nominees (Tempatan) Sdn Bhd of 360,000 (or 0.13%) and Subur Rahmat Sdn Bhd (SRSB) pursuant to Section 8 of the Act. SRSB holds 11,509,200 (or 4.08%) and 8,706,000 (or 3.08%) direct and indirect interests, respectively in KFima.*

b) *His wife, Zailini binti Zainal Abidin's shareholding in SRSB pursuant to Section 8 of the Act and her indirect shareholding in KFima.*

(6) *Zailini binti Zainal Abidin is deemed interested by virtue of her shareholding in SRSB pursuant to Section 8 of the Act; and wife of Ahmad Riza bin Basir.*

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

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 31 May 2018.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries and the associates are described in Notes 41 and 42 respectively to the financial statements.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit net of tax | 48,767 | 40,979 |
| Profit attributable to: | | |
| Equity holders of the Company | 32,057 | 40,979 |
| Non-controlling interests | 16,710 | - |
| | 48,767 | 40,979 |

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 amount of dividend paid by the Company since 31 March 2017 was 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 9.0 sen, paid on 25 September 2017 | 25,401 |

At the forthcoming Annual General Meeting of the Company, the directors recommend the payment of a final single-tier dividend of 9.0 sen per share amounting to dividend payable of approximately RM25,401,000 for financial year ended 31 March 2018.

The financial statements for the current 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 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:

| | |
|---|---|
| Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor* | (Chairman) (Deceased on 21 July 2017) |
| Dato' Roslan bin Hamir * | (Group Managing Director) |
| Azizan bin Mohd Noor * | |
| Rozana Zeti binti Basir * | |
| Dato' Rosman bin Abdullah | |
| Rozilawati binti Haji 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:

| | |
|---|---|
| Datu Abdul Rashid bin Mohd Azis | |
| Datu Abdul Razak Tready | |
| Abdul Khudus bin Mohd Naaim | |
| Ab Aziz bin Yunus | (Appointed on 8 March 2018) |
| Dato' Adnan bin Shamsuddin | |
| Dato' Ahmad bin Ibrahim | |
| Dato' Ahmad Faizel bin Abdul Karim | |
| Ahmad Sujaie bin Nanyan | |
| Ali bin Khamis | |
| Datuk Alias bin Ali | |
| Asmi binti Andi Yakin | |
| Azmi bin Bujang | |
| Che Norudin bin Che Alli | |
| Chung Ming Chong @ Min Tjong | |
| Dzakwan bin Mansori | |
| Fadzil bin Azaha | (Appointed on 1 October 2017) |
| Dato' Ishak bin Mokhtar | |
| Jasmin bt Hood | |
| Lee San Yee | |
| Mahbob bin Abdullah | |
| Mahmud bin Ibrahim | (Appointed on 30 October 2017) |
| Mazlan bin Daud | |
| Mohd Adizuraimin bin Mohd Affandi | |
| Mohamad Jamil bin Zolkifly | (Appointed on 14 May 2018) |
| Mohd Rizal bin Mat Nor | |
| Mohd Yusof bin Pandak Yatim | |
| Moses Murray | |
| Muhammad Ramli | |
| Nazaruddin bin Mohd Hadri | |
| Nik Mahmood bin Nik Hassan | |
| Rezal Zain bin Abdul Rashid | |
| Dr. Roshayati binti Basir | |
| Yahya bin Ibrahim | (Alternate Director to Dato' Ahmad bin Ibrahim) |
| Dr. Abu Talib bin Bachik | (Resigned on 20 February 2018) |
| Ahmad Zakri bin Abu Bakar | (Resigned on 15 May 2018) |

# DIRECTORS' REPORT

## DIRECTORS (CONT'D.)

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: (cont'd.)

| | |
|---|---|
| Gerry Wong Swee Kee | (Alternate Director to Dato' Wung Heok Hoi)<br>(Resigned on 5 October 2017) |
| Hedzir bin Aminudin | (Resigned on 20 February 2018) |
| Hussin bin Abdul Jalil | (Resigned on 29 May 2017) |
| Kamalanathan a/l Sabapathy | (Resigned on 31 March 2018) |
| Lee Mo Leng | (Resigned on 1 November 2017) |
| Mat Rasid bin Mat Jaais | (Resigned on 8 March 2018) |
| Sy Choon Yen | (Resigned on 20 February 2018) |
| Dato' Wung Heok Hoi | (Resigned on 5 October 2017) |

In accordance with Article 114 of the Company's Constitution, Dato' Rosman bin Abdullah and Puan Rozana Zeti binti Basir shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits 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 the director is a member or with a company in which the director has a substantial financial interest, other than as disclosed in Note 36 to the financial statements.

The directors' benefits are as follows:

| | Group<br>RM'000 | Company<br>RM'000 |
|---|---|---|
| Directors' remuneration | 5,501 | 1,371 |

## INDEMNITIES TO DIRECTORS OR OFFICERS

During the financial year, the directors and officers of the Group and of the Company are covered under the Directors & Officers Management Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group and of the Company subject to the terms of the D&O Insurance.

The total insured limit of D&O Insurance effected for the directors and officers of the Group and of the Company was RM10 million in any one claim and in the aggregate for all claims (including deference costs). Expenses incurred on indemnity given or insurance effected for any director and officer of the Group and of the Company during the financial year amounted to RM26,000 and RM4,000 respectively.

## DIRECTORS' INTERESTS

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

| | Number of ordinary shares | | | | |
|---|---|---|---|---|---|
| | 1 April 2017 | Bought | Sold | Transferred | 31 March 2018 |
| **The Company** | | | | | |
| **Direct interest** | | | | | |
| Directors of the Company | | | | | |
| Dato' Roslan bin Hamir | 320,000 | - | - | - | 320,000 |
| Dato' Rosman bin Abdullah | 200,000 | - | - | - | 200,000 |
| Rozana Zeti binti Basir | 250,000 | - | - | - | 250,000 |
| Rozilawati binti Haji Basir | 200,000 | - | - | - | 200,000 |
| Directors of the subsidiaries | | | | | |
| Mohd Yusof bin Pandak Yatim | 430,000 | - | - | - | 430,000 |
| Nazaruddin bin Mohd Hadri | 419,500 | - | (20,000) | - | 399,500 |
| Ahmad Zakri bin Abu Bakar | - | - | - | 156,000 | 156,000 |
| Jasmin binti Hood | 50,000 | - | - | - | 50,000 |
| Mohd Rizal bin Mat Nor | 155,000 | - | - | - | 155,000 |
| Mahbob bin Abdullah | 10,000 | - | (10,000) | - | - |
| Dato' Adnan bin Shamsuddin | 10,000 | - | - | - | 10,000 |
| **Indirect interest** | | | | | |
| Directors of the Company | | | | | |
| Dato' Roslan bin Hamir (1) | 1,291,000 | - | - | - | 1,291,000 |
| Rozana Zeti binti Basir (2) | 167,757,200 | 450,900 | (70,200) | - | 168,137,900 |
| Rozilawati binti Haji Basir (2)(3) | 167,807,200 | 450,900 | (70,200) | - | 168,187,900 |
| Directors of the subsidiaries | | | | | |
| Dzakwan bin Mansori (4) | 440,000 | - | - | - | 440,000 |
| Ahmad Zakri bin Abu Bakar (5) | 195,000 | - | (39,000) | (156,000) | - |
| Kamalanathan a/l Sabapathy (6) | 92,000 | - | - | - | 92,000 |

# DIRECTORS' REPORT

**DIRECTORS' INTERESTS (CONT'D.)**

| | ← Number of ordinary shares → | | | |
|---|---|---|---|---|
| | **1 April 2017** | **Bought** | **Sold** | **31 March 2018** |
| **Subsidiary - Fima Corporation Berhad** | | | | |
| **Direct interest** | | | | |
| Directors of the subsidiaries | | | | |
| Nazaruddin bin Mohd Hadri | 279,000 | - | (100,500) | 178,500 |
| Rezal Zain bin Abdul Rashid | 5,000 | - | - | 5,000 |
| **Indirect interest** | | | | |
| Directors of the Company | | | | |
| Dato' Roslan bin Hamir (7) | 601,800 | - | - | 601,800 |
| Rozana Zeti binti Basir (8) | 150,551,258 | - | - | 150,551,258 |
| Rozilawati binti Haji Basir (9) | 150,551,258 | - | - | 150,551,258 |
| **BHR Enterprise Sdn. Bhd. - Holding company** | | | | |
| **Direct interest** | | | | |
| Rozana Zeti binti Basir | 19,060,163 | - | - | 19,060,163 |
| Rozilawati binti Haji Basir | 19,060,163 | - | - | 19,060,163 |
| **Indirect interest** | | | | |
| Rozana Zeti binti Basir (9) | 38,120,326 | - | - | 38,120,326 |
| Rozilawati binti Haji Basir (10) | 38,120,326 | - | - | 38,120,326 |

| | ← Number of preference shares → | | | |
|---|---|---|---|---|
| | **1 April 2017** | **Bought** | **Sold** | **31 March 2018** |
| **BHR Enterprise Sdn. Bhd. - Holding company** | | | | |
| **Indirect interest** | | | | |
| Rozana Zeti binti Basir (11) | 4 | - | - | 4 |
| Rozilawati binti Haji Basir (11) | 4 | - | - | 4 |

| | ← Number of ordinary shares → | | | |
|---|---|---|---|---|
| | **1 April 2017** | **Bought** | **Sold** | **31 March 2018** |
| **Nationwide Express Holding Berhad - Related company** | | | | |
| **Indirect interest** | | | | |
| Rozana Zeti binti Basir (12) | 72,611,870 | 150,000 | - | 72,761,870 |
| Rozilawati binti Haji Basir (12) | 72,611,870 | 150,000 | - | 72,761,870 |

### DIRECTORS' INTERESTS (CONT'D.)

(1) 1,291,000 ordinary shares are held under Maybank Nominees Tempatan Sdn. Bhd.

(2) Rozana Zeti binti Basir ("Rozana Zeti") and Rozilawati binti Haji Basir ("Rozilawati") are deemed interested by virtue of the following:

(i) Their shareholdings in BHR Enterprise Sdn. Bhd. ("BHR") of more than 20%. BHR is the major shareholder of the Company;

(ii) Their mother, Puan Sri Datin Hamidah binti Abdul Rahman's shareholding in the Company and her shareholding of preference shares in BHR;

(iii) Their sister, Roshayati binti Basir's ("Roshayati") direct shareholding in the Company and her shareholding in BHR of more than 20%; and

(iv) Their brother, Ahmad Riza bin Basir ("Ahmad Riza") and his wife, Zailini binti Zainal Abidin's indirect shareholdings in the Company which are held through M&A Nominees (Tempatan) Sdn. Bhd. and Subur Rahmat Sdn. Bhd. ("SRSB"). Ahmad Riza and his wife are deemed interested by virtue of their interest in SRSB pursuant to Section 8 of the Companies Act, 2016.

(3) Deemed interested by virtue of Rozilawati's direct and indirect shareholdings in the Company. The indirect shares are held under M&A Nominees (Tempatan) Sdn. Bhd.. Rozilawati is the sister of Rozana Zeti.

(4) 440,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(5) The shares held under Maybank Nominees (Tempatan) Sdn. Bhd. has been transferred to his own account.

(6) 92,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(7) 601,800 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd..

(8) Rozana Zeti and Rozilawati deemed interested in Fima Corporation Berhad ("FCB") by virtue of:

(i) Fima Metal Box Holdings Sdn. Bhd.'s ("Fima Metal Box") direct shareholding in FCB. Fima Metal Box is a wholly-owned subsidiary of the Company and is a major shareholder of FCB;

(ii) BHR direct shareholding of 53.9% equity interest in FCB; and

(iii) Their sister, Roshayati and their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholdings in FCB.

(9) Deemed interested by virtue of Rozilawati and Roshayati's direct shareholdings in BHR. Rozilawati and Roshayati are sisters of Rozana Zeti.

(10) Deemed interested by virtue of Rozana Zeti and Roshayati's direct shareholdings in BHR. Rozana Zeti and Roshayati are sisters of Rozilawati.

(11) Rozana Zeti and Rozilawati are deemed interested by virtue of their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding of preference shares in BHR.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D.)

(12) Rozana Zeti and Rozilawati are deemed interested by virtue of the following:

(i) Their shareholdings in BHR of more than 20%. BHR is the major shareholder of Nationwide Express Holding Berhad ("NEHB");

(ii) Their mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in NEHB; and

(iii) Rozilawati's indirect shareholding of 3,806,512 held under M&A Nominees (Tempatan) Sdn. Bhd..

Rozilawati and Rozana Zeti, by virtue of their interests in shares of the Company, are also deemed to be interested in shares of all the subsidiaries of the Company to the extent that the Company has an interest.

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

## TREASURY SHARES

During the financial year, the Company repurchased 296,300 of its issued ordinary shares.

As at 31 March 2018, the Company held as treasury shares a total of 296,300 of its 282,231,600 issued ordinary shares. Such treasury shares are held at a carrying amount of approximately RM440,000. Further details are disclosed in Note 26 to the financial statements.

## HOLDING COMPANY

The holding company is BHR Enterprise Sdn. Bhd., which is incorporated in Malaysia.

## 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 allowance for doubtful debts of the Group and of the Company 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.

## OTHER STATUTORY INFORMATION (CONT'D.)

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which 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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

  (i) any charge on the assets of the Group or 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 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 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 or of the Company to meet its 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 or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

Details of 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 | 520 | 123 |
| Other auditors | 339 | - |
| | 859 | 123 |

# 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 31 May 2018.

**Azizan bin Mohd Noor**

**Dato' Roslan bin Hamir**

# STATEMENT BY DIRECTORS

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

We, Azizan bin Mohd Noor and Dato' Roslan bin Hamir, being two of the directors of Kumpulan Fima Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 109 to 194 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 31 May 2018.

**Azizan bin Mohd Noor**

**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 Kumpulan Fima Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 109 to 194 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 31 May 2018.

**Fadzil bin Azaha**
MIA 20995

Before me,

**MOHD ZAINAL ABIDDIN BIN MOHD ZAINUDDIN**
Commissioner for Oaths
No. W292

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

**Report on the financial statements**

*Opinion*

We have audited the financial statements of Kumpulan Fima Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, 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 109 to 194.

In our opinion, the accompanying financial statements 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 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 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the financial statements of the Group is described below. These matters were addressed in the context of our audit of the financial statements of the Group 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, net sale of oil palm products and sales of food products recognised by the Group amounted to approximately RM423.7 million. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as an area of focus in our audit.

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 to establish whether the transactions were recorded in the correct accounting period.

*Provision for warranty*
*(Refer to Note 33 to the financial statements)*

As at 31 March 2018, the provision for warranty amounted to RM9.9 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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)

*Impairment of goodwill*
*(Refer to Note 18 to the financial statements)*

As at 31 March 2018, the carrying amount of goodwill recognised by the Group amounted to approximately RM12.7 million.

In accordance with MFRS 136: Impairment of Assets, the Group is required to perform annual impairment test of cash generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The Group has allocated the goodwill to CGU or group of CGUs according to bulking and plantation business segment.

The Group estimated the recoverable amounts of its CGUs or groups of CGUs to which the goodwill are allocated based value-in-use ("VIU") method. The recoverable amount based on VIU of CGUs or groups of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs or groups of CGUs, and discounting them at appropriate rates. The amount and timing of cash flows in the projection are dependent on the key assumptions made, which in turn are affected by expected future market and economic conditions. The key assumptions made in relation to the goodwill on consolidation is disclosed in Note 18(b) to the financial statements.

Given the significant judgement involved in the estimation of the VIU and substantial audit effort required in the assessment of possible variations in the basis and assumptions used by the Group in deriving the recoverable amounts of the respective CGUs or groups of CGUs, we identified impairment of goodwill to be an area of audit focus.

As part of our audit, we performed the following procedures:

(a) Obtained understanding of the methodologies used by the Group in performing the impairment assessment;

(b) Evaluated key assumptions used in the preparation of the cash flow forecasts against historical evidence, existing contracts, expectations on future contracts and revenue growth;

(c) Evaluated the appropriateness of the discount rates used to determine the present value of the cash flows. For bulking segment, we were supported by valuation specialist; and

(d) Assessed the presentation and disclosures in the financial statements including significant accounting policies.

*Information other than the financial statements and auditors' report thereon*

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

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

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

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

*Responsibilities of the Directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 to 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 on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

- 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.

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF KUMPULAN FIMA BERHAD (INCORPORATED IN MALAYSIA)**

*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.)

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

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

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

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

**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 41 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
31 May 2018

# STATEMENTS OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 MARCH 2018**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | 3 | 482,460 | 547,214 | 58,216 | 71,117 |
| Cost of sales | 4 | (294,065) | (339,145) | (15,908) | (17,880) |
| **Gross profit** | | 188,395 | 208,069 | 42,308 | 53,237 |
| Other income | 5 | 12,276 | 10,197 | 11,696 | 11,042 |
| **Other items of expense** | | | | | |
| Administrative expenses | | (86,244) | (71,869) | (9,747) | (9,559) |
| Selling and marketing expenses | | (12,969) | (11,223) | - | - |
| Other expenses | | (18,999) | (52,615) | - | - |
| | | (118,212) | (135,707) | (9,747) | (9,559) |
| Finance costs | 8 | (1,500) | (748) | (1,560) | (420) |
| Share of results of associates | | (475) | 2,861 | - | - |
| **Profit before tax** | 9 | 80,484 | 84,672 | 42,697 | 54,300 |
| Income tax expense | 10 | (31,717) | (34,243) | (1,718) | (3,099) |
| **Profit net of tax** | | 48,767 | 50,429 | 40,979 | 51,201 |
| **Other comprehensive (expense)/ income, net of tax:** | | | | | |
| *Item that will be subsequently reclassified to profit or loss:* | | | | | |
| Foreign exchange translation | | (27,036) | 17,880 | - | - |
| *Items that will not be subsequently reclassified to profit or loss:* | | | | | |
| Reversal of revaluation surplus of property, plant and equipment previously recognised | | - | (11,522) | - | - |
| Remeasurement of defined benefit liability | | (36) | (75) | - | - |
| **Total comprehensive income for the year** | | 21,695 | 56,712 | 40,979 | 51,201 |
| **Profit attributable to:** | | | | | |
| Equity holders of the Company | | 32,057 | 29,844 | 40,979 | 51,201 |
| Non-controlling interests | | 16,710 | 20,585 | - | - |
| **Profit for the year** | | 48,767 | 50,429 | 40,979 | 51,201 |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Company | | 9,983 | 37,863 | 40,979 | 51,201 |
| Non-controlling interests | | 11,712 | 18,849 | - | - |
| **Total comprehensive income for the year** | | 21,695 | 56,712 | 40,979 | 51,201 |
| **Earnings per share attributable to equity holders of the Company (sen per share):** | | | | | |
| Basic | 11 | 11.36 | 10.70 | | |
| Diluted | 11 | 11.36 | 10.70 | | |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 330,965 | 319,119 | 41,485 | 41,916 |
| Investment properties | 14 | 66,829 | 68,464 | 3,096 | 3,133 |
| Biological assets | 15 | 177,794 | 156,208 | - | - |
| Investments in subsidiaries | 16 | - | - | 188,658 | 188,658 |
| Investments in associates | 17 | 43,647 | 46,516 | 2,251 | 2,251 |
| Goodwill on consolidation | 18 | 12,710 | 12,710 | - | - |
| Deferred tax assets | 30 | 9,206 | 6,966 | - | - |
| | | 641,151 | 609,983 | 235,490 | 235,958 |
| **Current assets** | | | | | |
| Inventories | 19 | 77,424 | 82,812 | - | - |
| Trade receivables | 20 | 141,507 | 108,149 | - | 19 |
| Other receivables | 21 | 20,941 | 32,552 | 1,756 | 1,100 |
| Due from subsidiaries | 22 | - | - | 237,615 | 216,315 |
| Short term cash investments | 23 | 51,886 | - | 8,003 | - |
| Cash and bank balances | 24 | 235,297 | 390,780 | 11,578 | 6,706 |
| | | 527,055 | 614,293 | 258,952 | 224,140 |
| **Total assets** | | 1,168,206 | 1,224,276 | 494,442 | 460,098 |
| **Equity and liabilities** | | | | | |
| **Equity attributable to equity holder of the Company** | | | | | |
| Share capital | 25 | 311,670 | 311,670 | 311,670 | 311,670 |
| Treasury shares | 26 | (440) | - | (440) | - |
| Other reserves | 27 | 119,616 | 141,654 | 21,065 | 21,065 |
| Retained earnings | | 322,333 | 315,379 | 103,141 | 87,563 |
| | | 753,179 | 768,703 | 435,436 | 420,298 |
| **Non-controlling interests** | | 244,415 | 257,704 | - | - |
| **Total equity** | | 997,594 | 1,026,407 | 435,436 | 420,298 |

# STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current liabilities** | | | | | |
| Finance lease obligations | 28 | 15,588 | 16,176 | - | - |
| Retirement benefit obligations | 29 | 1,813 | 1,837 | - | - |
| Deferred tax liabilities | 30 | 37,140 | 32,922 | 6,066 | 6,279 |
| | | 54,541 | 50,935 | 6,066 | 6,279 |
| **Current liabilities** | | | | | |
| Finance lease obligations | 28 | 611 | 624 | - | - |
| Short term borrowings | 31 | 33,419 | 14,516 | 33,419 | 14,516 |
| Trade and other payables | 32 | 65,820 | 112,459 | 1,833 | 1,432 |
| Provisions | 33 | 12,081 | 16,947 | - | - |
| Due to subsidiaries | 22 | - | - | 17,688 | 17,573 |
| Tax payable | | 4,140 | 2,388 | - | - |
| | | 116,071 | 146,934 | 52,940 | 33,521 |
| **Total liabilities** | | 170,612 | 197,869 | 59,006 | 39,800 |
| **Total equity and liabilities** | | 1,168,206 | 1,224,276 | 494,442 | 460,098 |
| Net assets per share (RM) | | 2.67 | 2.72 | 1.54 | 1.49 |

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** | **Total equity RM'000** | **Equity attributable to equity holders of the Company, total RM'000** | **Share capital RM'000** | **Share premium RM'000** | **Treasury shares RM'000** |
| **2018** | | | | | | |
| **At 1 April 2017** | | 1,026,407 | 768,703 | 311,670 | - | - |
| Total comprehensive income for the year | | 21,695 | 9,983 | - | - | - |
| **Transactions with equity holders** | | | | | | |
| Dividends | 12 | (25,401) | (25,401) | - | - | - |
| Dividend paid to minority shareholders of a subsidiary | | (25,128) | - | - | - | - |
| Acquisition of subsidiary | | 1,030 | - | - | - | - |
| Acquisition of non-controlling interests | | (173) | 334 | - | - | - |
| Purchase of treasury shares | | (836) | (440) | - | - | (440) |
| Total transactions with equity holders | | (50,508) | (25,507) | - | - | (440) |
| At 31 March 2018 | | 997,594 | 753,179 | 311,670 | - | (440) |
| **2017** | | | | | | |
| **At 1 April 2016** | | 999,286 | 748,300 | 276,968 | 24,713 | - |
| Total comprehensive income for the year | | 56,712 | 37,863 | - | - | - |
| **Transactions with equity holders** | | | | | | |
| Dividends | 12 | (25,324) | (25,324) | - | - | - |
| Share option exercised | | 7,821 | 7,821 | 5,264 | 4,725 | - |
| Transfer in accordance with Section 618(2) of the Companies Act, 2016 | | - | - | 29,438 | (29,438) | - |
| Transfer to retained earnings for share options lapsed | | - | - | - | - | - |
| Dividend paid to minority shareholders of a subsidiary | | (11,739) | - | - | - | - |
| Purchase of treasury shares by a subsidiary | | (392) | - | - | - | - |
| Grant of equity-settled share options | | 43 | 43 | - | - | - |
| Total transactions with equity holders | | (29,591) | (17,460) | 34,702 | (24,713) | - |
| At 31 March 2017 | | 1,026,407 | 768,703 | 311,670 | - | - |

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

| Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|
| Distributable | Non-distributable | | | | | | |
| Retained earnings RM'000 | Other reserves, total (Note 27) RM'000 | Capital reserve RM'000 | Asset revaluation reserve RM'000 | Foreign currency translation reserve RM'000 | Employee share option reserve RM'000 | Capital reserve arising from bonus issue in subsidiary RM'000 | Non-controlling interests RM'000 |
| 315,379 | 141,654 | 437 | 81,848 | (7,090) | - | 66,459 | 257,704 |
| 32,021 | (22,038) | - | - | (22,038) | - | - | 11,712 |
| (25,401) | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | (25,128) |
| - | - | - | - | - | - | - | 1,030 |
| 334 | - | - | - | - | - | - | (507) |
| - | - | - | - | - | - | - | (396) |
| (25,067) | - | - | - | - | - | - | (25,001) |
| 322,333 | 119,616 | 437 | 81,848 | (29,128) | - | 66,459 | 244,415 |
| 308,617 | 138,002 | 437 | 87,471 | (20,792) | 4,427 | 66,459 | 250,986 |
| 29,784 | 8,079 | - | (5,623) | 13,702 | - | - | 18,849 |
| (25,324) | - | - | - | - | - | - | - |
| - | (2,168) | - | - | - | (2,168) | - | - |
| - | - | - | - | - | - | - | - |
| 2,302 | (2,302) | - | - | - | (2,302) | - | - |
| - | - | - | - | - | - | - | (11,739) |
| - | - | - | - | - | - | - | (392) |
| - | 43 | - | - | - | 43 | - | - |
| (23,022) | (4,427) | - | - | - | (4,427) | - | (12,131) |
| 315,379 | 141,654 | 437 | 81,848 | (7,090) | - | 66,459 | 257,704 |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

| Company | Note | Total equity RM'000 | Share capital RM'000 |
|---|---|---|---|
| **2018** | | | |
| **At 1 April 2017** | | 420,298 | 311,670 |
| Total comprehensive income for the year | | 40,979 | - |
| **Transactions with equity holders** | | | |
| Dividends | 12 | (25,401) | - |
| Purchase of treasury shares | | (440) | - |
| Total transactions with equity holders | | (25,841) | - |
| **At 31 March 2018** | | 435,436 | 311,670 |
| **2017** | | | |
| **At 1 April 2016** | | 386,557 | 276,968 |
| Total comprehensive income for the year | | 51,201 | - |
| **Transactions with equity holders** | | | |
| Dividends | 12 | (25,324) | - |
| Share options exercised | | 7,821 | 5,264 |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | | - | 29,438 |
| Transfer to retained earnings for share options lapsed | | - | - |
| Grant of equity-settled share options | | 43 | - |
| Total transactions with equity holders | | (17,460) | 34,702 |
| **At 31 March 2017** | | 420,298 | 311,670 |

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 → | | Distributable | ← Non-distributable | | → |
|---|---|---|---|---|---|
| Share premium RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Other reserves, total (Note 27) RM'000 | Asset revaluation reserve RM'000 | Employee share option reserve RM'000 |
| - | - | 87,563 | 21,065 | 21,065 | - |
| - | - | 40,979 | - | - | - |
| - | - | (25,401) | - | - | - |
| - | (440) | - | - | - | - |
| - | (440) | (25,401) | - | - | - |
| - | (440) | 103,141 | 21,065 | 21,065 | - |
| 24,713 | - | 59,384 | 25,492 | 21,065 | 4,427 |
| - | - | 51,201 | - | - | - |
| - | - | (25,324) | - | - | - |
| 4,725 | - | - | (2,168) | - | (2,168) |
| (29,438) | - | - | - | - | - |
| - | - | 2,302 | (2,302) | - | (2,302) |
| - | - | - | 43 | - | 43 |
| (24,713) | - | (23,022) | (4,427) | - | (4,427) |
| - | - | 87,563 | 21,065 | 21,065 | - |

# 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 | 80,484 | 84,672 | 42,697 | 54,300 |
| Adjustment for: | | | | |
| Amortisation of biological assets | 3,893 | 6,450 | - | - |
| Depreciation | | | | |
| - Property, plant and equipment | 19,113 | 25,755 | 597 | 653 |
| - Investment properties | 1,635 | 1,633 | 37 | 34 |
| Dividend income | - | - | (41,223) | (52,317) |
| Impairment loss on: | | | | |
| - property, plant and equipment | 832 | 4,646 | - | - |
| - biological assets | - | 24,779 | - | - |
| - trade receivables | 55 | 111 | - | - |
| - other receivables | 368 | 3,991 | 9 | - |
| Interest expense | 1,500 | 748 | 1,560 | 420 |
| Interest income | (8,945) | (8,792) | (10,585) | (9,649) |
| Distribution from short term cash investments | (457) | - | (3) | - |
| Negative goodwill on acquisition of subsidiaries | (275) | - | - | - |
| Net gain on disposal of property, plant and equipment | (108) | (2) | (4) | (2) |
| Net unrealised forex loss | 8,438 | 3 | - | - |
| Provision for retirement benefits | 289 | 284 | - | - |
| Net reversal of provision for warranty | (4,866) | (2,287) | - | - |
| Share of results of associates | 475 | (2,861) | - | - |
| Share and options granted under ESS | - | 43 | - | 43 |
| Write back of impairment loss on: | | | | |
| - trade receivables | (265) | (1,498) | - | - |
| - other receivables | (2,534) | - | - | - |
| - amount due from a subsidiary | - | - | - | (150) |
| Write down of inventories | 2,484 | 2,462 | - | - |
| Write off of biological assets | - | 70 | - | - |
| Operating profit/(loss) before working capital changes | 102,116 | 140,207 | (6,915) | (6,668) |
| Decrease in inventories | 2,904 | 4,101 | - | - |
| (Increase)/decrease in receivables | (24,969) | 60,425 | (646) | (74) |
| Increase in net amount due from related companies | - | - | (21,185) | (37,845) |
| (Decrease)/increase in payables | (56,371) | 25,606 | 401 | 84 |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| **Cash flows from operating activities (cont'd.)** | | | | |
| Cash generated from/(used in) operations | 23,680 | 230,339 | (28,345) | (44,503) |
| Interest paid | (1,500) | (748) | (1,560) | (420) |
| Taxes paid | (29,658) | (38,432) | (1,931) | (1,965) |
| Retirement benefits paid | (43) | (50) | - | - |
| Net cash (used in)/generated from operating activities | (7,521) | 191,109 | (31,836) | (46,888) |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of property, plant and equipment | 117 | 3 | 4 | 2 |
| Acquisition of subsidiaries | (4,564) | - | - | - |
| Acquisition of non-controlling interest | (173) | - | - | - |
| Net short term cash investments | (51,886) | - | (8,003) | - |
| Net placement of fixed deposits | 23,000 | (23,000) | - | - |
| Acquisition of treasury shares | (440) | - | (440) | - |
| Biological assets expenditure | (18,690) | (30,228) | - | - |
| Purchase of property, plant and equipment | (13,805) | (14,261) | (166) | (94) |
| Net dividends received | 2,482 | 3,004 | 41,223 | 52,317 |
| Interest received | 8,945 | 8,792 | 10,585 | 9,649 |
| Distribution received from short term cash investments | 457 | - | 3 | - |
| Net cash (used in)/generated from investing activities | (54,557) | (55,690) | 43,206 | 61,874 |
| **Cash flows from financing activities** | | | | |
| Net (repayment)/drawdown of short term borrowings | (10,123) | 765 | 18,903 | 1,496 |
| Repayment of obligation under finance lease | (711) | (645) | - | - |
| Dividends paid to equity holders | (25,401) | (25,324) | (25,401) | (25,324) |
| Dividends paid by a subsidiary to non-controlling interests of a subsidiary | (25,128) | (11,739) | - | - |
| Proceeds from exercise of ESS | - | 7,821 | - | 7,821 |
| Net cash used in financing activities | (61,363) | (29,122) | (6,498) | (16,007) |
| **Net (decrease)/increase in cash and cash equivalents** | (123,441) | 106,297 | 4,872 | (1,021) |
| **Effect of foreign exchange rate changes in cash and cash equivalents** | (9,042) | 13,891 | - | - |
| **Cash and cash equivalents at beginning of year** | 367,780 | 247,592 | 6,706 | 7,727 |
| **Cash and cash equivalents at end of year (Note 24)** | 235,297 | 367,780 | 11,578 | 6,706 |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

**Reconciliation of liabilities arising from financing activities:**

| | 1 April 2017 RM'000 | Acquisition of subsidiary RM'000 | Paid RM'000 | Drawdown RM'000 | Interest expense RM'000 | 31 March 2018 RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Finance lease obligations | 16,800 | - | (711) | - | 110 | 16,199 |
| Borrowings | 14,516 | 29,026 | (45,093) | 34,970 | - | 33,419 |
| | 31,316 | 29,026 | (45,804) | 34,970 | 110 | 49,618 |
| **Company** | | | | | | |
| Borrowings | 14,516 | - | (16,067) | 34,970 | - | 33,419 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

## 1. CORPORATE INFORMATION

The principal activities of the Company are those of investment and property holding. The principal activities of the subsidiaries and the associates are described in Notes 41 and 42, respectively.

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 holding company is BHR Enterprise Sdn. Bhd., a company incorporated in Malaysia.

## 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 expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs

#### (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 financial 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 standards and interpretations do not have significant impact on the financial statements of the Group and of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs (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 of 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 financial 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 Framework ("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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies arising from adoption of new FRSs and amendments to FRSs (cont'd.)

#### (c) Malaysian Financial Reporting Standards ("MFRS Framework") (cont'd.)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 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) Subsidiaries and basis of consolidation

##### (i) 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.

##### (ii) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries and basis of consolidation (cont'd.)

##### (ii) Basis of consolidation (cont'd.)

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

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

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

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

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

Losses within a subsidiary company are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. The resulting difference is recognised directly in equity and attributed to owners of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries and basis of consolidation (cont'd.)

##### (ii) Basis of consolidation (cont'd.)

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.

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(e).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (b) Transaction with non-controlling interests

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 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 a subsidiary company 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 a subsidiary company 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.

#### (c) 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, including any long-term interests that, in substance, form part of the Group's net investment in the associates, 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 associated company 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (c) Investment in associate companies (cont'd.)

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.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

#### (d) 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 reliably measured. Specific income streams are recognised as follows:

**(i) Sale of Goods**

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

**(ii) Rental income**

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

**(iii) Property management services**

Revenue from property management is recognised when services are rendered.

**(iv) Dividend income**

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

**(v) Receipt in advance**

Receipt 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (e) 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.

#### (f) Biological assets

##### (i) 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 - 25 years. Replanting expenditure and nursery assets is capitalised under oil palm planting expenditure in the year in which it is incurred until maturity.

##### (ii) Pineapple planting expenditure

New estate development expenditure is capitalised until the plants attain maturity, after which time the amount capitalised will be charged to the profit or loss based on the area harvested. Replanting expenditure consists of expenses incurred from the stage of clearing to maturity. Replanting expenditure is capitalised and will be charged to the profit or loss based on area harvested upon attaining maturity.

#### (g) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (g) 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 the 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 difference arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation 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.

#### (h) Property, plant and equipment and depreciation

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 lives 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (h) Property, plant and equipment and depreciation (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. A lease of less than 50 years is described as a short lease.

Other property, plant and equipment is depreciated on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|---|---|
| Buildings | 2.0% - 10.0% |
| Leasehold land | Over lease period |
| Plant and machinery | 4.0% - 33.33% |
| Fish canning facilities | 2.0% |
| Warehouses, storage tanks and pipelines | 4.0% |
| Motor vehicles | 10.0% - 33.33% |
| Office equipment, furniture and fittings | 6.66% - 25.0% |
| Renovations | 10.0% - 20.0% |
| Tools, accessories and computer equipment | 20.0% - 33.33% |

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (i) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are 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.

Investment properties are derecognised when either they have 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.

#### (j) 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.

#### (k) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (k) Income tax (cont'd.)

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

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

- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (k) Income tax (cont'd.)

**(ii) Deferred tax (cont'd.)**

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.

#### (l) Provisions 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.

#### (m) 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, and 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 national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (m) Employee benefits (cont'd.)

##### (iii) Defined benefit plan

Foreign subsidiary in Indonesia

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

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 the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the employee share 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (m) Employee benefits (cont'd.)

#### (iv) Employees' Share Scheme (cont'd.)

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

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 employee share reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The employee share 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 shares in the Company 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 employees share 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 shares 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 employees share reserve.

#### (n) 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 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (n) Leases (cont'd.)

##### (i) As lessee (cont'd.)

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.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (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(d)(ii).

#### (o) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (o) Impairment of non-financial assets (cont'd.)

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.

#### (p) 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.

#### (q) 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.

#### (r) 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 a 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (r) 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 dates 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (s) 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.

#### (t) 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 gains or losses on derivatives include exchange differences.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (t) Financial liabilities (cont'd.)

##### (ii) Other financial liabilities

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

Trade and other payables 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.

#### (u) 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.

#### (v) Fair value measurement

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

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

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

### 2.4 Significant accounting estimate and judgement

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Significant accounting estimate and judgement (cont'd.)

**Key sources of estimation uncertainty**

The 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:

**(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 services 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.

The Group has sub-let portion of a building but has decided to classify the entire building as property, plant and equipment as this portion cannot be sold separately and significant portion of the building is held for use in the production or supply of goods or services or for administrative purposes.

**(ii) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2018 was RM12,710,000 (2017: RM12,710,000). Further details are disclosed in Note 18.

**(iii) Provision for warranty**

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.

Total Group's provisions for warranty as of 31 March 2018 is RM9,961,000 (2017: RM14,827,000), as disclosed in Note 33.

## 3. REVENUE

Revenue of the Group and of the Company consists of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Manufacturing | 140,780 | 233,347 | - | - |
| Plantation | 153,654 | 146,871 | - | - |
| Sales of food products | 129,267 | 114,257 | - | - |
| Bulking and logistic services | 53,535 | 47,461 | - | - |
| Rental income | 5,224 | 5,278 | 686 | 681 |
| Trading of fish | - | - | 16,307 | 18,119 |
| Dividend income | - | - | 41,223 | 52,317 |
| | 482,460 | 547,214 | 58,216 | 71,117 |

## 4. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Manufacturing | 102,923 | 157,546 | - | - |
| Plantation | 77,100 | 82,957 | - | - |
| Sales of food products | 101,636 | 87,907 | - | - |
| Bulking and logistic services | 12,406 | 10,735 | - | - |
| Trading of fish | - | - | 15,908 | 17,880 |
| | 294,065 | 339,145 | 15,908 | 17,880 |

## 5. OTHER INCOME

Included in other income are the following:

| | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|
| Write back of impairment loss on amount due from a subsidiary (Note 22) | - | - | - | 150 |
| Net gain on disposal of property, plant and equipment | 108 | 2 | 4 | 2 |
| Interest income | 8,945 | 8,792 | 10,585 | 9,649 |
| Distribution from short term cash investments | 457 | - | 3 | - |
| Management fees | - | - | 914 | 1,069 |
| Negative goodwill on acquisition of subsidiaries | 275 | - | - | - |
| Net foreign exchange gain | - | - | 166 | 90 |

## 6. STAFF COSTS

| | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|
| Wages and salaries | | | | |
| - Company's Executive Director (Note 7) | 2,480 | 2,041 | 946 | 816 |
| - Others | 40,070 | 37,888 | 3,827 | 3,863 |
| Social security costs | 400 | 343 | 29 | 26 |
| Pension costs | | | | |
| - defined contribution plan | 6,168 | 6,219 | 807 | 759 |
| - defined benefit plan (Note 29) | 289 | 284 | - | - |
| Share options granted under ESOS | - | 43 | - | 43 |
| Other staff related expenses | 7,487 | 8,086 | 235 | 424 |
| | 56,894 | 54,904 | 5,844 | 5,931 |

Included in staff costs of the Group and of the Company is the Managing Director's remuneration amounting to RM2,543,000 (2017: RM2,438,000) and RM946,000 (2017: RM1,159,000) respectively as further disclosed in Note 7.

## 7. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Directors of the Company** | | | | |
| **Executive:** | | | | |
| Salaries and other emoluments | 1,175 | 1,100 | 472 | 440 |
| Bonus | 956 | 613 | 323 | 245 |
| Pension costs - defined contribution plan | 349 | 328 | 151 | 131 |
| Benefits-in-kind | 63 | 397 | - | 343 |
| | 2,543 | 2,438 | 946 | 1,159 |
| **Non-executive:** | | | | |
| Fees | 360 | 388 | 321 | 360 |
| Meeting allowance | 113 | 139 | 104 | 132 |
| | 473 | 527 | 425 | 492 |
| **Analysis excluding benefits-in-kind:** | | | | |
| Total executive director's remuneration (Note 6) | 2,480 | 2,041 | 946 | 816 |
| Total non-executive directors' remuneration | 473 | 527 | 425 | 492 |
| Total directors' remuneration | 2,953 | 2,568 | 1,371 | 1,308 |

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

| | Number of directors | |
|---|---|---|
| | 2018 | 2017 |
| **Executive director:** | | |
| RM2,500,001 - RM2,550,000 | 1 | - |
| RM2,400,001 - RM2,450,000 | - | 1 |
| **Non-executive directors:** | | |
| RM100,001 - RM150,000 | 2 | 2 |
| RM50,001 - RM100,000 | 3 | 3 |

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

## 8. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Interest expense on borrowings | 1,390 | 667 | 1,560 | 420 |
| Finance lease interest | 110 | 81 | - | - |
| | 1,500 | 748 | 1,560 | 420 |

## 9. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Auditors' remuneration: | | | | |
| - Statutory audit fee | 841 | 739 | 114 | 114 |
| - Other services | 18 | 18 | 9 | 9 |
| Amortisation of biological assets (Note 15) | 3,893 | 6,450 | - | - |
| Depreciation: | | | | |
| - Property, plant and equipment (Note 13) | 19,113 | 25,755 | 597 | 653 |
| - Investment properties (Note 14) | 1,635 | 1,633 | 37 | 34 |
| Impairment loss on: | | | | |
| - Property, plant and equipment | 832 | 4,646 | - | - |
| - biological assets (Note 15) | - | 24,779 | - | - |
| - trade receivables (Note 20) | 55 | 111 | - | - |
| - other receivables (Note 21) | 368 | 3,991 | 9 | - |
| Net foreign exchange loss/(gain): | | | | |
| - Realised | 846 | 682 | (166) | (90) |
| - Unrealised | 8,438 | 3 | - | - |
| Provision for retirement benefits (Note 29) | 289 | 284 | - | - |
| Net reversal of provision for warranty | (4,866) | (2,287) | - | - |
| Rental expense for land and buildings | 1,583 | 1,532 | 812 | 761 |
| Write back of impairment loss on: | | | | |
| - trade receivables | (265) | (1,498) | - | - |
| - other receivables | (2,534) | - | - | - |
| - amount due from a subsidiary | - | - | - | (150) |
| Write off of biological assets | - | 70 | - | - |
| Write down of inventories | 2,484 | 2,462 | - | - |

## 10. 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 | 29,876 | 39,966 | 1,954 | 2,024 |
| - (Over)/under provision in prior years | (149) | 3,037 | (23) | 1,659 |
| | 29,727 | 43,003 | 1,931 | 3,683 |
| **Deferred tax (Note 30):** | | | | |
| Relating to origination and reversal of temporary differences | 1,398 | (9,504) | - | - |
| Under/(over) provision in prior years | 592 | 744 | (213) | (584) |
| | 1,990 | (8,760) | (213) | (584) |
| **Total income tax expense** | 31,717 | 34,243 | 1,718 | 3,099 |

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to the subsidiaries in Indonesia and Papua New Guinea were 25% (2017: 25%) and 30% (2017: 30%), respectively.

## 10. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit

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 |
| Profit before tax | 80,484 | 84,672 | 42,697 | 54,300 |
| Taxation at statutory tax rate of 24% (2017: 24%) | 19,316 | 20,321 | 10,248 | 13,032 |
| Effect of income not subject to tax | (63) | (695) | (10,499) | (13,428) |
| Effect of tax rates in foreign jurisdiction | 3,029 | 1,153 | - | - |
| Effect of partial tax exemption | (41) | (32) | - | - |
| Effect of expenses not deductible for tax purposes | 5,991 | 10,310 | 2,205 | 2,420 |
| Effect of utilisation of previously unrecognised deferred tax | (244) | - | - | - |
| Effect of share results of associates | (407) | (687) | - | - |
| Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances | 3,693 | 92 | - | - |
| (Over)/under provision of income tax expense in prior years | (149) | 3,037 | (23) | 1,659 |
| Under/(over) provision of deferred tax in prior years | 592 | 744 | (213) | (584) |
| | 31,717 | 34,243 | 1,718 | 3,099 |

## 11. EARNINGS PER SHARE

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.

## 11. EARNINGS PER SHARE (CONT'D.)

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Profit net of tax attributable to equity holders of the Company used in the computation of basic/diluted earnings per share | 32,057 | 29,844 |

| | Number of shares | |
|---|---|---|
| | **2018** | **2017** |
| | **'000** | **'000** |
| Weighted average number of ordinary shares for basic earnings per share computation | 282,199 | 278,809 |

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **sen** | **sen** |
| Basic/diluted earnings per share for the year (sen) | 11.36 | 10.70 |

## 12. DIVIDENDS

| | Amount | | Net dividends per share | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **sen** | **sen** |
| **Recognised during the year:** | | | | |
| Final dividend for 2016: 9.0 sen single tier ordinary shares paid on 30 September 2016 | - | 25,324 | - | 9.0 |
| Final dividend for 2017: 9.0 sen single tier ordinary shares paid on 25 September 2017 | 25,401 | - | 9.0 | - |
| | 25,401 | 25,324 | 9.0 | 9.0 |

At the forthcoming Annual General Meeting of the Company, the directors recommend the payment of a final single-tier dividend of 9.0 sen per share amounting to dividend payable of approximately RM25,401,000 for financial year ended 31 March 2018.

The financial statements for the current 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 financial year ending 31 March 2019.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

## 13. PROPERTY, PLANT AND EQUIPMENT

| | At valuation | At cost | | |
|---|---|---|---|---|
| Group | Land and buildings *[see note 13(1), pages 150 & 151]* RM'000 | Other assets *[see note 13(2), pages 152 & 153]* RM'000 | Construction work-in-progress RM'000 | Total RM'000 |
| **At 31 March 2018** | | | | |
| **At valuation/cost** | | | | |
| At 1 April 2017 | 299,825 | 393,705 | 7,367 | 700,897 |
| Additions | 719 | 9,935 | 3,151 | 13,805 |
| Acquisition of subsidiary | 26,400 | - | - | 26,400 |
| Disposals | (172) | (1,266) | - | (1,438) |
| Write off | - | (2,301) | - | (2,301) |
| Translation difference | (8,707) | (12,475) | (430) | (21,612) |
| At 31 March 2018 | 318,065 | 387,598 | 10,088 | 715,751 |
| **Accumulated depreciation and impairment losses** | | | | |
| At 1 April 2017 | 65,763 | 316,015 | - | 381,778 |
| Depreciation charge for the year | 6,079 | 13,034 | - | 19,113 |
| Impairment loss | 832 | - | - | 832 |
| Disposals | (172) | (1,041) | - | (1,213) |
| Write off | - | (2,300) | - | (2,300) |
| Translation difference | (3,984) | (9,440) | - | (13,424) |
| At 31 March 2018 | 68,518 | 316,268 | - | 384,786 |
| Analysed as: | | | | |
| Accumulated depreciation | 48,037 | 315,908 | - | 363,945 |
| Accumulated impairment losses | 20,481 | 360 | - | 20,841 |
| | 68,518 | 316,268 | - | 384,786 |
| **Net carrying amount** | | | | |
| At 31 March 2018 | 249,547 | 71,330 | 10,088 | 330,965 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

| Group | At valuation<br>Land and buildings *[see note 13(1), pages 150 & 151]*<br>RM'000 | At cost<br>Other assets *[see note 13(2), pages 152 & 153]*<br>RM'000 | At cost<br>Construction work-in-progress<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **At 31 March 2017** | | | | |
| **At valuation/cost** | | | | |
| At 1 April 2016 | 290,326 | 378,552 | 4,905 | 673,783 |
| Additions | 2,281 | 8,016 | 3,964 | 14,261 |
| Disposals | - | (509) | - | (509) |
| Write off | (19) | (120) | - | (139) |
| Reclassification | 1,853 | - | (1,853) | - |
| Translation difference | 5,384 | 7,766 | 351 | 13,501 |
| At 31 March 2017 | 299,825 | 393,705 | 7,367 | 700,897 |
| **Accumulated depreciation and impairment losses** | | | | |
| At 1 April 2016 | 36,218 | 293,163 | - | 329,381 |
| Depreciation charge for the year | 8,245 | 17,510 | - | 25,755 |
| Impairment losses | 19,649 | 360 | - | 20,009 |
| Disposals | - | (508) | - | (508) |
| Write off | (19) | (120) | - | (139) |
| Translation difference | 1,670 | 5,610 | - | 7,280 |
| At 31 March 2017 | 65,763 | 316,015 | - | 381,778 |
| Analysed as: | | | | |
| Accumulated depreciation | 46,114 | 315,655 | - | 361,769 |
| Accumulated impairment losses | 19,649 | 360 | - | 20,009 |
| | 65,763 | 316,015 | - | 381,778 |
| **Net carrying amount** | | | | |
| At 31 March 2017 | 234,062 | 77,690 | 7,367 | 319,119 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### Note 13(1) - Land and buildings

| Group | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|---|
| **At 31 March 2018** | | | | |
| **At valuation** | | | | |
| At 1 April 2017 | 66,304 | 185,128 | 48,393 | 299,825 |
| Additions | - | - | 719 | 719 |
| Acquisition of subsidiary | - | 26,400 | - | 26,400 |
| Disposal | - | - | (172) | (172) |
| Translation difference | - | (19) | (8,688) | (8,707) |
| At 31 March 2018 | 66,304 | 211,509 | 40,252 | 318,065 |
| **Accumulated depreciation and impairment losses** | | | | |
| At 1 April 2017 | - | 33,415 | 32,348 | 65,763 |
| Depreciation charge for the year | - | 3,966 | 2,113 | 6,079 |
| Disposal | - | - | (172) | (172) |
| Impairment loss | - | - | 832 | 832 |
| Translation difference | - | - | (3,984) | (3,984) |
| At 31 March 2018 | - | 37,381 | 31,137 | 68,518 |
| Analysed as: | | | | |
| Accumulated depreciation | - | 23,020 | 25,017 | 48,037 |
| Accumulated impairment losses | - | 14,361 | 6,120 | 20,481 |
| | - | 37,381 | 31,137 | 68,518 |
| **Net carrying amount** | | | | |
| At 31 March 2018 | 66,304 | 174,128 | 9,115 | 249,547 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### Note 13(1) - Land and buildings (cont'd.)

| Group (cont'd.) | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|---|
| **At 31 March 2017** | | | | |
| **At valuation** | | | | |
| At 1 April 2016 | 66,304 | 185,114 | 38,908 | 290,326 |
| Additions | - | - | 2,281 | 2,281 |
| Write off | - | - | (19) | (19) |
| Reclassification | - | - | 1,853 | 1,853 |
| Translation difference | - | 14 | 5,370 | 5,384 |
| At 31 March 2017 | 66,304 | 185,128 | 48,393 | 299,825 |
| **Accumulated depreciation and impairment losses** | | | | |
| At 1 April 2016 | - | 14,150 | 22,068 | 36,218 |
| Depreciation charge for the year | - | 4,901 | 3,344 | 8,245 |
| Impairment losses | - | 14,361 | 5,288 | 19,649 |
| Write off | - | - | (19) | (19) |
| Translation difference | - | 3 | 1,667 | 1,670 |
| At 31 March 2017 | - | 33,415 | 32,348 | 65,763 |
| Analysed as: | | | | |
| Accumulated depreciation | - | 19,054 | 27,060 | 46,114 |
| Accumulated impairment losses | - | 14,361 | 5,288 | 19,649 |
| | - | 33,415 | 32,348 | 65,763 |
| **Net carrying amount** | | | | |
| At 31 March 2017 | 66,304 | 151,713 | 16,045 | 234,062 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### Note 13(2) - Other assets

| Group | Plant and machinery RM'000 | Fish canning facilities RM'000 | Warehouses, storage tanks and pipes RM'000 | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Renovations RM'000 | Tools, accessories and computer equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **At 31 March 2018** | | | | | | | | |
| **At cost** | | | | | | | | |
| At 1 April 2017 | 117,914 | 72,705 | 105,197 | 17,721 | 57,229 | 21,851 | 1,088 | 393,705 |
| Additions | 4,790 | 1,654 | - | 1,924 | 1,431 | 42 | 94 | 9,935 |
| Disposals | (94) | - | - | (891) | (268) | - | (13) | (1,266) |
| Write-off | (1,261) | - | (127) | - | (488) | - | (425) | (2,301) |
| Reclassification | (125) | - | - | 125 | - | - | - | - |
| Translation difference | (6,184) | (1,881) | (13) | (381) | (2,247) | (1,769) | - | (12,475) |
| At 31 March 2018 | 115,040 | 72,478 | 105,057 | 18,498 | 55,657 | 20,124 | 744 | 387,598 |
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| At 1 April 2017 | 106,126 | 31,376 | 91,617 | 14,218 | 51,617 | 20,548 | 513 | 316,015 |
| Depreciation charge for the year | 5,113 | 390 | 2,147 | 1,359 | 3,721 | 103 | 201 | 13,034 |
| Disposals | (94) | - | - | (703) | (231) | - | (13) | (1,041) |
| Write-off | (1,261) | - | (127) | - | (487) | - | (425) | (2,300) |
| Translation difference | (4,858) | (422) | (13) | (296) | (2,082) | (1,769) | - | (9,440) |
| At 31 March 2018 | 105,026 | 31,344 | 93,624 | 14,578 | 52,538 | 18,882 | 276 | 316,268 |
| Analysed as: | | | | | | | | |
| Accumulated depreciation | 104,719 | 31,344 | 93,571 | 14,578 | 52,538 | 18,882 | 276 | 315,908 |
| Accumulated impairment losses | 307 | - | 53 | - | - | - | - | 360 |
| | 105,026 | 31,344 | 93,624 | 14,578 | 52,538 | 18,882 | 276 | 316,268 |
| **Net carrying amount** | | | | | | | | |
| At 31 March 2018 | 10,014 | 41,134 | 11,433 | 3,920 | 3,119 | 1,242 | 468 | 71,330 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### Note 13(2) - Other assets (cont'd.)

| Group (cont'd.) | Plant and machinery RM'000 | Fish canning facilities RM'000 | Warehouses, storage tanks and pipes RM'000 | Motor vehicles RM'000 | Office equipment, furniture and fittings RM'000 | Renovations RM'000 | Tools, accessories and computer equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **At 31 March 2017** | | | | | | | | |
| **At cost** | | | | | | | | |
| At 1 April 2016 | 109,663 | 71,453 | 105,197 | 17,111 | 53,906 | 20,568 | 654 | 378,552 |
| Additions | 4,617 | 200 | - | 661 | 2,102 | - | 436 | 8,016 |
| Disposals | - | - | - | (249) | (260) | - | - | (509) |
| Write-off | (3) | - | - | (6) | (109) | - | (2) | (120) |
| Translation difference | 3,637 | 1,052 | - | 204 | 1,590 | 1,283 | - | 7,766 |
| At 31 March 2017 | 117,914 | 72,705 | 105,197 | 17,721 | 57,229 | 21,851 | 1,088 | 393,705 |
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| At 1 April 2016 | 95,805 | 30,646 | 89,407 | 12,295 | 46,362 | 18,275 | 373 | 293,163 |
| Depreciation charge for the year | 7,366 | 527 | 2,157 | 2,005 | 4,196 | 1,117 | 142 | 17,510 |
| Impairment losses | 307 | - | 53 | - | - | - | - | 360 |
| Disposals | - | - | - | (248) | (260) | - | - | (508) |
| Write-off | (3) | - | - | (6) | (109) | - | (2) | (120) |
| Translation difference | 2,651 | 203 | - | 172 | 1,428 | 1,156 | - | 5,610 |
| At 31 March 2017 | 106,126 | 31,376 | 91,617 | 14,218 | 51,617 | 20,548 | 513 | 316,015 |
| Analysed as: | | | | | | | | |
| Accumulated depreciation | 105,819 | 31,376 | 91,564 | 14,218 | 51,617 | 20,548 | 513 | 315,655 |
| Accumulated impairment losses | 307 | - | 53 | - | - | - | - | 360 |
| | 106,126 | 31,376 | 91,617 | 14,218 | 51,617 | 20,548 | 513 | 316,015 |
| **Net carrying amount** | | | | | | | | |
| At 31 March 2017 | 11,788 | 41,329 | 13,580 | 3,503 | 5,612 | 1,303 | 575 | 77,690 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

| | At valuation | | At cost | |
|---|---|---|---|---|
| **Company** | **Freehold land RM'000** | **Leasehold land RM'000** | **Motor vehicles, furniture and equipment *[see note 13(3), page 155]* RM'000** | **Total RM'000** |
| **At 31 March 2018** | | | | |
| **At valuation/cost** | | | | |
| At 1 April 2017 | 16,075 | 28,748 | 3,256 | 48,079 |
| Additions | - | - | 166 | 166 |
| Disposals | - | - | (4) | (4) |
| At 31 March 2018 | 16,075 | 28,748 | 3,418 | 48,241 |
| **Accumulated depreciation** | | | | |
| At 1 April 2017 | 157 | 3,044 | 2,962 | 6,163 |
| Depreciation charge for the year | - | 456 | 141 | 597 |
| Disposals | - | - | (4) | (4) |
| At 31 March 2018 | 157 | 3,500 | 3,099 | 6,756 |
| **Net carrying amount** | | | | |
| At 31 March 2018 | 15,918 | 25,248 | 319 | 41,485 |
| **At 31 March 2017** | | | | |
| **At valuation/cost** | | | | |
| At 1 April 2016 | 16,075 | 28,748 | 3,386 | 48,209 |
| Additions | - | - | 94 | 94 |
| Disposals | - | - | (224) | (224) |
| At 31 March 2017 | 16,075 | 28,748 | 3,256 | 48,079 |
| **Accumulated depreciation** | | | | |
| At 1 April 2016 | 157 | 2,609 | 2,968 | 5,734 |
| Depreciation charge for the year | - | 435 | 218 | 653 |
| Disposals | - | - | (224) | (224) |
| At 31 March 2017 | 157 | 3,044 | 2,962 | 6,163 |
| **Net carrying amount** | | | | |
| At 31 March 2017 | 15,918 | 25,704 | 294 | 41,916 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### Note 13(3) - Motor vehicles, furniture and equipment

| Company | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Total RM'000 |
|---|---|---|---|
| **At 31 March 2018** | | | |
| **At cost** | | | |
| At 1 April 2017 | 343 | 2,913 | 3,256 |
| Additions | - | 166 | 166 |
| Disposals | - | (4) | (4) |
| At 31 March 2018 | 343 | 3,075 | 3,418 |
| **Accumulated depreciation** | | | |
| At 1 April 2017 | 343 | 2,619 | 2,962 |
| Depreciation charge for the year | - | 141 | 141 |
| Disposals | - | (4) | (4) |
| At 31 March 2018 | 343 | 2,756 | 3,099 |
| **Net carrying amount** | | | |
| At 31 March 2018 | - | 319 | 319 |
| **At 31 March 2017** | | | |
| **At cost** | | | |
| At 1 April 2016 | 343 | 3,043 | 3,386 |
| Additions | - | 94 | 94 |
| Disposals | - | (224) | (224) |
| At 31 March 2017 | 343 | 2,913 | 3,256 |
| **Accumulated depreciation** | | | |
| At 1 April 2016 | 283 | 2,685 | 2,968 |
| Depreciation charge for the year | 60 | 158 | 218 |
| Disposals | - | (224) | (224) |
| At 31 March 2017 | 343 | 2,619 | 2,962 |
| **Net carrying amount** | | | |
| At 31 March 2017 | - | 294 | 294 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Buildings, plant and machinery, storage tanks and pipelines of the subsidiaries carrying out bulking activities with a net book value of approximately RM17,940,000 (2017: RM21,186,000) are situated on land which is leased from Lembaga Pelabuhan Kelang ("LPK") by the subsidiaries. The lease will expire in 2022.

(b) A building of a subsidiary, Fima Palmbulk Services Sdn. Bhd., with a net book value of RM1 (2017: RM1) was constructed on land leased from Penang Port Commission. The subsidiary has a renewal option to renew the lease for a term of five years beginning from 1 July 2018 to 30 June 2023. It is expected that the subsidiary will continue to lease the land from Penang Port Commision.

(c) Included in the property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to approximately RM212,478,299 (2017: RM196,773,000) and RM2,694,472 (2017: RM2,641,000) respectively.

(d) 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.

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

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| **Cost** | | |
| Freehold land | 2,178 | 2,178 |
| Leasehold land | 103,663 | 74,551 |
| Buildings | 24,513 | 25,207 |
| | 130,354 | 101,936 |
| **Accumulated depreciation** | | |
| Leasehold land | 9,524 | 5,165 |
| Buildings | 12,138 | 12,762 |
| | 21,662 | 17,927 |
| **Net carrying amount** | 108,692 | 84,009 |

## 14. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | |
| At 1 April 2017/2016 and 31 March | 96,572 | 96,572 | 3,408 | 3,408 |
| **Accumulated depreciation** | | | | |
| At 1 April 2017/2016 | 28,108 | 26,475 | 275 | 241 |
| Charge for the year | 1,635 | 1,633 | 37 | 34 |
| At 31 March | 29,743 | 28,108 | 312 | 275 |
| **Net carrying amount** | 66,829 | 68,464 | 3,096 | 3,133 |
| **Fair value** | 77,515 | 78,790 | 3,830 | 3,830 |

(a) The land title of a freehold land and building of the Group 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) Factory buildings of a subsidiary, Percetakan Keselamatan Nasional Sdn. Bhd. with a net book value of RM5,458,771 (2017: RM5,717,685) are situated on a piece of leasehold land which will expire on 29 September 2086.

(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 | 5,224 | 5,278 | 686 | 681 |
| Direct operating expenses | 2,493 | 2,583 | 128 | 211 |

## 15. BIOLOGICAL ASSETS

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| **Cost** | | |
| At 1 April 2017/2016 | 240,693 | 204,016 |
| Additions | 18,690 | 30,228 |
| Acquisition of subsidiary | 8,600 | - |
| Write off | - | (115) |
| Exchange differences | (9,495) | 6,564 |
| At 31 March | 258,488 | 240,693 |
| **Accumulated amortisation and impairment loss** | | |
| At 1 April 2017/2016 | 84,485 | 50,540 |
| Charge for the year: | | |
| - Amortisation | 3,893 | 6,450 |
| - Impairment loss | - | 24,779 |
| Write off | - | (45) |
| Exchange differences | (7,684) | 2,761 |
| At 31 March | 80,694 | 84,485 |
| Analysed as: | | |
| Accumulated amortisation | 55,915 | 59,706 |
| Accumulated impairment loss | 24,779 | 24,779 |
| | 80,694 | 84,485 |
| **Net carrying amount** | | |
| At 31 March | 177,794 | 156,208 |

## 16. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Unquoted ordinary shares, at cost | | |
| In Malaysia | 160,912 | 160,912 |
| Outside Malaysia | 44,415 | 44,415 |
| | 205,327 | 205,327 |
| Less: Accumulated impairment losses | | |
| in Malaysia | (16,669) | (16,669) |
| | 188,658 | 188,658 |

Details of the subsidiaries are described in Note 41.

The summarised financial information (before intra-group elimination) for Fima Corporation Berhad and its subsidiaries ("FCB Group") and International Food Corporation Limited ("IFC") that has non-controlling interest that are material to the Group are as follows:

### (i) Summarised statement of financial position

| | FCB Group | | IFC | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current assets | 270,889 | 244,042 | 62,942 | 69,228 |
| Cash and cash equivalents | 165,596 | 336,309 | 18,643 | 11,866 |
| Other current assets | 203,419 | 134,987 | 66,218 | 78,197 |
| Total assets | 639,904 | 715,338 | 147,803 | 159,291 |
| Non-current liabilities | (22,298) | (21,288) | (11,075) | (6,494) |
| Current liabilities | (52,320) | (107,250) | (55,153) | (58,313) |
| Total liabilities | (74,618) | (128,538) | (66,228) | (64,807) |
| Net assets | 565,286 | 586,800 | 81,575 | 94,484 |
| Equity attributable to equity holders of the company | 546,648 | 561,385 | 81,575 | 94,484 |

## 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### (ii) Summarised statement of comprehensive income

| | FCB Group | | IFC | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 284,646 | 372,101 | 122,673 | 108,208 |
| Profit for the financial year | 42,211 | 35,007 | (210) | 4,469 |
| Other comprehensive loss | (13,614) | (81) | - | - |
| Total comprehensive income/(loss) | 28,597 | 34,926 | (210) | 4,469 |
| Dividends paid to non-controlling interests | 25,128 | 11,739 | - | - |

### (iii) Summarised statement of cash flows

| | FCB Group | | IFC | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash (used in)/generated from operating activities | (34,298) | 188,686 | 13,579 | (5,948) |
| Net cash used in investing activities | (25,448) | (27,441) | (4,726) | (4,011) |
| Net cash used in financing activities | (80,705) | (31,263) | - | (6,477) |
| Net (decrease)/increase in cash and cash equivalents | (140,451) | 129,982 | 8,853 | (16,436) |
| Cash and cash equivalents at beginning of year | 313,309 | 177,593 | 11,866 | 26,005 |
| Effect of exchange rate changes | (7,262) | 5,734 | (2,076) | 2,297 |
| Cash and cash equivalents at end of year | 165,596 | 313,309 | 18,643 | 11,866 |

(a) On 29 May 2017, a subsidiary of FCB, FCB Plantation Holdings Sdn. Bhd. ("FCBPH") acquired 110 ordinary shares representing the remaining 11% of the equity interest in Next Oasis Sdn. Bhd. from London Nusantara Plantations PLC for a cash consideration of RM173,000.

(b) Acquisition of subsidiary

On 6 October 2017, FCBPH 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 Java Plantations Sdn. Bhd. ("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 amounted to RM181,000.

## 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisition of subsidiary (cont'd.)

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 Group acquisition | | 4,564 |

## 17. INVESTMENT IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Unquoted shares, at cost | 12,251 | 12,251 | 2,251 | 2,251 |
| Share of post acquisition results | 31,396 | 34,265 | - | - |
| | 43,647 | 46,516 | 2,251 | 2,251 |

Details of the associates are described in Note 42.

The financial statements of the associates are coterminous with those of the Group, except for Giesecke & Devrient Malaysia Sdn. Bhd. ("G&D") which has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of G&D for the year ended 31 December 2017 have been used and appropriate adjustments have been made for the effects of transactions between 31 December 2017 and 31 March 2018.

## 17. INVESTMENT IN ASSOCIATES (CONT'D.)

Summarised financial information in respect of Marushin Canneries (Malaysia) Sdn. Bhd. ("Marushin") and G&D are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

### (i) Summarised statement of financial position

| | Marushin | | G&D | |
|---|---|---|---|---|
| | 2018<br>RM'000 | 2017<br>RM'000 | 2018<br>RM'000 | 2017<br>RM'000 |
| **Assets and liabilities** | | | | |
| Current assets - Inventories | 22,293 | 35,329 | 38,500 | 38,060 |
| Current assets - Others | 5,459 | 10,029 | 41,154 | 32,975 |
| Non-current assets | | | | |
| - Property, plant and equipment | 1,473 | 1,865 | 189,977 | 207,978 |
| Non-current assets | | | | |
| - Others | 369 | 344 | - | - |
| Total assets | 29,594 | 47,567 | 269,631 | 279,013 |
| Current liabilities | 13,784 | 24,831 | 32,762 | 44,374 |
| Non-current liabilities | 625 | 574 | 32,643 | 29,330 |
| Total liabilities | 14,409 | 25,405 | 65,405 | 73,704 |
| Net assets | 15,185 | 22,162 | 204,226 | 205,309 |

### (ii) Summarised statement of comprehensive income

| | Marushin | | G&D | |
|---|---|---|---|---|
| | 2018<br>RM'000 | 2017<br>RM'000 | 2018<br>RM'000 | 2017<br>RM'000 |
| Revenue | 32,017 | 50,910 | 164,504 | 153,541 |
| Profit before tax | (5,487) | 635 | 11,570 | 12,516 |
| (Loss)/profit for the year | (5,478) | 456 | 8,477 | 13,436 |
| Total comprehensive (loss)/income | (5,478) | 456 | 8,477 | 13,436 |
| Dividend received from the associates during the year (net) | 570 | 1,140 | 1,912 | 1,864 |

## 17. INVESTMENT IN ASSOCIATES (CONT'D.)

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

| | Marushin | | G&D | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Net assets at 1 April 2017/2016 | 22,162 | 24,706 | 205,309 | 201,193 |
| Total comprehensive (loss)/income | (5,478) | 456 | 8,477 | 13,436 |
| Dividend paid (gross) | (1,500) | (3,000) | (9,560) | (9,320) |
| Net assets at 31 March | 15,185 | 22,162 | 204,226 | 205,309 |
| Interest in associates | 38% | 38% | 20% | 20% |
| Share of net assets | 5,770 | 8,422 | 40,845 | 41,062 |
| Negative goodwill | (2,968) | (2,968) | - | - |
| Carrying value of Group's interest in associates | 2,802 | 5,454 | 40,845 | 41,062 |

## 18. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | 2018 RM'000 | 2017 RM'000 |
| At 1 April 2017/2016 and 31 March | 12,710 | 12,710 |

### (a) Impairment tests for goodwill

Goodwill has been allocated to the Group's cash generating units identified according to business segment as follows:

| | Bulking RM'000 | Plantation RM'000 | Total RM'000 |
|---|---|---|---|
| As at 31 March 2018/2017 | 12,200 | 510 | 12,710 |

## 18. GOODWILL ON CONSOLIDATION (CONT'D.)

### (b) Key assumptions used in value-in-use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

| | 2018 % | 2017 % |
|---|---|---|
| Average discount rate [1] | 10.0 | 10.5 |
| Terminal growth rate [2] | 2 | 2 |

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.

### (c) 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.

## 19. INVENTORIES

| | Group | |
|---|---|---|
| | 2018 RM'000 | 2017 RM'000 |
| **At cost:** | | |
| Raw materials | 15,472 | 21,758 |
| Printing materials | 8,910 | 9,573 |
| Fertilizer | 815 | 877 |
| Oil palm products | 8,432 | 8,244 |
| Work-in-progress | 16,596 | 14,581 |
| Finished goods | 19,210 | 20,427 |
| Consumables | 5,409 | 4,888 |
| | 74,844 | 80,348 |
| **At net realisable value:** | | |
| Finished goods | 2,580 | 2,464 |
| | 77,424 | 82,812 |

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM110,627,254 (2017: RM151,199,563).

## 20. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Third parties | 147,017 | 113,869 | 10 | 29 |
| Less: Allowance for impairment | (5,510) | (5,720) | (10) | (10) |
| **Trade receivables, net** | 141,507 | 108,149 | - | 19 |

The Group's normal trade credit term ranges from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

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 group of debtors except for a balance 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 the Company's trade receivables is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Neither past due nor impaired | 54,190 | 45,472 | - | 19 |
| 1 to 60 days past due but not impaired | 35,496 | 18,307 | - | - |
| 61 to 120 days past due but not impaired | 13,051 | 12,621 | - | - |
| More than 121 days past due but not impaired | 38,770 | 23,104 | - | - |
| | 87,317 | 54,032 | - | - |
| Impaired | 5,510 | 5,720 | 10 | 10 |
| | 147,017 | 105,224 | 10 | 29 |

Trade receivables that are neither past due nor impaired

Trade and other 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.

## 20. TRADE RECEIVABLES (CONT'D.)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM87,317,000 (2017: RM54,032,000) that are past due at the reporting date but not impaired.

No allowance for impairment is made as in the opinion of the directors, the outstanding debts are expected to be collected in full within the next twelve months.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Trade receivables - nominal amount | 5,510 | 5,720 | 10 | 10 |
| Less: Allowance for impairment | (5,510) | (5,720) | (10) | (10) |
| | - | - | - | - |

Movement in allowance accounts:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| At 1 April 2017/2016 | 5,720 | 7,107 | 10 | 10 |
| Write back of impairment loss (Note 9) | (265) | (1,498) | - | - |
| Charge for the year (Note 9) | 55 | 111 | - | - |
| At 31 March | 5,510 | 5,720 | 10 | 10 |

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.

## 21. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax recoverable | 1,404 | 581 | 976 | 500 |
| Deposits | 1,352 | 1,202 | 179 | 179 |
| Prepayments | 7,958 | 6,883 | 52 | 45 |
| Sundry receivables | 22,814 | 38,853 | 567 | 385 |
| Less: Allowance for impairment | (12,587) | (14,967) | (18) | (9) |
| | 20,941 | 32,552 | 1,756 | 1,100 |

The Group's and the Company's other receivables that are impaired at the date and the movement of the allowance 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 | 12,587 | 14,967 | 18 | 9 |
| Less: Allowance for individual impairment losses | (12,587) | (14,967) | (18) | (9) |
| | - | - | - | - |

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 | 14,967 | 10,956 | 9 | 9 |
| Write back of impairment loss (Note 9) | (2,534) | - | - | - |
| Charge for the year (Note 9) | 368 | 3,991 | 9 | - |
| Exchange differences | (214) | 20 | - | - |
| As 31 March | 12,587 | 14,967 | 18 | 9 |

## 22. DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Due from subsidiaries | 244,656 | 223,356 |
| Less: Allowance for impairment | (7,041) | (7,041) |
| | 237,615 | 216,315 |
| Due to subsidiaries | (17,688) | (17,573) |

All the amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand except for the amount due from certain subsidiaries amounting to RM207,281,113 (2017: RM189,275,809), which bear interest of 5.5% (2017: 5.5%) per annum.

Movement in allowance accounts:

| | Company | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| At 1 April 2017/2016 | 7,041 | 7,191 |
| Write back for the year (Note 5) | - | (150) |
| At 31 March | 7,041 | 7,041 |

## 23. 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 | 51,886 | - | 8,003 | - |

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. Short term cash investments held as fixed deposit placements allow prompt redemption at anytime.

## 24. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash in hand and at banks | 69,674 | 98,087 | 11,578 | 6,706 |
| Fixed deposits with licensed bank | 165,623 | 292,693 | - | - |
| | 235,297 | 390,780 | 11,578 | 6,706 |

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 in hand and at bank | 235,297 | 390,780 | 11,578 | 6,706 |
| Less: Fixed deposits with a licensed bank with maturity of more than three months | - | (23,000) | - | - |
| Total cash and cash equivalents | 235,297 | 367,780 | 11,578 | 6,706 |

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | % | % | % | % |
| Licensed banks | 3.30 | 3.18 | 3.00 | 3.17 |

The average maturity of deposits at the reporting date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | Days | Days | Days | Days |
| Licensed banks | 52 | 40 | 19 | 10 |

## 25. SHARE CAPITAL

| | Number of ordinary 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 | 282,232 | 282,232 | 311,670 | 311,670 |

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.

## 26. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 24 August 2016, 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 296,300 of its issued ordinary shares from the open market at an average price of RM1.49 per ordinary share. The total consideration paid for the repurchase including transactions costs was RM440,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Of the total 282,231,600 (2017: 282,231,600) issued and fully paid ordinary shares as at 31 March 2018, 296,300 (2017: Nil) 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 281,935,300 (2017: 282,231,600).

## 27. OTHER RESERVES

| Group | Capital reserve RM'000 | Asset revaluation reserve RM'000 | Foreign currency translation reserve RM'000 | Employee share option reserve RM'000 | Capital reserve arising from bonus issue in subsidiary RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **At 1 April 2017** | 437 | 81,848 | (7,090) | - | 66,459 | 141,654 |
| Foreign currency translation | - | - | (22,038) | - | - | (22,038) |
| **At 31 March 2018** | 437 | 81,848 | (29,128) | - | 66,459 | 119,616 |
| **2017** | | | | | | |
| **At 1 April 2016** | 437 | 87,471 | (20,792) | 4,427 | 66,459 | 138,002 |
| Foreign currency translation | - | - | 13,702 | - | - | 13,702 |
| Reversal of revaluation surplus of property, plant and equipment previously recognised | - | (5,623) | - | - | - | (5,623) |
| Transfer to retained earnings for share options lapsed | - | - | - | (2,302) | - | (2,302) |
| Grant of equity-settled share options | - | - | - | 43 | - | 43 |
| Share options exercised | - | - | - | (2,168) | - | (2,168) |
| | - | (5,623) | 13,702 | (4,427) | - | 3,652 |
| **At 31 March 2017** | 437 | 81,848 | (7,090) | - | 66,459 | 141,654 |

## 27. OTHER RESERVES (CONT'D.)

| Company | Capital reserve RM'000 | Asset revaluation reserve RM'000 | Employee share option reserve RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2018** | | | | |
| **At 1 April 2017/31 March 2018** | - | 21,065 | - | 21,065 |
| **2017** | | | | |
| **At 1 April 2016** | - | 21,065 | 4,427 | 25,492 |
| Transfer to retained earnings for share options lapsed | - | - | (2,302) | (2,302) |
| Grant of equity-settled share options | - | - | 43 | 43 |
| Share options exercised | - | - | (2,168) | (2,168) |
| | - | - | (4,427) | (4,427) |
| **At 31 March 2017** | - | 21,065 | - | 21,065 |

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

**(a) Asset revaluation reserve**

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

**(b) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are 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) Employee share reserve**

Employee share reserve represents the equity-settled share options and shares granted to employees and directors under the ESOS and RSGS, respectively. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and shares, under the ESOS and RSGS, respectively and is reduced by the expiry or exercise of the share options. When the share options expire, the amount from the employee share reserve is transferred to retained earnings.

## 28. FINANCE LEASE OBLIGATIONS

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| **Minimum lease payments:** | | |
| - due no later than one year | 772 | 742 |
| - due later than one year and no later than 5 years | 4,423 | 4,030 |
| - due 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:** | | |
| - due no later than one year | 611 | 624 |
| - due later than one year and no later than 5 years | 2,430 | 2,284 |
| - due 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 |

## 29. RETIREMENT BENEFIT OBLIGATIONS

| | 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 |
| Contributions paid | (43) | (50) |
| Remeasurement of defined benefit liability | (49) | 100 |
| Exchange differences | (221) | 112 |
| At 31 March | 1,813 | 1,837 |

The foreign subsidiary in Indonesia operates an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme 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.

## 29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

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

(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 employee benefits expense (Note 6) | 289 | 284 |

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

| | **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.

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.

| | **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.

## 30. DEFERRED TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| At 1 April 2017/2016 | 25,956 | 38,557 | 6,279 | 6,863 |
| Recognised in: | | | | |
| - profit or loss (Note 10) | 1,990 | (8,760) | (213) | (584) |
| - other comprehensive income | (12) | (3,841) | - | - |
| At 31 March | 27,934 | 25,956 | 6,066 | 6,279 |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (9,206) | (6,966) | - | - |
| Deferred tax liabilities | 37,140 | 32,922 | 6,066 | 6,279 |
| | 27,934 | 25,956 | 6,066 | 6,279 |

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group:**

| | Retirement benefit obligations RM'000 | Other payables RM'000 | Tax losses and unabsorbed capital allowances RM'000 | Property, plant and equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 April 2016 | (389) | (4,669) | (1,690) | (1,646) | (8,394) |
| Recognised in profit or loss | (64) | 1,175 | 582 | (265) | 1,428 |
| At 31 March 2017 | (453) | (3,494) | (1,108) | (1,911) | (6,966) |
| Recognised in: | | | | | |
| - profit or loss | 17 | 1,573 | (3,882) | 64 | (2,228) |
| - other comprehensive income | (12) | - | - | - | (12) |
| At 31 March 2018 | (448) | (1,921) | (4,990) | (1,847) | (9,206) |

**Deferred tax liabilities of the Group:**

| | Accelerated capital allowances RM'000 | Revaluation on land and building RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 April 2016 | 7,086 | 28,216 | 11,649 | 46,951 |
| Recognised in: | | | | |
| - profit or loss | 288 | (172) | (10,304) | (10,188) |
| - other comprehensive income | - | (3,841) | - | (3,841) |
| At 31 March 2017 | 7,374 | 24,203 | 1,345 | 32,922 |
| Recognised in profit or loss | 2,967 | (773) | 2,024 | 4,218 |
| At 31 March 2018 | 10,341 | 23,430 | 3,369 | 37,140 |

## 30. DEFERRED TAX (CONT'D.)

**Deferred tax liabilities of the Company:**

| | Accelerated capital allowances RM'000 | Revaluation on land and building RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 April 2016 | 583 | 6,280 | 6,863 |
| Recognised in profit or loss | (460) | (124) | (584) |
| At 31 March 2017 | 123 | 6,156 | 6,279 |
| Recognised in profit or loss | (94) | (119) | (213) |
| At 31 March 2018 | 29 | 6,037 | 6,066 |

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

| | Group | |
|---|---|---|
| | 2018 RM'000 | 2017 RM'000 |
| Unutilised tax losses | 29,287 | 15,868 |
| Unabsorbed capital allowances | 9,310 | 7,341 |
| | 38,597 | 23,209 |

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.

## 31. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| **Short term borrowings** | | | | |
| Unsecured: | | | | |
| - Bankers' acceptances | 8,419 | 4,516 | 8,419 | 4,516 |
| - Revolving credit | 25,000 | 10,000 | 25,000 | 10,000 |
| | 33,419 | 14,516 | 33,419 | 14,516 |
| **Maturity of borrowings** | | | | |
| Within one year | 33,419 | 14,516 | 33,419 | 14,516 |

The revolving credit facility is rolled over every three months.

The weighted average effective interest rate of the facilities during the financial year was 4.87% (2017: 4.47%) per annum.

## 32. TRADE AND OTHER PAYABLES

| | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|
| **Trade payables** | 12,788 | 70,744 | 123 | 56 |
| **Other payables** | | | | |
| Accruals | 15,483 | 8,638 | 1,623 | 1,291 |
| Deposits | 481 | 208 | 87 | 85 |
| Receipt in advance | 1,144 | 1,644 | - | - |
| Sundry payables | 35,924 | 31,225 | - | - |
| | 53,032 | 41,715 | 1,710 | 1,376 |
| Total trade and other payables | 65,820 | 112,459 | 1,833 | 1,432 |

## 33. PROVISIONS

| | Group 2018 RM'000 | Group 2017 RM'000 |
|---|---|---|
| Provision for warranty (Note (a)) | 9,961 | 14,827 |
| Provision for compensation claim (Note (b)) | 2,120 | 2,120 |
| | 12,081 | 16,947 |

(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.

| | Group 2018 RM'000 | Group 2017 RM'000 |
|---|---|---|
| As at 1 April 2017/16 | 14,827 | 17,114 |
| Reversal of provision | (6,138) | (5,829) |
| Charge for the year | 1,272 | 3,542 |
| As at 31 March | 9,961 | 14,827 |

(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 a subsidiary of the Company, Fima Corporation Berhad ("FCB"). On 27 September 2011, the Court of Appeal had allowed FCB 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.

## 34. COMMITMENTS

| | Group | |
|---|---|---|
| | 2018 RM'000 | 2017 RM'000 |
| **Capital expenditure:** | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 2,010 | 2,749 |
| Approved but not contracted for: | | |
| Property, plant and equipment | 44,249 | 26,080 |
| | 46,259 | 28,829 |
| **Share of capital commitments of associated companies** | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 4,601 | 2,290 |
| Approved but not contracted for: | | |
| Property, plant and equipment | - | 5 |

## 35. EMPLOYEE BENEFITS

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

The ESS comprises the following:

(i) **Employee Share Option Scheme ("ESOS")**; whereby eligible employees are granted the right to subscribe for a number of the Company 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 are granted under the ESOS.

(ii) **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 Company 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 such shares.

In implementing the RSGS, the Company has appointed a company as a trustee for the purposes of subscribing for the new shares and transferring such shares to the entitled employees as the Options Committee shall direct.

## 35. EMPLOYEE BENEFITS (CONT'D.)

**Employees' Share Scheme ("ESS") (cont'd.)**

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

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

**(a) ESOS**

The following table illustrates the number of share options ("No."), weighted average exercise prices ("WAEP") and movements during the financial year:

Movement of share options under the ESOS during the financial year

| | Group | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | No. | WAEP (RM) | No. | WAEP (RM) |
| Outstanding at 1 April 2017/1 April 2016 | - | - | 8,273,500 | 1.64 |
| - Granted | - | - | 268,800 | 1.83 |
| - Exercised | - | - | (2,166,117) | 1.49 |
| - Forfeited/lapsed | - | - | (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.

## 35. EMPLOYEE BENEFITS (CONT'D.)

### (a) ESOS (cont'd.)

Fair value of share options granted

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

The following table lists the inputs to the pricing models for the year ended 31 March 2018:

| | Binomial option pricing model | |
|---|---|---|
| | **2018** | **2017** |
| Dividend yield (%) | - | 4.89 |
| Expected volatility (%) | - | 39.93 |
| Risk-free interest rate (% p.a.) | - | 1.83 |
| Balance expected life of option (years) | - | - |
| 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.

### (b) RSGS

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

Movement of shares under the RSGS during the financial year

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **No.** | **No.** |
| Outstanding at 1 April 2017/2016 | - | - |
| Granted | - | 190,000 |
| Vested | - | (190,000) |
| 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.

## 36. RELATED PARTY DISCLOSURES

### (a) Significant 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.

| | (Income)/expense 2018 RM'000 | (Income)/expense 2017 RM'000 |
|---|---|---|
| **Group** | | |
| (a) Transaction with companies connected to directors and substantial shareholders: | | |
| - Rental charges | (78) | (78) |
| - Purchase of products | (6,563) | (6,029) |
| - Service rendered | 346 | 314 |
| **Company** | | |
| (a) Transaction with corporate shareholder: | | |
| - Advisory services | 120 | 120 |
| (b) Transaction with subsidiaries: | | |
| - Dividend income from subsidiaries | (41,223) | (52,317) |
| - Management fees from subsidiaries | (914) | (1,069) |
| - Interest charged to subsidiaries | (10,416) | (9,482) |
| - Interest charged by a subsidiary | 171 | 189 |
| - Rental charges | 338 | 761 |
| - Sales of fish | 16,307 | 18,119 |

## 36. 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 any director (whether executive or otherwise).

The key management personnel of the Group and of the Company include directors of the Company and subsidiaries and certain members of senior management of the Group and of the Company. Their compensation are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Salaries and other short-term employee benefits | 7,349 | 8,141 | 2,448 | 2,895 |
| Contributions to defined contribution plan | 1,173 | 1,081 | 426 | 409 |
| | 8,522 | 9,222 | 2,874 | 3,304 |

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 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Directors remuneration: | | | | |
| Directors of the Company (Note 7) | 3,016 | 2,965 | 1,371 | 1,651 |
| Directors of subsidiaries | 2,485 | 2,577 | - | - |

## 37. SEGMENTAL INFORMATION

### (a) Business segments

The Group is principally engaged in the following activities:

(i) Manufacturing - Production and trading of security and confidential documents.

(ii) Bulking - Providing bulk handling and storage of various types of liquid and semi-liquid products; as well as transportation and forwarding services.

(iii) Plantation - Oil palm and pineapple estate operations.

(iv) Food - Fish processing, canning and distribution and packaging of food products.

(v) Others - Investment holding, rental and management of commercial properties and trading.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

## 37. SEGMENTAL INFORMATION (CONT'D.)

### (a) Business segments (cont'd.)

| | Manufacturing | | Plantation | | Food | |
|---|---|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| **Revenue** | | | | | | |
| External sales | 140,780 | 233,347 | 153,654 | 146,871 | 129,267 | 114,257 |
| Inter-segment sales | - | - | - | - | - | - |
| Total revenue | 140,780 | 233,347 | 153,654 | 146,871 | 129,267 | 114,257 |
| **Results** | | | | | | |
| Segment results | 25,481 | 59,608 | 28,342 | (6,106) | 1,355 | 6,694 |
| Profit from operations | - | - | - | - | - | - |
| Finance costs, net | - | - | - | (81) | - | - |
| Share of profit of associates | - | - | - | - | (2,171) | 173 |
| Income tax expense | | | | | | |
| Profit net of tax | | | | | | |
| Non-controlling interests | | | | | | |
| Profit attributable to equity holders of the Company | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 296,407 | 376,360 | 542,790 | 484,823 | 151,454 | 162,009 |
| Consolidated total assets | | | | | | |
| **Liabilities** | | | | | | |
| Segment liabilities | 32,787 | 87,073 | 311,831 | 247,075 | 69,234 | 61,634 |
| Consolidated total liabilities | | | | | | |
| **Other information** | | | | | | |
| Capital expenditure | 1,279 | 1,813 | 6,075 | 7,824 | 4,587 | 3,989 |
| Depreciation of: | | | | | | |
| Property, plant and equipment | 3,893 | 5,069 | 8,533 | 14,427 | 2,296 | 1,854 |
| Investment property | 344 | 344 | 92 | 92 | - | - |
| Amortisation of: | | | | | | |
| Biological assets | - | - | 3,893 | 6,450 | - | - |
| Impairment loss on: | | | | | | |
| Property, plant and equipment | - | - | 832 | 4,593 | - | - |
| Biological assets | - | - | - | 24,779 | - | - |
| Trade receivables | - | 16 | 9 | - | 46 | - |
| Other receivables | - | - | 318 | 3,491 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

| Bulking | | Others | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|
| 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| 53,535 | 47,461 | 5,224 | 5,278 | - | - | 482,460 | 547,214 |
| - | - | 18,816 | 20,789 | (18,816) | (20,789) | - | - |
| 53,535 | 47,461 | 24,040 | 26,067 | (18,816) | (20,789) | 482,460 | 547,214 |
| 24,911 | 20,001 | 3,941 | 3,733 | (1,571) | (1,371) | 82,459 | 82,559 |
| - | - | - | - | - | - | 82,459 | 82,559 |
| - | - | (1,500) | (667) | - | - | (1,500) | (748) |
| - | - | 1,696 | 2,688 | - | - | (475) | 2,861 |
| | | | | | | (31,717) | (34,243) |
| | | | | | | 48,767 | 50,429 |
| | | | | 16,710 | 20,585 | (16,710) | (20,585) |
| | | | | | | 32,057 | 29,844 |
| 64,510 | 59,934 | 395,163 | 341,110 | (282,118) | (199,960) | 1,168,206 | 1,224,276 |
| | | | | | | 1,168,206 | 1,224,276 |
| 8,468 | 8,406 | 22,453 | 15,674 | (282,567) | (221,993) | 170,612 | 197,869 |
| | | | | | | 170,612 | 197,869 |
| 1,698 | 505 | 166 | 130 | - | - | 13,805 | 14,261 |
| 3,988 | 4,187 | 403 | 218 | - | - | 19,113 | 25,755 |
| - | - | 1,199 | 1,197 | - | - | 1,635 | 1,633 |
| - | - | - | - | - | - | 3,893 | 6,450 |
| - | - | - | 53 | - | - | 832 | 4,646 |
| - | - | - | - | - | - | - | 24,779 |
| - | - | - | 95 | - | - | 55 | 111 |
| 50 | 500 | - | - | - | - | 368 | 3,991 |

## 37. SEGMENTAL INFORMATION (CONT'D.)

### (b) Geographical segments

| | Total revenue from external customers RM'000 | Segment assets RM'000 | Capital expenditure RM'000 |
|---|---|---|---|
| **31 March 2018** | | | |
| Malaysia | 221,767 | 1,198,187 | 7,699 |
| Papua New Guinea | 122,673 | 147,803 | 4,392 |
| Indonesia | 138,020 | 104,334 | 1,714 |
| Eliminations | - | (282,118) | - |
| Consolidated | 482,460 | 1,168,206 | 13,805 |
| **31 March 2017** | | | |
| Malaysia | 305,793 | 1,164,472 | 6,846 |
| Papua New Guinea | 108,208 | 158,641 | 3,961 |
| Indonesia | 133,213 | 101,123 | 3,454 |
| Eliminations | - | (199,960) | - |
| Consolidated | 547,214 | 1,224,276 | 14,261 |

## 38. FINANCIAL INSTRUMENTS

### (a) Fair value measurement

The fair value measurement hierarchies used to measure assets would have the following levels 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).

## 38. FINANCIAL INSTRUMENTS (CONT'D.)

### (a) Fair value measurement (cont'd.)

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

| | 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 | 51,886 | 8,003 |

| | 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 14) | 31 March 2018 | 77,515 | 3,830 |
| **As at 31 March 2017** | | | |
| **Assets disclosed at fair value:** | | | |
| Investment properties (Note 14) | 31 March 2017 | 78,790 | 3,830 |

## 38. FINANCIAL INSTRUMENTS (CONT'D.)

### (b) Classification of financial instruments

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 20) | 141,507 | 99,504 | - | 19 |
| | Other receivables (Note 21) | 20,941 | 32,552 | 1,756 | 1,100 |
| | Less: Prepayments (Note 21) | (7,958) | (6,883) | (52) | (45) |
| | Tax recoverable (Note 21) | (1,404) | (581) | (976) | (500) |
| | | 11,579 | 25,088 | 728 | 555 |
| | Due from subsidiaries (Note 22) | - | - | 237,615 | 216,315 |
| | Cash and bank balances (Note 24) | 235,297 | 390,780 | 11,578 | 6,706 |
| | Total loans and receivables | 388,383 | 515,372 | 249,921 | 223,595 |
| (ii) | **Fair value through profit or loss investments** | | | | |
| | Short term cash investments (Note 23) | 51,886 | - | 8,003 | - |
| (iii) | **Financial liabilities measured at amortised cost** | | | | |
| | Trade payables (Note 32) | 12,788 | 70,744 | 123 | 56 |
| | Other payables (Note 32) | 53,032 | 41,715 | 1,710 | 1,376 |
| | Due to subsidiaries (Note 22) | - | - | 17,688 | 17,573 |
| | Borrowings (Note 31) | 33,419 | 14,516 | 33,419 | 14,516 |
| | Total financial liabilities measured at amortised cost | 99,239 | 126,975 | 52,940 | 33,521 |

## 39. 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.

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

### (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.

The Group and the Company do not have significant interest rate exposures at the reporting date.

### (b) Liquidity/funding risk

The Group defines liquidity/funding risk as the risk that funds will not be available to meet liabilities as 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 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 | 65,820 | 112,459 |
| Borrowings | 33,419 | 14,516 |
| Total undiscounted financial liabilities | 99,239 | 126,975 |
| **Company** | | |
| **Financial liabilities:** | | |
| Trade and other payables | 1,833 | 1,432 |
| Due to subsidiaries | 17,688 | 17,573 |
| Borrowings | 33,419 | 14,516 |
| Total undiscounted financial liabilities | 52,940 | 33,521 |

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

### (c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Indonesian Rupiah and Papua New Guinea Kina. The Group does not practise any fund hedge for its purchases and sales transaction.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the functional currency of the Company are as follows:

| | Indonesian Rupiah RM'000 | Papua New Guinea Kina RM'000 | Total RM'000 |
|---|---|---|---|
| **At 31 March 2018** | | | |
| Assets | | | |
| - Trade and other receivables | 29,141 | 29,299 | 58,440 |
| - Cash and cash equivalents | 31,809 | 18,643 | 50,452 |
| | 60,950 | 47,942 | 108,892 |
| Liabilities | | | |
| - Trade and other payables | 13,948 | 4,888 | 18,836 |
| **At 31 March 2017** | | | |
| Assets | | | |
| - Trade and other receivables | 27,812 | 32,662 | 60,474 |
| - Cash and cash equivalents | 51,797 | 11,709 | 63,506 |
| | 79,609 | 44,371 | 123,980 |
| Liabilities | | | |
| - Trade and other payables | 11,761 | 8,698 | 20,459 |

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

### (c) Foreign currency risk (cont'd.)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the Indonesian Rupiah ("IDR") and Papua New Guinea Kina ("PNGK") 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 RM'000 | Effect on profit net of tax RM'000 |
| IDR - strengthen 5% (2017: 5%) | 1,786 | 2,578 |
| IDR - weaken 5% (2017: 5%) | (1,786) | (2,578) |
| PNGK - strengthen 12% (2017:7%) | 3,927 | 1,898 |
| PNGK - weaken 12% (2017:7%) | (3,927) | (1,898) |

### (d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty except with the government agencies as disclosed in Note 20. The Group does not have any major concentration of credit risk related to any financial instruments.

## 40. 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 businesses and maximise shareholders' 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 is 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.

## 41. SUBSIDIARIES AND ACTIVITIES

Set out below is a list of the subsidiaries of the Company as at 31 March 2018, all of which are incorporated in Malaysia, unless otherwise indicated:

| Name of company | Proportion of ownership interest 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| **Manufacturing** | | | |
| Security Printers (M) Sdn. Bhd. (34025-W) | 60.02 | 60.02 | Trading of security and confidential documents |
| Percetakan Keselamatan Nasional Sdn. Bhd. (166151-T) | 60.02 | 60.02 | Production of security and confidential documents |
| **Property investment** | | | |
| Fima Metal Box Holdings Sdn. Bhd. (70926-X) | 100.0 | 100.0 | Investment holding |
| Fima Corporation Berhad (21185-P) | 60.02 | 60.02 | Investment holding and property management |
| FCB Property Management Sdn. Bhd. (264746-K) | 60.02 | 60.02 | Property management |
| FCB Plantation Holdings Sdn. Bhd. (270659-U) | 60.02 | 60.02 | Investment holding |
| **Bulking** | | | |
| Fima Bulking Services Berhad (53110-X) | 100.0 | 100.0 | Providing bulk handling storage of liquid and semi-liquid products and investment holding |
| Fimachem Sdn. Bhd. (151893-X) | 100.0 | 100.0 | Providing bulk storage of liquid and semi-liquid hazardous products |
| Fima Liquid Bulking Sdn. Bhd. (182904-W) | 100.0 | 100.0 | Providing bulk storage of latex and palm oleo based products |
| Fima Palmbulk Services Sdn. Bhd. (61459-M) | 100.0 | 100.0 | Bulk handling of liquid and semi-liquid products |
| Fima Freight Forwarders Sdn. Bhd. (223850-P) | 100.0 | 100.0 | Provision of warehousing, transportation and forwarding services |
| Boustead Oil Bulking Sdn. Bhd. (81508-K) | 100.0 | 100.0 | Bulk handling of palm oil and edible oils |
| Fima Logistics Sdn. Bhd. (288891-A) | 100.0 | 100.0 | Inactive |

## 41. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

| Name of company | Proportion of ownership interest 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| **Biodiesel** | | | |
| Fima Biodiesel Sdn. Bhd. (715822-K) | 100.0 | 100.0 | Manufacturing of biodiesel and trading of its related products |
| **Plantation** | | | |
| Pineapple Cannery of Malaysia Sendirian Berhad (5367-U) | 100.0 | 100.0 | Pineapple and palm oil cultivation |
| PT Nunukan Jaya Lestari^ (NPWP 02.033.898.4-723.000) | 48.02 | 48.02 | Oil palm production and processing |
| Victoria Square Plantation Sdn. Bhd. (733298-K) | 80.0 | 80.0 | Investment holding |
| Amgreen Gain Sdn. Bhd. (655236-V) | 52.0 | 52.0 | Oil palm plantation |
| Ladang Fima Sdn. Bhd. (12652-H) | 100.0 | 100.0 | Inactive |
| Fima-TLP Feedlot Sdn. Bhd. (31385-U) | 85.0 | 85.0 | Inactive |
| Cendana Laksana Sdn. Bhd. (1024167-W) | 60.02 | 60.02 | Oil palm plantation |
| Gabungan Warisan Sdn. Bhd. (327836-P) | 60.02 | 60.02 | Oil palm plantation |
| Next Oasis Sdn. Bhd. (1109497-D) | 60.02 | 53.42 | Investment holding |
| Taka Worldwide Trading Sdn. Bhd. (714855-P) | 60.02 | 53.42 | Oil palm plantation |
| Etika Gangsa Sdn. Bhd. (754947-D) | 60.02 | 53.42 | Oil palm plantation |
| R.N.E. Plantation Sdn. Bhd. (1067900-V) | 42.01 | 42.01 | Oil palm plantation |
| FCB Eastern Plantations Sdn. Bhd. (formerly known as Java Plantations Sdn. Bhd.)* (210695-H) | 60.02 | - | Investment holding |
| Ladang Bunga Tanjong Sdn. Bhd.* (389827-K) | 48.02 | - | Oil palm plantation |

## 41. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

| Name of company | Proportion of ownership interest 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| **Food** | | | |
| International Food Corporation Limited (C.1-19260) + | 95.6 | 95.6 | Fish processing, canning and distribution |
| Fima Instanco Sdn. Bhd. (19196-T) | 100.0 | 100.0 | Packaging of food products |
| Fima-Mr. Juicy Sdn. Bhd. (22947-D) | 100.0 | 100.0 | Inactive |
| IFC Marketing and Distribution Limited (C.1-19261) + | 95.6 | 95.6 | Inactive |
| **Others** | | | |
| Malaysian Transnational Trading (MATTRA) Corporation Berhad (84962-V) | 100.0 | 100.0 | Inactive |
| Mattra Premier Sdn. Bhd. (288892-P) | 100.0 | 100.0 | Inactive |
| KF Commodities Sdn.Bhd. (240960-H) | 100.0 | 100.0 | Inactive |
| Fima Overseas Holdings Sdn. Bhd. (36334-P) | 100.0 | 100.0 | Investment holding |
| Endell Pte. Ltd. (199206825E) #* | 80.0 | 80.0 | Investment holding |
| Fima Fraser's Hill Sdn. Bhd. (26087-U) | 60.0 | 60.0 | Inactive |

# Incorporated in Singapore.
+ Incorporated in Papua New Guinea, audited by member firms of Ernst & Young Global in Papua New Guinea.
^ Incorporated in Indonesia, audited by member firms of Ernst & Young Global in Indonesia.
* Audited by firms of chartered accountants other than Hanafiah Raslan & Mohamad.

## 42. ASSOCIATES AND ACTIVITIES

Details of associates are as follows:

| Name of company | Proportion of ownership interest 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| Marushin Canneries (Malaysia) Sdn. Bhd. (162963-U)* | 38.0 | 38.0 | Manufacturer and sale of canned fish |
| *Held through subsidiary:* | | | |
| Giesecke & Devrient Malaysia Sdn. Bhd. (573030-M)* | 20.0 | 20.0 | Printing and production of bank notes |

* Associates audited by firms of chartered accountants other than Hanafiah Raslan & Mohamad.

## 43. MATERIAL LITIGATION

### (i) Hak Guna Usaha No. 01/Nunukan Barat

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

The Ministerial Order was 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 by PTNJL to annul the Ministerial Order. On 21 June 2017, PTNJL had filed an application to the Court of Appeal to appeal against the decision of the State Administrative Court and has 14 days from the date of the decision to file its statement of appeal.

## 43. MATERIAL LITIGATION (CONT'D.)

### (i) Hak Guna Usaha No. 01/Nunukan Barat (cont'd.)

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 in prior year, resulting in gross impairment losses totalling RM44,735,000.

## 44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **KUMPULAN FIMA BERHAD** | | | | | | | | |
| 1 | HS(D) 1396, PTD 257 Mukim Ulu Sg. Sedili Besar Daerah Kota Tinggi Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Leasehold expiring 17/02/2077 | 1,010.27 | N/A | 23,678,937 | N/A |
| 2 | HS(D) 1397, PTD 258 Mukim Ulu Sg. Sedili Besar Daerah Kota Tinggi Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Leasehold expiring 17/02/2077 | 47.88 | N/A | 1,122,222 | N/A |
| 3 | HS(D) 1398, PTD 331 Mukim Kota Tinggi Daerah Kota Tinggi Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Leasehold expiring 17/02/2077 | 18.82 | N/A | 441,107 | N/A |
| 4 | GRN 497074 Lot 8022 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Freehold | 5.91 | N/A | 54,342 | N/A |
| 5 | GRN 346599 Lot 8024 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Pineapple Plantation | 23/03/2015 | Freehold | 496.42 | N/A | 4,564,544 | N/A |
| 6 | HS(D) 2428, PTD 5871 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Freehold | 136.00 | N/A | 1,250,510 | N/A |
| 7 | HS(D) 2429, PTD 5228 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Freehold | 172.00 | N/A | 1,581,527 | N/A |
| 8 | GRN 346581 Lot 8026 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Pineapple Plantation | 23/03/2015 | Freehold | 217.57 | N/A | 2,000,540 | N/A |

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **KUMPULAN FIMA BERHAD (CONT'D.)** | | | | | | | | |
| 9 | GRN 497075 Lot 8021 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Oil Palm Plantation | 23/03/2015 | Freehold | 320.98 | N/A | 2,951,387 | N/A |
| 10 | GRN 346571, Lot 8025 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Agriculture / Pineapple Plantation | 23/03/2015 | Freehold | 382.51 | N/A | 3,517,150 | N/A |
| 11 | PJ Trade Centre (3 units) Menara Bata No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor | Office Units | 23/03/2015 | Leasehold | N/A | 8,852 | 3,095,944 | 9 |
| | **Sub Total** | | | | **2,808.36** | **8,852** | **44,258,210** | |
| **AMGREEN GAIN SDN BHD** | | | | | | | | |
| 1 | Lot No. 1, Block 10 Puyut Land District Sg Karap and Sg Kulak, Baram Miri, Sarawak | Mixed Zone Land / Oil Palm Plantation | 23/03/2015 | Lease of State Land 60 years expiring 12/08/2069 | 12,080.47 | 25,244 | 48,933,780 | N/A |
| | **Sub Total** | | | | **12,080.47** | **25,244** | **48,933,780** | |

# PROPERTIES OF THE GROUP
AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **FIMA CORPORATION BERHAD** | | | | | | | | |
| 1 | H.S.(D) 13531, PTD 4656 Mukim Jeram Batu, Daerah Pontian Johor Darul Takzim | Industrial Land / Factory & Office Buildings | 23/03/2015 | Freehold | 2.71 | 66,608 | 808,401 | 50 |
| 2 | Lot 1176 Mukim Pasir Panjang Port Dickson Negeri Sembilan Darul Khusus | Bungalow | 23/03/2015 | Freehold | 0.82 | 3,114 | 1,656,264 | 69 |
| 3 | Lot 52068, GRN 50064 Mukim of Kuala Lumpur Wilayah Persekutuan | Office Building | 23/03/2015 | Freehold | 1.45 | 270,372 | 48,632,938 | 20 |
| | **Sub Total** | | | | **4.98** | **340,094** | **51,097,603** | |
| **CENDANA LAKSANA SDN BHD** | | | | | | | | |
| 1 | H.S.(D) 398, PT 757 P Mukim Tebak, Daerah Kemaman Terengganu | Oil Palm Plantation | | Leasehold expiring 08/08/2039 | 999.98 | N/A | 13,768,373 | N/A |
| 2 | PN 7602, Lot 2925 Mukim Tebak, Daerah Kemaman Terengganu | Oil Palm Plantation | | Leasehold expiring 08/02/2048 | 940.71 | N/A | 12,952,306 | N/A |
| | **Sub Total** | | | | **1,940.69** | **-** | **26,720,679** | |

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **GABUNGAN WARISAN SDN BHD** | | | | | | | | |
| 1 | H.S.(D) 9350, PT 4718 Mukim Kuala Stong Jajahan Kuala Krai Kelantan | Oil Palm Plantation | | Leasehold expiring 22/07/2112 | 617.26 | N/A | 6,233,331 | N/A |
| | **Sub Total** | | | | **617.26** | **-** | **6,233,331** | |
| **TAKA WORLDWIDE TRADING SDN BHD** | | | | | | | | |
| 1 | H.S. (D) 2345, PT 6943 Mukim Relai, Jajahan Gua Musang Kelantan | Oil Palm Plantation | | Leasehold expiring 05/03/2107 | 499.98 | N/A | 3,945,856 | N/A |
| | **Sub Total** | | | | **499.98** | **-** | **3,945,856** | |
| **ETIKA GANGSA SDN BHD** | | | | | | | | |
| 1 | H.S. (D) 2346, PT 6944 Mukim Relai, Jajahan Gua Musang Kelantan | Oil Palm Plantation | | Leasehold expiring 05/03/2107 | 499.98 | N/A | 3,945,856 | N/A |
| | **Sub Total** | | | | **499.98** | **-** | **3,945,856** | |
| **PERCETAKAN KESELAMATAN NASIONAL SDN BHD** | | | | | | | | |
| 1 | Lot 27306, Section 13 Mukim Kajang Daerah Hulu Langat Selangor | Industrial Land / Building | | Leasehold expiring 29/09/2086 | 8.30 | 250,560 | 11,228,979 | 31 |
| | **Sub Total** | | | | **8.30** | **250,560** | **11,228,979** | |

# PROPERTIES OF THE GROUP
AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **R.N.E. PLANTATION SDN BHD** | | | | | | | | |
| 1 | PT 14352<br>H.S(D) 16214<br>Mukim Sungai Siput<br>District of Kuala Kangsar<br>Perak | Agriculture | | Leasehold expiring 03/08/2075 | 4,942.00 | N/A | 22,255,767 | N/A |
| | **Sub Total** | | | | **4,942.00** | **-** | **22,255,767** | |
| **LADANG BUNGA TANJONG SDN BHD** | | | | | | | | |
| 1 | GRN 36415<br>Lot 2429<br>Mukim Lubok Bungor<br>Jajahan Jeli<br>Kelantan | Agriculture | | Leasehold expiring 28/09/2069 | 3,288.90 | N/A | 26,400,000 | N/A |
| | **Sub Total** | | | | **3,288.90** | **-** | **26,400,000** | |
| **PT NUNUKAN JAYA LESTARI** | | | | | | | | |
| 1 | Hak Guna Usaha (HGU) No. 1 and<br>Hak Guna Bangunan (HGB) No.50<br>Kelurahan Nunukan Barat Kabupaten &<br>Kecamatan Nunukan<br>Propinsi Kalimantan Timur<br>Indonesia | Agriculture / oil palm plantation and palm oil mill | 09/04/2007<br>31/12/2014 | Leasehold expiring: 12/05/2038 (HGU) 17/03/2035 (HGB) | 49,355.75<br>286.14 | N/A<br>112,735 | 10,742,912<br>440,508 | N/A<br>13 |
| | **Sub Total** | | | | **49,641.89** | **112,735** | **11,183,420** | |

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **PINEAPPLE CANNERY OF MALAYSIA SDN BHD** | | | | | | | | |
| 1 | H.S.(D) 62211, PTD 5525, Mukim Machap, Daerah Kluang Johor Darul Takzim | Agriculture / Pineapple | 23/03/2015 | Leasehold expiring 16/10/2038 | 209.89 | N/A | 872,792 | N/A |
| 2 | Lot 1790, GM 1721 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Rubber Plantation | 23/03/2015 | Freehold | 4.39 | N/A | 381,031 | N/A |
| 3 | Lot 4552, GM 280, Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Effluent Pond | 23/03/2015 | Freehold | 2.63 | N/A | 228,271 | N/A |
| 4 | Lot 4554, GM 278 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Effluent Pond | 23/03/2015 | Freehold | 2.40 | N/A | 208,308 | N/A |
| 5 | Lot 1681, GM 4287 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Dumping Ground | 23/03/2015 | Freehold | 2.43 | N/A | 250,000 | N/A |
| 6 | H.S.(D) 13531, PTD 4656 & H.S.(D) 13532, PTD 4657 (Lot 3767, 3768 & 3769) Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Industrial Land / Factory & Office Buildings / Residential / Single Storey House | 23/03/2015 | Freehold | 25.12 | 235,160 | 8,397,493 | 50 |
| 7 | Lot 3886, GN 96493 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Orchard | 23/03/2015 | Freehold | 10.00 | N/A | 2,646,736 | N/A |

# PROPERTIES OF THE GROUP
AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **PINEAPPLE CANNERY OF MALAYSIA SDN BHD (CONT'D.)** | | | | | | | | |
| 8 | Lot 3887, GN 96495 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Orchard | 23/03/2015 | Freehold | 10.00 | N/A | 2,646,736 | N/A |
| 9 | Lot 3890, GN 96497 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Orchard | 23/03/2015 | Freehold | 6.46 | N/A | 1,709,792 | N/A |
| 10 | Lot 3891, GN 96499 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture / Orchard | 23/03/2015 | Freehold | 10.00 | N/A | 2,646,736 | N/A |
| 11 | Lot 1789, GM 1720 Mukim Jeram Batu Daerah Pontian Johor Darul Takzim | Agriculture | 23/03/2015 | Freehold | 4.06 | N/A | 352,388 | 50 |
| 12 | Lot 180, GM 136 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Factory Building | 23/03/2015 | Freehold | 7.22 | 42,782 | 365,451 | 45 |
| 13 | Lot 181, GM 137 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Factory Building | 23/03/2015 | Freehold | 6.78 | 40,175 | 343,180 | 45 |
| 14 | Lot 182, H.S.(D) 1976 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Industrial Land / Single Storey Factory Building | 23/03/2015 | Leasehold expiring 1/3/79 | 1.59 | 9,422 | 30,008 | 45 |

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **PINEAPPLE CANNERY OF MALAYSIA SDN BHD (CONT'D.)** | | | | | | | | |
| 15 | Lot 183, GM 135 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Factory Building | 23/03/2015 | Freehold | 3.80 | 22,517 | 192,343 | 45 |
| 16 | Lot 184, GM 134 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Factory Building | 23/03/2015 | Freehold | 2.73 | 16,532 | 138,183 | 45 |
| 17 | Lot 185, GM 85 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture | 23/03/2015 | Freehold | 3.19 | N/A | 102,636 | N/A |
| 18 | Lot 560, GM 132 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Residential Buildings & One Hostel Block | 23/03/2015 | Freehold | 3.34 | 16,310 | 167,649 | 45 |
| 19 | Lot 561, GM 133 Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Two Single Storey Hostel Blocks | 23/03/2015 | Freehold | 2.16 | 4,800 | 108,420 | 45 |
| 20 | Lot 2945, GM 138, Mukim Api-Api Daerah Pontian Johor Darul Takzim | Agriculture / Single Storey Factory Building | 23/03/2015 | Freehold | 2.31 | 13,984 | 116,924 | 45 |

# PROPERTIES OF THE GROUP
AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **PINEAPPLE CANNERY OF MALAYSIA SDN BHD (CONT'D.)** | | | | | | | | |
| 21 | HS(D) 1396, PTD 257 & HS(D) 1397, PTD 258 Mukim Ulu Sg. Sedili Besar & Mukim Kota Tinggi Daerah Kota Tinggi Johor Darul Takzim | Office & Staff / Workers Quarters | 23/03/2015 | Land owned by KFima | N/A | 12,376 | 475,071 | 40 |
| 22 | GRN 346571, Lot 8025 Mukim Ayer Baloi Daerah Pontian Johor Darul Takzim | Office Building & Workers Quarters | 23/03/2015 | Land owned by KFima | N/A | 5,520 | 938,874 | 6 |
| | **Sub Total** | | | | **320.50** | **419,578** | **23,319,022** | |
| **BULKING GROUP OF COMPANIES** | | | | | | | | |
| 1 | Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan | Office Building | 23/03/2015 | Leasehold expiring 14/07/2022 | 12.41 | 38,438 | 390,000 | 36 |
| 2 | Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan | Office Building | 23/03/2015 | Leasehold expiring 14/07/2022 | 14.02 | 14,560 | - | 29 |
| 3 | Part of HS(D) 24616 PT 11689, Mukim Kapar Daerah Klang Selangor Darul Ehsan | Office Building | 23/03/2015 | Leasehold expiring 14/07/2022 | 3.80 | 15,752 | 3,597 | 26 |
| 4 | Plot 'A' H.S.(D) HBM.1 Town of Butterworth-Seksyen 4, Daerah Seberang Perai Utara Pulau Pinang | Office Building | 23/03/2015 | Leasehold expiring 30/06/2023 | 5.17 | 27,238 | - | 34 |
| | **Sub Total** | | | | **35.40** | **95,988** | **393,597** | |

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2018

| No. | Location | Description/ Existing use | Latest valuation/ acquisition date | Tenure expiry date | Land area (acre) | Built-up area (sq.ft) | NBV as at 31/03/2018 (RM) | Approximate age of buildings (years) |
|---|---|---|---|---|---|---|---|---|
| **INTERNATIONAL FOOD CORPORATION LIMITED** | | | | | | | | |
| 1 | Portion 361 Malahang, Lae Papua New Guinea | Industrial Land / Office Building, Amenities Building & 2 Factory Buildings | | State Lease expiring 19/10/2093 | 35.65 | 204,999 | 35,382,807 | 23 |
| | **Sub Total** | | | | **35.65** | **204,999** | **35,382,807** | |
| **FIMA FRASER'S HILL SDN BHD** | | | | | | | | |
| 1 | Lot 4509, PN 4503 Mukim Teras, Daerah Raub Pahang Darul Makmur | Agriculture | 23/03/2015 | Leasehold expiring 01/01/2036 | 130.17 | N/A | 1,076,720 | N/A |
| | **Sub Total** | | | | **130.17** | **-** | **1,076,720** | |
| | **GRAND TOTAL** | | | | **76,854.53** | **1,458,050** | **316,375,627** | |

# ANALYSIS OF SHAREHOLDINGS

AS AT 25 JUNE 2018

## THIRTY LARGEST SHAREHOLDERS

| No. | Name of Shareholder | No. of Shares | % of Total Shareholdings |
|---|---|---|---|
| 1. | BHR ENTERPRISE SDN BHD | 147,252,300 | 52.17 |
| 2. | SUBUR RAHMAT SDN BHD | 11,509,200 | 4.08 |
| 3. | HSBC NOMINEES (ASING) SDN BHD<br>KBL EURO PB FOR HALLEY SICAV - HALLEY ASIAN PROSPERITY | 10,243,300 | 3.63 |
| 4. | M & A NOMINEE (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SUBUR RAHMAT SDN BHD (M&A) | 7,500,000 | 2.66 |
| 5. | NEOH CHOO EE & COMPANY, SDN. BERHAD | 2,500,000 | 0.89 |
| 6. | LEONG KOK TAI | 2,223,100 | 0.79 |
| 7. | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND | 2,033,900 | 0.72 |
| 8. | CIMB GROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR DBS BANK LTD (SFS) | 1,837,700 | 0.65 |
| 9. | PM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAN KUANG (D) | 1,349,300 | 0.48 |
| 10. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR ROSLAN BIN HAMIR | 1,291,000 | 0.46 |
| 11. | TAN KIM KEE @ TAN KEE | 1,096,500 | 0.39 |
| 12. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LOW KHIAN BENG (003) | 966,300 | 0.34 |
| 13. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR K. B. LOH SDN BHD (23MG00001) | 926,500 | 0.33 |
| 14. | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA<br>INVESTMENT DIMENSIONS GROUP INC | 909,400 | 0.32 |
| 15. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>JINCAN SDN BHD | 900,000 | 0.32 |
| 16. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA | 885,300 | 0.31 |
| 17. | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES | 880,850 | 0.31 |
| 18. | AFFIN HWANG NOMINEES (ASING) SDN. BHD.<br>DBS VICKERS SECS (S) PTE LTD FOR ASIA HUMANISTIC CAPITAL INC | 850,000 | 0.30 |
| 19. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN | 800,000 | 0.28 |
| 20. | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN TIAN SANG<br>@ TAN TIAN SONG (E-PPG) | 775,100 | 0.27 |

# ANALYSIS OF SHAREHOLDINGS

AS AT 25 JUNE 2018

| No | Name of Shareholder | No. of Shares | % of Total Shareholdings |
|---|---|---|---|
| 21. | GAN CHUN HUI | 748,800 | 0.27 |
| 22. | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN | 725,900 | 0.26 |
| 23. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP | 690,100 | 0.24 |
| 24. | M & A NOMINEE (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR ZAILINI BINTI ZAINAL ABIDIN (M&A) | 680,000 | 0.24 |
| 25. | UOB KAY HIAN NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS) | 666,900 | 0.24 |
| 26. | HSBC NOMINEES (ASING) SDN BHD<br>JPMCB NA FOR STICHTING SHELL PENSIOENFONDS | 647,600 | 0.23 |
| 27. | LIM KHUAN ENG | 640,000 | 0.23 |
| 28. | PM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LOW KHIAN BENG (D) | 578,600 | 0.21 |
| 29. | HSBC NOMINEES (ASING) SDN BHD<br>JPMCB NA FOR SHELL CONTRIBUTORY PENSION FUND (SHELL-TRUSTEE) | 568,800 | 0.20 |
| 30. | KUMPULAN FIMA BERHAD<br>SHARE BUY BACK ACCOUNT | 532,300 | 0.19 |

## SUBSTANTIAL SHAREHOLDERS

| | | DIRECT HOLDINGS | | INDIRECT HOLDINGS | |
|---|---|---|---|---|---|
| No. | Name | No. of Shares | % of Shareholdings | No. of Shares | % of Shareholdings |
| 1. | BHR ENTERPRISE SDN BHD | 147,252,300 | 52.17 | 64,755,300 [(a)] | 22.94 |
| 2. | SUBUR RAHMAT SDN BHD | 11,509,200 | 4.08 | 7,164,500 [(b)] | 2.54 |

Notes:

(a) Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir's direct and indirect shareholdings, respectively, in Kumpulan Fima Berhad ("KFima" or "Company"). Deemed interested by virtue of their shareholdings in BHR Enterprise Sdn Bhd ("BHR") of more than 20%. Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.

(b) Subur Rahmat Sdn Bhd's ("SRSB") indirect shareholdings in the Company are held under M&A Nominee (Tempatan) Sdn Bhd, Ahmad Riza bin Basir, Zailini binti Zainal Abidin (the wife of Ahmad Riza bin Basir) and their children. Ahmad Riza bin Basir and his wife are deemed interested by virtue of their interest in SRSB pursuant to Section 8 of the Companies Act, 2016.

# 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 | 225 | 2.76 | 2,767 | 0.00 |
| 100 - 1,000 | 3,069 | 37.65 | 2,874,904 | 1.02 |
| 1,001 - 10,000 | 3,734 | 45.81 | 16,482,454 | 5.84 |
| 10,001 - 100,000 | 952 | 11.68 | 29,350,300 | 10.40 |
| 100,001 to less than 5% of issued shares | 171 | 2.10 | 86,268,875 | 30.57 |
| 5% and above of issued shares | 1 | 0.00 | 147,252,300 | 52.17 |
| **TOTAL** | **8,152** | **100.00** | **282,231,600** | **100.00** |

## CLASSIFICATION OF SHAREHOLDERS

| Category | No. of Shareholders | % of Holders | Shareholdings | % of Shareholdings |
|---|---|---|---|---|
| 1. Government Agencies | 0 | 0.00 | 0 | 0.00 |
| 2. Bumiputra | | | | |
| a. Individuals | 938 | 11.51 | 6,846,400 | 2.43 |
| b. Companies | 30 | 0.37 | 159,565,800 | 56.54 |
| c. Nominees Company | 426 | 5.23 | 12,922,900 | 4.58 |
| 3. Non-Bumiputra | | | | |
| a. Individuals | 6,154 | 75.49 | 50,775,746 | 17.99 |
| b. Companies | 85 | 1.04 | 7,165,900 | 2.53 |
| c. Nominees Company | 358 | 4.39 | 18,907,010 | 6.70 |
| **MALAYSIAN TOTAL** | **7,991** | **98.03** | **256,183,756** | **90.77** |
| 4. Foreign | | | | |
| a. Individuals | 76 | 0.93 | 1,365,244 | 0.48 |
| b. Companies | 2 | 0.02 | 5,000 | 0.00 |
| c. Nominees Company | 83 | 1.02 | 24,677,600 | 8.75 |
| **FOREIGN TOTAL** | **161** | **1.97** | **26,047,844** | **9.23** |
| **GRAND TOTAL** | **8,152** | **100.00** | **282,231,600** | **100.00** |

# ANALYSIS OF SHAREHOLDINGS

AS AT 25 JUNE 2018

**DIRECTORS' SHAREHOLDINGS**

| | | DIRECT HOLDINGS | | INDIRECT HOLDINGS | |
|---|---|---|---|---|---|
| No. | Size of Holdings | No. of Holders | % of Holders | No. of Shares | % of Shareholdings |
| 1. | DATO' ROSLAN BIN HAMIR | 320,000 | 0.11 | 1,291,000 [a] | 0.46 |
| 2. | AZIZAN BIN MOHD NOOR | - | - | - | - |
| 3. | ROZANA ZETI BINTI BASIR | 250,000 | 0.09 | 168,613,400 [b] | 59.74 |
| 4. | DATO' ROSMAN BIN ABDULLAH | 200,000 | 0.07 | - | - |
| 5. | ROZILAWATI BINTI HAJI BASIR | 200,000 | 0.07 | 168,663,400 [c] | 59.76 |

**Notes:**

(a) 1,291,000 shares are held under Maybank Nominees (Tempatan) Sdn. Bhd.

(b) Deemed interested by virtue of her shareholding in BHR of more than 20% and the direct and indirect shareholdings of her family members namely, Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozilawati binti Haji Basir and Ahmad Riza bin Basir, respectively, in the Company.

(c) Deemed interested by virtue of her indirect interest of 61,000 shares in the Company which is held under M&A Nominees (Tempatan) Sdn Bhd and the direct and indirects shareholdings of her family members namely, Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir, respectively, in the Company.

# 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

### BULKING DIVISION

Website: www.fimabulking.com

1. Fima Bulking Services Berhad (53110-X)
   Jalan Parang
   2nd Extension, North Port
   42000 Pelabuhan Klang, Selangor
   Telephone : +603-3176 7211
   Facsimile : +603-3176 5641

2. Fimachem Sdn. Bhd. (151893-X)
   Lot 6579, Jalan Parang
   2nd Extension, North Port
   42000 Pelabuhan Klang, Selangor
   Telephone : +603-3176 6514
   Facsimile : +603-3176 6799

3. Fima Liquid Bulking Sdn. Bhd. (182904-W)
   Lot 11689, Jalan Siakap
   2nd Extension, North Port
   42000 Pelabuhan Klang, Selangor
   Telephone : +603-3176 7561
   Facsimile : +603-3176 6739

4. Fima Freight Forwarders Sdn. Bhd. (223850-P)
   Lot 6579, Jalan Parang
   2nd Extension, North Port
   42000 Pelabuhan Klang, Selangor
   Telephone : +603-3176 2681
   Facsimile : +603-3176 2679

5. Fima Palmbulk Services Sdn. Bhd. (61459-M)
   PPSB Deep Water Wharves
   P.O. Box 243
   12720 Butterworth, Pulau Pinang
   Telephone : +604-332 7019
   Facsimile : +604-331 1685

6. Boustead Oil Bulking Sdn. Bhd. (81508-K)
   PPSB Deep Water Wharves
   P.O. Box 243
   12720 Butterworth, Pulau Pinang
   Telephone : +604-332 7019
   Facsimile : +604-331 1685

### PLANTATION DIVISION

1. Pineapple Cannery of Malaysia Sendirian Berhad (5367-U)

   Ladang Kota Tinggi
   Batu 6, Jalan Mawai
   81900 Kota Tinggi, Johor
   Telephone : +607-891 0054
   Facsimile : +607-891 0054

   Ladang Ayer Baloi
   Jalan Parit Panjang
   82100 Ayer Baloi
   Pontian, Johor.
   Telephone : +607-679 2180
   Facsimile : +607-679 2180

   Ladang Ayer Hitam
   Lot 49, Batu 8
   Jalan Felda Ayer Hitam
   86000 Kluang, Johor

# DIRECTORY OF GROUP OPERATION

2. Victoria Square Plantation Sdn. Bhd. (733298-K)
Lot 1, Block 10 Puyut Land District
Miri, Sarawak
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

3. Amgreen Gain Sdn. Bhd. (655236-V)
Lot 1, Block 10 Puyut Land District
Miri, Sarawak
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. 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

5. Cendana Laksana Sdn. Bhd. (1024167-W)
Ladang Cendana
Batu 40, Jerangau-Jabor Highway
Air Putih, 24050 Kemaman
Terengganu Darul Iman
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

6. 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

7. 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

8. 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

# DIRECTORY OF GROUP OPERATION

9. 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

10. 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

11. 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

12. 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

**FOOD DIVISION**

1. International Food Corporation Limited (C.1-19260)
   Portion 361, Busu Road
   Malahang, P.O. Box 1334
   Lae, Papua New Guinea
   Telephone : 00 675 4720 655
   Facsimile : 00 675 4720 607

2. Fima Instanco Sdn. Bhd. (19196-T)
   1st Floor, Main Building
   Lot 6, Jalan P/1A
   Seksyen 13
   43650 Bandar Baru Bangi
   Selangor Darul Ehsan
   Telephone : +603-8927 5650
   Facsimile : +603-8927 5654

# DIRECTORY OF GROUP OPERATION

## 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 : +603-2094 5996

## ASSOCIATE COMPANIES

1. Marushin Canneries (Malaysia) Sdn. Bhd. (162963-U)
   PLO 213, Jalan Timah Satu
   Pasir Gudang Industrial Estate
   81700 Johor Bahru, Johor
   Telephone : +607-251 4802
   Facsimile : +607-251 4798

2. 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 2820

# PROXY FORM

KUMPULAN FIMA BERHAD
(11817-V)

I/We ________________________________ NRIC/Company No: ________________
*(Full Name in Capital Letters)*

of ________________________________________________
*(Full Address)*

being a Member of **KUMPULAN FIMA BERHAD** ("the Company"), do hereby appoint ________________________________
*(Full Name in Capital Letters)*

NRIC/ Company No: ________________ 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-Sixth (46th) 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 3.00 p.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 9.0 sen under the single-tier system in respect of the financial year ended 31 March 2018.<br>**- Ordinary Resolution 1** | | |
| 2. | To re-elect Dato' Rosman bin Abdullah pursuant to Article 114 of the Company's Constitution.<br>**- Ordinary Resolution 2** | | |
| 3. | To re-elect Puan Rozana Zeti binti Basir pursuant to Article 114 of the Company's Constitution.<br>**- Ordinary Resolution 3** | | |
| 4. | To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year.<br>**- 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.<br>**- 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.<br>**- Ordinary Resolution 6** | | |
| 7. | To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration.<br>**- Ordinary Resolution 7** | | |
| | **AS SPECIAL BUSINESS** | | |
| 8. | Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.<br>**- Ordinary Resolution 8** | | |
| 9. | Proposed renewal of the authority for shares buy-back.<br>**- Ordinary Resolution 9** | | |
| 10. | Proposed retention of Encik Azizan bin Mohd Noor as Independent Non-Executive Director.<br>**- Ordinary Resolution 10** | | |
| 11. | Proposed retention of Dato' Rosman bin Abdullah as Independent Non-Executive Director.<br>**- Ordinary Resolution 11** | | |
| 12. | Proposed adoption of a new Constitution of the Company in place of the existing Memorandum & Articles of Association.<br>**- Special Resolution 12** | | |

* *Strike out whichever not applicable.*

| No. of Shares held |
|---|
| |

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

| CDS Account No. |
|---|
| |

Dated this ________________ day of ________________ 2018

**Note:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may not be a Member of the Company and a Member may appoint more than two (2) proxies by specifying the proportion of his shareholding to be represented by each proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy must be completed and deposited at the registered office of the Company not less than forty-eight (48) 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 46th AGM will be conducted on a poll. The Company will appoint independent scrutineers to verify the results of the poll.

Fold here

KUMPULAN FIMA BERHAD
(11817-V)

**AFFIX STAMP**

The Company Secretaries

**KUMPULAN FIMA BERHAD**

(Company No.: 11817-V)

Suite 4.1, Level 4, Block C
Plaza Damansara
No.45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur

Fold here

**www.fima.com.my**

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 5923 **Email:** info@fima.com.my