

KUMPULAN FIMA BERHAD

(Company No. 11817-V)

SUMMARY OF MINUTES OF THE 44TH ANNUAL GENERAL MEETING

VENUE : DEWAN BERJAYA
BUKIT KIARA EQUESTRIAN & COUNTRY RESORT
JALAN BUKIT KIARA, OFF JALAN DAMANSARA
60000 KUALA LUMPUR

DATE/TIME : WEDNESDAY, 24 AUGUST 2016 AT 3.00 P.M.

1. OPENING REMARKS

The Chairman welcomed shareholders, proxies and invitees to the Company's 44th Annual General Meeting ("44th AGM" or the "Meeting").

2. QUORUM

Upon confirming the presence of the requisite quorum by the Secretary, the Chairman called the Meeting to order at 3.10 p.m.

3. NOTICE OF MEETING

The members present agreed unanimously with the Chairman's proposal that the notice convening the Meeting, which had been sent and circulated within the prescribed time, be taken as read.

The Chairman proceeded to introduce the Directors, Company Secretaries and external auditors who were in attendance, to the members present.

4. PRESENTATION BY THE GROUP MANAGING DIRECTOR

The Chairman invited Dato' Roslan Hamir, the Group Managing Director to give a presentation on the Group's key financial performance, which included, amongst others, KFIMA's performance overview for the financial year ended 31 March 2016 ("FYE2016"), the various initiatives undertaken by the Group during FYE2016, operational review of each division as well as the Group's priorities for the current financial year. He concluded his presentation by thanking all present.

After the said presentation, the Chairman proceeded with the formal business of the Meeting.

5. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON.

The Audited Financial Statements for FYE2016 and the Director's and Auditor's Reports thereon were tabled to the Meeting.

The Chairman informed the Meeting that the Audited Financial Statements together with the Director's and Auditor's Reports were meant for discussion only as it did not require a formal approval of the shareholders as stipulated under Section 169(1) of the Companies Act, 1965 and Article 167 of the Company's Articles of Association and hence, it would not be put forward for voting.

The Chairman then informed the Meeting that the Company had received several questions from the Minority Shareholder Watchdog Group (“MSWG”) vide its letter dated 17 August 2016. The Chairman called upon Encik Mohd Yusof bin Pandak Yatim to present the replies to the questions and points raised by MSWG. A snapshot of the questions and responses was also projected for the benefit of the members present.

The Chairman then invited questions from the floor on the Audited Financial Statements for the FYE2016. Among the pertinent issues raised by the shareholders/proxies were responded by the Board as follows:

- (1) Mr. Chee, a shareholder, queried on the expiry of the Manufacturing Division’s contract for the supply of certain travel documents by Quarter 3 of FY2017 and the impact of the same on the Group’s revenue in the event the contract is not extended.

The Group Managing Director explained that the revenue contribution from the said supply contract constituted 70% of the Division’s travel documents segment revenue. As such, the Division is in the process of bidding for new contracts to fill up this vacuum.

- (2) Mr. Tay, a shareholder queried on whether the Group has completed planting at all the plantable areas.

The Group Managing Director explained that the Group’s Indonesian subsidiary has planted at all areas in which it has received approvals for. Meanwhile, planting and development at the Group’s greenfield estates were proceeding well. In respect of the recently acquired estate in Sungai Siput Perak, the Group Managing Director explained that development works have not commenced to-date as the authorities’ approvals were still pending.

- (3) Mr. Yeo, a shareholder, complimented the Board on the improved quality and content of the Company’s 2016 Annual Report e.g. the expansion of financial disclosures made under the Management Discussion and Analysis section He also commented that KFIMA should continue to give canned food products as door gifts at future AGMs, as they were good quality products which all shareholders are proud of and enjoys.

The Chairman thanked Mr. Yeo for his kind words and noted his suggestion.

- (4) Mr. Lim, a shareholder, noted the Group’s strong cash position. Given the foregoing and coupled with the prevailing low interest environment, he expressed hope for KFIMA to either reward shareholders with higher dividends or expand into new business segments.

The Chairman thanked Mr. Lim for his observations and suggestion.

- (5) On the question from a Shareholder who enquired about:

- (i) the future of the Group’s bulking operations in light of the fact that the lease in Port Klang would be expiring in 2022:

The Group Managing Director explained that the Bulking Group has applied for a further extension of its lease and that the Bulking Group had no plans of relocating its operations in Port Klang elsewhere.

- (ii) the forex losses incurred in the last 2 years which has had an adverse impact on the Group’s net profits and the steps being taken to control the same:

The Group Managing Director disagreed that there were forex losses incurred last 2 years. Rather and on the contrary, the Group recorded a forex gains of RM1.537 million in the current year and RM7.727million last year.

- (iii) the rationale behind the increase in the Executive Director's salary:

Dato' Rosman bin Abdullah, the Company's Independent Non-Executive Director, who is also a member of the Nomination Committee, explained that basis of ascertaining the remuneration package of the Group Managing Director is made up of the following components:

(1) fixed component (base pay) which is reviewed on an annual basis and benchmarked against the industry peers of similar size and industry; and

(2) variable components which are assessed against achievement of the annual key performance indicators taking into account the prevailing business and economic conditions and factors beyond the Group Managing Director's control e.g. CPO prices.

(3) a long term incentive in the form of allocation of shares under the Restricted Share Grant Scheme which is also tied to and assessed against achievement of the annual key performance indicators which aligns the Group Managing Director's performance with stakeholders' interests and has a desirable retention effect.

- (iv) decline in the average Oil Extraction Rates ("OER") from 23.84% in 2012 to 22.42% in 2016:

The Group Managing Director explained that the lower quality of FFB received from smallholders had a direct impact on the Group's average OER.

- (v) are the plantations (especially in Kelantan) acquired in recent years efficient given their relatively small size?

The Group Managing Director replied that whilst larger parcels of lands (i.e. 5,000 hectares and above) would provide more in terms of efficiency, they are scarce and more costly to acquire.

Moreover, the three Kelantan estates are actually close to each other and as such there will be savings through elimination of duplicate overheads and procurements. The Group is confident that it would be able to maintain a good cost per tonne through continuous focus on yield improvement and cost management practices.

- (vi) do we have enough volumes to justify the setting up of a can-making plant at the Group's Papua New Guinea subsidiary? Do we have plans to sell cans to external parties?

The Group Managing Director replied that the can-making plant could substantially reduce International Food Corporation Ltd's (IFC) freight cost as well as warehouse space as IFC currently buys formed cans. Whilst the can-making plant is intended for IFC's own use, IFC is open to the idea of selling the cans to external parties should there be any demand and excess capacity.

- (vii) in respect of the Bulking Division's plans to expand into the logistics sector, do we have the necessary expertise to embark into this business?

The Bulking Division is actually already in the logistics business, albeit on a small scale. The Division's expansion into the logistics sector would therefore be an organic one, to complement the Division's existing operations.

(viii) whether the impairment loss on trade receivables referred to in page 102 of the Annual Report was related to the Manufacturing Division's travel documents contract:

The Group Managing Director clarified that the impairment loss is not related to the said contracts. Rather, and pursuant to the Group's internal policies, trade receivables would be considered impaired if the amounts exceed a certain number of days. The said amounts would be written back once it has been recovered.

With that, the Chairman concluded the question and answer session for agenda 1.

Before the Meeting continued with all resolutions set out in the Notice of Meeting, the Chairman advised that the voting of all resolutions would be conducted on a poll through electronic polling (e-polling). The Chairman informed that the Company had appointed Symphony Share Registrars Sdn Bhd as Poll Administrator to conduct the polling procedures and Symphony Corporatehouse Sdn Bhd as independent scrutineers to verify the poll results. The polling process for the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the 44th AGM.

The Chairman further informed that where he has been appointed as proxy with discretion as to how to vote as proxyholder, he intends to vote in favour of all resolutions. The Chairman then proceeded with the second agenda of the Meeting.

6. ANY OTHER BUSINESS

There being no other business to be deliberated for which due notice had been given, the Chairman then declared that the registration for attendance at this Meeting closed at 5.15 p.m.

7. POLLING PROCESS

The Chairman called upon Puan Rozleen Monzali, the representative from Symphony Share Registrar to brief on the polling procedures.

The Chairman adjourned the Meeting at 5.20 p.m. for the polling process. The Chairman informed the members to proceed to the polling stations located at foyer to cast their votes.

8. ANNOUNCEMENT OF POLL RESULTS

At 5.45 p.m., the Chairman called the Meeting to order for the declaration of poll results. The Chairman informed that he had received the poll results from the Company's independent scrutineers, Symphony Corporatehouse Sdn Bhd and would read out the poll results for the 44th AGM of the Company.

(The poll results were also projected on screen).

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>ORDINARY RESOLUTION 1</u> To declare a single-tier final dividend of 9.0% in respect of the financial year ended 31 March 2016 as recommended by the directors.	161,453,885	100.0000	0	0.0000	10	0.0000

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<p><u>ORDINARY RESOLUTION 2</u></p> <p>To re-appoint Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor as a Director of the Company and to hold office until the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.</p>	159,272,985	99.9997	500	0.0003	2,180,410	1.3505
<p><u>ORDINARY RESOLUTION 3</u></p> <p>To re-appoint Encik Azizan bin Mohd Noor as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.</p>	157,533,685	98.7836	1,939,800	1.2164	1,980,410	1.2266
<p><u>ORDINARY RESOLUTION 4</u></p> <p>To re-elect Dato' Rosman bin Abdullah, who retires pursuant to Article 114 of the Company's Articles of Association.</p>	157,960,585	99.0513	1,512,900	0.9487	1,980,410	1.2266
<p><u>ORDINARY RESOLUTION 5</u></p> <p>To re-elect Cik Rozilawati binti Haji Basir, who retires pursuant to Article 114 of the Company's Articles of Association.</p>	159,280,260	99.9798	32,225	0.0202	2,141,410	1.3263
<p><u>ORDINARY RESOLUTION 6</u></p> <p>To approve the payment of Directors' fees for the ensuing financial year.</p>	161,421,660	100.0000	0	0.0000	32,235	0.0200

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<p><u>ORDINARY RESOLUTION 7</u></p> <p>To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.</p>	161,453,885	100.0000	0	0.0000	10	0.0000
<p><u>ORDINARY RESOLUTION 8</u></p> <p>Authority for the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.</p>	12,815,585	100.0000	0	0.0000	148,638,310	92.0624
<p><u>ORDINARY RESOLUTION 9</u></p> <p>Authority for the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company.</p>	161,453,385	99.9997	500	0.0003	10	0.0000

9. CLOSURE OF MEETING

The Chairman concluded the Meeting and thanked the members for their attendance and declared the Meeting closed.

The Meeting adjourned at 5.55 p.m. with a vote of thanks to the Chairman.