



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

Condensed Consolidated Financial Statements
For the First Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2019
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current Quarter		3 Months Cumulative	
		Current Year Quarter 30/06/19	Preceding Year Corresponding Quarter 30/06/18	Current Year To Date 30/06/19	Preceding Year Corresponding Period 30/06/18
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	55,870	51,241	55,870	51,241
Cost of sales		(38,265)	(33,310)	(38,265)	(33,310)
Gross profit		17,605	17,931	17,605	17,931
Interest income		1,640	1,170	1,640	1,170
Other income		173	64	173	64
Administrative expenses		(7,530)	(6,381)	(7,530)	(6,381)
Selling and marketing expenses		(773)	(748)	(773)	(748)
Other operating expenses		(5,741)	(4,140)	(5,741)	(4,140)
Finance costs		(95)	(48)	(95)	(48)
Share of results from associate		525	812	525	812
Profit before tax	A9/A10	5,804	8,660	5,804	8,660
Income tax expense	B5	(1,278)	(1,840)	(1,278)	(1,840)
Profit net of tax		4,526	6,820	4,526	6,820
Other comprehensive income/ (expense), net of tax					
Foreign currency translation gain/(loss)		1,980	(50)	1,980	(50)
Total comprehensive income for the period		6,506	6,770	6,506	6,770
Profit attributable to:					
Equity holders of the Company		4,118	6,262	4,118	6,262
Non-controlling interests		408	558	408	558
Profit for the period		4,526	6,820	4,526	6,820
Total comprehensive income attributable to:					
Equity holders of the Company		5,702	6,222	5,702	6,222
Non-controlling interests		804	548	804	548
Total comprehensive income for the period		6,506	6,770	6,506	6,770
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B10	1.72	2.60	1.72	2.60

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements)

	As at 30/06/19 RM'000	As at 31/03/19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	198,274	195,033
Investment properties	58,787	59,163
Right-of-use assets	3,416	-
Goodwill on consolidation	510	510
Investment in associate	31,799	31,274
Deferred tax assets	6,552	6,635
	299,338	292,615
Current assets		
Biological assets	1,039	1,019
Inventories	62,856	63,316
Trade and other receivables	110,953	110,275
Due from related companies	552	525
Short term cash investments	157,743	148,122
Cash and bank balances	42,180	57,855
	375,323	381,112
TOTAL ASSETS	674,661	673,727
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(6,374)	(6,156)
Other reserves	(1,483)	(3,067)
Retained earnings	464,454	460,336
	579,259	573,775
Non-controlling interests	24,187	23,383
Total equity	603,446	597,158
Non-current liabilities		
Retirement benefit obligations	1,869	1,831
Lease obligations	16,607	14,868
Deferred tax liabilities	6,803	6,803
	25,279	23,502
Current liabilities		
Trade and other payables	29,614	36,839
Provisions	10,808	11,312
Tax payable	3,178	3,761
Due to related companies	161	512
Lease obligations	2,175	643
	45,936	53,067
Total liabilities	71,215	76,569
TOTAL EQUITY AND LIABILITIES	674,661	673,727
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.41	2.39

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 2019**

	<----- Attributable to Equity Holders of the Company ----->			<-----Non-Distributable----->		Distributable			Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Foreign translation reserve RM'000	Equity contribution from parent RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
At 1 April 2018	122,662	(4,577)	(4,564)	(8,814)	4,250	432,872	546,393	18,958	565,351
Total comprehensive income for the period	-	-	(40)	(40)	-	6,262	6,222	548	6,770
Transaction with owners									
Acquisition of treasury shares, representing total transaction with owners	-	(920)	-	-	-	-	(920)	-	(920)
	-	(920)	-	-	-	-	(920)	-	(920)
At 30 June 2018	122,662	(5,497)	(4,604)	(8,854)	4,250	439,134	551,695	19,506	571,201
At 1 April 2019	122,662	(6,156)	(3,067)	(7,317)	4,250	460,336	573,775	23,383	597,158
Total comprehensive income for the period	-	-	1,584	1,584	-	4,118	5,702	804	6,506
Transaction with owners									
Acquisition of treasury shares, representing total transaction with owners	-	(1,579)	-	-	-	-	(1,579)	-	(1,579)
	-	(218)	-	-	-	-	(218)	-	(218)
At 30 June 2019	122,662	(6,374)	(1,483)	(5,733)	4,250	464,454	579,259	24,187	603,446

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

	3 months ended	
	30/06/19	30/06/18
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,804	8,660
Adjustments for:		
Depreciation for property, plant and equipment	2,947	3,653
Depreciation of investment properties	376	376
Depreciation of right-of-use assets	509	-
Impairment loss on trade and other receivables	-	27
Write back of impairment loss on trade and other receivables	-	(24)
Fair value changes on biological assets	(20)	574
Inventories written down	1,064	106
Net provision for retirement benefit obligations	10	(5)
Net reversal of provision for warranty	(504)	(355)
Gain on disposal of property, plant and equipment	(56)	-
Share of results of associate	(525)	(812)
Interest expense	95	48
Interest income	(1,640)	(1,170)
Operating profit before working capital changes	8,060	11,078
(Increase)/decrease in trade and other receivables	(126)	8,451
Increase in inventories	(225)	(16,621)
Decrease in related companies balances	(378)	(519)
(Decrease)/increase in trade and other payables	(7,390)	2,071
Cash (used in)/generated from operations	(59)	4,460
Taxes paid	(1,778)	(504)
Retirement benefits paid	-	(21)
Net cash (used in)/generated from operating activities	<u>(1,837)</u>	<u>3,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,257)	(3,914)
Proceeds from disposal of property, plant and equipment	95	-
Interest income received	1,640	1,170
Dividends received	-	1,395
Net investment in short term cash investments	(9,621)	(56,919)
Net cash used in investing activities	<u>(14,143)</u>	<u>(58,268)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease obligations	(749)	(200)
Acquisition of treasury shares	(218)	(920)
Net cash used in financing activities	<u>(967)</u>	<u>(1,120)</u>
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(16,947)	(55,453)
Effect of exchange rate changes in cash and cash equivalents	1,272	(38)
Cash and cash equivalents balances at beginning of the period	57,855	165,596
Cash and cash equivalents at end of period	<u>42,180</u>	<u>110,105</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	20,087	44,957
Deposits with licensed banks	22,093	65,148
Cash and cash equivalents	<u>42,180</u>	<u>110,105</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 2019. 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 2019.

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 2019 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 2019, the Group adopted the following new and amended MFRSs and IC Interpretation:

- MFRS 16: Leases
- Amendments to MFRS 9: Prepayment feature with compensation
- Amendments to MFRS 119: Plan amendment, curtailment or settlement
- Amendments to MFRS 128: Long term interest in associates and joint ventures
- Annual Improvements to MFRS Standards 2015 - 2017 Cycle
- IC Interpretation 23: Uncertainty over income tax treatments

The adoption of the above standards and interpretation did not have a significant impact on the financial statements in the period of initial application except as discussed below:

MFRS 16: Leases

MFRS 16 replaced MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Leases are required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors continued to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard affected primarily the accounting for the Group's non-cancellable operating leases. The Group recognised right-of-use assets and corresponding liabilities by applying the modified retrospective approach and not restate comparative amounts for the year prior to initial adoption. Right-of-use assets is measured at an amount equal to the lease liability amount on the date of transition.

A2. Changes in accounting policies (cont'd.)

(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation (cont'd.)

MFRS 16: Leases (cont'd.)

In summary, upon the adoption of MFRS 16, the Group recognised the following balances as at 1 April 2019.

	Assets/ (Liabilities) RM'000
Right-of-use assets	3,925
Lease liabilities	<u>(3,925)</u>

In the statement of profit and loss, expenses which were previously recognised as lease expenses in the cost of sales are now replaced by interest expense on lease liabilities (included within the finance costs line) and depreciation of right-of use assets. In the statement of cash flow, lease payments for the principal portion are now classified under financing activities compared to operating activities in the past.

(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: Definition of a Business	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
MFRS 17: Insurance contracts	1 January 2021
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 2019 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 B8(b).

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 financial period to date.

During the current quarter, the Company repurchased 113,900 of its issued ordinary shares from the open market at an average price of RM1.91. The total transaction paid for the repurchase including transaction costs was RM217,651. Of the total 245,324,330 issued ordinary shares, 5,311,000 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	
	30/06/19	30/06/18	30/06/19	30/06/18
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	30,179	30,859	30,179	30,859
Oil palm production and processing	24,257	19,000	24,257	19,000
Property management	1,956	1,677	1,956	1,677
Others	-	1,395	-	1,395
	56,392	52,931	56,392	52,931
Eliminations	(522)	(1,690)	(522)	(1,690)
	55,870	51,241	55,870	51,241
Profit before tax				
Production and trading of security and confidential documents	4,440	4,087	4,440	4,087
Oil palm production and processing	1,217	3,821	1,217	3,821
Property management	469	386	469	386
Others	(847)	949	(847)	949
	5,279	9,243	5,279	9,243
Share of results of associate	525	812	525	812
	5,804	10,055	5,804	10,055
Eliminations	-	(1,395)	-	(1,395)
	5,804	8,660	5,804	8,660

(b) Geographical segments

	Quarter ended		3 months cumulative	
	30/06/19	30/06/18	30/06/19	30/06/18
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	32,722	33,989	32,722	33,989
Indonesia	23,670	18,942	23,670	18,942
	56,392	52,931	56,392	52,931
Eliminations	(522)	(1,690)	(522)	(1,690)
	55,870	51,241	55,870	51,241
Profit before tax				
Malaysia	3,276	4,363	3,276	4,363
Indonesia	2,528	5,692	2,528	5,692
	5,804	10,055	5,804	10,055
Eliminations	-	(1,395)	-	(1,395)
	5,804	8,660	5,804	8,660

A9. Segmental information (cont'd.)**(b) Geographical segments (cont'd.)**

	Quarter ended/3 months cumulative			
	30/06/19		30/06/18	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Malaysia	719,877	75,089	754,875	165,052
Indonesia	104,037	16,604	94,219	18,139
	823,914	91,693	849,094	183,191
Eliminations	(149,253)	(20,478)	(197,245)	(105,538)
Group	674,661	71,215	651,849	77,653

A10. Profit before tax

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

	Quarter ended		3 months cumulative	
	30/06/19	30/06/18	30/06/19	30/06/18
	RM'000	RM'000	RM'000	RM'000
Other income				
Management fees	-	6	-	6
Gain on disposal of property, plant and equipment	56	-	56	-
Others	117	58	117	58
Operating expenses				
Depreciation	3,832	4,029	3,832	4,029
Foreign exchange gain	(151)	(608)	(151)	(608)
Impairment loss on trade and other receivables	-	27	-	27
Write back of impairment loss on trade and other receivables	-	(24)	-	(24)
Fair value changes on biological assets	(20)	574	(20)	574
Inventories written down	1,064	106	1,064	106
Net provision for retirement benefit obligations	10	(5)	10	(5)
Net reversal of provision for warranty	(504)	(355)	(504)	(355)

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 2019 other than as disclosed in Note B8.

A14. Capital commitments

	As at 30/06/19 RM'000
Property, plant and equipment:	
Approved and contracted for	2,166

A15. Acquisition of property, plant and equipment

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

	Current year to date 30/06/19 RM'000
Plant and machinery	2,158
Factory and office renovations	3
Equipment, furniture and fittings and motor vehicles	978
Bearer plants and infrastructure	2,473
Work in progress	645
	<u>6,257</u>

A16. Related party transactions

	Current year to date 30/06/19 RM'000
Penultimate Holding Company	
Kumpulan Fima Berhad	
Rental income receivable	213
Management fees payable	393
Fellow Subsidiary	
Fima Instanco Sdn Bhd	
Rental income receivable	45
Service payable	38
Related by virtue of common shareholder of the Company	
Nationwide Express Courier Services Berhad	
Rental income receivable	22
Purchases made - Delivery services	27
Related by virtue of director/(s) of the Company and/or Group having substantial interest	
TD Technologies Sdn. Bhd.	
Service payable	51
PT Pohon Emas Lestari	
Purchase of fresh fruit bunches	<u>1,361</u>

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

Group	Year to date		Variance	
	30/06/19	30/06/18	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	55,870	51,241	4,629	9.0
Profit before tax	5,804	8,660	(2,856)	(33.0)
Profit after tax	4,526	6,820	(2,294)	(33.6)
Profit attributable to equity holders of the Company	4,118	6,262	(2,144)	(34.2)

The Group recorded higher revenue by RM4.6 million mainly due to higher sales volume from plantation division. Despite this, the profit before tax was RM2.9 million or 33.0% lower as compared to corresponding period last year mainly due to lower contribution from plantation division.

The performances of each business divisions are as follows:

Production and trading of security and confidential documents	Year to date		Variance	
	30/06/19	30/06/18	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	30,179	30,859	(680)	(2.2)
Profit before tax	4,440	4,087	353	8.6

Revenue from this segment was consistent as compared to corresponding period last year with minimal decreased of 2.2% or RM0.7 million. Despite this, the division recorded higher profit before tax by RM0.4 million or 8.6% mainly due to higher interest income received from placements made in short term cash investments.

Oil palm production and processing	Year to date		Variance	
	30/06/19	30/06/18	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	24,257	19,000	5,257	27.7
Profit before tax	1,217	3,821	(2,604)	(68.1)

Below are the key operating statistics for the segment:

Indonesia	Year to date		Variance	
	30/06/19	30/06/18	RM'000	%
	RM'000	RM'000	RM'000	%
Fresh fruit bunch (FFB) produced (mt)	34,330	32,868	1,462	4.4
FFB yield/ha (mt)	5.44	5.16	0.28	5.4
Cost of FFB produced (RM/mt)	327.62	209.75	(117.87)	(56.2)
Crude palm oil (CPO) produced (mt)	10,249	10,142	107	1.1
CPO extraction rate (%)	22.01	22.50	(0.49)	(2.2)
Sales quantity (mt)				
CPO	12,037	9,012	3,025	33.6
Average CIF selling price, net of duty (RM/mt)				
CPO	1,966	2,102	(136)	(6.5)

B1. Review of performance (cont'd.)

	Year to date		Variance	
	30/06/19	30/06/18		%
Malaysia				
Fresh fruit bunch (FFB) produced (mt)	1,659	145	1,514	1,044.1
FFB yield/ha (mt)	2.25	1.38	0.87	63.0
Palm profiles (ha)				
Mature	7,049.3	6,471.9		
Immature	1,769.4	1,138.8		
Rehab	-	566.2		
Total planted area	8,818.7	8,176.9		

This segment registered 27.7% increase in revenue compared to the corresponding period last year, primarily due to higher sales volume of CPO. Despite this, the division recorded lower pretax profit by RM2.6 million mainly due to higher manuring cost incurred by our Indonesian subsidiary.

Plantation estates in Malaysia which are presently in the development process registered a total pretax loss of RM1.3 million (last year: RM2.2 million).

	Year to date		Variance	
	30/06/19	30/06/18		%
	RM'000	RM'000	RM'000	
Property Management				
Revenue	1,956	1,677	279	16.6
Profit before tax	469	386	83	21.5

The division recorded higher revenue by RM0.3 million or 16.6% as compared to corresponding period last year mainly due additional revenue from engineering consultation services amounting to RM0.2 million. Inline with the increase in revenue, the division recorded an improved pretax profit by RM83,000 or 21.5% .

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

	Q1	Q4	Variance	
	FY 2020	FY 2019		%
	RM'000	RM'000	RM'000	
Group				
Revenue	55,870	69,762	(13,892)	(19.9)
Profit before tax	5,804	10,298	(4,494)	(43.6)
Profit after tax	4,526	7,669	(3,143)	(41.0)
Profit attributable to equity holders of the Company	4,118	7,869	(3,751)	(47.7)

The performances of each business divisions are as follows:

	Q1	Q4	Variance	
	FY 2020	FY 2019		%
	RM'000	RM'000	RM'000	
Production and trading of security and confidential documents				
Revenue	30,179	32,923	(2,744)	(8.3)
Profit before tax	4,440	6,074	(1,634)	(26.9)

Revenue from production of security and confidential documents decreased by RM2.7 million or 8.3% in the first quarter of the year as compared to the preceding quarter mainly due to decreased volume of certain travel documents. On the back of lower revenue coupled with additional inventories written down, a pretax profit of RM1.6 million was posted, a fall of 26.9% over the previous quarter.

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

	Q1 FY 2020 RM'000	Q4 FY 2019 RM'000	Variance	
			RM'000	%
Oil palm production and processing				
Revenue	24,257	34,013	(9,756)	(28.7)
Profit before tax	1,217	4,803	(3,586)	(74.7)

	Q1 FY 2020	Q4 FY 2019	Variance	
Crude palm oil (CPO) produced (mt)	10,249	12,268	(2,019)	(16.5)
Sales Quantity (mt)				
Crude palm oil (CPO)	12,037	16,956	(4,919)	(29.0)
Crude palm kernel oil (CPKO)	-	977	(977)	(100.0)
Average CIF selling price, net of duty (RM/mt)				
CPO	1,966	1,845	121	6.6
CPKO	-	2,619	(2,619)	(100.0)

Revenue from this segment for the current quarter of RM24.2 million was RM9.6 million or 16.5% lower than the preceding quarter, mainly due to lower sales volume of CPO and CPKO. On the back of lower revenue, the division recorded lower pretax profit by RM3.6 million as compared to preceding quarter.

B3. Prospects

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.

The overall performance of the oil palm production and processing is very much influenced by the direction of palm oil prices and our estates' yield. Nevertheless, we will remain focus in improving our efficiency in oil processing and optimising production cost.

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 30/06/19 RM'000	Current year to date 30/06/19 RM'000
Tax charge	1,278	1,278

The effective tax rate on the Group's profit todate 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. Lease obligations

	As at 30/06/19 RM'000	As at 30/06/18 RM'000
Current:		
Obligations under finance leases	643	611
Obligations under operating leases	1,532	-
	<u>2,175</u>	<u>611</u>
Non-current:		
Obligations under finance leases	14,703	14,703
Obligations under operating leases	1,904	-
	<u>16,607</u>	<u>14,703</u>
	<u>18,782</u>	<u>15,314</u>

The leases obligations are in respect of the following:

- (a) A 99 year land lease granted to subsidiary, Gabungan Warisan Sdn Bhd to develop approximately 249.8 ha of land in Kuala Krai, Kelantan Darul Naim. The lease will expire on 2 July 2112.
- (b) Sub-leases granted to subsidiaries, Taka Worldwide Trading Sdn Bhd and Etika Gangsa Sdn Bhd over 2 parcels of land measuring approximately 404.6 ha, deemed suitable for oil palm cultivation, situated in Mukim Relai, Jajahan Gua Musang, Kelantan for a term of 66 years expiring 5 March 2075, with an option to renew for a further period of 33 years.
- (c) A 60 year lease granted to subsidiary, R.N.E. Plantation Sdn Bhd over 1 plot of agricultural land measuring 2,000 ha located at Sungai Siput, Daerah Kuala Kangsar, Perak. The lease will expire on 3 August 2075, with an option to renew for a further period of 30 years.
- (d) A 30 year lease granted to subsidiary, Percetakan Keselamatan Nasional Sdn Bhd over 1 parcel of land measuring 1.46 ha located at Jalan Chan Sow Lin, Kuala Lumpur. The lease will expire on 30 April 2020 and application of extension has been submitted.
- (e) A 4 year lease granted to subsidiary, PT Nunukan Jaya Lestari over 1 barge with 3,000mt capacity. The lease will expire on 11 April 2021.

B8. Changes in material litigation

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

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

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

The next case management has been fixed for 23 August 2019. The matter has been fixed for trial on 21 January 2020, 22 January 2020, 23 January 2020 and 24 January 2020.

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

B8. Changes in material litigation (cont'd.)

- (b) On 21 October 2016, the Company announced that its Indonesian subsidiary, PT Nunukan Jaya Lestari ("PTNJL") has instituted legal proceedings to challenge the order issued by the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional ("Defendant:") ("Ministerial Order") to revoke PT NJL's land title Hak Guna Usaha No. 01/Nunukan Barat ("HGU") with immediate effect.

The Ministerial Order was on the basis that the HGU was improperly issued due to administrative irregularities performed by certain officers of the Badan Pertanahan Nasional Provinsi Kalimantan Timur at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry areas. PTNJL's planted area affected by the Ministerial Order measures 3,691.9 hectare.

On 21 October 2016, PTNJL filed an application in the State Administrative Court in Jakarta, Indonesia seeking an order to annul the Ministerial Order. Simultaneously, in the said application, PTNJL has also sought an order from PTUN to postpone the enforcement of the Ministerial Order pending full and final determination of the matter by the Indonesian courts. The Defendant, together with a third party intervener, PT Adindo Hutani Lestari, have filed a defence against the said suit.

On 13 June 2017, the State Administrative Court dismissed the application filed by PTNJL to annul the Ministerial Order. Subsequently on 24 July 2017, PTNJL filed an appeal to the Pengadilan Tinggi Tata Usaha Negara Jakarta to appeal against the decision of the State Administrative Court.

The Pengadilan Tinggi Tata Usaha Negara Jakarta vide its written decision dated 11 December 2017 (which was received by the Company's solicitors on 2 January 2018 and subsequently forwarded to the Company on 3 January 2018):

- (i) has partly allowed PTNJL's appeal against the State Administrative Court's decision, with costs;
- (ii) has declared that 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; and
- (iii) has ordered the Defendant to revoke the Ministerial Order save for the areas overlapping with forestry areas/third party interests measuring 5,138 hectares.

Pursuant to Pengadilan Tinggi Tata Usaha Negara Jakarta's decision dated 11 December 2017, PTNJL has filed its statement of appeal on 10 January 2018 and appeal on 23 January 2018 to the Mahkamah Agung Republik Indonesia ("Mahkamah Agung") in respect of the decision of the Pengadilan Tinggi Tata Usaha Negara Jakarta.

Mahkamah Agung, vide its written decision dated 21 August 2018, has allowed PTNJL's appeal and ruled that the Ministerial Order revoking PTNJL's HGU be annulled. The Mahkamah Agung also ordered the Defendant, to simultaneously:

- (i) issue an order cancelling PTNJL's HGU rights over the areas overlapping with third party interests measuring 3,500 hectares; and
- (ii) issue a new HGU certificate in favour of PTNJL for an area measuring 16,474.130 hectares, (which is 19,974.130 hectares less the 3,500 hectares referred to in paragraph (i) above).

PTNJL is currently taking the necessary legal steps to enforce the court's decision.

The amount of write back relating to the impairment of property, plant and equipment previously affected by the Ministerial Order was RM23,631,000 which has been reflected in the previous financial year.

On 20 February 2019, the Company announced that PTNJL has received notice (which was received by PTNJL's solicitors on 18 February 2019 and subsequently forwarded to the Company on 19 February 2019) that the Defendant has filed an application for judicial review together with its judicial review memorandum at the Mahkamah Agung on 8 February 2019. The Defendant is seeking to set aside the Mahkamah Agung's written decision dated 21 August 2018 on grounds that the court had among others misapplied the law to the relevant facts in arriving at the decision. PTNJL has on 18 March 2019 filed a counter memorandum at the Mahkamah Agung in response to the said application.

Under Indonesian laws and regulations, commencement of judicial review proceedings does not prevent the implementation of the Mahkamah Agung's written decision as aforesaid.

B8. Changes in material litigation (cont'd.)

- (c) Following the termination of the Tenancy Agreement by Malaysia Airports Holding Berhad ("MAHB") on 11 May 2000, the Company as the Principal Tenant had issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex, Subang.

Pursuant to the above, on 28 September 2001, the Company was served a Writ of Summons dated 9 August 2001 from a tenant ("Plaintiff") claiming for a compensation sum of approximately RM2.12 million being their renovation costs and general damages. The Board had sought the opinion from the solicitors who were of the opinion that there should be no compensation payable to the Plaintiff as the demised premise was acquired by a relevant authority which was provided in the Tenancy Agreement between the Company and the Plaintiff.

On 11 November 2008, the Court had disposed off this matter summarily in favour of the plaintiff and on 4 March 2009, the Company had filed its Record of Appeal to the Court of Appeal to appeal against the decision. The Company had made full provision for the compensation claim of RM2.12 million during the financial year ended 31 March 2009.

On 27 September 2011, the Court of Appeal had allowed the Company's appeal against the decision handed down by the High Court and directed that the matter be remitted back to the High Court for a full trial. There has been no development since 27 September 2011.

B9. Dividend

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

B10. Earnings per share

	Quarter ended		3 months cumulative	
	30/06/19	30/06/18	30/06/19	30/06/18
Earnings				
Profit attributable to owners of the Company (RM'000)	4,118	6,262	4,118	6,262
Basic earnings per share				
Weighted average number of ordinary shares in issue	240,024,980	240,873,863	240,024,980	240,873,863
Basic earnings per share (sen)	1.72	2.60	1.72	2.60

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 22 August 2019