

LOTUS KFM BERHAD

Registration No. 198401007083(119598-P)

ANNUAL
REPORT

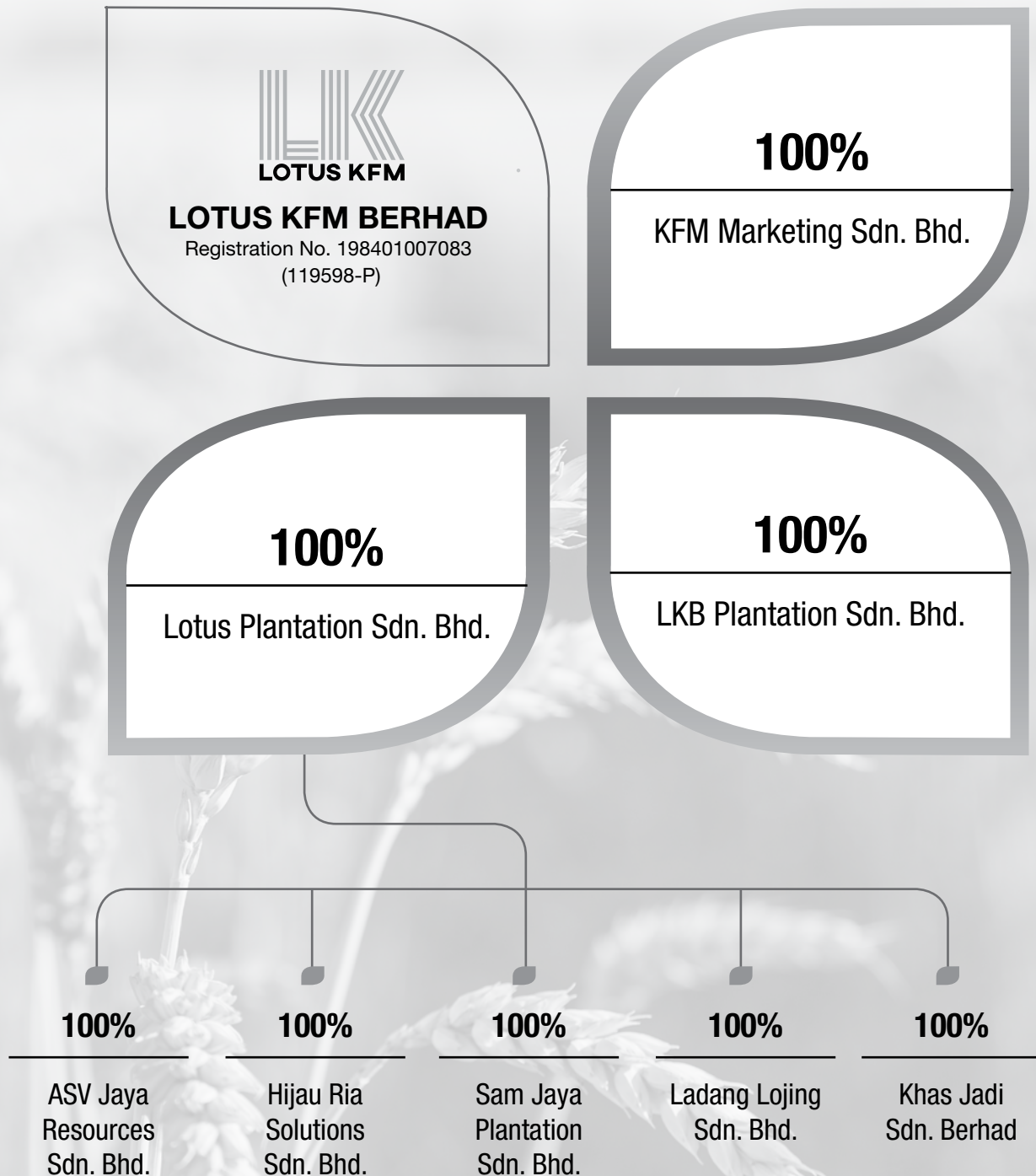
2023



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CORPORATE STRUCTURE



CORPORATE INFORMATION



BOARD OF DIRECTORS

MOHD RASLI BIN MUDA
*Independent Non-Executive
Chairman*

LEE WAI FUN
*Executive Director cum Chief
Executive Officer*

LOW KOON MIN
Independent Non-Executive Director

YAP EE SEONG
Independent Non-Executive Director

LIM LIAN CHEE
Executive Director

DATUK WONG SAK KUAN
*Non-Independent Non-Executive
Director / Vice Chairman*

YAU MING TECK
*Non-Independent Non-Executive
Director*

CHIA WENG LOCK
*Non-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
Lebuhr 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, Manara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : +603-2084 9000
Fax : +603-2094 9940 /
+603-2095 0292
Email: info@sshb.com.my

AUDITORS

TGS TW PLT
(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”) is principally engaged in flour milling and trading in its related products and is a public listed company on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The two main sources of revenue comprise of milling of wheat flour and the trading of starch flour. LKFM focus on producing consistent and good quality flour with the objective of achieving customer satisfaction and loyalty, also to providing services with exceptional value to our customers.

Lately, a proposed diversification allows Lotus Group (“the Group”) to enter the forest plantation industry in Malaysia. The plantation business is expected to provide a new source of recurring income stream for the Group to mitigate the risk of overdependence on its existing business.

As part of the diversification plan, the Group has continuously expanded and acquired three subsidiaries in 100% of total shares on 11 October 2021, being ASV Jaya Resources Sdn. Bhd., Sam Jaya Plantation Sdn. Bhd. and Hijau Ria Solution Sdn. Bhd. for a total consideration of RM5,162,190.

On 31 December 2021, the Group continued to acquire two subsidiaries in 100% of total shares, which are Ladang Lojing Sdn. Bhd. and Khas Jadi Sdn. Berhad for a total consideration of RM21,646,200. The principal activities of all the subsidiaries are disclosed in the Audited Financial Statements Report, accompanying note 5 of the financial year ended 30 September 2023.

The Board believes that both revenue contribution from existing flour milling and trading operations and contributions from subsidiaries involved in plantation and investment will positively contribute to the Group’s earnings in future.

A full description of the Group’s overall financial outcomes, business operation, operating segment and information on the subsidiaries can be found in the Audited Financial Statement for the FYE 2023.

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:-

	2023 RM'000	Restated 2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	58,508	66,079	51,762	55,098	57,893
Operating profit/(loss)	2,374	2,989	2,475	9,741	(3,962)
Profit/(Loss) before tax	2,515	3,102	2,831	10,060	(3,962)
Profit/(Loss) after tax	2,662	2,990	2,661	9,927	(3,962)
Shareholders’ funds	79,096	76,052	73,062	55,765	(29,931)
Net tangible assets	79,096	76,052	73,062	55,765	(29,931)
Tangible assets	100,568	96,026	86,922	80,156	36,338
Basic earnings/(loss) per share (sen)	0.26	0.29	0.34	1.64	(5.81)
Net assets per share (sen)	7.73	7.46	7.17	7.76	(43.87)

Management Discussion and Analysis (cont'd)

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

Performance Review

a) Revenue

During the financial year ended 30 September 2023 ("FYE 2023"), the Group recorded consolidated revenue of RM58.508 million, a decrease of 11.46% compared to the prior financial year ended 2022 ("FYE 2022") amount of RM66.079 million. The group's revenue is mainly contributed from the flour milling and trading segment. The decrease of demand in the operating market affected the sales volume. The total sales volume of flour milling and trading decreased from 28,803 metric tonnes to 20,888 metric tonnes, which represents a dropping of 27.48% in FYE 2023.

b) Operating Profit

The Group recorded a gross profit of RM4.143 million in FYE 2023 compared to RM4.171 million in FYE 2022, representing a decrease of 0.67%. However, the gross profit margin increased to 7.08% in FYE 2023 (FYE 2022: 6.31%). As a result, the cost of commodity raw material had increased which offset the positive impact of a higher gross profit margin on the overall gross profit. Consequently, the profit before tax also decreased by 18.92% in FYE 2023 compared to FYE 2022, which is RM2.515 million and RM3.102 million respectively.

c) Cash Flows and Liquidity

The Group's inventory level for current FYE 2023 has decreased by 43.50% to RM0.836 million (FYE 2022: RM1.480 million). The reason for maintaining a lower inventory level during FYE 2023 is to minimize the holding and carrying costs. In addition, it is the Company's strategy to reduce the risk of inventories becoming slow-moving stock or obsolete inventories.

The Group's trade receivables recorded RM6.357 million in the FYE 2023 compared to the prior year (FYE 2022: RM7.725 million), reflecting a decrease of 17.70%. Other receivables slightly increased by 7.58% in FYE 2023, which is RM10.087 million (FYE 2022: RM9.376 million).

For FYE 2023, the Group recorded a surplus net operating cashflow of RM6.860 million, recording a decrease as compared to FYE 2022 of surplus net operating cashflow RM11.605 million. The Group's cash and bank balances placed with financial institutions increased by 59%, which is RM16.810 million and RM10.572 million in FYE 2023 and FYE 2022 respectively. Considering the challenges of the operating environment, the Board has retained adequate funds to meet the financial obligation of the Group. In summary, the Group maintains a healthy capital base for future earnings generation.

The above group financial results and financial outcomes discussion is essential to consider along with the audited financial statements 2023.

Management Discussion and Analysis (cont'd)

ANTICIPATED BUSINESS RISKS

The business risks faced by LKFM include market competition, 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 as well as imported wheat flour and starch. The Group will continue to develop a new market strategy to capture new markets, particularly in less well-served segments, and improve its distribution channels as well as product mix and quality to meet a wider range of customers' needs and requirements. To sustain the margin in this highly competitive market, the Group is targeting to continue to expand its new customers' base.

b) Volatility of raw material prices

The volatility of prices on imported raw materials such as wheat and tapioca remains the key challenge for the Group. As the cost of these raw materials constitutes a major part of wheat flour and tapioca starch costs, managing these costs remains the key challenge.

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 in the commodity prices and the availability of the stock will have a significant impact on the Group's profitability.

Any increase in the prices of these imported raw materials, if unable to be passed on to customers on time, may adversely affect the financial performance of the Group and the Group's bottom line maybe impacted.

The stability of imported raw material prices still remains a key challenge for all the industry players. This is an inherent risk faced by all the industry players. The Group has taken proactive measures to mitigate the unexpected interruption of the supply of these imported raw materials as well as their prices by increasing inventory to a reasonable level when prices are relatively low.

c) Volatility of currency exchange rates

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

d) Pressure of inflation

The pressure of inflation is not only happening in local, but it is also a global phenomenon that is experienced in others countries around the world. Inflation can have a significant impact on the operating costs of business. The operating cost emphasizes day-by-day necessary expenses for the Group to conduct business operations. The maybe directly impacts of 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 tends materials to increase, hence, it maybe directs impacting on the production costs. The Group is regularly reviewing the changing to economic conditions and multifaceted approach, which involves cost management and risk mitigation to adapt to the economic conditions.

e) Dependency on the performance of user industries

Flour is mainly used in food manufacturing industries and food services operations. Any adverse performance in user industries would affect the demand for these products and the financial performance of the Group. We will continue to take a prudent approach to manage this risk. However, this is an inherent risk in the wheat flour milling industry.

Management Discussion and Analysis (cont'd)

ANTICIPATED BUSINESS RISKS (CONT'D)

f) Changes in economic, political and regulatory conditions

The Group is cautious the macroeconomic uncertainties and development of geopolitical tensions. 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 about unfavorable future prospects of 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.

OUTLOOK OF INDUSTRY

The operating environment is anticipated to remain highly competitive in the year 2024 due to inherently uncertain and various unforeseen events that can impact to the Group. Nevertheless, the Group will persevere in elevating operational efficiency and focus on exploring various marketing strategies to improve the Group's revenue and profitability in future. The Group will also continue to monitor and review the uncertainty in order to mitigate any potential risk.

We always uphold our mantra of offering excellent customer service, with great prices as our inherent objective. Regardless of the economic weather, the benchmark for the best value is set so that our customers can get the best possible deals with no compromise in quality and services.

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 ("En. Rasli")

Independent Non-Executive Chairman

Malaysian | Male | Aged 62

Mohd Rasli bin Muda 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 2023 ("FYE 2023").

Board of Directors' Profile (cont'd)

Datuk Wong Sak Kuan (“Datuk Wong”)

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

Malaysian | Male | Aged 55

Datuk Wong Sak Kuan 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 MESB Berhad as a Non-Independent Non-Executive Director, as well as sits on the board of several private limited companies.

He attended all four (4) Board meetings held during the FYE 2023.

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 ("Ms. Lee")

Executive Director cum Chief Executive Officer

Malaysian | Female | Aged 53

Lee Wai Fun 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 sits on the board of several private limited companies.

She attended all four (4) Board meetings held during the FYE 2023.

Board of Directors' Profile (cont'd)

Lim Lian Chee (“Mr. Lim”)

Executive Director

Malaysian | Male | Aged 62

Lim Lian Chee 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, he 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 2023.

Board of Directors' Profile (cont'd)

Low Koon Min ("Ms. Low")

Independent Non-Executive Director

Malaysian | Female | Aged 52

Low Koon Min 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 Mistsumi 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 MESB Berhad as an Independent Non-Executive Director.

Ms. Low attended all four (4) Board meetings held during the FYE 2023.

Board of Directors' Profile (cont'd)

Yau Ming Teck (“Mr. Yau”)

*Non-Independent Non-Executive
Director*

Malaysian | Male | Aged 52

Yau Ming Teck 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 UMS-Neiken Group Berhad and HLT Global Berhad, listed on the Main Market and ACE Market of Bursa Securities respectively. He also serves as a director in several private limited companies.

He attended all four (4) Board meetings held during the FYE 2023.

Board of Directors' Profile (cont'd)

Chia Weng Lock ("Mr. Chia")

*Non-Independent Non-Executive
Director*

Malaysian | Male | Aged 60

Chia Weng Lock 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 2023.

Board of Directors' Profile (cont'd)

Yap Ee Seong ("Mr. Yap")

Independent Non-Executive Director

Malaysian | Male | Aged 56

Yap Ee Seong 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.

Mr. Yap is also an Independent Non-Executive Director of Scope Industries Berhad and holds directorship in Kemajuan Builders Sdn. Bhd., a subsidiary of Propel Global Berhad.

He attended all four (4) Board meetings held during the FYE 2023.

Board of Directors' Profile (cont'd)

Wong Yau Min ("Mr. Wong")

*Non-Independent Non-Executive
Director*

Malaysian | Male | Aged 31

Wong Yau Min was appointed to the Board on 30 September 2022 as Non-Independent 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 2023.

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 with the Company.
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 2023, 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 MANAGEMENT'S PROFILE

Wong Yu Perng

Operation Manager

Malaysian | Male | Aged 30

Wong Yu Perng is the Operation 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 and will manage and take care of the daily operation of the Flour Mills. Subsequently, he was promoted to Technical Deputy General Manager in January 2022.

He is also a Non-Independent Non-Executive Director of MESB Berhad.

Ng Yoke Yeun

Accounts Manager

Malaysian | Female | Aged 37

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 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 with the Company.
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 2023, other than traffic offence (if any).

SUSTAINABILITY STATEMENT

Lotus KFM Berhad (“LKFM” or “the Group”) recognises the importance of the business as a vital role to bring impactful sustainable change and its responsibility not only towards its stakeholders but also to the wider community it operates. Mindful of this, LKFM emphasizes on the necessity to assess the impact its operations and activities have on the economy, environment and society, thereby influencing the approach LKFM operates its business by embracing better practices that are sustainable to realise the Group’s Economic, Environmental and Social (“EES”) development agenda.

We prepared this sustainability statement, not only to satisfy Bursa Malaysia Securities Berhad (“Bursa Securities”) in its Main Market Listing Requirements (“Listing Requirement”) but also as a responsible corporate citizen who practices transparency in corporate governance.

This Statement, which is prepared in compliance with the Listing Requirement of Bursa Securities, expresses how sustainability matters that are significant to the Group and its stakeholders are identified and managed.

The Board of Directors (“Board”) is aware of its responsibilities towards business sustainability and while putting greater emphasis on balancing economic viability with the preservation of the environment and social responsibility.

With a view of embedding sustainability elements in its work culture, the Board has been formulating strategies to foster the sustainable use of scarce resources and the adoption of responsible business practices that include good governance, clear transparency and proper employee development.

SUSTAINABILITY STRATEGY

The Board that determines the sustainability strategy provides oversight of our corporate sustainability policies and performance. The Company’s senior management oversees the implementation of the Company’s sustainability approach and ensures that key targets are being met.

The Board is committed to play a positive role in its corporate responsibility initiatives to create and add value towards the environment, the work place, the community and the market place.

For the Economic aspect, the Company targets to strengthen its finances and deliver sustainable returns to its shareholders.

For the Environmental aspect, the Company targets to mitigate any negative environmental impact and conserve the surrounding environment.

For the Social aspect, the Company targets to foster a robust, diverse and capable workforce, and create a safe workplace.

Through this, LKFM is able to incorporate sound sustainability practices and initiatives into its day-to-day business operations and contribute to the betterment of the society and the environment.

Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

Throughout the year, LKFM actively engaged with different stakeholders through various channels as indicated below so that we can offer timely responses that anticipate and address their concerns. Stakeholders' engagement is a collaborative process that is critical to the success of the Company. The input and feedback received, help the Group to formulate improvement plans, innovate our products and services, as well as anticipate future market demands.

Stakeholders	Engagement Approach
Employees	Training and developments programme for the staff, policies and procedures, annual performance evaluation, inter-departmental meetings, social activities, dialogue and engagement.
Shareholders	Regular updates on the corporate website, annual general meeting and extraordinary general meeting, announcements released to Bursa Securities, quarterly report and annual report.
Regulators	Updates regularly on regulations, meetings, briefings, seminars and/or conferences, to assist government initiatives, licensing, audit and inspection.
Customers	Meetings, corporate website, customer service, customer satisfaction surveys and complaints resolution.
Vendors	Vendor audit, meetings, evaluation to comply with our ISO standards and vendor relationship management.

The Company has identified material sustainability matters on the context and strategy with considerations relevant to stakeholders' requirements and expectations. Moving forward, to keep abreast with critical issues, we will review periodically our material issues against the changing business environment, stakeholders' opinions, and emerging global and local trends.

The Company has defined its commitment to Corporate Sustainability across five impact areas and has undertaken the following initiatives as an integral part of the business operations and practices by contributing to the welfare of its employees, stakeholders, the general public and the environment it operates.

THE ENVIRONMENT

As the trend of depletion of Earth's natural resources increases and global climate change issues are highlighted frequently, environmental sustainability becomes paramount. We recognise the potential environmental impacts of our business and are committed to operate in a manner that protects the environment and stewards limited resources well. Hence, it is essential to embed environmental sustainability principles into our business operations and practices with the objective of safeguarding shareholders' interests whilst protecting the environment.

LKFM is committed to seeking continuous improvement in our operations to minimise any negative impact on the environment. We will ensure that our business activities are conducted in compliance with the applicable environmental rules and regulations.

The initiatives adopted by LKFM to achieve a balance among economic, environmental and social considerations in its production processes and business operations are as below:

- Flour dust from the production process is recycled and re-milled to ensure a proper method of disposing of production waste from its process;
- To recycle used engine oil by disposing of it to a registered waste oil company for recycling;
- The efficient use of energy, water and raw materials in our operations; and
- The emphasis of work culture on the "Go Green" policy at the workplace.

Sustainability Statement (cont'd)

THE ENVIRONMENT (CONT'D)

Responsible waste management and disposal

The Group's operations continue to comply with local environmental laws and regulations. This policy has been properly communicated to all employees. They are encouraged to be more proactive and forthcoming in managing and reporting environmental related issues and complaints. The Management will continue to review and improve the current environmental management system and practices.

THE WORKPLACE

The Group believes that the well-being of its employees is important as employees are the backbone of any business and are central to the functioning of the business operations. They play a vital role in the success and sustainability of the Group.

LKFM acknowledges the importance of enabling and maintaining a conducive and inclusive work environment for its employees. Hence, employees from different backgrounds, genders, ages and ethnicity are given fair opportunities for career growth, performance evaluation and compensation programme which commensurate with their rank, roles and responsibilities.

In fulfilling its responsibility as a caring employer, LKFM places great emphasis on building long-lasting relationships with its employees.

The following initiatives have been adopted by the Group:-

1) Employees' Welfare and Well-being

- Medical benefits;
- Regularly updating human resources policies and staff benefits;
- Encouraging a healthy and building camaraderie among staff by providing support for social activities;
- Cultivating a transparent and inclusive working environment for all employees, as well as providing an open-door communication policy to encourage employees to report grievances; and
- Equal employment opportunity in terms of gender and ethnicity across all levels of employment.

2) Safe, Healthy and Conducive Work Environment

Health and safety at work place is given utmost priority in the Group while maintaining a comfortable and conducive work environment through the following initiatives:-

- The setting up of the Occupational Safety and Health Committee to initiate various health and safety programme to enhance employees' awareness at work place;
- Compliance with applicable safety, health and environmental laws and regulations;
- Necessary tools and protective gear are provided to employees where needed to ensure that they are adequately protected at work place;
- Ensuring a safe workplace with 24 hours security surveillance;
- Constantly updating and promoting the awareness of safety precautions and health issues;
- Train and hold individual employees to accountable for their area of responsibility;
- Maintaining a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions; and
- Periodically review the occupational safety and health practices on effectiveness and suitability.

Sustainability Statement (cont'd)

THE WORKPLACE (CONT'D)

3) Training and Development

The Group recognises the importance of human capital development to meet challenges as it will continue to build and upgrade its human resources to ensure that it can realise its full potential with the following efforts:-

- To engage in external training workshops for staff on both technical related skills and soft management skills;
- Continuous need-based training is critical to ensure that employees have the knowledge and skills to stay relevant amid changing workplace demands;
- Quality sharing sessions across the Group to inculcate a quality mindset to achieve a high-level of customer satisfaction;
- Participate in international trade fairs/ exhibitions to broaden the knowledge base and exposure of its employees to keep abreast of new developments in their respective fields of expertise; and
- New employees will participate in new employees' orientation as well as on-site visits to get clear insights into the Group's operations.

4) Recreational, Sports and Leisure Activities

The Group encourages its employees to participate in sports and recreational activities in order to cultivate a good work-life balance culture. This would lead to a more productive workforce team and develop a caring, harmonious, cohesive and vibrant team-spirit based working environment.

5) Retention, Talent Management and Succession Planning

The Group recognises the importance of retaining key employees as one of the critical components for the success of its business. In line with this, competitive remuneration packages are in place and regularly reviewed to attract, retain and motivate the right talents within the Group. The Group has always emphasized fair equal employment practices.

Succession planning is put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group and a healthy leadership pipeline. We will continue to groom and retain a diverse and robust talent pool and the right grooming to ensure our employees are ready to meet future succession planning and development as well as being adaptable to change.

THE COMMUNITY

The Group has initiated various activities in fulfilling its corporate responsibility on enhancing community sustainability such as by encouraging its employees to participate in voluntary works for charitable organisations and donations from the Group. The Group is committed to provide continuous support to activities carried out by local charities and organisations.

Employee and community engagement, teamwork and camaraderie outside the workplace are essential in building a dynamic and committed workforce. In turn, the employees feel a sense of belonging to the Group, motivating them to take ownership of their roles and responsibilities, respecting the need for work-life integration and overall well-being.

The Group strives to build a relationship of trust by way of social initiatives. Other than contributions for the benefit of the local community, the Group also creates and offers priority in job opportunities to the local community.

We believe the value of volunteerism to our community will provide caring character and empathy among employees and the community.

Sustainability Statement (cont'd)

THE MARKET PLACE

The Group has placed great emphasis on carrying activities with high ethical standards to promote responsible practices among its investors, suppliers and customers in order to achieve sustainable development in the market place.

1) Investors

In order to establish the trust and confidence of our shareholders, the Group strives to enhance corporate value via various practices such as maximising shareholders' wealth through continuous efforts to achieve operational excellence.

The Group ensures that all material information is disclosed and disseminated in a timely, open, fair and transparent manner.

The Group is committed to maintain a robust system of corporate governance and transparent business practices and to implement policies that promote ethical behavior and conducting business responsibility through high standards of business ethics.

We constantly review our policy to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability and sustainability.

Further, it also engages with its shareholders and investors through various channels of communication such as general meetings of shareholders, accessibility in the public domain and regular updates on our website.

2) Suppliers

Reliable suppliers and vendors are essential for the smooth running of our business operations. It is important to work closely with these suppliers and vendors to establish a long-term working relationship and to realise mutual growth via mutual trust.

We also conduct site visits on selected suppliers, in-depth suppliers' assessments and practice standard and equitable procedures in vendor evaluation to ensure that products and services supplied are in accordance to our material requirements and standards.

Further, we have placed great emphasis on engaging with local suppliers and purchasing locally where possible in support of the local economy.

All procurement activities are guided by our documentation procedures as prescribed by ISO 9001:2015 to ensure that our suppliers comply with our purchase raw material specifications and satisfy our production requirements.

3) Customers

The Group has continuously sought room for improvement in order to create value for its customers via competitive pricing without compromising on the quality of its products and services and also the interest of its shareholders.

The above policy enabled the Group to develop long-term business relationships and partnerships with its customers.

In achieving this, the Group has always initiated the following:-

- Strict quality control from production to ensure customers receive consistent and good quality products and services, efficient warehousing for the prompt delivery of our products and after-sales service to its customers;
- To ensure operational excellence in order to reduce overall costs and share these benefits with our customers;
- Regular customer surveys to obtain feedback from the ordering process to delivery, product quality and services; and
- Regardless of the economic condition, the benchmark for the best value is set so that our customers get the best possible deals with no compromise in quality and services.

Sustainability Statement (cont'd)

COMMITMENT TO ANTI-CORRUPTION

We are committed to maintain a high standard of integrity and accountability throughout the workplace and have put in place policies such as the Whistle-blowing Policy, Corporate Standards & Code of Conduct to address and manage malpractices and corruption within the Group.

The Group has adopted the Anti-Bribery and Anti-Corruption Policy which will further safeguard its business operations. The Group has provided Anti-Bribery and Anti-Corruption in-house workshops for its staff in order to raise their awareness about practices of bribery and corruption in all forms that are prohibited in the Group's daily operations.

CERTIFICATION

The Group's production operation has been awarded the ISO 22000 certifications for food safety management system for both the manufacture of wheat flour and premixed flour and repacking of starch, re-assuring our manufacturing best practices, and meeting the food and food ingredient industries' statutory and regulatory requirements.

CONCLUSION

Moving forward, the Group is committed to promote good corporate governance and building sustainability. The Group will continue to use its best efforts to build sustainable practices in every aspect of its business where possible for the benefit of future generations and remain steadfast in achieving excellence in its corporate responsibility.

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 vis-à-vis 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 2023 (“FYE 2023”) 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 2023.

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

- (a) Board Leadership and Effectiveness;
- (b) Effective Audit and Risk Management; and
- (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 conduct, 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.

Corporate Governance Overview Statement (cont'd)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.1 Board Roles and Responsibilities (cont'd)

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.

1.2 The Chairman

The Chairman of the Board, Tuan Mohd Rasli bin Muda, holds an Independent Non-Executive position and he 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 clearly 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 Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. The new joint Secretary was appointed on 8 June 2023 for better management of the Company’s secretarial and administrative duties. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries have been continuously attending the necessary training programmes, conferences or seminars organised by the relevant authorities and/or professional bodies to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board.

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

During the FYE 2023, 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, the 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.

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 Notices of meetings of the Board and Board Committees 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 decisions at each meeting. The Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

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 ensures 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 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 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 it 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 sets 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 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 complies 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.

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 distinctions 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 that 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 CEO who has 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 acknowledges on the tenure of an Independent 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 2023, 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 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 level. The policy emphasises the need for diversity amongst the Board members, amongst others, including race, ethnicity, age, gender, skills, competencies, experiences and expertise. The Gender Diversity Policy was last reviewed, updated and approved by the Board on 20 August 2021 to improve gender diversity not only at the Board level but also at the senior management level.

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 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 2023 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)

- 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 2023 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 experience 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 experience required for the Board to function effectively.

The NC is responsible for assessing, evaluating and recommending 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 characteristics 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 En. Mohd Rasli bin Muda, Madam Low Koon Min and Mr. Yap Ee Seong, 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 2023 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 2023, 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 and Board Committees 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 2023 are as follows:-

Name of Directors	Type of Meetings	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 skilful 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 2023, 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"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Datuk Wong Sak Kuan	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Lee Wai Fun	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Lim Lian Chee	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments. • Introduction to Buying & Selling Carbon Credits On BCX • Introduction to Low Carbon Operating System (LCOS) - OCBC bank and MGTC • Bursa Carbon Exchange Webinar - Sustainable Forestry Towards Net-Zero • Building a Sustainable Supply Chain - An Awareness Session by SSM and Bursa Malaysia • OCBC - 2024 Outlook - Indonesia & Malaysia
Chia Weng Lock	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Low Koon Min	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Yau Ming Teck	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments

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)

During the FYE 2023, the Directors have attended the following training programmes in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:- (cont'd)

Name of Directors	Title of Training/Seminars attended
Yap Ee Seong	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Tax Highlights on Malaysia's Budget 2023 • PLCT #digital4ESG Forum-Exploring the Intersection of Digitalisation and ESG • Regional Round Up-Construction Arbitration in Asia Pa-cific • Latest Tax Development Affecting Investors in Malaysia and Indonesia • Amendments to MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments
Wong Yau Min	<ul style="list-style-type: none"> • Amendments to MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Amendments to the MMLR of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments

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.

The Directors are encouraged to attend relevant seminars and courses to keep themselves abreast on the various issues faced in the changing business environment, regulatory and corporate governance developments to enhance their professionalism, skill and knowledge to effectively discharge their duties and responsibilities.

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 must continue to enhance their skills and knowledge 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.

Corporate Governance Overview Statement (cont'd)

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

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 experience 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 for ensuring 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 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.

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 and the Group for the FYE 2023 are 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	-	33,000	-	33,000
Wong Yau Min	-	36,000	-	36,000
Total	-	273,000	-	273,000

Corporate Governance Overview Statement (cont'd)

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

PART III - REMUNERATION (CONT'D)

3.2 Remuneration of Directors (cont'd)

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	–	33,000	–	33,000
Wong Yau Min	–	36,000	–	36,000
Total	–	273,000	–	273,000

The Board is of the opinion that besides confidentiality and personal security concern, the detailed disclosure of remuneration of 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 do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

3.3 Remuneration of Senior Management

The remuneration of the Senior Management of the Company for the FYE 2023 is 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.

Corporate Governance Overview Statement (cont'd)

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 knowledge 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.

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 2023, 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.

Corporate Governance Overview Statement (cont'd)

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

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 risk management and internal control are an integral part of good governance. Risk is inherent in all 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.

To ensure that the responsibilities of Internal Auditors are fully discharged, the AC evaluates the performance of the Internal Auditors for the FYE 2023 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 experience and resources to satisfy their terms of reference and adequately deliver quality services to the Group.

Corporate Governance Overview Statement (cont'd)

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 AGM remains the principal forum for dialogue with the shareholders where they are encouraged to meet the 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. At the AGM, shareholders are given the opportunity to raise questions on 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 Secretary are available to provide feedback and responses to the questions raised by shareholders during the meeting.

The notice of the Thirty-Eighth AGM ("38th 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 Thirty-Ninth AGM ("39th 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 38th AGM convened on 17 March 2023, 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.

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)

6.3 Effective Communication and Proactive Engagement

All Directors attended the 38th AGM and were accountable to the shareholders for their stewardship of the Company. 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 38th 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.

AUDIT COMMITTEE REPORT

The members of the Audit Committee of the Company (“AC” or “the Committee”) are pleased to present their report for the financial year ended 30 September 2023 (“FYE 2023”).

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 Securities, which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Directors. In addition, 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 2023

The summary of works undertaken by the Committee for the FYE 2023, amongst others, included the following: -

- 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.
- 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;

Audit Committee Report (cont'd)

SUMMARY OF WORKS FOR THE FYE 2023 (CONT'D)

- 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 2023 and submitted the evaluation to the Nomination and Remuneration Committee for assessment;
- h) 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; and
- i) 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 were taken on the recommendations raised by the Internal Auditors.
- j) Reviewed, considered and recommended the appointment of new external auditors and their audit fee to the Board for consideration based on their profile, adequacy of resources and experience of the audit engagement team.

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 be submitted to the Committee for review. The summary of the work of the IA function is disclosed in the Statement of Risk Management and Internal Control.

For the FYE 2023, 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 2023 ("FYE 2023").

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 to 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 following:

- 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. Audit issues and the actions taken by the management to address the issues raised by the internal auditors were discussed 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, and 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 the 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 arises 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 of 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:-

- Flour milling business unit: Food Safety Management
 - i) Food safety policy and procedures
 - ii) Halal certification, policies, and procedures
 - iii) Allergen control
 - iv) Personnel, health and hygiene
 - v) Product recall procedures
- Trading of Starch Products Business Unit: Sales Order, Delivery and Billing Process
 - i) Sales order processing and customer credit evaluation
 - ii) Quotation and pricing process
 - iii) Billing calculation, preparation and authorization
 - iv) Stock picking and delivery process

Statement On Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

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 2023 for the internal audit function of the Group was RM30,959 (2022: RM31,347).

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 2023. 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 2023 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 2023 ("FYE 2023").

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 2023 are as follows: -

Details of fees	Company RM'000	Group RM'000
Audit fees	63	95
Non-audit fees	15	15

Note:

The Company engaged external auditors for the non-audit works for a limited review of the interim consolidated financial statements, review of the statement of risk management, internal control and tests of IT general controls.

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 financial year ended 30 September 2023 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 31 January 2024 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 2023 are disclosed in Note 25 to the audited financial statements for the FYE 2023.

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 2023 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: -

- Adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- 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 2023.



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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 2023.

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 2023 RM	Company 2023 RM
Profit for the financial year, representing profit attributable to owners of the Company	2,661,893	2,052,700

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 final dividend payment for the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM88,700,686 to RM89,206,992 by way of issuance of 3,189,500 new ordinary shares pursuant to conversion of 3,189,500 unit of warrants for total consideration of 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.

There was no issuance of debentures during the financial year.

WARRANTS

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

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

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 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
Tan Mow Heng (Resigned on 12 December 2022)
Syeril Aida Binti Mohamad Ragang
(Appointed on 17 February 2023 and resigned on 25 May 2023)

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' Report (cont'd)

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:

	At 1.10.2022	Bought	Sold	At 30.9.2023
The Company				
Direct interests				
Mohd Rasli bin Muda	470,000	-	-	470,000
Lee Wai Fun	33,912,000	-	-	33,912,000
Datuk Wong Sak Kuan	200,740,000	-	-	200,740,000
Yau Ming Teck	58,500,000	-	-	58,500,000
Chia Weng Lock	8,330,000	-	-	8,330,000
Lim Lian Chee	-	145,000	-	145,000
Indirect interests				
Datuk Wong Sak Kuan (#)	300,000,000	-	-	300,000,000
Chia Weng Lock (*)	58,136,000	-	-	58,136,000

	At 1.10.2022	Number of warrants		At 30.9.2023
		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	21,750,000	-	4,000,000	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' Report (cont'd)

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	239,355
Defined contribution plans	33,504
Social security contributions	2,306
Directors' fee	240,000
	<hr/>
	515,165
	<hr/>

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.

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 there were no bad debts to be written off and no allowance for doubtful debts was required; 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 to make any allowance for doubtful debts in the financial statements of the Group and of the Company; 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.

**Directors' Report
(cont'd)****OTHER STATUTORY INFORMATION (CONT'D)**

- (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.

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 RM95,000 and RM63,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 January 2024.

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 60 to 119 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 2023 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 9 January 2024.

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 60 to 119 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 9 January 2024)

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 2023 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 a summary of significant accounting policies, as set out on pages 60 to 119.

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 2023, 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) Inventories valuation

Key audit matters

Refer to Note 7 to the financial statements, the Group and the Company hold significant amounts of inventories amounting to RM836,339 which is subject to a risk that the inventories become slow-moving or obsolete and rendering them not sellable or can only be sold for selling prices below their carrying amounts. There is inherent subjectivity and estimation involved in determining the accuracy of inventories obsolescence provision and in making an assessment of their adequacy due to risk of inventories not stated at the lower of costs or market values.

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

- We obtained understanding of the methodology adopted by management for calculating the provision for slow moving inventories.
- We review the ageing analysis of inventories and testing the reliability thereof.
- We inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.
- We reviewed the net realisable value of major inventories.
- We evaluated the reasonableness and adequacy of the resulting inventory write-downs recognised.

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) 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 RM6,356,863 and RM4,945,217 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 recognises 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.

(iii) 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.

Independent Auditors' Report

To the Members Of Lotus KFM Berhad
(cont'd)

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

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.

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.

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)

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: (Cont'd)

- 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.

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.

Independent Auditors' Report
To The Members Of Lotus KFM Berhad
(cont'd)

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

Other matters

1. The financial statements of the Company as at 30 September 2022, were audited by another firm of Chartered Accountants who expressed an unmodified opinion on the financial statements dated 30 December 2022.
2. 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
9 January 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		2023 RM	Restated 2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	56,179,997	56,492,713	21,288,463	22,483,963
Investment in subsidiaries	5	–	–	6,124,003	6,000,005
Other investments	6	1	2	1	2
		56,179,998	56,492,715	27,412,467	28,483,970
Current assets					
Inventories	7	836,339	1,480,297	836,339	1,480,297
Trade receivables	8	6,356,863	7,725,001	4,945,217	7,208,328
Other receivables	9	10,086,803	9,376,435	7,183,423	6,370,269
Amount due from subsidiaries	10	–	–	23,451,676	23,044,605
Tax recoverable		184,972	7,229	183,556	–
Fixed deposits with licensed banks	11	10,112,345	10,372,962	10,112,345	10,372,962
Cash and bank balances		16,810,259	10,571,743	14,621,740	9,189,362
		44,387,581	39,533,667	61,334,296	57,665,823
Total assets		100,567,579	96,026,382	88,746,763	86,149,793
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	89,206,992	88,700,686	89,206,992	88,700,686
Warrant reserves	13	8,594,985	8,719,341	8,594,985	8,719,341
Accumulated losses		(18,705,644)	(21,367,537)	(19,744,503)	(21,797,203)
Total equity		79,096,333	76,052,490	78,057,474	75,622,824

Statements Of Financial Position

As At 30 September 2023

(cont'd)

	Note	Group		Company	
		2023 RM	Restated 2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	14	7,584,078	8,038,725	6,927,978	7,382,625
Deferred tax liabilities	15	7,677,080	7,694,758	-	-
		15,261,158	15,733,483	6,927,978	7,382,625
Current liabilities					
Trade payables	16	3,662,282	1,136,169	1,526,063	378,241
Other payables	17	919,706	1,013,221	612,969	675,084
Contract liabilities	18	891,533	1,415,038	891,533	1,415,038
Lease liabilities	14	730,746	653,647	730,746	653,647
Tax payable		5,821	22,334	-	22,334
		6,210,088	4,240,409	3,761,311	3,144,344
Total liabilities		21,471,246	19,973,892	10,689,289	10,526,969
Total equity and liabilities		100,567,579	96,026,382	88,746,763	86,149,793

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 2023

	Note	Group		Company	
		2023 RM	Restated 2022 RM	2023 RM	2022 RM
Revenue	19	58,507,920	66,079,460	51,610,614	62,101,939
Cost of sales		(54,364,503)	(61,908,260)	(48,754,153)	(58,696,889)
Gross profit		4,143,417	4,171,200	2,856,461	3,405,050
Other income		1,292,798	843,448	1,392,262	843,448
Selling and distribution expenses		(135,333)	(97,701)	(135,333)	(97,701)
Administrative expenses		(2,835,893)	(1,927,950)	(2,239,237)	(1,623,744)
Other expenses		(90,899)	–	(90,899)	–
Profit from operations		2,374,090	2,988,997	1,783,254	2,527,053
Finance costs	20	(299,227)	(323,365)	(299,227)	(323,365)
Finance income	20	440,159	436,546	433,673	436,546
Profit before tax	21	2,515,022	3,102,178	1,917,700	2,640,234
Tax income/(expense)	22	146,871	(111,932)	135,000	(142,096)
Profit for the financial year/Total comprehensive income for the financial year		2,661,893	2,990,246	2,052,700	2,498,138
Profit for the financial year attributable to:					
Owners of the Company		2,661,893	2,990,246	2,052,700	2,498,138
Total comprehensive income attributable to:					
Owners of the Company		2,661,893	2,990,246	2,052,700	2,498,138
Earnings per share					
Basic earnings per share (sen)		0.26	0.29		
Diluted earnings per share (sen)		0.24	0.26		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	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 2021		88,700,686	8,719,341	(24,357,783)	73,062,244
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,990,246	2,990,246
At 30 September 2022		88,700,686	8,719,341	(21,367,537)	76,052,490
At 1 October 2022, as previously stated		88,700,686	8,719,341	(21,302,317)	76,117,710
Effect of application <i>MFRS 3, Business Combination</i>		–	–	(65,220)	(65,220)
At 1 October 2022, as restated		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

Statements of Changes in Equity

For The Financial Year Ended 30 September 2023

(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 2021		88,700,686	8,719,341	(24,295,341)	73,124,686
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,498,138	2,498,138
At 30 September 2022		88,700,686	8,719,341	(21,797,203)	75,622,824
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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	Restated 2023 RM	2022 RM
Cash flows from operating activities					
Profit before tax		2,515,022	3,102,178	1,917,700	2,640,234
Adjustments for:					
Depreciation of property, plant and equipment		1,760,677	1,748,666	1,646,548	1,644,686
Gain on disposal of other investment		(479,999)	–	(479,999)	–
Gain on modification of lease contract		(140,821)	–	(140,821)	–
Gain on termination of lease contract		–	(2,725)	–	(2,725)
Interest expense		299,227	323,365	299,227	323,365
Interest income		(440,159)	(436,546)	(433,673)	(436,546)
Inventories written off		–	270,293	–	270,293
Property, plant, and equipment written off		–	3,579	–	–
Provision for slow moving inventories		90,899	–	90,899	–
Reversal of impairment losses on investment in subsidiaries		–	–	(123,998)	–
Reversal of inventories written down		–	(227,815)	–	(227,815)
Waiver of debts		(24,534)	–	–	–
Operating profit before working capital changes		3,580,312	4,780,995	2,775,883	4,211,492
Changes in working capital:					
Inventories		553,059	2,973,879	553,059	2,973,879
Receivables		657,770	6,139,770	1,449,957	(153,227)
Payables		2,457,132	(2,192,410)	1,085,707	(2,323,242)
Contract liabilities		(523,505)	(86,415)	(523,505)	(86,415)
Cash generated from operations		6,724,768	11,615,819	5,341,101	4,622,487
Tax paid		(70,890)	(211,718)	(70,890)	(165,870)
Tax refund		5,827	–	–	–
Interest received		200,776	201,375	194,290	201,375
Net cash from operating activities		6,860,481	11,605,476	5,464,501	4,657,992

Statements Of Cash Flows

For The Financial Year Ended 30 September 2023

(cont'd)

	Note	Group		Restated	Company
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Interest received		239,383	235,171	239,383	235,171
Increase in stake of a subsidiary		–	–	–	(5,000,000)
Purchase of property, plant and equipment	A	(996,913)	(2,559,080)	–	(2,483,330)
Proceeds from disposal of investment		480,000	–	480,000	–
Net cash outflow from acquisition of subsidiary		–	(26,671,087)	–	–
Net cash (used in)/from investing activities		(277,530)	(28,994,996)	719,383	(7,248,159)
Cash flows from financing activities					
Advance to subsidiaries		–	–	(407,071)	(16,116,193)
Issuance of shares pursuant to warrants exercised		381,950	–	381,950	–
Interest paid		(299,227)	(323,365)	(299,227)	(323,365)
Uplift of fixed deposits pledged with a licensed bank		2,277,276	4,664,846	2,277,276	4,664,846
Repayment of bankers' acceptance		–	(190,580)	–	(190,580)
Repayments of lease liabilities	B	(687,775)	(619,163)	(687,775)	(619,163)
Net cash from/(used in) financing activities		1,672,224	3,531,738	1,265,153	(12,584,455)

Statements Of Cash Flows
For The Financial Year Ended 30 September 2023
(cont'd)

Note	Group		Company	
	2023 RM	2022 RM	Restated 2023 RM	2022 RM
Net cash increase/(decrease) in cash and cash equivalents	8,255,175	(13,857,782)	7,449,037	(15,174,622)
Cash and cash equivalents at the beginning of the financial year	10,572,788	24,430,570	9,190,407	24,365,029
Cash and cash equivalents at the end of the financial year	18,827,963	10,572,788	16,639,444	9,190,407
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	16,810,259	10,571,743	14,621,740	9,189,362
Fixed deposits with licensed banks	10,112,345	10,372,962	10,112,345	10,372,962
	26,922,604	20,944,705	24,734,085	19,562,324
Less: Fixed deposits pledged with licensed banks	(8,094,641)	(10,371,917)	(8,094,641)	(10,371,917)
	18,827,963	10,572,788	16,639,444	9,190,407

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Purchase of property, plant and equipment

	Group		Company	
	2023 RM	2022 RM	Restated 2023 RM	2022 RM
Total purchase of property, plant and equipment	4,086,338	3,215,180	3,089,425	2,483,330
Less: Additions by means of lease liabilities	(3,089,425)	(656,100)	(3,089,425)	–
Total cash used in purchase of property, plant and equipment	996,913	2,559,080	–	2,483,330

Statements Of Cash Flows

For The Financial Year Ended 30 September 2023

(cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. Cash outflows for leases as a lessee

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities					
Payment relating to short-term leases	21	57,305	60,610	57,305	60,610
Included in net cash from operating activities					
Interest paid on lease liabilities	20	299,227	323,365	299,227	323,365
Payment of lease liabilities		687,775	619,163	687,775	619,163
		987,002	942,528	987,002	942,528
		1,044,307	1,003,138	1,044,307	1,003,138

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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 significant accounting policies below.

(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:

Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to Illustrative Examples accompanying MFRS 16 Amendments to MFRS 141

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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) Standards 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
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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 Arrangement	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is 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

For The Financial Year Ended 30 September 2023

(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 unused 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 unused 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.

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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

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 its 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.

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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant 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.

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. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial asset.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated. (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Loss of control

Upon the loses 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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Capital work-in-progress represents assets pending for installation, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciate accordingly when the assets are complete and ready for commercial use.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment, other than bearer plant is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) 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
Shop 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.

(iv) 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.

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) to the financial statements.

The ROU asset 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 asset or the end of the lease term. The ROU asset is not depreciated until the asset is commence in use. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment as follows:

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

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group and the Company apply the short term lease recognition exemption to leases of premises and office equipment that are considered to be low value.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Leases (cont'd)

As lessor

When the Group and the Company acts as a lessor, it determines 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.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in their statements of financial position and present them as receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Revenue". 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. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

(ii) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at fair value through other comprehensive income, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instruments is recognised in profit or loss.

(e) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(i) 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.

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on their historical credit loss experience and the economic environment.

(k) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(l) Warrants

Warrants are classified as equity instruments and its fair value is allocated based on the Trinomial option pricing model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss and net of any reimbursement.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

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

(a) Sales of goods - wholesale

The Group manufactures and sells flour, starch 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.

A receivable is recognised by the Group 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 30 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.

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group and the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Government grants (cont'd)

Where the Group and the Company receive non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(q) Tax expense

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial period.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Tax expense (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax assets to the extent that is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) 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.

(s) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(t) Earnings per share

(i) Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

(ii) Diluted

Diluted earnings per share is calculated by dividing the net profit for the reporting period attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued.

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
- (i) has control or joint control over the Group; or
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
 - (ii) The entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
 - (viii) The entity or any member of an entity of which it is a party, provides key management personnel services to the Group.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Leasehold lands		Buildings, factory and civil works		Factory RM	Office RM	Shop 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
	RM		RM											
At 1 October 2021	-	9,876,990	5,261,139	3,884,277	182,988	439,790	-	41,202,102	4,693,171	124,093	-	2,483,330	65,664,550	
Additions	731,850	-	-	-	-	-	-	-	-	-	-	-	3,215,180	
Acquisition of subsidiaries	33,380,200	-	-	-	-	-	-	-	-	6,799	-	-	33,386,999	
Written off	-	-	-	-	-	-	-	-	-	(6,799)	-	-	(6,799)	
Termination of lease contract	-	-	-	-	(182,988)	-	-	-	-	-	-	-	(182,988)	
At 30 September 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		
Reclassification	-	-	-	-	-	-	-	2,483,330	-	-	(2,483,330)	-		
Addition	-	-	-	3,089,425	-	-	996,913	-	-	-	-	-	4,086,338	
Modification of lease contract	-	-	-	(3,884,277)	-	-	-	-	-	-	-	-	(3,884,277)	
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		
Accumulated depreciation														
At 1 October 2021	-	7,471,137	618,958	659,594	112,608	106,616	-	25,686,537	4,225,898	124,083	-	-	39,005,431	
Charge for the financial year	103,300	137,766	309,479	439,729	-	53,308	-	571,138	133,946	-	-	-	1,748,666	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	2,540	-	-	2,540	
Written off	-	-	-	-	-	-	-	-	-	(3,220)	-	-	(3,220)	
Termination of lease contract	-	-	-	-	(112,608)	-	-	-	-	-	-	-	(112,608)	
At 30 September 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	

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

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

Group (cont'd) Accumulated impairment losses	Leasehold lands RM	Buildings, factory and civil works RM	Factory RM	Office RM	Shop 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
At 1 October 2021/ 30 September 2022/ 30 September 2023	-	1,729,204	-	-	-	-	-	3,214,216	-	-	-	4,943,420
Carrying amount												
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
At 30 September 2022	34,008,750	538,883	4,332,702	2,784,954	-	279,866	-	11,730,211	334,007	10	2,483,330	56,492,713

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

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

Company Cost	Buildings, factory and civil works		Factory RM	Office RM	Shop office RM	Wheat silos RM	Equipment and fixtures		Motor vehicles RM	Capital work-in -progress RM	Total RM
	RM	RM					Plant and machinery RM	Equipment and fixtures RM			
At 1 October 2021	9,876,990	5,261,139	3,884,277	182,988	439,790	439,790	41,202,102	4,693,171	124,093	-	65,664,550
Additions	-	-	-	(182,988)	-	-	-	-	-	2,483,330	2,483,330
Termination of lease contract	-	-	-	-	-	-	-	-	-	-	(182,988)
At 30 September 2022	9,876,990	5,261,139	3,884,277	-	439,790	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	9,876,990	5,261,139	3,089,425	-	439,790	439,790	43,685,432	4,693,171	124,093	-	67,170,040
Accumulated depreciation											
At 1 October 2021	7,471,137	618,958	659,594	112,608	106,616	106,616	25,686,537	4,225,898	124,083	-	39,005,431
Charge for the financial year	137,766	309,479	439,729	-	53,308	53,308	571,138	133,266	-	-	1,644,686
Termination of lease contract	-	-	-	(112,608)	-	-	-	-	-	-	(112,608)
At 30 September 2022	7,608,903	928,437	1,099,323	-	159,924	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	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	213,232	26,828,396	4,467,799	124,083	-	40,938,157
Accumulated impairment losses											
At 1 October 2021	1,729,204	-	-	-	-	-	3,214,216	-	-	-	4,943,420
/30 September 2022	-	-	-	-	-	-	-	-	-	-	-
/30 September 2023	-	-	-	-	-	-	-	-	-	-	-
Carrying amount											
At 30 September 2022	424,325	4,023,223	2,746,155	-	226,558	226,558	13,642,820	225,372	10	-	21,288,463
At 30 September 2023	538,863	4,332,702	2,784,954	-	279,866	279,866	11,730,211	334,007	10	2,483,330	22,483,963

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(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	
	2023 RM	Restated 2022 RM	2023 RM	2022 RM
Leasehold land	33,894,621	34,008,750	–	–
Factory	4,023,223	4,332,702	4,023,223	4,332,702
Office	2,746,155	2,784,954	2,746,155	2,784,954
Wheat silos	226,558	279,866	226,558	279,866
	40,890,557	41,406,272	6,995,936	7,397,522

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

	Group		Company	
	2023 RM	Restated 2022 RM	2023 RM	2022 RM
Leasehold land	114,129	103,300	–	–
Factory	309,479	309,479	309,479	309,479
Office	489,847	439,729	489,847	439,729
Wheat silos	53,308	53,308	53,308	53,308
	966,763	905,816	852,634	802,516

(c) Additional to the right-of-use assets of the Group during the financial year are as follows:

	Group		Company	
	2023 RM	Restated 2022 RM	2023 RM	2022 RM
Leasehold land	–	731,850	–	–
Office	3,089,425	–	3,089,425	–
	3,089,425	731,850	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 is an amount of RM28,405,624 (2022: RM28,405,624) are not subject depreciated as the leasehold lands are not commenced in use.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

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

Group and Company as lessor

The Group and the Company have entered into operating leases in its 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 RM541,800 (2022: RM522,000).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
In Malaysia		
At cost		
Unquoted shares	6,324,005	6,324,005
Less: Accumulated impairment losses	(200,002)	(324,000)
	6,124,003	6,000,005

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

	Company	
	2023 RM	2022 RM
Brought forward	324,000	324,000
Net reversal	(123,998)	-
Carried forward	200,002	324,000

Details of the subsidiaries are as follows:

Name of company	Place of business / Country of incorporation	Effective interest %		Principal activities
		2023	2022	
<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	Dormant.

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(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
		2023	2022	
<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.

2022

Acquisition of subsidiaries

- (a) On 11 October 2021, LPSB, a wholly-owned subsidiary of the Company, acquired 2 ordinary shares, representing 100% of total shares in AJRSB, SJPSB and HJRSB respectively for a total consideration of RM5,162,190.
- (b) On 31 December 2021, LPSB had again acquired 200,000 and 1,000,000 ordinary shares, representing 100% of total shares in KJSB and LLSB respectively for total consideration of RM21,646,200.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

2022 (cont'd)

Acquisition of subsidiaries (cont'd)

The net assets of subsidiaries as at acquisition date are as follows:

	Restated AJRSB RM	Restated SJPSB RM	Restated HJRSB RM	Restated LLSB RM	Restated KJSB RM	Restated Total RM
Property, plant and equipment	1,681,292	1,655,125	1,642,418	12,010,345	16,880,819	33,869,999
Other receivables	335,200	335,200	732,875	–	110,500	1,513,775
Tax recoverable	–	–	–	–	5,813	5,813
Cash and cash equivalents	7,130	14,969	113,872	297	1,035	137,303
Deferred tax liabilities	(402,790)	(397,230)	(393,878)	(2,586,589)	(3,934,867)	(7,715,354)
Other payables	(32,527)	(14,759)	(60,707)	(256,653)	(584,500)	(949,146)
Tax payable	–	(5,000)	(49,000)	–	–	(54,000)
Net identifiable assets	1,588,305	1,588,305	1,985,580	9,167,400	12,478,800	26,808,390

Net cash outflows arising from acquisitions of subsidiaries

	Group RM
Purchase consideration	26,808,390
Cash and cash equivalents acquired	(137,303)
	<u>26,671,087</u>

Business combination

Result of the acquisition of subsidiaries as follows:-

	Group RM
Fair value of consideration transferred	26,808,390
Fair value of identifiable assets acquired and liabilities assumed	(26,808,390)
	<u>–</u>

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Increase in stake of subsidiaries

- (a) On 27 June 2022, the Company subscribed for an additional 5,000,000 new ordinary shares represent 100% of equity interest in LPSB for a total consideration of RM5,000,000.
- (b) On 2 August 2022, AJRSB and SJPSB had issued 199,998 new ordinary shares respectively which has acquired by LPSB for a total cash consideration of RM399,996.
- (c) On 29 August 2022, HJRSB had issued 199,998 new ordinary shares which has acquired by LPSB for a total cash consideration of RM199,998.

6. OTHER INVESTMENTS

	Group and Company	
	2023	2022
	RM	RM
Unquoted shares in Malaysia, at FVTPL		
At beginning of the financial year	2	2
Less: Disposal during the financial year	(1)	-
At end of the financial year	<u>1</u>	<u>2</u>

7. INVENTORIES

	Group and Company	
	2023	2022
	RM	RM
Raw materials	691,281	1,119,153
Finished goods	54,929	181,803
Consumables	90,129	179,341
	<u>836,339</u>	<u>1,480,297</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	46,294,260	55,726,521
Inventories written off	-	270,293
Provision for slow moving inventories	90,899	-
Reversal of inventories written down	-	(227,815)

The inventories written down is made when the related inventories were obsolete.

The reversal of inventories written down was made during the financial year when the related inventories were sold above their carrying amounts.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

8. TRADE RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	6,407,257	7,775,395	4,995,611	7,258,722
Allowance for ECLs	(50,394)	(50,394)	(50,394)	(50,394)
	<u>6,356,863</u>	<u>7,725,001</u>	<u>4,945,217</u>	<u>7,208,328</u>

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 to 90 days (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning/end of the financial year	<u>50,394</u>	<u>50,394</u>	<u>50,394</u>	<u>50,394</u>

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

	Gross amount RM	ECLs RM	Net amount RM
Group			
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
	<u>6,407,257</u>	<u>(50,394)</u>	<u>6,356,863</u>
2022			
Not past due	5,825,788	–	5,825,788
Past due:			
Less than 30 days	1,787,982	(4,198)	1,783,784
30 to 60 days	118,980	(22,970)	96,010
60 to 90 days	7,301	–	7,301
Past due more than 90 days	35,344	(23,226)	12,118
	<u>7,775,395</u>	<u>(50,394)</u>	<u>7,725,001</u>

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

8. TRADE RECEIVABLES (CONT'D)

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

	Gross amount RM	ECLs RM	Net amount RM
Company			
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
	<u>4,995,611</u>	<u>(50,394)</u>	<u>4,945,217</u>
2022			
Not past due	5,353,381	-	5,353,381
Past due:			
Less than 30 days	1,757,177	(4,198)	1,752,979
30 to 60 days	112,820	(22,970)	89,850
Past due more than 90 days	35,344	(23,226)	12,118
	<u>7,258,722</u>	<u>(50,394)</u>	<u>7,208,328</u>

9. OTHER RECEIVABLES

	Group		Company	
	2023 RM	Restated 2022 RM	2023 RM	2022 RM
Non-trade receivables	78,604	31,161	78,604	31,161
Advances	9,164	20,124	9,164	20,124
Advances to a supplier	6,710,000	5,939,525	6,710,000	5,939,525
Deposits	2,160,892	2,139,240	261,788	240,136
Prepayments	1,128,143	1,246,385	123,867	139,323
	<u>10,086,803</u>	<u>9,376,435</u>	<u>7,183,423</u>	<u>6,370,269</u>

Included in non-trade receivables of the Group and of the Company is an amount of RM78,604 (2022: RM31,161) 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 is an amount of RM449,104 (2022: RM449,104) paid for acquisition of subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(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 deposit with a licensed bank of the Company at the end of the reporting period bear an effective interest rate ranging from 2.00% to 3.34% (2022: 1.75% to 2.50%) and has a maturity period ranging from 30 to 90 (2022: 30 to 90) days.

Fixed deposit with a licensed bank of the Company amounting to RM8,094,641 (2022: RM10,371,917) are pledged as security for bank borrowings of the Company.

12. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid				
At beginning of financial year	1,018,974,904	1,018,974,904	88,700,686	88,700,686
Issuance of share				
- Exercise of warrants	3,819,500	-	506,306	-
At end of the financial year	1,022,794,404	1,018,974,904	89,206,992	88,700,686

During the financial year, the Company increased its issued and paid-up share capital from RM88,700,686 to RM89,206,992 by way of issuance of 3,189,500 new ordinary shares pursuant to conversion of 3,189,500 unit of warrants for total consideration of 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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

13. WARRANT RESERVES

	Group and Company	
	2023	2022
	RM	RM
Warrant reserves	8,594,985	8,719,341

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, 3,819,500 warrants were exercised as RM0.10 each amounting to RM381,950. This resulted in the issuance of 3,819,500 new ordinary shares and a transfer of warrants reserve of RM124,356 to share capital. The total increase arising from the warrants exercised amounted to RM506,306.

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

	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

	At 1.10.2021	Number of units		At 30.9.2022
		Issued	Exercised	
Warrant B 2019/2024	267,808,360	-	-	267,808,360

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

14. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current	7,584,078	8,038,725	6,927,978	7,382,625
Current	730,746	653,647	730,746	653,647
	<u>8,314,824</u>	<u>8,692,372</u>	<u>7,658,724</u>	<u>8,036,272</u>

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	1,004,322	952,363	1,004,322	952,363
Between 1 - 5 years	4,158,974	3,928,446	4,158,974	3,928,446
More than 5 years	5,210,345	5,763,675	4,149,845	5,107,575
	<u>10,373,641</u>	<u>10,644,484</u>	<u>9,313,141</u>	<u>9,988,384</u>
Less: Future finance charges	(2,058,817)	(1,952,112)	(1,654,417)	(1,952,112)
Present value of lease liabilities	<u>8,314,824</u>	<u>8,692,372</u>	<u>7,658,724</u>	<u>8,036,272</u>

The Company and the Group 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	
	2023 RM	2022 RM
At beginning of the financial year	7,694,758	–
Acquisition of subsidiaries	–	7,715,354
Recognised in profit or loss	(17,678)	(20,596)
At end of the financial year	<u>7,677,080</u>	<u>7,694,758</u>

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 ranged from cash terms to 60 (2022: cash term to 60 days).

Included in trade payables of the Group and of the Company is an amount of RM2,496,441 (2022: RM378,241) due from a company in which a Director has interest.

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

17. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade payables	365,448	470,931	108,140	175,782
Accruals	413,858	411,790	364,429	368,802
Deposits	140,400	130,500	140,400	130,500
	<u>919,706</u>	<u>1,013,221</u>	<u>612,969</u>	<u>675,084</u>

Included in non-trade payables of the Group is an amount of RM256,441 (2022: RM256,441) due to a Director of subsidiaries 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 RM142 (2022: 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 RM140,400 (2022: RM130,500) 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	
	2023 RM	2022 RM
At beginning of the financial year	1,415,038	1,501,453
Addition	6,222,000	5,724,000
Recognised as revenue	(6,745,505)	(5,810,415)
At end of the financial year	<u>891,533</u>	<u>1,415,038</u>

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	
	2023 RM	2022 RM
Within 1 year	<u>891,533</u>	<u>1,415,038</u>

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customer				
Sale of flour and related products	51,610,614	62,101,939	51,610,614	62,101,939
Sales of chemical substance	6,897,306	3,977,521	–	–
	58,507,920	66,079,460	51,610,614	62,101,939
Timing of revenue recognition				
At a point in time	58,507,920	66,079,460	51,610,614	62,101,939
Geographical market				
Malaysia	58,507,920	66,079,460	51,610,614	62,101,939

20. FINANCE COST/FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Finance cost				
Interest expense of lease liabilities	299,227	323,365	299,227	323,365
Finance income				
- bank interest	200,776	201,375	194,290	201,375
- fixed deposit with licensed bank	239,383	235,171	239,383	235,171
	440,159	436,546	433,673	436,546

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(cont'd)

21. PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory audit	95,000	104,500	63,000	63,000
- other services	15,000	9,000	15,000	9,000
- underprovision in the previous financial year	3,000	-	1,000	-
Depreciation of property, plant and equipment	1,760,677	1,748,666	1,646,548	1,644,686
Property, plant and equipment written off	-	3,579	-	-
Gain on disposal of other investment	(479,999)	-	(479,999)	-
Net reversal of impairment losses on investment in subsidiaries	-	-	(123,998)	-
Provision of slow moving inventories	90,899	-	90,899	-
Gain on modification of lease contract	(140,821)	-	(140,821)	-
Gain on termination of leases	-	(2,725)	-	(2,725)
Government grant received	-	(4,156)	-	(4,156)
Inventories written off	-	270,293	-	270,293
Realised gain on foreign exchange	(1)	(1,532)	(1)	(1,532)
Reversal of inventories written down	-	(227,815)	-	(227,815)
Short-term lease (a)	57,305	60,610	57,305	60,610
Rental income	(541,800)	(522,000)	(541,800)	(522,000)
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 Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

22. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Tax (income)/expenses recognised in profit or loss				
Current tax				
- Current financial year	5,807	135,000	–	135,000
- (Over)/Under provision in previous financial years	(135,000)	(2,472)	(135,000)	7,096
	(129,193)	132,528	(135,000)	142,096
Deferred tax				
Origination and reversal of temporary differences	(26,278)	(20,596)	–	–
Under provision in previous financial year	8,600	–	–	–
	(17,678)	(20,596)	–	–
	(146,871)	111,932	(135,000)	142,096

A reconciliation of income tax expenses applicable to profit 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	2,515,022	3,102,178	1,917,700	2,640,234
At Malaysian statutory tax rate of 24% (2022: 24%)	603,605	744,523	460,248	633,656
Expenses not deductible for tax purposes	327,866	102,529	251,454	70,992
Income not subject to tax	(154,662)	(125,648)	(184,422)	(125,648)
Movement of deferred tax assets not recognised	(797,280)	(607,000)	(527,280)	(444,000)
(Over)/Under provision of tax expense in previous financial years	(135,000)	(2,472)	(135,000)	7,096
Under provision of deferred tax in previous financial year	8,600	–	–	–
	(146,871)	111,932	(135,000)	142,096

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

22. TAXATION (CONT'D)

Unrecognised deferred tax assets

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	(8,716,000)	(8,182,000)	(8,716,000)	(8,182,000)
Provision	50,000	50,000	50,000	50,000
Inventories	128,000	37,000	128,000	37,000
Unabsorbed business losses	62,791,000	67,439,000	59,356,000	62,879,000
Unutilised capital allowances	13,895,000	12,126,000	13,895,000	12,126,000
Unutilised reinvestment allowances	9,973,000	9,973,000	9,973,000	9,973,000
	78,121,000	81,443,000	74,686,000	76,883,000

In accordance with the provision of the Finance Act 2018, the unutilised 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 unutilised 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.

23. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries and other emoluments	853,497	793,100	795,988	793,100
Defined contribution plans	102,934	91,045	95,502	91,045
Social security contributions	12,763	12,231	11,650	12,231
Directors' fees	240,000	204,000	240,000	204,000
	1,209,194	1,100,376	1,143,140	1,100,376

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Director of the Group and the Company</u>				
Salaries and other emoluments	239,355	120,000	239,355	120,000
Defined contribution plans	33,504	14,400	33,504	14,400
Social security contributions	2,306	941	2,306	941
	<hr/>	<hr/>	<hr/>	<hr/>
	275,165	135,341	275,165	135,341
<hr/>				
<u>Non-executive Directors</u>				
Directors' fee	240,000	204,000	240,000	204,000
	<hr/>	<hr/>	<hr/>	<hr/>
	515,165	339,341	515,165	339,341

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	
	2023 RM	Restated 2022 RM
Profit attributable to owners of the parent	2,661,893	2,990,246
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 September	1,019,311,071	1,018,974,904
	<hr/>	<hr/>
Basic earnings per ordinary shares (in sen)	0.26	0.29

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(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	
	2023	Restated
	RM	2022
		RM
Profit attributable to owners of the parent	2,661,893	2,990,246
Weighted average number of ordinary shares at 30 September	1,125,795,225	1,148,678,394
Basic earnings per ordinary shares (in sen)	0.24	0.26

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Transactions with related parties				
- Purchase	(43,762,633)	(52,740,108)	(43,762,633)	(52,740,109)
- Plantation cost charged by	970,378	-	-	-
- Rental charged to	541,800	522,000	541,800	522,000

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(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	
	2023	2022
	RM	RM
Salaries, fees and other emoluments	119,755	132,424
Social security contributions	2,100	2,112
Defined contribution plans	14,105	15,834
	135,960	150,370

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				At
	1.10.2022	Drawdown	Repayment	Modification	30.9.2023
	RM	RM	RM	RM	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
	At				At
	1.10.2021	Drawdown	Repayment	Modification	30.9.2022
	RM	RM	RM	RM	RM
Group					
Bankers' acceptance	190,580	-	(190,580)	-	-
Lease liabilities	8,728,540	656,100	(619,163)	(73,105)	8,692,372
	8,919,120	656,100	(809,743)	(73,105)	8,692,372
Company					
Bankers' acceptance	190,580	-	(190,580)	-	-
Lease liabilities	8,728,540	-	(619,163)	(73,105)	8,036,272
	8,919,120	-	(809,743)	(73,105)	8,036,272

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(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	Milling of flour and trading
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

For The Financial Year Ended 30 September 2023

(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
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
For The Financial Year Ended 30 September 2023
(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
Restated 2022						
Revenue						
External customers		66,079,460	-	66,079,460	-	66,079,460
Results						
Profit from operations		4,879,248	(98,253)	4,780,995	-	4,780,995
Finance income		436,546	-	436,546	-	436,546
Finance costs		(323,365)	-	(323,365)	-	(323,365)
Depreciation		(1,644,686)	(18,164)	(1,662,850)	(85,816)	(1,748,666)
Other non-cash items	B	(39,753)	(3,579)	(43,332)	-	(43,332)
Taxation		(142,096)	9,568	(132,528)	20,596	(111,932)
		3,165,894	(110,428)	3,055,466	(65,220)	2,990,246
Assets						
Segment assets		85,150,186	33,342,616	118,492,802	(25,688,829)	92,803,973
Additional to non-current assets other than deferred tax assets	C	2,483,330	731,850	3,215,180	-	3,215,180
Tax recoverable		-	7,229	7,229	-	7,229
		87,633,516	34,081,695	121,715,211	(25,688,829)	96,026,382
Liabilities						
Segment liabilities		11,339,174	25,259,558	36,598,732	(16,647,174)	19,951,558
Tax payable		22,334	-	22,334	-	22,334
		11,361,508	25,259,558	36,621,066	(16,647,174)	19,973,892

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(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:

	2023 RM	Group	2022 RM
Gain on disposal of other investment	(479,999)		–
Gain on modification of lease contract	(140,821)		–
Gain on termination of lease contract	–		(2,725)
Inventories written off	–		270,293
Property, plant and equipment written off	–		3,579
Provision for slow moving inventories	90,899		–
Reversal of inventories written down	–		(227,815)
Waiver of debts	(24,534)		–
	<u>(554,455)</u>		<u>43,332</u>

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

	2023 RM	Group	2022 RM
Property, plant and equipment	4,086,338		3,215,180

- D. The following items are adjusted from segment assets to arrive at total assets reported in the statements of financial position:

	2023 RM	Group	2022 RM
Investment in subsidiaries	(33,532,387)		(33,408,389)
Amount due from subsidiaries	(24,736,023)		(24,141,934)
Amount due from holding companies	–		(199,998)
Property, plant and equipment	33,194,892		33,294,384
Other receivables	(1,232,892)		(1,232,892)
	<u>(26,306,410)</u>		<u>(25,688,829)</u>

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(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 (cont'd)

E. The following items are adjusted from segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2023 RM	Group 2022 RM
Amount due to holding company	(24,736,023)	(24,141,934)
Amount due to subsidiaries	-	(199,998)
Deferred tax liabilities	7,670,880	7,694,758
	<u>(17,065,143)</u>	<u>(16,647,174)</u>

(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 total revenue:

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Flour milling and trading				
Customer A	26,853,336	30,556,998	26,853,336	30,556,998

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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	
	2023	Restated 2022	2023	2022
	RM	RM	RM	RM
At FVTPL				
Financial asset				
Other investments	1	2	1	2
At amortised cost				
Financial assets				
Trade receivables	6,356,863	7,725,001	4,945,217	7,208,328
Other receivables	2,248,660	2,190,525	349,556	291,421
Amount due from subsidiaries	–	–	23,451,676	23,044,605
Fixed deposits with licensed banks	10,112,345	10,372,962	10,112,345	10,372,962
Cash and bank balances	16,810,259	10,571,743	14,621,740	9,189,362
	35,528,127	30,860,231	53,480,534	50,106,678
	35,528,128	30,860,233	53,480,535	50,106,680
At amortised cost				
Financial liabilities				
Trade payables	3,662,282	1,136,169	1,526,063	378,241
Other payables	919,706	1,013,221	612,969	675,084
	4,581,988	2,149,390	2,139,032	1,053,325

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

(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 price 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.

(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 its 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 3 (2022: 1 and 1) major customers respectively and accounted for approximately 22% and 32% (2022: 18% and 19%) of the Group's and of the Company's trade receivables outstanding.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(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					
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
2022					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	1,136,169	–	–	1,136,169	1,136,169
Other payables	1,013,221	–	–	1,013,221	1,013,221
Lease liabilities	952,363	3,928,446	5,763,675	10,644,484	8,692,372
	3,101,753	3,928,446	5,763,675	12,793,874	10,841,762

Notes to the Financial Statements
For The Financial Year Ended 30 September 2023
(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					
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
2022					
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Trade payables	378,241	–	–	378,241	378,241
Other payables	675,084	–	–	675,084	675,084
Lease liabilities	952,363	3,928,446	5,107,575	9,988,384	8,036,272
	2,005,688	3,928,446	5,107,575	11,041,709	9,089,597

(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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (cont'd)

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:

	2023 RM	2022 RM
Group and Company		
Fixed rate instrument		
<u>Financial asset</u>		
Fixed deposits with licensed banks	10,112,345	10,372,962

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.

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			
2023			
<u>Financial assets</u>			
Other investments:			
- unquoted investments	1	1	1
2022			
<u>Financial assets</u>			
Other investments:			
- unquoted investments	2	2	2

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

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 periods.

(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 of 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.

29. 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.

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023

(cont'd)

30. PRIOR YEAR ADJUSTMENT

The Group has restated the carrying amount of goodwill of RM24,431,954 as at 30 September 2022 to property, plant and equipment and recognised deferred tax impact from business acquisition to comply with the measurement principle of MFRS 3 Business Combination.

The consolidated financial position for the financial year ended 30 September 2021 were not presented as the prior financial year's adjustment has no impact to the opening balance as at 1 October 2021.

30.1 Reconciliation of statements of financial position as at 30 September 2022.

	As previously reported RM	Impact of MFRS 3 Business Combination RM	As restated RM
Group			
Non-current assets			
Property, plant and equipment	23,198,329	33,294,384	56,492,713
Goodwill	24,431,954	(24,431,954)	–
Current assets			
Other receivables	10,609,327	(1,232,892)	9,376,435
EQUITY AND LIABILITIES			
EQUITY			
Accumulated losses	21,302,317	65,220	21,367,537
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	–	(7,694,758)	(7,694,758)

30.2 Reconciliation of statements of profit or loss and other comprehensive income for financial year ended 30 September 2022.

	As previously reported RM	Impact of MFRS 3 Business Combination RM	As restated RM
Group			
Administrative expenses	(1,842,134)	(85,816)	(1,927,950)
Tax expense	(132,528)	20,596	(111,932)

Notes to the Financial Statements

For The Financial Year Ended 30 September 2023
(cont'd)

30. PRIOR YEAR ADJUSTMENT (CONT'D)

30.3 Reconciliation of statements of cash flows for the financial year ended 30 September 2022.

	As previously reported RM	Impact of MFRS 3 Business Combination RM	As restated RM
Group			
Cash flows from operating activities			
Profit before tax	3,187,994	(85,816)	3,102,178
Adjustments for:			
Depreciation of property, plant and equipment	1,662,850	85,816	1,748,666

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 9 January 2024.

ANALYSIS OF SHAREHOLDINGS

AS AT 8 JANUARY 2024

Total number of Issued Shares : 1,022,898,004 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	88	2.39	1,983	0
100 – 1,000	885	23.99	777,583	0.08
1,001 – 10,000	1,483	40.20	7,221,000	0.71
10,001 – 100,000	920	24.94	35,618,017	3.48
100,001 – less than 5% of issued shares	309	8.38	371,903,421	36.36
5% and above of issued shares	4	0.10	607,376,000	59.37
Total	3,689	100.00	1,022,898,004	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 8 JANUARY 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	29.33	–	–
Datuk Wong Sak Kuan	200,740,000	19.62	300,000,000 ^(a)	29.33
Yau Ming Teck	58,500,000	5.72	–	–
CWL Ventures Sdn. Bhd.	58,136,000	5.68	–	–
Chia Weng Lock	8,330,000	0.81	58,136,000 ^(b)	5.68

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.

DIRECTOR'S INTEREST AS AT 8 JANUARY 2024

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest	No. of Ordinary Shares		%
		Indirect Interest	%	
Datuk Wong Sak Kuan	200,740,000	19.62	300,000,000 ^(a)	29.33
Yau Ming Teck	58,500,000	5.72	–	–
Lee Wai Fun	33,912,000	3.32	–	–
Chia Weng Lock	8,330,000	0.81	58,136,000 ^(b)	5.68
Mohd Rasli Bin Muda	470,000	0.05	–	–
Low Koon Min	–	–	–	–
Yap Ee Seong	–	–	–	–
Wong Yau Min	–	–	–	–
Lim Lian Chee	145,000	0.01	–	–

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

As At 8 January 2024

(cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 8 JANUARY 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	29.33
2.	DATUK WONG SAK KUAN	190,740,000	18.65
3.	YAU MING TECK	58,500,000	5.72
4.	CWL VENTURES SDN. BHD.	58,136,000	5.68
5.	LIM CHIUN CHEONG	44,610,520	4.36
6.	LEE WAI FUN	33,912,000	3.32
7.	WONG PENG KHOON	17,475,620	1.71
8.	WONG ONN ONN	12,323,900	1.20
9.	WONG MING MING	10,763,900	1.05
10.	RHB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR WONG SAK KUAN	10,000,000	0.98
11.	TOH YAN TAI	9,765,400	0.95
12.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK	9,683,500	0.95
13.	CHAN PECK YIN	8,805,580	0.86
14.	CHIA WENG LOCK	8,330,000	0.81
15.	CHONG FONG TAI	8,100,000	0.79
16.	TEO SOON KEE	8,000,000	0.78
17.	YAU CHI HANG	7,582,030	0.74
18.	LEE CHENG CHENG	7,500,000	0.73
19.	AUGUSTINE KOK HWAI NAM	7,000,000	0.68
20.	TOH WAH CHONG	5,861,300	0.57
21.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR SHORAKA CAPGROUP SDN BHD	5,667,000	0.55
22.	WONG HUEY PING	5,400,000	0.53
23.	TEOH HOOI LEE	5,210,000	0.51
24.	EBS TECH.SDN.BHD.	5,000,000	0.49
25.	WONG KOON WAI	4,644,170	0.45
26.	NEO KIM HOCK	4,471,700	0.44
27.	SIM SOH POW	4,320,000	0.42
28.	LEE WAI FONG	3,338,000	0.33
29.	WOO WAI ONN @ FOO WAI ONN	3,067,500	0.30
30.	TA NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR DATO' CHANG LIK SEAN	3,031,200	0.30

ANALYSIS OF WARRANT HOLDINGS

AS AT 8 JANUARY 2024

Type of Securities	: Warrants B (“Warrants”)
No. of Warrants Issued	: 263,885,260
Exercise Price	: RM0.10
Exercise Period	: 26 November 2019 to 25 November 2024

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	11	2.54	436	0
100 - 1,000	19	4.39	8,511	0
1,001 - 10,000	103	23.79	541,940	0.21
10,001 - 100,000	178	41.11	7,956,000	3.01
100,001 – less than 5% of issued warrants	117	27.02	110,068,373	41.71
5% and above of issued warrants	5	1.15	145,310,000	55.07
Total	433	100.00	263,885,260	100.00

DIRECTORS’ WARRANT HOLDINGS AS AT 8 JANUARY 2024

(As per the Register of Directors’ Warrant Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Datuk Wong Sak Kuan	86,725,000	32.86	–	–
Yau Ming Teck	17,750,000	6.73	–	–
Lee Wai Fun	16,820,000	6.37	–	–
Chia Weng Lock	4,000,000	1.52	24,015,000 ^(a)	9.10
Mohd Rasli Bin Muda	–	–	–	–
Low Koon Min	–	–	–	–
Yap Ee Seong	–	–	–	–
Wong Yau Min	–	–	–	–
Lim Lian Chee	286,000	0.11	–	–

Note: -

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

Analysis Of Warrant Holdings

As At 8 January 2024

(cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 8 JANUARY 2024*(without aggregating the securities from different securities accounts belonging to the same registered holder)*

No.	Name	No. of Warrants Held	%
1.	DATUK WONG SAK KUAN	66,725,000	25.29
2.	CWL VENTURES SDN. BHD.	24,015,000	9.10
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR WONG SAK KUAN (7000571)	20,000,000	7.58
4.	YAU MING TECK	17,750,000	6.73
5.	LEE WAI FUN	16,820,000	6.37
6.	LIM CHIUN CHEONG	12,359,060	4.68
7.	WONG PENG KHOON	7,482,160	2.84
8.	TOH YAN TAI	6,137,700	2.33
9.	TOH WAH CHONG	6,029,400	2.28
10.	CHONG FONG TAI	4,308,000	1.63
11.	WONG HUEY PING	4,200,001	1.59
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM HUNG THIAM (7000997)	4,043,000	1.53
13.	CHIA WENG LOCK	4,000,000	1.52
14.	YAU CHI HANG	3,845,210	1.46
15.	TEO SOON KEE	3,000,000	1.14
16.	LING YOKE HOOI	2,740,000	1.04
17.	TA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR DATO' CHANG LIK SEAN	2,584,500	0.98
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHIANG SOAK ENG (7000380)	2,130,000	0.81
19.	LEE CHENG CHENG	1,981,500	0.75
20.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HOO YEEK FOO	1,450,000	0.55
21.	WONG KOON WAI	1,322,090	0.50
22.	KOH KIM HEOK	1,225,000	0.46
23.	WONG WAI KONG	1,200,000	0.45
24.	WONG TIN WOOL	1,180,001	0.45
25.	LAI CHEAN WEI	1,179,500	0.45
26.	WOO WAI ONN @ FOO WAI ONN	1,084,000	0.41
27.	LING MEE CHOOI	1,030,000	0.39
28.	LIM SWEE TIN	1,000,000	0.38
29.	ONG LAM GUAN	1,000,000	0.38
30.	TAN CHEIT CHAI	966,800	0.37

LIST OF PROPERTIES HELD BY THE GROUP

AS AT 30 SEPTEMBER 2023

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	38 years and 31 years	4,023
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	21 years	227

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Ninth Annual General Meeting (“39th 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 Thursday, 21 March 2024 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

A G E N D A

As Ordinary Business:

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2023 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 this 39 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: <ul style="list-style-type: none"> i. En. Mohd Rasli Bin Muda ii. Madam Low Koon Min iii. Mr. Yap Ee Seong | ORDINARY RESOLUTION 2
ORDINARY RESOLUTION 3
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 THAT 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.

AND THAT pursuant to Section 85 of the Act read together with the Company’s Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

Notice Of Annual General Meeting (cont'd)

AND FURTHER 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 31 January 2024 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.”

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

Notice Of Annual General Meeting (cont'd)

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
31 January 2024

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@sshshb.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 13 March 2024. Only members whose name appears in the Record of Depositors as at 13 March 2024 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 2023

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 39th AGM until the date of the next AGM to be held in the year 2025. 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, En. Mohd Rasli Bin Muda, Madam Low Koon Min and Mr. Yap Ee Seong 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 39th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect the 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 of the Company's Annual Report 2023.

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).

The Company had at its Thirty-Eighth AGM held on 17 March 2023 ("38th 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 39th AGM.

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)

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 38th AGM which will lapse at the conclusion of the 39th AGM.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

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 31 January 2024 for further information.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE THIRTY-NINTH ANNUAL GENERAL MEETING OF LOTUS KFM BERHAD (“LOTUS” OR “COMPANY”) (“39TH AGM” OR “MEETING”)

Date	Time	Venue
Thursday, 21 March 2024	10:00 a.m.	Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya

APPOINTMENT OF PROXY

- 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 39th AGM, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.
- 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:-
 - 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.
 - By electronic form
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to eservices@sshshb.com.my.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

- 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 39th AGM together with the proxy(ies) appointed by you.
- 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@sshshb.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 39th 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 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:-
 - Full name;
 - Identity Card or Passport Number;
 - Contact number (optional – for better co-ordination); and
 - CDS account number

The date of Record of Depositors for the 39th AGM is 13 March 2024. As such, only members whose names appear in the Company’s Record of Depositors as at 13 March 2024 shall be entitled to attend the 39th 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) Members or proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the Meeting in person.
- (d) **NO door gift** will be provided to the members/proxies at the Meeting venue and **NO refreshment** will be served at the Meeting venue.
- (e) 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.
- (f) **Recording/Photography**

By participating in this 39th 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 39th 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	Name: Ms. Lily
Telephone No.: +603-8959 4883	Telephone No.: +603 2084 9000
Email: connie.ng@lotuskfm.com.my	Email: lily@sshb.com.my

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 Thirty-Ninth Annual General Meeting ("39th AGM" or "Meeting") of the Company to be held at Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya on Thursday, 21 March 2024 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 this 39 th AGM until the next AGM of the Company.		
2.	To re-elect En. Mohd Rasli Bin Muda as Director.		
3.	To re-elect Madam Low Koon Min as Director.		
4.	To re-elect Mr. Yap Ee Seong 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 _____ 2024

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.

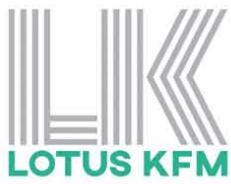
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AFFIX
STAMP

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@sshb.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 13 March 2024. Only members whose name appears in the Record of Depositors as at 13 March 2024 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

Registration No. 198401007083(119598-P)

Unit T2-L3-1 & 3, Level 3 IOI City Tower Two
Lebuh IRC, IOI Resort City
62502 Putrajaya, Malaysia

Tel : +603-89594883 **Fax** : +603-89598057

www.kfmb.com.my