

# Group Managing Director's Review

## Dato' Roslan Bin Hamir

Group Managing Director



### *Dear Shareholders,*

This year's performance has reaffirmed the strength of KFima's diversified business model and our steady, disciplined approach to creating long-term value. Despite persistent global economic uncertainty and sector-specific challenges, the Group has delivered robust results, driven by strategic focus, operational improvements and enhanced market positioning of several of our businesses.

For the financial year ended 31 March 2025 (FYE2025), Group revenue grew 7.0% year-on-year ("y-o-y") to RM683.39 million, up from RM638.82 million last year. This growth was largely supported by strong contributions from the Plantation, Food, and Manufacturing divisions. Profit before tax ("PBT") rose an impressive 57.5% to RM193.06 million - an all-time high for the Group - compared to RM122.55 million achieved in FYE2024.

### Performance by Division

#### **Bulking**

Bulking Division recorded a 7.4% year-on-year decline in revenue to RM211.03 million, primarily due to the underperformance of the biodiesel segment. Nevertheless, the division's core liquid bulking and logistics operations delivered strong results, with revenue rising 20.2%. This growth was supported by higher contributions from technical fats, used cooking oil, and various products. As a result, PBT increased by 34.6% to RM117.26 million.

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### Plantation

Plantation Division recorded a 14.0% increase in revenue to RM201.86 million, primarily driven by higher FFB sales from the Group's Malaysian estates and favourable palm oil prices. Our Indonesian estates also did well, supported by higher crude palm oil ("CPO") and crude palm kernel oil ("CPKO") prices. Altogether, this led to a marked improvement in PBT, rising by RM35.79 million, or 136.8% y-o-y, to RM61.95 million.

### Food

Food Division recorded commendable y-o-y growth, with revenue up 13.0% to RM190.00 million, supported by increased sales of tuna products. That topline growth, paired with operational efficiencies, led to a 65.4% increase in PBT to RM22.12 million. We expect this positive momentum to continue in this current financial year.

### Manufacturing

Revenue in the Manufacturing Division rose 24.2% to RM76.46 million, driven mainly by higher sales in the confidential documents segment. However, PBT grew only slightly to RM0.90 million as higher distribution costs weighed on margins.

### Strategy, Resilience and Long-Term Thinking

FYE2025 marked a year of meaningful progress on several strategic fronts, underscoring our commitment to long-term growth and resilience. A major milestone was the completion of 18 new storage tanks at North Port, Port Klang - significantly boosting our storage capacity and enhancing service flexibility for our customers. Meanwhile, operations at our Tanjung Langsat Terminal in Johor commenced in June 2025. The terminal, with a storage capacity of 45,900 cbm, is already fully taken up. To further strengthen our market position and meet growing demand, we are actively exploring plans to expand the terminal.

To enhance supply chain stability in our Food Division, we've recently entered into strategic partnership arrangement with an international fishing company. This initiative forms a key part of our broader strategy to support the division's downstream processing operations in Lae, Papua New Guinea, and to strengthen our position in the tuna industry. Beyond ensuring supply consistency, this collaboration also helps safeguard local employment and support economic activities in local communities we're part of.

Plantation Division will continue to focus on raising our estates' agronomic standards. Key priorities include accelerating our regenerative agriculture and mechanisation programmes, and completing the development and rehabilitation work at our Malaysian estates.

Manufacturing Division will continue to strengthen its position in the security and confidential documents segment, which was a key growth driver in FYE2025

**Profit before tax rose an impressive 57.5% to RM193.06 million - an all-time high for the Group - compared to RM122.55 million achieved in FYE2024.**

following the award of a significant contract for the printing, supply, and delivery of confidential documents. Moving forward, our efforts will remain centred on expanding strategic alliances and developing complementary solutions that support future growth.



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### Environmental, Social & Governance ("ESG")

We have made meaningful progress in reducing our carbon footprint through a range of operational initiatives. These include the adoption of regenerative agricultural practices and use of electric vehicles, tank insulation, and efficiency projects. Our efforts to monitor and manage resource intensity have also begun to yield tangible results, with notable reductions in resource consumption and wastage. On the social front, initiatives like our annual integrity training and stakeholder dialogue sessions continue to foster trust, encourage transparency, and provide platforms for open feedback.

ESG is very much embedded in our strategic agenda, and the Board actively oversees related risks and opportunities to ensure accountability across the Group.

### Looking Ahead

Our focus for the current financial year is to scale up in high-performing areas, maintain cost discipline, and continue to lead with responsible stewardship. Building sustainable value requires time, discipline, and the occasional pivot - and we're in it for the long haul. We will remain true to our strategy: deploying capital selectively to opportunities with defensible margins and growth potential, while strengthening the core in segments undergoing structural shifts. It's all about thoughtful, deliberate and measured growth that is aligned with our values, capabilities and long-term goals.

We also remain mindful of external risks - from commodity price volatility and currency fluctuations to policy shifts, geopolitical conflicts, and the shock of higher U.S. tariffs, all of which can

influence how the Group operates. That said, given our sound fundamentals and resilient balance sheet, we believe we are in good stead to respond with agility and maintain discipline in execution, even amid a more complex and dynamic operating environment.

On behalf of the leadership team, I would like to thank our valued stakeholders - shareholders, employees business partners, and all those who continue to support and place their trust in KFima. We're excited about the road ahead and look forward to building on this year's momentum together.

**Dato' Roslan Bin Hamir**  
Group Managing Director

# Our Business Model

At KFima, our business model and strategic direction are purpose-driven – focused on delivering sustainable value across our diversified portfolio to meet the evolving expectations of our stakeholders, while balancing environmental, social, and economic considerations.

We manage our operations and investments through the lens of six capitals – Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural – each contributing to and affected by our activities. These capitals form the foundation of our integrated thinking and value creation process.



## Inputs



### Financial

- Funds available to the business, including:
  - > Retained earnings of RM686.81 million
  - > Cash generated from operations of RM155.38 million
- Strong balance sheet with total assets of RM1,836.79 million



### Manufactured

- 5 liquid bulk terminals (3 in North Port, Port Klang and 2 in Butterworth, Penang) with 331 tanks and 538,149 cbm combined storage capacity
- Newly commissioned 45,900 cbm liquid bulk terminal in Tanjung Langsat, Johor
- High-security complex in Bangi with state-of-the-art printing facility
- 45 MT/HR palm oil mill in Nunukan
- Integrated fish canning operations in PNG



### Intellectual

- Robust safety, quality, and information management systems
- Strong brand equity
- Strategic partnerships & alliances
- R&D capabilities to develop solutions and respond to emerging customer preferences
- Industry best practices
- Key personnel with subject-matter expertise



### Human

- 3,453 dedicated employees, with 68.8% male and 31.2% female
- 82.8% of the workforce are local hires



### Social and Relationship

- Maintain mutually beneficial relationships with employees, regulators, and other stakeholders across the value chain
- Localised sourcing with high levels of procurement from domestic suppliers
- Community investments in welfare, infrastructure, and employment



### Natural

- 16 estates with 17,507 hectares of plantable landbank
- Responsibly sourced tuna & mackerel in line with fisheries management regulations
- Our operations also rely on fuel, water, and electricity to run their activities



## Material Matters

MM1

Climate Risk

MM2

Water Impact and Waste Management

MM3

Biodiversity and Deforestation

MM4

Human Rights

MM5

Occupational Safety, Health and Well-being

MM6

Sustainable and Traceable Supply Chains

MM7

Product Quality and Safety

MM8

Community Investments

MM9

Innovation and Technology Excellence

MM10

Anti-Bribery and Corruption

These Activities are Undertaken to Sustain and Enhance the Value of Our Capitals



### Financial

- Disciplined financial management and capital allocation practices for all divisions



### Manufactured

- Strategic investments totalling RM184.52 million in CAPEX across divisions:
  - Bulking division invested RM97.40 million in new storage tanks and replacement of handling equipment, plant, and machinery at North Port and Tanjung Langsat
  - Manufacturing division spent RM49.73 million in state-of-the-art digital printing and refurbishment of Intaglio machines
  - Plantation division allocated RM22.12 million, mainly for infrastructure development and asset replacement
  - Food division allocated RM7.50 million to facility upgrades



### Intellectual

- Continued progress towards international standard accreditations and implementation of industry best practices
- Portfolio/Product Development
- Retention of top brand status (Besta in PNG)
- Innovation/implementation of measures to improve productivity and process efficiencies



### Human

- Encouraging local employment
- Competitive remuneration & benefits
- Ensuring a safe, healthy and conducive work environment
- Continuous training and development programmes to employees and other forms of engagement to keep employees motivated



### Social and Relationship

- We operate a customer-centric business model built on strong relationships, customised solutions, and responsive service
- We maintain responsible business practices by embedding ethics, transparency, and governance into every level of our operations
- Support community development through welfare contributions, infrastructure improvements and job creation efforts that empower local communities and support small businesses
- We enhance human capital through progressive labour practices, capacity-building initiatives such as PROTÉGÉ and industrial collaborations, and continuous upskilling programmes that promote safety, inclusivity, and long-term employability of local talent
- Promote human capital development through fair labour practices, capacity-building programmes like PROTÉGÉ and industrial collaborations
- Provide continuous upskilling programmes to promote safety, inclusivity and long-term employability of local talent



### Natural

- Ongoing monitoring of our resource use intensity & efficiency
- Use of renewable energy and gradual to 'greener' machinery/equipment
- Compliance to regulatory requirements, standards, practices & ESG metrics
- Supply chain transparency to uphold environmental performance throughout our value chain
- Converting waste into resource through circular practices such as reuse, recycling, and resource recovery initiatives



### Financial

- Revenue improved by 7.0% to RM683.39 million
- 57.5% increase in PBT to RM193.06 million
- ROE up by 5.0% to 11.9%
- ROCE up by 3.8% to 12.6%
- Consistent dividend payouts



### Manufactured

- Optimising land usage and expanding tank capacity at bulking terminals in Port Klang and Tanjung Langsat facilitate operational scalability, meeting customer demands, and benefiting long-term Financial and Social & Relationship Capitals
- Enhanced safety and efficiency of facilities and assets which have a short-term impact on Financial Capital but essential for sustainable value-creation
- Mechanisation initiatives in Plantation division improves productivity and reduces manual workload
- Reduced downtime, improved efficiencies, and customer engagement
- Inventory management improvements in the Food division which reduces the risk of stock-outs and production disruptions which have an impact on Financial Capital



### Intellectual

- Onsite and online integrity training sessions for workers and staff
- Retention of top brand status by IFC's flagship Besta brand in PNG
- Maintained/obtained accreditations, important prerequisites of our key customers and markets
  - 6 Bulking division terminals are International Sustainability and Carbon Certification (ISCC) certified
  - Plantation division, 10 Malaysian estates are MSP0-certified
  - Food division achieved Global Standard Food Safety grade of A and score 97.12% for International Feature Standard
  - Manufacturing Division upholds regulatory standards such as ISO 27001:2013 Information Security Management, ISO 37001:2016 Anti-Bribery Management Systems, ISO 9001:2015 Quality Management System, ISO 14298:2013 Graphic Technology-Management of Security Printing Processes



### Human

- Zero fatalities and improved LTIFR from 7.42 to 3.41
- Job security and creation. 834 new hires in FYE2025. Retention of headcount, salaries and benefits positively impacted Social & Relationship Capital
- Positive work culture with skilled workforce



### Social and Relationship

- Retained key customers and market segments
- Localisation of supply chain, with 92.8% of contracts awarded to local companies in Malaysia, 98.7% in Indonesia and 49.4% in Papua New Guinea
- Ongoing CSR activities & welfare contributions will have a long-term effect on all Capitals
- Regular engagements with authorities on industry-specific concerns and stakeholder dialogues are essential for ensuring compliance and building trust with stakeholders and positively impact all Capitals



### Natural

- Most of our measured intensities showed y-o-y improvement
- Total waste reduced y-o-y from 162,744 MT to 125,191 MT y-o-y
- By-product recovery fish oil, fish meal and pineapple silage enhance value retention that will also benefit Financial Capital
- GHG disclosures expanded to include commuting, business travel, and upstream transportation and distribution amounted to approximately 1,488 tCO<sub>2</sub>e annually
- Tank insulation contributed to improved energy efficiency and a lower carbon footprint with emission savings of 8,009 tCO<sub>2</sub>e

Outcomes