



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

Condensed Consolidated Financial Statements
For the Second Quarter Ended
30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current quarter		6 months cumulative	
		Current year quarter 30-09-2020	Preceding year corresponding quarter 30-09-2019	Current year to date 30-09-2020	Preceding year corresponding period 30-09-2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	130,556	128,637	233,324	243,390
Cost of sales		(80,871)	(82,352)	(141,942)	(155,305)
Gross profit		49,685	46,285	91,382	88,085
Other income		2,756	2,445	5,042	4,891
Other items of expense					
Administrative expenses		(20,007)	(19,739)	(42,799)	(38,633)
Selling and marketing expenses		(1,469)	(2,172)	(3,069)	(4,113)
Other operating expenses		(4,967)	(8,368)	(9,764)	(15,926)
		(26,443)	(30,279)	(55,632)	(58,672)
Finance costs		(874)	(793)	(1,804)	(1,720)
Share of results of associates		2,348	488	2,400	1,013
Profit before tax	A9/A10	27,472	18,146	41,388	33,597
Income tax expense	B5	(4,411)	(6,535)	(9,579)	(10,712)
Profit net of tax		23,061	11,611	31,809	22,885
Other comprehensive (expense)/income					
Foreign currency translation differences for foreign operations		(10,140)	1,097	(215)	3,812
Total comprehensive income for the period		12,921	12,708	31,594	26,697
Profit attributable to :					
Equity holders of the Company		18,313	10,111	26,761	20,223
Non-controlling interests		4,748	1,500	5,048	2,662
Profit for the period		23,061	11,611	31,809	22,885
Total comprehensive income attributable to :					
Equity holders of the Company		9,764	11,060	25,867	23,469
Non-controlling interests		3,157	1,648	5,727	3,228
Total comprehensive income for the period		12,921	12,708	31,594	26,697
Earnings per share attributable to equity holders of the Company :					
Basic/diluted earnings per share (sen)	B12	6.54	3.59	9.56	7.19

(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 SEPTEMBER 2020

	As at 30-09-2020	As at 31-03-2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	365,224	366,672
Right-of-use assets	202,972	210,487
Investment properties	62,736	63,554
Investment in associates	35,637	33,237
Deferred tax assets	10,241	8,718
Goodwill on consolidation	12,710	12,710
	<u>689,520</u>	<u>695,378</u>
Current assets		
Inventories	70,236	75,473
Biological assets	7,722	6,865
Trade receivables	155,699	140,555
Other receivables	50,047	39,315
Short term cash investments	171,176	171,591
Cash and bank balances	103,489	124,329
	<u>558,369</u>	<u>558,128</u>
TOTAL ASSETS	<u>1,247,889</u>	<u>1,253,506</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	311,670	311,670
Treasury shares	(4,671)	(2,972)
Other reserves	54,822	55,716
Retained earnings	438,982	437,360
	<u>800,803</u>	<u>801,774</u>
Non-controlling interests	234,713	236,897
Total equity	<u>1,035,516</u>	<u>1,038,671</u>
Non-current liabilities		
Lease liabilities	45,449	48,648
Retirement benefit obligations	2,292	2,073
Deferred tax liabilities	42,904	43,251
	<u>90,645</u>	<u>93,972</u>
Current liabilities		
Lease liabilities	10,181	11,789
Short term borrowings	37,103	33,490
Trade and other payables	58,335	63,217
Provisions	8,017	8,765
Tax payable	8,092	3,602
	<u>121,728</u>	<u>120,863</u>
Total liabilities	<u>212,373</u>	<u>214,835</u>
TOTAL EQUITY AND LIABILITIES	<u>1,247,889</u>	<u>1,253,506</u>
Net assets per share (RM)	<u>2.84</u>	<u>2.84</u>

(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 SECOND QUARTER ENDED 30 SEPTEMBER 2020**

←← *Attributable to equity holders of the Company* →→

← *Non-distributable* → *Distributable* →

Group	Share capital	Treasury shares	Other reserves	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
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 (expense)/income for the period	-	-	(894)	-	-	(894)	26,761	25,867	5,727	31,594
Transactions with equity holders										
Dividend	-	-	-	-	-	-	(25,139)	(25,139)	(6,856)	(31,995)
Purchase of treasury shares	-	(1,699)	-	-	-	-	-	(1,699)	(1,055)	(2,754)
Total transaction with equity holders	-	(1,699)	-	-	-	-	(25,139)	(26,838)	(7,911)	(34,749)
At 30 September 2020	311,670	(4,671)	54,822	437	66,459	(12,074)	438,982	800,803	234,713	1,035,516
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	-	-	3,246	-	-	3,246	20,223	23,469	3,228	26,697
Transactions with equity holders										
Dividend	-	-	-	-	-	-	(25,295)	(25,295)	(6,942)	(32,237)
Purchase of treasury shares	-	(794)	-	-	-	-	-	(794)	(654)	(1,448)
Total transaction with equity holders	-	(794)	-	-	-	-	(25,295)	(26,089)	(7,596)	(33,685)
At 30 September 2019	311,670	(1,937)	62,309	437	66,459	(4,587)	428,490	800,532	249,439	1,049,971

(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 SECOND QUARTER ENDED 30 SEPTEMBER 2020**

	← 6 months ended →	
	30-09-2020	30-09-2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	41,388	33,597
Adjustments for:		
Depreciation of investment properties	819	818
Depreciation for property, plant and equipment	11,912	11,919
Depreciation of right-of-use assets	7,358	5,637
Fair value changes on biological assets	(857)	(761)
Net provision for impairment on trade and other receivables	564	2,096
Interest expense	1,804	1,720
Profit income	(588)	(553)
Interest income	(33)	(618)
Distribution from short term cash investment	(2,346)	(3,162)
Net provision for retirement benefit obligation	104	39
Net reversal of provision for warranty	(748)	(1,019)
Net unrealised forex loss/(gain)	3,787	(582)
Net gain on disposal of property, plant and equipment	(18)	(56)
Share of results of associates	(2,400)	(1,013)
Write (back)/down of inventories	(217)	938
Operating profit before working capital changes	<u>60,529</u>	<u>49,000</u>
Decrease/(increase) in inventories	5,454	(13,664)
Increase in receivables	(26,286)	(16,881)
(Decrease)/increase in payables	(4,882)	20,863
Cash generated from operations	<u>34,815</u>	<u>39,318</u>
Interest paid	(573)	(1,720)
Taxes paid	(6,887)	(9,610)
Retirement benefits paid	(11)	(27)
Net cash generated from operating activities	<u>27,344</u>	<u>27,961</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	18	95
Purchase of property, plant and equipment	(13,471)	(15,473)
Acquisition of treasury shares	(1,699)	(794)
Profit income received	588	553
Interest income received	33	618
Distribution received from short term cash investment	2,346	3,162
Net placement of short term cash investments	415	(14,028)
Net cash used in investing activities	<u>(11,770)</u>	<u>(25,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of borrowings	3,613	(1,288)
Repayment of lease liabilities	(6,046)	(5,536)
Dividend paid	(25,139)	-
Dividend paid by a subsidiary to non-controlling interests	(6,856)	(6,942)
Net cash used in financing activities	<u>(34,428)</u>	<u>(13,766)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,854)	(11,672)
EFFECT ON FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	(1,986)	3,194
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>124,329</u>	<u>142,196</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>103,489</u>	<u>133,718</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	76,681	97,386
Fixed deposits with financial institutions	26,808	36,332
	<u>103,489</u>	<u>133,718</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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
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 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 545,000 of its issued ordinary shares from open market at an average price of RM1.57. The total transaction paid for the repurchase including transaction costs was RM912,000. Of the total 282,231,600 issued ordinary shares, 3,082,700 shares are held as treasury shares by the Company.

A8. Dividend paid

		6 months cumulative	
		30-09-2020	30-09-2019
		RM'000	RM'000
Interim dividend			
2020	Single-tier interim dividend of 9.0 sen (Paid on 14 September 2020)	25,139	-

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

	Quarter ended		6 months cumulative	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing*	31,635	36,040	52,957	66,219
Plantation	36,111	23,025	64,923	50,818
Bulking	23,716	30,771	45,419	51,070
Food	37,462	37,504	67,239	72,778
Others	4,659	3,036	5,943	9,199
	133,583	130,376	236,481	250,084
Eliminations	(3,027)	(1,739)	(3,157)	(6,694)
	130,556	128,637	233,324	243,390

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

	Quarter ended		6 months cumulative	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax				
Manufacturing*	5,891	8,784	8,828	13,224
Plantation	5,523	(1,146)	6,513	(3,024)
Bulking	11,090	7,232	21,969	17,467
Food	4,090	4,113	5,686	8,501
Others	(1,470)	(1,325)	(4,008)	(3,584)
	25,124	17,658	38,988	32,584
Associated companies	2,348	488	2,400	1,013
	27,472	18,146	41,388	33,597

* Production and trading of security documents.

(ii) Geographical segments

	Quarter ended		6 months cumulative	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	72,433	77,312	124,585	139,535
Indonesia	24,544	17,145	46,075	40,815
Papua New Guinea	36,606	35,919	65,821	69,734
	133,583	130,376	236,481	250,084
Eliminations	(3,027)	(1,739)	(3,157)	(6,694)
	130,556	128,637	233,324	243,390
Profit before tax				
Malaysia	16,306	11,858	25,319	19,966
Indonesia	4,691	1,775	7,940	4,303
Papua New Guinea	4,127	4,025	5,729	8,315
	25,124	17,658	38,988	32,584
Associated companies	2,348	488	2,400	1,013
	27,472	18,146	41,388	33,597

← 6 months cumulative →

	Current year to date		Preceding year	
	30-09-2020		corresponding period	
Assets and liabilities	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,622,644	204,190	1,643,604	228,872
Indonesia	100,714	8,966	106,172	16,663
Papua New Guinea	150,960	66,521	148,778	68,764
	1,874,318	279,677	1,898,554	314,299
Eliminations	(626,429)	(67,304)	(599,536)	(65,252)
	1,247,889	212,373	1,299,018	249,047

A10. Profit before tax

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

	Quarter ended		6 months cumulative	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
	RM'000	RM'000	RM'000	RM'000
Other income				
Profit income	221	199	588	553
Interest income	20	260	33	618
Distribution from short term cash investment	1,170	1,760	2,346	3,162
Operating expenses				
Depreciation	8,827	9,509	20,089	18,374
Interest expense	874	793	1,804	1,720
Unrealised foreign exchange (gain)/loss	(189)	171	3,787	(582)
Realised forex exchange loss/(gain)	1,035	19	725	(410)
Net provision for impairment on trade and other receivables	529	1,575	564	2,096
Net gain on disposal of property, plant and equipment	(5)	-	(18)	(56)
Fair value changes on biological assets	(164)	(910)	(857)	(761)
Net (reversal of)/provision for retirement benefit obligations	(109)	29	104	39
Net reversal of provision for warranty	(311)	(515)	(748)	(1,019)
Inventories written (back)/down	(95)	(126)	(217)	938

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	493
Vehicles	1,309
Land and buildings	23
Equipment, furniture and fittings and motor vehicles	532
Bearer plants and infrastructure	3,637
Work in progress	7,477
	13,471

A16. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2020 were as follows:

	Current year to date
	RM'000
Property, plant and equipment - Approved and contracted for	3,560

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	426
Advisory services rendered by corporate shareholder - BHR Enterprise Sdn. Bhd.	60
Transactions with subsidiaries - Fima Instanco Sdn. Bhd. - Rental income	90
Transactions with related parties*	
- PT Pohon Emas Lestari - Purchase of fresh fruit bunch	2,447
- TD Technologies Sdn. Bhd. - Service payable	32
- Nationwide Express Courier Services Berhad - Delivery services	27
- Nationwide Express Courier Services Berhad - Rental income	36

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

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

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	233.32	243.39	(10.07)	(4.1)
Profit before tax	41.39	33.60	7.79	23.2

Group revenue for the second quarter ended 30 September 2020 decreased by 4.1% to RM233.32 million as compared to RM243.39 million recorded in the corresponding period last year. Lower revenue by RM10.07 million was mainly attributed to the decrease in revenue generated by manufacturing, bulking and food division.

Despite of lower revenue, Group profit before tax ("PBT") has improved by 23.2% to RM41.39 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	52.96	66.22	(13.26)	(20.0)
Profit before tax	8.83	13.22	(4.39)	(33.2)

Revenue from **Manufacturing Division** recorded a decrease by 20.0% or RM13.26 million to RM52.96 million from RM66.22 million last year, mainly contributed by lower sales volume for most of documents due to COVID-19 pandemic. On the back of lower revenue, the division's PBT decreased by RM4.39 million or 33.2% to RM8.83 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)	41.09	40.81	0.28	0.7
- Crude palm kernel oil (CPKO)	4.99	-	4.99	100.0
<u>Malaysia</u>				
- Fresh fruit bunch (FFB)	17.72	8.46	9.26	109.5
- Pineapple	1.12	1.55	(0.43)	(27.7)
Total	64.92	50.82	14.10	27.7
Profit/(Loss) before tax	6.51	(3.02)	9.53	315.6
FFB produced (mt)	107,405	95,352	12,053	12.6
CPO produced (mt)	18,440	20,782	(2,342)	(11.3)

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

	Current YTD	Previous YTD	Variance	%
Sales Quantity (mt)				
- CPO	16,313	21,069	(4,756)	(22.6)
- CPKO	1,733	-	1,733	100.0

Total Group's Hectarage
Palm profiles (ha)

- Mature	13,044.0	11,259.2
- Immature	1,659.2	3,225.5
Total planted area	<u>14,703.2</u>	<u>14,484.7</u>

Revenue from **Plantation Division** recorded an improvement by RM14.10 million to RM64.92 million as compared to the same period last year, mainly contributed by sales of CPKO and higher mature area of plantation estates in Malaysia for the current period. On the back of higher revenue coupled with higher selling price of CPO and CPKO, the division has recorded a pre-tax profit of RM6.51 million during the period.

Our plantation estates in Malaysia which are newly matured and still in the process of land development or newly planted registered a total pre-tax loss of RM3.50 million as compared to RM6.55 million pre-tax loss recorded in the corresponding period last year.

Bulking Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	45.42	51.07	(5.65)	(11.1)
Profit before tax	21.97	17.47	4.50	25.8

Bulking Division had recorded lower revenue of RM5.65 million to RM45.42 million as compared to last year, mainly attributed to lower sales of palm methyl ester ("PME") from biodiesel operation. Despite this, PBT has recorded an increase of RM4.50 million to RM21.97 million as compared to the same period last year, mainly attributable to lower pre-tax losses recorded by its biodiesel segment, as well as stronger contribution from edible oil products.

Food Division

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue				
Papua New Guinea (PNG)	65.82	69.73	(3.91)	(5.6)
Malaysia	1.42	3.05	(1.63)	(53.4)
	<u>67.24</u>	<u>72.78</u>	<u>(5.54)</u>	<u>(7.6)</u>
Profit before tax	5.69	8.50	(2.81)	(33.1)

Food Division's revenue slipped by RM5.54 million or 7.6% to RM67.24 million, as compared to RM72.78 million recorded in the previous financial period, mainly attributable to the lower sales volume of tuna loin and export canned tuna. Its revenue from Malaysian operation has also fell by RM1.63 million mainly due to lower demand as a result of COVID-19 pandemic. On the back of lower revenue, the division PBT has declined by RM2.81 million to RM5.69 million as compared to the same period last year.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

B2. Comparison with preceding quarter's results

Group Performance

(RM Million)	QTR 2	QTR 1	Variance	%
	FY 2021	FY 2021		
Revenue	130.56	102.77	27.79	27.0
Profit before tax	27.47	13.92	13.55	97.3

The Group revenue increased by RM27.79 million to RM130.56 million as compared to the preceding quarter, as a result of higher revenue contribution by most of divisions.

In line with higher revenue, the Group PBT has improved by RM13.55 million to RM27.47 million as compared to RM13.92 million recorded in the preceding quarter.

The performance of each business division is as follows:

Manufacturing Division

(RM Million)	QTR 2	QTR 1	Variance	%
	FY 2021	FY 2021		
Revenue	31.64	21.32	10.32	48.4
Profit before tax	5.89	2.94	2.95	100.3

Manufacturing Division's revenue increased by RM10.32 million to RM31.64 million in the current quarter, mainly due to lower sales volume during Movement Control Order ("MCO") in preceding quarter. In line with higher revenue, PBT has also increased to RM5.89 million in the current quarter.

Plantation Division

(RM Million)	QTR 2	QTR 1	Variance	%
	FY 2021	FY 2021		
Revenue				
<u>Indonesia</u>				
- CPO	21.82	19.27	2.55	13.2
- CPKO	2.73	2.26	0.47	20.8
<u>Malaysia</u>				
- Fresh fruit bunch	11.01	6.71	4.30	64.1
- Pineapple	0.55	0.57	(0.02)	(3.5)
Total	36.11	28.81	7.30	25.3
Profit before tax	5.52	0.99	4.53	457.6
CPO produced (mt)	7,384	11,056	(3,672)	(33.2)
Sales Quantity (mt)				
- CPO	8,014	8,299	(285)	(3.4)
- CPKO	998	735	263	35.8

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

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

Plantation Division (cont'd.)

Plantation Division's revenue for the quarter posted an increase of RM7.30 million or 25.3%, as compared to the preceding quarter mainly due to higher selling price of CPO as well as higher contribution from newly mature area in Malaysia plantation estates. On the back of higher revenue, the Division's PBT has improved to RM5.52 million in the current quarter.

Bulking Division

(RM Million)	QTR 2	QTR 1	Variance	%
	FY 2021	FY 2021		
Revenue	23.72	21.70	2.02	9.3
Profit before tax	11.09	10.88	0.21	1.9

Revenue from **Bulking Division** of RM23.72 million was slightly higher by 9.3% or RM2.02 million as compared to the preceding quarter, mainly due to higher contribution from PME product. On the back of higher revenue, PBT has slightly increased by 1.9% to RM11.09 million in the current quarter.

Food Division

(RM Million)	QTR 2	QTR 1	Variance	%
	FY 2021	FY 2021		
Revenue				
PNG	36.61	29.22	7.39	25.3
Malaysia	0.85	0.56	0.29	51.8
	37.46	29.78	7.68	25.8
Profit before tax	4.09	1.60	2.49	155.6

Revenue from **Food Division** rose by 25.8% or RM7.68 million to RM37.46 million as compared to the preceding quarter, mainly due to higher sales volume of mackerel and tuna products. In line with improvement in revenue by the Division, its PBT has increased to RM4.09 million in the current quarter.

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. The construction of seven units of new tanks with a total capacity of 20,440 cubic meter is expected to be completed and to be taken up before the end of the financial year.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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.

We 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 30-09-2020 <u>RM'000</u>	Current year to date 30-09-2020 <u>RM'000</u>
Current taxation	4,411	9,579

The effective tax rate on the Group's profit to date is in line with the statutory tax rate.

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 30-09-2020 <u>RM'000</u>	As at 31-03-2020 <u>RM'000</u>
Secured:		
Current		
Bankers' acceptance	2,103	3,490
Short term revolving credit	35,000	30,000
	<u>37,103</u>	<u>33,490</u>

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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.

On 5 November 2020, the Court had at the request of the Defendant vacated the 10 November 2020 trial date.

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

2. (a) On 13 May 2003, the 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 SECOND QUARTER ENDED 30 SEPTEMBER 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.

On 15 September 2020, Pengadilan Negeri Jakarta Selatan had delivered an oral judgement and dismissed the civil suit filed by the PTNJL against the Defendant. On 28 September 2020, PTNJL has filed its notice of appeal against the decision of the court.

NOTES TO THE QUARTERLY ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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		6 months cumulative	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	18,313	10,111	26,761	20,223
Weighted average number of ordinary shares in issues ('000)	279,957	281,365	279,957	281,365
Basic/diluted earnings per share (sen)	6.54	3.59	9.56	7.19

By order of the Board

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

Kuala Lumpur
Dated : 13 November 2020