Chairman's Statement

Dato' Idris Bin Kechot
Chairman

Dear Shareholders,

Our performance demonstrates once again the advantage of KFima's uniquely diversified and broad portfolio.

For the financial year ended 31 March 2024, ("FYE2024"), Group revenue was RM638.82 million, down 10.0% compared to RM709.75 million recorded in the previous year, driven by lower contribution across most of our core businesses except for bulking and biodiesel. Notably, our Bulking division reached a new revenue milestone, hitting an all-time high of RM227.96 million.

Group profit before tax and zakat ("PBT") for the year was RM122.55 million, up by 2.7% on the back of the record high PBT of RM87.10 million achieved by the Bulking division and improved contributions from the Food division. These gains offset the decrease in PBT of our Plantation and Manufacturing divisions. Plantation division was mainly impacted by lower prices and sales volumes of Crude Palm Oil (CPO) and Crude Palm Oil Kernel (CPKO) sold, while Manufacturing division's profitability was impacted by declining volumes across most of their product segments and change in order patterns.

The Group has continued to be significantly cash generative, with net operating cash generated from operating activities of RM156.04 million in the year. This has enabled the Group to maintain capital investment and continue to prioritise returns to shareholders.

Revenue	FYE2024 RM Million	FYE2023 RM Million
Bulking	227.96	185.25
Plantation	177.03	204.41
Food	168.19	186.10
Manufacturing	61.57	129.56
Others	4.07	4.43
Group Revenue	**638.82**	**709.75**

PBT	FYE2024 RM Million	FYE2023 RM Million
Bulking	87.10	62.10
Plantation	26.16	45.39
Food	13.37	4.79
Manufacturing	0.39	10.11
Others*	(4.47)	(3.10)
Group PBT	**122.55**	**119.29**

* *including associated companies*

While we experienced difficult market conditions in FYE2024 across all our business segments, there are several highlights that I would like to address, demonstrating the resilience of our business segments and the ongoing benefits of our multiyear strategy.

As I've mentioned in my statement to you last year, our Group's four business segments are currently at different strategic verticals. We believe that the best path forward to deliver sustainable top and bottom-line growth is therefore to concentrate on selectively investing in businesses that are defensive, cash-generative, and have stronger growth prospects, which we can acquire and build value. For businesses with lower industry attractiveness and/or competitive strengths, we will take proactive measures to protect our position and refocus our efforts, considering the market dynamics and structural changes in these segments.

The Group has continued to be significantly cash generative, with net operating cash generated from operating activities of RM156.04 million in the year.

Within these guardrails, we had directed our resources towards accelerating our mechanisation efforts at our Malaysian estates and improving agronomic standards of our estates. We have continued to optimise the footprint of our bulking terminals in Port Klang and have kickstarted development at Tanjung Langsat to meet a growing demand base. We have also improved the yields of our biodiesel plant in Port Klang, while our subsidiary in Papua New Guinea had worked towards improving efficiencies within its value chain and released new product offerings. And although the secular declines in volumes and changes in order patterns had undermined the Manufacturing division's overall performance, it is worth noting that the division was able to maintain its core markets through contract extensions during the year.

To sum it up, despite broader factors and external headwinds that impacted our markets, in FYE2024 we had focused on what we can control. This included operating our assets efficiently, protecting our markets to the greatest extent and maintaining capital discipline by responsibly investing in our growth projects. It's not just about being tactical; it's about balancing short-term delivery and increasing the efficiency of our strategy while ensuring its sustainability to deliver long-term economic and social value creation.

Dividend

The Board has approved a single-tier interim dividend of 9 sen per share and special dividend of 3 sen per share for FYE2024. The interim and special dividends will be paid on 16 August 2024 and represents 45.4% of the Group's Profit After Tax and Non-Controlling Interests ("PATANCI"). This payout ratio is in line with the Group's dividend policy to pay at least 40.0% of PATANCI, subject to the Group's financial position.

Governance and the Board

Your Board sets the tone of integrity and accountability for the Group, and we recognise the essential role of governance in value creation and sustainability.

The KFima Board is active and engaged, interacting with management to support delivery and ensure ongoing oversight. This was affirmed by the Board effectiveness evaluation process undertaken for the current financial year. The process involved the completion of

Bulking Terminal, North Port, Port Klang questionnaires covering various aspects of Board, Committee and Director effectiveness. The evaluation results are considered by the Nomination and Remuneration Committee, and escalated to the Board.

A notable step in FYE2024 following recommendations from the previous year's Board evaluation was the establishment of an Investment Committee ("IC") comprising directors from KFima as well as from its listed subsidiary, Fima Corporation Berhad. The idea behind the IC is to ensure that we are not only meeting our goals as a Group but also to anticipate future challenges and opportunities. In an era where most businesses are either disruptive or being disrupted, the IC serves as a platform to scrutinise strategic proposals, engage in meaningful dialogue with management, and understand how they intend to build new 'muscles' in order to compete differently.

Another significant step resulting from last year's Board evaluation recommendation was the appointment of Encik Danny Hoe, our Independent Non-Executive Director, to the Risk Steering Committee and Group Sustainability Committee. I am confident that his contributions will further enhance the effective oversight of these committees in identifying and addressing risks, as well as advancing our sustainability agenda.

We've also devoted our attention to environmental, social, and governance (ESG) issues. By incorporating ESG criteria into our decision-making, we ensure that we consider not only the financial implications of our actions but also enables us to identify risks and opportunities more effectively, leading to better-informed and more sustainable business strategies.

ESG and Corporate Citizenry

Our journey toward a sustainable business model is continuous and ever evolving, influenced by and is integrated into our broader operating context. We are dedicated to ensuring that this journey is not merely a 'box-ticking' exercise but a fundamental element of how we conduct our business. The pressing issue of climate change and heightened scrutiny on labour relations for instance, compels us to reevaluate our operational methods, investment strategies, and engagement approaches, driving us to take proactive steps toward addressing these critical issues diligently and with the seriousness they deserve.

I am pleased to report that we have made significant strides to decarbonise our operations and reduce our carbon footprint through initiatives such as regenerative agricultural practices, solar power capacity expansion, tank insulation and plant efficiency projects. Guided by the principle that "whatever we can measure, we can manage", we have been diligently measuring the intensity of our resource consumption and usage. This inward-looking tool has proven successful and has helped us identify the necessary actions and interventions, allowing us to set more specific goals to improve our sustainability performance.

The Group had also conducted a human rights audit across all our divisions with specific focus on working hours, wages, and general labour practices, to identify gaps and take the necessary actions on areas that require improvement.


Percetakan Keselamatan Nasional Sdn. Bhd.

It is with regret that I must report one fatality in FYE2024. While we recognise the many progresses we have made during the year, this tragic incident underscores the importance of further enhancing our safety protocols and procedures to prevent future accidents and improve overall lost time injury rates within the Group.

We are also committed to building a culture where ethics and sustainability are integral. Through a Group-wide engagement process, we have revised policies and procedures including instituting procedures on conflict of interest, strengthened ethics awareness through training, and promoted a robust Whistle-Blowing system. These efforts aim to foster the corporate culture we envision: one that is ethical, and encourages problem-solving, collaboration, mutual respect and high performance.

These topics, along with a detailed account of our sustainability initiatives and achievements in FYE2024, are further elaborated in the Sustainability sections of this Annual Report.

> **This current financial year will be about making further progress against our multiyear strategy and delivering on our key priorities that we believe will be the catalyst for organic growth and ultimately, consistent value creation for the long-term.**

Employee Share Scheme

Our growth over the years is a direct result of the dedication and hard work of all our employees. As such, we are seeking shareholders' approval on the implementation of Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme and Share Grant Plan. The LTIP will enable our employees to align directly with the overall performance of the Group and to eventually realise gains from the appreciation in the value of KFima shares.

International Food Corporation Limited

Key Priority Areas and Outlook

This current financial year will be about making further progress against our multiyear strategy and delivering on our key priorities that we believe will be the catalyst for organic growth and ultimately, consistent value creation for the long-term.

Crop volumes from our Malaysian estates are projected to increase due to the age profile of our oil palms and improved labour availability. On the assumption that commodity prices will remain at current levels, we expect the division's performance to be satisfactory. The focus for now is to improve our estates' agronomic standards, accelerating our regenerative agriculture programmes, and completing the development and rehabilitation programmes at our Malaysian estates. We will continue with our mechanisation initiatives to improve operational efficiencies and reduce dependency on manual labour. The division has also recently embarked on an advanced analytics journey and are in the process of strengthening its data-driven decision-making process to drive operational performance.

Initial development activities at Tanjung Langsat Port for Phase 1 have begun in Q4 FYE2024, with the first handover of tanks anticipated by April 2025 although this timeline is contingent upon timely approvals from the authorities. In the circumstances, Bulking division's performance in this current financial year is expected to be favourable on the back of contributions from the newly completed tanks, and the corresponding rise in freight/haulage handling activities.

Despite facing several external headwinds particularly in H1 FYE2024, we remain optimistic about the prospects of our biodiesel segment. We have shifted our production focus to used cooking oil Methyl Ester and POME Methyl Ester, which are promising avenues for growth as demand for these products appears to be strong. The challenge now is to ensure a reliable supply chain for the feedstocks to mitigate the risk of production disruptions.

Chairman's Statement

Landing Craft Tank at Ladang Amgreen

We anticipate that our markets in Papua New Guinea will remain relatively resilient, with improving volume trends. To capitalise on this, the Food division's priority for the current year is to optimise their supply chain and unlock efficiencies. The division also has plans to launch new product offerings to build a diversified portfolio at various price points, which will help strengthen their shelf position and brand competitiveness in the market.

While we are diligently and patiently working to improve the Manufacturing division's performance and positioning, we are adopting a more cautious view of its outlook in this current financial year due to market dynamics related to the anticipated impact of governments' transition to digital solutions.

In addition, and considering the modest forecast for economic growth in the near term, all our operating units will continue working towards deriving cost efficiencies to support bottom-line growth, preserve margin profiles and reduce our carbon footprint. I'm seeing good progress on many of these dimensions, and we will continue to prioritise them going forward.

Acknowledgement

I wish to thank my colleagues on the Board for their diligent supervision and deliberations.

It is also very important for me and my fellow Board members to express our deepest gratitude to the employees of the Group. Their dedication and tremendous efforts in overcoming the challenges of the past year have been truly inspiring. The Board is so very thankful for their strong commitment, and as we look ahead to this current year and beyond, we are confident that we can count on their continued commitment to propel the Group forward.

The Board joins me also in thanking our valued shareholders, suppliers and business partners for their continued trust and loyalty.

Thank you.

Dato' Idris Bin Kechot
Chairman