



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

Condensed Consolidated Financial Statements
For the Second Quarter Ended 30 September 2020

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

	Note	Current Quarter		6 Months Cumulative	
		Current Year Quarter 30/09/20	Preceding Year Corresponding Quarter 30/09/19	Current Year To Date 30/09/20	Preceding Year Corresponding Period 30/09/19
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	60,310	55,499	106,179	111,369
Cost of sales		(42,409)	(34,686)	(70,065)	(72,951)
Gross profit		17,901	20,813	36,114	38,418
Other income		2,287	1,928	4,111	3,741
Administrative expenses		(7,274)	(7,793)	(14,259)	(15,323)
Selling and marketing expenses		(689)	(756)	(1,461)	(1,529)
Other operating expenses		(2,965)	(5,250)	(10,015)	(10,991)
Finance costs		(94)	(94)	(180)	(189)
Share of results from associate		2,348	488	2,400	1,013
Profit before tax	A9/A10	11,514	9,336	16,710	15,140
Income tax expense	B5	(1,481)	(3,625)	(3,592)	(4,903)
Profit net of tax		10,033	5,711	13,118	10,237
Other comprehensive (expense)/income, net of tax					
Foreign currency translation (loss)/gain		(6,854)	606	4,456	2,586
Total comprehensive income for the period		3,179	6,317	17,574	12,823
Profit/(loss) attributable to:					
Equity holders of the Company		9,240	6,036	12,125	10,154
Non-controlling interests		793	(325)	993	83
Profit for the period		10,033	5,711	13,118	10,237
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		3,756	6,521	15,681	12,223
Non-controlling interests		(577)	(204)	1,893	600
Total comprehensive income for the period		3,179	6,317	17,574	12,823
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B9	3.87	2.51	5.07	4.23

(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 SEPTEMBER 2020

	As at 30/09/20	As at 31/03/20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,056	81,530
Investment properties	56,903	57,656
Right-of-use assets	95,945	98,065
Goodwill on consolidation	510	510
Investment in associate	35,637	33,237
Deferred tax assets	7,458	5,856
	276,509	276,854
Current assets		
Biological assets	3,803	3,347
Inventories	41,690	41,745
Trade and other receivables	140,254	131,542
Due from related companies	1,792	2,606
Short term cash investments	117,630	127,030
Cash and bank balances	45,271	47,551
	350,440	353,821
TOTAL ASSETS	626,949	630,675
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(8,686)	(7,631)
Other reserves	(6,218)	(9,774)
Retained earnings	436,212	441,986
	543,970	547,243
Non-controlling interests	20,640	18,747
Total equity	564,610	565,990
Non-current liabilities		
Retirement benefit obligations	2,292	2,073
Lease liabilities	13,869	14,235
Deferred tax liabilities	4,570	4,570
	20,731	20,878
Current liabilities		
Trade and other payables	27,941	29,852
Provisions	7,330	8,078
Tax payable	4,187	1,844
Due to related companies	480	1,627
Lease liabilities	1,670	2,406
	41,608	43,807
Total liabilities	62,339	64,685
TOTAL EQUITY AND LIABILITIES	626,949	630,675
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.28	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 SECOND QUARTER ENDED 30 SEPTEMBER 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	-	-	2,069	2,069	-	10,154	12,223	600	12,823
Transaction with equity holders									
Acquisition of treasury shares	-	(655)	-	-	-	-	(655)	-	(655)
Dividend paid	-	-	-	-	-	(17,985)	(17,985)	-	(17,985)
Total transactions with equity holders	-	(655)	-	-	-	(17,985)	(18,640)	-	(18,640)
At 30 September 2019	122,662	(6,811)	(998)	(5,248)	4,250	452,505	567,358	23,983	591,341
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	-	-	3,556	3,556	-	12,125	15,681	1,893	17,574
Transaction with equity holders									
Acquisition of treasury shares	-	(1,055)	-	-	-	-	(1,055)	-	(1,055)
Dividend paid	-	-	-	-	-	(17,899)	(17,899)	-	(17,899)
Total transactions with equity holders	-	(1,055)	-	-	-	(17,899)	(18,954)	-	(18,954)
At 30 September 2020	122,662	(8,686)	(6,218)	(10,468)	4,250	436,212	543,970	20,640	564,610

(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 SECOND QUARTER ENDED 30 SEPTEMBER 2020**

	6 months ended	
	30/09/20	30/09/19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,710	15,140
Adjustments for:		
Depreciation for property, plant and equipment	5,276	6,071
Depreciation of investment properties	753	753
Depreciation of right-of-use assets	2,120	1,019
Impairment loss on trade and other receivables	103	51
Write back of impairment loss on trade and other receivables	(454)	(2)
Fair value changes on biological assets	(456)	(146)
Inventories written (back)/down	(217)	938
Net provision for retirement benefit obligations	104	39
Net reversal of provision for warranty	(748)	(1,019)
Gain on disposal of property, plant and equipment	(18)	(56)
Share of results of associate	(2,400)	(1,013)
Interest expense	180	189
Interest income	(25)	(35)
Profit income	(512)	(472)
Distribution from short term investments	(1,801)	(3,026)
Operating profit before working capital changes	18,615	18,431
(Increase)/decrease in trade and other receivables	(6,479)	5,209
Decrease/(increase) in inventories	897	(7,064)
(Increase)/decrease in related companies balances	(333)	26
(Decrease)/increase in trade and other payables	(2,297)	4,682
Cash generated from operations	10,403	21,284
Taxes paid	(2,851)	(3,860)
Retirement benefits paid	(11)	(27)
Net cash generated from operating activities	7,541	17,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,655)	(9,913)
Proceeds from disposal of property, plant and equipment	18	95
Interest income received	25	35
Profit income	512	472
Distribution received from short term investments	1,801	3,026
Net investment in short term cash investments	9,400	(8,026)
Net cash generated from/(used in) investing activities	7,101	(14,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,899)	(17,985)
Repayment of lease obligations	(1,282)	(1,500)
Acquisition of treasury shares	(1,055)	(655)
Net cash used in financing activities	(20,236)	(20,140)

**FIMA CORPORATION BERHAD (197401004110) (21185-P)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020 (CONT'D.)**

	6 months ended	
	<u>30/09/20</u>	<u>30/09/19</u>
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(5,594)	(17,054)
Effect of exchange rate changes in cash and cash equivalents	3,314	1,637
Cash and cash equivalents balances at beginning of the period	47,551	57,855
Cash and cash equivalents at end of period	<u>45,271</u>	<u>42,438</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	20,627	29,063
Deposits with licensed banks	24,644	13,375
Cash and cash equivalents	<u>45,271</u>	<u>42,438</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 SECOND QUARTER ENDED 30 SEPTEMBER 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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
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 431,700 of its issued ordinary shares from the open market at an average price of RM1.61. The total transaction paid for the repurchase including transaction costs was RM696,201. Of the total 245,324,330 issued ordinary shares, 6,762,200 shares are held as treasury shares by the Company.

A8. Dividends paid

		6 months cumulative	
		30/09/20	30/09/19
		RM'000	RM'000
Final Dividend			
2019	Single-tier final dividend of 7.5 sen (Paid on 30 September 2019)	-	17,985
Interim Dividend			
2020	Single-tier second interim dividend of 7.5 sen (Paid on 7 September 2020)	17,899	-
		<u>17,899</u>	<u>17,985</u>

A9. Segmental information

(a) Segmental revenue and results for business segments

	Quarter ended		6 months cumulative	
	30/09/20	30/09/19	30/09/20	30/09/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	31,635	36,040	52,957	66,219
Oil palm production and processing	27,016	17,938	50,453	42,195
Property management	1,661	1,835	3,316	3,791
Others	10,925	10,925	10,925	10,925
	71,237	66,738	117,651	123,130
Eliminations	(10,927)	(11,239)	(11,472)	(11,761)
	60,310	55,499	106,179	111,369
Profit before tax				
Production and trading of security and confidential documents	5,891	8,784	8,828	13,224
Oil palm production and processing	4,127	397	6,645	1,614
Property management	194	495	494	964
Others	9,914	10,097	9,303	9,250
	20,126	19,773	25,270	25,052
Share of results of associate	2,348	488	2,400	1,013
	22,474	20,261	27,670	26,065
Eliminations	(10,960)	(10,925)	(10,960)	(10,925)
	11,514	9,336	16,710	15,140

(b) Geographical segments

	Quarter ended		6 months cumulative	
	30/09/20	30/09/19	30/09/20	30/09/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	46,693	49,593	71,576	82,315
Indonesia	24,544	17,145	46,075	40,815
	71,237	66,738	117,651	123,130
Eliminations	(10,927)	(11,239)	(11,472)	(11,761)
	60,310	55,499	106,179	111,369
Profit before tax				
Malaysia	17,783	18,486	19,730	21,762
Indonesia	4,691	1,775	7,940	4,303
	22,474	20,261	27,670	26,065
Eliminations	(10,960)	(10,925)	(10,960)	(10,925)
	11,514	9,336	16,710	15,140

	Quarter ended/6 months cumulative		30/09/19	
	30/09/20	30/09/19	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	696,315	73,231	717,445	87,892
Indonesia	100,714	8,966	106,172	16,663
	797,029	82,197	823,617	104,555
Eliminations	(170,080)	(19,858)	(148,039)	(20,318)
Group	626,949	62,339	675,578	84,237

A10. Profit before tax

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

	Quarter ended		6 months cumulative	
	30/09/20	30/09/19	30/09/20	30/09/19
	RM'000	RM'000	RM'000	RM'000
Other income				
Gain on disposal of property, plant and equipment	5	-	18	56
Interest income	11	20	25	35
Profit income	180	249	512	472
Distribution from short term investments	869	1,624	1,801	3,026
Others	1,222	35	1,755	152
Operating expenses				
Depreciation	2,984	4,011	8,149	7,843
Foreign exchange (gain)/loss	(1,194)	225	1,742	74
Impairment loss on trade and other receivables	3	51	103	51
Write back of impairment loss on trade and other receivables	-	(2)	(454)	(2)
Fair value changes on biological assets	(15)	(126)	(456)	(146)
Inventories written (back)/down	(95)	(126)	(217)	938
Net provision for retirement benefit obligations	(109)	29	104	39
Net reversal of provision for warranty	(311)	(515)	(748)	(1,019)

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
	30/09/20
	RM'000
Property, plant and equipment:	
Approved and contracted for	3,522

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 30/09/20
	RM'000
Buildings	23
Plant and machinery	309
Factory and office renovations	49
Equipment, furniture and fittings and motor vehicles	711
Bearer plants and infrastructure	3,292
Work in progress	271
	4,655

A16. Related party transactions

	Current year to date 30/09/20
	RM'000
Ultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	426
Management fees payable	663
Service receivable	40
Fellow Subsidiary	
Fima Instanco Sdn Bhd	
Rental income receivable	90
Service receivable	130
International Food Corporation Limited	
Sales rendered	106
Fima Bulking Services Berhad	
Service receivable	26
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	36
Service payable	25
Related by virtue of director/(s) of the Company and/or Group having substantial interest	
TD Technologies Sdn. Bhd.	
Service payable	32
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	2,447

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	
	30/09/20	30/09/19	RM'000	%
	RM'000	RM'000	RM'000	
Group				
Revenue	106,179	111,369	(5,190)	(4.7)
Profit before tax	16,710	15,140	1,570	10.4
Profit after tax	13,118	10,237	2,881	28.1
Profit attributable to equity holders of the Company	12,125	10,154	1,971	19.4

The Group recorded lower revenue by RM5.2 million primarily due to lower revenue contribution from manufacturing division. Despite this, the Group's pre-tax profit has increased by RM1.6 million mainly due to higher pre-tax profit contribution from plantation division.

The performances of each business divisions are as follows:

	Year to date		Variance	
	30/09/20	30/09/19	RM'000	%
	RM'000	RM'000	RM'000	
Production and trading of security and confidential documents				
Revenue	52,957	66,219	(13,262)	(20.0)
Profit before tax	8,828	13,224	(4,396)	(33.2)

Revenue from this segment was 20.0% or RM13.3 million lower as compared to corresponding period last year, primarily due to decrease in sales volume for most documents due to Covid-19 pandemic.

	Year to date		Variance	
	30/09/20	30/09/19	RM'000	%
	RM'000	RM'000	RM'000	
Oil palm production and processing				
Revenue	50,453	42,195	8,258	19.6
Profit before tax	6,645	1,614	5,031	311.7

Below are the key operating statistics for the segment:

	Year to date		Variance	
	30/09/20	30/09/19	RM'000	%
	RM'000	RM'000	RM'000	
Indonesia				
Fresh fruit bunch (FFB) produced (mt)	69,608	70,641	(1,033)	(1.5)
Crude palm oil (CPO) produced (mt)	18,440	20,782	(2,342)	(11.3)
Sales quantity (mt)				
- CPO	16,313	21,069	(4,756)	(22.6)
- Crude palm kernel oil (CPKO)	1,733	-	1,733	100.0
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	9,375	3,839	5,536	144.2

B1. Review of performance (cont'd.)

	Year to date	
	30/09/20	30/09/19
Total Group's hectarage		
Palm profiles (ha)		
Mature	7,632.9	7,257.1
Immature	1,343.3	1,500.6
Total planted area	8,976.2	8,757.7

This segment registered 19.6% or RM8.3 million increase in revenue as compared to corresponding period last year, primarily due to higher volume of CPKO and higher price of CPO. In line with higher revenue, the pre-tax profit for the segment increased by RM5.0 million this year.

Plantation estates in Malaysia which are presently in the development process and partially matured registered a lower total pre-tax loss of RM1.3 million (last year: RM2.7 million) mainly due to higher yield.

	Year to date		Variance	
	30/09/20	30/09/19	RM'000	%
Property Management				
Revenue	3,316	3,791	(475)	(12.5)
Profit before tax	494	964	(470)	(48.8)

The division recorded a lower revenue of RM0.5 million or 12.5% 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

	Q2	Q1	Variance	
	FY 2021	FY 2021	RM'000	%
Group				
Revenue	60,310	45,869	14,441	31.5
Profit before tax	11,514	5,196	6,318	121.6
Profit after tax	10,033	3,085	6,948	225.2
Profit attributable to equity holders of the Company	9,240	2,885	6,355	220.3

The performances of each business divisions are as follows:

	Q2	Q1	Variance	
	FY 2021	FY 2021	RM'000	%
Production and trading of security and confidential documents				
Revenue	31,635	21,322	10,313	48.4
Profit before tax	5,891	2,937	2,954	100.6

Revenue from production of security and confidential documents increased by RM10.3 million or 48.4% as compared to preceding quarter mainly due to lower sales volume during Movement Control Order in preceding quarter.

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

	Q2 FY 2021 RM'000	Q1 FY 2021 RM'000	Variance	
			RM'000	%
Oil palm production and processing				
Revenue	27,016	23,437	3,579	15.3
Profit before tax	4,127	2,518	1,609	63.9

	Q2 FY 2021	Q1 FY 2021	Variance	
				%
Indonesia				
Crude palm oil (CPO) produced (mt)	7,384	11,056	(3,672)	(33.2)
Sales Quantity (mt)				
- Crude palm oil (CPO)	8,014	8,299	(285)	(3.4)
- Crude palm kernel oil (CPKO)	998	735	263	35.8
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	4,815	4,560	255	5.6

Revenue from this segment for the current quarter of RM27.0 million was RM3.6 million or 15.3% higher than the preceding quarter, mainly due to higher selling price of CPO and higher quantity of CPKO.

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 30/09/20 RM'000	Current year to date 30/09/20 RM'000
Tax charge	1,481	3,592

The effective tax rate on the Group's profit to date is in line with the statutory tax rate.

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.

On 5 November 2020, the Court had at the request of the Defendant vacated the 10 November 2020 trial date.

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.

On 15 September 2020, Pengadilan Negeri Jakarta Selatan had delivered an oral judgement and dismissed the civil suit filed by the PTNJL against the Defendant. On 28 September 2020, PTNJL has filed its notice of appeal against the decision of the court.

B8. Dividend

The Board of Directors declared a single-tier interim dividend of 5.0 sen per share payable for the year ending 31 March 2021 (last year: 5.0 sen). The dividend payment will be approximately RM11.9 million (second quarter 2020: RM11.9 million).

B9. Earnings per share

	Quarter ended		6 months cumulative	
	30/09/20	30/09/19	30/09/20	30/09/19
Earnings				
Profit attributable to equity holders of the Company (RM'000)	9,240	6,036	12,125	10,154
Basic earnings per share				
Weighted average number of ordinary shares in issue	239,068,080	240,041,297	239,068,080	240,041,297
Basic earnings per share (sen)	3.87	2.51	5.07	4.23

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 12 November 2020