



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

Condensed Consolidated Financial Statements
For the First Quarter Ended 30 June 2021

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current Quarter		3 Months Cumulative	
		Current Year Quarter 30/06/21	Preceding Year Corresponding Quarter 30/06/20	Current Year To Date 30/06/21	Preceding Year Corresponding Period 30/06/20
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	33,923	45,869	33,923	45,869
Cost of sales		(18,525)	(27,035)	(18,525)	(27,035)
Gross profit		15,398	18,834	15,398	18,834
Other income		1,603	1,824	1,603	1,824
Administrative expenses		(8,846)	(8,513)	(8,846)	(8,513)
Selling and marketing expenses		(1,669)	(1,608)	(1,669)	(1,608)
Other operating expenses		(3,539)	(5,307)	(3,539)	(5,307)
Finance costs		(118)	(86)	(118)	(86)
Share of results from associate		600	52	600	52
Profit before tax	A9/A10	3,429	5,196	3,429	5,196
Income tax expense	B5	(8)	(2,111)	(8)	(2,111)
Profit net of tax		3,421	3,085	3,421	3,085
Other comprehensive (expense)/income, net of tax					
Foreign currency translation (loss)/gain		(48)	11,310	(48)	11,310
Total comprehensive income for the period		3,373	14,395	3,373	14,395
Profit attributable to:					
Equity holders of the Company		2,336	2,885	2,336	2,885
Non-controlling interests		1,085	200	1,085	200
Profit for the period		3,421	3,085	3,421	3,085
Total comprehensive income attributable to:					
Equity holders of the Company		2,298	11,925	2,298	11,925
Non-controlling interests		1,075	2,470	1,075	2,470
Total comprehensive income for the period		3,373	14,395	3,373	14,395
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B9	0.98	1.21	0.98	1.21

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	As at 30/06/21	As at 31/03/21
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	88,221	87,083
Investment properties	55,772	56,149
Right-of-use assets	190,015	97,591
Goodwill on consolidation	510	510
Investment in associate	37,963	37,363
Deferred tax assets	7,262	6,612
	379,743	285,308
Current assets		
Biological assets	2,569	1,844
Inventories	51,221	29,094
Trade and other receivables	81,232	113,928
Due from related companies	2,107	2,382
Tax recoverable	5,548	7,483
Financial investments	93,274	144,563
Cash and bank balances	58,890	51,009
	294,841	350,303
TOTAL ASSETS	674,584	635,611
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(9,861)	(9,495)
Other reserves	(4,370)	(4,332)
Retained earnings	441,781	439,445
	550,212	548,280
Non-controlling interests	21,372	22,221
Total equity	571,584	570,501
Non-current liabilities		
Retirement benefit obligations	1,626	1,657
Lease liabilities	52,422	15,049
Deferred tax liabilities	4,540	4,538
	58,588	21,244
Current liabilities		
Trade and other payables	36,720	36,636
Provisions	2,727	3,115
Tax payable	98	55
Due to related companies	492	361
Lease liabilities	4,375	3,699
	44,412	43,866
Total liabilities	103,000	65,110
TOTAL EQUITY AND LIABILITIES	674,584	635,611
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.31	2.30

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 2021**

	<----- 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 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
At 1 April 2021	122,662	(9,495)	(4,332)	(8,582)	4,250	439,445	548,280	22,221	570,501
Total comprehensive (expense)/income for the period	-	-	(38)	(38)	-	2,336	2,298	1,075	3,373
Transactions with equity holders									
Acquisition of treasury shares	-	(366)	-	-	-	-	(366)	-	(366)
Dividend paid	-	-	-	-	-	-	-	(1,924)	(1,924)
Total transactions with equity holders	-	(366)	-	-	-	-	(366)	(1,924)	(2,290)
At 30 June 2021	122,662	(9,861)	(4,370)	(8,620)	4,250	441,781	550,212	21,372	571,584

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2021**

	3 months ended	
	30/06/21	30/06/20
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,429	5,196
Adjustments for:		
Depreciation for property, plant and equipment	1,827	4,525
Depreciation of investment properties	377	376
Depreciation of right-of-use assets	1,668	264
Net impairment/(write back of impairment) loss on trade and other receivables	84	(354)
Fair value changes on biological assets	(725)	(441)
Inventories written back	(441)	(122)
Net (reversal of provision)/provision for retirement benefit obligations	(31)	213
Net reversal of provision for warranty	(388)	(437)
Gain on disposal of property, plant and equipment	-	(13)
Share of results of associate	(600)	(52)
Income from rent concession	(98)	-
Interest expense	118	86
Interest income	(1)	(2)
Profit income	(327)	(285)
Distribution from financial investments	(512)	(991)
Operating profit before working capital changes	4,380	7,963
(Increase)/decrease in trade and other receivables	(6,581)	10,572
(Increase)/decrease in inventories	(21,686)	1,574
Increase/(decrease) in related companies balances	406	(443)
Increase in trade and other payables	84	3,723
Cash (used in)/generated from operations	(23,397)	23,389
Taxes refund/(paid)	1,322	(724)
Net cash (used in)/generated from operating activities	(22,075)	22,665
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,965)	(2,186)
Payment for acquisition of land	(16,015)	-
Interest income received	1	2
Profit income	327	285
Distribution received from financial investments	512	991
Net investment in financial investments	51,289	(36,862)
Net cash generated from/(used in) investing activities	33,149	(37,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid by a subsidiary to non-controlling interests	(1,924)	-
Repayment of lease obligations	(855)	(1,248)
Acquisition of treasury shares	(366)	(359)
Net cash used in financing activities	(3,145)	(1,607)

**FIMA CORPORATION BERHAD (197401004110) (21185-P)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2021 (CONT'D.)**

	3 months ended	
	<u>30/06/21</u>	<u>30/06/20</u>
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net increase/(decrease) in cash and cash equivalents	7,929	(16,699)
Effect of exchange rate changes in cash and cash equivalents	(48)	4,407
Cash and cash equivalents balances at beginning of the period	51,009	47,551
Cash and cash equivalents at end of period	<u>58,890</u>	<u>35,259</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	36,746	22,809
Deposits with licensed banks	22,144	12,450
Cash and cash equivalents	<u>58,890</u>	<u>35,259</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements)

PART A - Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021. 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 2021.

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 2021 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 2021, the Group adopted the following new and amended MFRSs and IC Interpretation:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

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 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 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2021 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 198,200 of its issued ordinary shares from the open market at an average price of RM1.85. The total transaction paid for the repurchase including transaction costs was RM366,426. Of the total 245,324,330 issued ordinary shares, 7,430,000 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	
	30/06/21	30/06/20	30/06/21	30/06/20
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	13,164	21,322	13,164	21,322
Oil palm production and processing	19,430	23,437	19,430	23,437
Property management	1,572	1,655	1,572	1,655
Others	7,695	-	7,695	-
	<u>41,861</u>	<u>46,414</u>	<u>41,861</u>	<u>46,414</u>
Eliminations	(7,938)	(545)	(7,938)	(545)
	<u>33,923</u>	<u>45,869</u>	<u>33,923</u>	<u>45,869</u>

A9. Segmental information (cont'd.)

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

	Quarter ended		3 months cumulative	
	30/06/21	30/06/20	30/06/21	30/06/20
	RM'000	RM'000	RM'000	RM'000
Profit before tax				
Production and trading of security and confidential documents	(855)	2,937	(855)	2,937
Oil palm production and processing	4,892	2,518	4,892	2,518
Property management	376	300	376	300
Others	6,111	(611)	6,111	(611)
	10,524	5,144	10,524	5,144
Share of results of associate	600	52	600	52
	11,124	5,196	11,124	5,196
Eliminations	(7,695)	-	(7,695)	-
	3,429	5,196	3,429	5,196

(b) Geographical segments

	Quarter ended		3 months cumulative	
	30/06/21	30/06/20	30/06/21	30/06/20
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	25,078	24,883	25,078	24,883
Indonesia	16,783	21,531	16,783	21,531
	41,861	46,414	41,861	46,414
Eliminations	(7,938)	(545)	(7,938)	(545)
	33,923	45,869	33,923	45,869
Profit before tax				
Malaysia	5,290	1,947	5,290	1,947
Indonesia	5,834	3,249	5,834	3,249
	11,124	5,196	11,124	5,196
Eliminations	(7,695)	-	(7,695)	-
	3,429	5,196	3,429	5,196

	Quarter ended/3 months cumulative			
	30/06/21		30/06/20	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Malaysia	743,343	96,736	712,126	71,287
Indonesia	110,058	17,979	110,357	16,155
	853,401	114,715	822,483	87,442
Eliminations	(178,817)	(11,715)	(174,758)	(19,743)
Group	674,584	103,000	647,725	67,699

A10. Profit before tax

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

	Quarter ended		3 months cumulative	
	30/06/21	30/06/20	30/06/21	30/06/20
	RM'000	RM'000	RM'000	RM'000
Other income				
Gain on disposal of property, plant and equipment	-	13	-	13
Interest income	1	2	1	2
Profit income	327	285	327	285
Distribution from financial investments	512	991	512	991
Income from rent concession	98	-	98	-
Others	665	533	665	533
Operating expenses				
Depreciation	3,872	5,165	3,872	5,165
Foreign exchange loss	312	2,936	312	2,936
Net impairment/(write back of impairment) loss on trade and other receivables	84	(354)	84	(354)
Fair value changes on biological assets	(725)	(441)	(725)	(441)
Inventories written back	(441)	(122)	(441)	(122)
Net (reversal of provision)/provision for retirement benefit obligations	(31)	213	(31)	213
Net reversal of provision for warranty	(388)	(437)	(388)	(437)

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 2021 other than as disclosed in Note B7.

A14. Capital commitments

	As at
	30/06/21
	RM'000
Property, plant and equipment:	
Approved and contracted for	13,281

A15. Acquisition of property, plant and equipment

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

	Current year to date 30/06/21
	RM'000
Plant and machinery	70
Equipment, furniture and fittings and motor vehicles	362
Bearer plants and infrastructure	2,160
Work in progress	373
	2,965

A16. Related party transactions

	Current year to date 30/06/21
	RM'000
Ultimate Holding Company	
- Kumpulan Fima Berhad - Rental income receivable	219
- Kumpulan Fima Berhad - Management fees and services payable	308
- Kumpulan Fima Berhad - Services receivable	60
Fellow Subsidiaries	
- Fima Instanco Sdn Bhd - Rental income receivable	42
- Fima Instanco Sdn Bhd - Services receivable	35
- Pineapple Cannery of Malaysia Sendirian Berhad - Services receivable	19
Transactions with related parties *	
- Nationwide Express Courier Services Berhad - Rental income receivable	18
- TD Technologies Sdn. Bhd. - Services payable	28
- PT Pohon Emas Lestari - Purchase of fresh fruit bunches	2,151

* 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	
	30/06/21	30/06/20	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	33,923	45,869	(11,946)	(26.0)
Profit before tax	3,429	5,196	(1,767)	(34.0)
Profit attributable to equity holders of the Company	2,336	2,885	(549)	(19.0)

The Group's revenue of RM33.9 million recorded in the first quarter of the year was RM11.9 million or 26.0% lower than corresponding period last year. This is primarily due to lower revenue contribution from all divisions. In line with the decrease in revenue, the Group's pre-tax profit decrease from RM5.2 million recorded in the first quarter last year to RM3.4 million this year.

The performances of each business divisions are as follows:

	Year to date		Variance	
	30/06/21	30/06/20	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	13,164	21,322	(8,158)	(38.3)
(Loss)/profit before tax	(855)	2,937	(3,792)	(129.1)

Revenue from this division was RM8.2 million or 38.3% lower than corresponding period last year, primarily due to decrease in sales volume for almost all products. The decrease in revenue, coupled with lower distribution from financial investments has resulted the division recorded a loss of RM0.9 million in the first quarter.

	Year to date		Variance	
	30/06/21	30/06/20	RM'000	%
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	19,430	23,437	(4,007)	(17.1)
Profit before tax	4,892	2,518	2,374	94.3

Below are the key operating statistics for the segment:

	Year to date		Variance	
	30/06/21	30/06/20	RM'000	%
	RM'000	RM'000	RM'000	%
Indonesia				
Fresh fruit bunch (FFB) produced (mt)	31,145	40,708	(9,563)	(23.5)
Crude palm oil (CPO) produced (mt)	9,287	11,056	(1,769)	(16.0)
Sales quantity (mt)				
- CPO	6,048	8,299	(2,251)	(27.1)
- Crude palm kernel oil (CPKO)	-	735	(735)	(100.0)

B1. Review of performance (cont'd.)

	Year to date	
	30/06/21	30/06/20
Total Group's hectarage		
Palm profiles (ha)		
Mature	7,663.9	7,594.6
Immature	1,170.3	1,384.0
Total planted area	8,834.2	8,978.6

The division recorded 17.1% lower revenue as compared to corresponding period last year, primarily due to lower sales volume of CPO and no sales for CPKO. However, with higher selling price coupled with lower foreign exchange loss, the division registered higher profit before tax of RM4.9 million for the first quarter of the year.

Plantation estates in Malaysia which are presently in the development process and partially matured registered total pre-tax loss of RM0.9 million (last year: RM0.7 million). Higher pre-tax loss is mainly contributed by newly acquired estates during the year.

	Year to date		Variance	
	30/06/21	30/06/20	RM'000	%
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	1,572	1,655	(83)	(5.0)
Profit before tax	376	300	76	25.3

The division recorded minimal fluctuations on its revenue and pre-tax profit as compared to preceding quarter.

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

	Q1	Q4	Variance	
	FY 2022	FY 2021	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	33,923	48,605	(14,682)	(30.2)
Profit before tax	3,429	15,103	(11,674)	(77.3)
Profit attributable to equity holders of the Company	2,336	10,353	(8,017)	(77.4)

The performances of each business divisions are as follows:

	Q1	Q4	Variance	
	FY 2022	FY 2021	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	13,164	20,636	(7,472)	(36.2)
(Loss)/profit before tax	(855)	2,512	(3,367)	(134.0)

Revenue from production of security and confidential documents decreased by RM7.4 million or 36.2% as compared to preceding quarter primarily due to lower sales volume for all products. On the back of decrease in revenue coupled with lower reversal of provision for warranty, the division recorded a pre-tax loss of RM0.9 million in the current quarter as compared to RM2.5 million pre-tax profit recorded in preceding quarter.

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

	Q1 FY 2022	Q4 FY 2021	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	19,430	26,157	(6,727)	(25.7)
Profit before tax	4,892	10,739	(5,847)	(54.4)

	Q1 FY 2022	Q4 FY 2021	Variance	
				%
Indonesia				
Crude palm oil (CPO) produced (mt)	9,287	8,329	958	11.5
Sales Quantity (mt)				
- Crude palm oil (CPO)	6,048	7,841	(1,793)	(22.9)
- Crude palm kernel oil (CPKO)	-	953	(953)	(100.0)

Malaysia				
Fresh fruit bunch (FFB) produced (mt)	3,115	1,938	1,177	60.7

Revenue from this division for the current quarter of RM19.4 million was RM6.7 million or 25.7% lower than the preceding quarter, primarily due to lower sales volume of CPO and no sales for CPKO. In line with decrease in revenue coupled with higher depreciation charged, the pre-tax profit for the segment was RM5.8 million lower than 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.

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 30/06/21	Current year to date 30/06/21
	RM'000	RM'000
Tax charge	8	8

The effective tax rate on the Group's profit to date is lower than the statutory tax rate mainly due to overprovision 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.

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.

During the case management on 31 May 2019, the High Court Judge has directed the parties to appear before her on 12 July 2019 as a final attempt to explore settlement as requested by DTSB. However, the settlement negotiation and mediation between the parties have failed. The trial dates have been fixed for 9 and 10 November 2020. The next case management has been fixed on 9 October 2020.

On 7 August 2020, the Company announced that the High Court Judge has dismissed PKN's amendment application with costs. Further, the High Court Judge has directed the parties to comply with pre-trial directions.

The High Court has vacated the trial date on 9 November 2020 in light that the Conditional Movement Control Order had been extended up to the said date. The trial date on 10 November 2020 is maintained. The High Court has subsequently vacated the trial date on 10 November 2020 and the said date has been converted to case management instead.

During the case management on 26 February 2021, the High Court has fixed the new trial dates for this matter on 23, 24 and 25 August 2021.

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 Badan Pertanahan Nasional Provinsi Kalimantan Timur issued a certificate, Hak Guna Usaha ("HGU") providing PT Nunukan Jaya Lestari ("PTNJL") a right to use a land covering a total size of 19,974 hectares ("Total Parcel") identifiable as No. 1/Nunukan Barat for the purposes of plantation. The HGU is set to expire on 12 May 2038.

Notwithstanding the HGU, the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("BPN") vide letter dated 25 July 2016 ("Ministerial Order") informed PTNJL among others, of the following:

- there were administrative irregularities performed by officer(s) of the Badan Pertanahan Nasional Provinsi Kalimantan Timur in respect of the HGU. Due to these irregularities, it was identified that 17,164 hectares ("Irregular Parcel") of the Total Parcel is delineated for forestry.
- 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 BPN vide the Ministerial Order has provided the following decisions:

- the HGU is revoked effectively immediately (“Revocation”);
- PTNJL to apply for a new HGU 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 Kementerian Lingkungan Hidup dan Kehutanan Republik Indonesia.

On 21 October 2016, PTNJL initiated legal proceedings against BPN to challenge the Ministerial Order issued by BPN (“Lawsuit”) in the Administrative Court (“State Administrative Court”) of Jakarta, Indonesia. In the Lawsuit, PTNJL applied for an order for stay of enforcement of the Ministerial Order pending full and final settlement of the matter by the Indonesian Courts.

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 PTNJL filed its statement of appeal and memorandum of appeal on 21 June 2017 and 24 July 2017 respectively in the High Administrative Court (“High Court”) of Jakarta, Indonesia (“Appeal”).

Vide written decision dated 11 December 2017 (which was received by PTNJL’s solicitors on 2 January 2018 and subsequently forwarded to PTNJL on 3 January 2018), the High Court partly allowed the Appeal with costs and ordered that (i) the Ministerial Order revoking PTNJL’s HGU to be void, save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares; (ii) has ordered BPN to revoke the Ministerial Order save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares (“High Court Decision”).

On 10 January 2018, PTNJL has filed its statement of appeal and appeal on 23 January 2018 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 Ministerial Order be annulled (“Decision of the Supreme Court”). The Supreme Court also ordered BPN to simultaneously:

- (i) issue an order cancelling PTNJL’s HGU rights over the Overlapping Parcel measuring 3,500 hectares; and
- (ii) issue a new HGU certificate in favour of PTNJL for an area measuring 16,474.13 hectares, (which is 19,974.13 hectares less the 3,500 hectares referred to in paragraph (i) above).

On 8 February 2019, BPN 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 BPN upholding the legitimacy and the validity of the Ministerial Order (“JR Decision”).

On 23 January 2020, PTNJL subsequently filed a further application for judicial review to Jakarta State Administrative Court 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.

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

- (2) (b) On 28 November 2019, PTNJL has filed a civil suit in the South Jakarta District Court ("the District Court" against the Menteri Agraria dan Tata Ruang/Kepala Badan Pertahanan Nasional Republik Indonesia ("BPN") and a Third Party (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 BPN and Menteri Kehutanan to issue permit, recommendation, or approval for PTNJL to undertake its plantation activities;
- (ii) bar the Third Party 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, the matter will now proceed to the District Court for determination.

On 15 September 2020, the District Court had delivered an oral judgement and dismissed the civil suit filed by the PTNJL against the Defendant on the basis that the Court has no competency to hear the matter notwithstanding the civil nature of the claim.

PTNJL has filed its notice of appeal and memorandum of appeal on 28 September 2020 and 21 April 2021 respectively to the Pengadilan Tinggi DKI Jakarta (through the District Court) in respect of the decision of the Pengadilan Negeri Jakarta Selatan dated 15 September 2020.

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	
	30/06/21	30/06/20	30/06/21	30/06/20
Earnings				
Profit attributable to equity holders of the Company (RM'000)	<u>2,336</u>	<u>2,885</u>	<u>2,336</u>	<u>2,885</u>
Basic earnings per share				
Weighted average number of ordinary shares in issue	238,060,996	239,215,864	238,060,996	239,215,864
Basic earnings per share (sen)	<u>0.98</u>	<u>1.21</u>	<u>0.98</u>	<u>1.21</u>

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 17 August 2021