



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

Condensed Consolidated Financial Statements
For the Second Quarter Ended 30 September 2021

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

	Note	Current Quarter		6 Months Cumulative	
		Current Year Quarter 30/09/21	Preceding Year Corresponding Quarter 30/09/20	Current Year To Date 30/09/21	Preceding Year Corresponding Period 30/09/20
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	73,171	60,310	107,094	106,179
Cost of sales		(38,201)	(40,394)	(56,726)	(67,429)
Gross profit		34,970	19,916	50,368	38,750
Other income		1,468	2,287	3,071	4,111
Administrative expenses		(6,067)	(8,738)	(14,913)	(17,251)
Selling and marketing expenses		(2,129)	(2,148)	(3,798)	(3,756)
Other operating expenses		(4,889)	(2,057)	(8,428)	(7,364)
Finance costs		(122)	(94)	(240)	(180)
Share of results from associate		1,020	2,348	1,620	2,400
Profit before tax	A9/A10	24,251	11,514	27,680	16,710
Income tax expense	B5	(6,558)	(1,481)	(6,566)	(3,592)
Profit net of tax		17,693	10,033	21,114	13,118
Other comprehensive income/(expense), net of tax					
Foreign currency translation gain/(loss)		4,273	(6,854)	4,225	4,456
Total comprehensive income for the period		21,966	3,179	25,339	17,574
Profit attributable to:					
Equity holders of the Company		14,443	9,240	16,779	12,125
Non-controlling interests		3,250	793	4,335	993
Profit for the period		17,693	10,033	21,114	13,118
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		17,860	3,756	20,158	15,681
Non-controlling interests		4,106	(577)	5,181	1,893
Total comprehensive income for the period		21,966	3,179	25,339	17,574
Earnings per share attributable to equity holders of the Company					
Basic/diluted earnings per share (sen)	B9	6.07	3.87	7.05	5.07

(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 SEPTEMBER 2021

	As at 30/09/21	As at 31/03/21
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	89,719	87,083
Investment properties	55,396	56,149
Right-of-use assets	188,124	97,591
Goodwill on consolidation	510	510
Investment in associate	38,983	37,363
Deferred tax assets	7,192	6,612
	379,924	285,308
Current assets		
Biological assets	3,856	1,844
Inventories	45,014	29,094
Trade and other receivables	58,888	113,928
Due from related companies	2,448	2,382
Tax recoverable	1,226	7,483
Financial investments	92,119	144,563
Cash and bank balances	80,321	51,009
	283,872	350,303
TOTAL ASSETS	663,796	635,611
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,662	122,662
Treasury shares	(10,411)	(9,495)
Other reserves	(953)	(4,332)
Retained earnings	438,393	439,445
	549,691	548,280
Non-controlling interests	25,478	22,221
Total equity	575,169	570,501
Non-current liabilities		
Retirement benefit obligations	1,635	1,657
Lease liabilities	52,494	15,049
Deferred tax liabilities	4,343	4,538
	58,472	21,244
Current liabilities		
Trade and other payables	22,400	36,636
Provisions	2,652	3,115
Tax payable	1,086	55
Due to related companies	599	361
Lease liabilities	3,418	3,699
	30,155	43,866
Total liabilities	88,627	65,110
TOTAL EQUITY AND LIABILITIES	663,796	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 SECOND QUARTER ENDED 30 SEPTEMBER 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	-	-	3,556	3,556	-	12,125	15,681	1,893	17,574
Transactions with equity holders									
Acquisition of treasury shares	-	(1,055)	-	-	-	-	(1,055)	-	(1,055)
Dividend paid	-	-	-	-	-	(17,899)	(17,899)	-	(17,899)
Total transactions with equity holders	-	(1,055)	-	-	-	(17,899)	(18,954)	-	(18,954)
At 30 September 2020	122,662	(8,686)	(6,218)	(10,468)	4,250	436,212	543,970	20,640	564,610
At 1 April 2021	122,662	(9,495)	(4,332)	(8,582)	4,250	439,445	548,280	22,221	570,501
Total comprehensive income for the period	-	-	3,379	3,379	-	16,779	20,158	5,181	25,339
Transactions with equity holders									
Acquisition of treasury shares	-	(916)	-	-	-	-	(916)	-	(916)
Dividend paid	-	-	-	-	-	(17,831)	(17,831)	(1,924)	(19,755)
Total transactions with equity holders	-	(916)	-	-	-	(17,831)	(18,747)	(1,924)	(20,671)
At 30 September 2021	122,662	(10,411)	(953)	(5,203)	4,250	438,393	549,691	25,478	575,169

(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 SECOND QUARTER ENDED 30 SEPTEMBER 2021**

	6 months ended	
	30/09/21	30/09/20
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	27,680	16,710
Adjustments for:		
Depreciation for property, plant and equipment	3,838	5,276
Depreciation of investment properties	753	753
Depreciation of right-of-use assets	3,481	2,120
Net impairment/(write back of impairment) loss on trade and other receivables	2,921	(351)
Fair value changes on biological assets	(1,908)	(456)
Inventories written back	(175)	(217)
Net (reversal of provision)/provision for retirement benefit obligations	(48)	104
Net reversal of provision for warranty	(463)	(748)
Gain on disposal of property, plant and equipment	-	(18)
Share of results of associate	(1,620)	(2,400)
Income from rent concession	-	-
Interest expense	240	180
Interest income	(3)	(25)
Profit income	(682)	(512)
Distribution from financial investments	(957)	(1,801)
Operating profit before working capital changes	33,057	18,615
Decrease/(increase) in trade and other receivables	13,595	(6,479)
(Increase)/decrease in inventories	(15,487)	897
Increase/(decrease) in related companies balances	172	(333)
Decrease in trade and other payables	(14,498)	(2,297)
Cash generated from operations	16,839	10,403
Taxes paid	(53)	(2,851)
Retirement benefits paid	-	(11)
Net cash generated from operating activities	16,786	7,541
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,020)	(4,655)
Proceeds from disposal of property, plant and equipment	-	18
Payment for acquisition of land	(16,015)	-
Interest income received	3	25
Profit income	682	512
Distribution received from financial investments	957	1,801
Net investment in financial investments	52,444	9,400
Net cash generated from investing activities	32,051	7,101
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,831)	(17,899)
Dividend paid by a subsidiary to non-controlling interests	(1,924)	-
Repayment of lease obligations	(1,960)	(1,282)
Acquisition of treasury shares	(916)	(1,055)
Net cash used in financing activities	(22,631)	(20,236)



FIMA CORPORATION BERHAD (197401004110) (21185-P)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021 (CONT'D.)**

	6 months ended	
	<u>30/09/21</u>	<u>30/09/20</u>
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net increase/(decrease) in cash and cash equivalents	26,206	(5,594)
Effect of exchange rate changes in cash and cash equivalents	3,106	3,314
Cash and cash equivalents balances at beginning of the period	51,009	47,551
Cash and cash equivalents at end of period	<u>80,321</u>	<u>45,271</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	56,863	20,627
Deposits with licensed banks	23,458	24,644
Cash and cash equivalents	<u>80,321</u>	<u>45,271</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.

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 280,800 of its issued ordinary shares from the open market at an average price of RM1.96. The total transaction paid for the repurchase including transaction costs was RM550,187. Of the total 245,324,330 issued ordinary shares, 7,710,800 shares are held as treasury shares by the Company.

A8. Dividends paid

		6 months cumulative	
		30/09/21	30/09/20
		RM'000	RM'000
Interim Dividend			
2020	Single-tier second interim dividend of 7.5 sen (Paid on 7 September 2020)	-	17,899
2021	Single-tier second interim dividend of 7.5 sen (Paid on 3 September 2021)	17,831	-
		<u>17,831</u>	<u>17,899</u>

A9. Segmental information

(a) Segmental revenue and results for business segments

	Quarter ended		6 months cumulative	
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
Revenue				
Production and trading of security and confidential documents	30,082	31,635	43,246	52,957
Oil palm production and processing	40,818	27,016	60,248	50,453
Property management	2,513	1,661	4,085	3,316
Others	35,850	10,925	43,545	10,925
	109,263	71,237	151,124	117,651
Eliminations	(36,092)	(10,927)	(44,030)	(11,472)
	73,171	60,310	107,094	106,179
Profit before tax				
Production and trading of security and confidential documents	32	5,891	(823)	8,828
Oil palm production and processing	23,399	4,127	28,291	6,645
Property management	694	194	1,070	494
Others	35,040	9,914	41,151	9,303
	59,165	20,126	69,689	25,270
Share of results of associate	1,020	2,348	1,620	2,400
	60,185	22,474	71,309	27,670
Eliminations	(35,934)	(10,960)	(43,629)	(10,960)
	24,251	11,514	27,680	16,710

(b) Geographical segments

	Quarter ended		6 months cumulative	
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	73,458	46,693	98,536	71,576
Indonesia	35,805	24,544	52,588	46,075
	109,263	71,237	151,124	117,651
Eliminations	(36,092)	(10,927)	(44,030)	(11,472)
	73,171	60,310	107,094	106,179
Profit before tax				
Malaysia	37,537	17,783	42,827	19,730
Indonesia	22,648	4,691	28,482	7,940
	60,185	22,474	71,309	27,670
Eliminations	(35,934)	(10,960)	(43,629)	(10,960)
	24,251	11,514	27,680	16,710

	Quarter ended/6 months cumulative			
	30/09/21		30/09/20	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	701,661	84,595	696,315	73,231
Indonesia	129,728	12,951	100,714	8,966
	831,389	97,546	797,029	82,197
Eliminations	(167,593)	(8,919)	(170,080)	(19,858)
Group	663,796	88,627	626,949	62,339

A10. Profit before tax

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

	Quarter ended		6 months cumulative	
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
Other income				
Gain on disposal of property, plant and equipment	-	5	-	18
Interest income	2	23	3	25
Profit income	355	227	682	512
Distribution from financial investments	445	810	957	1,801
Others	666	1,222	1,429	1,755
Operating expenses				
Depreciation	4,200	2,984	8,072	8,149
Foreign exchange loss/(gain)	42	(1,194)	354	1,742
Net impairment/(write back of impairment) loss on trade and other receivables	2,837	3	2,921	(351)
Fair value changes on biological assets	(1,183)	(15)	(1,908)	(456)
Inventories written down/(written back)	266	(95)	(175)	(217)
Net (reversal of provision)/provision for retirement benefit obligations	(17)	(109)	(48)	104
Net reversal of provision for warranty	(75)	(311)	(463)	(748)

A11. Subsequent events

There were no material events subsequent to the end of the current quarter other than as disclosed in Note B7(1).

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
	30/09/21
	RM'000
Property, plant and equipment:	
Approved and contracted for	11,406

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 30/09/21
	RM'000
Buildings	206
Plant and machinery	113
Equipment, furniture and fittings and motor vehicles	1,428
Bearer plants and infrastructure	3,823
Work in progress	450
	6,020

A16. Related party transactions

	Current year to date 30/09/21
	RM'000
Ultimate Holding Company	
- Kumpulan Fima Berhad - Rental income receivable	439
- Kumpulan Fima Berhad - Management fees and services payable	564
- Kumpulan Fima Berhad - Services receivable	114
Fellow Subsidiaries	
- Fima Instanco Sdn Bhd - Rental income receivable	78
- Fima Instanco Sdn Bhd - Services receivable	63
- Amgreen Gain Sdn Bhd - Services receivable	14
- Pineapple Cannery of Malaysia Sendirian Berhad - Services receivable	27
Transactions with related parties *	
- Nationwide Express Courier Services Berhad - Rental income receivable	36
- Nationwide Express Courier Services Berhad - Services payable	15
- TD Technologies Sdn Bhd - Services payable	88
- First Zanzibar Sdn Bhd - Services payable	35
- PT Pohon Emas Lestari - Purchase of fresh fruit bunches	4,095

* 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	
	30/09/21	30/09/20	RM'000	%
	RM'000	RM'000	RM'000	
Group				
Revenue	107,094	106,179	915	0.9
Profit before tax	27,680	16,710	10,970	65.6
Profit attributable to equity holders of the Company	16,779	12,125	4,654	38.4

The Group recorded higher profit before tax by RM11.0 million despite having minimal 0.9% increase in revenue mainly due to higher contribution from plantation division.

The performances of each business divisions are as follows:

	Year to date		Variance	
	30/09/21	30/09/20	RM'000	%
	RM'000	RM'000	RM'000	
Production and trading of security and confidential documents				
Revenue	43,246	52,957	(9,711)	(18.3)
(Loss)/profit before tax	(823)	8,828	(9,651)	(109.3)

Revenue from this division was RM9.7 million or 18.3% lower than corresponding period last year, primarily due to decrease in sales volume for almost all products. The decrease in revenue coupled with higher allowance for impairment and lower distribution from financial investments resulted a loss of RM0.8 million has been recorded by the division in its first half year performance.

	30/09/21	30/09/20	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	60,248	50,453	9,795	19.4
Profit before tax	28,291	6,645	21,646	325.7

Below are the key operating statistics for the segment:

	Year to date		Variance	
	30/09/21	30/09/20		%
Indonesia				
Fresh fruit bunch (FFB) produced (mt)	62,609	69,608	(6,999)	(10.1)
Crude palm oil (CPO) produced (mt)	18,023	18,440	(417)	(2.3)
Sales quantity (mt)				
- CPO	16,070	16,313	(243)	(1.5)
- Crude palm kernel oil (CPKO)	997	1,733	(736)	(42.5)

B1. Review of performance (cont'd.)

	Year to date	
	30/09/21	30/09/20
Total Group's hectarage		
Palm profiles (ha)		
Mature	7,147.9	7,632.9
Immature	1,193.5	1,343.3
Total planted area	8,341.4	8,976.2

The division registered RM9.8 million or 19.4% increase in revenue as compared to corresponding period last year, 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 by RM21.6 million as compared to corresponding period last year.

Plantation estates in Malaysia which are presently in the development process and partially matured registered total pre-tax loss of RM0.2 million (last year: RM1.3 million). Lower pre-tax loss is mainly contributed by higher FFB production and higher FFB price.

	Year to date		Variance	
	30/09/21	30/09/20	RM'000	%
	RM'000	RM'000	RM'000	%
Property Management				
Revenue	4,085	3,316	769	23.2
Profit before tax	1,070	494	576	116.6

The division recorded higher revenue by RM0.8 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 RM0.6 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

	Q2	Q1	Variance	
	FY 2022	FY 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Group				
Revenue	73,171	33,923	39,248	115.7
Profit before tax	24,251	3,429	20,822	607.2
Profit attributable to equity holders of the Company	14,443	2,336	12,107	518.3

The performances of each business divisions are as follows:

	Q2	Q1	Variance	
	FY 2022	FY 2022	RM'000	%
	RM'000	RM'000	RM'000	%
Production and trading of security and confidential documents				
Revenue	30,082	13,164	16,918	128.5
Profit/(loss) before tax	32	(855)	887	(103.7)

The revenue for the division increased from RM13.2 million in previous quarter to RM30.1 million in the current quarter after having higher demand for almost all products. Despite this, the division only registered minimal pretax profit of RM32,000 in the current quarter following to the additional allowance for impairment made in relation to its material litigation as disclosed in Note B7(1).

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

	Q2 FY 2022	Q1 FY 2022	Variance	
	RM'000	RM'000	RM'000	%
Oil palm production and processing				
Revenue	40,818	19,430	21,388	110.1
Profit before tax	23,399	4,892	18,507	378.3

	Q2 FY 2022	Q1 FY 2022	Variance	
				%
Indonesia				
Crude palm oil (CPO) produced (mt)	8,736	9,287	(551)	(5.9)
Sales Quantity (mt)				
- Crude palm oil (CPO)	10,022	6,048	3,974	65.7
- Crude palm kernel oil (CPKO)	997	-	997	100.0

Malaysia				
Fresh fruit bunch (FFB) produced (mt)	6,035	3,115	2,920	93.7

The division doubled its revenue from RM19.4 million in previous quarter to RM40.8 million in the current quarter following to higher quantity and selling price for CPO, CPKO and FFB. With the other costs remained constant, the division registered higher pretax profit by RM18.5 million in the current quarter.

B3. Prospects

The Group anticipates 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 30/09/21 RM'000	Current year to date 30/09/21 RM'000
Tax charge	6,558	6,566

The effective tax rate on the Group's profit to date is slightly higher than the statutory tax rate mainly due to 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") 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.

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 Plaintiff 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.

The Court of Appeal has fixed a case management on 23 December 2021 and also directed the Records of Appeal to be filed before the case management date.

Notwithstanding with the above, the Group has made additional allowance for impairment on the difference which is not expected to have any further material impact on the financial and operational position of the Company.

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

- (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.

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).

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

- (2) (a) 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.

- (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

The Board of Directors recommend the payment of a single-tier first interim dividend of 5.0 sen per share for the year ending 31 March 2022 (last year: 5.0 sen). The proposed first interim dividend will amount to approximately RM11.9 million (last year: RM11.9 million) and will be paid on a date to be determined.

B9. Earnings per share

	Quarter ended		6 months cumulative	
	30/09/21	30/09/20	30/09/21	30/09/20
Earnings				
Profit attributable to equity holders of the Company (RM'000)	14,443	9,240	16,779	12,125
Basic earnings per share				
Weighted average number of ordinary shares in issue	237,961,446	239,068,080	237,961,446	239,068,080
Basic earnings per share (sen)	6.07	3.87	7.05	5.07

BY ORDER OF THE BOARD

JASMIN BINTI HOOD (LS 0009071)

FADZIL AZAHA (MIA20995)

Company Secretaries

Kuala Lumpur

Date: 24 November 2021