



**45th ANNUAL
GENERAL MEETING**
23 August 2017

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AGENDA

- GROUP FINANCIAL SNAPSHOT
- GROUP REVENUE BREAKDOWN
- GROUP PBT BREAKDOWN
- DIVISIONAL SNAPSHOT
- KEY CHALLENGES
- STRATEGIC PLAN
 - FOCUS AREAS
- STRATEGIC PLAN
 - MOVING FORWARD STATEMENT
- MINORITY SHAREHOLDER WATCHDOG GROUP (“MWSG”)

GROUP FINANCIAL SNAPSHOT

| | FY 2016/2017 | FY 2015/2016 | VARIANCE |
|------------------------------------|--------------|--------------|----------|
| Revenue (RM'MILLION) | 547.21 | 541.11 | 1.1% |
| PBT BEFORE IMPAIRMENT (RM'MILLION) | 114.04 | 111.67 | 2.1% |
| PBT (RM'MILLION) | *84.67 | 111.67 | (24.2%) |
| Earning Per Share (EPS) | 10.70 sen | 20.51 sen | (47.83%) |
| Net Assets Per Share (RM) | 2.72 | 2.70 | 0.7% |



**PBT is after net impairment loss of RM29.37 million in property, plant and equipment and biological assets in PTNJL.*

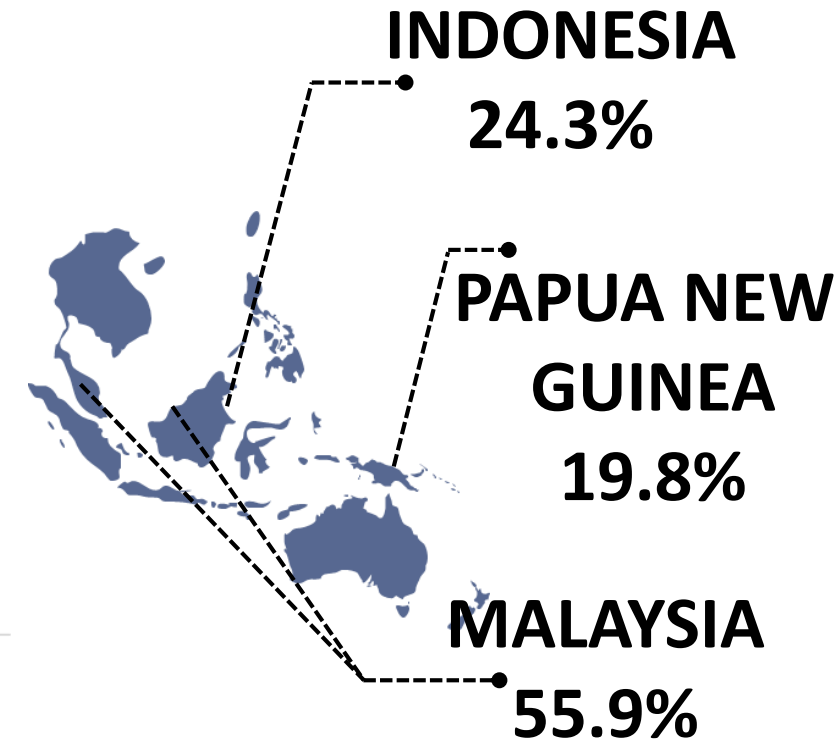
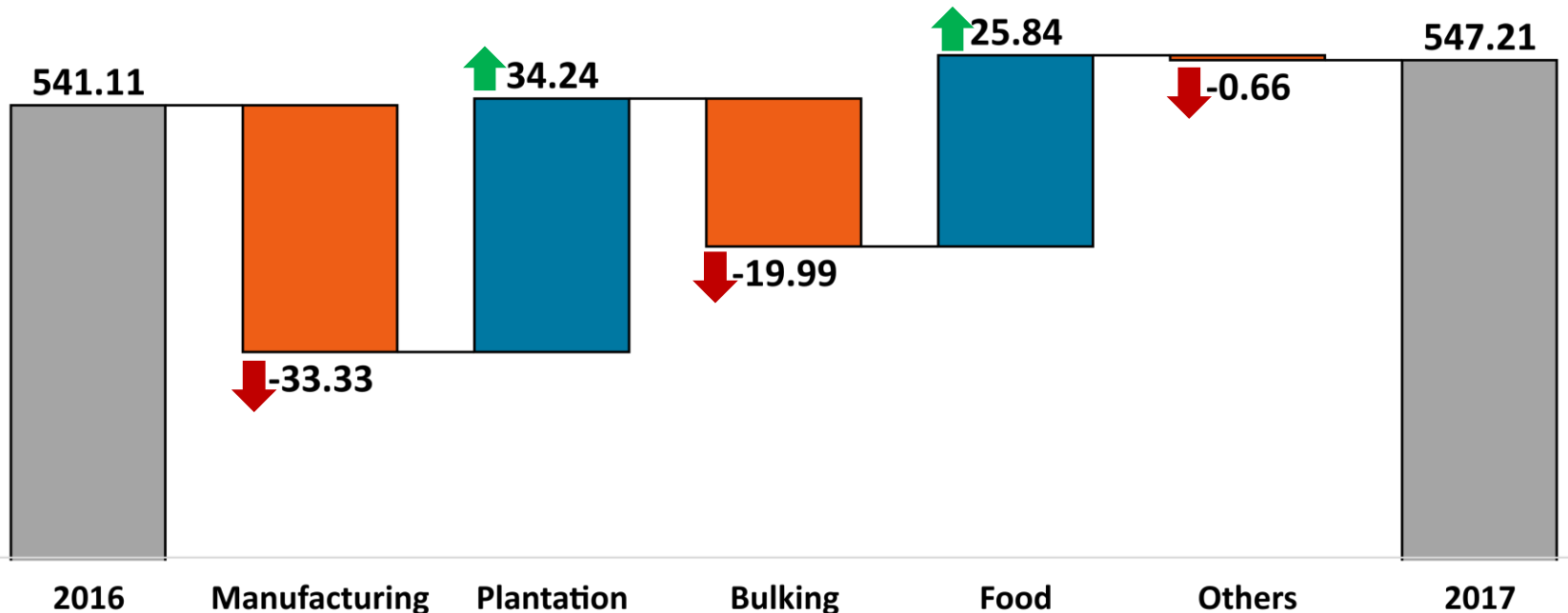
GROUP REVENUE BREAKDOWN

TOTAL REVENUE RM 547.21 mill

↑ 1.1% Y-O-Y

REVENUE MOVEMENT BY DIVISION (RM' MILLION)

■ Increase ■ Decrease ■ Total

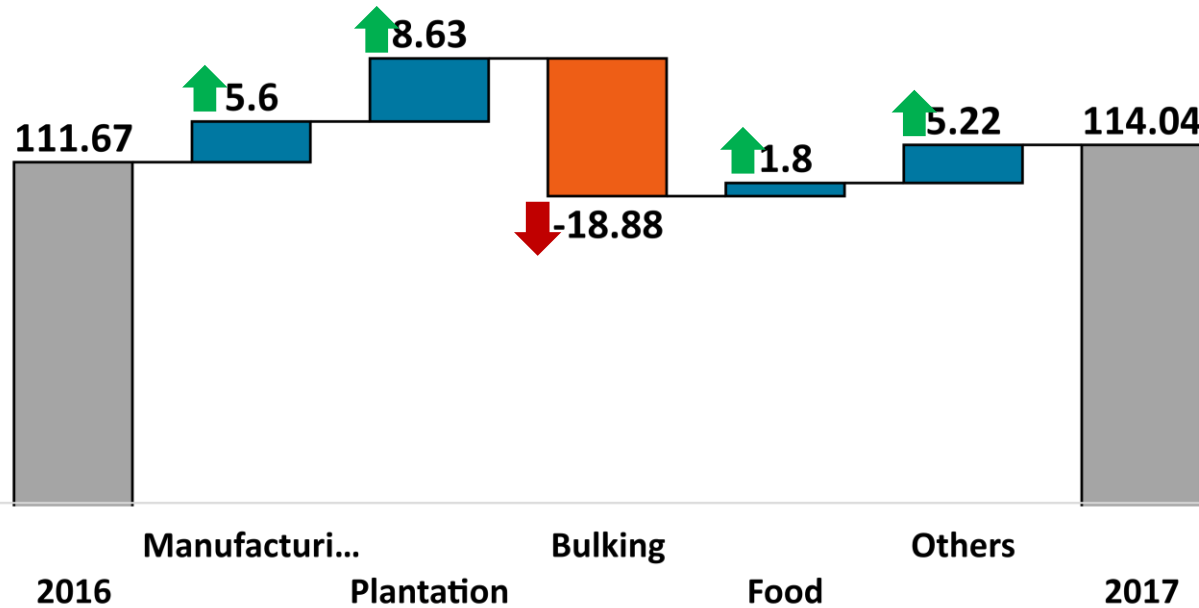


| | | | | |
|---------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|
| FYE2017 233.35mil (12.5%) | FYE2017 146.87mil 30.4% | FYE2017 47.46mil (29.6%) | FYE2017 114.26mil 29.2% | FYE2017 5.27mil (11.1%) |
|---------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|

GROUP PBT BREAKDOWN

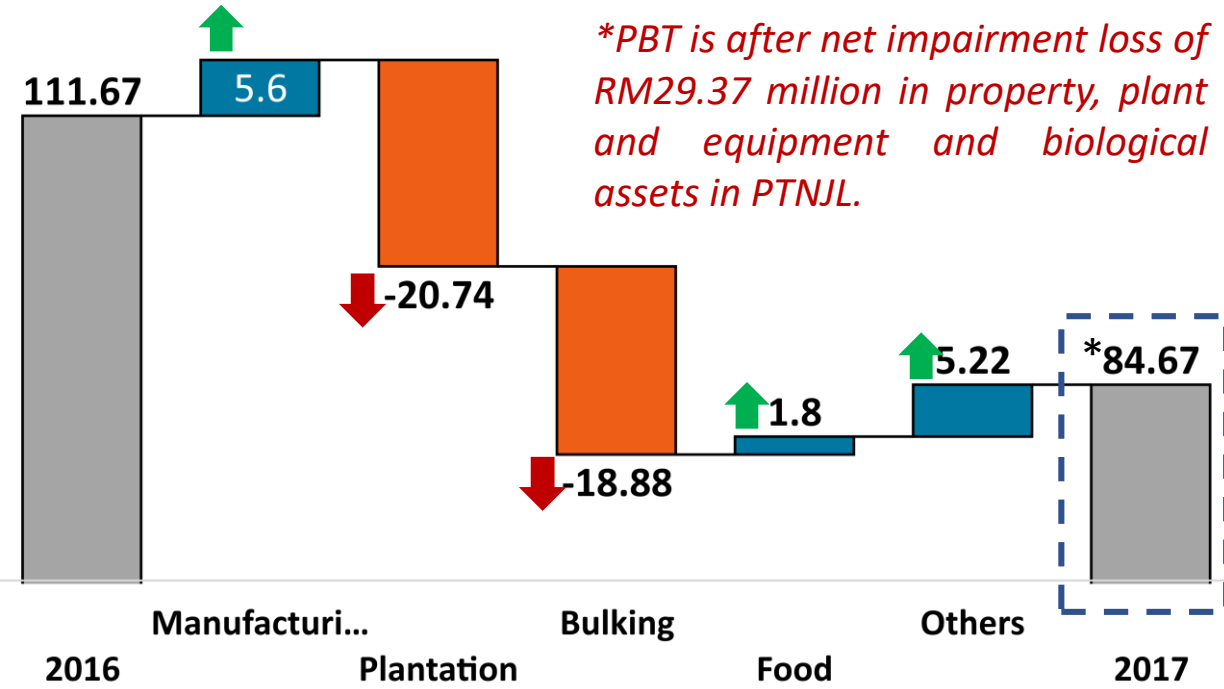
PBT BEFORE IMPAIRMENT (RM' MILLION)

■ Increase ■ Decrease ■ Total



PBT AFTER IMPAIEMENT (RM' MILLION)

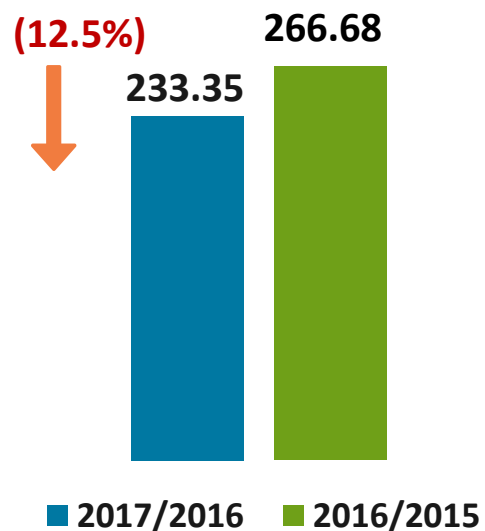
■ Increase ■ Decrease ■ Total



DIVISIONAL SNAPSHOT

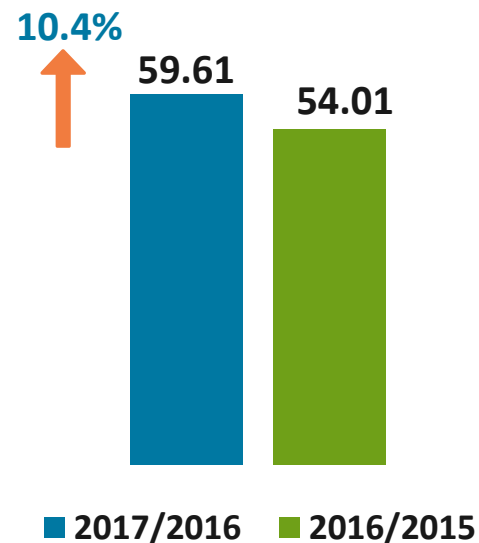
MANUFACTURING

Revenue (RM' MILLION)



- Decrease in revenue due to lower sales volume from travel documents.

PBT (RM' MILLION)



- Increase in PBT due to lower depreciation cost and favourable sales mix

REVENUE CONTRIBUTION BY PRODUCT (RM' MILLION)

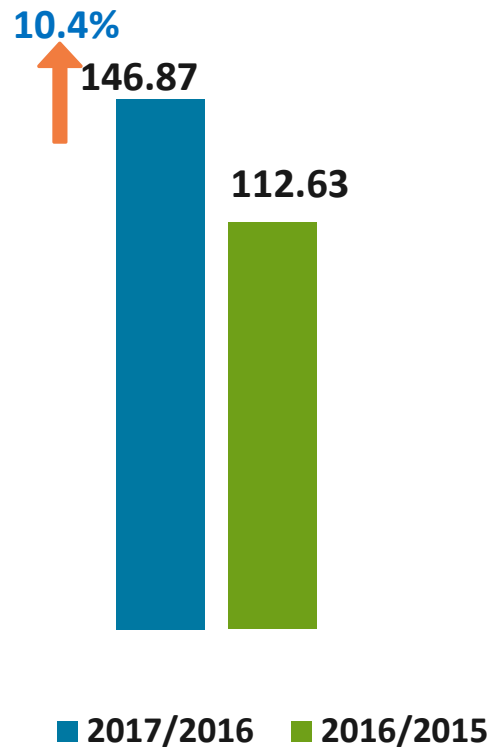
| | FYE2017/16 | FYE2015/16 | Variance |
|------------------------|------------|------------|----------|
| Travel Documents | 126.2 | 152.3 | 17.1% ↓ |
| Transport Documents | 82.7 | 86.9 | 4.8% ↓ |
| Confidential Documents | 7.9 | 7.0 | 12.9% ↑ |
| Others | 16.5 | 20.5 | 19.5% ↓ |

DIVISIONAL SNAPSHOT

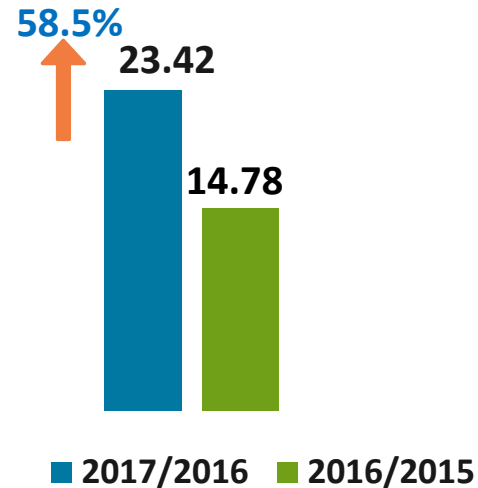
PLANTATION

- Improvement in revenue as a result of higher average selling prices for FFB, CPO and CPKO that was achieved despite the decline in fresh fruit bunch production.

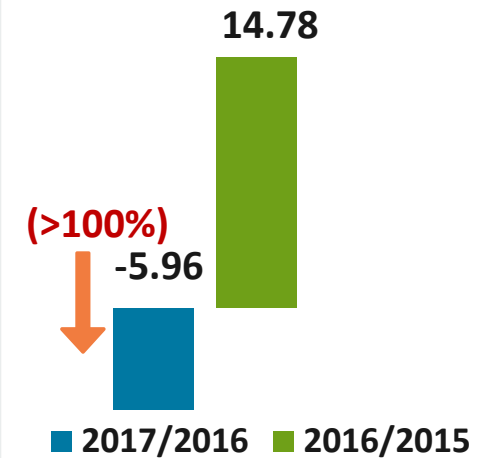
Revenue
(RM' MILLION)



PBT Before Impairment
(RM' MILLION)



PBT
(RM' MILLION)



- Decrease in PBT due to net impairment losses on property, plant and equipment and biological assets in PTNJL.

PLANTATION PERFORMANCE INDICATORS

FYE 2016/17



Oil Extraction
Rate (OER)
22.7%

(FYE 2015/16: 22.4%)

Yield Per Hectare

19.4 MT

(FYE 2015/16: 23.2 MT)



FFB Harvested

149,753 MT

(FYE 2015/16: 164,738 MT)



CPO Produced

41,619 MT

(FYE 2015/16: 45,387 MT)

CPKO Produced

3,418 MT

(FYE 2015/16: 3,363 MT)

FFB COST



RM/MT 359.60

(FYE 2015/16: RM259.4)



RM/MT 285.15

(FYE 2015/16: RM222.12)



PLANTATION DIVISION PROGRESS UP TO DATE



100%

Development Works Completed



60%

Development Works Completed



90%

Development Works Completed



Development Works Completed

Cendana Laksana Sdn Bhd
(Kemaman, Terengganu)

Total land area:
785.39ha

Planted area:
760.05ha

Gabungan Warisan Sdn Bhd
(Kuala Krai, Kelantan)

Total land area:
249.82ha

Planted area:
110.00ha

Taka Worldwide Trading Sdn Bhd & Etika Gangsa Sdn Bhd
(Gua Musang, Kelantan)

Total land area:
404.64ha

Planted area:
230.71ha

R.N.E Plantation Sdn Bhd
(Sg. Siput, Perak)

Total land area:
2,000.00ha

Pending for
authorities approval



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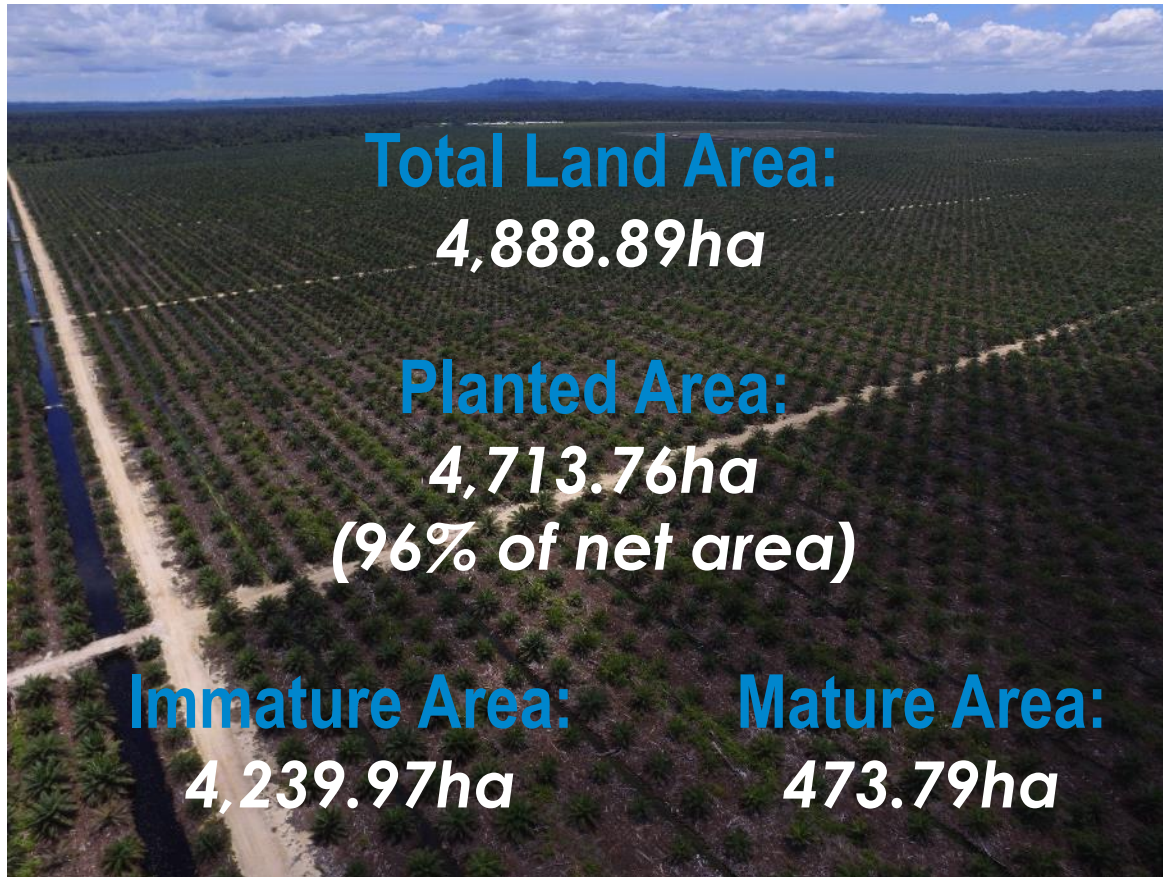
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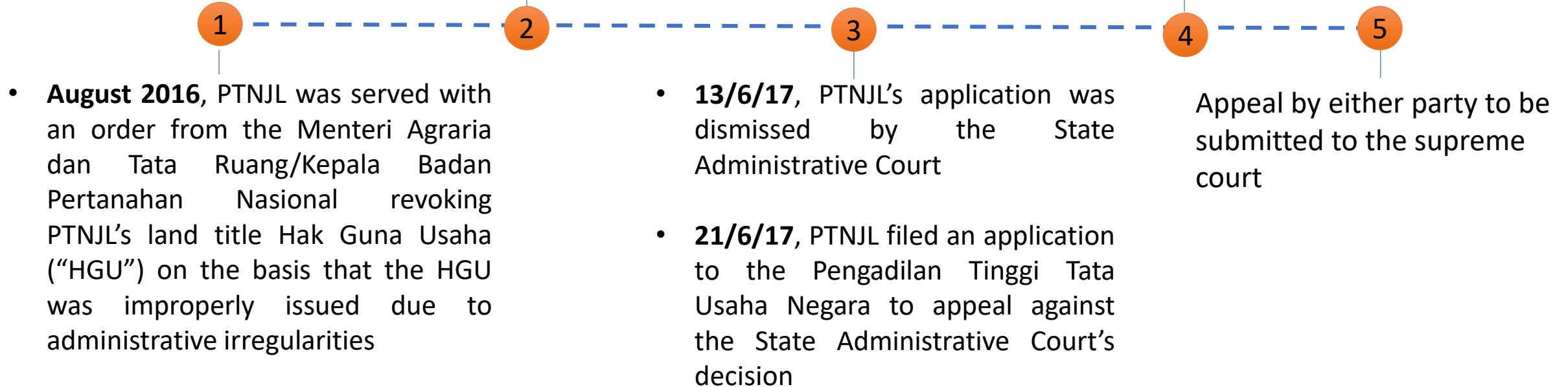
Palm Oil Mill
Project has been deferred

MATERIAL LITIGATION

PT NUNUKAN JAYA LESTARI

Oct 2016, Filed an application with the State Administrative Court seeking an order to annul the Ministerial Order.

Decision of Court Of Appeal is still pending to date



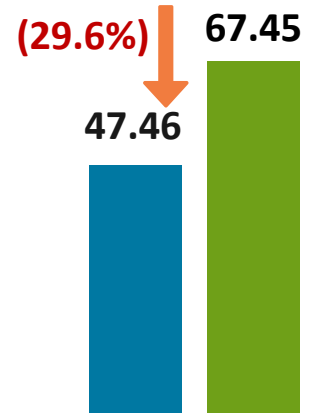
The local government in Kabupaten Nunukan has allowed PTNJL to continue to lawfully operate its plantation operations until the final determination of the suit by the Indonesian courts.

DIVISION SNAPSHOT

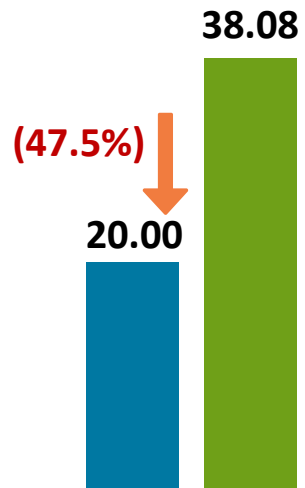
BULKING

Revenue
(RM'MILLION)

PBT
(RM'MILLION)

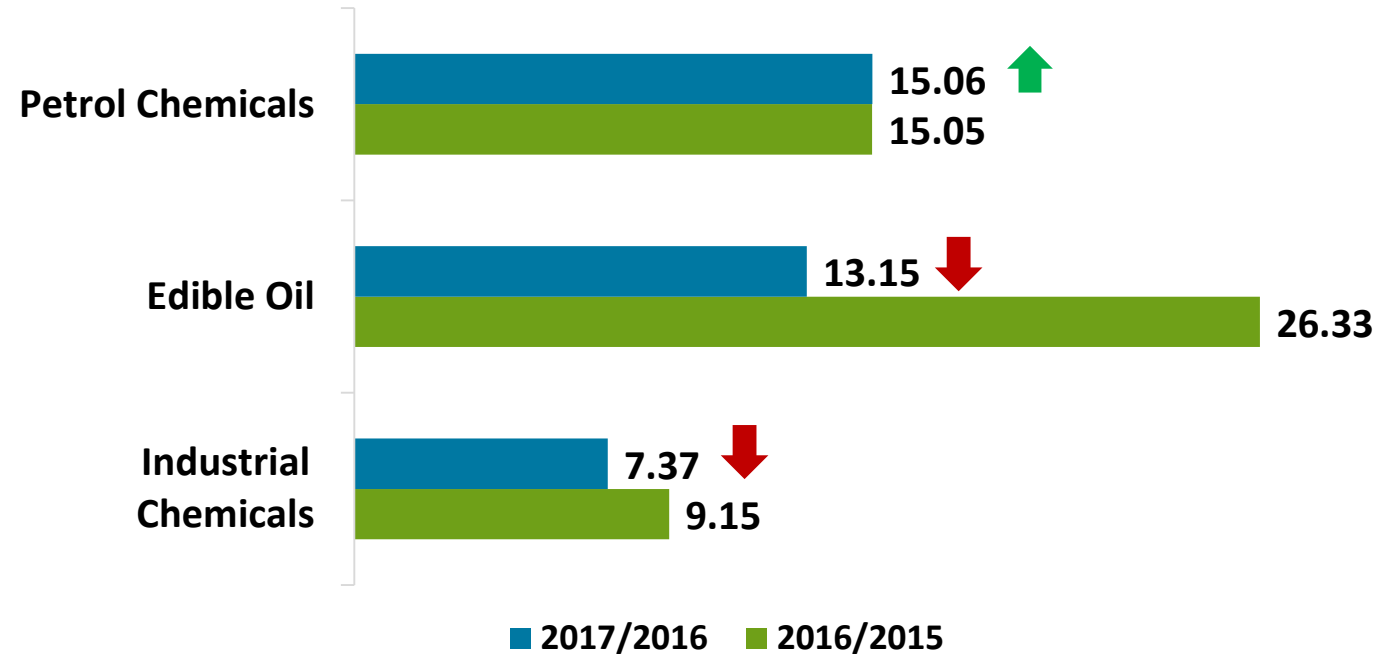


■ 2017/2016 ■ 2016/2015



■ 2017/2016 ■ 2016/2015

Top 3 Revenue Products
(RM'MILLION)



Overall Throughput

2016
1,125,288mt

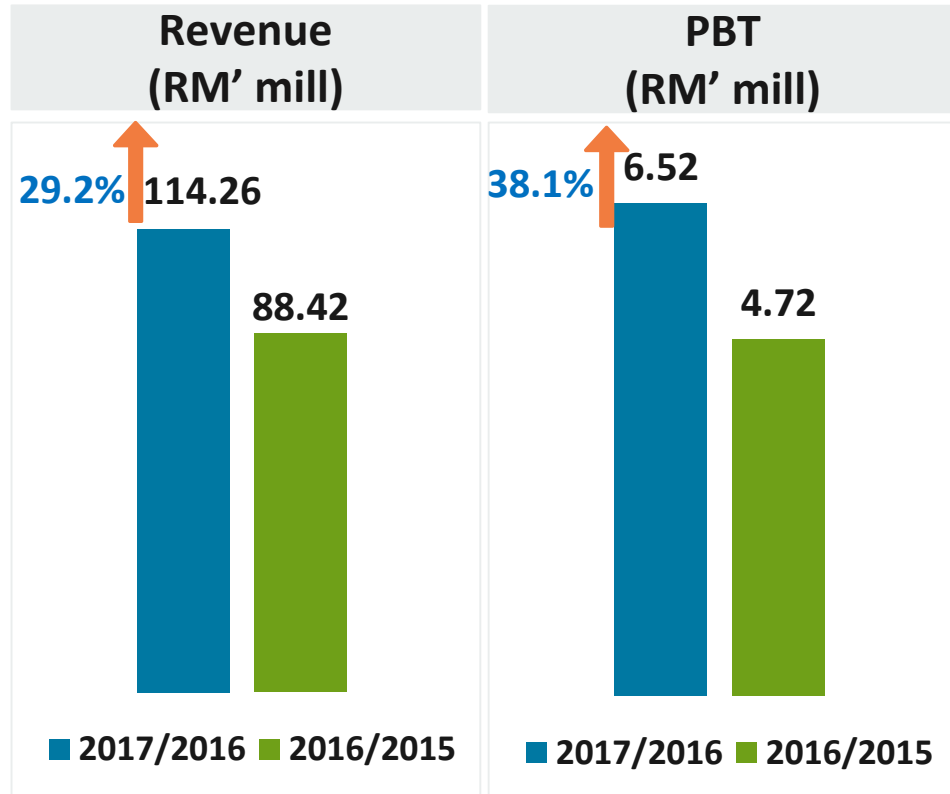
2017
751,651mt

(33.2%)

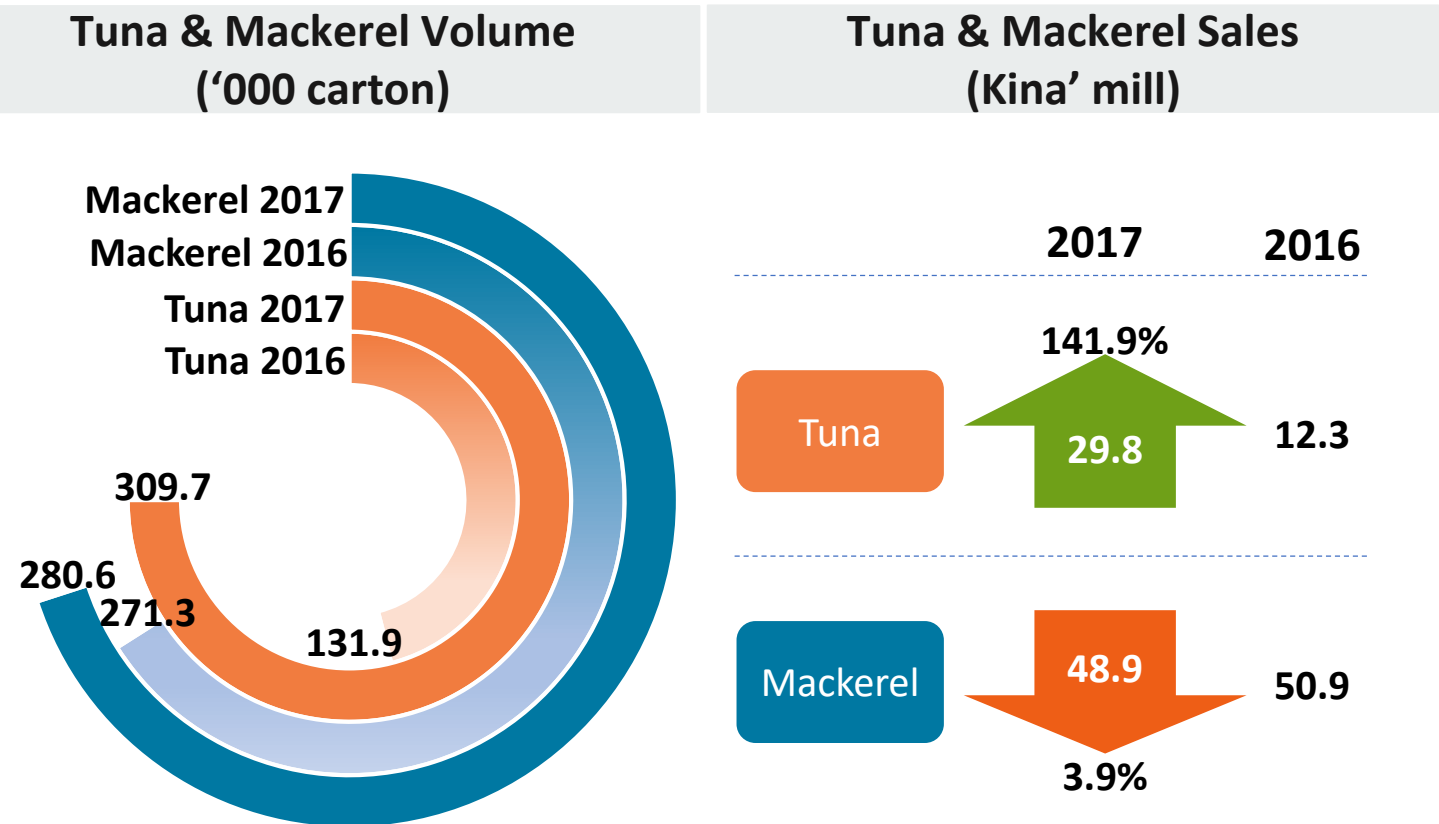
Annual General Meeting
23 August 2017

DIVISION SNAPSHOT

FOOD



- Growth in revenue due to high contribution from tuna-in house and tuna-export for both in terms of volume and value.



KEY CHALLENGES

1

Volatile commodity prices affecting global demand

2

Fluctuation on Currency

3

Higher Input Costs.

4

Supply of Labour

5

Weather Change

FOCUS AREAS GOING FORWARD

PLANTATION

Existing

- Continuous yield improvement and cost management practices
- Committed to Good Agricultural Practice (GAP) for efficiency improvement

Potential New Investments

Upstream

- Pursue land bank expansion -Greenfield and Brownfield

Downstream

- Explore downstream activities – Palm Oil Mill

MANUFACTURING

Existing

- Focus and protect core activities
- Enhance product and service pipeline
- Investment in new product
- Develop talent and Subject Matter Expert
- Adoption of technology to enhance operational efficiency

Potential New Investments

- Strengthen strategic alliance with partner -entry into new market and tap on partner network

FOCUS AREAS GOING FORWARD

BULKING

Existing

- Capacity expansion – upgrade tanks Enhance operational capabilities – aim to be Integrated Logistics Provider including Warehousing
- Focus on Chemicals segment

Potential New Investments

- Capacity expansion
- Expand logistics segment

FOOD

Existing

- Improve cost efficiency
- Continuous improvement and operational excellence

Potential New Investments

- Strategic alliance with fishing company
- Product Expansion
- Distribution of other products in PNG

MOVING FORWARD STATEMENT

Maintain Prudent
Financial Profile

Strengthen Core
Businesses
&
Leverage on Market
Opportunities

Establish Strong Pillars
For Future Growth

OUR PRIORITIES



MAXIMIZE
SHAREHOLDERS'
RETURNS



Maintain
STRONG
CASH FLOW



SUSTAIN
GROWTH

REPLY TO MINORITY SHAREHOLDER WATCHDOG GROUP (“MWSG”) LETTER DATED 16 AUGUST 2017

Reply to MSWG Q1 (Strategy/Financials)

Q1 *The Chairman's Statement reported that the contribution from Manufacturing Division remained steady while the Food and Plantation Division performed well and would continue as potentially growth drivers despite the challenges of tough trading conditions within the industry sector of the Bulking Division.*

(a) *How would the Board strategies the Group's three (3) core objectives; (i) to grow profitable revenue, (ii) to generate solid returns on capital employed and (iii) cash generation that would be enabled and supported by the four (4) strategic drivers while affected by the unexpected events in its Indonesian subsidiary, PTNJL?*

A. **The Group will continue to concentrate on controlling its cost variables and implementing various measures to enhance operational efficiencies in all divisions. In addition, the Plantation division is constantly looking into expanding its land bank at strategic locations, both in Malaysia and Indonesia. Over the past 3 years, the Group had acquired 3,440ha plantation land in Malaysia of which approximately 2,800ha is plantable. As at to-date, 1,100ha had been planted. In the coming years, we expect an upward trend in FFB production as more young areas in the Group's greenfield estates in Malaysia attain maturity and start to produce. Without the impairment losses the Group's PBT would be RM114.04 million, an improvement of 2.1% compared to last year which represents Return on Average Capital Employed of 10.5%.**

Reply to MSWG Q1 (Strategy/Financials) – CONT'

- Q1** *The Chairman's Statement reported that the contribution from Manufacturing Division remained steady while the Food and Plantation Division performed well and would continue as potentially growth drivers despite the challenges of tough trading conditions within the industry sector of the Bulking Division.*
- (b)** *Could the Board elaborate on the key priorities identified by the Manufacturing Division amid the reduction of its capital expenditure in FY2017 to RMI .81 million from RM7.18 million in FY2016, while faced with the pending expiry of a supply contract of a certain traveling document in the Manufacturing Division?*
- A.** *The Manufacturing division will continue to strengthen its strategic alliances to develop new products and solutions, provide end-to-end integrated solution to its customers, move from traditional document printing to technology based process i.e. project implementation and management, strengthen core competencies as well as expand its current portfolio. The Manufacturing division has the financial ability to allocate the necessary capex to undertake any of these opportunities as and when they arise. As at 31 March 2017, Manufacturing division's cash balance stood at RM260.06 million.*

Reply to MSWG Q1 (Strategy/Financials) – CONT'

- Q1** *The Chairman's Statement reported that the contribution from Manufacturing Division remained steady while the Food and Plantation Division performed well and would continue as potentially growth drivers despite the challenges of tough trading conditions within the industry sector of the Bulking Division.*
- (c)** *How would the Board address the challenges and issues in the Food Division and its main operations in Papua New Guinea that have been adversely affected by market competition for cheaper imported products, consumer pressure against price increases, flattish demand at declined value for its canned mackerel products amid the upward trend for tuna products but with threats of sustainability in fish supply due to over-fishing and climate change?*
- A.** **The Board intends to address the challenges and issues in the Food Division and its main operations in PNG i.e. market competition and flat growth of the mackerel segment by introducing new and improved product lines and maintaining cost and resource efficiencies. Canned fish remains as the main protein staple in local PNG households and given the strength of the “Besta” brand, the Board is committed to growing the mackerel segment.**

Reply to MSWG Q1 (Strategy/Financials) – CONT'

Q1 *The Chairman's Statement reported that the contribution from Manufacturing Division remained steady while the Food and Plantation Division performed well and would continue as potentially growth drivers despite the challenges of tough trading conditions within the industry sector of the Bulking Division.*

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Cont'...

A. The Division also intends to build on the upward momentum of its tuna segment through strengthening and broadening of customer base. As mentioned in the Annual Report, exports of tuna products to the European Union have more than doubled both in terms of volume and value year-on-year. At the same time, the Division continues to remains active in supporting the PNG government's initiatives to protect local businesses from cheap-imports.

Reply to MSWG Q1 (Strategy/Financials) – CONT'

Q1 The Chairman's Statement reported that the contribution from Manufacturing Division remained steady while the Food and Plantation Division performed well and would continue as potentially growth drivers despite the challenges of tough trading conditions within the industry sector of the Bulking Division.

(d) Why has the revenue from trading of fish declined by 28.2% from RM25.242 million to RM18.119 million in FY2017 at thin profit margins?

A. Trading of fish is sourcing and selling of frozen mackerel by KFima to its subsidiary in Papua New Guinea ("PNG"), International Food Corporation Limited ("IFC"). IFC will use these fish as raw materials for its canning operation.

The quantity of the annual trading depends on the level of inventory of both raw material and finished goods of IFC during the year. The higher the level of inventory will result in a lower purchase by IFC.

Reply to MSWG Q2 (Strategy/Financials)

- Q2** *In the Circular to shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT"), could the Board clarify the status and the breakdown of the principal sum and interest for the total outstanding amount due under the mandated RRPT that exceeded credit term as follows:*
- | | | |
|--------------|---|--|
| <i>(i)</i> | <i>Principal sum:</i> | <i>RM42,178,164;</i> |
| <i>(ii)</i> | <i>Interest charges (5.5% per annum):</i> | <i>RM4,106,490;</i> |
| <i>(iii)</i> | <i>Amount owing from transacting parties:</i> | <i>RM20,344,186 (1 year or less)</i> <i>RM25,940,467 (1 to 3 years)</i> |

In what ways would the Board enhance the Group's normal trade credit terms other than the interest charges to ensure the timely collection of its trade receivable under mandated RRPT?

- A.** For the past 4 years, IFC had spent approximately K9.32 million (RM12.14 million) on capex for the setting up of tuna processing line and upgrading of the existing mackerel facilities. These include upgrading of IFC's production facilities, expansion of new cold room and installation of a new can body welder for the can-making operation.

Reply to MSWG Q2 (Strategy/Financials) – CONT'

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In what ways would the Board enhance the Group's normal trade credit terms other than the interest charges to ensure the timely collection of its trade receivable under mandated RRPT?

Cont'....

- A.** Please be informed that the interest rate on bank borrowing in PNG is very high reaching up to 12% per annum. To minimise IFC's cost on Capex, KFima decided to allow IFC to defer its payment on fish buying and instead they used the cash for their Capex. Thus, IFC able to cut the cost of the interest rate by 50%.
- In addition, the imposition of capital controls by the Central Bank of PNG, has also created a shortage of foreign currency in the PNG banking system.

Reply to MSWG Q3 (Strategy/Financials)

Q3 *The Chairman's Statement on governance and sustainability reported that the Board has an Internal Sustainability Committee which initiated analysis and tracking of the environmental impact of the Group's operations during the FY2017 and published the Sustainability Report 2017.*

What are the materiality factors in the Group's sustainability agenda and how much would the Board allocate capital expenditure for its realistic achievement in the medium to longer term?

A. Our sustainability agenda incorporates economic, environmental and social aspects taking into account the requirements of our stakeholders as well as the surrounding environment within which we operate. At the moment the Group has no specific capex allocation however, any capex allocation for the Group's sustainability agenda presently revolves mainly around:

- (i) Business improvement plans that would provide functionality benefits as well as cost savings from operational efficiencies;
- (ii) Employee talent management and engagement;
- (iii) Community involvement; and
- (iv) Environmental management.

Reply to MSWG Q1 (Corporate Governance)

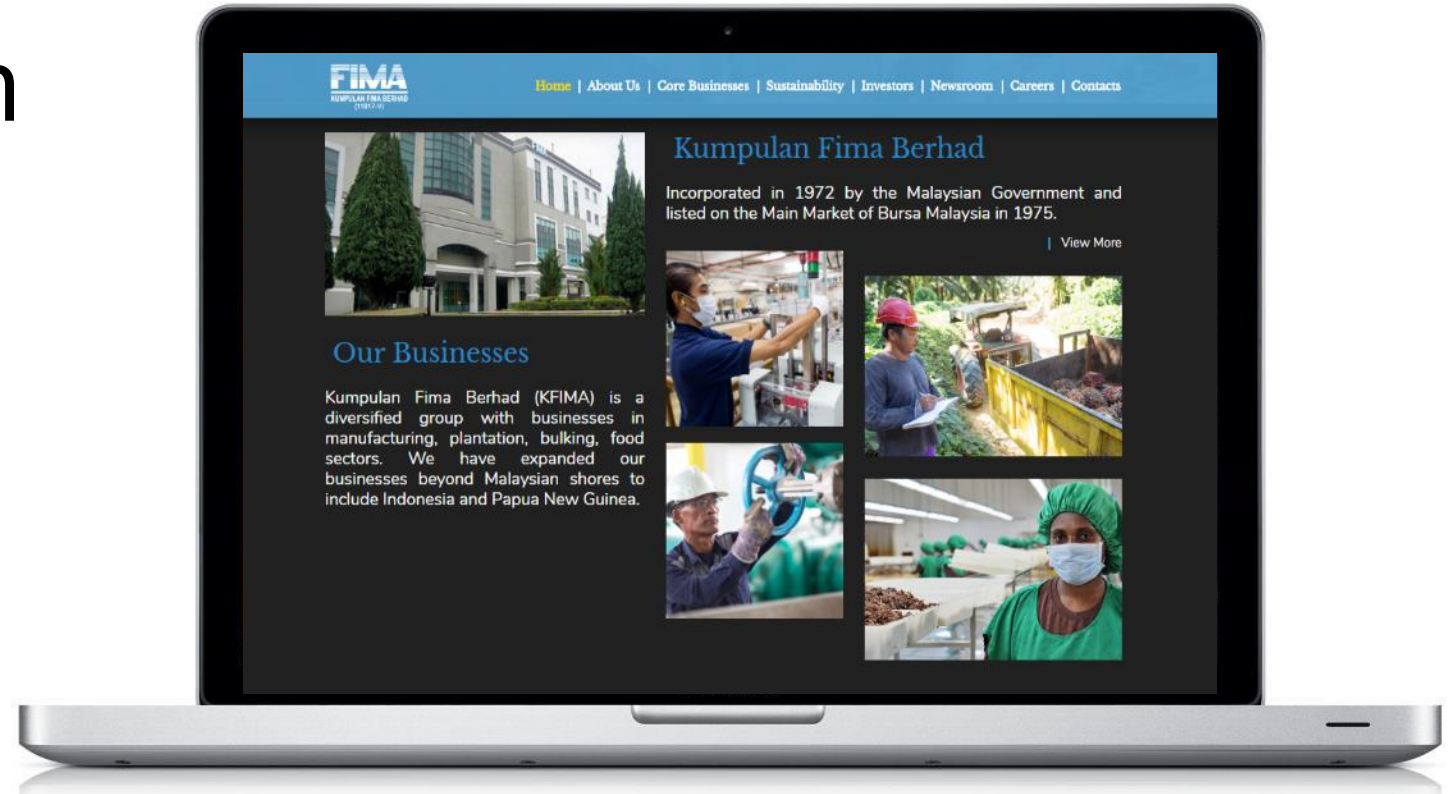
Q *MSWG is promoting high standards of corporate governance best practices in PLCs. In this regard, we hope the Board would address the issue of long serving Independent Non-Executive Directors.*

We noted that the three Independent Directors of the Company had served more than a cumulative tenure of nine (9) years. We believe the Board would look at the board succession and address the issue of long serving Independent Directors in line with the Malaysian Code on Corporate Governance.

A. *The Board acknowledged that the 2 remaining Independent Non-Executive Directors have served the Board for more than 9 years. The Board is fully aware of this issue and is taking the necessary measures to address it. The Nomination and Remuneration Committee is currently assessing and considering new candidates for appointment to the Board as part of the Board succession planning. We hope to affect the changes before the end of this financial year.*

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THANK YOU!