

# Chairman's Statement



## Dear Shareholders,

The Group registered revenue of RM206.75 million compared to RM295.92 million achieved in the previous year. Meanwhile, the Group's profit before tax and zakat ("PBT") was RM31.96 million, down by 37.7% compared to the previous year, primarily due to lower revenue of our Manufacturing and Plantation divisions.

Despite an increase in fresh fruit bunches ("FFB") production volumes, Plantation division was impacted by lower prices and volumes of Crude Palm Oil (CPO) and Crude Palm Oil Kernel (CPKO) sold. Manufacturing division's profitability was affected by the decline in volume across most product segments and changes in order patterns.

While we experienced difficult market conditions in FYE2024 across 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 had mentioned in my statement to you last year, our Group 2 main business segments are currently at different strategic verticals. We believe that the best path forward to deliver sustainable top and bottom-line growth is 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 those segments.

Applying these guardrails, we had directed our resources towards accelerating our mechanisation efforts at our Malaysian estates and improving agronomic standards of our estates. These efforts have proven successful, as FFB production of our Malaysian estates increased by 24.9% compared to last year. 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 protecting our markets to the greatest extent, operating our assets efficiently 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.

Revenue	FYE2024 RM Million	FYE2023 RM Million
Plantation	139.07	159.57
Manufacturing	61.57	129.56
Property Management (non-core)	6.11	6.79
<b>Group Revenue</b>	<b>206.75</b>	<b>295.92</b>

  

PBT	FYE2024 RM Million	FYE2023 RM Million
Plantation	32.09	39.33
Manufacturing	0.39	10.11
Property Management (non-core)	1.84	1.88
Associated company	3.82	3.63
Others	(6.18)	(3.66)
<b>Group PBT</b>	<b>31.96</b>	<b>51.29</b>

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**The dividends paid out represents about 149.7% of profit after taxation and non-controlling interest (“PATANCI”).**

### Dividend

The Board had for FYE2024 approved payment of 2 interim dividends. The first interim dividend of 5.0 sen was paid on 29 December 2023 while the second interim dividend of 7.5 sen per share will be paid on 2 August 2024. This would bring the total dividend for the full year to 12.5 sen per share (FYE2023: 12.5 sen).

The dividends paid out represents about 149.7% of profit after taxation and non-controlling interest (“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 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 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 FimaCorp, including myself, as well as from our ultimate holding company, Kumpulan Fima 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 capabilities to compete differently.

We have 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 reducing our carbon footprint through initiatives such as regenerative agricultural practices, solar power capacity expansion and plant efficiency projects. We have also been diligently measuring the intensity of our resource consumption and usage. Premised on the principle that “whatever we can measure, we can manage”, this



Chairman and Managing Director visit to new Bangi complex



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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.

It is with regret that I must report one fatality in FYE2024. While we recognise the many progresses we have made

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**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 whistleblowing system.**

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 whistleblowing 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.

### 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 programme at our Malaysian estates. We will continue with our mechanisation initiatives to



Ladang FCB Kuala Betis

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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.

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. We are seeing good progress on many of these dimensions, and we will continue to prioritise them going forward.



Percetakan Keselamatan Nasional Sdn. Bhd.

### 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 for their dedication and enormous efforts in overcoming the multitude of challenges during the year. The Board is very thankful for that 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.

**Datuk Bazlan Bin Osman**  
Chairman