



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

Condensed Consolidated Financial Statements
For the Third Quarter Ended 31 December 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current Quarter		9 Months Cumulative	
		Current Year Quarter 31/12/20	Preceding Year Corresponding Quarter 31/12/19	Current Year To Date 31/12/20	Preceding Year Corresponding Period 31/12/19
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	57,865	61,197	164,044	172,566
Cost of sales		(40,077)	(46,109)	(110,142)	(119,060)
Gross profit		17,788	15,088	53,902	53,506
Other income		1,566	3,492	5,677	7,233
Administrative expenses		(6,058)	(7,727)	(20,317)	(23,050)
Selling and marketing expenses		(673)	(911)	(2,134)	(2,440)
Other operating expenses		(6,790)	(6,035)	(16,805)	(17,026)
Finance costs		(107)	(93)	(287)	(282)
Share of results from associate		931	579	3,331	1,592
Profit before tax	A9/A10	6,657	4,393	23,367	19,533
Income tax expense	B5	(1,338)	(1,627)	(4,930)	(6,530)
Profit net of tax		5,319	2,766	18,437	13,003
Other comprehensive income, net of tax					
Foreign currency translation gain		2,306	39	6,762	2,625
Total comprehensive income for the period		7,625	2,805	25,199	15,628
Profit attributable to:					
Equity holders of the Company		4,655	2,687	16,780	12,841
Non-controlling interests		664	79	1,657	162
Profit for the period		5,319	2,766	18,437	13,003
Total comprehensive income attributable to:					
Equity holders of the Company		6,496	2,718	22,177	14,941
Non-controlling interests		1,129	87	3,022	687
Total comprehensive income for the period		7,625	2,805	25,199	15,628
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B9	1.95	1.12	7.03	5.35

(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 31 DECEMBER 2020

	As at 31/12/20	As at 31/03/20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,879	81,530
Investment properties	56,526	57,656
Right-of-use assets	94,847	98,065
Goodwill on consolidation	510	510
Investment in associate	36,568	33,237
Deferred tax assets	8,065	5,856
	277,395	276,854
Current assets		
Biological assets	3,711	3,347
Inventories	28,536	41,745
Trade and other receivables	76,233	131,542
Due from related companies	2,036	2,606
Short term cash investments	195,659	127,030
Cash and bank balances	46,636	47,551
	352,811	353,821
TOTAL ASSETS	630,206	630,675
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(9,144)	(7,631)
Other reserves	(4,377)	(9,774)
Retained earnings	428,949	441,986
	538,090	547,243
Non-controlling interests	19,852	18,747
Total equity	557,942	565,990
Non-current liabilities		
Retirement benefit obligations	2,313	2,073
Lease liabilities	13,818	14,235
Deferred tax liabilities	4,570	4,570
	20,701	20,878
Current liabilities		
Trade and other payables	38,054	29,852
Provisions	6,960	8,078
Tax payable	4,266	1,844
Due to related companies	1,028	1,627
Lease liabilities	1,255	2,406
	51,563	43,807
Total liabilities	72,264	64,685
TOTAL EQUITY AND LIABILITIES	630,206	630,675
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.25	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 THIRD QUARTER ENDED 31 DECEMBER 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	-	-	2,100	2,100	-	12,841	14,941	687	15,628
Transaction with equity holders									
Acquisition of treasury shares	-	(1,015)	-	-	-	-	(1,015)	-	(1,015)
Dividend paid	-	-	-	-	-	(29,968)	(29,968)	-	(29,968)
Total transactions with equity holders	-	(1,015)	-	-	-	(29,968)	(30,983)	-	(30,983)
At 31 December 2019	122,662	(7,171)	(967)	(5,217)	4,250	443,209	557,733	24,070	581,803
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	-	-	5,397	5,397	-	16,780	22,177	3,022	25,199
Transaction with equity holders									
Acquisition of treasury shares	-	(1,513)	-	-	-	-	(1,513)	-	(1,513)
Dividend paid	-	-	-	-	-	(29,817)	(29,817)	(1,917)	(31,734)
Total transactions with equity holders	-	(1,513)	-	-	-	(29,817)	(31,330)	(1,917)	(33,247)
At 31 December 2020	122,662	(9,144)	(4,377)	(8,627)	4,250	428,949	538,090	19,852	557,942

(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 THIRD QUARTER ENDED 31 DECEMBER 2020**

	9 months ended	
	31/12/20	31/12/19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,367	19,533
Adjustments for:		
Depreciation for property, plant and equipment	7,776	9,039
Depreciation of investment properties	1,130	1,130
Depreciation of right-of-use assets	3,218	1,529
(Write back of impairment loss)/impairment loss on trade and other receivables	(418)	677
Fair value changes on biological assets	(364)	(502)
Inventories written (back)/down	(62)	796
Net provision for retirement benefit obligations	104	50
Net reversal of provision for warranty	(1,118)	(1,479)
Gain on disposal of property, plant and equipment	(18)	(56)
Share of results of associate	(3,331)	(1,592)
Interest expense	287	282
Interest income	(36)	(51)
Profit income	(808)	(705)
Distribution from short term investments	(2,503)	(4,196)
Operating profit before working capital changes	27,224	24,455
Decrease/(increase) in trade and other receivables	58,431	(11,360)
Decrease/(increase) in inventories	14,169	(9,335)
Decrease in related companies balances	(29)	(66)
Increase in trade and other payables	7,647	10,978
Cash generated from operations	107,442	14,672
Taxes paid	(4,717)	(4,645)
Retirement benefits paid	(23)	(63)
Net cash generated from operating activities	102,702	9,964
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,461)	(12,624)
Proceeds from disposal of property, plant and equipment	18	56
Interest income received	36	51
Profit income	808	705
Distribution received from short term investments	2,503	4,196
Net investment in short term cash investments	(68,629)	7,014
Net cash used in investing activities	(72,725)	(602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(29,817)	(29,968)
Dividends paid by a subsidiary to non-controlling interests	(1,917)	-
Repayment of lease obligations	(1,855)	(2,253)
Acquisition of treasury shares	(1,513)	(1,015)
Net cash used in financing activities	(35,102)	(33,236)

**FIMA CORPORATION BERHAD (197401004110) (21185-P)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020 (CONT'D.)**

	9 months ended	
	31/12/20	31/12/19
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(5,125)	(23,874)
Effect of exchange rate changes in cash and cash equivalents	4,210	1,702
Cash and cash equivalents balances at beginning of the period	47,551	57,855
Cash and cash equivalents at end of period	<u>46,636</u>	<u>35,683</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	23,432	11,338
Deposits with licensed banks	23,204	24,345
Cash and cash equivalents	<u>46,636</u>	<u>35,683</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 THIRD QUARTER ENDED 31 DECEMBER 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 cyclical 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 275,300 of its issued ordinary shares from the open market at an average price of RM1.67. The total transaction paid for the repurchase including transaction costs was RM458,527. Of the total 245,324,330 issued ordinary shares, 7,037,500 shares are held as treasury shares by the Company.

A8. Dividends paid

		9 months cumulative	
		<u>31/12/20</u>	<u>31/12/19</u>
		RM'000	RM'000
Interim Dividend			
2020	Single-tier first interim dividend of 5.0 sen (Paid on 30 December 2019)	-	11,983
	Single-tier second interim dividend of 7.5 sen (Paid on 7 September 2020)	17,899	-
2021	Single-tier first interim dividend of 5.0 sen (Paid on 30 December 2020)	11,918	-
Final Dividend			
2019	Single-tier final dividend of 7.5 sen (Paid on 30 September 2019)	-	17,985
		<u>29,817</u>	<u>29,968</u>

A9. Segmental information

(a) Segmental revenue and results for business segments

	Quarter ended		9 months cumulative	
	31/12/20	31/12/19	31/12/20	31/12/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	28,340	33,453	81,297	99,672
Oil palm production and processing	27,137	26,155	77,590	68,350
Property management	2,905	2,066	6,221	5,857
Others	32,606	14,400	43,531	25,325
	90,988	76,074	208,639	199,204
Eliminations	(33,123)	(14,877)	(44,595)	(26,638)
	57,865	61,197	164,044	172,566
Profit before tax				
Production and trading of security and confidential documents	3,256	4,155	12,084	17,379
Oil palm production and processing	3,566	583	10,211	2,197
Property management	815	324	1,309	1,288
Others	30,920	13,371	40,223	22,621
	38,557	18,433	63,827	43,485
Share of results of associate	931	579	3,331	1,592
	39,488	19,012	67,158	45,077
Eliminations	(32,831)	(14,619)	(43,791)	(25,544)
	6,657	4,393	23,367	19,533

(b) Geographical segments

	Quarter ended		9 months cumulative	
	31/12/20	31/12/19	31/12/20	31/12/19
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	66,207	50,835	137,783	133,150
Indonesia	24,781	25,239	70,856	66,054
	90,988	76,074	208,639	199,204
Eliminations	(33,123)	(14,877)	(44,595)	(26,638)
	57,865	61,197	164,044	172,566
Profit before tax				
Malaysia	35,112	17,056	54,842	38,818
Indonesia	4,376	1,956	12,316	6,259
	39,488	19,012	67,158	45,077
Eliminations	(32,831)	(14,619)	(43,791)	(25,544)
	6,657	4,393	23,367	19,533

	Quarter ended/9 months cumulative		31/12/19	
	31/12/20		Assets	Liabilities
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	709,331	81,684	710,136	94,355
Indonesia	99,274	11,052	112,542	16,663
	808,605	92,736	822,678	111,018
Eliminations	(178,399)	(20,472)	(150,175)	(20,318)
Group	630,206	72,264	672,503	90,700

A10. Profit before tax

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

	Quarter ended		9 months cumulative	
	31/12/20	31/12/19	31/12/20	31/12/19
	RM'000	RM'000	RM'000	RM'000
Other income				
Gain on disposal of property, plant and equipment	-	-	18	56
Interest income	11	16	36	51
Profit income	296	233	808	705
Distribution from short term investments	702	1,170	2,503	4,196
Others	557	2,073	2,312	2,225
Operating expenses				
Depreciation	3,975	3,855	12,124	11,698
Foreign exchange loss/(gain)	937	(82)	2,679	(8)
(Write back of impairment)/impairment loss on trade and other receivables	(67)	628	(418)	677
Fair value changes on biological assets	92	(356)	(364)	(502)
Inventories written down/(back)	155	(142)	(62)	796
Net provision for retirement benefit obligations	-	11	104	50
Net reversal of provision for warranty	(370)	(460)	(1,118)	(1,479)

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
	31/12/20
	RM'000
Property, plant and equipment:	
Approved and contracted for	673

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 31/12/20
	RM'000
Buildings	31
Plant and machinery	318
Factory and office renovations	32
Equipment, furniture and fittings and motor vehicles	1,378
Bearer plants and infrastructure	5,191
Work in progress	511
	7,461

A16. Related party transactions

	Current year to date 31/12/20
	RM'000
Ultimate Holding Company	
- Kumpulan Fima Berhad - Rental income receivable	641
- Kumpulan Fima Berhad - Management fees and services payable	879
- Kumpulan Fima Berhad - Services receivable	67
Fellow Subsidiaries	
- Amgreen Gain Sdn. Bhd.	20
- Fimachem Sdn Bhd - Sales rendered	25
- Fima Bulking Services Berhad - Services receivable	26
- Fima Instanco Sdn Bhd - Rental income receivable	135
- Fima Instanco Sdn Bhd - Services receivable	182
- International Food Corporation Limited - Sales rendered	1,119
- Pineapple Cannery of Malaysia Sendirian Berhad - Services receivable	81
Transactions with related parties *	
- Nationwide Express Courier Services Berhad - Services payable	25
- Nationwide Express Courier Services Berhad - Rental income receivable	57
- TD Technologies Sdn. Bhd. - Services payable	106
- PT Pohon Emas Lestari - Purchase of fresh fruit bunches	4,159

* Related parties by virtue of common shareholders/common directors.

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	
	31/12/20	31/12/19	RM'000	%
	RM'000	RM'000	RM'000	
Group				
Revenue	164,044	172,566	(8,522)	(4.9)
Profit before tax	23,367	19,533	3,834	19.6
Profit after tax	18,437	13,003	5,434	41.8
Profit attributable to equity holders of the Company	16,780	12,841	3,939	30.7

The Group recorded lower revenue by RM8.5 million primarily due to lower revenue contribution from manufacturing division. Despite this, the Group's pre-tax profit has increased by RM3.8 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	
	31/12/20	31/12/19	RM'000	%
	RM'000	RM'000	RM'000	
Production and trading of security and confidential documents				
Revenue	81,297	99,672	(18,375)	(18.4)
Profit before tax	12,084	17,379	(5,295)	(30.5)

Revenue from this segment was 18.4% or RM18.4 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	
	31/12/20	31/12/19	RM'000	%
	RM'000	RM'000	RM'000	
Oil palm production and processing				
Revenue	77,590	68,350	9,240	13.5
Profit before tax	10,211	2,197	8,014	364.8

Below are the key operating statistics for the segment:

	Year to date		Variance	
	31/12/20	31/12/19	RM'000	%
	RM'000	RM'000	RM'000	
Indonesia				
Fresh fruit bunch (FFB) produced (mt)	102,074	108,718	(6,644)	(6.1)
Crude palm oil (CPO) produced (mt)	27,095	30,817	(3,722)	(12.1)
Sales quantity (mt)				
- CPO	27,336	32,978	(5,642)	(17.1)
- Crude palm kernel oil (CPKO)	2,739	-	2,739	100.0
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	13,022	5,885	7,137	121.3

B1. Review of performance (cont'd.)

	Year to date	
	31/12/20	31/12/19
Total Group's hectarage		
Palm profiles (ha)		
Mature	7,619.8	7,248.8
Immature	1,332.8	1,500.6
Total planted area	8,952.6	8,749.4

This segment registered 13.5% or RM9.2 million increase in revenue as compared to corresponding period last year, primarily due to higher sales volume of CPKO and higher price of CPO. In line with higher revenue, the pre-tax profit for the segment increased by RM8.0 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 RM2.1 million (last year: RM4.1 million) mainly due to higher yield.

	Year to date		Variance	
	31/12/20	31/12/19	RM'000	%
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	6,221	5,857	364	6.2
Profit before tax	1,309	1,288	21	1.6

The division recorded a higher revenue of RM0.4 million or 6.2% as compared to corresponding period last year mainly due to additional revenue contribution from engineering consulting services.

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

	Q3	Q2	Variance	
	FY 2021	FY 2021	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	57,865	60,310	(2,445)	(4.1)
Profit before tax	6,657	11,514	(4,857)	(42.2)
Profit after tax	5,319	10,033	(4,714)	(47.0)
Profit attributable to equity holders of the Company	4,655	9,240	(4,585)	(49.6)

The performances of each business divisions are as follows:

	Q3	Q2	Variance	
	FY 2021	FY 2021	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	28,340	31,635	(3,295)	(10.4)
Profit before tax	3,256	5,891	(2,635)	(44.7)

Revenue from production of security and confidential documents decreased by RM3.3 million or 10.4% as compared to preceding quarter mainly due to lower sales volume for travelling documents. On the back of lower revenue coupled with unfavourable sales mix, a pretax profit of RM3.3 million was posted, a fall of 44.7% over the previous quarter.

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

	Q3 FY 2021	Q2 FY 2021	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	27,137	27,016	121	0.4
Profit before tax	3,566	4,127	(561)	(13.6)

	Q3 FY 2021	Q2 FY 2021	Variance	
				%
Indonesia				
Crude palm oil (CPO) produced (mt)	8,655	7,384	1,271	17.2
Sales Quantity (mt)				
- Crude palm oil (CPO)	8,019	11,019	(3,000)	(27.2)
- Crude palm kernel oil (CPKO)	1,006	998	8	0.8

Malaysia				
Fresh fruit bunch (FFB) produced (mt)	3,647	4,815	(1,168)	(24.3)

Revenue from this division for the current quarter of RM27.1 million was consistent with preceding quarter with minimal increase of 0.4%. However, the pretax profit for the division reduced by RM0.6 million mainly due to higher loss incurred by plantation estates in Malaysia due to lower FFB produced during the current 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 31/12/20	Current year to date 31/12/20
	RM'000	RM'000
Tax charge	1,338	4,930

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 19 April 2019, the Company announced that the settlement negotiation between the parties have failed. Accordingly, the High Court Judge has fixed the matter for case management on 13 May 2019 (for compliance with pre-trial directions) and trial on 12 July 2019, 9 August 2019, 8 January 2020 and 9 January 2020.

Subsequently, the trial dates have been changed to 21 January 2020, 22 January 2020, 23 January 2020 and 24 January 2020. During the case management on 26 November 2019, the trial dates which were fixed on 21-24 January 2020 have been changed to 13,14,27 and 28 August 2020.

On 30 July 2020, the High Court has vacated the trial dates on 13,14,27 and 28 August 2020 and set the new trial dates for 9 and 10 November 2020.

Subsequently, the Plaintiff has filed a Notice of Application dated 22 November 2019 to amend its Writ and Statement of Claim ("SOC"). During the decision held on 7 August 2020, the High Court Judge has dismissed the Plaintiff's amendment application with costs.

On 13 August 2020, the Plaintiff has filed its notice of appeal against the decision of High Court in dismissing the Plaintiff's application to amend its SOC. On 4 November 2020, the Court of Appeal allowed the Plaintiff's appeal with costs to be paid by the Defendant to the Plaintiff.

The trial date on 9 November 2020 was vacated in light of the Conditional Movement Control Order. On 5 November 2020, the Court had at the request of the Defendant vacated the 10 November 2020 trial date.

The new trial date(s) have yet to be fixed by the Court to-date.

- (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").

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

(2) (a) 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.

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.

(2) (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.

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

- (2) (b) 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

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

B9. Earnings per share

	Quarter ended		9 months cumulative	
	31/12/20	31/12/19	31/12/20	31/12/19
Earnings				
Profit attributable to equity holders of the Company (RM'000)	4,655	2,687	16,780	12,841
Basic earnings per share				
Weighted average number of ordinary shares in issue	238,855,238	239,920,797	238,855,238	239,920,797
Basic earnings per share (sen)	1.95	1.12	7.03	5.35

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 22 February 2021