



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

Condensed Consolidated Financial Statements  
For the Third Quarter Ended 31 December 2021

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current Quarter		9 Months Cumulative	
		Current Year Quarter 31/12/21	Preceding Year Corresponding Quarter 31/12/20	Current Year To Date 31/12/21	Preceding Year Corresponding Period 31/12/20
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	92,750	57,865	199,844	164,044
Cost of sales		(45,134)	(39,045)	(101,860)	(106,474)
<b>Gross profit</b>		<b>47,616</b>	<b>18,820</b>	<b>97,984</b>	<b>57,570</b>
Other income		2,148	1,566	5,219	5,677
Administrative expenses		(6,261)	(7,800)	(21,174)	(25,051)
Selling and marketing expenses		(1,934)	(1,535)	(5,732)	(5,291)
Other operating expenses		(12,051)	(5,218)	(20,479)	(12,582)
Finance costs		(149)	(107)	(389)	(287)
Share of results from associate		(31)	931	1,589	3,331
<b>Profit before tax and zakat</b>	A9/A10	<b>29,338</b>	<b>6,657</b>	<b>57,018</b>	<b>23,367</b>
Income tax expense and zakat	B5	(8,736)	(1,338)	(15,302)	(4,930)
<b>Profit net of tax</b>		<b>20,602</b>	<b>5,319</b>	<b>41,716</b>	<b>18,437</b>
<b>Other comprehensive (expense)/income, net of tax</b>					
Foreign currency translation (loss)/gain		(2,661)	2,306	1,564	6,762
<b>Total comprehensive income for the period</b>		<b>17,941</b>	<b>7,625</b>	<b>43,280</b>	<b>25,199</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		16,173	4,655	32,952	16,780
Non-controlling interests		4,429	664	8,764	1,657
<b>Profit for the period</b>		<b>20,602</b>	<b>5,319</b>	<b>41,716</b>	<b>18,437</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		14,045	6,496	34,203	22,177
Non-controlling interests		3,896	1,129	9,077	3,022
<b>Total comprehensive income for the period</b>		<b>17,941</b>	<b>7,625</b>	<b>43,280</b>	<b>25,199</b>
<b>Earnings per share attributable to equity holders of the Company</b>					
Basic/diluted earnings per share (sen)	B9	6.80	1.95	13.86	7.03

*(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 31 DECEMBER 2021**

	<b>As at 31/12/21</b>	<b>As at 31/03/21</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	91,880	87,083
Investment properties	55,019	56,149
Right-of-use assets	184,473	97,591
Goodwill on consolidation	510	510
Investment in associate	35,403	37,363
Deferred tax assets	7,371	6,612
	<b>374,656</b>	<b>285,308</b>
<b>Current assets</b>		
Biological assets	3,916	1,844
Inventories	49,949	29,094
Trade and other receivables	34,268	113,928
Due from related companies	1,578	2,382
Tax recoverable	154	7,483
Financial investments	161,321	144,563
Cash and bank balances	54,213	51,009
	<b>305,399</b>	<b>350,303</b>
<b>TOTAL ASSETS</b>	<b>680,055</b>	<b>635,611</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	122,662	122,662
Treasury shares	(10,751)	(9,495)
Other reserves	(3,081)	(4,332)
Retained earnings	442,694	439,445
	<b>551,524</b>	<b>548,280</b>
Non-controlling interests	15,873	22,221
<b>Total equity</b>	<b>567,397</b>	<b>570,501</b>
<b>Non-current liabilities</b>		
Retirement benefit obligations	1,623	1,657
Lease liabilities	51,744	15,049
Deferred tax liabilities	4,540	4,538
	<b>57,907</b>	<b>21,244</b>
<b>Current liabilities</b>		
Trade and other payables	41,961	36,636
Provisions	2,561	3,115
Tax payable	7,275	55
Due to related companies	603	361
Lease liabilities	2,351	3,699
	<b>54,751</b>	<b>43,866</b>
<b>Total liabilities</b>	<b>112,658</b>	<b>65,110</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>680,055</b>	<b>635,611</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<b>2.32</b>	<b>2.30</b>

*(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 THIRD QUARTER ENDED 31 DECEMBER 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	
<b>At 1 April 2020</b>	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	
<b>Transactions with equity holders</b>										
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)	
<b>At 31 December 2020</b>	122,662	(9,144)	(4,377)	(8,627)	4,250	428,949	538,090	19,852	557,942	
<b>At 1 April 2021</b>	122,662	(9,495)	(4,332)	(8,582)	4,250	439,445	548,280	22,221	570,501	
Total comprehensive income for the period	-	-	1,251	1,251	-	32,952	34,203	9,077	43,280	
<b>Transactions with equity holders</b>										
Acquisition of treasury shares	-	(1,256)	-	-	-	-	(1,256)	-	(1,256)	
Dividend paid	-	-	-	-	-	(29,703)	(29,703)	(15,425)	(45,128)	
Total transactions with equity holders	-	(1,256)	-	-	-	(29,703)	(30,959)	(15,425)	(46,384)	
<b>At 31 December 2021</b>	122,662	(10,751)	(3,081)	(7,331)	4,250	442,694	551,524	15,873	567,397	

*(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 THIRD QUARTER ENDED 31 DECEMBER 2021**

	9 months ended	
	31/12/21	31/12/20
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	57,018	23,367
Adjustments for:		
Depreciation for property, plant and equipment	6,094	7,776
Depreciation of investment properties	1,130	1,130
Depreciation of right-of-use assets	5,466	3,218
Net impairment/(write back of impairment) loss on trade and other receivables	3,275	(418)
Fair value changes on biological assets	(2,031)	(364)
Inventories written down/(back)	549	(62)
Net (reversal of provision)/provision for retirement benefit obligations	(21)	104
Net reversal of provision for warranty	(554)	(1,118)
Gain on disposal of property, plant and equipment	-	(18)
Share of results of associate	(1,589)	(3,331)
Income from rent concession	(392)	(297)
Interest expense	389	287
Interest income	(104)	(36)
Profit income	(987)	(808)
Distribution from financial investments	(1,478)	(2,503)
Operating profit before working capital changes	66,765	26,927
Decrease in trade and other receivables	39,835	62,551
(Increase)/decrease in inventories	(21,183)	14,169
Increase/(decrease) in related companies balances	1,046	(29)
Increase in trade and other payables	5,100	7,647
Cash generated from operations	91,563	111,265
Taxes paid	(1,403)	(4,717)
Zakat paid	(107)	-
Retirement benefits paid	(35)	(23)
Net cash generated from operating activities	90,018	106,525
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,004)	(7,461)
Proceeds from disposal of property, plant and equipment	-	18
Payment/deposit paid for acquisition of land	(16,015)	(4,120)
Interest income received	104	36
Dividends received	3,549	-
Profit income	987	808
Distribution received from financial investments	1,478	2,503
Net investment in financial investments	(16,758)	(68,629)
Net cash used in investing activities	(37,659)	(76,845)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(29,703)	(29,817)
Dividend paid by a subsidiary to non-controlling interests	(15,425)	(1,917)
Repayment of lease obligations	(3,534)	(1,558)
Acquisition of treasury shares	(1,256)	(1,513)
Net cash used in financing activities	(49,918)	(34,805)

**FIMA CORPORATION BERHAD (197401004110) (21185-P)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021 (CONT'D.)**

	<b>9 months ended</b>	
	<u>31/12/21</u>	<u>31/12/20</u>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase/(decrease) in cash and cash equivalents	2,441	(5,125)
Effect of exchange rate changes in cash and cash equivalents	763	4,210
Cash and cash equivalents balances at beginning of the period	51,009	47,551
Cash and cash equivalents at end of period	<u>54,213</u>	<u>46,636</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balances	48,220	23,432
Deposits with licensed banks	5,993	23,204
Cash and cash equivalents	<u>54,213</u>	<u>46,636</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)*

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**PART A - Explanatory notes pursuant to MFRS 134**

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**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:

	<b>Effective for annual period beginning on or after</b>
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: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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.

### 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 178,100 of its issued ordinary shares from the open market at an average price of RM1.90. The total transaction paid for the repurchase including transaction costs was RM338,925. Of the total 245,324,330 issued ordinary shares, 7,888,900 shares are held as treasury shares by the Company.

### A8. Dividends paid

		9 months cumulative	
		31/12/21	31/12/20
		RM'000	RM'000
<b>Interim dividend</b>			
2020	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
	Single-tier second interim dividend of 7.5 sen (Paid on 3 September 2021)	17,831	-
2022	Single-tier first interim dividend of 5.0 sen (Paid on 30 December 2021)	11,872	-
		<u>29,703</u>	<u>29,817</u>



## A9. Segmental information

### (a) Segmental revenue and results for business segments

	Quarter ended		9 months cumulative	
	31/12/21	31/12/20	31/12/21	31/12/20
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Production and trading of security and confidential documents	34,168	28,340	77,414	81,297
Oil palm production and processing	56,485	27,137	116,733	77,590
Property management	2,340	2,905	6,425	6,221
Others	101,761	32,606	145,306	43,531
	194,754	90,988	345,878	208,639
Eliminations	(102,004)	(33,123)	(146,034)	(44,595)
	92,750	57,865	199,844	164,044
<b>Profit before tax</b>				
Production and trading of security and confidential documents	4,949	3,256	4,126	12,084
Oil palm production and processing	29,909	3,566	58,200	10,211
Property management	636	815	1,706	1,309
Others	95,636	30,920	136,787	40,223
	131,130	38,557	200,819	63,827
Share of results of associate	(31)	931	1,589	3,331
	131,099	39,488	202,408	67,158
Eliminations	(101,761)	(32,831)	(145,390)	(43,791)
	29,338	6,657	57,018	23,367

### (b) Geographical segments

	Quarter ended		9 months cumulative	
	31/12/21	31/12/20	31/12/21	31/12/20
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Malaysia	143,869	66,207	242,405	137,783
Indonesia	50,885	24,781	103,473	70,856
	194,754	90,988	345,878	208,639
Eliminations	(102,004)	(33,123)	(146,034)	(44,595)
	92,750	57,865	199,844	164,044
<b>Profit before tax</b>				
Malaysia	101,724	35,112	144,551	54,842
Indonesia	29,375	4,376	57,857	12,316
	131,099	39,488	202,408	67,158
Eliminations	(101,761)	(32,831)	(145,390)	(43,791)
	29,338	6,657	57,018	23,367

	Quarter ended/9 months cumulative			
	31/12/21		31/12/20	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	765,138	105,175	709,331	81,684
Indonesia	82,716	14,443	99,274	11,052
	847,854	119,618	808,605	92,736
Eliminations	(167,799)	(6,960)	(178,399)	(20,472)
Group	680,055	112,658	630,206	72,264

**A10. Profit before tax**

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

	Quarter ended		9 months cumulative	
	31/12/21	31/12/20	31/12/21	31/12/20
	RM'000	RM'000	RM'000	RM'000
<b>Other income</b>				
Gain on disposal of property, plant and equipment	-	-	-	18
Interest income	52	11	104	36
Profit income	354	296	987	808
Distribution from financial investments	521	702	1,478	2,503
Income from rent concession	147	297	392	297
Others	1,074	260	2,258	2,015
<b>Operating expenses</b>				
Depreciation	4,618	3,975	12,690	12,124
Foreign exchange loss	20	937	374	2,679
Net impairment/(write back of impairment) loss on trade and other receivables	354	(67)	3,275	(418)
Fair value changes on biological assets	(123)	92	(2,031)	(364)
Inventories written down/(written back)	724	155	549	(62)
Net provision/(reversal of provision) for retirement benefit obligations	27	-	(21)	104
Net reversal of provision for warranty	(91)	(370)	(554)	(1,118)

**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 31/12/21 RM'000
Property, plant and equipment: Approved and contracted for	<u>10,960</u>

#### A15. Acquisition of property, plant and equipment

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

	<b>Current year to date 31/12/21</b>
	<b>RM'000</b>
Buildings	426
Plant and machinery	763
Factory and office renovations	13
Equipment, furniture and fittings and motor vehicles	1,992
Bearer plants and infrastructure	7,256
Work in progress	554
	<b>11,004</b>

#### A16. Related party transactions

	<b>Current year to date 31/12/21</b>
	<b>RM'000</b>
<b>Ultimate Holding Company</b>	
- Kumpulan Fima Berhad - Rental income receivable	659
- Kumpulan Fima Berhad - Management fees and services payable	1,063
- Kumpulan Fima Berhad - Services receivable	165
<b>Fellow Subsidiaries</b>	
- Fima Instanco Sdn Bhd - Rental income receivable	117
- Fima Instanco Sdn Bhd - Services receivable	101
- International Food Corporation Limited - Sales rendered	1,550
- Fima Biodiesel Sdn Bhd - Services receivable	351
- Pineapple Cannery of Malaysia Sendirian Berhad - Services receivable	58
<b>Transactions with related parties *</b>	
- Nationwide Express Courier Services Berhad - Rental income receivable	54
- Nationwide Express Courier Services Berhad - Services payable	15
- TD Technologies Sdn Bhd - Services payable	114
- First Zanzibar Sdn Bhd - Services payable	42
- PT Pohon Emas Lestari - Purchase of fresh fruit bunches	7,136

\* 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	
	31/12/21	31/12/20	RM'000	%
	RM'000	RM'000	RM'000	
<b>Group</b>				
Revenue	199,844	164,044	35,800	21.8
Profit before tax	57,018	23,367	33,651	144.0
Profit attributable to equity holders of the Company	32,952	16,780	16,172	96.4

Group revenue for the period ended 31 December 2021 rose by 21.8% to RM199.8 million as compared to RM164.0 million recorded in corresponding period last year. Higher revenue by RM35.8 million was mainly attributed to the increase in revenue generated by plantation division.

In line with higher revenue coupled with lower production and administrative costs, the Group's profit before tax has improved by 144.0% to RM57.0 million in the current period.

The performances of each business divisions are as follows:

	Year to date		Variance	
	31/12/21	31/12/20	RM'000	%
	RM'000	RM'000	RM'000	
<b>Production and trading of security and confidential documents</b>				
Revenue	77,414	81,297	(3,883)	(4.8)
Profit before tax	4,126	12,084	(7,958)	(65.9)

Revenue from this division was RM3.9 million or 4.8% lower than corresponding period last year, primarily due to decrease in sales volume for confidential documents. On the back of lower revenue coupled with higher allowance for impairment and lower distribution from financial investments, the pretax profit for the division decreased to RM4.1 million as compared to RM12.1 million recorded in corresponding period last year.

	31/12/21	31/12/20	Variance	
	RM'000	RM'000	RM'000	%
<b>Oil palm production and processing</b>				
Revenue	116,733	77,590	39,143	50.4
Profit before tax	58,200	10,211	47,989	470.0

Below are the key operating statistics for the segment:

	Year to date		Variance	
	31/12/21	31/12/20	RM'000	%
<b>Indonesia</b>				
Fresh fruit bunch (FFB) produced (mt)	99,698	102,074	(2,376)	(2.3)
Crude palm oil (CPO) produced (mt)	28,529	27,095	1,434	5.3
Sales quantity (mt)				
- CPO	27,072	27,336	(264)	(1.0)
- Crude palm kernel oil (CPKO)	2,004	2,739	(735)	(26.8)
<b>Malaysia</b>				
Fresh fruit bunch (FFB) produced (mt)	14,816	13,022	1,794	13.8

**B1. Review of performance (cont'd.)**

	Year to date	
	31/12/21	31/12/20
<b>Total Group's hectarage</b>		
Palm profiles (ha)		
Mature	7,237.4	6,841.3
Immature	1,170.3	1,332.8
Total planted area	8,407.7	8,174.1

The revenue for this division increased tremendously as compared to corresponding period last year by 50.4% or RM39.1 million, primarily due to higher price of CPO and CPKO. In line with higher revenue coupled with lower operational cost and lower foreign exchange loss, the pre-tax profit for the division increased to RM58.2 million from RM10.2 million recorded in the corresponding period last year.

Plantation estates in Malaysia which are presently in the development process and partially matured had registered pre-tax profit of RM0.3 million (last year: RM2.1 million pre-tax loss). The overturn in current period is mainly contributed by higher FFB production and higher FFB price.

	Year to date		Variance	
	31/12/21	31/12/20	RM'000	%
	RM'000	RM'000	RM'000	%
<b>Property Management</b>				
Revenue	6,425	6,221	204	3.3
Profit before tax	1,706	1,309	397	30.3

The division recorded higher revenue by RM0.2 million as compared to corresponding period last year which mainly contributed by higher revenue contribution from engineering consultation services. In line with the increase in revenue coupled with lower operational cost, the pretax profit for the division increased by RM0.4 million as compared to corresponding period last year.

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

	Q3	Q2	Variance	
	FY 2022	FY 2022	RM'000	%
	RM'000	RM'000	RM'000	%
<b>Group</b>				
Revenue	92,750	73,171	19,579	26.8
Profit before tax	29,338	24,251	5,087	21.0
Profit attributable to equity holders of the Company	16,173	14,443	1,730	12.0

The performances of each business divisions are as follows:

	Q3	Q2	Variance	
	FY 2022	FY 2022	RM'000	%
	RM'000	RM'000	RM'000	%
<b>Production and trading of security and confidential documents</b>				
Revenue	34,168	30,082	4,086	13.6
Profit before tax	4,949	32	4,917	15,365.6

The revenue for the division increased by 13.6% or RM4.1 million in the current quarter after having higher demand for almost all products. On the back of higher revenue coupled with lower allowance for impairment, the pre-tax profit for the division has increased to RM4.9 million for the current quarter as compared to RM32,000 recorded in preceding quarter.

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

	Q3 FY 2022	Q2 FY 2022	Variance	
	RM'000	RM'000	RM'000	%
<b>Oil palm production and processing</b>				
Revenue	56,485	40,818	15,667	38.4
Profit before tax	29,909	23,399	6,510	27.8

	Q3 FY 2022	Q2 FY 2022	Variance	
				%
<b>Indonesia</b>				
Crude palm oil (CPO) produced (mt)	10,506	8,736	1,770	20.3
Sales Quantity (mt)				
- Crude palm oil (CPO)	11,002	10,022	980	9.8
- Crude palm kernel oil (CPKO)	1,007	997	10	1.0

<b>Malaysia</b>				
Fresh fruit bunch (FFB) produced (mt)	5,666	6,035	(369)	(6.1)

Revenue from this division for the current quarter of RM56.5 million was RM15.7 million or 38.4% higher than the preceding quarter, mainly due to higher sales volume and price of CPO and CPKO. In line with higher revenue, the profit before tax for the division increased to RM29.9 million in the current quarter.

**B3. Prospects**

We expect the challenging environment to remain in the current financial year due to uncertainties brought up by the COVID-19. Certain division is expecting lesser demand in its products and disruption on supply chain. In addition, fluctuations in exchange rates and commodity prices will 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. In addition, 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. Income tax expense and zakat**

	Current quarter 31/12/21	Current year to date 31/12/21
	RM'000	RM'000
Tax expense	8,629	15,195
Zakat	107	107
	<u>8,736</u>	<u>15,302</u>

The effective tax rate on the Group's profit to date is slightly higher than the statutory tax rate mainly due to withholding tax and certain expenses are not allowable for tax deduction.

## **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" or "the Appellant") has on the same day, commenced a High Court action against Datasonic Technologies Sdn Bhd ("the Defendant" or "the Respondent").

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.

The trial was concluded on 24 August 2021 and the High Court Judge has fixed 27 September 2021 for further clarification/to deliver its decision. In the meantime, the parties have been directed to submit their respective written submissions and reply written submissions on 7 September 2021 and 13 September 2021, respectively.

On 27 September 2021, the High Court has sought further clarifications from both parties. In the circumstances, the parties have been directed to submit their respective written submissions on the clarifications sought by 4 October 2021.

On 13 October 2021, the High Court Judge has delivered its decision and has ordered the Defendant to pay the Plaintiff a sum of RM15,000,000 with 4% interest from today until full and final settlement. In addition, the Court has ordered the Plaintiff to pay the Defendant costs of RM30,000.

The Appellant has on 29 October 2021, filed a Notice of Appeal at the Court of Appeal, appealing against some parts of the High Court's decision given on 13 October 2021.

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

- (1) On 22 December 2021, the Appellant has filed its Memorandum of Appeal together with the Records of Appeal at the Court of Appeal as per the Court's directive. The Appellant is appealing against part of the High Court's decision dated 13 October 2021 which:
- Rejected the Appellant's claim for RM23,565,000.00 claimed by the Appellant (which is RM15.71 for each of the 1.5 million Passport Booklet) and ordered Respondent to only pay RM15,000,000.00 to the Appellant for the 1.5 million Passport Booklets supplied by the Appellant to the Respondent;
  - Dismissed the Appellant's claim for interest before judgment;
  - Ordered the Respondent to pay interest at the rate of 4% per annum on the judgment sum instead of 5% interest per annum as specified by the Chief Justice of Malaysia Practice Direction No 1 of 2012;
  - Dismissed the Appellant's claim for reimbursement of Goods & Services Tax ("GST") on the sums payable for the 1.5 million Passport Booklets; and
  - Ordered the Appellant to pay costs in the sum of RM30,000.00 to the Respondent.

During the case management held on 23 December 2021, the Court of Appeal has directed the parties to file and exchange their respective written submission by 31 May 2022. The next case management has been fixed on 2 June 2022 and hearing for the appeal has been fixed on 15 June 2022.

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

- (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").

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.



## 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 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.

Vide the written decision of the Jakarta State Administrative Court dated 4 August 2021 (which was received by PTNJL's solicitors on 25 November 2021 and subsequently forwarded to PTNJL on 26 November 2021), PTNJL's judicial review application has been dismissed. As a result of this ruling, the Supreme Court's decision dated 27 November 2019 that allowed the judicial review application made by BPN to set aside the court's earlier decision dated 21 August 2018 which had annulled the Ministerial Order revoking PTNJL's HGU land title, is upheld.

The decision is expected not to have any further impact on the Group as the disputed areas within the HGU land title have been fully impaired and full provision in the sum of RM17.79 million had been made in Fourth Quarter of financial year ended 2020.

- (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.

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

- (2) (b) 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		9 months cumulative	
	31/12/21	31/12/20	31/12/21	31/12/20
<b>Earnings</b>				
Profit attributable to equity holders of the Company (RM'000)	16,173	4,655	32,952	16,780
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares in issue	237,809,121	238,855,238	237,809,121	238,855,238
Basic earnings per share (sen)	6.80	1.95	13.86	7.03

**BY ORDER OF THE BOARD**

**JASMIN BINTI HOOD (LS 0009071)**

**FADZIL AZAHA (MIA20995)**

Company Secretaries

Kuala Lumpur

Date: 22 February 2022