



KUMPULAN FIMA BERHAD (197201000167)(11817-V)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the First Quarter Ended
30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	Current quarter		3 months cumulative	
		Current year quarter 30-06-2020	Preceding year corresponding quarter 30-06-2019	Current year to date 30-06-2020	Preceding year corresponding period 30-06-2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	102,768	114,753	102,768	114,753
Cost of sales		(61,071)	(72,953)	(61,071)	(72,953)
Gross profit		41,697	41,800	41,697	41,800
Other income		2,286	2,446	2,286	2,446
Other items of expense					
Administrative expenses		(22,792)	(18,894)	(22,792)	(18,894)
Selling and marketing expenses		(1,600)	(1,941)	(1,600)	(1,941)
Other operating expenses		(4,797)	(7,558)	(4,797)	(7,558)
		(29,189)	(28,393)	(29,189)	(28,393)
Finance costs		(930)	(927)	(930)	(927)
Share of results of associates		52	525	52	525
Profit before tax	A9/A10	13,916	15,451	13,916	15,451
Income tax expense	B5	(5,168)	(4,177)	(5,168)	(4,177)
Profit net of tax		8,748	11,274	8,748	11,274
Other comprehensive income					
Foreign currency translation differences for foreign operations		9,925	2,715	9,925	2,715
Total comprehensive income for the period		18,673	13,989	18,673	13,989
Profit attributable to :					
Equity holders of the Company		8,448	10,112	8,448	10,112
Non-controlling interests		300	1,162	300	1,162
Profit for the period		8,748	11,274	8,748	11,274
Total comprehensive income attributable to :					
Equity holders of the Company		16,103	12,409	16,103	12,409
Non-controlling interests		2,570	1,580	2,570	1,580
Total comprehensive income for the period		18,673	13,989	18,673	13,989
Earnings per share attributable to equity holders of the Company :					
Basic/diluted earnings per share (sen)	B12	3.01	3.59	3.01	3.59

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	As at 30-06-2020	As at 31-03-2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	364,448	366,672
Right-of-use assets	207,578	210,487
Investment properties	63,145	63,554
Investment in associates	33,289	33,237
Deferred tax assets	7,923	8,718
Goodwill on consolidation	12,710	12,710
	689,093	695,378
Current assets		
Inventories	76,300	75,473
Biological assets	7,558	6,865
Trade receivables	130,495	140,555
Other receivables	52,629	39,315
Short term cash investments	218,783	171,591
Cash and bank balances	97,290	124,329
	583,055	558,128
TOTAL ASSETS	1,272,148	1,253,506
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	311,670	311,670
Treasury shares	(3,759)	(2,972)
Other reserves	63,371	55,716
Retained earnings	445,808	437,360
	817,090	801,774
Non-controlling interests	239,108	236,897
Total equity	1,056,198	1,038,671
Non-current liabilities		
Lease liabilities	47,059	48,648
Retirement benefit obligations	2,286	2,073
Deferred tax liabilities	43,125	43,251
	92,470	93,972
Current liabilities		
Lease liabilities	10,213	11,789
Short term borrowings	32,882	33,490
Trade and other payables	66,699	63,217
Provisions	8,328	8,765
Tax payable	5,358	3,602
	123,480	120,863
Total liabilities	215,950	214,835
TOTAL EQUITY AND LIABILITIES	1,272,148	1,253,506
Net assets per share (RM)	2.90	2.84

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

Group	Attributable to equity holders of the Company										
	Non-distributable							Distributable			
	Share capital	Treasury shares	Other reserves	Revaluation reserve	Capital reserve	Capital reserve arising from bonus issue in subsidiary	Foreign exchange reserve	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	RM'000	RM'000
At 1 April 2020	311,670	(2,972)	55,716	-	437	66,459	(11,180)	437,360	801,774	236,897	1,038,671
Total comprehensive income for the period	-	-	7,655	-	-	-	7,655	8,448	16,103	2,570	18,673
Transactions with equity holders											
Purchase of treasury shares	-	(787)	-	-	-	-	-	-	(787)	(359)	(1,146)
Total transaction with equity holders	-	(787)	-	-	-	-	-	-	(787)	(359)	(1,146)
At 30 June 2020	311,670	(3,759)	63,371	-	437	66,459	(3,525)	445,808	817,090	239,108	1,056,198
At 1 April 2019	311,670	(1,143)	59,063	-	437	66,459	(7,833)	433,562	803,152	253,807	1,056,959
Total comprehensive income for the period	-	-	2,297	-	-	-	2,297	10,112	12,409	1,580	13,989
Transactions with equity holders											
Purchase of treasury shares	-	(207)	-	-	-	-	-	-	(207)	(218)	(425)
Total transaction with equity holders	-	(207)	-	-	-	-	-	-	(207)	(218)	(425)
At 30 June 2019	311,670	(1,350)	61,360	-	437	66,459	(5,536)	443,674	815,354	255,169	1,070,523

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

	← 3 months ended →	
	30-06-2020	30-06-2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,916	15,451
Adjustments for:		
Depreciation of investment properties	409	409
Depreciation for property, plant and equipment	7,944	5,638
Depreciation of right-of-use assets	2,909	2,818
Fair value changes on biological assets	(693)	149
Net provision for impairment on trade and other receivables	35	521
Interest expense	930	927
Profit income	(1,556)	(2,114)
Net provision for retirement benefit obligation	213	10
Net reversal of provision for warranty	(437)	(504)
Net unrealised forex loss/(gain)	3,976	(753)
Net gain on disposal of property, plant and equipment	(13)	(56)
Share of results of associates	(52)	(525)
Write (back)/down of inventories	(122)	1,064
Operating profit before working capital changes	<u>27,459</u>	<u>23,035</u>
Increase in inventories	(705)	(10,014)
Increase in receivables	(3,135)	(15,019)
Increase in payables	3,482	4,290
Cash generated from operations	<u>27,101</u>	<u>2,292</u>
Interest paid	(306)	(927)
Taxes paid	(2,897)	(3,431)
Net cash generated from/(used in) operating activities	<u>23,898</u>	<u>(2,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	13	95
Purchase of property, plant and equipment	(4,316)	(9,012)
Acquisition of treasury shares	(787)	(207)
Interest income received	1,556	2,114
Net placement of short term cash investments	(47,192)	(17,121)
Net cash used in investing activities	<u>(50,726)</u>	<u>(24,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	(608)	2,252
Repayment of lease liabilities	(3,787)	(2,304)
Net cash used in financing activities	<u>(4,395)</u>	<u>(52)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,223)	(26,249)
EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	4,184	2,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	124,329	142,196
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>97,290</u>	<u>118,747</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	82,239	49,927
Fixed deposits with financial institutions	15,051	68,820
	<u>97,290</u>	<u>118,747</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements).

PART A - Explanatory notes pursuant to MFRS 134

A1. Accounting policies and basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2020.

A2. Changes in accounting policies

(a) Adoption of MFRSs, amendments to MFRSs and IC Interpretation

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.

On 1 April 2020, the Group adopted the following new and amended MFRSs and IC Interpretation:

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101: Definition of Material
- Amendments to MFRS 108: Definition of Material

The adoption of the above standards and interpretation did not have a significant impact on the financial statements in the period of initial application.

(b) Standards and Interpretations issued but not yet effective

The Group has not early adopted the following new and amended MFRSs and IC Interpretations that are not yet effective:

Description	Effective for financial period beginning on or after
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
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
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 interpretations will have no material impact on the financial statements in the period of initial application.

A3. Auditors' report on preceding annual financial statements

The financial statements of the Group for the financial year ended 31 March 2020 were not subject to any audit qualification.

A4. Seasonal and cyclical factors

The operations of the Group are not affected by any seasonal or cyclical factors other than the manufacturing segment which is affected by cyclical changes in volumes of certain products whilst the plantation segment is affected by seasonal crop production, weather conditions and fluctuating commodity prices.

A5. Unusual items affecting the financial statements

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 B10(2).

A6. Changes in estimates

There were no changes in estimates that have a material effect on the current quarter's results.

A7. Issuances, cancellation, repurchases, resale and repayment of debts and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter.

During the current quarter, the Company repurchased 604,700 of its issued ordinary shares from open market at an average price of RM1.37. The total transaction paid for the repurchase including transaction costs was RM787,000. Of the total 282,231,600 issued ordinary shares, 2,537,700 shares are held as treasury shares by the Company.

A8. Dividend paid

There were no dividends paid in the current quarter (preceding year corresponding period: nil).

A9. Segmental information
(i) Segmental revenue and results for business segments

	Quarter ended		3 months cumulative	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
Revenue	RM'000	RM'000	RM'000	RM'000
Manufacturing*	21,322	30,179	21,322	30,179
Plantation	28,812	27,793	28,812	27,793
Bulking	21,703	20,299	21,703	20,299
Food	29,777	35,274	29,777	35,274
Others	1,284	6,163	1,284	6,163
	102,898	119,708	102,898	119,708
Eliminations	(130)	(4,955)	(130)	(4,955)
	102,768	114,753	102,768	114,753

A9. Segmental information (cont'd.)
(i) Segmental revenue and results for business segments (cont'd.)

	Quarter ended		3 months cumulative	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax				
Manufacturing*	2,937	4,440	2,937	4,440
Plantation	990	(1,878)	990	(1,878)
Bulking	10,879	10,235	10,879	10,235
Food	1,596	4,388	1,596	4,388
Others	(2,538)	(2,259)	(2,538)	(2,259)
	13,864	14,926	13,864	14,926
Associated companies	52	525	52	525
	13,916	15,451	13,916	15,451

* Production and trading of security documents.

(ii) Geographical segments

	Quarter ended		3 months cumulative	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	52,152	62,223	52,152	62,223
Indonesia	21,531	23,670	21,531	23,670
Papua New Guinea	29,215	33,815	29,215	33,815
	102,898	119,708	102,898	119,708
Eliminations	(130)	(4,955)	(130)	(4,955)
	102,768	114,753	102,768	114,753
Profit before tax				
Malaysia	9,013	8,108	9,013	8,108
Indonesia	3,249	2,528	3,249	2,528
Papua New Guinea	1,602	4,290	1,602	4,290
	13,864	14,926	13,864	14,926
Associated companies	52	525	52	525
	13,916	15,451	13,916	15,451

← 3 months cumulative →

	Current year to date		Preceding year	
	30-06-2020		corresponding period	
	30-06-2019		30-06-2019	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Assets and liabilities				
Malaysia	1,640,261	201,523	1,642,376	202,224
Indonesia	110,357	16,155	104,037	16,604
Papua New Guinea	149,421	65,779	135,939	60,402
	1,900,039	283,457	1,882,352	279,230
Eliminations	(627,891)	(67,507)	(598,011)	(65,412)
	1,272,148	215,950	1,284,341	213,818

A10. Profit before tax

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

	Quarter ended		3 months cumulative	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
	RM'000	RM'000	RM'000	RM'000
Other income				
Profit income	1,556	2,114	1,556	2,114
Operating expenses				
Depreciation	11,262	8,865	11,262	8,865
Interest expense	930	927	930	927
Unrealised foreign exchange loss/(gain)	3,976	(753)	3,976	(753)
Realised forex exchange gain	(310)	(429)	(310)	(429)
Net provision for impairment on trade and other receivables	35	521	35	521
Net gain on disposal of property, plant and equipment	(13)	(56)	(13)	(56)
Fair value changes on biological assets	(693)	149	(693)	149
Net provision for retirement benefit obligations	213	10	213	10
Net reversal of provision for warranty	(437)	(504)	(437)	(504)
Inventories written (back)/down	(122)	1,064	(122)	1,064

A11. Subsequent events

There were no material events subsequent to the end of the current quarter.

A12. Inventories

During the quarter, there was no significant write down or write back of inventories except as disclosed in Note A10 above.

A13. 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.

A14. Changes in contingent liabilities

There were no additional contingent liabilities during the current quarter, except as disclosed in Note B10 herein.

A15. Significant acquisition of property, plant and equipment

For the period under review, the Group's acquisitions of property, plant and equipment are as follows :

	Current year to date
	RM'000
Plant and machinery	1,876
Equipment, furniture and fittings and motor vehicles	437
Bearer plants and infrastructure	1,766
Work in progress	237
	4,316

A16. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 March 2020 were as follows:

	Current year to date
	RM'000
Property, plant and equipment - Approved and contracted for	2,728

A17. Related party transactions

The Group's related party transactions during the financial period were as follows:

	Current year to date
	RM'000
Rental expenses payable to a subsidiary - Fima Corporation Berhad	213
Advisory services rendered by corporate shareholder - BHR Enterprise Sdn. Bhd.	30
Transactions with subsidiaries - Fima Instanco Sdn. Bhd. - Rental income	45
Transactions with related parties* - PT Pohon Emas Lestari - Purchase of fresh fruit bunch	1,741
- Nationwide Express Courier Services Berhad - Rental income	22

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

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020
PART B - Bursa Securities Listing Requirements
B1. Review of performance
Group Performance

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	102.77	114.75	(11.98)	(10.4)
Profit before tax	13.92	15.45	(1.53)	(9.9)

Group revenue for the first quarter ended 30 June 2020 decreased by 10.4% to RM102.77 million as compared to RM114.75 million recorded in the corresponding period last year. Lower revenue by RM11.98 million was mainly attributed to the decrease in revenue generated by manufacturing and food division.

In line with lower revenue, Group profit before tax ("PBT") has decreased by 9.9% to RM13.92 million as compared to the same period last year.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	21.32	30.18	(8.86)	(29.4)
Profit before tax	2.94	4.44	(1.50)	(33.8)

Revenue from **Manufacturing Division** recorded a decrease by 29.4% or RM8.86 million to RM21.32 million from RM30.18 million last year, mainly contributed by lower sales volume for most of documents during the Movement Control Order ("MCO") period. On the back of lower revenue, the division's PBT decreased by RM1.50 million or 33.8% to RM2.94 million as compared to the same corresponding period last year.

Plantation Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
<u>Indonesia</u>				
- Crude palm oil (CPO)	19.27	23.66	(4.39)	(18.6)
- Crude palm kernel oil (CPKO)	2.26	-	2.26	100.0
<u>Malaysia</u>				
- Fresh fruit bunch (FFB)	6.71	3.51	3.20	91.2
- Pineapple	0.57	0.62	(0.05)	(8.1)
Total	28.81	27.79	1.02	3.7
Profit/(Loss) before tax	0.99	(1.88)	2.87	(152.7)
FFB produced (mt)	56,910	44,803	12,107	27.0
CPO produced (mt)	11,056	10,249	807	7.9

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020
B1. Review of performance (cont'd.)
Plantation Division (cont'd.)

	Current YTD	Previous YTD	Variance	%
Sales Quantity (mt)				
- CPO	8,299	12,037	(3,738)	(31.1)
- CPKO	735	-	735	100.0

Total Group's Hectarage
Palm profiles (ha)

- Mature	12,943.6	10,315.1
- Immature	1,762.1	4,233.3
Total planted area	<u>14,705.7</u>	<u>14,548.4</u>

Revenue from **Plantation Division** recorded a slight improvement by RM1.02 million to RM28.81 million as compared to the same period last year, in line with higher mature area of plantation estates in Malaysia for the current period as well as higher yield. On the back of higher revenue coupled with higher selling price of CPO and CPKO, the division has recorded a pre-tax profit of RM0.99 million during the period.

Our plantation estates in Malaysia which are newly matured and still in the process of land development or palm planting registered a total pre-tax loss of RM3.04 million as compared to RM3.56 million pre-tax loss recorded in the corresponding period last year.

Bulking Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	21.70	20.30	1.40	6.9
Profit before tax	10.88	10.24	0.64	6.3

Bulking Division had recorded a marginal increase of RM1.40 million in revenue to RM21.70 million as compared to last year. The increase was attributed to sales of palm methyl ester ("PME") from biodiesel operation, as well as higher contribution by edible oil segment. In line with higher revenue, the division's PBT has slightly increased by 6.3% to RM10.88 million as compared to the same corresponding period last year.

Food Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
Papua New Guinea (PNG)	29.22	33.82	(4.60)	(13.6)
Malaysia	0.56	1.45	(0.89)	(61.4)
	<u>29.78</u>	<u>35.27</u>	<u>(5.49)</u>	<u>(15.6)</u>
Profit before tax	1.60	4.39	(2.79)	(63.6)

Food Division's revenue decreased by RM5.49 million (or 15.6%) to RM29.78 million, as compared to RM35.27 million recorded in the previous financial period, mainly attributable to the lower sales of tuna loin. On the back of lower revenue, the division PBT declined by RM2.79 million to RM1.60 million as compared to the same period last year.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B2. Comparison with preceding quarter's results

Group Performance

(RM Million)	QTR 1	QTR 4	Variance	%
	FY 2021	FY 2020		
Revenue	102.77	121.77	(19.00)	(15.6)
Profit before tax	13.92	4.09	9.83	240.3
Profit before tax and impairment*	13.92	21.88	(7.96)	(36.4)

* The amount excludes an impairment loss on property, plant and equipment and right-of-use assets amounting to RM17.79 million pursuant to Mahkamah Agung's decision as disclosed in Note B10(2).

The Group revenue dropped by RM19.00 million to RM102.77 million as compared to the preceding quarter, as a result of lower revenue contribution by manufacturing, plantation and bulking division.

In line with lower revenue, the Group PBT (excludes impairment) has decreased by RM7.96 million to RM13.92 million as compared to RM21.88 million recorded in the preceding quarter.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	QTR 1	QTR 4	Variance	%
	FY 2021	FY 2020		
Revenue	21.32	34.33	(13.01)	(37.9)
Profit before tax	2.94	8.61	(5.67)	(65.9)

Manufacturing Division's revenue decreased by RM13.01 million to RM21.32 million as compared to the preceding quarter, attributable to lower volume and demand during the MCO period. In line with lower revenue, PBT has also declined to RM2.94 million in the current quarter.

Plantation Division

(RM Million)	QTR 1	QTR 4	Variance	%
	FY 2021	FY 2020		
Revenue				
<u>Indonesia</u>				
- CPO	19.27	25.21	(5.94)	(23.6)
- CPKO	2.26	3.46	(1.20)	(34.7)
- PK	-	5.12	(5.12)	(100.0)
<u>Malaysia</u>				
- Fresh fruit bunch	6.71	6.00	0.71	11.8
- Pineapple	0.57	0.77	(0.20)	(26.0)
Total	28.81	40.56	(11.75)	(29.0)
Profit/(Loss) before tax	0.99	(15.82)	16.81	(106.3)
Profit before tax and impairment*	0.99	1.97	(0.98)	(49.8)

* The amount excludes an impairment loss on property, plant and equipment and right-of-use assets amounting to RM17.79 million pursuant to Mahkamah Agung's decision as disclosed in Note B10(2).

CPO produced (mt)	11,056	10,117	939	9.3
Sales Quantity (mt)				
- CPO	8,299	11,044	(2,745)	(24.9)
- CPKO	735	1,067	(332)	(31.1)
- PK	-	6,013	(6,013)	(100.0)

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B2. Comparison with preceding quarter's results (cont'd.)

Plantation Division (cont'd.)

Plantation Division's revenue for the quarter posted a decrease of RM11.75 million or 29.0%, as compared to the preceding quarter mainly due to lower sales volume CPO, CPKO and PK. On the back of lower revenue, coupled with forex loss, the Division's PBT (excludes impairment) has dropped to RM0.99 million in the current quarter.

Bulking Division

(RM Million)	QTR 1	QTR 4	Variance	%
	FY 2021	FY 2020		
Revenue	21.70	24.40	(2.70)	(11.1)
Profit before tax	10.88	7.39	3.49	47.2

Revenue from **Bulking Division** of RM21.70 million was slightly lower by 11.1% or RM2.70 million as compared to the preceding quarter, mainly due to lower contribution from PME product. Despite this, PBT has recorded an increase of RM3.49 million to RM10.88 million as compared to the preceding quarter, mainly attributable to lower pre-tax losses recorded by the biodiesel segment, as well as stronger contribution from edible oil products during the quarter.

Food Division

(RM Million)	QTR 1	QTR 4	Variance	%
	FY 2021	FY 2020		
Revenue				
PNG	29.22	19.96	9.26	46.4
Malaysia	0.56	1.21	(0.65)	(53.7)
	29.78	21.17	8.61	40.7
Profit before tax	1.60	2.93	(1.33)	(45.4)

Revenue from **Food Division** rose by 40.7% or RM8.61 million to RM29.78 million as compared to the preceding quarter, mainly due to higher sales volume of mackerel and tuna products. However, despite higher revenue posted by the Division, its PBT has decreased by RM1.33 million to RM1.60 million as compared to previous quarter, mainly attributable to net loss on forex of RM0.72 million (Q4 FY2020: Gain on forex of RM1.74 million).

B3. Prospects

Manufacturing Division - The division will continue its concerted efforts to establish new strategic alliances to develop new products and solutions to complement its existing products.

Plantation Division - 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 focused in improving our efficiency and productivity in oil palm plantation operation and optimising production cost.

Bulking Division - The demand for storage is expected to be satisfactory. The division is looking at securing more long term contracts with customers as well as handling higher margin products.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B3. Prospects (cont'd.)

Food Division faces many challenges ahead, particularly in Papua New Guinea where the division's main operation is located, amidst intense market competition from cheaper imported products and currency fluctuation. The division will continue to focus on operational efficiency, productivity and margin improvements, and cost control as well as emphasising on quality, service and delivery.

The Directors expect the challenging environment to remain in the current financial year due to world outbreak of COVID-19 pandemic. 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.

B4. Explanatory notes on variances with profit forecasts or profit guarantees

The Group did not issue any profit forecast and/or profit guarantee to the public.

B5. Income tax expense

	Current year quarter 30-06-2020 <u>RM'000</u>	Current year to date 30-06-2020 <u>RM'000</u>
Current taxation	5,168	5,168

The effective tax rate on the Group's profit to date is higher than the statutory tax rate mainly due to under provision in prior year tax expense.

B6. Profits/(losses) on sale of unquoted investments and/or properties

There were no sale of unquoted investments and/or properties during the current quarter.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities during the current quarter.

B8. Corporate proposals

(a) Status of corporate proposal

There are no corporate proposals announced but not completed at the date of this report.

(b) Utilisation of proceeds raised from any corporate proposal

Not applicable.

B9. Borrowings and debt securities

	As at 30-06-2020 <u>RM'000</u>	As at 31-03-2020 <u>RM'000</u>
Secured:		
Current		
Bankers' acceptance	2,882	3,490
Short term revolving credit	30,000	30,000
	<u>32,882</u>	<u>33,490</u>

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B10. Changes in material litigations

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

1. On 30 July 2018, a subsidiary, Fima Corporation Berhad ("FimaCorp") 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 RM24,975,000.00 (excluding interest and cost) ("Outstanding Amount"), 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 9 October 2020. The matter has been fixed for trial on 9 and 10 November 2020.

This civil suit is not expected to give significant impact on the financial and operational position of the Company.

2. (a) On 13 May 2003, the National Land Body of Indonesia ("NLB") issued a certificate, Hak Guna Usaha No.1/ Nunukan Barat ("HGU") providing PT Nunukan Jaya Lestari ("PTNJL") a right to use a land covering a total size of 19,974 hectares ("Total Parcel") for the purposes of plantation. The HGU is set to expire on 12 May 2038.

Notwithstanding the HGU, the Minister of Agrarian Affairs and Spatial Planning ("Minister") vide letter dated 25 July 2016 ("Revocation Letter") informed PTNJL among others, of the following:

- there were administrative irregularities performed by officer(s) of the Regional Land Body of East Kalimantan at the time of the issuance of the HGU in 2003, resulting in parts of the area within the HGU to overlap with forestry area measuring approximately 17,165 hectares ("Irregular Parcel").
- a third party situated adjacent to the Total Parcel ("Third Party") has requested to revise/amend the HGU as there are overlaps between the Total Parcel with the Third Party's interests on the land pursuant to their operating permits (approximately 3,500 hectares) ("Overlapping Parcel").

Following the above, the Minister vide the Revocation Letter has provided the following decisions:

- the HGU is revoked effectively immediately ("Revocation");
- PTNJL to apply for a new certificate for the remaining 2,809 hectares of land located at Land Allocated for Other Purposes ("APL"); and
- the Irregular Parcel is to be surrendered to the Minister of Environmental Affairs and Forestry of Republic of Indonesia.

On 21 October 2016, PTNJL initiated an action in the State Administrative Court in Jakarta, Indonesia against the Minister seeking an order to annul the Revocation Letter and also sought an order to postpone the enforcement of the Revocation Letter pending full and final determination of the matter by the Indonesian courts ("Lawsuit").

PTNJL's basis for the Lawsuit are inter alia as follows:

- (i) the status of the Total Parcel is State Land, aligned with the condition imposed by prevailing laws and regulations in Indonesia; and
- (ii) the revocation of the HGU certificate is contrary to the prevailing laws and regulations in Indonesia.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B10. Changes in material litigations (cont'd.)

On 13 June 2017, the State Administrative Court dismissed the Lawsuit (“State Administrative Court’s Decision”) resulting in an appeal filed by PTNJL in the High Administrative Court (“High Court”) of Jakarta, Indonesia, on 24 July 2017 (“Appeal”).

Vide written decision dated 11 December 2017, the High Court partly allowed the Appeal with costs and ordered that (i) the Revocation to be void and the Revocation Letter be annulled, save for the Overlapping Parcel measuring 5,138 hectares. (“High Court Decision”).

On 23 January 2018, PTNJL has filed an appeal to the Supreme Court of Indonesia (“Supreme Court”) against the High Court Decision. On 21 August 2018, the Supreme Court allowed PTNJL’s appeal and similarly ordered that the Revocation Letter be annulled (“Decision of the Supreme Court”). The Supreme Court also ordered the Minister to simultaneously:

- (i) issue an order cancelling PTNJL’s HGU rights over the Overlapping Parcel measuring 3,500 hectares; and
- (ii) ensure the issuance of a new certificate in favour of PTNJL to use the remaining area measuring 16,474.130 hectares, (which is 19,974.130 hectares less the 3,500 hectares referred to in paragraph (i) above).

On 8 February 2019, the Minister filed an application in the Supreme Court to review the Decision of the Supreme Court (“JR Application”).

On 27 November 2019 the Supreme Court overturned the Decision of the Supreme Court in favor of the Minister upholding the legitimacy and the validity of the Revocation (“JR Decision”).

On 23 January 2020, PTNJL subsequently filed a further application for judicial review against the JR Decision (“2nd JR Application”) on the grounds that the JR Decision contradicts some aspects of other established cases and the discovery of new material evidences that were not previously available. As at today, the Supreme Court has not issued any decision in respect of the 2nd JR Application.

- (b) On 28 November 2019, PTNJL has filed a civil suit in the Pengadilan Negeri Jakarta Selatan against the Defendant and PT Adindo Hutani Lestari (“AHL”) (collectively, “Defendants”). The President Republik Indonesia and Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia (“Menteri Kehutanan”) have been named as co-defendants in the said suit.

PTNJL is seeking legal recognition of its rights over HGU; an injunction to:

- (i) order Badan Pertahanan Nasional and Menteri Kehutanan to issue permit, recommendation, or approval for PTNJL to undertake its plantation activities;
- (ii) bar AHL from preventing PTNJL from undertaking its plantation activities within the HGU areas which overlap with AHL’s operating permits/interests; and
- (iii) restrain Menteri Kehutanan from issuing any new licences permits or approvals to any parties on or within the HGU.

PTNJL is also seeking an order from the court to stay the enforcement of the Ministerial Order dated 25 July 2016 pending full and final determination of the matter by the Indonesian courts.

On 6 May 2020, the mediation held between PTNJL, Defendants and Co-defendants has failed. Accordingly, all parties have filed their respective cause papers to the court. The Defendants in their defence are challenging the jurisdiction and competency of the district court to examine the case. The Third Party has inter alia submitted a claim to seize PTNJL’s assets within the overlapping area and other loss.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2020

B11. Dividend

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

B12. Earnings per share

The basic earnings per share are calculated as follows:

	Quarter ended		Cumulative quarter ended	
	30-06-2020	30-06-2019	30-06-2020	30-06-2019
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	8,448	10,112	8,448	10,112
Weighted average number of ordinary shares in issues ('000)	280,202	281,630	280,202	281,630
Basic/diluted earnings per share (sen)	3.01	3.59	3.01	3.59

By order of the Board

FADZIL BIN AZAHA (MIA20995)
JASMIN BINTI HOOD (LS0009071)
 Company Secretaries

Kuala Lumpur
Dated : 21 August 2020