



**42nd ANNUAL
GENERAL MEETING
23 August 2017**

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GROUP FINANCIAL SNAPSHOT

	FYE2016/17	FYE2015/16	VARIANCE %
REVENUE (RM 'Million)	372.1	375.2	(0.8)
OPERATING PROFIT (RM 'Million)	90.7	77.3	17.3
PBT (RM 'Million)	*61.3	77.3	(21.0)
EARNING PER SHARE (EPS) (SEN)	15.64	21.24	(26.4)
NET ASSETS PER SHARE (RM)	2.33	2.30	1.3



*PBT figure is after impairment loss of RM29.4 million in property, plant and equipment and biological assets in PTNJL

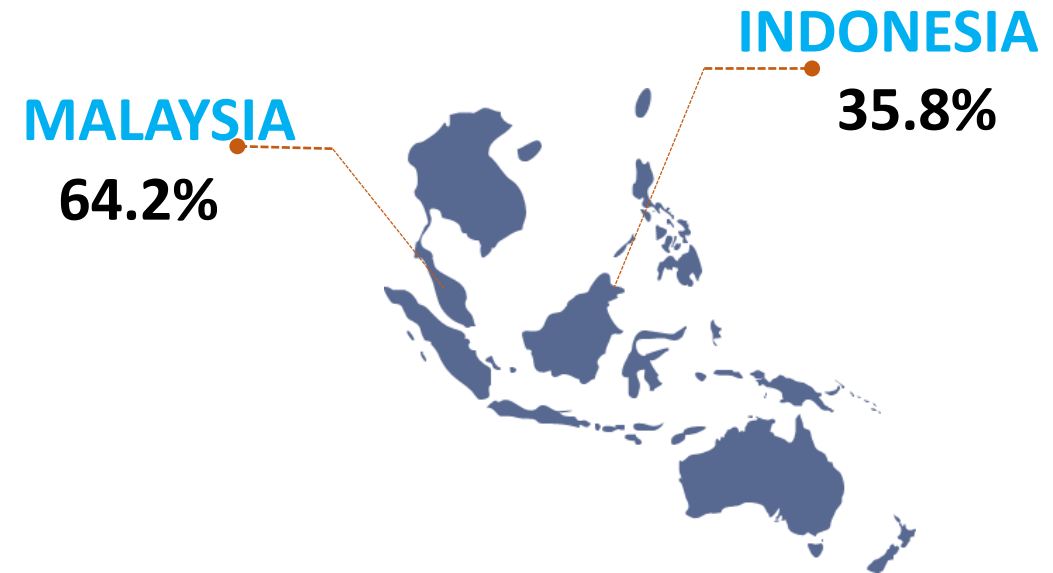
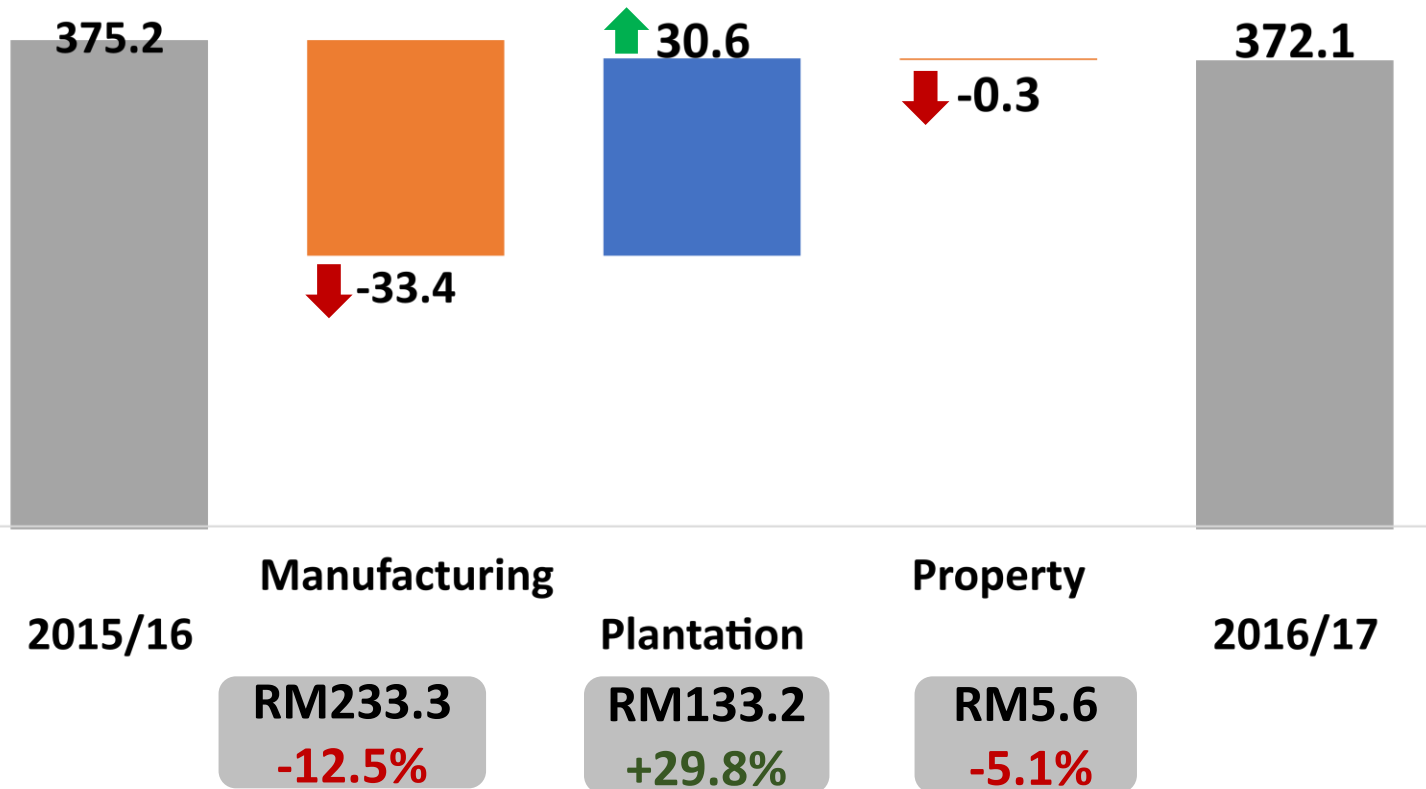
GROUP REVENUE BREAKDOWN

TOTAL REVENUE RM 372.1mill

⬇️ 0.8% Y-O-Y

Revenue (RM Million)

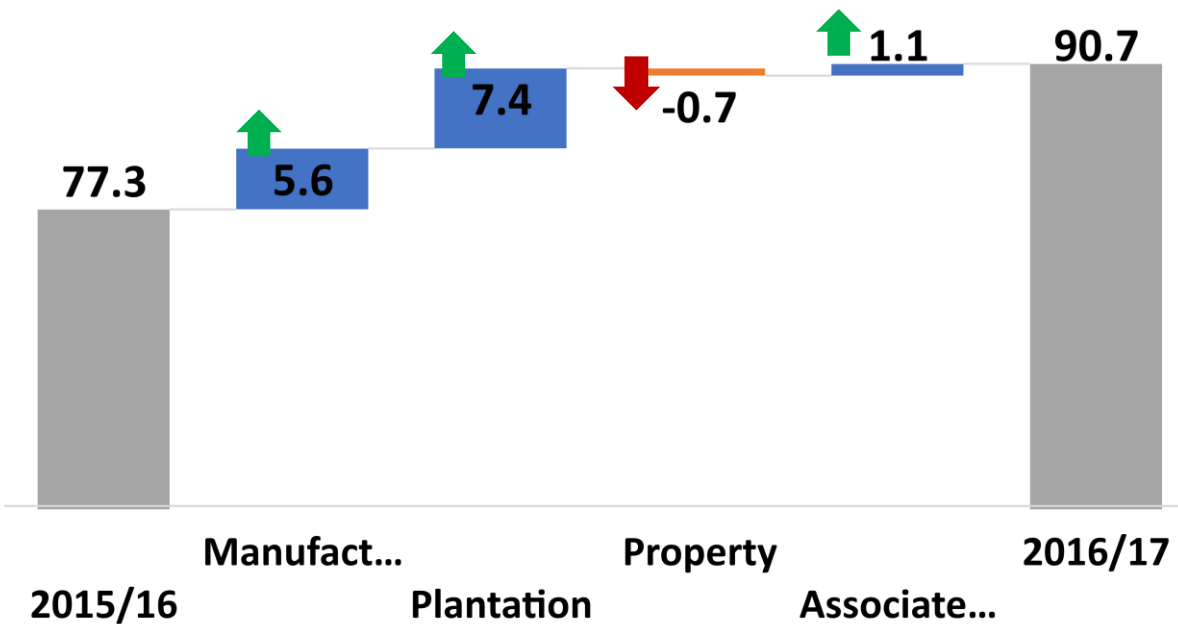
■ Increase ■ Decrease ■ Total



GROUP OPERATING PROFIT & PBT BREAKDOWN

PBT Before Impairment (RM Million)

■ Increase ■ Decrease ■ Total



RM59.6

+10.4%

RM28.7

+34.8%

-RM0.3

-175.0%

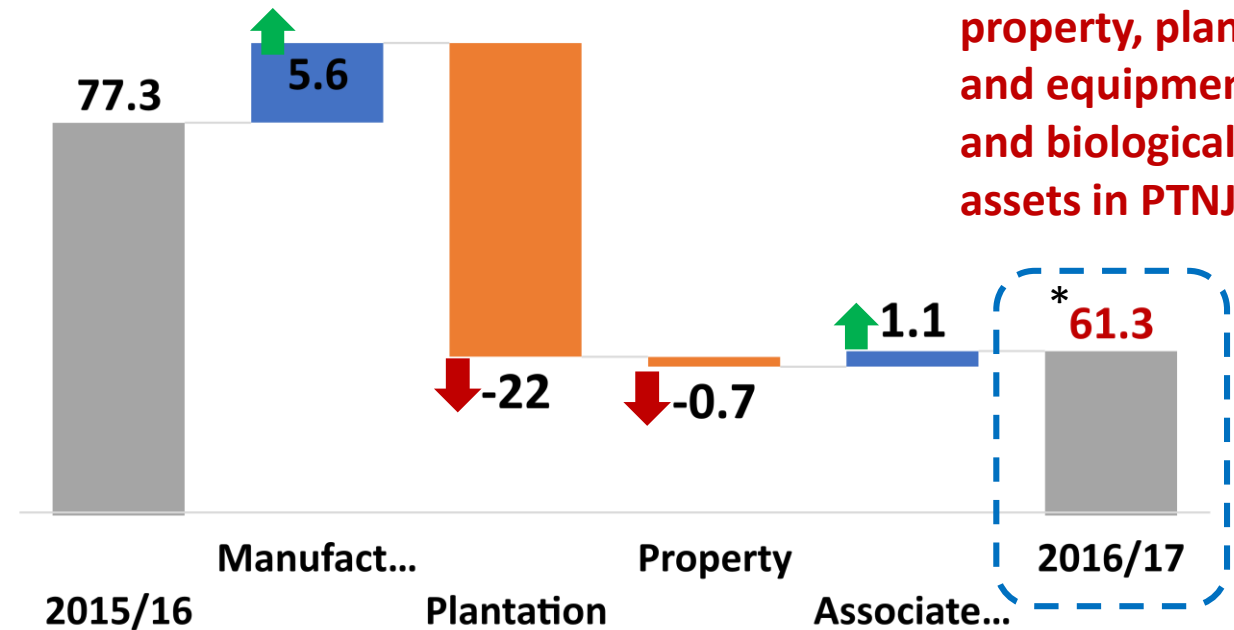
RM2.7

+68.8%

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PBT (RM Million)

■ Increase ■ Decrease ■ Total



*PBT is after impairment loss of RM29.4 million in property, plant and equipment and biological assets in PTNJL

RM59.6

+10.4%

-RM0.7

-103.3%

-RM0.3

-175.0%

RM2.7

+68.8%

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DIVISIONAL SNAPSHOT

MANUFACTURING

Revenue



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

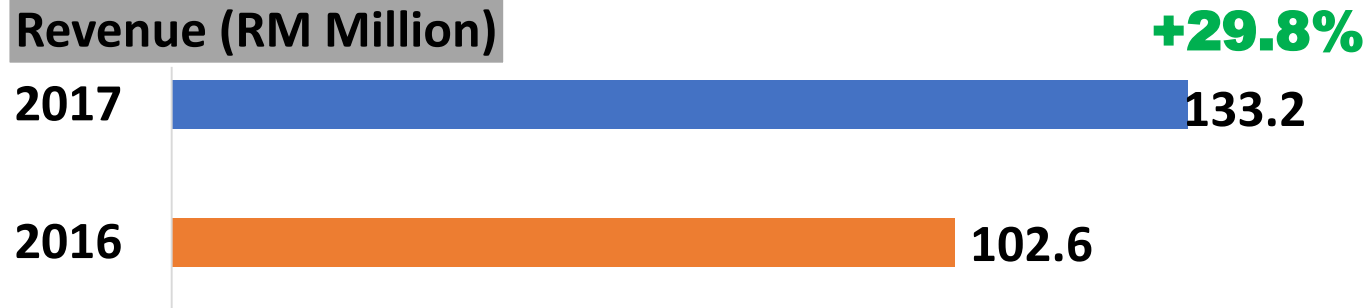
Revenue Contribution by Product (RM Million)

	FYE2016/17	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

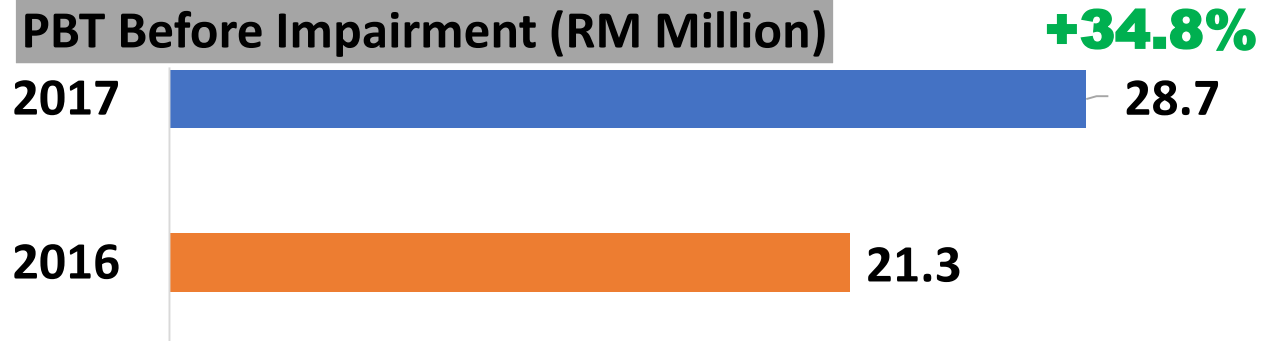
PLANTATION

Revenue (RM Million)

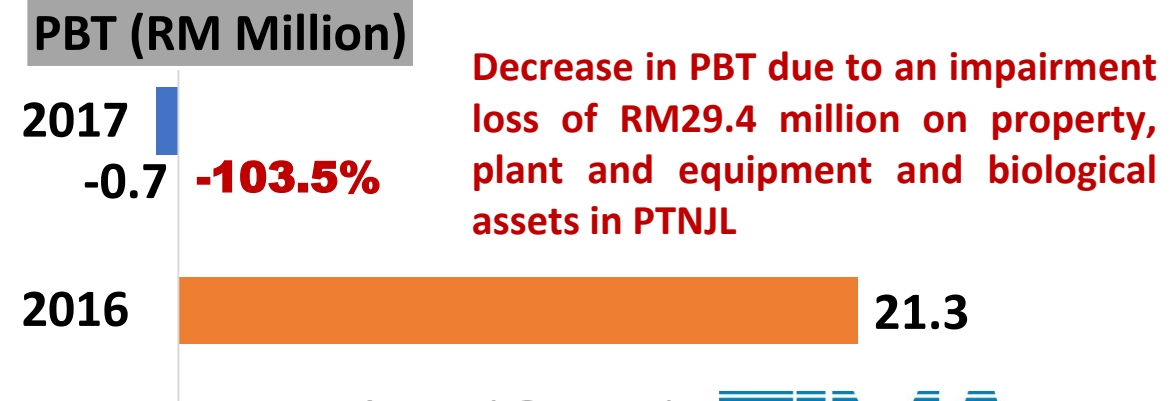


Increase in revenue due to higher FFB price and higher average selling price for CPO/CPKO

PBT Before Impairment (RM Million)



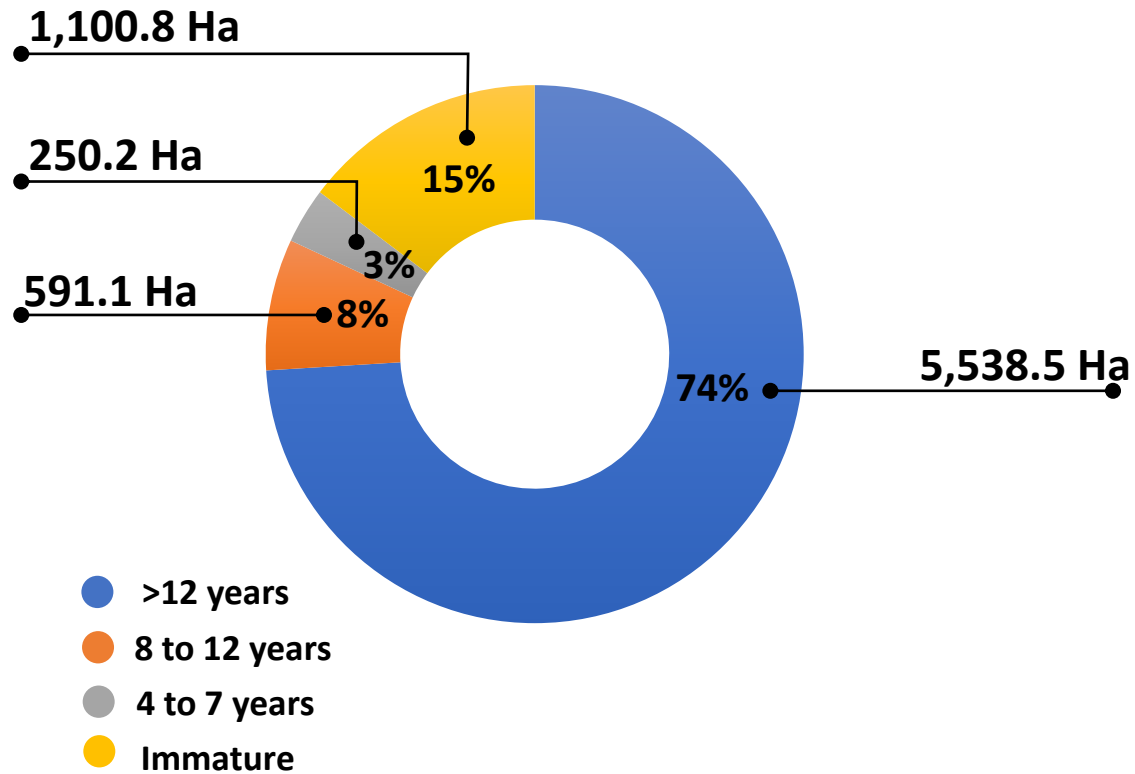
PBT (RM Million)



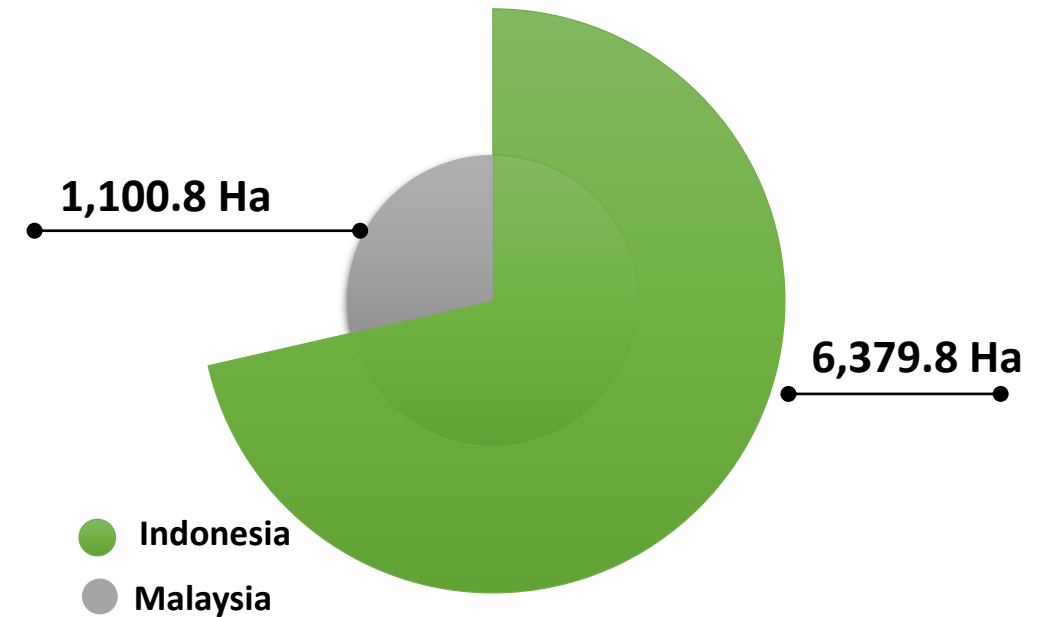
DIVISIONAL SNAPSHOT PLANTATION

TOTAL LAND BANK
23,413.8 Ha

Palm Profile



Planted Area



PLANTATION PERFORMANCE INDICATORS

FY
2016/17



Oil Extraction
Rate (OER)

22.7%

(FYE 2015/16: 22.4%)

Yield Per Hectare

20.6 MT

(FYE 2015/16: 23.2 MT)



FFB Harvested

131,484 MT

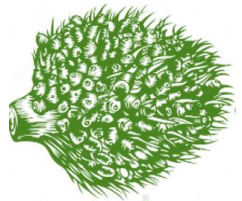
(FYE 2015/16: 149,060 MT)



FFB COST

RM/MT 359.6

(FYE 2015/16: RM259.4)



CPO Produced

41,619 MT

(FYE 2015/16: 45,387 MT)

CPKO Produced

3,418 MT

(FYE 2015/16: 3,363 MT)



PLANTATION DIVISION

Progress up to 31st March

Cendana Laksana Sdn Bhd
Kemaman, Terengganu



Total Area : 785.4 Ha
Planted Area : 760.0 Ha

Gabungan Warisan Sdn Bhd
(Kuala Krai, Kelantan)



Total Area : 249.8 Ha
Planted Area : 110.0 Ha

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



Total Area : 404.6 Ha
Planted Area : 177.1 Ha

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



Pending Authorities' Approval

PLANTATION – PROGRESS UPDATE

*Cendana Laksana Sdn Bhd
Kemaman, Terengganu*



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PLANTATION – PROGRESS UPDATE

*Gabungan Warisan Sdn Bhd
(Kuala Krai, Kelantan)*



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PLANTATION – PROGRESS

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



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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

1

2

3

4

5

- **August 2016**, PTNJL was served with an order from the Menteri Agraria dan Tata Ruang/Kepala Badan Pertanahan Nasional revoking PTNJL's land title Hak Guna Usaha ("HGU") on the basis that the HGU was improperly issued due to administrative irregularities

- **13/6/17**, PTNJL's application was dismissed by the State Administrative Court
- **21/6/17**, PTNJL filed an application to the Pengadilan Tinggi Tata Usaha Negara to appeal against the State Administrative Court's decision

Appeal by either party to be submitted to the supreme court

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.

KEY CHALLENGES

1

Volatile commodity prices affecting global demand

2

Fluctuation in Currencies

3

Higher Input Costs

4

Supply of Labour

5

Weather Change



Plantation

Existing

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

New Business

Upstream

- Pursue land bank expansion - Greenfield and Brownfield

Downstream

- Explore downstream activities – Palm Oil Mill

Manufacturing

Existing

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

New Business

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

STRATEGIC PLAN

2018-2022

MOVING FORWARD STATEMENT

**Maintain
Prudent
Financial Profile**

**Leverage on
Market
Opportunities &
Strengthen Core
Businesses**

**Establish Strong
Pillars For Future
Growth**

OUR PRIORITIES



**MAXIMIZE
SHAREHOLDERS'
RETURNS**



**MAINTAIN
STRONG CASH
FLOW**



**SUSTAIN
GROWTH**

**REPLY TO MINORITY SHAREHOLDER
WATCHDOG GROUP (“MSWG”)
LETTER DATED 16th August 2017**

Reply to MSWG Q1 (Strategy/Financials)

Q1 (A) *Could the Board clarify the Independent Auditors' Report under the Key Audit Matter that the outcome of the appeal could only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group?*

The uncertain future events not wholly within the control of the Group referred to in the Independent Auditors' Report under the Key Audit Matter are in relation to:

- (i) the decision of the Pengadilan Tinggi Tata Usaha Negara which is still pending todate; and
- (ii) the Indonesian Government's policy decisions regarding classification and reclassification of forest lands

Q1 (B) *What are those uncertain future events given that the PTNJL's land title Hak Guna Usaha ("HGU") was issued in 2003 but has now been deemed improperly issued due to administrative irregularities, resulting in parts of the area within the HGU to overlap with forestry areas?*

An uncertain future event will be the Indonesian Government's policy decisions regarding the reclassification of forestry area to agricultural land.

Reply to MSWG Q1 (Strategy/Financials)

Q1 (C) *Does the Board have any contingency plans in the event that the Court of Appeal decides in favour of the State Administrative Court?*

In the event that the Court of Appeal decides in favour of the State Administrative Court, PTNJL will submit an appeal application to the Supreme Court. The Board will pursue all available legal avenues to protect PTNJL's rights and interests.

Q2 (A) *What are the steps and measures that the Board would adopt to improve the return on average shareholders' equity ("ROE") and the return on average capital employed ("ROCE") which had declined for the past three (3) financial years?*

The decline in the ROE and ROCE in FYE2016/17 as compared to FYE 2015/16 was solely due to RM29.4 million net impairment losses on property, plant and equipment and biological assets in PTNJL while the decline in the previous years was attributable to less favorable sales mix and higher direct cost. If the impairment loss of RM29.4 million was not registered, the ROE and ROCE in FYE2016/17 would have been 12% higher compared to FYE 2015/16.

Reply to MSWG Q2 (Strategy/Financials)

Q2 (B) *Amid the issue of HGU in PTNJL pending the outcome of the Court of Appeal, how would the Board address the Plantation Division's performance and segment results for its contribution to the Group's revenue and bottom-line?*

In line with the Group's objective, the Plantation Division is constantly looking into acquiring plantation land bank at strategic locations, both in Malaysia and Indonesia. Over the past 3 years, the Group had acquired 3,440 ha plantation land in Malaysia of which approximately 2,800 ha is plantable and as at to date, 1,100 ha had been planted. In the coming years, we expect an upward trend in FFB production as more young palms in the Group's greenfield estates in Malaysia attain maturity.

Reply to MSWG Q3 (Strategy/Financials)

Q3 (A) *What are the Board's plans and the expected capital expenditure allocation for the Group's sustainability agenda in the medium to longer term?*

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. The Group's capex allocation for its sustainability agenda in the medium to long term would revolve 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
- (iv) Community involvement
- (v) Environmental management.

Reply to MSWG (Corporate Governance)

Q *We noted that three of the Independent Non-Executive Directors had served the Board for more than 12 years with one Independent Director having served for fifteen (15) years. We hope that Board would look at board succession and would address the issue of long serving Independent Directors in line with the Malaysian Code on Corporate Governance.*

The Board acknowledges that all the Independent Non-Executive Directors have served more than 12 years. The Nomination and Remuneration Committee are addressing the issue and considering potential candidates for appointment to the Board and the gradual change in the Board members.

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THANK YOU!