

Chairman's

Statement



Dear Shareholders,

The Group registered revenue of RM295.92 million, 1.6% lower compared to the previous year. Meanwhile, Group profit before tax and zakat ("PBT") was RM51.29 million, down by 46.1% compared to the previous year, primarily due to the decrease in the PBT of our plantation division. Plantation division's results were impacted by commodity prices which sharply receded in the second half of the year from the historical high experienced earlier. Realised Crude Palm Oil ("CPO") prices in FYE2023 averaged RM3,492 per metric tonne (MT), a year-on-year ("y-o-y") decline of 10.8% compared to RM3,914 per MT last year. Fresh fruit bunch ("FFB") production was also 2.8% lower y-o-y. On the other hand, manufacturing division's PBT increased to RM10.11 million, up 19.1% compared to the previous year. This growth was driven by volume recovery, particularly in the transport and travel document segments.

The Group has continued to be significantly cash generative, with net operating cash generated of RM39.01 million during the year. This has enabled the Group to maintain capital investment and continue to prioritise returns to shareholders.

Revenue

	FYE2023 RM Million	FYE2022 RM Million
Plantation	159.57	189.40
Manufacturing	129.56	104.13
Property Management (non-core)	6.79	7.06
Group Revenue	295.92	300.59

Profit Before Tax and Zakat

	FYE2023 RM Million	FYE2022 RM Million
Plantation	39.33	90.20
Manufacturing	10.11	8.49
Property Management (non-core)	1.88	2.24
Associated company	3.63	2.28
Others	(3.66)	(8.14)
Group PBT	51.29	95.07

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As you will see throughout this Annual Report, the Group's focus in FYE2023 had remained squarely on execution of key priority areas, managing what we could control and doing what was necessary despite the many macroeconomic distractions. In the circumstances, I would like to acknowledge the incredible contribution of the Group's employees under the leadership of the Managing Director in producing good progress on our priorities for the year.

Dividend

The Board has approved payments of 2 interim dividends for the year. The first single-tier interim dividend of 5.0 sen was paid on 30 December 2022 while the second single-tier interim dividend of 7.5 sen per share will be paid on 4 August 2023. This will bring total dividend for the full year to 12.5 sen per share (FYE2022: 15.0 sen per share). The dividend payout represents 82.1% of the Company's Profit After Tax and Non-Controlling Interests ("PATANCI"), in line with the Company's dividend policy to pay at least 40.0% of PATANCI, subject to the Company'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. I am confident that we have a well-balanced, independent and diverse Board with a wide range of skills and industry experience to discharge our governance and oversight role, as well as to steer and set the strategic direction of the Group. This was affirmed by the externally facilitated Board Effectiveness Evaluation (BEE) process undertaken for the current financial year. The process involved the completion of questionnaires and individual meetings with each Director, 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.

Key themes arising from the review was the Board's desire to delve deeper into strategic topics, enhancing the content of information provided (through more forward-looking reporting and analysis), and succession planning of key management positions. Accordingly, these process-focused recommendations are being taken forward and actioned in this current financial year.

In addition to Board and Board Committee meetings, several of our non-executive directors sit on major subsidiary boards, and are involved

in new project initiatives, thus giving them a granular understanding of operations.

This level of engagement is important as it enables the Board to make its own independent appraisal and provide better oversight. It also helps in fostering dialogue and in building a shared understanding of the context in which the Group operates.

We have dedicated time in addressing Environmental, Social and Governance ("ESG") issues and have reviewed the Group's policies, terms of reference of the Board and Board Committees and assurance reports, and we are satisfied that the Group is addressing these issues appropriately.

ESG and Corporate Citizenry

In furtherance of our commitments to embed environmental considerations and to drive efforts to optimise energy and water consumption, many initiatives were rolled out to inculcate greater environmental responsibility across our operations and our commitment to managing carbon and water footprints.

The initiatives we implemented during the year have yielded positive results. Despite the increased levels of activities, we have observed y-o-y decline in the Group's overall GHG emissions intensity, as well as the water and diesel intensities across many of our operational segments. It is also noteworthy that no fatalities were recorded during FYE2023, although we do acknowledge the need to further improve the overall lost time injury frequency rate (LTIFR) within the Group.

We also undertook a materiality assessment to determine the issues that are most important to our stakeholders and the company's long-term sustainability. We value the input of our stakeholders and respect their interests and concerns. We believe the feedback from our stakeholders brings the necessary broader perspective that improves our strategy and activities moving forward.



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These matters, together with a comprehensive overview of our sustainability efforts and progress in FYE2023, are addressed in the Sustainability section of this Annual Report.

Making a Difference through our Vision, Mission and Values

We have updated our vision and mission this year. Our vision is to become a dynamic organisation that drives sustainable growth and value, and our mission is to drive the growth of our businesses and to be the industry partner of choice. The vision statement aligns with the Group's mission to drive the growth of its businesses and be the industry partner of choice. The vision and mission statements, along with the Group's values, guide the strategies and ways of working across all operations and business units.

By staying true to these principles and focusing on sustainability, I believe we can create a lasting legacy that we can all be proud of, both in terms of our financial performance and our ability to create opportunities that can benefit the communities where we operate.

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Our Long-term Strategic Direction

We have concluded FYE2023 with a strong balance sheet and healthy cash flows. Our current and long-term strategic growth plans remain on course, and we are committed to pursuing growth opportunities while adhering to our disciplined investment guardrails to increase shareholder returns. Management is responsible for implementing strategy, with ongoing oversight from the Board.

Consistency in strategy is important, but what's equally important is to test them against emerging risks and opportunities. During the most recent review of the Group's strategy in November 2022, the Board received and assessed the businesses' competitive strengths, industry attractiveness, and potential for organic and inorganic expansion. We had thoroughly considered, debated and challenged these insights, and as a result, gained clarity on our portfolio focus.

The review showed that our Group's 2 business segments are currently at different strategic verticals. In the circumstances, we believe that the best path forward to deliver sustainable top and bottom-line growth is to concentrate on businesses that are defensive, cash-generative and have stronger growth prospects which we think 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, taking into account the changing market conditions and structural changes in these segments.

Key Priority Areas in the Year Ahead

This current financial year will be about making further progress against our strategy and delivering on our key priorities.

Crop volumes from our Malaysian estates are projected to increase due to the age profile of our oil palms and improved labour availability. While we have plans to further expand our landbanks in the medium-term, the focus for now is on improving our estates' agronomic standards, completing the development and rehabilitation programmes at our Malaysian estates. We will intensify our mechanisation initiatives to improve operational efficiencies and reduce dependency on manual labour. We will also continue with our climate adaptation strategies through, among others, soil and flood management, to minimise the adverse impacts of weather-related events on our operations and crop yields.

Despite the rebound of the economy and travel, the security printing segment is expected to undergo a significant reset due to the government's push towards digitisation. This trend is expected to persist in this current financial year, potentially impacting the manufacturing division's performance.

Acknowledgement

I would like to take this opportunity to extend my gratitude to my colleagues on the Board for their valuable counsel and support in a challenging year. I also wish to thank the employees of the Group for their commitment and dedication in overcoming the multitude of challenges during the year and delivering satisfactory performance.

On behalf of the Board, I thank all our valued stakeholders, including suppliers, business partners and shareholders for their continued trust and loyalty.

Thank you.

Datuk Bazlan Bin Osman
 Chairman