

LOTUS KFM BERHAD

Registration No. 198401007083(119598-P)

ANNUAL REPORT

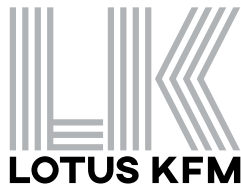
2024



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CORPORATE STRUCTURE



LOTUS KFM

LOTUS KFM BERHAD

Registration No. 198401007083
(119598-P)

100%

KFM MARKETING SDN. BHD.

100%

LOTUS PLANTATION SDN. BHD.

100%

LKB PLANTATION SDN. BHD.

100%

ASV JAYA
RESOURCES
SDN. BHD.

100%

HIJAU RIA
SOLUTIONS
SDN. BHD.

100%

SAM JAYA
PLANTATION
SDN. BHD.

100%

LADANG
LOJING
SDN. BHD.

100%

KHAS
JADI SDN.
BERHAD

CORPORATE INFORMATION

BOARD OF DIRECTORS

MOHD RASLI BIN MUDA

*Independent
Non-Executive Chairman*

DATUK WONG SAK KUAN

*Non-Independent
Non-Executive Director / Vice Chairman*

LEE WAI FUN

*Executive Director cum
Chief Executive Officer*

LIM LIAN CHEE

Executive Director

YAU MING TECK

*Non-Independent
Non-Executive Director*

LOW KOON MIN

*Independent
Non-Executive Director*

CHIA WENG LOCK

*Non-Independent
Non-Executive Director*

YAP EE SEONG

*Independent
Non-Executive Director*

WONG YAU MIN

*Non-Independent
Non-Executive Director*

AUDIT COMMITTEE

Low Koon Min (**Chairperson**)
Mohd Rasli bin Muda
Datuk Wong Sak Kuan

NOMINATION COMMITTEE

Low Koon Min (**Chairperson**)
Mohd Rasli bin Muda
Yau Ming Teck

REMUNERATION COMMITTEE

Mohd Rasli bin Muda (**Chairman**)
Datuk Wong Sak Kuan
Low Koon Min

COMPANY SECRETARIES

Tea Sor Hua
(MACS 01324)
(SSM PC No.: 201908001272)

Lim Kee San
(MAICSA 7067348)
(SSM PC No.: 202308000295)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7725 1777
Fax: +603-7722 3668
Email: cms_cospec@yahoo.com

CORPORATE OFFICE

Unit T2-L3-1 & 3,
Level 3, IOI City Tower Two
Lebuh IRC, IOI Resort City
62502 Putrajaya
Tel: +603-8959 4883
Fax: +603-8959 8057
Website: <http://www.kfmb.com.my/>

FACTORY

Kawasan Lembaga
Pelabuhan Kuantan
KM25, Jalan Kuantan/Kemaman
Tanjung Gelang, 26080 Kuantan
Pahang Darul Makmur
Tel: +609-583 3611
Fax: +609-583 3618

PRINCIPAL BANKERS

- AmBank Islamic Berhad
- AmBank (Malaysia) Berhad
- OCBC Bank (Malaysia) Berhad
- RHB Bank Berhad
- United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: +603-2084 9000
Fax: +603-2094 9940 /
+603-2095 0292
Email: info@sshsb.com.my

AUDITORS

TGS TW PLT

202106000004
(LLP0026851-LCA & AF002345)
Chartered Accountants
Unit E-16-2B, Level 16
ICON Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603- 9771 4326

SOLICITOR

H.Y. Lee & Co.
54 (1st Floor), Jalan Raja Haroun
43000 Kajang, Selangor Darul Ehsan

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad
Stock Name: LOTUS
Stock Code: 8303

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Lotus KFM Berhad (“LKFM” or “the Group”) is a public listed company on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) with its’ principal activities engaged in flour milling and trading its related products. LKFM focuses on achieving customer satisfaction and loyalty while delivering exceptional value to our customers.

In financial year ended 30 September 2024 (“FYE 2024”), the Group has been organised into two (2) major source of revenue according to their business activities comprising milling of flour and trading its related products; and plantation.

Lately, LKB Plantation Sdn. Bhd. had also contributed revenue for the Group during the FYE 2024. Other plantation business under the other subsidiaries, such as Lotus Plantation Sdn. Bhd., ASV Jaya Sdn. Bhd., Hijau Ria Solutions Sdn. Bhd., Sam Jaya Plantation Sdn. Bhd., Ladang Lojing Sdn. Bhd. and Khas Jadi Sdn. Berhad are still in the development stage. The Board expects these subsidiaries to provide new sources of recurring income stream for the Group and reducing the Group’s reliance of its existing business operations.

The Board anticipates that revenue contributions from both the flour milling and trading operations, along with future income from plantation and investment subsidiaries, will enhance the Group’s earnings in the coming years.

A comprehensive overview of the Group’s overall financial outcomes, business operation, operating segment and subsidiaries information can be found in Audited Financial Statement 2024.

CORPORATE DEVELOPMENTS

Details of the regularisation plan can be obtained from the Company’s various announcements with Bursa Securities.

GROUP’S FINANCIAL RESULTS AND FINANCIAL CONDITIONS

The following table is the financial highlights of the Group for the past five (5) financial years:-

	2024 RM’000	2023 RM’000	2022 RM’000	2021 RM’000	2020 RM’000
Revenue	50,700	58,508	66,079	51,762	55,098
Operating (loss)/profit	(166)	2,374	2,989	2,475	9,741
Profit before tax	143	2,515	3,102	2,831	10,060
Profit after tax	154	2,662	2,990	2,661	9,927
Shareholders’ funds	80,519	79,096	76,052	73,062	55,765
Net tangible assets	80,519	79,096	76,052	73,062	55,765
Tangible assets	102,274	100,568	96,026	86,922	80,156
Basic earnings per share (sen)	0.02	0.26	0.29	0.34	1.64
Net assets per share (sen)	7.78	7.73	7.46	7.17	7.76

GROUP’S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

Performance Review

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

a) Revenue

In FYE 2024, the Group recorded revenue of RM50.700 million, representing a decrease of RM7.808 million compared to RM58.508 million in the previous financial year ended 2023 ("FYE 2023"). The decline was primarily due to reduce of demand in the operating market, and negatively impacted the sales volume.

The Group's revenue was mainly driven by the flour milling and trading segment, contributing RM50.318 million in FYE 2024. Additionally, plantation segment had generated RM0.383 million, accounting for 0.75% of the Group's total revenue as a new income source.

b) Operating Profit

The Group recorded a gross profit of RM1.936 million in FYE 2024 compared to RM4.143 million in FYE 2023, representing a decrease of 53.27%. Consequently, the profit before tax also decreases by 94.31% in FYE 2024 compare to FYE 2023, which is RM0.143 million and RM2.515 million respectively.

c) Cash Flows and Liquidity

The Group's inventories level for current FYE 2024 has decreased to RM0.291 million (FYE 2023: RM0.836 million), reflecting the decrease of 65.19%. The reason for maintaining a lower inventory level during FYE 2024 is to minimize the holding and carrying cost and as part of the Company's strategy to reduce the risk of inventories become slow-moving stock or obsolete inventories.

The Group's trade receivables recorded RM6.411 million at the FYE 2024 compared to the prior year (FYE 2023: RM6.357 million). Other receivables slightly increased by 65.59% in FYE 2024, which is RM16.703 million (FYE 2023: RM10.087 million).

For FYE 2024, the Group recorded a deficit in net operating cashflow of RM3.241 million, recording a decrease as compared to FYE 2023 of surplus net operating cashflow RM6.860 million.

The Group's cash and bank balances placed with financial institutions decreased by 33.70%, which is RM11.145 million and RM16.810 million in FYE 2024 and FYE 2023 respectively. However, the fixed deposits with licensed bank increased by 22.66%, which recording RM12.404 million and RM10.112 million in FYE 2024 and FYE 2023 respectively. By considering the challenges of the operating environment, the Board has retained adequate fund to meet financial obligation of the Group.

The above group financial results and financial outcomes discussion is essential to consider along with audited financial statement 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED BUSINESS RISKS

The business risks faced by LKFM include market competitions, volatility of imported raw material prices, movements of currency exchange rates, pressure of inflation, the performance of user industries and changes in economic, political and regulatory conditions.

a) Market competitions

The flour milling sector remains competitive among the flour milling operators locally. The Group will continue to develop new market strategy in order to capture new market, particularly on less well-served segments, then improved its distribution channels as well as product mix and quality to meet a wider range of customers' needs and requirements and to sustain the margin in this highly competitive market. The Group is also targeting to continue expand new customers' base.

b) Volatility of raw material prices

The volatility of prices on imported raw materials such as wheat and tapioca still remained as the key challenge for the Group as the cost of raw materials constitutes a major part of production of wheat flour and tapioca starch.

Both wheat and tapioca are globally traded commodities, and as a result, their prices may fluctuate from time to time. The price of wheat and tapioca are influenced by global macroeconomic factors including, among others, the supply and demand of wheat and tapioca, as well as stock levels. Therefore, any fluctuations of the commodity prices and the availability of the stock will have a significant impact on the Group's profitability.

c) Volatility of currency exchange rates

As LKFM's main raw materials such as wheat and tapioca are fully imported from overseas markets and traded in USD. Thus, the fluctuations in USD/RM exchanges rates will have a great impact on its raw material costs and further affecting the cost of goods sold. The Group is fitting proactive approach and strategic to minimize the risk.

d) Pressure of inflation

The pressure of the inflation is not only happening in local, but it is also the global phenomenon that experienced in others countries. Inflation has significantly impacted the operating costs for LKFM business. The operating cost emphasizes day-by-day necessary expenses for the Group to conduct business operations. The most direct impacts on inflation on operating costs is the increased cost of inputs such as raw material, energy and other resources. As the general price level rises, the cost of acquiring these essential inputs tend to increase, hence, it maybe directs impacting on the production costs. The Group is regularly reviewing the changing of the economic conditions and multifaceted approach, which involve cost management ad risk mitigation to adapt the economic conditions.

e) Changes in economic, political and regulatory conditions

The Group is cautious with the macroeconomic uncertainties and development of geopolitical tensions as the adverse developments in macroeconomies both globally as well as within the nation will have a great negative impact on the financial performance of the Group.

Similarly, any changes in geopolitical may bring unfavorable future prospects to the business. The Group may take a prudent approach to manage these risks internally in the event it arises. However, these risks are still beyond the control of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OUTLOOK OF INDUSTRY

The operating environment is expected to remain highly competitive in 2025 due to inherent uncertainties and unforeseen events that may impact the Group. Despite these challenges, the Group is committed to enhancing the Group's operational efficiency and exploring diverse marketing strategies to boost revenue and profitability. The Group will continue monitoring and conduct regular review on the market condition to mitigate potential risk.

We always uphold our mantra of offering excellent customer services and delivering high-quality products to our existing customers while actively securing new business opportunities. The Group will remain focused on monitoring prevailing market conditions to ensure sustainable growth.

NOTE OF APPRECIATION

To our shareholders, customers, suppliers and business associates, who have given us valuable support, we wish to express our sincere appreciation and thanks to all of your enduring trust and confidence in our business.

BOARD OF DIRECTORS' PROFILE

MOHD RASLI BIN MUDA

**Independent
Non-Executive Chairman**

Malaysian
Male | Aged 63

Mohd Rasli bin Muda ("En. Rasli") was appointed to the Board on 28 November 2019 as an Independent Non-Executive Chairman. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

He holds a Bachelor's Degree in Economics (Applied Economics) from the University of Malaya.

En. Rasli started his career in 1984 with the Malaysian Investment Development Authority ("MIDA"), a government agency as an economist and was responsible for the promotion and coordination of industrial development in Malaysia. During his tenure with MIDA, he has served in various industries divisions and offices amongst others such as:

- Director of MIDA Terengganu State Office
- Director of MIDA (Consul Investment, Consulate General of Malaysia), Los Angeles, USA. He was responsible for promoting and facilitating Foreign Direct Investments from the West Coast of the USA to Malaysia
- Director, Corporate Management Services Division
- Director, Business & Professional Services Division
- Director, Food Technology and Resource Based Industries Division

En. Rasli retired from MIDA in August 2019 after serving for 34 years.

He attended all four (4) Board meetings held during the financial year ended 30 September 2024 ("**FYE 2024**").

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATUK WONG SAK KUAN

**Non-Independent
Non-Executive Director /
Vice Chairman**

Malaysian
Male | Aged 56

Datuk Wong Sak Kuan (“**Datuk Wong**”) was appointed to the Board on 28 November 2019 as a Non-Independent Non-Executive Director / Deputy Chairman and re-designated as the Non-Independent Non-Executive Director / Vice Chairman on 30 April 2020. He is the major shareholder of the company. He is also a member of Audit Committee and Remuneration Committee of the Company.

Datuk Wong graduated with a Diploma in Civil Engineering from the Federal Institute of Technology (“FIT”) in 1990.

Upon graduating, Datuk Wong joined his family’s construction business erecting factory buildings and warehouses for a public listed paper mill group of companies. In 1995, he steered the construction company into various residential, commercial and industrial development projects in Selangor and Penang. He has more than 30 years of experience in the construction and development industry.

Apart from the construction activities, he also owns businesses in various industries such as trading, recycling and paper roll rewinding services, transportation and workshop, and Food & Beverage (“F&B”).

Datuk Wong is currently the Group Managing Director of Sing Foong Niap Group of Companies. He is also the controlling shareholder and Managing Director of Lotus Essential Sdn. Bhd. Datuk Wong is currently sits on the board of Lotus Circular Berhad (“formerly known as MESB Berhad”) as a Non-Independent Non-Executive Director and EVD Berhad as Chairman, Non-Independent Non-Executive Director.

He attended all four (4) Board meetings held during the FYE 2024.

Datuk Wong is the father of Mr. Wong Yau Min, the Non-Independent Non-Executive Director of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LEE WAI FUN

**Executive Director cum
Chief Executive Officer**

Malaysian
Female | Aged 54

Lee Wai Fun ("Ms. Lee") was appointed to the Board on 28 November 2019 as an Executive Director cum Chief Executive Officer.

Ms. Lee is a member of the Chartered Institute of Management Accountants ("CIMA") and the Malaysian Institute of Accountants ("MIA").

She started her career in the management accounting field in 1994 and has since garnered over 25 years of experience in finance, administration and management functions from several industries such as manufacturing, trading, recycling, construction & development, transportation and F&B.

Ms. Lee joined Sing Foong Niap Group as Finance Manager in 2007 and was promoted to Group General Manager in 2012. She is responsible for overseeing the management and business operations of Sing Fong Niap Group.

In 2009, she co-founded Lotus Essential Sdn. Bhd., a trading company that imports and distributes tapioca starch, corn starch and coal to the local food processing and manufacturing based companies. In August 2016, she helped establish a recycling division by acquiring four (4) recycling companies and one (1) paper roll rewinding services company.

Ms. Lee is currently the Executive Director of Lotus Essential Sdn. Bhd. and the Non-Independent Non-Executive Director of EVD Berhad. She also sits on the board of several private limited companies.

She attended all four (4) Board meetings held during the FYE 2024.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LIM LIAN CHEE

Executive Director

Malaysian
Male | Aged 63

Lim Lian Chee ("Mr. Lim") was appointed to the Board on 3 October 2022 as an Executive Director.

Mr. Lim holds a Master in Business Administration and Graduate Diploma in Management from University of Southern Queensland.

He has more than 39 years of banking experience with OCBC Bank Berhad, and held several senior positions with responsibilities for strategy, execution and performance. He joined OCBC Bank in 1983, served in various capacities, including as Regional Manager, Head of Business Banking, Head of Consumer Banking, Head of Credit & Senior Manager for many branches. Mr. Lim had retired from OCBC Bank in September 2022 from the position of Managing Director for Commercial Banking in charge of Southern Region2 & East Coast.

He attended all four (4) Board meetings held during the FYE 2024.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LOW KOON MIN

**Independent
Non-Executive Director**

Malaysian
Male | Aged 53

Low Koon Min ("Ms. Low") was appointed to the Board on 28 January 2019, as an Independent Non-Executive Director. She is also the Chairperson of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company.

Ms. Low is a member of the CIMA and MIA.

Ms. Low started her career as a Finance Manager in Mitsumi Electric Sdn. Bhd., a subsidiary of Mitsumi Electric Co. Ltd. (a public listed company in Japan). In 1998, Ms. Low joined Mattel Southeast Asia Pte. Ltd. and moved to Mattel Southeast Asia (Regional Office) Sdn. Bhd. in 2002 as a Financial Specialist. Mattel is a toy company listed on the Nasdaq Stock Exchange of the United States of America.

In 2011, Ms. Low joined Lee Ong & Partners, a legal firm as an Office Manager. She is also the Company Secretary to IWB Consultancy Sdn. Bhd., a Selangor state owned company to raise woman's socio-economy and capability of women in leadership and entrepreneurship.

Ms. Low also sits on the board of Lotus Circular Berhad ("formerly known as MESB Berhad") as an Independent Non-Executive Director.

Ms. Low attended all four (4) Board meetings held during the FYE 2024.

BOARD OF DIRECTORS' PROFILE (CONT'D)

YAU MING TECK

**Non-Independent
Non-Executive Director**

Malaysian
Male | Aged 53

Yau Ming Teck ("Mr. Yau") was appointed to the Board on 28 November 2019 as a Non-Independent Non-Executive Director. He is also a member of the Nomination Committee of the Company.

Mr. Yau graduated from Monash University, Melbourne with an Economics Degree in 1993. He is a qualified Certified Practising Accountant ("CPA") of the CPA Australia and a Chartered Accountant of MIA.

He started his career in 1994 with Coopers & Lybrand, Insolvency & Corporate Division and handles a wide portfolio of clients with diverse backgrounds and industries during his three years with the firm.

In 1996, he joined a Malaysian Main Board listed company as an Executive, Special Projects and last served as a Financial Controller of another Main Board public listed company in Bursa Securities in 2003. During his tenure with the public listed companies, he had predominantly taken charge of various corporate exercises and his skill in the area of corporate finance, financial management and strategic planning honed over 15 years has brought him to his private practice in the year 2004. He has expertise in corporate and financial advisory in the areas of corporate finance, mergers & acquisitions and restructuring exercises with the focus of the business in the People's Republic of China, Singapore and Australia.

Mr. Yau currently sits on the board of HLT Global Berhad as the Non-Independent Non-Executive Director. He also serves as a director in several private limited companies.

He attended all four (4) Board meetings held during the FYE 2024.

BOARD OF DIRECTORS' PROFILE (CONT'D)

CHIA WENG LOCK

**Non-Independent
Non-Executive Director**

Malaysian
Male | Aged 61

Chia Weng Lock ("Mr. Chia") was appointed to the Board on 30 April 2020 as an Executive Vice President and re-designated as the Non-Independent Non-Executive Director on 1 November 2022.

Mr. Chia earned a Diploma in Computing and graduated from Tunku Abdul Rahman College in 1983.

Mr. Chia started his career in the Information Technology field in May 1985 and has served more than 33 years with The Dow Chemical Company, a Fortune-500 company, headquartered in the US and served for various business and functional roles. He has played an important role in carrying out Dow's strategy to grow its market-driven portfolio businesses in partnership with its customers.

Mr. Chia is the controlling shareholder and Director of CWL Ventures Sdn. Bhd., a substantial shareholder of the Company.

He attended all four (4) Board meetings held during the FYE 2024.

**BOARD OF DIRECTORS' PROFILE
(CONT'D)****YAP EE SEONG**

**Independent
Non-Executive Director**

Malaysian
Male | Aged 57

Yap Ee Seong ("Mr. Yap") was appointed to the Board on 3 August 2020 as an Independent Non-Executive Director.

Mr. Yap is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant, Australia.

He has more than 31 years of experience in audit, tax, financial, operational and administration experience in trading, manufacturing, engineering, credit and charge cards, property development, property investment, hospitality, oil and gas supply & services industries.

He started his career in a public accounting firm, Coopers and Lybrand (now known as PriceWaterhouseCoopers). He then served for 18 years within Johan Holdings Berhad before joining Propel Global Berhad (formerly known as Daya Materials Berhad) ("PGB Group"). He joined as the Acting Chief Financial Officer ("CFO") of PGB Group in August 2015, promoted to be the CFO in January 2016. In May 2018, he has been re-designated as an Executive Vice President (EVP) of Infrastructure and Energy Division of PGB Group.

He attended all four (4) Board meetings held during the FYE 2024.

BOARD OF DIRECTORS' PROFILE (CONT'D)

WONG YAU MIN

**Non-Independent
Non-Executive Director**

Malaysian
Male | Aged 32

Wong Yau Min ("Mr. Wong") was appointed to the Board on 30 September 2022 as Non-Independent and Non-Executive Director.

Mr. Wong pursued his tertiary studies at Curtin University in Perth, Australia beginning with an Advance Diploma in Civil Engineering and graduating with a Bachelor degree in Applied Science (Construction Management) in 2019.

Mr. Wong developed his interests and knowledges in buildings and constructions field by helping in the family's construction business i.e., Sing Foong Niap Engineering Sdn Bhd ("Sing Foong Niap"). Upon graduation in 2020, he joined Sing Foong Niap as the Project Engineer and later was promoted to Operations Manager in 2022.

He currently oversees a multi-million project for the construction of the largest paper mill factory in Malaysia with a land size area of 300 acres located in Banting. On 23 June 2021, he was appointed as a Director of LE Plantation Sdn Bhd ("LEP"), overseeing plantation projects in Perak and Kelantan and he is also a shareholder of LEP.

Mr. Wong is the son of Datuk Wong Sak Kuan, a Non-Independent Non-Executive Director / Vice Chairman and major shareholder of the Company.

He attended all four (4) Board meetings held during the FYE 2024.

Notes: -

1. Save as disclosed above, none of the Directors have family relationship with other Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interests or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 September 2024, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors have any other directorship in public companies and listed issues.

KEY SENIOR MANAGEMENT'S PROFILE

WONG YU PERNG

Deputy General Manager

Malaysian
Male | Aged 31

Wong Yu Perng is the Deputy General Manager of Lotus KFM Berhad ("LKFM" or "the Company"). He obtained his Degree in International Business Management from Asia Pacific University of Technology & Innovation in 2016. After that, he pursued his Master in International Business Management at the University of Tasmania in Australia and graduated in 2018. He started his first job in LKFM as a sales executive. After that, he has promoted to the Head of Purchasing Department. In 2020, he enrolled the Occupational Safety and Health Coordinator to implement a safer workplace around the Flour Mills. Due to his outstanding leadership skills and performance, he was further promoted as Operation Manager in December 2020 by managing and take care of the daily operation of the operation of Flour Mills. Subsequently, he was promoted to Technical Deputy General Manager in January 2022.

He is also a Non-Independent Non-Executive Director of Lotus Circular Berhad ("formerly known as MESB Berhad").

NG YOKE YEUN

Accounts Manager

Malaysian
Female | Aged 38

Ng Yoke Yeun is the Accounts Manager of LKFM. She obtained her Advanced Diploma in Financial Accounting in 2008 from Tunku Abdul Rahman College. She is a member of the Association of Chartered Certified Accountants ("ACCA") and Malaysia Institute of Accountants (MIA) since 2015. She started her career with a small accounting firm since year 2008 followed by an international medium accounting firm, Ecovis AHL PLT, where she was involved in statutory audit of companies in various industries. In September 2016, she joined Lotus Essential Sdn. Bhd. and transferred to LKFM as Accountant in December 2019. She is primarily responsible for the accounting functions of the Group. In December 2021, she was promoted to Accounts Manager.

Notes:-

1. Save as disclosed above, none of the key senior management personnel have any other directorship in public companies and listed issuers.
2. None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of the Company except for the following: -
 - Mr. Wong Yu Perng is the son of Datuk Wong Sak Kuan, a Non-Independent Non-Executive Director / Vice Chairman and major shareholder of the Company.
3. None of the key senior management personnel have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
4. None of the key senior management personnel have been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 September 2024, other than traffic offence (if any).

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT 2024

Lotus KFM Berhad (“LKFM” or “the Group”) prepared this Sustainability Statement to cover all relevant activities, impacts, and initiatives related to the Group’s economic, environmental, social, and governance (EESG) efforts. The Sustainability Statement includes data and information from our operations and subsidiaries for the reporting period indicated below.

The Group establishes contact as needed with our wide range of stakeholder to ensure our approach to sustainability is well informed. Our stakeholders include employees, customers, investors, suppliers, and regulatory bodies.

This Sustainability Statement not only highlights our achievements but also acknowledges the challenges we face in our continuous sustainability journey. We value stakeholder feedback and look forward to engaging in constructive discussions to enhance our sustainability efforts.

This statement has been reviewed and approved by the Sustainability Steering Committee (SSC) and it serves as an overview of Lotus KFM’s sustainability progress for the Financial Year Ending (FYE) 2024 – showcasing notable milestones, achievements, and challenges.

Guidelines & References

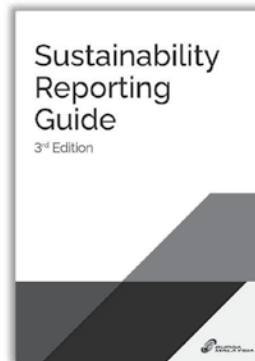
Main Guide:

Bursa Malaysia Berhad Sustainability Reporting Guide (3rd Edition)

Supplementary Guides & References: UNSDGs

*The reporting period covered in this
Sustainability Statement is from*

1st October 2023 to 30th September 2024





COMPANY PROFILE & GOVERNANCE STRUCTURE

This Sustainability Statement covers the following subsidiaries that have significant operations in Malaysia. The Group's main corporate office is in Putrajaya, while we have an operating plant based in Kuantan.

Lotus KFM Berhad

Lotus KFM Berhad is principally engaged in flour milling and starch trading. This includes the milling of wheat flour and the trading of tapioca starch and corn starch. Lotus KFM Berhad's clients are primarily from the Food and Paper Product sectors. Lotus KFM Berhad is also a member of the Flour Millers Association of Malaysia (FMAM).

KFM Marketing Sdn Bhd

KFM Marketing Sdn Bhd is primarily engaged in the business of trading in industrial-related products.

We excluded LKB Plantation Sdn Bhd and Lotus Plantation Sdn Bhd (as well as its relevant subsidiaries) from this year's reporting scope as the plantation business is still new, with operations still in early stages. We will include these subsidiaries once their operations have matured and demonstrate measurable impact.

Figure 1: Sustainability Governance Structure



Oversees the development of Lotus KFM's sustainability strategies and key initiatives. The Board of Directors has the final say on the Group's overall sustainability direction and sets relevant goals or targets for the company.

Manages the implementation of sustainability initiatives and policies. The SSC's main role involves planning and evaluating company strategies with company resources in mind to ensure the goals set by the BOD are pursued.

Executes and implements the policies and practices decided on by the BOD and the SSC. The SWG is responsible for the day-to-day execution of sustainability initiatives.



KEY STAKEHOLDER ENGAGEMENT

LKFM engages multiple stakeholder groups through a variety of channels. The Group maintains open communication lanes in a bid to encourage feedback from stakeholders. Each stakeholder group focuses on its respective areas of interest.

Frequency of Engagement

- N** As Needed
- A** Annually
- Q** Quarterly
- M** Monthly



Customers

Methods of Engagement	Frequency	Areas of Interest
Customer Satisfaction Surveys	N	<ul style="list-style-type: none"> Product or Service Quality Customer Service Support and Problem Resolution Customer Satisfaction / Reviews Ethical Sourcing Supply Chain Transparency
Customer Feedback / Complaints	N	
Meetings	N	
Materiality Survey	N	



Employees

Methods of Engagement	Frequency	Areas of Interest
Training & Development Programs	N	<ul style="list-style-type: none"> Workplace Safety and Wellbeing Training and Career Development Diversity Labour Practices and Standards Recognition and Rewards Human Rights Performance Management
Employee Engagement Activities	N	
Internal Newsletter & Platform	N	
Meetings	N	
Townhalls	N	
Employee Feedback Surveys	A	
Materiality Survey	N	



Vendors / Suppliers

Methods of Engagement	Frequency	Areas of Interest
Meetings	N	<ul style="list-style-type: none"> Vendors / Suppliers Relationship Supply Chain Management Quality Assurance Strategic Partnership Communication and Collaboration Sustainable and Ethical Practices
Workshops & Training Sessions	N	
Audits & Assessments	N	
Materiality Survey	N	

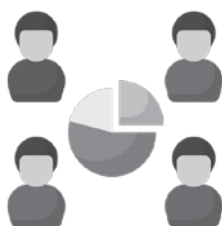


KEY STAKEHOLDER ENGAGEMENT (CONT'D)



Regulators & Certification Bodies

Methods of Engagement	Frequency	Areas of Interest
Meetings	A	<ul style="list-style-type: none"> Regulatory Reporting and Compliance Rules and Regulation Update Corporate Governance Participation in Government Initiatives Ethical and Responsible Business Practices Adherence to Labour Laws and Safety Standards
Regulatory Reporting and Compliance Submissions	N	
Announcements	N	
Programmes/Events organised by Regulators & Government Authorities	N	
Materiality Survey	N	



Shareholders

Methods of Engagement	Frequency	Areas of Interest
Annual General Meetings	A	<ul style="list-style-type: none"> Financial Performance and Position Company Growth and Outlook Company Strategic Direction Risk Management Ethical and Responsible Business Practices
Financial Results Announcements/Reports	Q	
Investors Briefings and Roadshows	N	
Materiality Survey	N	



Board of Directors

Methods of Engagement	Frequency	Areas of Interest
Board Meetings	Q	<ul style="list-style-type: none"> Financial Performance and Position Corporate Strategy and Growth Plans Accountability and Governance Ethical and Responsible Business Practices Risk Management
Annual General Meetings	A	
Strategic Planning Sessions	M	
Performance Reviews and Audits	M	
Materiality Survey	N	



MATERIALITY METHODOLOGY & ANALYSIS

Following Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), which mandates the disclosure of 11 Common Sustainability Matters, we reviewed the Group's sustainability matters in the previous year. After discussions with the Sustainability Steering Committee (SSC) and the Sustainability Working Committee (SWG), twelve (12) key sustainability matters were deemed relevant and important to Lotus KFM Berhad.

STEP 1

IDENTIFICATION

Internally, we reviewed the sustainability matters that were disclosed in LKFM's 2023 Sustainability Statement to reconsider their relevance and importance based on the short- and long-term impact on Lotus KFM's business.

Externally, we referred to Bursa Malaysia's Sustainability Reporting Guide to ensure that the mandatory sustainability matters were all included.

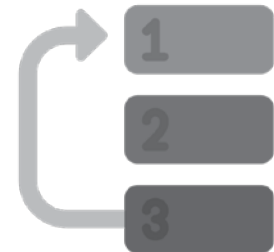


STEP 2

PRIORITISATION

Materiality surveys were sent to key internal and external stakeholders including the Lotus KFM Management Team. This was done to assess:

- The significance of the impact of each sustainability matter in the relevant EESG sections.
- The influence of each sustainability matter on the assessment and decisions of the stakeholders.
- The prioritisation of stakeholder groups (by LKFM Management Team only)



STEP 3

APPROVAL

The outcomes from the materiality survey were mapped out in the form of a Materiality Matrix.

The results of this Materiality Matrix were sent to the SSC and the SWG, as well as the Board of Directors for their approval.

The finalised and approved Materiality Matrix is shown on the next page.



MATERIALITY MATRIX

The Group's Materiality Matrix was created with the input of the Group's stakeholders collected and collated to visually showcase the prioritisation of Lotus KFM's materiality matters. The closer a material matter is plotted to the **top-right** corner of the matrix, the higher priority it is to the Group and our stakeholders. As Lotus KFM currently operates mainly in the manufacturing sector, **Health & Safety** has been identified as the highest priority material matter. This is reflected below with Health & Safety being the closest to the top right of the matrix.

Lotus KFM's Materiality Matrix is illustrated below with Zoomed Out and Zoomed In versions shown for clarity.



Figure 2: Materiality Matrix Zoomed Out

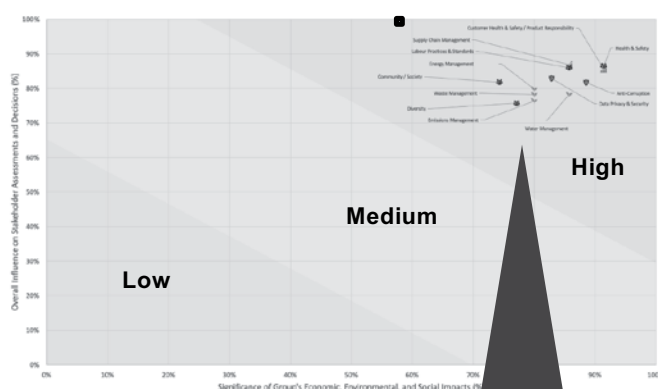
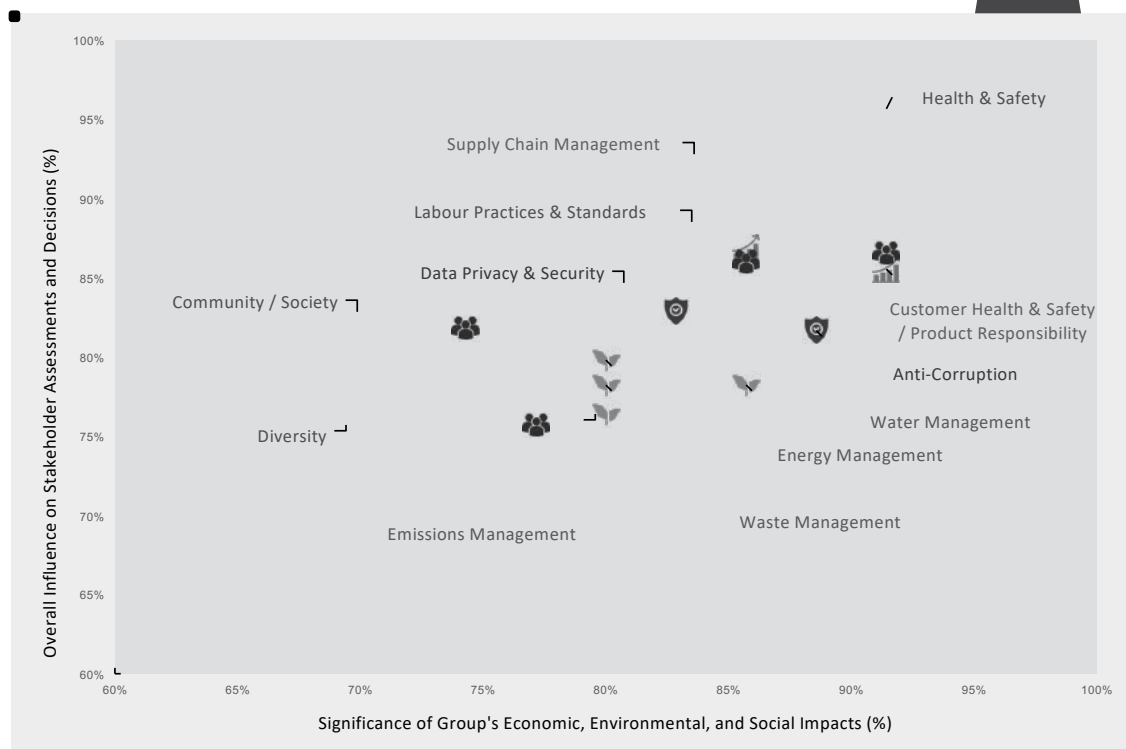


Figure 3: Materiality Matrix Zoomed In







ECONOMIC



The Economic section of our Sustainability Statement highlights our approach to long-term financial growth that is aligned with sustainable business practices. We want to focus on creating value for our stakeholders through responsible management, innovation, and investment.

By balancing profitability with social and environmental considerations, we hope to enhance the resilience and competitiveness of our business. This section outlines our approaches for the following material matters, as well as why they matter to the Group.

	Material Matter	Why It Matters
	Customer Health & Safety / Product Responsibility	<ul style="list-style-type: none">The Group produces products that are consumable, hence, customer health is directly affected and the wellbeing of our customers is one of our priorities.
	Supply Chain Management	<ul style="list-style-type: none">The Group strives to source its goods locally as much as possible to support local businesses within business needs. This is to foster economic growth and reduce reliance on global supply chains.

CUSTOMER HEALTH & SAFETY / PRODUCT RESPONSIBILITY

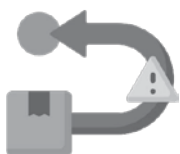


Customer Health & Safety and Product Responsibility are key considerations in our approach to sustainability. Our aim is to offer products that meet the highest standards of safety, quality, and ethical responsibility. This involves ensuring that quality assurance/quality control is up to standard, maintaining constant compliance with regulatory and certification bodies, as well as continuous improvements to processes; all to minimise risk to customers.

By prioritising safe and responsible product development, we hope to not only protect the wellbeing of our customers but also foster trust and long-term loyalty.

0 Recalls Issued

for health and safety reasons



0 Incidents

of non-compliance with regulations or voluntary codes

Lotus KFM have had **zero product recalls issued** for the past three financial years. Product recalls occur when the need to remove contaminated or unsafe products from the market arises for any reason. The Group places a high importance on maintaining this figure at zero through the implementation of the measures listed below.

The Group also recorded **zero incidents of non-compliance** for the past three financial years. LKFM holds annual meetings with our regulators and certification bodies to ensure that compliance is prioritised every year.

Listed below are various initiatives and practices which measure and manage risk in a bid to ensure our product quality is maintained.

- Control of Monitoring, Measurement & Cleaning Processes (LKFM PO7)
- Hazard Analysis Critical Control Points (HACCP)
- Cleaning Programme
- Training Programmes
- Regular Internal Quality Audits
- Product Identification & Traceability Programmes
- Regular Physical and Chemical Testing (Daily & Yearly)
- Regular Microbiological Testing (Yearly)
- Regulatory Compliance – LKFM stays up to date with the following regulations and certifications:
 - ISO 22000:2018 Certification (Food Safety Management)
 - ISO 9001:2015 Certification (Quality Management)
 - Halal Cert – Starch & Wheat Flour
 - SIRIM QAS Certification
 - MeSTI Certification

Through the initiatives listed above, the Group hopes to provide the highest quality of food products all the while, minimising risk for the safety and health of customers.

SUPPLY CHAIN MANAGEMENT

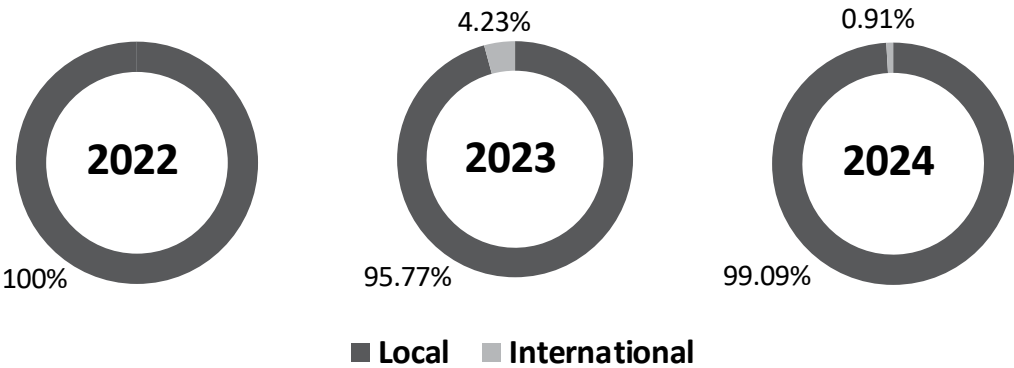


Our supply chain is an aspect of our sustainability efforts, where we place a focus on primarily local suppliers. The Group hopes for continuous transparency, monitoring, and accountability throughout the supply chain, from raw materials sourcing to final product delivery. Through responsible supply chain management, we hope to drive positive change and create long-term value for all stakeholders.



PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Figure 4: Lotus KFM Berhad Percentage Spent on Local Suppliers



In 2022, the Group purchased all of its raw material, comprising of starch and wheat, from a related company – ‘Lotus Essential’.

However, from 2023 onwards, the Group began sourcing more of our wheat from overseas suppliers, with the main international sources being Canada and Australia. LKFM has continued to purchase its starch from local supplier Lotus Essential.

In FYE 2024, LKFM saw a decrease in the production of wheat products which therefore saw less wheat being purchased.




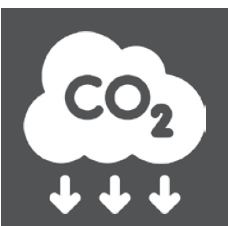


ENVIRONMENT



As a company focused on flour milling and the trading of flour-related products, LKFM understands the importance of minimising our environmental impact and promoting sustainable practices. The Group recognises that responsible resource management not only benefits the planet but enhances the resilience and efficiency of the business as well.

Key areas of our environmental focus include reducing energy and water consumption, minimising waste, and ensuring sustainable sourcing practices. Through continuous improvement and transparency in our practices, we hope to create long-term value for our stakeholders while contributing to a healthier environment.

	Material Matter	Why It Matters
	Waste Management	<ul style="list-style-type: none"> The Group manages our waste to optimise production, lower disposal costs, and minimise environmental impact.
	Energy Management	<ul style="list-style-type: none"> The Group monitors our energy output and hopes to make steps in our journey to reduce operational costs, enhance efficiency, and lower carbon emissions.
	Water Management	<ul style="list-style-type: none"> The Group aims to work towards minimising our environmental impact by reducing water waste and lowering costs through better water usage in processing and cleaning.
	Emissions Management	<ul style="list-style-type: none"> The Group aims to minimise our carbon footprint, meet environmental regulations, and improve air quality as well as reduce operational costs.

WASTE MANAGEMENT



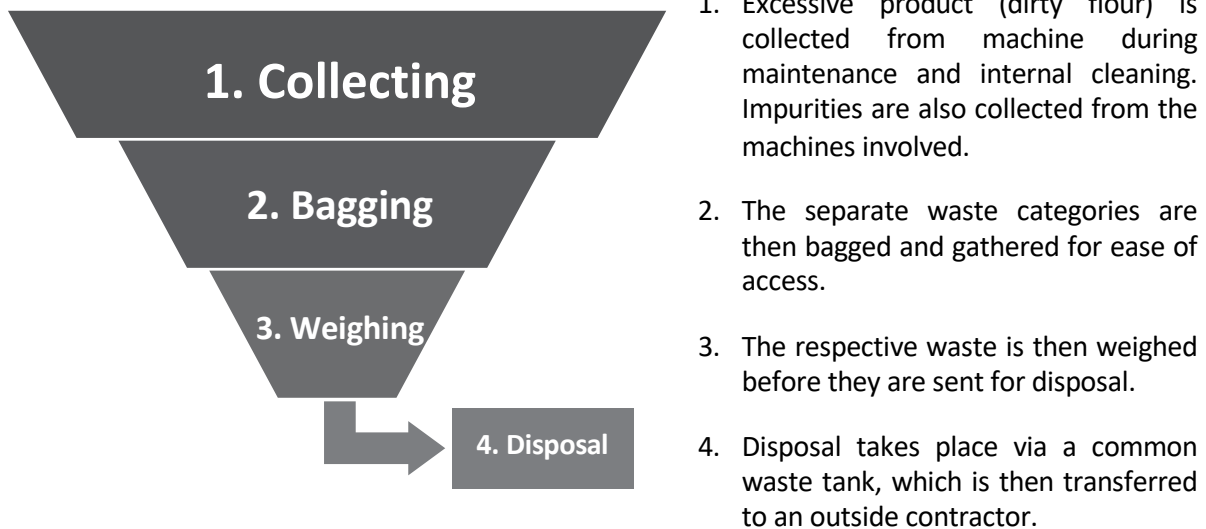
The Group minimises our waste generation and aims to optimise our waste disposal process through the processes listed below. The Group details how they promote factory efficiency and cleanliness in the Production Waste Management policy.

The waste generated by Lotus KFM flour production mainly falls into these 2 categories:

1. **Excessive Product** – This refers to excessive flour that remains inside machinery, declared 'dirty flour'.
2. **Impurities** – This refers to the non-flour waste items that are segregated by machines during the wheat cleaning process; items like stones, grains, or twigs.

Lotus KFM Berhad has put in place a waste disposal policy which aims to inform workers on safe and efficient disposal practices. By implementing these practices, the Group aims to reduce its environmental footprint, enhance resource efficiency, and contribute to a circular economy, ensuring that our operations align with our commitment to sustainability.

Figure 5: Lotus KFM Berhad Waste Disposal Process



TOTAL WASTE DIRECTED TO DISPOSAL

For FYE 2024, a total of **1.28 metric tonnes (mt) of waste in total** was generated, with all of it going to disposals. This figure has seen a decrease from previous years of 5.22mt in FYE 2023, and 6.10mt in FYE 2022, as there has been a reduction in production operations.

Lotus KFM has not recorded any waste away from disposal for this financial year.

ENERGY MANAGEMENT



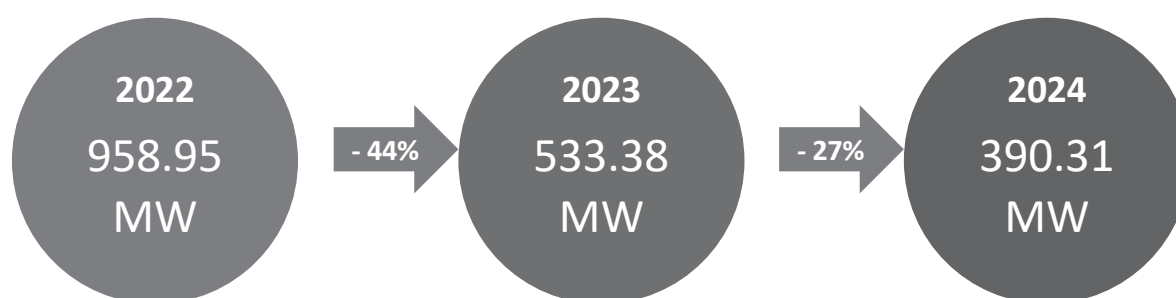
As the Group is in the manufacturing sector, our factory uses substantial amounts of power and energy. The Group endeavours to optimise energy usage across our operations to reduce costs and minimise our carbon footprint. Our approach includes continuous monitoring of energy consumption, implementing energy-efficient technologies, and identifying opportunities for renewable energy sources.

By analysing data and adjusting our practices, the Group ensures responsible energy usage while enhancing operational efficiency. This commitment not only supports our sustainability goals but also reinforces our responsibility to contribute positively to the environment and our communities.



ENERGY CONSUMPTION

Figure 6: Lotus KFM Energy Consumption



Over the past three years, the Group has seen a decrease in electricity usage due to a reduction in flour milling production. In 2023, energy consumption reduced by 44% from 2022, while 2024 saw a further 27% decrease from 2023 as well. LKFM's operations have reduced in the past few years due to lower sales. While this resulted in lower operations, the Group also implements the best practices below to keep energy consumption levels as low as possible.



Energy Usage Best-Practices

Factory staff practise switching off unused machinery, lights, and air-conditioning units.



Employee Reminders

Employees are reminded to switch machines off at the end of working days.



Maintenance Checks

Regular maintenance checks are conducted to ensure equipment operates efficiently.

WATER MANAGEMENT



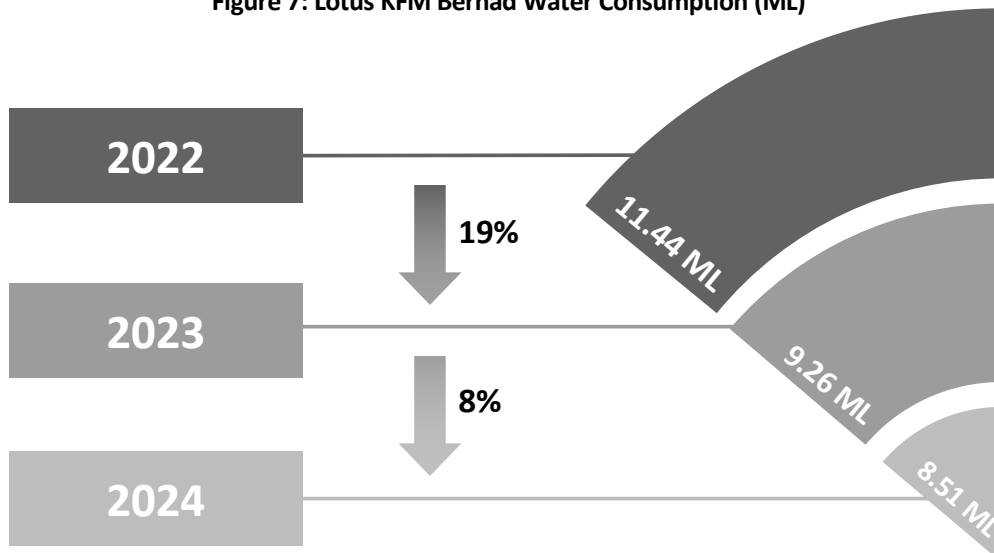
Managing water usage and wastage is a matter that LKFM takes seriously in our overall operations. The Group aspires to make use of its water efficiently, minimising effluents and preserving this resource as much as possible.

Our approach involves closely monitoring water consumption, providing training to employees, and optimising our processes to reduce usage where applicable. Through these practices, we hope to grow in our sustainability journey as a Group.



WATER CONSUMPTION

Figure 7: Lotus KFM Berhad Water Consumption (ML)



LKFM predominantly uses water in our flour production process and its administrative building. The water usage rate has reduced following the decline in LKFM's annual flour production. The SSC continuously monitors water usage to identify trends or anomalies, making adjustments as needed.

Some of the initiatives include:

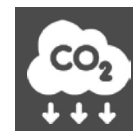
Employee Training

Training is provided to employees on water conservation practices and the importance of water efficiency. The intended outcome was to encourage employees to identify and report water-saving opportunities.

Plumbing Inspections

Regular inspections take place for factory plumbing systems as well as any relevant equipment. Any discovered leaks are promptly repaired to prevent unnecessary water waste.

EMISSIONS MANAGEMENT



One of the Group's business outputs is in the production of flour-based products. This can be energy demanding, and the more energy is used, the more emissions are produced as a result.

By continuously assessing and optimising our processes, LKFM aims to minimise emissions and comply with environmental regulations. This proactive approach not only supports our sustainability goals but also demonstrates our dedication to responsible business practices and a healthier environment for our communities.

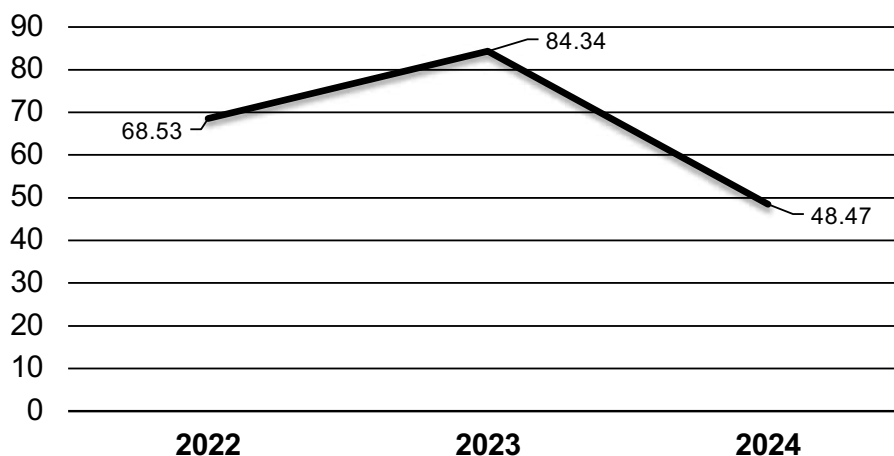


SCOPE 1 EMISSIONS

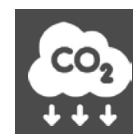
Scope 1 emissions refer to greenhouse gas (GHG) emissions generated from company-owned or company-controlled sources. This may include company vehicles and/or machinery.

Scope 1 has seen an overall decrease of 29% from 2022 to 2024. LKFM uses petrol and diesel for company lorries, forklifts, grass-cutting machines and pest-control fogging machines. The Group has seen a decrease in production for the past financial year, and as a result, the usage of vehicles and machinery has seen a decrease as well.

Figure 8: Scope 1 Emissions for Lotus KFM Berhad FYE 2022 – FYE 2024 (tCO₂e)



EMISSIONS MANAGEMENT

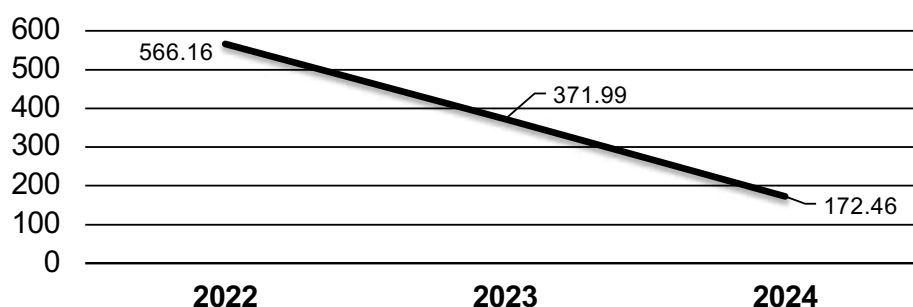


SCOPE 2 EMISSIONS

Scope 2 emissions refer to greenhouse gas (GHG) emissions released as a result of company-purchased electricity.

As for Scope 2 emissions, the Group saw a reduction of almost 70% from FYE 2022 to FYE 2024 overall. LKFM's business operations are conducted at our factory in Kuantan, and the staff administrative office located in Kuantan, while the main corporate office is in Putrajaya. As a result of the decrease in production for FYE 2024, the usage of electricity has decreased as well. The heavy contributors to this Scope would be processes like milling, flour cleaning, conditioning, flour blending, and sieving.

Figure 9: Scope 2 Emissions for Lotus KFM Berhad FYE 2022 – FYE 2024 (tCO₂e)





SOCIAL



This section outlines our policies and initiatives in relation to social aspects of sustainability, highlighting our focus and impact on employees, communities, and stakeholders.

LKFM employees are the backbone of our operations, and the Group upholds values that strive to cultivate a safe, inclusive, and respectful workplace. LKFM invests in employee development, offering benefits, and ensuring compliance with labour regulations to support our employees' growth and well-being. Lotus KFM has also engaged with some local communities in the past to provide relief for natural disasters.

	Material Matter	Why It Matters
	Health & Safety	The Group strives to maintain a safe working environment as operations involve large machinery and the handling of raw materials.
	Diversity	The Group hopes to foster an inclusive workspace, with a mix of backgrounds and cultures encouraging creativity and innovation in problem-solving and decision-making.
	Labour Practices & Standards	The Group values fair and ethical treatment of employees as well as prioritising employee satisfaction. The aim is to build a positive workspace and contributing to long-term success.
	Community & Society	The Group values the areas it operates in and hopes to cultivate goodwill as well as strengthen local connections. Additionally, it can enrich the reputation and public perception of the Group.

HEALTH & SAFETY



Health & safety is a fundamental consideration in our sustainability journey. We prioritise creating a safe and healthy workplace, recognising that the well-being of our employees is critical to our success. Our comprehensive safety programmes include regular training sessions on best practices, emergency preparedness, and equipment handling. We ensure that all staff receive the necessary skills and knowledge to maintain a safe working environment.

Additionally, we implement strict safety policies, such as regular equipment inspections, hazard assessments, and adherence to industry regulations. By fostering a culture of safety, we aim to minimise risks, prevent accidents, and ensure the welfare of all individuals at our facilities, supporting both our sustainability and operational goals.



WORKPLACE SAFETY

Lotus KFM Berhad conducts internal inspections twice a year. The main objective of these inspections is to ensure that working conditions are safe to maximise employee health and safety. These inspections are conducted by the Occupational Safety and Health Coordinator, who was appointed in 2020. The Occupational Safety and Health Committee was also set up to enhance employee awareness of health and safety at the workplace.

Periodic inspections assess potential hazards to working conditions such as exposed wires, slippery floors and unguarded machinery.

Further assessments conducted include:

1. **Noise Risk Assessment (NRA)** – A noise map is created from the results of this assessment. Employees also undergo an audiometric test, while a Hearing Conservation Program is put in place.
2. **Chemical Hazard Risk Assessment (CHRA)** -- Relevant employees receive proper training on how to use the correct Personal Protective Equipment (PPE) while handling chemicals.
3. **Local Exhaust Ventilation (LEV)** -- Local exhaust ventilation is an extract ventilation system that removes airborne contaminants such as dusts, mists, gases, vapour or fumes so that they can't be inhaled.

0 Fatalities

Across the group



0 Injuries

Across the group



HEALTH & SAFETY



SAFETY TRAINING

The Group values safety highly and has maintained compliance with applicable health and safety regulations. The necessary tools and protective gear are always provided to employees, while maintenance of equipment and machinery is conducted regularly to reduce the likelihood of equipment malfunction or disrepair.

In 2024, all **11 LKFM employees and 22 non-employees were trained** on health and safety standards. The Group's objective is to ensure that each employee receives 20 or more training hours per year, with many training sessions falling under the health & safety umbrella.

Lotus KFM Berhad provides a variety of training programmes to our employees and non-employees on a yearly basis, with both internal and external programmes being offered. The total list of training programmes provided to employees in FYE 2024 is listed below:

Internal Training

1. Cara-Cara Selenggaraan Unit Penapis Tepung
2. Kebersihan Diri dan Cara Kerja Selamat
3. Cara Selenggaraan Bahagian Premix
4. Cara Kerja Selamat Bahagian Selenggaraan
5. Konsep Pemanduan Berhemah
6. Morning Briefing -No Smoking Outside Designated Area
7. Cara Kerja Selamat Sewaktu Kerja Pembungkusan 25kg

External Training

1. Hearing Conservation Programme
>Medicare OSH Sdn Bhd
2. First Aid, Cardio Pulmonary Resuscitation (CPR) & Automated External Defibrillator (AED)
>De Marque Strategic Consultancy Sdn Bhd
3. Seminar Pelaksanaan Perakuan Bomba OKK 2024
>Jabatan Bomba dan Penyelamat Pahang
4. Respiratory Fit Test Training
>3M Malaysia Sdn Bhd
5. NTW-Certified Professional in Quality Management Tool -7QC Basic Tools
>Duke Training & Consultancy
6. Know Your Chemicals Training
>Ergochem Training and Consultancy Services

The Group is constantly promoting the awareness of health and safety precautions in the workplace, while continuously reviewing and updating the occupational health and safety practices. LKFM holds its employees to the highest standards of compliance and accountability in their respective areas of responsibility to create a safe environment free of negligence or injury.

DIVERSITY



Lotus KFM Berhad is working towards a diverse and inclusive workforce as we recognise that it drives innovation in the Group. From senior management to non-executive roles, we try to foster a balanced representation that reflects our values. Moving forward, we aim to push for diversity at all levels to create an inclusive environment that respects different perspectives and cultures.



LOTUS KFM'S WORKFORCE

The Group employs a sizeable workforce including temporary / contractors. This is addressed further in the following page. The figure below shows a breakdown of the Group's **full-time employees** in the categories of ages and genders. As shown below, the Group maintains a healthy mix of ages and genders.

Figure 11: Employees by Gender

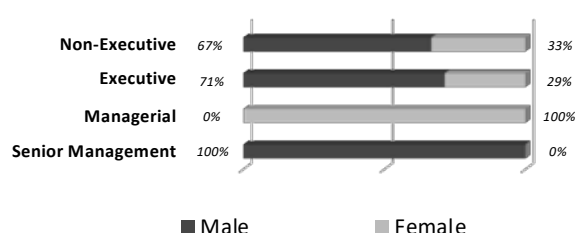
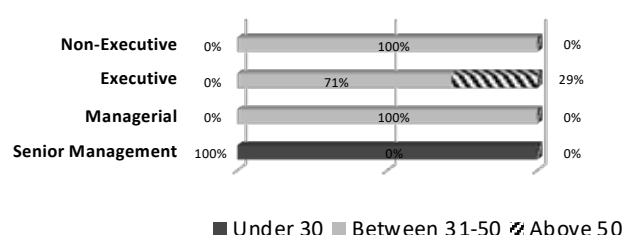


Figure 12: Employees by Age



BOARD OF DIRECTORS

Figure 13: Directors by Gender

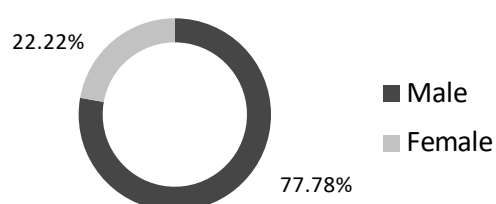
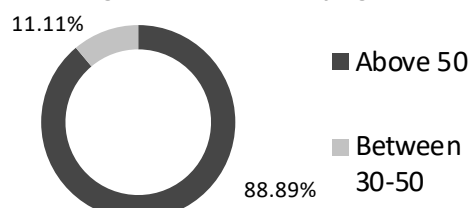


Figure 14: Directors by Age



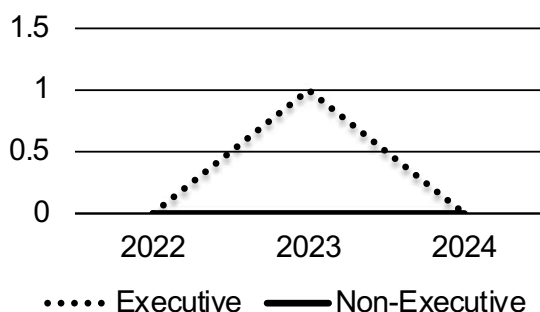
As seen in the figure above, Lotus KFM represents both genders in our Board of Directors. The Board consists of both female and male members, and has representation from different age groups. LKFM's Gender Diversity Policy provides a roadmap for the Company to continuously improve its gender diversity at Board and senior management level.

LABOUR PRACTICES & STANDARDS



Lotus KFM Berhad maintains comprehensive labour practices and standards for our employees. These include employee training programmes to enhance skills and ensure a safe working environment, balance of full time and temporary employees as needed, maintaining a low employee turnover rate, as well as offering various employee support programmes.

Figure 15: Employee Turnover by Employee Category



LKFM has seen a reduction on turnover rate since FYE 2022. For FYE 2024, there was no employee turnover for all categories of employees. The figure above shows the employee turnover ever year according to category – Senior Management and Management had no turnover for the past three years.



69% of Staff

were contract workers or temporary staff in 2024

Due to the nature of LKFM's operations, contract workers are employed as necessary with the support of more than ¼ of employees that are permanent.



0 Complaints

concerning human rights violations in 2024

LKFM received no complaints concerning human rights violations. The Group prioritises transparency through the implementation of its Whistleblowing policy which is addressed later in this Sustainability Statement.



TRAINING & DEVELOPMENT

The training of Lotus KFM Berhad personnel is necessary, as our operations involve the operation of machinery while dealing with food products. In 2024, the Group sent our employees for 13 training sessions, with these sessions focusing on up-to-date industry practices, safety protocols, and operational procedures. By upskilling our workforce, we aim to enhance skills, improve productivity, and maintain a safe working environment.

Investing in our employees' growth ensures the quality of our products while supporting career progression, helping to retain talent and strengthening our overall capabilities.



7 Hours
of Managerial
Training



121 Hours
of Executive
Training



89 Hours
of Non-Executive
Training

217 TOTAL HOURS OF TRAINING IN 2024

LABOUR PRACTICES & STANDARDS



EMPLOYEE ENGAGEMENT PROGRAMMES

Over the past three years, LKFM aimed to foster a positive and engaging workplace culture through various employee engagement programmes. Initiatives such as the Raya Goodie Bags (2022), Bowling Tournament (2023), Raya Cookies Giveaway, and Sports Day provide opportunities for celebration, camaraderie, and team-building.

Lotus KFM's employee engagement programmes help to strengthen employee loyalty, enhance team spirit, and create a sense of appreciation and togetherness, ensuring a supportive and motivated work environment for all our employees.

Listed below are the employee engagement programmes for FYE 2024:

Raya Cookies Giveaway 2024	Sports Day 2024
38 employees were involved in this programme received a giveaway of Raya Cookies. This programme aimed to strengthen employees' sense of loyalty and commitment to the company and make them feel valued and appreciated.	20 employees were involved in this programme which encouraged teamwork, and helped employees learn to work together outside of their usual roles by participating in fun and competitive activities.

COMMUNITY & SOCIETY



AMOUNT INVESTED IN THE COMMUNITY

We hope to make a positive impact through meaningful engagement and local partnerships. Our efforts reflect our dedication to being a responsible corporate citizen and making a positive difference in society.

Malaysia was hit with heavy downpours in 2022 which resulted in devastating floods across various parts of Malaysia. LKFM contributed MYR 2,000 in FYE 2023 to "Tabung Rayuan Bantuan Awal Banjir peringkat Negeri Pahang" for victims of the 2022 floods.

In FYE 2024, the Group did not contribute financially to any CSR programmes but we hope to explore initiatives that align with the needs of our community in the future.





GOVERNANCE



The Governance section of this Sustainability Statement outlines Lotus KFM’s commitment to ethical leadership, transparency, and accountability practices. The Group is committed to ensuring its operations and businesses are conducted ethically, honestly, and with integrity.

Lotus KFM has various policies in place that ensure the principles of the Group are a constant focus. The material matters listed below highlight our commitments to excellence in Governance and the internal management of the business.

	Material Matter	Why It Matters
	Data Privacy & Security	The Group protects its stakeholders’ digital information and security in an ever-changing digital landscape.
	Anti-Corruption	The Group prioritises anti-corruption in a bid to maintain the highest levels of integrity and professionalism.

DATA PRIVACY & SECURITY



Data privacy and security refers to the protection of personal and sensitive information from unauthorised access, misuse, and data breaches. Data has become increasingly integral to Lotus KFM's business and safeguarding it is important to maintain trust with stakeholders, while complying with regulations and regulatory boards.

Effective data security involves the implementation of technical measures, such as encryption and access methods. Data privacy discusses the policies that manage the collection, storage, and sharing of information to ensure they align with legal standards and ethical practices.

Together, both play a key role in mitigating risks in an increasingly digitally reliant world.



CUSTOMER PRIVACY AND DATA

In 2022, 2023, and 2024, Lotus KFM reported **no breaches** of customer privacy and loss of customer data. Lotus KFM currently does not have any policies regarding Data Privacy and Security, but the Group does have best practices when it comes to digital security. The Group currently maintains basic digital protection and safeguards as shown below:



Firewall Protection

LKFM utilises firewall protection to monitor and control incoming and outgoing network traffic. Any unauthorised access is blocked, safeguarding sensitive information from external threats.

Secure Data Storage with Cloud Encryption

The company's data is stored on secure encrypted cloud servers. Access to information is controlled through role-based permissions.



Unique Password Protection

The Group requires its employees to create unique passwords when accessing its internal servers. This is for an added layer of digital protection.

VPN Access

LKFM uses a VPN system to ensure its servers are always secure remote access for connections while dealing with confidential data.



ZERO Breaches

of customer privacy in FYE 2024 which could result in loss of customer data

ANTI-CORRUPTION



Anti-corruption refers to efforts and measures taken to prevent, detect, and combat corruption within the Group. Corruption, which includes bribery, fraud, and embezzlement, undermines trust, distorts markets, and weakens governance.

Our anti-corruption initiatives aim to promote transparency, accountability, and ethical behaviour. The Group has in place multiple strategies and policies that shape environments where corruption is less likely to thrive, supporting long-term stability and equitable growth.

The Group adopts a **Zero-Tolerance** approach to all forms of bribery and corrupt gratification, as well as any associated activities.

The Group has several policies in place to prevent corruption and bribery. LKFM has in place an **Anti-Bribery and Corruption Policy** which details procedures and best practices for corruption scenarios. The policy elaborates on the following processes in detail:

- Facilitation Payment
- Charitable / Political Contribution / Sponsorship
- Employee Responsibilities
- Gifts
- Hospitality
- Record Keeping
- Training and Communication
- Reporting of Policy Violations
- Whistleblowing



OPERATIONS ASSESSED FOR CORRUPTION-RELATED RISKS

The Group has not yet carried out corruption-related risk assessments for its operations. However, on **May 2024**, LKFM conducted internal assessments on the areas listed below. Internal assessments are important to the Group as integrity is something that is highly valued in the company.

- Implementation of the organisation's anti-corruption policies and procedures
- Whistleblowing Policy
- Implementation of Human Resources Policies and Procedures in managing corruption
- Reporting and Monitoring Process of the Anti-Corruption Compliance Programme
- Corruption Risk-Assessment
- Training and Communication of Policies and Procedures

ANTI-CORRUPTION



ANTI-CORRUPTION TRAINING

There are currently no employees who have received training on anti-corruption. However, a training session is being planned, but due to trainer complications and uncertainty, the training has been postponed until further notice – the earliest to be in FYE 2025.



WHISTLEBLOWING

The Group provides avenues for employees and other stakeholders to report genuine concerns in relation to breaches of legal obligations, miscarriage of justice, dangers to health and safety, dangers to the environment, or the cover-up of any of these in the workplace.

This is detailed in LKFM's **Whistleblowing Policy** which states that employees are able to do so without risk of reprisal, separation, demotion, suspension or loss of benefits because of the report.

Misconduct in the workplace includes (but is not limited to):

- Accounting or audit irregularities, fraud
- Abuse of power
- Bribery, Corruption
- Sexual harassment or discrimination
- Conflicts of interest
- Theft of cash, goods, services or time
- Falsification of company records
- Non-compliance with procedure



ZERO Confirmed Incidents of Corruption

for the past three financial years (2022, 2023, 2024)

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	0.00	0.00	0.00
Managerial	Percentage	0.00	0.00	0.00
Executive	Percentage	0.00	0.00	0.00
Non-Executive	Percentage	0.00	0.00	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	2,000.00	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	1	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management	Percentage	100.00	100.00	100.00
Under 30				
Senior Management	Percentage	0.00	0.00	0.00
Between 30-50				
Senior Management	Percentage	0.00	0.00	0.00
Above 50				
Managerial Under 30	Percentage	0.00	0.00	0.00
50				
Managerial Between 30-50	Percentage	100.00	100.00	100.00
Managerial Above 50	Percentage	0.00	0.00	0.00
Executive Under 30	Percentage	12.50	14.29	0.00
50				
Executive Between 30-50	Percentage	75.00	57.14	71.43
Executive Above 50	Percentage	12.50	28.57	28.57
Non-Executive Under 30	Percentage	0.00	0.00	0.00
30-50				
Non-Executive Between 30-50	Percentage	100.00	100.00	100.00
50				
Non-Executive Above 50	Percentage	0.00	0.00	0.00
Gender Group by Employee Category				
Male				
Senior Management	Percentage	100.00	100.00	100.00
Female				
Senior Management	Percentage	0.00	0.00	0.00
Managerial Male	Percentage	0.00	0.00	0.00
Managerial Female	Percentage	100.00	100.00	100.00
Executive Male	Percentage	75.00	71.43	71.43
Executive Female	Percentage	25.00	28.57	28.57
Non-Executive Male	Percentage	66.67	66.67	66.67
Non-Executive Female	Percentage	33.33	33.33	33.33
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	77.78	77.78	77.78
Female	Percentage	22.22	22.22	22.22
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	11.11	11.11	11.11
Above 50	Percentage	88.89	88.89	88.89
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	958.95	533.38	390.31
Bursa (Health and safety)				

Internal assurance External assurance No assurance

(*)Restated

SUSTAINABILITY PERFORMANCE REPORT (CONT'D)

Indicator	Measurement Unit	2022	2023	2024
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	8.51	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	11	9	12
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	3	0	0
Managerial	Hours	45	22	7
Executive	Hours	278	233	121
Non-Executive	Hours	104	105	89
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	72.30	72.70	69.20
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	0	0
Managerial	Number	0	0	0
Executive	Number	0	1	0
Non-Executive	Number	0	0	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00	95.77	99.09
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	11.440000	9.260000	8.510000

Internal assurance External assurance No assurance

(*)Restated

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement is augmented with Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to provide a detailed articulation on the application of Lotus KFM Berhad (“LKFM” or “the Company”) and its subsidiaries’ (“the Group”) corporate practices as set out in the Malaysian Code on Corporate Governance (“the Code”).

The Board of Directors (“the Board”) of LKFM fully supports the recommendations of the Code in maintaining a high standard of corporate governance and ensuring that the principles and best practices of corporate governance are observed and adopted as a fundamental part of discharging its responsibilities to protect and enhance stakeholders’ value.

This Corporate Governance Statement (“Statement”) should also be read together with the Company’s Corporate Governance Report for the financial year ended 30 September 2024 (“FYE 2024”) which is available on the Company’s website at www.kfmb.com.my as well as via an announcement on the website of Bursa Securities.

This Statement gives the shareholders an overview of the corporate governance practices of the Company for the FYE 2024.

This Corporate Governance Overview Statement makes reference to the following three (3) keys principles of the Code:-

- (a) Principle A - Board Leadership and Effectiveness;
- (b) Principle B - Effective Audit and Risk Management; and
- (c) Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership, which includes practicing a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

The Company is led by an experienced and dynamic Board. It has a balanced Board composition with effective Independent Directors. The Board provides stewardship to the Group’s strategic direction and operations and ultimately enhances shareholders’ value. To fulfill this role, the Board is responsible for the following:-

- To review and adopt the overall strategic direction, business plans, and annual budgets of the Group, including major capital commitments on a quarterly basis;
- To oversee and evaluate the conducted, governance and sustainability of the businesses of the Group;
- To deliberate on proposals presented and recommended by the Management;
- To review and approve the annual and quarterly results, new ventures, major acquisitions and disposal of undertakings and properties;
- To establish key performance indicators and ensure that there are plans in place for the orderly succession of the board and senior management;
- To oversee the development and implementation of a shareholder communication policy for the Group;
- To identify principal risks and ensure the implementation of appropriate systems to manage and monitor significant financial and non-financial risks;
- Responsible for material matters of the Group and reserved for the Board’s decisions; and
- To review the adequacy and integrity of the Group’s internal control systems, risk management and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In order to assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) to examine specific issues within their respective Terms of Reference (“TOR”) as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.2 The Chairman

The Chairman of the Board, Tuan Mohd Rasli bin Muda, holds an Independent Non-Executive position and is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

1.3 The Chairman and Chief Executive Officer (“CEO”)

The positions of the Chairman and CEO are held by two different individuals, and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability.

The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness, while the CEO has overall responsibilities over the day-to-day management of the Group’s business and implementation of the Board’s policies and decisions. The Executive Director is also accountable to the Board for the overall organisation, management and staffing of the Company and/or the Group as well as the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Companies Secretaries under the Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organised by authorities and professional bodies. This ensures they stay updated on corporate governance developments and regulatory changes pertinent to their role, enabling them to provide valuable advisory services to the Board.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

During the FYE 2024, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretaries and their team to the Board in the discharge of her duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors’ time planning, an annual meetings calendar is prepared in advance of each new year by the Company Secretaries. The meetings calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting (“AGM”). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Company’s quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Directors via email at least five (5) business days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make informed the decision at each meeting. Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.5 Meeting of Board and Board Committees (cont'd)

The deliberations and decisions of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Chairman of the Board and Board Committees in a timely manner for review before they are confirmed and adopted by members of the Board and Board Committee at their respective meetings. The Company Secretaries also ensure that deliberations at Board and Board Committee meetings are well documented.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

Apart from having full and unrestricted access to all information of the Group in a timely and accurate manner, the Board is encouraged to seek independent professional advice, where necessary, at the Group's expense from time to time. This is to enable the Board to discharge its duties in relation to the matters being deliberated.

1.6 Board Charter

The Board recognises and observes the role, composition and responsibilities of the Board embodying in the principles of the Code and observes as a source of reference for new Board members. The Board Charter sets out guidance and principles of good corporate governance to ensure fairness, transparency, accountability and responsibility. It provides guidance for Directors and Management regarding their roles in discharging their duties towards the Company as well as boardroom activities.

The Board Charter will be reviewed as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities as well as the latest regulations and legislations. The Board Charter is published on the Company's website at www.kfmb.com.my.

1.7 Code of Conduct and Ethics

The Board has in place clear guidelines on business conduct and ethical behaviour for the Directors and employees in carrying out their duties. The Code of Conduct is published on the Company's website at www.kfmb.com.my and has clearly stated the values and inspiring principles behind the achievement of its business objectives are of fundamental importance for the correct operation of its businesses.

1.8 Whistleblowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. The Group has established the whistleblowing policy setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the whistleblowing policy is in line with the Companies Act 2016 and Section 17A of the MACC Act ("the Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

The Board will review and update the whistleblowing policy as and when necessary to ensure that they continue to remain relevant and appropriate.

The Whistle Blowing Policy is published on the Company's website at www.kfmb.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.9 Anti-Bribery and Corruption Policy

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Act 2018”), the Company has put in place an Anti-Bribery and Corruption Policy (“ABC Policy”) to encourage a culture of integrity and transparency in all of the Group’s activities. This policy which adheres to the MMLR of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group’s position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group’s customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABC Policy will be reviewed at least once in every three (3) years to ensure that they continue to remain relevant and appropriate. The ABC Policy is available for viewing on the Company’s website at www.kfmb.com.my.

1.10 Directors’ Fit and Proper Policy

In line with Paragraph 15.01A of the MMLR, the Board has adopted the Directors’ Fit and Proper Policy which serves as a guide to the NC, RC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group, as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors’ Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board’s objectives, current law and practices. The Directors’ Fit and Proper Policy is published on the Company’s website at www.kfmb.com.my.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

1.11 Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with the Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group’s corporate strategy.

As fiduciary to the Company’s shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company’s internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board reviewed, revised, and approved the relevant amendments by incorporating the assessment of the Board’s understanding of sustainability issues in the annual performance evaluation that are critical to the Company’s performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION

2.1 Board Composition and balance

The Board currently comprises nine (9) members and the composition of the current Board is set out in the table below:-

	Names	Designation
1.	Mohd Rasli bin Muda	Independent Non-Executive Chairman
2.	Datuk Wong Sak Kuan	Non-Independent Non-Executive Director / Vice Chairman
3.	Lee Wai Fun	Executive Director cum Chief Executive Officer
4.	Lim Lian Chee	Executive Director
5.	Low Koon Min	Independent Non-Executive Director
6.	Yap Ee Seong	Independent Non-Executive Director
7.	Yau Ming Teck	Non-Independent Non-Executive Director
8.	Chia Weng Lock	Non-Independent Non-Executive Director
9.	Wong Yau Min	Non-Independent Non-Executive Director

This current Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors, and that there is at least one woman Director.

The Independent Directors, who are professionals of credibility and repute, demonstrate independent judgement and objectivity in the Board's deliberations. The diverse professional backgrounds of the Directors provide the Board with an effective mix of members with industry-specific knowledge and broad business experience.

A brief profile of the Directors is presented in the Board of Directors Profile of this Annual Report.

The Board recognises and embraces the benefits of having a diverse Board, and understands that increasing diversity at the Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in skill, regional and industry experience, background, race, gender and other distinction between Directors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made on merit, taking into account the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Board had also implemented a process for annual assessment of the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director. This process shall be carried out by the Nomination Committee.

The Board continually assesses the composition and the tenure of its Independent Directors to ensure they have the appropriate balance of skills, expertise and experience to bring an independent view in the consideration of Board issues and provide the appropriate advice to maintain the highest level of corporate ethics. LKFM measures the independence of its Directors based on the criteria prescribed under MMLR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. They also ensure that the strategies proposed by the management are fully discussed and examined, and take into account the long-term interest not only of the shareholders but also of employees, customers and suppliers. Together with the Executive Directors who have an in-depth knowledge of the business, the Board constitutes individuals who are committed to business integrity and professionalism in all its activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.1 Board Composition and balance (cont'd)

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees in which he/she is a member. In accordance with the requirements of MMLR, none of the Directors of the Company can hold more than five (5) directorships in public companies. This ensures the Independent Directors' commitment, resources and time are focused for an effective input to the Board.

2.2 Tenure of Independent Directors

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the Code. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. The Board also aware of the amendments to the MMLR on the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years pursuant to the MMLR.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During the FYE 2024, none of the Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years. Further, based on the independence assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

2.3 Board Diversity and Senior Management Team

The Board acknowledges the importance of Board and Senior Management Team composition diversity as recommended by the Code. In pursuing diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

In line with the recommendation under the Code for gender diversity, the Board has established and adopted a Gender Diversity Policy, which provides a framework for the Company to improve its gender diversity at the Board and senior management levels. The policy emphasises the importance of diversity among Board members, including race, ethnicity, age, gender, skills, competencies, experiences and expertise. The Gender Diversity Policy aims to enhance diversity not only at the Board level but also within the senior management.

Currently, there are two (2) female Directors on the Board, namely, Ms. Lee Wai Fun and Ms. Low Koon Min.

2.4 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a clearly defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.4 Board Committees (cont'd)

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	AC	NC	RC
Mohd Rasli bin Muda (Independent Non-Executive Chairman)	Member	Member	Chairman
Low Koon Min (Independent Non-Executive Director)	Chairperson	Chairperson	Member
Datuk Wong Sak Kuan (Non-Independent Non-Executive Director / Vice Chairman)	Member	-	Member
Yau Ming Teck (Non-Independent Non-Executive Director)	-	Member	-

2.5 NC & RC

Currently, the composition of the NC & RC complies with the MMLR and comprise with a majority of Independent Directors.

The NC & RC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the Committees will undertake a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

The Board believes that individuals with diverse backgrounds, independence, competencies and diversity represented on the Board could improve its effectiveness and bring different perspectives to its deliberations and decision-making processes.

The above composition ensures that any decisions made are impartial and in the best interest of the Company without any element of fear or favor.

In furtherance to that, the NC & RC will also recommend to the Board the framework of the remuneration package for Executive Directors based on their duties and responsibilities. It is nevertheless the ultimate decision of the entire Board to approve the appointment and remuneration of new directors and the directors do not participate in a decision on their own remuneration package. The Directors' fees are approved at the AGM annually by the shareholders, based on the recommendation from the Board.

The NC & RC meet as and when required at least once every financial year.

The activities undertaken by the NC for the FYE 2024 are as follows:-

- i) Evaluated the performance of each Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, key responsibilities of the Chairman, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.
- ii) Evaluated the performance of the Executive Directors against diverse key performance indicators, amongst others, financial, strategic and sustainability, conformance and compliance, business acumen/ increasing shareholders wealth, succession planning and personal input to the role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.5 NC & RC (cont'd)

The activities undertaken by the NC for the FYE 2024 are as follows:- (cont'd)

- iii) Assessed and evaluated the independence of the Independent Non-Executive Directors.
- iv) Assessed and evaluated the effectiveness of the Board and the Board Committees as a whole for assessing the contribution to the effectiveness of the decision-making process of the Board.
- v) Assessed and evaluated the performance of the AC.
- vi) Reviewed, considered and recommended to the Board for consideration, the re-election of Directors who were due for retirement at the AGM.

In addition, the RC and Board also reviewed the remuneration packages (including fees and benefits) of the Directors for the FYE 2024 before recommending the same to the shareholders for approval at the AGM of the Company.

2.6 Appointment to the Board

The proposed appointment of new Board members is reviewed and assessed by the NC. Thereafter the NC submits its recommendation on the proposed appointment to the Board for approval. The NC's primary role is to review the required mix of skills and experiences of the Directors on the Board and determine the appropriate Board balance and size of non-executive directors. It will establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, and the committees of the Board and for assessing the contribution of each individual Director including time commitment. The Board is satisfied that the current composition of the Board brings the required mix of skills and experiences required for the Board to function effectively.

The NC is responsible to assess, evaluate and recommend a new Board member to the Board after taking into consideration the relevant criteria such as age, gender, ethnicity, skill and experience, industry knowledge, personal qualities and characteristic which include integrity, willingness and ability to discharge duty as Director.

2.7 Re-election and Re-appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM and provided always that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM held following their appointments.

The Board makes recommendations concerning the re-election, reappointment and continuation in office of any Director for shareholders' approval at the AGM.

The NC has considered the assessment of Mr. Yau Ming Teck, Ms. Lee Wai Fun and Mr. Wong Yau Min, the Directors standing for re-election and collectively agreed that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their roles as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.8 Overall Effectiveness of the Board and Board Committee as a whole

The Board has, through the NC, conducted an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director for the FYE 2024 based on the agreed evaluation process, criteria to be used and the evaluation method. The process was carried out by sending the following customised assessment forms to Directors:-

- i) Performance of Executive Directors;
- ii) Performance of the Non-Executive Chairman;
- iii) Performance of the Non-Executive Directors;
- iv) Independence of the Independent Directors;
- v) Performance of the AC; and
- vi) Effectiveness of the Board and Board Committees as a whole.

The assessment criteria, amongst others, based on the Key Performance Indicators cover the financial performance and business operations, strategic and sustainability, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.

Based on the evaluations conducted for the FYE 2024, the NC and the Board were satisfied with the performance of the individual Directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

2.9 Attendance of Board and Board Committees' Meetings

The Board shall meet at least four (4) times annually, or more frequently as circumstances dictate. As part of the duty to foster open communication, the auditors and a representative(s) of the external auditors (if required) will be invited to attend the meetings. The Senior Management personnel also attended the meeting upon invitation by the Committee to provide their professional views, advice and explanation on specific items. The Company Secretaries or any other person appointed by the Board or Board Committees for this purpose shall act as Secretary for the Committee and as a reporting procedure, the minutes shall be circulated to all members of the committee.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2024 are as follows:-

Type of Meetings Name of Directors	Board of Directors	AC	NC	RC
	No. of Meetings Attended			
Mohd Rasli bin Muda	4/4	4/4	1/1	1/1
Datuk Wong Sak Kuan	4/4	4/4	-	1/1
Lee Wai Fun	4/4	-	-	-
Lim Lian Chee	4/4	-	-	-
Yau Ming Teck	4/4	-	1/1	-
Low Koon Min	4/4	4/4	1/1	1/1
Chia Weng Lock	4/4	-	-	-
Yap Ee Seong	4/4	-	-	-
Wong Yau Min	4/4	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.9 Attendance of Board and Board Committees' Meetings (cont'd)

To facilitate an effective way to discharge the responsibilities, the Board Committees have been established and guided by the respective terms of reference. The Board Committees are chaired by Independent Non-Executive Directors who exercise skillful leadership with in-depth knowledge of the industry.

2.10 Board Training

The Board acknowledges that its Directors must keep abreast of developments in the Group's operating environment and business and will need to enhance their knowledge and business acumen to meet challenging commercial risks.

During the FYE 2024, the Directors have attended the following training programmes in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:-

Name of Directors	Title of Training/Seminars attended
Mohd Rasli bin Muda	<ul style="list-style-type: none"> Beneficial Ownership Reporting Bursa Academy: Conflict of Interest ("COI") and Governance of COI
Datuk Wong Sak Kuan	<ul style="list-style-type: none"> Beneficial Ownership Reporting
Lee Wai Fun	<ul style="list-style-type: none"> Beneficial Ownership Reporting
Lim Lian Chee	<ul style="list-style-type: none"> Beneficial Ownership Reporting
Chia Weng Lock	<ul style="list-style-type: none"> Beneficial Ownership Reporting
Low Koon Min	<ul style="list-style-type: none"> ESG Requirement for PLC Companies by Bursa Latest Section 17a of the MACC Act 2009 and adequate Procedures The ways of cybersecurity considerations amid a global pandemic Beneficial Ownership Reporting
Yau Ming Teck	<ul style="list-style-type: none"> Beneficial Ownership Reporting
Yap Ee Seong	<ul style="list-style-type: none"> Tech Legal Update: Malaysia's Cybersecurity Bill Unlocking Shareholders' & Corporate Dispute Arbitration in Times of Uncertainty Practicalities of Corporate Rescue Mechanism and Recent Development Court Determination and Interpretation on Contractual Clauses impacting Commercial Contracts Deep Dive into Transfer Pricing Audit Beneficial Ownership Reporting Global Minimum Tax in Southeast Asia -A Reality Check Building Sustainable Credibility: Assurance, Greenwashing And The Rise Of Green-Hushing The Way Forward with Global Minimum Tax- Briefing for MNE in Malaysia
Wong Yau Min	<ul style="list-style-type: none"> Beneficial Ownership Reporting

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

2.10 Board Training (Cont'd)

In addition, the Directors were briefed and updated at the quarterly meetings by the External Auditors, Internal Auditors and/or the Company Secretaries on relevant amendments to the MMLR, corporate governance practices and principles, risk management and internal control approaches, Malaysian Financial Reporting Standards as well as auditing requirements. The Directors also gained insights to the market development through constructive and active deliberations at the Board meetings.

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for the Board's reference.

The Board will continue to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of relevant changes in legislation and regulations, and development in the industry in order to further enhance their skills and knowledge.

Directors are mindful that they shall consistently enhancing their skills and knowledge in order to maximise their effectiveness during their tenure. Throughout their years in office, the Directors are continually updated on the Group's business and the regulatory requirements by the Management and the Company Secretaries.

PART III - REMUNERATION

3.1 Remuneration Policy

The Board had through the RC, established a formal and transparent Remuneration Policy as a guide for the Board and the RC to determine the remuneration of Directors and/or the Senior Management of the Company which takes into account the demands, complexities and performance of the Company as well as skills and experiences required. The Remuneration Policy is available on the Company's website at www.kfmb.com.my.

The Board, assisted by the RC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.

Non-Executive Directors of LKFM will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

The annual Directors' fees and benefits payable to the Non-Executive Directors are endorsed by the Board for approval by the shareholders of the Company at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

3.2 Remuneration of Directors

The Directors' fees and benefits of the Company are subject to the shareholders' approval of the Company. The remuneration of the individual Director of the Company for the FYE 2024 is as follows:-

The Company

Name of Directors	Salaries RM	Fees RM	Meeting and Other Allowance RM	Total RM
Non-Executive Directors				
Mohd Rasli bin Muda	–	60,000	–	60,000
Datuk Wong Sak Kuan	–	36,000	–	36,000
Low Koon Min	–	36,000	–	36,000
Yau Ming Teck	–	36,000	–	36,000
Yap Ee Seong	–	36,000	–	36,000
Chia Weng Lock	–	36,000	–	36,000
Wong Yau Min	–	36,000	–	36,000
Total	–	276,000	–	276,000

The Group

Name of Directors	Salaries RM	Fees RM	Meeting and Other Allowance RM	Total RM
Non-Executive Directors				
Mohd Rasli bin Muda	–	60,000	–	60,000
Datuk Wong Sak Kuan	–	36,000	–	36,000
Low Koon Min	–	36,000	–	36,000
Yau Ming Teck	–	36,000	–	36,000
Yap Ee Seong	–	36,000	–	36,000
Chia Weng Lock	–	36,000	–	36,000
Wong Yau Min	–	36,000	–	36,000
Total	–	276,000	–	276,000

The Board is of the opinion that besides confidentiality and personal security concern, the detailed disclosure of remuneration of the Executive Directors on a named basis may be detrimental to its business interest, given the industry's competitiveness. Hence, the company opts not to disclose on a named basis the remuneration of the Executive Directors.

The remuneration of Directors commensurate with their experience, contribution and commitment in discharging their responsibilities, taking into consideration the Group's performance. Their remuneration packages are reviewed by the RC and endorsed by the Board. Furthermore, all fees, allowances and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM.

The Board determines the fees and benefits of all Directors, including the Non-Executive Directors. Directors will not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

3.3 Remuneration of Senior Management

The remuneration of the Senior Management of the Company for the FYE 2024 as follows:-

Range of Remuneration	No. of Senior Management Officer
Below RM50,000	2
RM50,001 to RM100,000	3

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the remuneration of Senior Management on a named basis would be not in the best interest of the Company given the competitive human resources environment that may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

4.1 Effective and Independent AC

The primary objective of the AC is to assist the Board in discharging its responsibilities relating to financial accounting and reporting matters. It also relied upon the Board to, amongst others, provide advice in the areas of financial reporting, external audits, internal controls environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by an Independent Non-Executive Director, namely Madam Low Koon Min who is distinct from the Chairman of the Board. In compliance with the MMLR and the Code, the AC comprises three (3) Non-Executive Directors with a majority of whom are Independent Directors.

The AC members possess the necessary skills and knowledges to discharge their duties in accordance with the TOR of the AC and they are able to understand matters under the purview of the AC including the financial reporting process.

The AC will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a former key audit partner. This policy had been codified in the TOR of AC of the Company. Currently, none of the members of the AC is a former key audit partner.

The term of office and performance of the AC and its members are reviewed by the NC annually to determine whether such AC and members have carried out their duties in accordance with the terms of reference.

The membership of the AC, summary of the works, the function of the AC in relation to the external auditors and the number of meetings held since the previous financial year end as well as the attendance of each member are shown in the Audit Committee Report of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – AUDIT COMMITTEE (CONT'D)

4.2 Financial Reporting

The financial statements of the Group were prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's performance, position and prospects primarily through the annual financial statement, quarterly financial reports and corporate announcements on significant developments to the shareholders.

The AC assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements for an announcement to the public within a stipulated time frame.

In reviewing all the published annual and quarterly financial statements during the FYE 2024, the Directors took due care and reasonable steps to ensure compliance with accounting standards in all material aspects. For this purpose, the Directors are updated and briefed by the External Auditors on current accounting practices, new MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int.") and amendments to IC Int. that have been issued but have yet to be effective.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Risk Management and Internal Control

The Board recognises the importance of having effective governance embedding risk management and internal control processes, and acknowledges its overall responsibility for maintaining a sound system of internal control covering not only financial controls but also relating to operational, compliances and risk management to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control is set out in this Annual Report.

The Group has outsourced its internal audit function to external professional services firm, to assist the AC and Board in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system and risk management.

The Internal Auditors shall conduct regular reviews and appraisal of the effectiveness of the governance, risk management and internal control process within the Group. The outsourced Internal Auditors report directly to the AC. They are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The Board acknowledges that risks management and internal control are an integral part of good governance as risk is inherent in all type of business activities. It is, however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritise and manage the risks involved in all the Group's activities and to balance between the cost and benefit of managing and treating risks, and the anticipated returns that will be derived from.

During the financial year under review, the outsourced Internal Auditors had conducted reviews on the adequacy and effectiveness of the controls on the flour milling business unit and sales orders, delivery and billing process of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

5.1 Risk Management and Internal Control (cont'd)

To ensure that the responsibilities of Internal Auditors are fully discharged, the AC evaluates the performance of the Internal Auditors for the FYE 2024 based on the following evaluation criteria as set out in the Internal Auditors' Annual Assessment Form:-

- a. Calibre of the audit firm;
- b. Quality of the internal audit engagement team;
- c. Quality of communication and interaction with the internal auditors;
- d. Internal audit scope and quality processes;
- e. Audit governance and independence; and
- f. Internal audit fee.

The AC concluded its assessment that the Internal Auditors have sufficient experiences and resources to satisfy their terms of reference and adequately deliver quality services to the Group.

The Internal Auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and as such has various channels to maintain communication with them. The annual report, quarterly announcements on financial results, relevant announcements on the Group's business and activities, as well as the Company's website are the primary mode of communication with all its stakeholders.

The Company is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, AGM and announcements via Bursa Securities. During the AGM, sufficient time will be allocated for shareholders to ask questions about the Group and its operations.

The Company's website, www.kfmb.com.my, is established for the shareholders and stakeholders to access information regarding the Group. Information on the website includes amongst others the Group's corporate structure, main business activities and announcements to Bursa Securities.

PART II – CONDUCT OF GENERAL MEETINGS

6.2 General Meetings

The Company's AGM remains the principal forum for dialogue with the shareholders where they are encouraged to meet Board to have greater insight into the Group operations. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. During AGM, shareholders are given the opportunities to raise questions related to the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. The Board and the Senior Management together with the External Auditors and Company Secretaries are available to provide feedback and responses to the questions raised by shareholders during the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

6.2 General Meetings (cont'd)

The notice of the Thirty-Ninth AGM ("39th AGM") of the Company was circulated to the shareholders at least twenty-eight (28) days before the AGM which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. The notice for the forthcoming Fortieth AGM ("40th AGM") will send to the shareholders at least twenty-eight (28) days before the date of the AGM as well.

An extraordinary general meeting ("EGM") will be held when shareholders' approvals are required on specific matters.

During the proceedings of the 39th AGM convened on 21 March 2024, the Chairman ensured that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, the Group's strategy or developments in the Group. All questions raised by the shareholders were answered and addressed accordingly.

The Company has always made the necessary preparation for poll voting for all resolutions tabled at the AGM and EGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting.

Pursuant to Paragraph 8.29A(1) of MMLR of Bursa Securities, all resolutions deliberated during the general meeting will be put to vote by way of poll and the voting results will be validated by an independent scrutineer and released to Bursa Securities on the same day.

6.3 Effective Communication and Proactive Engagement

All Directors attended the 39th AGM held on 21 March 2024 saved for Mr. Wong Yau Min who was absent due to emergency business trip that demand his attention. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group at the 39th AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during the shareholders' meetings and ensures their queries are responded to properly and systematically.

The summary of the key matters discussed at the AGM will be made public on the Company's website for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2024, except for the departure set out in the Corporate Governance Report.

AUDIT COMMITTEE REPORT

The members of the Audit Committee (“AC” or “the Committee”) of the Company are pleased to present their report for the financial year ended 30 September 2024 (“FYE 2024”).

The current members of the AC are as follows: -

Members	Designation
Low Koon Min (Chairperson)	Independent Non-Executive Director
Mohd Rasli bin Muda (Member)	Independent Non-Executive Chairman
Datuk Wong Sak Kuan (Member)	Non-Independent Non-Executive Director / Vice Chairman

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires all members of the Committee to be Non-Executive Directors, with a majority being Independent Non-Executive Directors. Additionally, the AC Chairperson, Ms. Low Koon Min, is a member of the CIMA and the MIA.

The TOR of the AC can be accessed from the corporate website of the Company at www.kfmb.com.my.

MEETINGS

The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. As part of the duty to foster open communication, the internal auditors and a representative(s) of the external auditors (if required) will normally attend the meetings. Other Board members and the senior management team may attend upon invitation by the Committee. The Company Secretaries or any other person appointed by the Committee for this purpose shall act as Secretary for the Committee and as a reporting procedure, the minutes shall be circulated to all members of the Committee and the Board.

During the financial year under review, the AC held a total of four (4) meetings. Details of attendance of the Committee members are as set out below:

Committee Members	Attendance
Low Koon Min	4/4
Mohd Rasli bin Muda	4/4
Datuk Wong Sak Kuan	4/4

SUMMARY OF WORKS FOR THE FYE 2024

The summary of works undertaken by the Committee for the FYE 2024, amongst others, included the following: -

- In overseeing the Company’s financial reporting, reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Group and of the Company and recommended the same for approval by the Board upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities have been complied with;
- Reviewed with the external auditors on the audit planning memorandum, results of the audit, the audit report and the management letter, including management’s response;
- Reviewed the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted by the external auditors;

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORKS FOR THE FYE 2024 (CONT'D)

- d) Reviewed with the internal auditors, the internal audit reports presented and considered the findings on the Risk Management and Internal Controls of the Group through the review of an internal audit report tabled and management responses thereof;
- e) Reviewed with the external auditors, the Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- f) Reviewed the related party transactions and/or recurrent related party transactions that transpired within the Group on a quarterly basis to ascertain that the disclosure procedures are established to monitor the transaction if any;
- g) Self-appraised the performance of the Committee, reviewed and evaluated the performance of the external auditors and internal auditors for the FYE 2024 and submitted the evaluation to the nomination committee for assessment;
- h) Review the updated Terms of Reference of the AC for adoption by enhancing and incorporating the sustainability component;
- i) Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
- j) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- k) Reviewed and monitored declarations, updates and measures to address any Conflict of Interest ("COI") or potential COI situations that may arise within the Group. During the FYE 2024, the Committee reviewed the Group's COI disclosures and noted that no COI or potential COI situation was reported to the Committee;
- l) Reviewed with the internal auditors, the internal audit report for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the internal auditors; and
- m) Considered and recommended the re-appointment of TGS TW PLT as the external auditor and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the auditors during their audit.

INTERNAL AUDIT ("IA") FUNCTION

The IA functions of the Group, as an integral and essential part of the risk management process, have been outsourced to a professional firm, namely Kloo Point Risk Management Services Sdn. Bhd. to maintain independence and attain efficiency in the review and maintenance of the systems of control. The IA monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. On the other hand, the AC will have to monitor and review the effectiveness of the IA activities performed during the financial year. The annual audit plan will be reviewed and approved by the AC and the findings of the audits will submit to the Committee for review. The summary of work of the IA function is disclosed in the Statement of Risk Management and Internal Control.

For the FYE 2024, the Committee noted that the IA function is independent and has performed its audit assignments with impartially, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board to maintain a sound system of risk management and internal control to safeguard Shareholders' interests and the Group's assets. The Board of Lotus KFM Berhad ("LKFM") is committed to maintaining a sound system of internal control and effective risk management and confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group that has been in place for the financial year and up to the date of approval of this Statement.

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control for the Group for the financial year ended 30 September 2024 ("FYE 2024").

BOARD'S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform for good corporate governance. The Board acknowledges its overall responsibility in maintain a sound system of risk management and internal control within the Group to ensure good corporate governance. The Group's risk management and system of internal controls are structured to provide reasonable assurance to achieve the followings:

- Effective and efficient operations;
- Accuracy and timeliness of financial reporting;
- Compliance with applicable laws and regulations; and
- An environment to promote integrity, good ethics and conduct.

The process is regularly reviewed and updated by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers. The Audit Committee ("AC") assists the Board in reviewing the adequacy and effectiveness of the system of internal controls and risk management and has received assurance from the Management that the system is operated adequately and effectively in all material aspects during the financial year.

In addition, the Board also reviewed the effectiveness of internal controls in relation to the audit conducted by internal auditors during the financial year. The Audit issues and the actions taken by the management to address the issues raised by the internal auditor were discusses during the Board meeting.

However, due to inherent limitations in any internal control system, such a system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business and corporate objectives. In this regard, the systems and procedures put in place are aimed at minimising and managing risks. All aspects of financial, organisational, operational, compliance controls as well as risk management procedures are contained within this system of risk management and internal control.

RISK MANAGEMENT

Risk management is firmly embedded in the Group's management system. It clearly defined the authority, responsibility, and accountability in implementing the risk management process and internal control system. The Board regards risk management as an integral part of the Group's business operations. The Group had established a risk management process to identify, evaluate and manage significant risks faced by the Group and formulate appropriate measures to address those risks.

The responsibility for reviewing the adequacy and effectiveness of the internal control system has been delegated by the Board to the AC. In turn, the AC assesses the adequacy and effectiveness of the internal control system and the governance system through independent reviews performed by the internal audit function and external auditors. The Management assists the Board in implementing the process by identifying, evaluating, and managing significant risks applicable to their respective areas of business and formulating suitable internal controls to mitigate and control those risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operations. The key elements are as follows:

- Organisation and definition of the management structure of Group including areas of responsibilities and segregation of authorities and limits;
- The Board and AC meet on a quarterly basis and on an ad-hoc basis where there is a need arise to discuss matters raised by the management, on strategic and operational matters inclusive of potential risks and control issues;
- The Board had delegated the responsibilities to several committees and to the management of the Company to implement and monitor designated tasks;
- Performance reports are provided to the Board to facilitate review and monitoring of financial performance;
- Proper guidelines within the Group for recruitment and selection, compensation and benefits, performance management, training and development, employee communication and human resource administration;
- Structured training and development programs conducted both internally and externally covering all levels of staff to upgrade their knowledge, skill, and competency;
- Segregation of duties to reduce the scope for error and to prevent collision;
- Health and safety policies and procedures are in place to assist in maintaining a safe working environment for all employees;
- Sufficient insurance coverage on major asset classes is in place to ensure the Group's assets are adequately covered against risks that can result in material losses;
- The working team are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Group;
- Policies and procedures are systematically documented and are in place to guide employees in their daily operations; and
- Senior Management regularly meets and communicates with employees of different levels to obtain first-hand knowledge of significant operational matters and risks.

The overall system of internal control is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require public disclosure. The Board continues to review and implement measures to strengthen the internal control environment of the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function was outsourced to an external professional services firm, to assist the AC in providing an independent assessment on the adequacy, efficiency, and effectiveness of the Group's internal control system. The internal audit function had been outsourced to Kloo Point Risk Management Services Sdn. Bhd., a third-party professional internal audit service firm which is independent of the operations and activities of the Group.

The internal audit plan entails the audit scope, coverage and frequency based on a risk-based approach and is approved by the AC.

For the financial year under review, the outsourced internal audit function has carried out the following audits:-

- Anti-Corruption Policies and Procedures
 - i) Implementation of the organisation's anti-corruption policies and procedures
 - ii) Whistleblowing policy
 - iii) Implementation of the Human Resources policies and procedures in managing corruption
 - iv) The reporting and monitoring process of the anti-corruption compliance programme
 - v) Corruption risk assessment
 - vi) Training and communication of policies and procedures

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

For the financial year under review, the outsourced internal audit function has carried out the following audits:-
(cont'd)

- Human Resources Management
 - i) Recruitment and selection process
 - ii) Recordkeeping and safeguarding of employee personnel files
 - iii) Termination and exit procedures
 - iv) Performance management and evaluation

The result of their reviews is reported directly to the AC which includes significant internal audit findings, recommendations for improvements, Management's response and proposed action plans. Follow-up reviews of the implementation of action plans are carried out to ensure that the matters highlighted in the internal audit reports have been adequately addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for the FYE 2024 for internal audit function of the Group was RM30,807 (2023: RM30,959).

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Listing Requirements, the external auditors have performed a limited assurance engagement on this Statement for inclusion in the Annual Report of the Group for the FYE 2024. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control of the Group.

The Board is of the view that the Company's risk management and internal control system is operating effectively and adequately, in all material aspects, and has received the same assurance from the Financial Controller of the Company. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Company had been in place throughout the FYE 2024 and up to the date of approval of this statement. The Board maintains an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal control system of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1) UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate exercise during the financial year ended 30 September 2024 ("FYE 2024").

2) AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to firms or corporations affiliated to the External Auditors by the Company and the Group for the FYE 2024 are as follows: -

Details of fees	Company RM'000	Group RM'000
Audit fees	70	107
Non-audit fees	13	13

3) MATERIAL CONTRACTS

No material contracts (not being contracts entered in the ordinary course of business) have been entered into by the Company and/or its subsidiaries which involved Directors' and/or major shareholders' interest, either still subsisting at the end of the FYE 2024 or, if not then subsisting, entered into since the end of the previous financial year.

4) RECURRENT RELATED PARTY TRANSACTIONS ("RRPTS")

The details of the Shareholders' Mandate for the RRPTs are set out in the Circular to Shareholders dated 24 January 2025 which is available on Bursa Malaysia Securities Berhad's website and the Company's website.

Details of transactions with related parties undertaken by the Group during the FYE 2024 are disclosed in Note 25 to the audited financial statements for the FYE 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Pursuant to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") is required to prepare the financial statements for each financial year which have been made out in accordance with the applicable Financial Reporting Standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2024 and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Board has undertaken the following measures: -

- Ensure the Group and the Company have applied relevant and appropriate accounting policies consistently and in line with applicable approved accounting standards in Malaysia;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy on the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 30 September 2024.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in flour milling and trading of its related products. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group 2024 RM	Company 2024 RM
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) attributable to owners of the Company	154,267	(1,181,460)

DIVIDENDS

There were no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM89,206,992 to RM90,888,863 by way of issuance of 12,687,800 new ordinary shares pursuant to conversion of 12,687,800 unit of warrants for total consideration of RM1,681,871.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

WARRANTS

The movement of the warrants during the financial year are as follows:

	At 1.10.2023	Number of units		At 30.9.2024
		Issued	Exercised	
Warrant B 2019/2024	263,988,860	–	(12,687,800)	251,301,060

The salient features of the warrants are disclosed in Note 13 to the financial statements.

DIRECTORS' REPORT (CONT'D)

PROVISION

There were no material transfers to or from provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Chia Weng Lock
Datuk Wong Sak Kuan*
Lee Wai Fun*
Low Koon Min
Mohd Rasli bin Muda
Yap Ee Seong
Yau Ming Teck
Wong Yau Min
Lim Lian Chee

* Director of the Company and of its subsidiaries

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are as follows:

Lee Lip Khang
Nordiana Binti Nordin

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholding are as follows:

	Number of ordinary shares		
	At 1.10.2023	Bought	Sold
			At 30.9.2024
The Company			
Direct interests			
Mohd Rasli bin Muda	470,000	—	—
Lee Wai Fun	33,912,000	—	—
Datuk Wong Sak Kuan	200,740,000	—	—
Yau Ming Teck	58,500,000	—	—
Chia Weng Lock	8,330,000	—	—
Lim Lian Chee	145,000	—	—
Indirect interests			
Datuk Wong Sak Kuan ^(#)	300,000,000	—	—
Chia Weng Lock ^(*)	58,136,000	15,000	—

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholding are as follows: (cont'd)

	At 1.10.2023	Number of warrants		At 30.9.2024
		Bought	Sold	
The Company				
Direct interests				
Lee Wai Fun	16,820,000	–	–	16,820,000
Datuk Wong Sak Kuan	86,725,000	–	–	86,725,000
Yau Ming Teck	17,750,000	–	–	17,750,000
Chia Weng Lock	4,000,000	–	–	4,000,000
Lim Lian Chee	286,000	–	–	286,000
Indirect interests				
Chia Weng Lock (*)	24,015,000	–	–	24,015,000

(#) Deemed interest by virtue of shares in Lotus Essential Sdn. Bhd.

(*) Deemed interest by virtue of shares in CWL Ventures Sdn. Bhd.

By virtue of his interests in the shares of the Company, Datuk Wong Sak Kuan is deemed to have interest in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' remuneration of the Group and of the Company are as below:

	Group and Company RM
Salaries and other emoluments	240,000
Defined contribution plans	33,600
Social security contributions	2,318
Directors' fee	276,000
	551,918

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance premium paid for any Directors, officers and auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**DIRECTORS' REPORT
(CONT'D)****SUBSIDIARIES**

The details of the subsidiaries are disclosed in Note 5 to the financial statements.

AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in the office.

Auditors' remuneration for the Group and the Company as set out in Note 21 to the financial statements are RM107,000 and RM70,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 2 January 2025.

DATUK WONG SAK KUAN

LEE WAI FUN

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being the two Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 79 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2024 and of their financial performance and cash flows for the financial year ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 2 January 2025.

DATUK WONG SAK KUAN

LEE WAI FUN

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Datuk Wong Sak Kuan, being the Director primarily responsible for the financial management of Lotus KFM Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 79 to 126 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in the
Federal Territory on 2 January 2025

)
)
)

DATUK WONG SAK KUAN

Before me,

Commissioner for Oaths
SHI' ARATUL AKMAR BINTI SAHARI
(No. W788)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOTUS KFM BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lotus KFM Berhad, which comprise the statements of financial position as at 30 September 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 79 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2024, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Provision for expected credit losses ("ECLs") for trade receivables

Key audit matters

Refer to Note 8 to the financial statements, the Group and the Company have material amount of trade receivables that amounted to RM6,410,923 and RM5,849,945 respectively. The adequacy of assessment on recoverability of trade receivables require the use of estimates and judgements of the management. The Group and the Company apply a simplified approach in calculating allowance for expected credit losses ("ECLs"). Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss provision based on lifetime ECLs at each reporting date. The Group and the Company consider amongst others, their historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

- We evaluated the management's assessments on indicators of impairment or reversal of impairment.
- We evaluated the reasonableness of the Group's and of the Company's ECL model and adequacy of allowance for impairment loss by assessing the Group's and the Company's transaction history with the customers and checking subsequent receipts from the customers.
- We tested the accuracy and reliability of the trade receivables ageing report used in the Group's and the Company's ECL model.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOTUS KFM BERHAD (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

(ii) Revenue recognition

Key audit matters

Refer to Note 19 to the financial statements, on recognition of revenue in accordance with *MFRS 15 Revenue from Contracts with Customers*, revenue is recognised through a five-step model by identifying the contracts, identifying performance obligation, determine transaction price, allocate transaction price to performance obligation and recognise revenue.

Whilst revenue recognition and measurement is not complex for the Group and the Company, revenue targets form part of the Group's and of the Company's key performance measures which could create an incentive to record revenue incorrectly.

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

- We evaluated the internal controls pertaining to the timeliness, accuracy, and completeness of revenue recognised in the financial statements.
- We also conducted substantive tests to confirm the revenue recognised, tested journal entries posted to revenue accounts to identify unusual or irregular items and performed analytical procedures on the trend of revenue recognised to identify any unusual fluctuations.
- We performed cut-off test on sampling basis around the financial year end to check whether revenue is recognised in the correct accounting period.
- We understood and reviewed the appropriateness of revenue recognition policies.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOTUS KFM BERHAD (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOTUS KFM BERHAD (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

KUAN JUN XIAN
03758/06/2025 J
Chartered Accountant

KUALA LUMPUR
2 January 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

			Group		Company
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	55,117,942	56,179,997	19,652,168	21,288,463
Investment in subsidiaries	5	–	–	6,014,003	6,124,003
Other investment	6	1	1	1	1
		55,117,943	56,179,998	25,666,172	27,412,467
Current assets					
Inventories	7	290,653	836,339	290,653	836,339
Trade receivables	8	6,410,923	6,356,863	5,849,945	4,945,217
Other receivables	9	16,703,497	10,086,803	7,219,599	7,183,423
Amount due from subsidiaries	10	–	–	31,022,417	23,451,676
Tax recoverable		202,164	184,972	200,748	183,556
Fixed deposits with licensed banks	11	12,403,590	10,112,345	10,384,938	10,112,345
Cash and bank balances		11,145,238	16,810,259	9,104,068	14,621,740
		47,156,065	44,387,581	64,072,368	61,334,296
Total assets		102,274,008	100,567,579	89,738,540	88,746,763
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	90,888,863	89,206,992	90,888,863	89,206,992
Warrant reserves	13	8,181,894	8,594,985	8,181,894	8,594,985
Accumulated losses		(18,551,377)	(18,705,644)	(20,925,963)	(19,744,503)
Total equity		80,519,380	79,096,333	78,144,794	78,057,474

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	14	6,793,540	7,584,078	6,137,440	6,927,978
Deferred tax liabilities	15	7,648,002	7,677,080	–	–
		14,441,542	15,261,158	6,137,440	6,927,978
Current liabilities					
Trade payables	16	4,778,711	3,662,282	3,255,532	1,526,063
Other payables	17	1,291,772	919,706	981,900	612,969
Contract liabilities	18	428,336	891,533	428,336	891,533
Lease liabilities	14	790,538	730,746	790,538	730,746
Tax payable		23,729	5,821	–	–
		7,313,086	6,210,088	5,456,306	3,761,311
Total liabilities		21,754,628	21,471,246	11,593,746	10,689,289
Total equity and liabilities		102,274,008	100,567,579	89,738,540	88,746,763

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	19	50,700,489	58,507,920	41,623,237	51,610,614
Cost of sales		(48,764,075)	(54,364,503)	(41,293,955)	(48,754,153)
Gross profit		1,936,414	4,143,417	329,282	2,856,461
Other income		727,512	1,292,798	727,512	1,392,262
Selling and distribution expenses		(105,184)	(135,333)	(105,184)	(135,333)
Administrative expenses		(2,725,027)	(2,835,893)	(2,283,719)	(2,239,237)
Other expenses		–	(90,899)	(110,000)	(90,899)
(Loss)/Profit from operations		(166,285)	2,374,090	(1,442,109)	1,783,254
Finance costs	20	(273,575)	(299,227)	(273,575)	(299,227)
Finance income	20	582,957	440,159	534,224	433,673
Profit/(Loss) before tax	21	143,097	2,515,022	(1,181,460)	1,917,700
Tax income	22	11,170	146,871	–	135,000
Profit/(Loss) for the financial year/Total comprehensive income/(loss) for the financial year		154,267	2,661,893	(1,181,460)	2,052,700
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		154,267	2,661,893	(1,181,460)	2,052,700
Total comprehensive income/(loss) attributable to:					
Owners of the Company		154,267	2,661,893	(1,181,460)	2,052,700
Earnings per share					
Basic earnings per share (sen)	24	0.02	0.26		
Diluted earnings per share (sen)	24	0.01	0.24		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

	Note	Attributable to owners of the Company			Total equity RM
		Non-distributable Share capital RM	Warrant reserve RM	Distributable Accumulated losses RM	
Group					
At 1 October 2022		88,700,686	8,719,341	(21,367,537)	76,052,490
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,661,893	2,661,893
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	12,13	506,306	(124,356)	–	381,950
At 30 September 2023		89,206,992	8,594,985	(18,705,644)	79,096,333
At 1 October 2023		89,206,992	8,594,985	(18,705,644)	79,096,333
Profit for the financial year, representing total comprehensive income for the financial year		–	–	154,267	154,267
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	12,13	1,681,871	(413,091)	–	1,268,780
At 30 September 2024		90,888,863	8,181,894	(18,551,377)	80,519,380

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Attributable to owners of the Company			Total equity RM
		Non-distributable Share capital RM	Warrant reserve RM	Distributable Accumulated losses RM	
Company					
At 1 October 2022		88,700,686	8,719,341	(21,797,203)	75,622,824
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,052,700	2,052,700
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	12,13	506,306	(124,356)	–	381,950
At 30 September 2023		89,206,992	8,594,985	(19,744,503)	78,057,474
At 1 October 2023		89,206,992	8,594,985	(19,744,503)	78,057,474
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(1,181,460)	(1,181,460)
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	12,13	1,681,871	(413,091)	–	1,268,780
At 30 September 2024		90,888,863	8,181,894	(20,925,963)	78,144,794

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities					
Profit/(Loss) before tax		143,097	2,515,022	(1,181,460)	1,917,700
Adjustments for:					
Depreciation of property, plant and equipment		1,750,424	1,760,677	1,636,295	1,646,548
Gain on disposal of other investment		–	(479,999)	–	(479,999)
Gain on modification of lease contract		–	(140,821)	–	(140,821)
Interest expense		273,575	299,227	273,575	299,227
Interest income		(582,957)	(440,159)	(534,224)	(433,673)
Provision for slow moving inventories		–	90,899	–	90,899
Net addition/(reversal) of impairment losses on investment in subsidiaries		–	–	110,000	(123,998)
Waiver of debts		–	(24,534)	–	–
Operating profit before working capital changes		1,584,139	3,580,312	304,186	2,775,883
Changes in working capital:					
Inventories		545,686	553,059	545,686	553,059
Receivables		(6,670,754)	657,770	(940,904)	1,449,957
Payables		1,488,495	2,457,132	2,098,400	1,085,707
Contract liabilities		(463,197)	(523,505)	(463,197)	(523,505)
Cash (used in)/generated from operations		(3,515,631)	6,724,768	1,544,171	5,341,101
Tax paid		(17,192)	(70,890)	(17,192)	(70,890)
Tax refund		–	5,827	–	–
Interest received		291,712	200,776	261,631	194,290
Net cash (used in)/from operating activities		(3,241,111)	6,860,481	1,788,610	5,464,501
Cash flows from investing activities					
Interest received		291,245	239,383	272,593	239,383
Acquisition of property, plant and equipment	A	(688,369)	(996,913)	–	–
Proceeds from disposal of other investment		–	480,000	–	480,000
Net cash (used in)/from investing activities		(397,124)	(277,530)	272,593	719,383

STATEMENTS OF CASH FLOWS (CONT'D)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities					
Advances to subsidiaries		–	–	(7,570,741)	(407,071)
Issuance of shares pursuant to warrants exercised		1,268,780	381,950	1,268,780	381,950
Interest paid		(273,575)	(299,227)	(273,575)	(299,227)
(Placement)/Uplift of fixed deposit pledged with licensed banks		(204,069)	2,277,276	(204,069)	2,277,276
Repayments of lease liabilities	B	(730,746)	(687,775)	(730,746)	(687,775)
Net cash from/(used in) financing activities		60,390	1,672,224	(7,510,351)	1,265,153
Net cash (decrease)/increase in cash and cash equivalents		(3,577,845)	8,255,175	(5,449,148)	7,449,037
Cash and cash equivalents at beginning of the financial year		18,827,963	10,572,788	16,639,444	9,190,407
Cash and cash equivalents at end of the financial year		15,250,118	18,827,963	11,190,296	16,639,444
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		11,145,238	16,810,259	9,104,068	14,621,740
Fixed deposits with licensed banks		12,403,590	10,112,345	10,384,938	10,112,345
		23,548,828	26,922,604	19,489,006	24,734,085
Less: Fixed deposits pledged with licensed banks	11	(8,298,710)	(8,094,641)	(8,298,710)	(8,094,641)
		15,250,118	18,827,963	11,190,296	16,639,444

STATEMENTS OF CASH FLOWS (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Acquisition of property, plant and equipment

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Total acquisition of property, plant and equipment	688,369	4,086,338	–	3,089,425
Less: Acquisition by means of lease liabilities	–	(3,089,425)	–	(3,089,425)
Total cash payment	688,369	996,913	–	–

B. Cash outflows for leases as a lessee

		2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Included in net cash (used in)/ from operating activities					
Payment relating to short-term leases	21	57,959	57,305	57,959	57,305
Included in net cash from/ (used in) financing activities					
Interest paid on lease liabilities	20	273,575	299,227	273,575	299,227
Payment of lease liabilities		730,746	687,775	730,746	687,775
		1,004,321	987,002	1,004,321	987,002
		1,062,280	1,044,307	1,062,280	1,044,307

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Kawasan Lembaga Pelabuhan Kuantan KM25, Jalan Kuantan/Kemaman, Tanjung Gelang, 26080 Kuantan, Pahang Darul Makmur.

The Company is principally engaged in flour milling and trading of its related products. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the financial statements.

(i) Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the followings:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(i) Adoption of new and amended standards (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the Note 3 to the financial statements.

(ii) Standard issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial years beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvement - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountabilities Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) Standard issued but not yet effective (cont'd)

The Group and the Company intend to adopt the above new and amendments MFRSs when they become effective.

The initial applications of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group and Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to financial statements.

Impairment of property, plant and equipment

The Group and the Company assess whether there is any indication that property, plant and equipment is impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

Impairment of investment in subsidiaries

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount.

Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investment in subsidiaries is disclosed in Note 5 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets is disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimate the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7 to the financial statements.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 9 and 10 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(ii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the former subsidiary, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is remeasured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses.

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Capital work-in-progress is not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold lands	Over the lease term
Buildings, factory and civil works	20 to 50 years
Factory	Over the lease term
Office	Over the lease term
Wheat silos	Over the lease term
Plant and machinery	10 to 30 years
Equipment and fixtures	5 to 10 years
Motor vehicles	4 to 10 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

(iii) Bearer plant

A bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce. The bearer plant of the Group are eucalyptus trees.

Cost of bearer plants consists of plantation development costs incurred from the commencement of planting of tree up to the maturity of the crop cultivated.

Immature bearer plants are measured at accumulated costs of planting of bearer plants, similar to accounting for a self-constructed item of property, plant and equipment. Bearer plants are classified as immature until the trees are available for harvest. At that point, bearer plants are measured at amortised cost and depreciated over their useful life.

(iv) Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount recognised in profit or loss.

(c) Leases

As lessee

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease components on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are lessees, they have elected not to separate non-lease components and will instead account the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group and the Company have elected not to recognised right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Depreciation

The ROU assets under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold lands	Over the lease term
Factory	Over the lease term
Office	Over the lease term
Wheat silos	Over the lease term

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Leases (cont'd)

As lessor

When the Group and the Company act as lessors, they determine at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group and the Company do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rental income from operating lease recognised as income on a straight-line basis over the lease term. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(d) Financial instruments

At the reporting date, the Group and the Company have financial assets at fair value through profit and loss ("FVTPL") and financial assets at amortised cost on their statements of financial position. The Group's financial asset at FVTPL includes other investment and financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial asset at FVTPL includes other investment and financial assets at amortised cost include trade and other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position. The Group's and the Company's financial liabilities at amortised cost include trade and other payables, and lease liabilities.

(e) Inventories

Inventories are stated at the lower of cost and net realisable values.

Cost of raw materials and consumables comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis.

Cost of finished goods consists of direct materials, direct labour and appropriate proportion of production overheads (based on normal operating capacity) are stated on standard cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or has billed the customers. The Group's and the Company's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group and the Company perform their obligation under the contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Revenue recognition

(i) Revenue from contracts with customers

The Group and the Company recognise revenue from the following major source:

Sales of goods - wholesale

The Group and the Company manufacture and sell flour, starch, chemical, wood and bamboo chips and related products in the wholesale market. Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the wholesaler's specific location, the wholesaler has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract net of rebates, discounts and taxes. Payment of the transaction price is due immediately at the point the customer purchases the goods.

A receivable is recognised by the Group and the Company when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed as the revenue recognised with a credit term of 14 to 90 days, which is consistent with market practice.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(h) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands RM	Buildings, factory and civil works RM	Factory RM	Office RM	Wheat silos RM	Immature bearer plant RM	Plant and machinery RM	Equipment fixtures and RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Group											
Cost											
At 1 October 2022	34,112,050	9,876,990	5,261,139	3,884,277	439,790	-	41,202,102	4,693,171	124,093	2,483,330	102,076,942
Additions	-	-	-	3,089,425	-	996,913	-	-	-	-	4,086,338
Modification of lease contract	-	-	-	(3,884,277)	-	-	-	-	-	-	(3,884,277)
Reclassification	-	-	-	-	-	-	2,483,330	-	-	(2,483,330)	-
At 30 September 2023	34,112,050	9,876,990	5,261,139	3,089,425	439,790	996,913	43,685,432	4,693,171	124,093	-	102,279,003
Additions	377,506	-	-	-	-	310,863	-	-	-	-	688,369
At 30 September 2024	34,489,556	9,876,990	5,261,139	3,089,425	439,790	1,307,776	43,685,432	4,693,171	124,093	-	102,967,372
Accumulated depreciation											
At 1 October 2022	103,300	7,608,903	928,437	1,099,323	159,924	-	26,257,675	4,359,164	124,083	-	40,640,809
Charge for the financial year	114,129	114,558	309,479	489,847	53,308	-	570,721	108,635	-	-	1,760,677
Modification of lease contract	-	-	-	(1,245,900)	-	-	-	-	-	-	(1,245,900)
At 30 September 2023	217,429	7,723,461	1,237,916	343,270	213,232	-	26,828,396	4,467,799	124,083	-	41,155,586
Charge for the financial year	114,129	111,751	309,479	514,904	53,308	-	559,738	87,115	-	-	1,750,424
At 30 September 2024	331,558	7,835,212	1,547,395	858,174	266,540	-	27,388,134	4,554,914	124,083	-	42,906,010

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold lands RM	Buildings, factory and civil works RM	Factory RM	Office RM	Wheat silos RM	Immature bearer plant RM	Plant and machinery RM	Equipment and fixtures RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Group (cont'd)											
Accumulated impairment losses											
At 1 October 2022/											
30 September 2023/											
30 September 2024	-	1,729,204	-	-	-	-	3,214,216	-	-	-	4,943,420
Carrying amount											
At 30 September 2024	34,157,998	312,574	3,713,744	2,231,251	173,250	1,307,776	13,083,082	138,257	10	-	55,117,942
At 30 September 2023	33,894,621	424,325	4,023,223	2,746,155	226,558	996,913	13,642,820	225,372	10	-	56,179,997
Company											
Cost											
At 1 October 2022	9,876,990	5,261,139	3,884,277	439,790	41,202,102	4,693,171	124,093	2,483,330	67,964,892		
Additions	-	-	3,089,425	-	-	-	-	-	-	-	3,089,425
Modification of lease contract	-	-	(3,884,277)	-	-	-	-	-	-	-	(3,884,277)
Reclassification	-	-	-	-	2,483,330	-	-	-	(2,483,330)	-	-
At 30 September 2023/											
30 September 2024	9,876,990	5,261,139	3,089,425	439,790	43,685,432	4,693,171	124,093	-	-	-	67,170,040

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings, factory and civil works RM	Factory RM	Office RM	Wheat silos RM	Plant and machinery RM	Equipment and fixtures RM	Motor vehicles RM	Capital work- in-progress RM	Total RM
Company (cont'd)									
Cost (cont'd)									
Accumulated depreciation									
At 1 October 2022	7,608,903	928,437	1,099,323	159,924	26,257,675	4,359,164	124,083	-	40,537,509
Charge for the financial year	114,558	309,479	489,847	53,308	570,721	108,635	-	-	1,646,548
Modification of lease contract	-	-	(1,245,900)	-	-	-	-	-	(1,245,900)
At 30 September 2023	7,723,461	1,237,916	343,270	213,232	26,828,396	4,467,799	124,083	-	40,938,157
Charge for the financial year	111,751	309,479	514,904	53,308	559,738	87,115	-	-	1,636,295
At 30 September 2024	7,835,212	1,547,395	858,174	266,540	27,388,134	4,554,914	124,083	-	42,574,452
Accumulated impairment losses									
At 1 October 2022	-	-	-	-	-	-	-	-	-
/30 September 2023	-	-	-	-	-	-	-	-	-
/30 September 2024	1,729,204	-	-	-	3,214,216	-	-	-	4,943,420
Carrying amount									
At 30 September 2024	312,574	3,713,744	2,231,251	173,250	13,083,082	138,257	10	-	19,652,168
At 30 September 2023	424,325	4,023,223	2,746,155	226,558	13,642,820	225,372	10	-	21,288,463

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Leasehold lands	34,157,998	33,894,621	–	–
Factory	3,713,744	4,023,223	3,713,744	4,023,223
Office	2,231,251	2,746,155	2,231,251	2,746,155
Wheat silos	173,250	226,558	173,250	226,558
	40,276,243	40,890,557	6,118,245	6,995,936

- (b) Depreciation of right-of-use assets are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Leasehold lands	114,129	114,129	–	–
Factory	309,479	309,479	309,479	309,479
Office	514,904	489,847	514,904	489,847
Wheat silos	53,308	53,308	53,308	53,308
	991,820	966,763	877,691	852,634

- (c) Additional to the right-of-use assets are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Office	–	3,089,425	–	3,089,425

- (d) Immature bearer plant represent planting expenditure which consist of expenses incurred in connection with the planting of the Eucalyptus trees.
- (e) Included in the carrying amount of the leasehold lands of the Group is an amount of RM28,783,130 (2023: RM28,405,624) which is not subject to depreciation as the leasehold lands are not commenced in use.

Group and Company as lessor

The Group and the Company have entered into operating leases in their right-of-use assets consisting of office. This lease is on short-term basis. This lease includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group and the Company during the financial year is RM577,200 (2023: RM541,800).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
In Malaysia		
At cost		
Unquoted shares	6,324,005	6,324,005
Less: Accumulated impairment losses	(310,002)	(200,002)
	6,014,003	6,124,003

Investment in subsidiaries are impaired at reporting date when the recoverable amount of the subsidiaries is lower than cost of investment. The movement of accumulated impairment losses during the financial year is as follows:

	Company	
	2024 RM	2023 RM
At beginning of the financial year	200,002	324,000
Net addition/(reversal)	110,000	(123,998)
At end of the financial year	310,002	200,002

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
<u>Direct subsidiaries</u>				
KFM Marketing Sdn. Bhd. ("KMSB")	Malaysia	100	100	Trading of industrial related products.
Lotus Plantation Sdn. Bhd. ("LPSB")	Malaysia	100	100	Holding companies, planting, replanting, transplanting, thinning and conserving of forests and timber tracts, and wholesale of a variety of goods without any particular specialisation not elsewhere classified.
LKB Plantation Sdn. Bhd. ("LKPSB")	Malaysia	100	100	Holding companies, planting, replanting, transplanting, thinning and conserving of forests and timber tracts, and wholesale of a variety of goods without any particular specialisation not elsewhere classified.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
<u>Subsidiaries of LPSB</u>				
ASV Jaya Resources Sdn. Bhd. ("AJRSB")	Malaysia	100	100	To plant, grow cultivate, produce and raise forest plantations of all kinds or varieties of forest plants, tree and crops and nature products of any kind.
Sam Jaya Plantation Sdn. Bhd. ("SJPSB")	Malaysia	100	100	To plant, grow cultivate, produce and raise forest plantations of all kinds or varieties of forest plants, tree and crops and nature products of any kind.
Hijau Ria Solutions Sdn. Bhd. ("HJRSB")	Malaysia	100	100	Wholesale of lumber and timber.
Ladang Lojing Sdn. Bhd. ("LLSB")	Malaysia	100	100	Forestry operation on a fee or contract basis for logging service activities.
Khas Jadi Sdn. Berhad ("KJSB")	Malaysia	100	100	Timber logging and production of round wood used in an unprocessed form.

6. OTHER INVESTMENT

	Group and Company	
	2024 RM	2023 RM
Unquoted shares in Malaysia, at FVTPL		
At beginning of the financial year	1	2
Less: Disposal during the financial year	–	(1)
At end of the financial year	1	1

7. INVENTORIES

	Group and Company	
	2024 RM	2023 RM
Raw materials	168,033	691,281
Finished goods	36,142	54,929
Consumables	86,478	90,129
	290,653	836,339
Recognised in profit or loss:		
Inventories recognised as cost of sales	39,158,470	46,294,260
Provision for slow moving inventories	–	90,899

The provision of slow moving inventories is made when the related inventories were obsolete.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. TRADE RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables	6,461,317	6,407,257	5,900,339	4,995,611
Allowance for ECLs	(50,394)	(50,394)	(50,394)	(50,394)
	6,410,923	6,356,863	5,849,945	4,945,217

The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranged from 14 days to 90 days (2023: 14 to 90 days). Other credit terms are assessed and approved by the management on case-by-case basis.

The movements of expected credit losses are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At beginning/end of the financial year	50,394	50,394	50,394	50,394

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2024			
Not past due	4,265,872	–	4,265,872
Past due:			
Less than 30 days	1,205,927	–	1,205,927
30 to 60 days	821,726	–	821,726
60 to 90 days	81,029	–	81,029
Past due more than 90 days	86,763	(50,394)	36,369
	6,461,317	(50,394)	6,410,923
2023			
Not past due	4,153,586	–	4,153,586
Past due:			
Less than 30 days	1,962,907	–	1,962,907
30 to 60 days	5,390	(4,198)	1,192
60 to 90 days	79,560	(22,970)	56,590
Past due more than 90 days	205,814	(23,226)	182,588
	6,407,257	(50,394)	6,356,863

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. TRADE RECEIVABLES (CONT'D)

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables: (cont'd)

	Gross amount RM	ECLs RM	Net amount RM
Company			
2024			
Not past due	4,052,230	–	4,052,230
Past due:			
Less than 30 days	879,166	–	879,166
30 to 60 days	801,151	–	801,151
60 to 90 days	81,029	–	81,029
Past due more than 90 days	86,763	(50,394)	36,369
	5,900,339	(50,394)	5,849,945
2023			
Not past due	3,426,517	–	3,426,517
Past due:			
Less than 30 days	1,278,330	–	1,278,330
30 to 60 days	5,390	(4,198)	1,192
60 to 90 days	79,560	(22,970)	56,590
Past due more than 90 days	205,814	(23,226)	182,588
	4,995,611	(50,394)	4,945,217

9. OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-trade receivables	68,861	78,604	68,861	78,604
Advances	8,389	9,164	8,389	9,164
Advances to a supplier	6,710,000	6,710,000	6,710,000	6,710,000
Deposits	2,153,966	2,160,892	254,862	261,788
Prepayment	7,762,281	1,128,143	177,487	123,867
	16,703,497	10,086,803	7,219,599	7,183,423

Included in non-trade receivables of the Group and of the Company is an amount of RM68,861 (2023: RM78,604) due from a company in which a Director has interest which is unsecured, non-interest bearing and repayable on demand.

The advances to a supplier of the Group and of the Company was paid to a company in which a Director has interest for purchase of inventories.

Included in deposits of the Group are amount of RM449,104 (2023: RM449,104) paid for acquisition of subsidiaries and an amount of RM1,340,000 (2023: RM1,340,000) paid to local authority for permit, license and right for the land usage.

Included in the prepayment of the Group are amount of RM7,534,800 (2023: RM969,800) related to logging premium, permit fee, and border marking fee paid to the Perak State Forestry Department.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

11. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear an effective interest rate ranging from 2.00% to 3.70% (2023: 2.00% to 3.34%) and 2.00% to 3.35% (2023: 2.00% to 3.34%) respectively. The maturity period of the fixed deposits with licensed banks of the Group and of the Company are ranging from 30 to 90 (2023: 30 to 90) days.

Fixed deposits with licensed banks of the Group and of the Company amounting to RM8,298,710 (2023: RM8,094,641) are pledged as security for bank borrowings of the Group and of the Company.

12. SHARE CAPITAL

	Number of ordinary shares		Group and Company Amount	
	2024 Units	2023 Units	2024 RM	2023 RM
Issued and fully paid				
At beginning of financial year	1,022,794,404	1,018,974,904	89,206,992	88,700,686
Issuance of share - Exercise of warrants	12,687,800	3,819,500	1,681,871	506,306
At end of the financial year	1,035,482,204	1,022,794,404	90,888,863	89,206,992

During the financial year, the Company increased its issued and paid-up share capital from RM89,206,992 to RM90,888,863 (2023: RM88,700,686 to RM89,206,992) by way of issuance of 12,687,800 (2023: 3,189,500) new ordinary shares pursuant to conversion of 12,687,800 (2023: 3,189,500) unit of warrants for total consideration of RM1,681,871 (2023: RM506,306).

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

13. WARRANT RESERVES

	Group and Company	
	2024 RM	2023 RM
Warrant reserves	8,181,894	8,594,985

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. WARRANT RESERVES (CONT'D)

On 26 November 2019, the Company issued 238,797,710 free detachable warrants on the basis of one (1) warrant for every two (2) rights shares subscribed, and 58,290,350 free detachable warrants on the basis of one (1) warrant for every two (2) ordinary shares subscribed upon issuance of settlement shares.

	Tenure (years)	Issue date	Expiry date	Exercise Price
Warrant B 2019/2024	5	28.11.2019	25.11.2024	0.10

The warrants may be exercised at any time during the tenure of the warrants of five (5) years including and commencing from the issue date of the warrants and ending on the expiry date. Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.10 each stated above and shall be satisfied fully in cash and shall be subject to adjustment in accordance with the respective Deed Pools.

Subject to the provision in the respective Deed Pools, the exercise price and the number of warrants held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditors, in the event of alteration of the share capital of the Company.

The fair value allocated to the warrants reserve is derived by adjusting the proceeds of the above issuance to the fair value of the shares and warrants on a proportionate basis.

During the financial year, 12,687,800 (2023: 3,819,500) warrants were exercised as RM0.10 (2023: RM0.10) each amounting to RM1,268,780 (2023: RM381,950). This resulted in the issuance of 12,687,800 (2023: 3,819,500) new ordinary shares and a transfer of warrants reserve of RM413,091 (2023: RM124,356) to share capital. The total increase arising from the warrants exercised amounted to RM1,681,871 (2023: RM506,306).

The movement of the warrants during the financial year is as follows:-

	At 1.10.2023	Number of units		At 30.9.2024
		Issued	Exercised	
Warrant B 2019/2024	263,988,860	–	(12,687,800)	251,301,060

	At 1.10.2022	Number of units		At 30.9.2023
		Issued	Exercised	
Warrant B 2019/2024	267,808,360	–	(3,819,500)	263,988,860

14. LEASE LIABILITIES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-current	6,793,540	7,584,078	6,137,440	6,927,978
Current	790,538	730,746	790,538	730,746
	7,584,078	8,314,824	6,927,978	7,658,724

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Within 1 year	1,036,776	1,004,322	1,036,776	1,004,322
Between 1 - 5 years	3,761,275	4,158,974	3,761,275	4,158,974
More than 5 years	4,571,269	5,210,345	3,510,769	4,149,845
	9,369,320	10,373,641	8,308,820	9,313,141
Less: Future finance charge	(1,785,242)	(2,058,817)	(1,380,842)	(1,654,417)
Present value of lease liabilities	7,584,078	8,314,824	6,927,978	7,658,724

The Group and the Company lease various land and properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15. DEFERRED TAX LIABILITIES

	Group	
	2024 RM	2023 RM
At beginning of the financial year	7,677,080	7,694,758
Recognised in profit or loss	(29,078)	(17,678)
At end of the financial year	7,648,002	7,677,080

The component of deferred tax liability arose as a result of taxable temporary difference from property, plant and equipment.

16. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company was 30 days (2023: 30 days).

Included in trade payables of the Group and of the Company is an amount of RM3,566,395 and RM3,255,532 (2023: RM2,496,441 and RM1,526,063) due from companies in which a Director has interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-trade payables	717,143	365,448	459,835	108,140
Accruals	430,329	413,858	377,765	364,429
Deposits	144,300	140,400	144,300	140,400
	1,291,772	919,706	981,900	612,969

Included in non-trade payables of the Group is an amount of RM257,308 (2023: RM256,441) due to Directors of the Group and of the subsidiary which is unsecured, non-interest bearing and repayable on demand.

Included in non-trade payables of the Group and of the Company is an amount of RM284 (2023: RM142) due to a company in which a Director has interest which is unsecured, non-interest bearing and repayable on demand.

Included in deposit of the Group and of the Company is an amount of RM144,300 (2023: RM140,400) due to companies in which a Director has interest which is unsecured, non-interest bearing and repayable on demand.

18. CONTRACT LIABILITIES

	Group and Company	
	2024 RM	2023 RM
At beginning of the financial year	891,533	1,415,038
Addition	4,043,250	6,222,000
Recognised as revenue	(4,506,447)	(6,745,505)
At end of the financial year	428,336	891,533

The contract liabilities refer to advances received from a customer which will be set off against future revenue made with the Group and the Company.

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Group and Company	
	2024 RM	2023 RM
Within 1 year	428,336	891,533

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. REVENUE

Revenue represents the invoiced value of goods less indirect tax, discounts and returns.

The Group's and the Company's revenue disaggregated by pattern of revenue recognition is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customer				
Sale of flour and related products	41,623,237	51,610,614	41,623,237	51,610,614
Sales of chemical substance	8,694,497	6,897,306	–	–
Sales of wood chip and bamboo chip	382,755	–	–	–
	50,700,489	58,507,920	41,623,237	51,610,614
Timing of revenue recognition				
At a point in time	50,700,489	58,507,920	41,623,237	51,610,614
Geographical market				
Malaysia	50,700,489	58,507,920	41,623,237	51,610,614

20. FINANCE COST/FINANCE INCOME

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Finance cost				
Interest expense of lease liabilities	273,575	299,227	273,575	299,227
Finance income				
- bank interest	291,712	200,776	261,631	194,290
- fixed deposits with licensed banks	291,245	239,383	272,593	239,383
	582,957	440,159	534,224	433,673

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting) amongst others, the following items:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Auditors' remuneration				
- statutory audit	107,000	95,000	70,000	63,000
- other services	13,000	15,000	13,000	15,000
- underprovision in the previous financial year	–	3,000	–	1,000
Depreciation of property, plant and equipment	1,750,424	1,760,677	1,636,295	1,646,548
Gain on disposal of other investment	–	(479,999)	–	(479,999)
Net addition/(reversal) of impairment losses on investment in subsidiaries	–	–	110,000	(123,998)
Provision of slow moving inventories	–	90,899	–	90,899
Gain on modification of lease contract	–	(140,821)	–	(140,821)
Realised gain on foreign exchange	–	(1)	–	(1)
Short-term lease (a)	57,959	57,305	57,959	57,305
Rental income	(577,200)	(541,800)	(577,200)	(541,800)
Waiver of debts	–	(24,534)	–	–

- (a) The Group and the Company lease office and equipments with contract terms of not more than one year. These leases are short-term lease and low value assets leases. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

22. TAX INCOME

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Tax income recognised in profit or loss				
Current tax				
Current financial year	22,158	5,807	–	–
Over provision in previous financial year	(4,250)	(135,000)	–	(135,000)
	17,908	(129,193)	–	(135,000)
Deferred tax				
Origination and reversal of temporary differences	(27,278)	(26,278)	–	–
(Over)/Under provision in previous financial year	(1,800)	8,600	–	–
	(29,078)	(17,678)	–	–
	(11,170)	(146,871)	–	(135,000)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. TAX INCOME (CONT'D)

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before tax	143,097	2,515,022	(1,181,460)	1,917,700
At Malaysian statutory tax rate of 24% (2023: 24%)	34,343	603,605	(283,550)	460,248
Expenses not deductible for tax purposes	351,559	327,866	336,638	251,454
Income not subject to tax	(138,528)	(154,662)	(138,528)	(184,422)
Movement of deferred tax assets not recognised	(252,494)	(797,280)	85,440	(527,280)
Over provision of tax expense in previous financial year	(4,250)	(135,000)	–	(135,000)
(Over)/Under provision of deferred tax in previous financial year	(1,800)	8,600	–	–
	(11,170)	(146,871)	-	(135,000)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Property, plant and equipment	(10,705,000)	(9,961,000)	(10,705,000)	(9,961,000)
Provision	50,000	50,000	50,000	50,000
Inventories	128,000	128,000	128,000	128,000
Unabsorbed business losses	57,993,229	59,935,286	55,936,000	56,470,000
Unutilised capital allowances	19,909,000	18,275,000	19,909,000	18,275,000
Unutilised reinvestment allowances	9,973,000	9,973,000	9,973,000	9,973,000
	77,348,229	78,400,286	75,291,000	74,935,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. TAX INCOME (CONT'D)

Unrecognised deferred tax assets (cont'd)

In accordance with the provision of the Finance Act 2018, the unabsorbed business losses are available for utilisation in the next seven consecutive years from when it was incurred, for which, any excess at the end of the seventh year, shall be disregarded. The other temporary differences do not expire under current tax legislation.

The Finance Act 2021 stated that the time frame to carry forward unabsorbed business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

The unutilised reinvestment allowances will be expiring within financial year 2025 under Malaysian tax legislation.

The unutilised capital allowances do not expire under current tax legislation of Malaysia. Unabsorbed business losses will expire at the following year of assessment ("YA"):

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
YA 2025	53,172,389	55,114,446	51,139,000	51,673,000
YA 2029	1,408,000	1,408,000	1,408,000	1,408,000
YA 2031	2,083,000	2,083,000	2,083,000	2,083,000
YA 2032	333,000	333,000	333,000	333,000
YA 2033	996,840	996,840	973,000	973,000
	57,993,229	59,935,286	55,936,000	56,470,000

Any amount not utilised upon expire period of the above year of assessment will be disregarded.

23. STAFF COSTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries and other emoluments	869,088	866,412	811,887	808,903
Defined contribution plans	100,258	102,934	92,899	95,502
Social security contributions	12,873	12,763	11,781	11,650
Directors' fees	276,000	273,000	276,000	273,000
	1,258,219	1,255,109	1,192,567	1,189,055

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company and of the subsidiaries during the financial year as below:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Directors</u>				
Salaries and other emoluments	240,000	239,355	240,000	239,355
Defined contribution plans	33,600	33,504	33,600	33,504
Social security contributions	2,318	2,306	2,318	2,306
	275,918	275,165	275,918	275,165
<u>Non-executive Directors</u>				
Directors' fees	276,000	273,000	276,000	273,000
	551,918	548,165	551,918	548,165

24. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated income for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2024 RM	2023 RM
Profit attributable to owners of the parent	154,267	2,661,893
Weighted average number of ordinary shares at 30 September	1,024,942,746	1,019,311,071
Basic earnings per ordinary shares (in sen)	0.02	0.26

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

Diluted per share are calculated based on the consolidated income for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue have been adjusted for the dilutive effects of all potential ordinary shares during the financial year as follows:

	Group	
	2024 RM	2023 RM
Profit attributable to owners of the parent	154,267	2,661,893
Weighted average number of ordinary shares at 30 September	1,164,092,913	1,125,795,225
Diluted earnings per ordinary shares (in sen)	0.01	0.24

25. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and of the Company if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Transactions with related parties				
- Purchase	(38,245,495)	(43,762,633)	(38,245,495)	(43,762,633)
- Plantation cost charged by	310,863	970,378	-	-
- Rental charged to	577,200	541,800	577,200	541,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. RELATED PARTY DISCLOSURES (CONT'D)

(c) Remuneration of key management personnel

The remuneration of the Directors are disclosed in Note 23 to the financial statements. The emoluments of key management personnel are as follows:

	Group and Company 2024 RM	2023 RM
Salaries and other emoluments	120,000	119,755
Defined contribution plans	19,872	14,105
Social security contributions	2,496	2,100
	142,368	135,960

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details of changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1.10.2023 RM	Repayment RM	At 30.9.2024 RM
Group			
Lease liabilities	8,314,824	(730,746)	7,584,078
Company			
Lease liabilities	7,658,724	(730,746)	6,927,978

	At 1.10.2022 RM	Drawdown RM	Repayment RM	Modification RM	At 30.9.2023 RM
Group					
Lease liabilities	8,692,372	3,089,425	(687,775)	(2,779,198)	8,314,824
Company					
Lease liabilities	8,036,272	3,089,425	(687,775)	(2,779,198)	7,658,724

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is organised into two major business units based on their products and services, which comprises the following:

Business segments	Business activities
Flour milling and trading	Flour milling and trading of flour, starch and chemical
Plantation	Investment holding and plantation activities

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

Group	Note	Flour milling and trading RM	Plantation RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2024						
Revenue						
External customers		50,317,734	382,755	50,700,489	-	50,700,489
Results						
Profit from operations		1,710,894	(126,755)	1,584,139	-	1,584,139
Finance income		582,800	157	582,957	-	582,957
Finance costs		(273,575)	-	(273,575)	-	(273,575)
Depreciation		(1,636,295)	(14,637)	(1,650,932)	(99,492)	(1,750,424)
Taxation		(13,215)	507	(12,708)	23,878	11,170
		370,609	(140,728)	229,881	(75,614)	154,267
Assets						
Segment assets		93,676,708	49,017,868	142,694,576	(41,311,101)	101,383,475
Additional to non-current assets other than deferred tax assets	C	-	688,369	688,369	-	688,369
Tax recoverable		200,748	1,416	202,164	-	202,164
		93,877,456	49,707,653	143,585,109	(41,311,101)	102,274,008
Liabilities						
Segment liabilities		12,503,252	41,330,867	53,834,119	(39,751,222)	14,082,897
Deferred tax liabilities		-	1,000	1,000	7,647,002	7,648,002
Tax payable		13,215	10,514	23,729	-	23,729
		12,516,467	41,342,381	53,858,848	(32,104,220)	21,754,628

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

Group (cont'd)	Note	Flour milling and trading RM	Plantation RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2023						
Revenue						
External customers		58,507,920	-	58,507,920	-	58,507,920
Results						
Profit from operations		3,894,339	(314,027)	3,580,312	-	3,580,312
Finance income		440,159	-	440,159	-	440,159
Finance costs		(299,227)	-	(299,227)	-	(299,227)
Depreciation		(1,646,548)	(14,637)	(1,661,185)	(99,492)	(1,760,677)
Other non-cash items	B	653,919	24,534	678,453	(123,998)	554,455
Taxation		135,000	(12,007)	122,993	23,878	146,871
		3,177,642	(316,137)	2,861,505	(199,612)	2,661,893
Assets						
Segment assets		88,448,524	34,154,155	122,602,679	(26,306,410)	96,296,269
Additional to non-current assets other than deferred tax assets	C	3,089,425	996,913	4,086,338	-	4,086,338
Tax recoverable		183,556	1,416	184,972	-	184,972
		91,721,505	35,152,484	126,873,989	(26,306,410)	100,567,579
Liabilities						
Segment liabilities		11,889,905	26,634,463	38,524,368	(24,736,023)	13,788,345
Deferred tax liabilities		-	6,200	6,200	7,670,880	7,677,080
Tax payable		-	5,821	5,821	-	5,821
		11,889,905	26,646,484	38,536,389	(17,065,143)	21,471,246

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Profit from inter-segment transactions are eliminated on consolidation.
- B. Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	2024 RM	Group 2023 RM
Gain on disposal of other investment	–	(479,999)
Gain on modification of lease contract	–	(140,821)
Provision for slow moving inventories	–	90,899
Waiver of debts	–	(24,534)
	–	(554,455)

- C. Additions to non-current assets consists of:

	2024 RM	Group 2023 RM
Property, plant and equipment	688,369	4,086,338

(b) Geographical information

Non-current assets information and revenue by geographical segment is not presented as the Group's activities are conducted principally in Malaysia.

(c) Information about major customer

The following are major customer with revenue equal to or more than 10% of the Group's and of the Company's total revenue:

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Flour milling and trading				
Customer A	18,884,739	26,853,336	18,884,739	26,853,336
Customer B	8,694,497	6,897,306	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at amortised cost or FVTPL.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At FVTPL				
Financial asset				
Other investment	1	1	1	1
At amortised cost				
Financial assets				
Trade receivables	6,410,923	6,356,863	5,849,945	4,945,217
Other receivables	2,231,216	2,248,660	332,112	349,556
Amount due from subsidiaries	–	–	31,022,417	23,451,676
Fixed deposits with licensed banks	12,403,590	10,112,345	10,384,938	10,112,345
Cash and bank balances	11,145,238	16,810,259	9,104,068	14,621,740
	32,190,967	35,528,127	56,693,480	53,480,534
	32,190,968	35,528,128	56,693,481	53,480,535
At amortised cost				
Financial liabilities				
Trade payables	4,778,711	3,662,282	3,255,532	1,526,063
Other payables	1,291,772	919,706	981,900	612,969
Lease liabilities	7,584,078	8,314,824	6,927,978	7,658,724
	13,654,561	12,896,812	11,165,410	9,797,756

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transaction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's exposure to credit risk arises principally from trade and other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances. There are no significant changes as compared to previous financial year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and fixed deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the trade receivables and amount due from subsidiaries are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group and the Company have 1 and 1 (2023: 1 and 3) major customers respectively and accounted for approximately 31% and 33% (2023: 22% and 32%) of the Group's and of the Company's trade receivables outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting to financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amounts RM
Group					
2024					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	4,778,711	–	–	4,778,711	4,778,711
Other payables	1,291,772	–	–	1,291,772	1,291,772
Lease liabilities	1,036,776	3,761,275	4,571,269	9,369,320	7,584,078
	7,107,259	3,761,275	4,571,269	15,439,803	13,654,561
<hr/>					
Financial guarantee*	77,200	–	–	77,200	–
<hr/>					
2023					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	3,662,282	–	–	3,662,282	3,662,282
Other payables	919,706	–	–	919,706	919,706
Lease liabilities	1,004,322	4,158,974	5,210,345	10,373,641	8,314,824
	5,586,310	4,158,974	5,210,345	14,955,629	12,896,812
<hr/>					
Financial guarantee*	100,000	–	–	100,000	–
<hr/>					

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay: (cont'd)

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amounts RM
Company					
2024					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	3,255,532	–	–	3,255,532	3,255,532
Other payables	981,900	–	–	981,900	981,900
Lease liabilities	1,036,776	3,761,275	3,510,769	8,308,820	6,927,978
	5,274,208	3,761,275	3,510,769	12,546,252	11,165,410
<hr/>					
Financial guarantee*	77,200	–	–	77,200	–
<hr/>					
2023					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	1,526,063	–	–	1,526,063	1,526,063
Other payables	612,969	–	–	612,969	612,969
Lease liabilities	1,004,322	4,158,974	4,149,845	9,313,141	7,658,724
	3,143,354	4,158,974	4,149,845	11,452,173	9,797,756
<hr/>					
Financial guarantee*	100,000	–	–	100,000	–
<hr/>					

* Based on the maximum amount that could be called for under the financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Group and the Company manage their interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The interest rate profit of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Fixed rate instrument				
<u>Financial asset</u>				
Fixed deposits with licensed banks	12,403,590	10,112,345	10,384,938	10,112,345

Interest rate risk sensitivity analysis

Fair value of sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The fair value of the financial assets and financial liabilities of the Group and the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value Level 3 RM	Total fair value RM	Carrying amount RM
Group and Company			
2024			
Financial asset			
Other investment:			
- unquoted investment	1	1	1
2023			
Financial asset			
Other investment:			
- unquoted investment	1	1	1

The carrying amounts of short-term receivables, payables, cash and cash equivalents approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during current and previous financial year.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL GUARANTEE

	Group and Company	
	2024	2023
	RM	RM
Secured:		
Financial guarantee for the purpose of electrical supply	77,200	100,000

30. CAPITAL MANAGEMENT

The Group's and of the Company's objectives when managing capital are to safeguard the Group's and the Company ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There was no change in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any external imposed capital requirements.

31. DATE OF AUTHORISATION FOR ISSUE

The consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 January 2025.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2024

Total number of Issued Shares : 1,283,310,774 Ordinary Shares
 Class of Equity Securities : Ordinary Shares ("shares")
 Voting Right : One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	92	2.40	1,985	*
100 – 1,000	903	23.53	759,683	0.06
1,001 – 10,000	1,469	38.28	7,139,900	0.56
10,001 – 100,000	975	25.40	39,522,016	3.08
100,001 – less than 5% of issued shares	395	10.29	592,981,190	46.21
5% and above of issued shares	4	0.10	642,906,000	50.10
Total	3,838	100.00	1,283,310,774	100.00

* negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 31 DECEMBER 2024

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares		
		%	Indirect Interest	%
Lotus Essential Sdn. Bhd.	300,000,000	23.38	–	–
Datuk Wong Sak Kuan	220,740,000	17.20	300,000,000 ^(a)	23.38
Yau Ming Teck	70,000,000	5.45	–	–
CWL Ventures Sdn. Bhd.	82,166,000	6.40	–	–
Chia Weng Lock	12,330,000	0.96	82,166,000 ^(b)	6.40

Note: -

- (a) Deemed interested by virtue of his interest in Lotus Essential Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (b) Deemed interested by virtue of his interest in CWL Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTOR'S INTEREST AS AT 31 DECEMBER 2024

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest	No. of Ordinary Shares		Indirect Interest	%
		%			
Datuk Wong Sak Kuan	220,740,000	17.20	300,000,000 ^(a)	23.38	
Yau Ming Teck	70,000,000	5.45	—	—	
Lee Wai Fun	51,527,000	4.02	—	—	
Chia Weng Lock	12,330,000	0.96	82,166,000 ^(b)	6.40	
Mohd Rasli Bin Muda	470,000	0.04	—	—	
Low Koon Min	—	—	—	—	
Yap Ee Seong	—	—	—	—	
Wong Yau Min	—	—	—	—	
Lim Lian Chee	431,000	0.03	—	—	

Note: -

(a) Deemed interested by virtue of his interest in Lotus Essential Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(b) Deemed interested by virtue of his interest in CWL Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 DECEMBER 2024

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1.	LOTUS ESSENTIAL SDN BHD	300,000,000	23.38
2.	DATUK WONG SAK KUAN	190,740,000	14.86
3.	CWL VENTURES SDN. BHD.	82,166,000	6.40
4.	YAU MING TECK	70,000,000	5.45
5.	LIM CHIUN CHEONG	56,969,580	4.44
6.	LEE WAI FUN	51,527,000	4.02
7.	WONG PENG KHOON	21,790,880	1.70
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG SAK KUAN (7000571)	20,000,000	1.56
9.	TOH YAN TAI	15,808,100	1.23
10.	CHONG FONG TAI	14,620,000	1.14
11.	BINTANG SARI SDN BHD	13,390,000	1.04
12.	WEE KA SENG	12,888,000	1.00
13.	WONG ONN ONN	12,823,950	1.00
14.	YAU CHI HANG	12,582,030	0.98
15.	CHIA WENG LOCK	12,330,000	0.96
16.	TOH WAH CHONG	11,845,700	0.92
17.	WONG WAI LIK	11,000,000	0.86
18.	WONG MING MING	10,763,900	0.84

ANALYSIS OF SHAREHOLDINGS (CONT'D)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 DECEMBER 2024 (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
19.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES FOR WONG SAK KUAN	10,000,000	0.78
20.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK	9,683,500	0.75
21.	TEO SOON KEE	9,512,800	0.74
22.	LEE CHENG CHENG	9,481,500	0.74
23.	CHAN PECK YIN	8,805,580	0.69
24.	H.S. MAH HEART & MEDICAL CENTRE SDN. BHD.	8,605,000	0.67
25.	SETARA MENTARI SDN BHD	8,480,000	0.66
26.	TENG CHOONG HOONG	7,346,000	0.57
27.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR HOO YEEK FOO	7,022,100	0.55
28.	AUGUSTINE KOK HWAI NAM	7,000,000	0.55
29.	CHENG SOO SHING	6,570,000	0.51
30.	CHUI MEE CHUEN	6,250,000	0.49

LIST OF PROPERTIES HELD BY THE GROUP

AS AT 30 SEPTEMBER 2024

A summary of LKFM-owned properties is set out as below:

Location	Tenure	Date of Revaluation/ Date of Acquisition	Area	Description	Age of Building	Net Carrying Amount RM'000
Pajakan Negeri 550, Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 years and 3.5 months lease expiring on 30 December 2027	15 September 1985	25,425 sq. metres	Office and Factory	39 years and 32 years	3,714
Pajakan Negeri 550, Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	17 years and 7 months lease expiring on 30 December 2027	1 June 2010	4,253 sq. metres	Wheat silos	22 years	173

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting (“40th AGM” or “Meeting”) of LOTUS KFM BERHAD (“LOTUS” or “the Company”) will be held at Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya on Wednesday, 19 March 2025 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

As Ordinary Business:

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2024 together with the Reports of the Directors and Auditors thereon. | PLEASE REFER TO
EXPLANATORY NOTE 1 |
| 2. | To approve the payment of Directors’ fees and benefits of up to RM300,000 for the period commencing from the date immediately after the 40 th AGM until the next Annual General Meeting (“AGM”) of the Company. | ORDINARY RESOLUTION 1 |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution: | |
| | i. Mr. Yau Ming Teck | ORDINARY RESOLUTION 2 |
| | ii. Ms. Lee Wai Fun | ORDINARY RESOLUTION 3 |
| | iii. Mr. Wong Yau Min | ORDINARY RESOLUTION 4 |
| 4. | To re-appoint TGS TW PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | ORDINARY RESOLUTION 5 |

As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:

- | | | |
|----|---|------------------------------|
| 5. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) | ORDINARY RESOLUTION 6 |
|----|---|------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND such authority shall continue in force until the conclusion of the Annual General Meeting (“AGM”) of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares.”

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE”)** **ORDINARY RESOLUTION 7**

“THAT authority be and is hereby given in line with Paragraph 10.09 of Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries (“the Group”) to enter into any of the recurrent related party transactions with the related party(ies) as set out in Section 2.8 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate dated 24 January 2025 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Shareholders’ Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Shareholders’ Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Shareholders’ Mandate in the best interest of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
LIM KEE SAN (MAICSA 7067348) (SSM PC NO.: 202308000295)
 Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
 24 January 2025

Notes:

- i. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.
- ii. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- vi. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment meeting:-
 - (a) **In Hardcopy Form**
 The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (b) **By Electronic Means**
 The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to eservices@sshbsb.com.my.
- vii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 11 March 2025. Only members whose name appears in the Record of Depositors as at 11 March 2025 shall be entitled to attend the Meeting and to speak and vote thereat.
- viii. All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- ix. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- x. Kindly check Bursa Securities' website and the Company's website at <https://www.kfmb.com.my/> for the latest updates on the status of the Meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 September 2024

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the formal approval of members for the Audited Financial Statements. Hence, the Agenda is not be put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after this 40th AGM until the date of the next AGM to be held in the year 2026. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Items 3 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, three (3) out of nine (9) Directors of the Company are to retire in accordance with Clause 85 of the Company's Constitution.

Following thereto, Mr. Yau Ming Teck, Ms. Lee Wai Fun and Mr. Wong Yau Min will retire by rotation pursuant to Clause 85 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 40th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect the said Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile contained in the Company's Annual Report 2024.

4. Item 5 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under item 5 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such new shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Item 5 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act (cont'd)

The Company had at its Thirty-Ninth AGM held on 21 March 2024 ("39th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 40th AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the General Mandate granted to the Directors at the 39th AGM which will lapse at the conclusion of the 40th AGM.

5. Item 6 of the Agenda – Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 7 proposed under Item 6 of the Agenda, if passed, will renew the authority given to the Company and/or its subsidiaries a mandate to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 24 January 2025 for further information.

ADMINISTRATIVE NOTES

FOR THE FORTIETH ANNUAL GENERAL MEETING OF LOTUS KFM BERHAD (“LOTUS” OR “COMPANY”) (“40TH AGM” OR “MEETING”)

Date	Time	Venue
Wednesday, 19 March 2025	10 a.m.	Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya

APPOINTMENT OF PROXY

1. A member who is entitled to participate and vote at the Meeting is entitled to appoint more than one (1) proxy to participate and vote in his/her stead. If you are not able to participate in the 40th AGM, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.
2. The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof:-
 - (i) In hardcopy form
The proxy form shall be deposited at the Share Registrar’s office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic form
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to eservices@sshb.com.my.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

4. If you wish to participate in the Meeting yourself, please do not submit any proxy form for the Meeting. You will not be allowed to participate in the 40th AGM together with the proxy(ies) appointed by you.
5. If you have submitted your Proxy Form prior to the Meeting and subsequently decide to personally participate in the Meeting, please write in to lily@sshb.com.my to revoke the earlier appointment of your proxy(ies) at least forty-eight (48) hours before the commencement of the Meeting. Upon revocation, your proxy(ies) will not be allowed to participate in the 40th AGM. In such event, kindly advise your proxy(ies) accordingly.

PROCEDURES OF THE MEETING

In the interest of public health including the well-being of our members, members must cooperate with the following precautionary measures put in place by our Company should our members or proxies wish to attend the Meeting in person. Your safety and health are our Company’s top priority.

- (a) A member is encouraged to register ahead of the Meeting to allow the Company to make the necessary arrangements in relation to the Meeting, i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants by providing the below details by email to connie.ng@lotuskfm.com.my:-
 - i) Full name;
 - ii) Identity Card or Passport Number;
 - iii) Contact number (optional – for better co-ordination); and
 - iv) CDS account number

The date of Record of Depositors for the 40th AGM is 11 March 2025. As such, only members whose names appear in the Company’s Record of Depositors as at 11 March 2025 shall be entitled to attend the 40th AGM and participate, speak and vote thereat.

ADMINISTRATIVE NOTES (CONT'D)

PROCEDURES OF THE MEETING (CONT'D)

- (b) Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the Meeting on their behalf by submitting the proxy form with predetermined voting instructions.
- (c) NO door gift will be provided to the members/proxies at the Meeting venue and NO refreshment will be served at the Meeting venue.
- (d) The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting.
- (e) Recording/Photography

By participating in this 40th AGM, you agree that no part of the Meeting proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

Shareholders are advised to check Bursa Malaysia Securities Berhad's website and Company's website at <http://www.kfmb.com.my/> for the latest updates on the status of the Meeting.

ENQUIRY

If you have any enquiry regarding the 40th AGM, please contact the following persons during office hours from 9.00 a.m. to 5.30 p.m. on Monday to Friday (except public holidays) prior to the Meeting: -

For Registration matters:	For Proxy Form matters:
Name: Ms. Connie Telephone No.: +603-8959 4883 Email: connie.ng@lotuskfm.com.my	Name: Ms. Lily Telephone No.: +603 2084 9000 Email: lily@sshbsb.com.my

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LOTUS KFM BERHAD

198401007083 (119598-P)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of Shares Held

I/We * _____ NRIC/Passport/Registration No.* _____
(full name in capital letters)

of _____
(full address)

with email address _____ mobile phone no _____

being a member/members* of **LOTUS KFM BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and*

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Fortieth Annual General Meeting ("40th AGM" or "Meeting") of the Company to be held at Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya on Wednesday, 19 March 2025 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM300,000 for the period commencing from the date immediately after the 40 th AGM until the next AGM of the Company.		
2.	To re-elect Mr. Yau Ming Teck as Director.		
3.	To re-elect Ms. Lee Wai Fun as Director.		
4.	To re-elect Mr. Wong Yau Min as Director.		
5.	To re-appoint TGS TW PLT as Auditors of the Company.		
6.	To approve the general authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

* delete whichever is not applicable

Dated this _____ day of _____ 2025

Signature/ Common Seal of Member(s)



NOTES:

- i. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- ii. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

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AFFIX
STAMP

The Share Registrar
LOTUS KFM BERHAD
198401007083 (119598-P)
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur, Malaysia

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- vi. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment meeting:-
 - (a) **In Hardcopy Form**
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (b) **By Electronic Means**
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to eservices@sshbs.com.my.
- vii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 11 March 2025. Only members whose name appears in the Record of Depositors as at 11 March 2025 shall be entitled to attend the Meeting and to speak and vote thereat.
- viii. All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- ix. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- x. Kindly check Bursa Securities' website and the Company's website at <https://www.kfmb.com.my/> for the latest updates on the status of the Meeting.



LOTUS KFM BERHAD

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