



FIMA CORPORATION BERHAD (197401004110) (21185-P)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the First Quarter Ended 30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current Quarter		3 Months Cumulative	
		Current Year Quarter 30/06/20	Preceding Year Corresponding Quarter 30/06/19	Current Year To Date 30/06/20	Preceding Year Corresponding Period 30/06/19
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	45,869	55,870	45,869	55,870
Cost of sales		(27,656)	(38,265)	(27,656)	(38,265)
Gross profit		18,213	17,605	18,213	17,605
Interest income		1,278	1,640	1,278	1,640
Other income		546	173	546	173
Administrative expenses		(6,985)	(7,530)	(6,985)	(7,530)
Selling and marketing expenses		(772)	(773)	(772)	(773)
Other operating expenses		(7,050)	(5,741)	(7,050)	(5,741)
Finance costs		(86)	(95)	(86)	(95)
Share of results from associate		52	525	52	525
Profit before tax	A9/A10	5,196	5,804	5,196	5,804
Income tax expense	B5	(2,111)	(1,278)	(2,111)	(1,278)
Profit net of tax		3,085	4,526	3,085	4,526
Other comprehensive income, net of tax					
Foreign currency translation gain		11,310	1,980	11,310	1,980
Total comprehensive income for the period		14,395	6,506	14,395	6,506
Profit attributable to:					
Equity holders of the Company		2,885	4,118	2,885	4,118
Non-controlling interests		200	408	200	408
Profit for the period		3,085	4,526	3,085	4,526
Total comprehensive income attributable to:					
Equity holders of the Company		11,925	5,702	11,925	5,702
Non-controlling interests		2,470	804	2,470	804
Total comprehensive income for the period		14,395	6,506	14,395	6,506
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B9	1.21	1.72	1.21	1.72

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	As at 30/06/20	As at 31/03/20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	81,191	81,530
Investment properties	57,280	57,656
Right-of-use assets	97,801	98,065
Goodwill on consolidation	510	510
Investment in associate	33,289	33,237
Deferred tax assets	5,084	5,856
	275,155	276,854
Current assets		
Biological assets	3,788	3,347
Inventories	41,738	41,745
Trade and other receivables	125,675	131,542
Due from related companies	2,218	2,606
Short term cash investments	163,892	127,030
Cash and bank balances	35,259	47,551
	372,570	353,821
TOTAL ASSETS	647,725	630,675
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(7,990)	(7,631)
Other reserves	(734)	(9,774)
Retained earnings	444,871	441,986
	558,809	547,243
Non-controlling interests	21,217	18,747
Total equity	580,026	565,990
Non-current liabilities		
Retirement benefit obligations	2,286	2,073
Lease liabilities	13,526	14,235
Deferred tax liabilities	4,570	4,570
	20,382	20,878
Current liabilities		
Trade and other payables	34,468	29,852
Provisions	7,641	8,078
Tax payable	2,459	1,844
Due to related companies	796	1,627
Lease liabilities	1,953	2,406
	47,317	43,807
Total liabilities	67,699	64,685
TOTAL EQUITY AND LIABILITIES	647,725	630,675
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.34	2.28

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

	<----- Attributable to Equity Holders of the Company ----->			<-----Non-Distributable----->		Distributable			
	Share capital	Treasury shares	Other reserves	Foreign translation reserve	Equity contribution from parent	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	122,662	(6,156)	(3,067)	(7,317)	4,250	460,336	573,775	23,383	597,158
Total comprehensive income for the period	-	-	1,584	1,584	-	4,118	5,702	804	6,506
Transaction with equity holders									
Acquisition of treasury shares, representing total transaction with equity holders	-	(218)	-	-	-	-	(218)	-	(218)
At 30 June 2019	122,662	(6,374)	(1,483)	(5,733)	4,250	464,454	579,259	24,187	603,446
At 1 April 2020	122,662	(7,631)	(9,774)	(14,024)	4,250	441,986	547,243	18,747	565,990
Total comprehensive income for the period	-	-	9,040	9,040	-	2,885	11,925	2,470	14,395
Transaction with equity holders									
Acquisition of treasury shares, representing total transaction with equity holders	-	(359)	-	-	-	-	(359)	-	(359)
At 30 June 2020	122,662	(7,990)	(734)	(4,984)	4,250	444,871	558,809	21,217	580,026

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

	3 months ended	
	30/06/20	30/06/19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,196	5,804
Adjustments for:		
Depreciation for property, plant and equipment	4,525	2,947
Depreciation of investment properties	376	376
Depreciation of right-of-use assets	264	509
Impairment loss on trade and other receivables	100	-
Write back of impairment loss on trade and other receivables	(454)	-
Fair value changes on biological assets	(441)	(20)
Inventories written (back)/down	(122)	1,064
Net provision for retirement benefit obligations	213	10
Net reversal of provision for warranty	(437)	(504)
Gain on disposal of property, plant and equipment	(13)	(56)
Share of results of associate	(52)	(525)
Interest expense	86	95
Interest income	(1,278)	(1,640)
Operating profit before working capital changes	7,963	8,060
Decrease/(increase) in trade and other receivables	10,572	(126)
Decrease/(increase) in inventories	1,574	(225)
Decrease in related companies balances	(443)	(378)
Increase/(decrease) in trade and other payables	3,723	(7,390)
Cash generated from operations	23,389	(59)
Taxes paid	(724)	(1,778)
Net cash generated from/(used in) operating activities	<u>22,665</u>	<u>(1,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,186)	(6,257)
Proceeds from disposal of property, plant and equipment	13	95
Interest income received	1,278	1,640
Net investment in short term cash investments	(36,862)	(9,621)
Net cash generated used in investing activities	<u>(37,757)</u>	<u>(14,143)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease obligations	(1,248)	(749)
Acquisition of treasury shares	(359)	(218)
Net cash used in financing activities	<u>(1,607)</u>	<u>(967)</u>
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(16,699)	(16,947)
Effect of exchange rate changes in cash and cash equivalents	4,407	1,272
Cash and cash equivalents balances at beginning of the period	47,551	57,855
Cash and cash equivalents at end of period	<u>35,259</u>	<u>42,180</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	22,809	20,087
Deposits with licensed banks	12,450	22,093
Cash and cash equivalents	<u>35,259</u>	<u>42,180</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

PART A - Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2020.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the statutory financial statements for the financial year ended 31 March 2020 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Interpretations.

(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation

On 1 April 2020, the Group adopted the following new and amended MFRSs and IC Interpretation:

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101: Definition of Material
- Amendments to MFRS 108: Definition of Material

The adoption of the above standards and interpretation did not have a significant impact on the financial statements in the period of initial application.

(b) Standards and Interpretations issued but not yet effective

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

	Effective for annual period beginning on or after
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS 2018 - 2020	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A3. Auditors' report on preceding annual financial statements

The financial statements of the Group for the financial year ended 31 March 2020 were not subject to any audit qualification.

A4. Seasonality or cyclicity of the interim operations

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

A5. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence other than as disclosed in Note B7(2).

A6. Changes in estimates

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

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

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

During the current quarter, the Company repurchased 260,200 of its issued ordinary shares from the open market at an average price of RM1.37. The total transaction paid for the repurchase including transaction costs was RM358,872. Of the total 245,324,330 issued ordinary shares, 6,330,500 shares are held as treasury shares by the Company.

A8. Dividends paid

There were no dividend paid in the current quarter (preceding year corresponding period: nil).

A9. Segmental information**(a) Segmental revenue and results for business segments**

	Quarter ended		3 months cumulative	
	30/06/20	30/06/19	30/06/20	30/06/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	21,322	30,179	21,322	30,179
Oil palm production and processing	23,437	24,257	23,437	24,257
Property management	1,655	1,956	1,655	1,956
	46,414	56,392	46,414	56,392
Eliminations	(545)	(522)	(545)	(522)
	45,869	55,870	45,869	55,870

A9. Segmental information (cont'd.)

(a) Segmental revenue and results for business segments (cont'd.)

	Quarter ended		3 months cumulative	
	30/06/20	30/06/19	30/06/20	30/06/19
	RM'000	RM'000	RM'000	RM'000
Profit before tax				
Production and trading of security and confidential documents	2,937	4,440	2,937	4,440
Oil palm production and processing	2,518	1,217	2,518	1,217
Property management	300	469	300	469
Others	(611)	(847)	(611)	(847)
	5,144	5,279	5,144	5,279
Share of results of associate	52	525	52	525
	5,196	5,804	5,196	5,804

(b) Geographical segments

	Quarter ended		3 months cumulative	
	30/06/20	30/06/19	30/06/20	30/06/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	24,883	32,722	24,883	32,722
Indonesia	21,531	23,670	21,531	23,670
	46,414	56,392	46,414	56,392
Eliminations	(545)	(522)	(545)	(522)
	45,869	55,870	45,869	55,870
Profit before tax				
Malaysia	1,947	3,276	1,947	3,276
Indonesia	3,249	2,528	3,249	2,528
	5,196	5,804	5,196	5,804

	Quarter ended/3 months cumulative			
	30/06/20		30/06/19	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Malaysia	712,126	71,287	725,570	88,042
Indonesia	110,357	16,155	104,037	16,604
	822,483	87,442	829,607	104,646
Eliminations	(174,758)	(19,743)	(149,253)	(20,478)
Group	647,725	67,699	680,354	84,168

A10. Profit before tax

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

	Quarter ended		3 months cumulative	
	30/06/20	30/06/19	30/06/20	30/06/19
	RM'000	RM'000	RM'000	RM'000
Other income				
Gain on disposal of property, plant and equipment	13	56	13	56
Others	533	117	533	117
Operating expenses				
Depreciation	5,165	3,832	5,165	3,832
Foreign exchange loss/(gain)	2,936	(151)	2,936	(151)
Impairment loss on trade and other receivables	100	-	100	-
Write back of impairment loss on trade and other receivables	(454)	-	(454)	-
Fair value changes on biological assets	(441)	(20)	(441)	(20)
Inventories written (back)/down	(122)	1,064	(122)	1,064
Net provision for retirement benefit obligations	213	10	213	10
Net reversal of provision for warranty	(437)	(504)	(437)	(504)

A11. Subsequent events

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

A12. Changes in the composition of the Group

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

A13. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 March 2020 other than as disclosed in Note B7.

A14. Capital commitments

	As at
	30/06/20
	RM'000
Property, plant and equipment:	
Approved and contracted for	2,728

A15. Acquisition of property, plant and equipment

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

	Current year to date 30/06/20
	RM'000
Plant and machinery	47
Equipment, furniture and fittings and motor vehicles	370
Bearer plants and infrastructure	1,535
Work in progress	234
	2,186

A16. Related party transactions

	Current year to date 30/06/20
	RM'000
Ultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	213
Management fees payable	247
Service receivable	21
Fellow Subsidiary	
Fima Instanco Sdn Bhd	
Rental income receivable	45
Service receivable	63
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	22
Related by virtue of director/(s) of the Company and/or Group having substantial interest	
TD Technologies Sdn. Bhd.	
Service payable	26
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	1,741

A17. Inventories

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

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

B1. Review of performance

	Year to date		Variance	
	30/06/20	30/06/19		
	RM'000	RM'000	RM'000	%
Group				
Revenue	45,869	55,870	(10,001)	(17.9)
Profit before tax	5,196	5,804	(608)	(10.5)
Profit after tax	3,085	4,526	(1,441)	(31.8)
Profit attributable to equity holders of the Company	2,885	4,118	(1,233)	(29.9)

The Group recorded lower revenue by RM10.0 million primarily due to lower revenue contribution from all divisions. In line with decreased in revenue coupled with foreign exchange loss of RM2.9 million, the Group profit before tax for the first quarter declined from RM5.8 million last year to RM5.2 million this year.

The performances of each business divisions are as follows:

	Year to date		Variance	
	30/06/20	30/06/19		
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	21,322	30,179	(8,857)	(29.3)
Profit before tax	2,937	4,440	(1,503)	(33.9)

Revenue from this segment was 29.3% or RM8.9 million lower as compared to corresponding period last year, primarily due to decrease in sales volume for most documents during the Movement Control Order.

	Year to date		Variance	
	30/06/20	30/06/19		
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	23,437	24,257	(820)	(3.4)
Profit before tax	2,518	1,217	1,301	106.9

Below are the key operating statistics for the segment:

	Year to date		Variance	
	30/06/20	30/06/19		
				%
Indonesia				
Fresh fruit bunch (FFB) produced (mt)	40,708	34,330	6,378	18.6
Crude palm oil (CPO) produced (mt)	11,056	10,249	807	7.9
Sales quantity (mt)				
- CPO	8,299	12,037	(3,738)	(31.1)
- Crude palm kernel oil (CPKO)	735	-	735	100.0
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	4,560	1,659	2,901	174.9

B1. Review of performance (cont'd.)

	Year to date	
	30/06/20	30/06/19
Total Group's hectarage		
Palm profiles (ha)		
Mature	7,594.6	7,049.3
Immature	1,384.0	1,769.4
Total planted area	8,978.6	8,818.7

Revenue for this segment decreased as compared to corresponding period last year by 3.4% or RM0.8 million. Although the division recorded lower revenue, the gross profit has improved due to higher selling price of CPO and higher quantity of CPKO, and thus resulted to higher profit before tax as compared to corresponding period last year.

Plantation estates in Malaysia which are presently in the development process registered a lower total pretax loss of RM0.7 million (last year: RM1.3 million) mainly due to higher yield.

	Year to date		Variance	
	30/06/20	30/06/19	RM'000	%
Property Management				
Revenue	1,655	1,956	(301)	(15.4)
Profit before tax	300	469	(169)	(36.0)

The division recorded a lower revenue of RM0.3 million or 15.5% as compared to corresponding period last year mainly due to one off discount given to tenants during the Movement Control Order.

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

	Q1	Q4	Variance	
	FY 2021	FY 2020	RM'000	%
Group				
Revenue	45,869	70,561	(24,692)	(35.0)
Profit before tax and impairment *	5,196	16,387	(11,191)	(68.3)
Profit/(loss) before tax	5,196	(1,404)	6,600	(470.1)
Profit/(loss) after tax	3,085	(3,687)	6,772	(183.7)
Profit/(loss) attributable to equity holders of the Company	2,885	(1,020)	3,905	(382.8)

* The amount is before an impairment loss of RM17.8 million on property, plant and equipment pursuant to the Mahkamah Agung's decision as disclosed in Note A10 and Note B7(2).

The performances of each business divisions are as follows:

	Q1	Q4	Variance	
	FY 2021	FY 2020	RM'000	%
Production and trading of security and confidential documents				
Revenue	21,322	34,332	(13,010)	(37.9)
Profit before tax	2,937	8,609	(5,672)	(65.9)

Revenue from production of security and confidential documents decreased by RM13.0 million or 37.9% as compared to preceding quarter mainly due to lower sales volume during the Movement Control Order.

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

	Q1 FY 2021	Q4 FY 2020	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	23,437	34,767	(11,330)	(32.6)
Profit before tax and impairment *	2,518	7,095	(4,577)	(64.5)
Profit/(loss) before tax	2,518	(10,696)	13,214	(123.5)

* The amount is before an impairment loss of RM17.8 million on property, plant and equipment pursuant to the Mahkamah Agung's decision as disclosed in Note A10 and Note B7(2).

	Q1 FY 2021	Q4 FY 2020	Variance	
				%
Indonesia				
Crude palm oil (CPO) produced (mt)	11,056	10,117	939	9.3
Sales Quantity (mt)				
- Crude palm oil (CPO)	8,299	11,044	(2,745)	(24.9)
- Crude palm kernel oil (CPKO)	735	1,067	(332)	(31.1)
- Palm kernel (PK)	-	6,013	(6,013)	(100.0)

Malaysia

Fresh fruit bunch (FFB) produced (mt)	4,560	1,928	2,632	136.5
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Revenue from this segment for the current quarter of RM23.4 million was RM11.3 million or 32.6% lower than the preceding quarter, mainly due to lower sales volume of CPO, CPKO and Palm Kernel. In line with lower revenue coupled with foreign exchange loss, the profit before tax and impairment for the division decreased by RM4.6 million as compared to preceding quarter.

B3. Prospects

The Group anticipated the future revenue from all divisions to be affected by current pandemic Covid-19. In addition, fluctuations in exchange rates and commodity prices may influence the Group's financial performance and position.

To face the challenges ahead, the Group will continue to take necessary measures to ride out this challenging time by enhancing our operational efficiencies. The production and trading of security and confidential documents segment will continue to put concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products and our plantation division will remain focus in improving its efficiency.

Nevertheless, the Group believe that overall performance for the current financial year will remain satisfactory.

B4. Variance of actual profit from forecast profit

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

B5. Taxation

	Current quarter 30/06/20	Current year to date 30/06/20
	RM'000	RM'000
Tax charge	2,111	2,111

The effective tax rate on the Group's profit to date is higher than statutory tax rate mainly due to underprovision in prior year tax expense.

B6. Corporate proposals

(a) Status of corporate proposal

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

(b) Utilisation of proceeds raised from any corporate proposal

Not applicable.

B7. Changes in material litigation

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

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

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

The next case management has been fixed for 9 October 2020. The matter has been fixed for trial on 9 and 10 November 2020.

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

- (2) (a) On 13 May 2003, the National Land Body of Indonesia ("NLB") issued a certificate, Hak Guna Usaha No.1/ Nunukan Barat ("HGU") providing PT Nunukan Jaya Lestari ("PTNJL") a right to use a land covering a total size of 19,974 hectares ("Total Parcel") for the purposes of plantation. The HGU is set to expire on 12 May 2038.

Notwithstanding the HGU, the Minister of Agrarian Affairs and Spatial Planning ("Minister") vide letter dated 25 July 2016 ("Revocation Letter") informed PTNJL among others, of the following:

- there were administrative irregularities performed by officer(s) of the Regional Land Body of East Kalimantan at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry area measuring approximately 17,165 hectares ("Irregular Parcel").
- a third party situated adjacent to the Total Parcel ("Third Party") has requested to revise/amend the HGU as there are overlaps between the Total Parcel with the Third Party's interests on the land pursuant to their operating permits (approximately 3,500 hectares) ("Overlapping Parcel").

Following the above, the Minister vide the Revocation Letter has provided the following decisions:

- the HGU is revoked effectively immediately ("Revocation");
- PTNJL to apply for a new certificate for the remaining 2,809 hectares of land located at Land Allocated for Other Purposes ("APL"); and
- the Irregular Parcel is to be surrendered to the Minister of Environmental Affairs and Forestry of Republic of Indonesia.

On 21 October 2016, PTNJL initiated an action in the State Administrative Court in Jakarta, Indonesia against the Minister seeking an order to annul the Revocation Letter and also sought an order to postpone the enforcement of the Revocation Letter pending full and final determination of the matter by the Indonesian courts ("Lawsuit").

PTNJL's basis for the Lawsuit are inter alia as follows:

- (i) The status of the Total Parcel is State Land, aligned with the condition imposed by prevailing laws and regulations in Indonesia; and
- (ii) the revocation of the HGU certificate is contrary to the prevailing laws and regulations in Indonesia.

B7. Changes in material litigation (cont'd.)

- (2) (a) On 13 June 2017, the State Administrative Court dismissed the Lawsuit (“State Administrative Court’s Decision”) resulting in an appeal filed by PTNJL in the High Administrative Court (“High Court”) of Jakarta, Indonesia, on 24 July 2017 (“Appeal”).

Vide written decision dated 11 December 2017, the High Court partly allowed the Appeal with costs and ordered that (i) the Revocation to be void and the Revocation Letter be annulled, save for the Overlapping Parcel measuring 5,138 hectares. (“High Court Decision”).

On 23 January 2018, PTNJL has filed an appeal to the Supreme Court of Indonesia (“Supreme Court”) against the High Court Decision. On 21 August 2018, the Supreme Court allowed PTNJL’s appeal and similarly ordered that the Revocation Letter be annulled (“Decision of the Supreme Court”). The Supreme Court also ordered the Minister to simultaneously:

- (i) issue an order cancelling PTNJL’s HGU rights over the Overlapping Parcel measuring 3,500 hectares; and
- (ii) ensure the issuance of a new certificate in favour of PTNJL to use the remaining area measuring 16,474.130 hectares, (which is 19,974.130 hectares less the 3,500 hectares referred to in paragraph (i) above).

On 8 February 2019, the Minister filed an application in the Supreme Court to review the Decision of the Supreme Court (“JR Application”).

On 27 November 2019 the Supreme Court overturned the Decision of the Supreme Court in favor of the Minister upholding the legitimacy and the validity of the Revocation (“JR Decision”).

On 23 January 2020, PTNJL subsequently filed a further application for judicial review against the JR Decision (“2nd JR Application”) on the grounds that the JR Decision contradicts some aspects of other established cases and the discovery of new material evidences that were not previously available. As at today, the Supreme Court has not issued any decision in respect of the 2nd JR Application.

- (b) On 28 November 2019, PTNJL has filed a civil suit in the Pengadilan Negeri Jakarta Selatan against the Defendant and PT Adindo Hutani Lestari (“AHL”) (collectively, “Defendants”). The President Republik Indonesia and Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia (“Menteri Kehutanan”) have been named as co-defendants in the said suit.

PTNJL is seeking legal recognition of its rights over HGU; an injunction to:

- (i) order Badan Pertahanan Nasional and Menteri Kehutanan to issue permit, recommendation, or approval for PTNJL to undertake its plantation activities;
- (ii) bar AHL from preventing PTNJL from undertaking its plantation activities within the HGU areas which overlap with AHL’s operating permits/interests; and
- (iii) restrain Menteri Kehutanan from issuing any new licences permits or approvals to any parties on or within the HGU.

PTNJL is also seeking an order from the court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian courts.

On 6 May 2020, the mediation held between PTNJL, Defendants and Co-defendants has failed. Accordingly, all parties have filed their respective cause papers to the court. The Defendants in their defence are challenging the jurisdiction and competency of the district court to examine the case. The Third Party has inter alia submitted a claim to seize PTNJL’s assets within the overlapping area and other loss.

B8. Dividend

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

B9. Earnings per share

	Quarter ended		3 months cumulative	
	30/06/20	30/06/19	30/06/20	30/06/19
Earnings				
Profit attributable to owners of the Company (RM'000)	<u>2,885</u>	<u>4,118</u>	<u>2,885</u>	<u>4,118</u>
Basic earnings per share				
Weighted average number of ordinary shares in issue	239,215,864	240,110,405	239,215,864	240,110,405
Basic earnings per share (sen)	<u>1.21</u>	<u>1.72</u>	<u>1.21</u>	<u>1.72</u>

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 18 August 2020