

LOTUS KFM BERHAD

Registration No. 198401007083 (119598-P)

2025

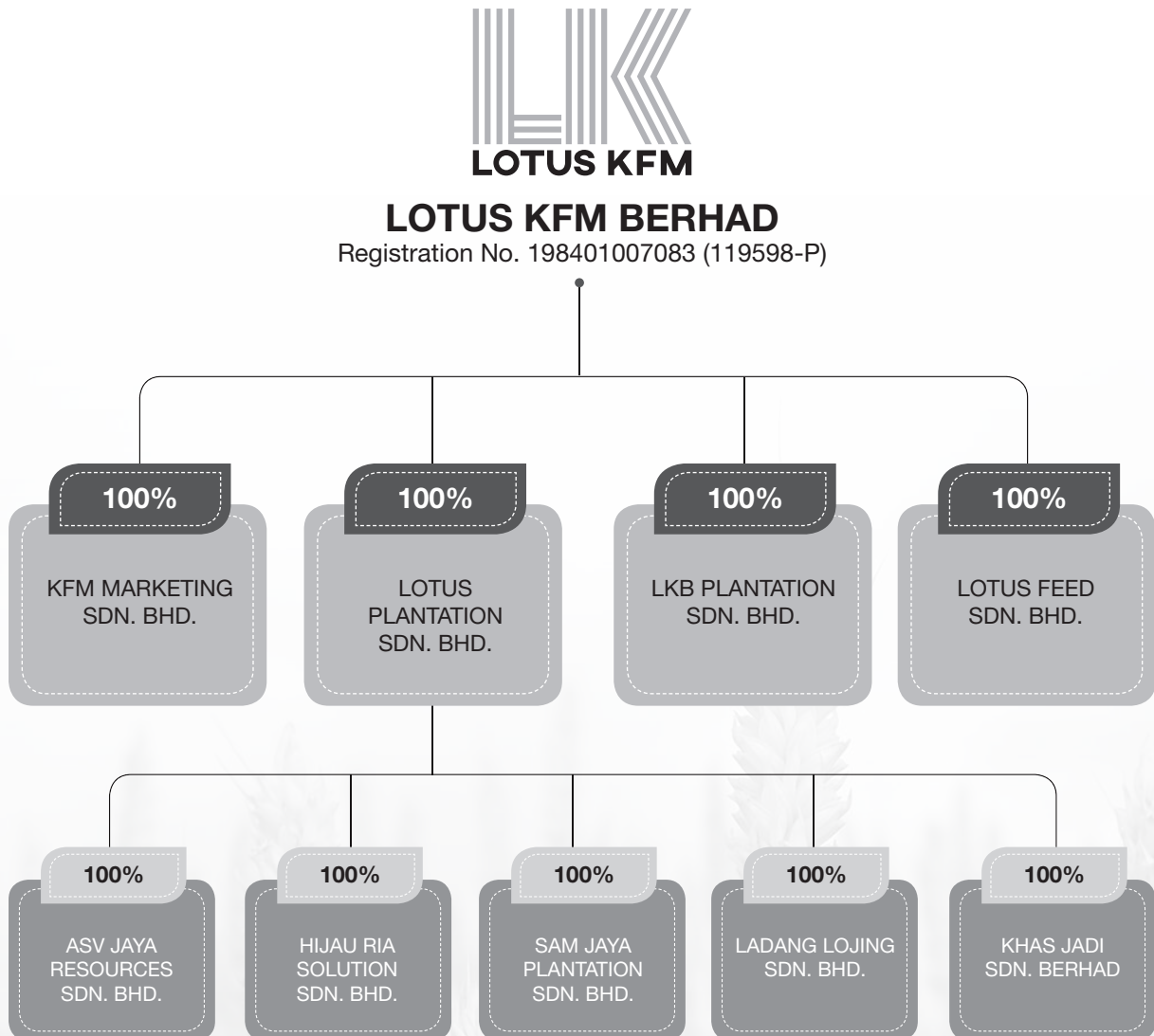
**ANNUAL
REPORT**



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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

YAU MING TECK

Non-Independent Non-Executive Director

CHIA WENG LOCK

Non-Independent Non-Executive Director

WONG YAU MIN

Non-Independent Non-Executive Director

DATUK WONG SAK KUAN

Non-Independent Non-Executive Director / Vice Chairman

LIM LIAN CHEE

Executive Director

LOW KOON MIN

Independent Non-Executive Director

YAP EE SEONG

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
Email: info@cospec.com.my

CORPORATE OFFICE

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

FACTORY

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

PRINCIPAL BANKERS

- AmBank Islamic Berhad
- AmBank (Malaysia) Berhad
- OCBC Bank (Malaysia) Berhad
- RHB Bank Berhad
- United Overseas Bank (Malaysia) Berhad
- Affin Bank 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@sshshb.com.my

AUDITORS

TGS TW PLT

(Registration No.: 202106000004)
(LLP0026851-LCA & AF002345)
Chartered Accountants
Unit E-16-2B, Level 16
ICON Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603-9771 4326
Fax: +603-0071 4327

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 (“Lotus” or “the Company”) and its subsidiaries (“the Group”) is a public listed company on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Group’s principal activities are primarily involved in flour milling and trading in related products. Lotus places strong emphasis on producing consistent, high-quality flour products, with the objective of achieving high levels of customer satisfaction and fostering long-term customer loyalty, while at the same time delivering sustainable value to its customers and stakeholders.

For the financial year ended 30 September 2025 (“FYE 2025”), the Group major sources of revenue from flour milling and trading, based on its business activities comprising milling of flour and trading of starch, timber, chemical, wood chips and bamboo chips.

KFM Marketing Sdn. Bhd. is the one of the Group’s main revenue-generating subsidiary, primarily engaged in the manufacturing flour and chemical related products. Through continuous operational improvements, this subsidiary plays a pivotal role in supporting the Group’s overall financial performance. In addition, LKB Plantation Sdn. Bhd. also contributed revenue to the Group during the FYE 2025 through its trading activities in wood chips and bamboo chips.

Other plantation-related businesses under subsidiaries such as Lotus Plantation Sdn. Bhd., ASV Jaya Resources Sdn. Bhd., Hijau Ria Solution Sdn. Bhd., Sam Jaya Plantation Sdn. Bhd., Ladang Lojing Sdn. Bhd., and Khas Jadi Sdn. Berhad are currently in various stages of development. These subsidiaries are expected to gradually commence revenue generation upon reaching maturity. The Board of Directors (“the Board”) anticipates that these plantation ventures will provide new and sustainable recurring income streams for the Group, thereby reducing reliance on its existing flour milling and trading operations over the longer term.

Looking ahead, the Board remains optimistic that continued revenue contributions from the flour milling and trading segment, together with future income from the plantation and investment-related subsidiaries, will strengthen the Group’s earnings profile and financial resilience in the coming years. This strategic diversification is expected to position the Group for sustainable growth and enhanced shareholder value.

A comprehensive overview of the Group’s overall financial outcomes, business operation, operating segment and subsidiaries information can be found in Audited Financial Statement 2025.

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:-

	2025 RM’000	2024 RM’000	2023 RM’000	2022 RM’000	2021 RM’000
Revenue	54,380	50,700	58,508	66,079	51,762
Operating profit/(loss)	(273)	(166)	2,374	2,989	2,475
Profit/(Loss) before tax	650	143	2,515	3,102	2,831
Profit/(Loss) after tax	464	154	2,662	2,990	2,661
Shareholders’ funds	105,766	80,519	79,096	76,052	73,062
Net tangible assets	105,766	80,519	79,096	76,052	73,062
Tangible assets	132,053	102,274	100,568	96,026	86,922
Basic earnings/(loss) per share (sen)	0.04	0.02	0.26	0.29	0.34
Net assets per share (sen)	8.24	7.78	7.73	7.46	7.17

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PERFORMANCE REVIEW

a) Revenue

In FYE 2025, the Group recorded revenue of RM54.380 million, increased by RM3.680 million compared to RM50.700 million in the previous financial year ended 2024 ("FYE 2024"). The Group's revenue was primarily driven by the flour milling and trading segment, which included flour milling and trading of flour, starch, chemical, wood chip and bamboo chip.

b) Operating Profit

The Group recorded a gross profit of RM1.424 million in FYE 2025, compared to RM1.936 million in FYE 2024, representing a decrease of RM0.512 million or 26.45%. This was mainly due to an increase of cost of goods sold relative to revenue, which resulted in a compression of the Group's gross profit margin from 3.82% in FYE 2024 to 2.62% in FYE 2025. Despite the lower gross profit, the Group's profit before tax was increased by RM0.507 million in FYE 2025 compare to FYE 2024, which is RM0.650 million and RM0.143 million respectively.

c) Cash Flows and Liquidity

The Group's inventories level for current FYE 2025 has increased to RM3.287 million (FYE 2024: RM0.291 million), reflecting an increase of RM2.996 million. The increase was primarily attributable to hold higher stock levels of starch to support business operations.

The Group's trade receivables recorded RM7.278 million at the FYE 2025 compared with RM6.411 million in FYE 2024, in the line with higher revenue during the year. In addition, other receivables slightly increased by 28.75%, which is RM21.506 million in FYE 2025 and RM16,703 million in FYE 2024.

For FYE 2025, the Group recorded a deficit in net operating cashflow of RM4.963 million, compared to FYE 2024 a deficit of RM3.241 million in FYE 2024, representing an increase in cash outflow of RM1.722 million. The higher net operating cash outflow was mainly attributable to changes in working capital, increased trade receivables and inventory levels to support business activities during the year.

The Group's cash and bank balances placed with financial institutions decreased by 15.01%, which is RM9.472 million and RM11.145 million in FYE 2025 and FYE 2024 respectively. However, the fixed deposits with licensed bank significantly increased by 190.71%, which recorded RM36.058 million and RM12.404 million in FYE 2025 and FYE 2024 respectively. Taking into considering the challenges of the operating environment, the Board has retained adequate fund to meet financial obligation of the Group.

The above group financial results and financial outcomes discussion is essential to consider along with Audited Financial Statement 2025.

ANTICIPATED BUSINESS RISKS

The Group's operations are subject to various business risks, including intense market competition, volatility of imported raw material prices, movements of foreign exchange rates, inflationary pressures, performance of end-user industries, as well as changes in economic, political and regulatory conditions. These risks may have a material impact on the Group's financial performance, operating results and cash flows.

a) Market competition

The market for flour milling and trading of flour, starch, chemical, wood chips and bamboo chips, remain competitive. Competition arises from local and regional operators offering similar products, with pressures on pricing, product quality, distribution, and service levels. To sustain its position in this competitive market, the Group continues to refine its market strategies, enhance distribution channels, optimize its product mix and quality, and expand its customer base. In addition, trading of wood chips and bamboo chips has delivered encouraging results in FYE 2025. It enabling the Group to diversify its product offerings and revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED BUSINESS RISKS (CONT'D)

b) Volatility of raw material prices

Volatility in the prices of imported raw materials, particularly wheat and tapioca, remains a key challenge for the Group, as raw material costs constitute a significant portion of production costs for wheat flour and tapioca starch.

As wheat and tapioca are globally traded commodities, their prices are subject to fluctuations arising from changes in global supply and demand, weather conditions, stock levels and broader macroeconomic factors. Any significant increase in commodity prices or disruption in supply may adversely affect the Group's cost structure and profitability.

c) Volatility of currency exchange rates

Lotus's main raw materials, including wheat and tapioca, are fully imported and denominated in USD. Accordingly, fluctuations in the USD/RM exchange rate may result in higher raw material costs and directly impact the Group's cost of goods sold and profit margins. To mitigate this risk, the Group adopts a prudent and proactive approach, which may include close monitoring of foreign exchange movements, pricing adjustments where feasible and appropriate treasury management strategies.

d) Inflationary pressure

Inflationary pressure is not only a domestic issue, but also a global phenomenon that experienced in others countries. Inflation has significantly impacted the Group's operating costs. The operating cost emphasises day-by-day necessary expenses for the Group to conduct business operations. The most direct impacts on inflation on operating costs are the increased cost of inputs, including raw material, energy and other resources. As the overall price level rises, the cost of acquiring these essential inputs tend to increase, hence, it maybe directs impacting on the production costs. The Group is regularly reviewing the changing of the economic conditions and adopts a multi-pronged approach, including cost control measures and risk mitigation strategies, to manage the impact of inflation and adapt to the evolving economic environment.

e) Changes in economic, political and regulatory conditions

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

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

OUTLOOK OF INDUSTRY

The flour milling and trading industry in Malaysia is a mature yet competitive sector. Products including wheat flour, chemical, tapioca starch and corn starch, are included by global commodity prices, import reliance, and foreign exchange rate fluctuations, as raw materials are largely imported.

Meanwhile, the industry also seen growth opportunities in value-added products such as trading in chemical, wood chips and bamboo chips. Operators across all segments face intense competition, not only on price, but also on product quality, service reliability, and distribution efficiency. The Group will continue monitoring and conduct regular review on the market condition to mitigate potential risk.

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

NOTE OF APPRECIATION

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

BOARD OF DIRECTORS' PROFILE

MOHD RASLI BIN MUDA

Independent Non-Executive Chairman

Malaysian | Male | Aged 64

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

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

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

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

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

He attended all four (4) Board meetings held during the financial year ended 30 September 2025 ("FYE 2025").

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATUK WONG SAK KUAN

Non-Independent Non-Executive Director / Vice Chairman

Malaysian | Male | Aged 57

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

Datuk Wong graduated with a Diploma in Civil Engineering from the Federal Institute of Technology ("FIT") in 1990. Upon graduating, Datuk Wong joined his family's construction business erecting factory buildings and warehouses for a public listed paper mill group of companies. In 1995, he steered the construction company into various residential, commercial and industrial development projects in Selangor and Penang. He has more than 30 years of experience in the construction and development industry.

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

Datuk Wong is currently the Group Managing Director of Sing Foong Niap Group of Companies. He is also the controlling shareholder and Managing Director of Lotus Essential Sdn. Bhd. as well as several private limited companies. Datuk Wong currently sits on the board of Lotus Circular Berhad as a Non-Independent Non-Executive Director and EVD Berhad as Non-Independent Non-Executive Director.

He attended all four (4) Board meetings held during the FYE 2025.

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

LEE WAI FUN

Executive Director cum Chief Executive Officer

Malaysian | Female | Aged 55

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

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

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

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

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

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

She attended all four (4) Board meetings held during the FYE 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LIM LIAN CHEE

Executive Director

Malaysian | Male | Aged 64

LIM LIAN CHEE ("Mr. Lim") was appointed to the Board on 3 October 2022 as an Executive Director.

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

He has more than 39 years of banking experience with OCBC Bank Berhad, 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 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LOW KOON MIN

Independent Non-Executive Director

Malaysian | Female | Aged 54

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

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

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

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

Ms. Low also sits on the board of Lotus Circular Berhad as an Independent Non-Executive Director.

Ms. Low attended all four (4) Board meetings held during the FYE 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

YAU MING TECK

Non-Independent Non-Executive Director

Malaysian | Male | Aged 54

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

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

He started his career in 1994 with Coopers & Lybrand, Insolvency & Corporate Division and handles a wide portfolio of clients with diverse backgrounds and industries during his three (3) years with the firm.

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

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

He attended all four (4) Board meetings held during the FYE 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

CHIA WENG LOCK

Non-Independent Non-Executive Director

Malaysian | Male | Aged 62

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

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

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

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

He attended all four (4) Board meetings held during the FYE 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

YAP EE SEONG

Independent Non-Executive Director

Malaysian | Male | Aged 58

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

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

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

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

He attended all four (4) Board meetings held during the FYE 2025.

BOARD OF DIRECTORS' PROFILE (CONT'D)

WONG YAU MIN

Non-Independent Non-Executive Director

Malaysian | Male | Aged 33

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

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

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

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

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

He attended all four (4) Board meetings held during the FYE 2025.

Notes: -

1. Save as disclosed above, none of the Directors have family relationship with other Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interests or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries except the recurrent related party transactions disclosed in the Circular to Shareholders dated 30 January 2026.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 September 2025, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors hold any other directorship in public companies and listed issues.

KEY SENIOR MANAGEMENT'S PROFILE

WONG YU PERNG

Deputy General Manager

Malaysian | Male | Aged 32

Wong Yu Perng is the Deputy General Manager of Lotus KFM Berhad ("Lotus" 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 Lotus as a sales executive. After that, he has promoted to the Head of Purchasing Department. In 2020, he enrolled the Occupational Safety and Health Coordinator to implement a safer workplace around the Flour Mills. Due to his outstanding leadership skills and performance, he was further promoted as Operation Manager in December 2020 by managing and take care of the daily operation of the operation of Flour Mills. Subsequently, he was promoted to Deputy General Manager in January 2022.

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

NG YOKE YEUN

Accounts Manager

Malaysian | Female | Aged 39

Ng Yoke Yeun is the Accounts Manager of Lotus. She obtained her Advanced Diploma in Financial Accounting in 2008 from Tunku Abdul Rahman College. She is a member of the Association of Chartered Certified Accountants ("ACCA") and Malaysia Institute of Accountants ("MIA") since 2015. She started her career with a small accounting firm since year 2008 followed by an international medium accounting firm, Ecovis AHL PLT, where she was involved in statutory audit of companies in various industries. In September 2016, she joined Lotus Essential Sdn. Bhd. and transferred to Lotus as an 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 have any other directorship in public companies and listed issuers.
2. None of the key senior management 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 have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
4. None of the key senior management personnel have been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 September 2025, other than traffic offence (if any).

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT 2025

Lotus KFM Berhad ("Lotus" or "the Group") presents this Sustainability Statement (or "the Statement") to provide an account of its economic, environmental, social, and governance (EESG) performance for the financial year ending 30 September 2025.

This Statement has been prepared in compliance with Bursa Malaysia's Sustainability Reporting Guidelines, while referencing the United Nations Sustainable Development Goals (UNSDGs) to ensure alignment with recognised reporting standards. The information disclosed reflects the Group's key sustainability matters, ongoing initiatives, and areas of focus that are most relevant to its operations and stakeholders.

Although the Statement has not undergone external assurance, it has been internally reviewed and endorsed by the Group's Sustainability Steering Committee (SSC) to support the accuracy and reliability of the disclosures. A consolidated performance table, generated from Bursa Malaysia's Centralised Sustainability Intelligence (CSI) Platform, is included at the end of this Statement to provide readers with a summarised view of Lotus' EESG performance for the reporting year.

Scope of Reporting

This Statement covers the activities of Lotus and its subsidiaries for the financial year ended 30 September 2025 (FYE 2025). While the Group consists of nine entities, this year's statement focuses on two entities: **Lotus KFM Berhad** and **KFM Marketing Sdn Bhd**.

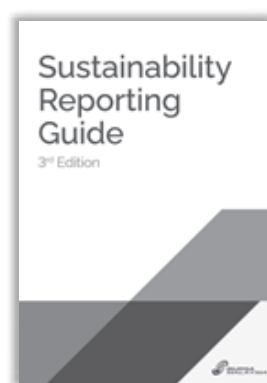
These subsidiaries have been selected as their operational activities have the most impact on the overall Group of Lotus. Furthermore, the Group's corporate office is based in Putrajaya, while its flour milling operations are located in Kuantan.

Guidelines & References

Main Guide:

Bursa Malaysia Berhad Sustainability Reporting Guide (3rd Edition)

Supplementary Guides & References:
UNSDGs



SUSTAINABILITY STATEMENT (CONT'D)

ABOUT US

Lotus KFM Berhad

Lotus KFM Berhad is the Group's main operating company, generating revenue through two key business lines: flour milling and the trading of tapioca and corn starch.

The Group's flour mill in **Kuantan** serves as the core production facility, with output focused on producing consistent, high-quality flour for both industrial and consumer use. Among the product range, *Wau Green 'N' Flour* and *Industrial Flour* are notable contributors to sales.

KFM Marketing Sdn Bhd

KFM Marketing Sdn Bhd operates mainly in trading.

Its activities centre on the distribution of industrial-related products, primarily caustic soda and flour.

Unlike other subsidiaries, KFM Marketing Sdn Bhd does not maintain physical production facilities; its operations are trading-based and managed without a dedicated site.

Lotus Sustainability Governance Structure

Lotus' sustainability governance structure is designed to provide clear oversight, strategic direction, and effective implementation of initiatives. Responsibilities are distributed across different levels of the organisation to ensure both long-term priorities and day-to-day practices are addressed.

Board of Directors (BOD)	
Sustainability Steering Committee (SSC)	
Executive Director	Deputy General Manager
Sustainability Working Group (SWG)	
Finance Manager	Operation Manager
Quality Assurance / Quality Control	Marketing Manager
Human Resources Manager	Account Manager

Figure 1: Sustainability Governance Structure

Board of Directors (BOD)

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

Sustainability Steering Committee (SSC)

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

Sustainability Working Group (SWG)

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

SUSTAINABILITY STATEMENT (CONT'D)

KEY STAKEHOLDER ENGAGEMENT

Lotus maintains open channels of communication with our stakeholder groups. Engagement with stakeholders is tailored based on relevance, purpose, and the nature of ongoing interactions, with some stakeholders engaged more regularly. The detailed method and frequency of engagement for each stakeholder group is listed in greater detail below.

	Frequency	Methods of Engagement	Areas of Interest
 Shareholders	Annually	Annual General Meeting	- Financial Performance and Position - Company Growth and Outlook - Company Strategic Direction - Risk Management - Ethical and Responsible Business Practices
	Quarterly	Financial Results Announcements/Reports	
	As Needed	Investors Briefings and Roadshows	
		Materiality Survey	
 Customers	As Needed	Customer Satisfaction Surveys	- Product or Service Quality - Customer Service - Support and Problem Resolution - Customer Satisfaction / Reviews - Ethical Sourcing - Supply Chain Transparency
		Customer Feedback / Complaints	
		Meetings	
		Materiality Survey	
 Regulatory & Certification Bodies	Annually	Meetings	- Regulatory Reporting and Compliance - Rules and Regulation Update - Corporate Governance - Participation in Government Initiatives - Ethical and Responsible Business Practices - Adherence to Labour Laws and Safety Standards
	As Needed	Regulatory Reporting and Compliance Submissions	
		Announcements	
		Programmes/Events organised by Regulators & Government Authorities	
		Materiality Survey	
 Vendors & Suppliers	As Needed	Meetings	- Vendors / Suppliers Relationship - Supply Chain Management - Quality Assurance - Strategic Partnership - Communication and Collaboration - Sustainable and Ethical Practices
		Workshops & Training Sessions	
		Audits & Assessments	
		Materiality Survey	
 Employees	Annually	Employee Feedback Surveys	- Workplace Safety and Wellbeing - Training and Career Development - Diversity - Labour Practices and Standards - Recognition and Rewards - Human Rights - Performance Management
	As Needed	Employee Engagement Activities	
		Internal Newsletter & Platform	
		Meetings	
		Townhalls	
		Training & Development Programs	
		Materiality Survey	
 Board of Directors	Monthly	Strategic Planning Sessions	- Financial Performance and Position - Corporate Strategy and Growth Plans - Accountability and Governance - Ethical and Responsible Business Practices - Risk Management
	Quarterly	Performance Reviews and Audits	
		Board Meetings	
	Annually	Annual General Meeting	
	As Needed	Materiality Survey	

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT, METHODOLOGY, & ANALYSIS

In the previous year's Sustainability Statement, Lotus conducted its first Materiality Assessment.

Following discussions with the Sustainability Steering Committee (SSC) and the Sustainability Working Group (SWG), twelve (12) sustainability matters were identified as most material to the Group. These were then prioritised based on feedback gathered through the materiality survey.

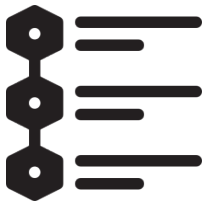
The assessment was carried out during FYE 2024 with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). This year, we reviewed our material matters and deemed them to still be relevant. We will be conducting a refreshed Materiality Assessment every 3 years or when there is a change in business direction. This is to ensure our Sustainability Matters are reflective of our business.



IDENTIFICATION

We reviewed internally which sustainability matters were the most relevant to the company and ensured we had included the sustainability matters recommended by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

When identifying sustainability matters, we also considered their short and long-term impact on Lotus' business and operations.



PRIORITISATION

After identifying key internal and external stakeholders, we sent materiality surveys for their input on our identified sustainability matters. A separate survey was also sent to Lotus' senior management to assess the Group's perspective separately. The following was assessed in the surveys:

- The **significance** of the impact of each sustainability matter.
- The **influence** of each sustainability matter on the assessment and decisions of the stakeholders.
- The **prioritisation** of stakeholder groups (by Lotus Management Team only).



APPROVAL

From our results gathered, we processed the data to create a visualised Materiality Matrix.

This Materiality Matrix was approved by the SSC, SWG, and the BOD separately. The finalised and approved Materiality Matrix is shown on the following page.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY MATRIX

Following the process of the Materiality Assessment & Analysis, a Materiality Matrix was created. The following Matrix is a visual showcase of how Lotus stakeholders prioritised the identified sustainability matters.

The closer a material matter is plotted to the **top-right** corner of the matrix, the higher priority it is to the Group and its stakeholders. We have included a zoomed-in Materiality Matrix below and have categorised the sustainability matters according to the EESG pillars to clearly show which matters have been prioritised.

Customer Health & Safety/Product Responsibility and **Health & Safety** were identified as the top two material sustainability matters, reflecting both their significant impact on the Group's overall EESG performance and their strong influence on stakeholder assessments and decision-making.

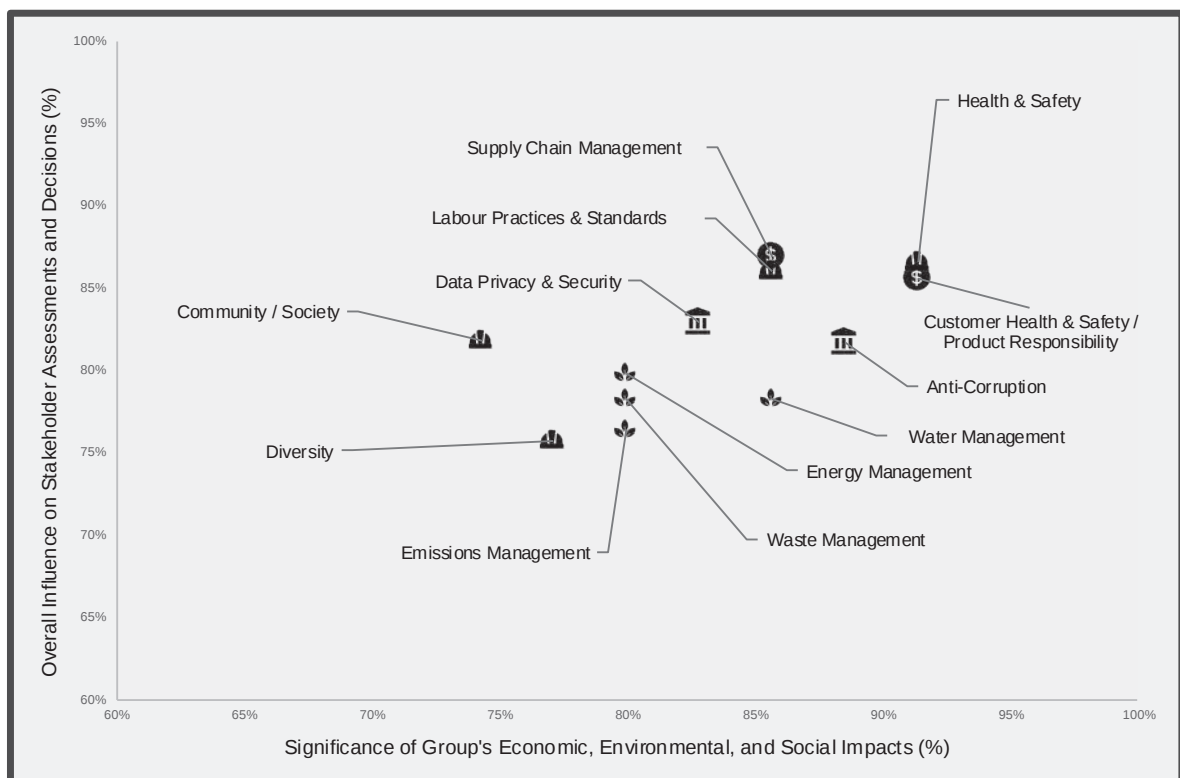


Figure 2: Materiality Matrix (Zoomed In)



Economic

- Supply Chain Management
- Customer Health & Safety / Product Responsibility



Environment

- Water Management
- Waste Management
- Energy Management
- Emissions Management



Social

- Health & Safety
- Labour Practices & Standards
- Community / Society
- Diversity



Governance

- Anti-Corruption
- Data Privacy & Security

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

As a business engaged in flour milling and the trading of starch products, Lotus operates in sectors that are closely tied to everyday consumer needs. Financial performance is therefore not only influenced by market conditions but also how the Group influences and contributes to the local and international economy. This is inclusive of both upstream and downstream stakeholders in our value chain.

In this section, we discuss three sustainability matters of importance to the Group: **Customer Health & Safety / Product Responsibility**, **Quality Products**, and **Supply Chain Management**. Together, these areas highlight the intersection between economic performance, stakeholder expectations, and long-term business resilience.



Customer Health & Safety / Product Responsibility

For Lotus, supplying staple food products means that safety and quality are directly tied to customer well-being. Meeting regulatory standards and safeguarding product integrity are critical to maintaining market access and stakeholder confidence. This matter is therefore central to both operational performance and consumer trust.

Why It Matters:

Top notch product safety and quality helps maintain customer trust and safeguards the Group's reputation in essential consumer markets.



Supply Chain Management

The reliability of Lotus' supply chain affects the availability, cost, and quality of its core products. Effective management supports continuity and competitiveness, while the Group also strives to purchase from local suppliers as far as possible. This matter shapes the Group's ability to deliver consistent value to customers and business partners.

Why It Matters:

Strong supply chain practices reduce business risks, maintain operational continuity, and supports long-term commercial resilience.



Quality Products

For Lotus, product quality is directly linked to reputation, customer satisfaction, and long-term market presence. Consistency in meeting quality standards also supports compliance and reinforces trust in the Group's role as a supplier of staple food products.

Why It Matters:

Quality control supports reliable production, reduces operational risks, and reinforces trust in Lotus' role within the flour and starch market.



SUSTAINABILITY STATEMENT (CONT'D)



Customer Health & Safety / Product Responsibility

As Lotus is a producer of staple food products, we operate in a sector where customer health and safety are directly linked to product responsibility. The way products are assessed, monitored, and managed has implications for regulatory compliance, consumer trust, and the Group's market presence.

To measure outcomes in this area, Lotus tracks the percentage of product categories assessed for health and safety improvements, the number of non-compliance incidents, and any product recalls issued. These indicators provide visibility into how the Group manages risks, maintains standards, and safeguards consumer well-being.

Product Recalls & Cases of Non-Compliance



A product recall is required when items in the market are found to be unsafe or contaminated, and avoiding such incidents reflects the effectiveness of the Group's quality and safety controls.

Lotus has recorded **zero product recalls** over the past three financial years.

Over the same period, the Group also recorded **zero cases of non-compliance** with health and safety regulations or voluntary codes. Regular engagements with regulators and certification bodies, including annual reviews, help the Group stay aligned with evolving standards and requirements.

Quality Assurance Initiatives

The initiatives and practices outlined below reflect Lotus' systematic approach to risk management and quality assurance, embedding safety considerations throughout its operations.

- **Control of Monitoring, Measurement & Cleaning Processes (LKFBM PO7):** This procedure sets the standards for monitoring, measuring, and cleaning activities to ensure consistent product quality and hygiene.
- **Hazard Analysis Critical Control Points (HACCP):** HACCP principles are applied to identify potential hazards and establish controls at critical stages of production to strengthen food safety.
- **Cleaning Programme:** A structured cleaning schedule ensures production areas and equipment are maintained in hygienic condition to minimise contamination risks.
- **Training Programmes:** Employees receive training on quality control, food safety, and operational procedures to maintain competency and adherence to standards.
- **Regular Internal Quality Audits:** Periodic internal audits assess compliance with the quality management system and support continuous operational improvement.
- **Product Identification & Traceability Programmes:** Traceability systems enable products to be tracked throughout the production cycle to quickly address quality issues if they arise.
- **Regular Physical and Chemical Testing:** Daily and annual physical and chemical tests verify that raw materials and finished products meet required specifications.
- **Regular Microbiological Testing:** Annual microbiological testing evaluates the safety and hygiene of products and production environments.
- **Regulatory Compliance:** Lotus stays up to date with the following regulations and certifications:
 - ISO 22000:2018 Certification (Food Safety Management)
 - ISO 9001:2015 Certification (Quality Management)
 - Halal Cert – Starch & Wheat Flour
 - SIRIM QAS Certification
 - MeSTI Certification

SUSTAINABILITY STATEMENT (CONT'D)

Supply Chain Management

Lotus' ability to deliver staple food products consistently depends on the strength and reliability of its supply chains. The way suppliers are engaged influences not only product availability and cost but also the overall resilience of operations.

To track performance in this area, the Group monitors key indicators such as the proportion of spending on local suppliers, the percentage of suppliers reviewed annually, and the number of new suppliers onboarded. These measures provide insights into how Lotus balances supplier diversity, local sourcing, and risk management in its supply network.

Proportion of spending on local suppliers

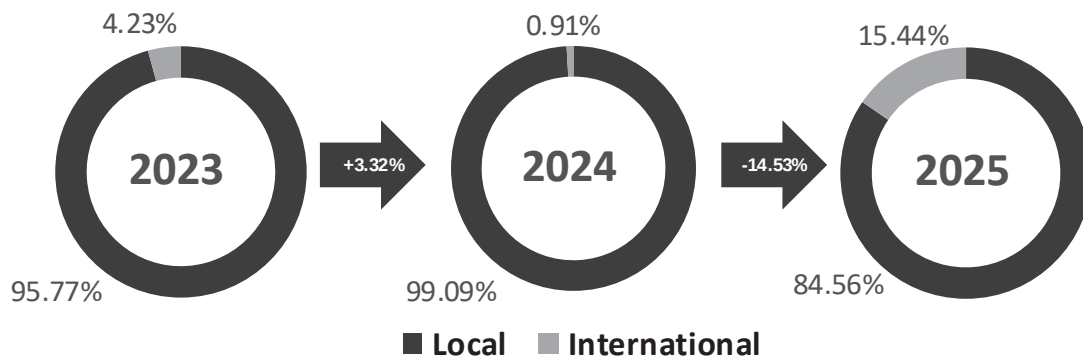


Figure 3: Lotus' Spending Distribution

Lotus continues to source the majority of its inputs from local suppliers, except for key raw materials such as wheat, which is primarily imported from Australia and Canada. The Group sources another one of its key raw materials, starch, from local suppliers.

In 2025, Lotus' supplier base experienced a slight shift, with the introduction of new overseas starch suppliers from Thailand and Vietnam. As a result, the overall proportion of spending on local suppliers (85.56%) reflects a moderate decrease compared to the previous year. Meanwhile, wheat grain purchases remained consistent in sourcing location but recorded a reduction in purchase volume, in line with lower flour sales and demand.

Lotus' procurement process ensures that all suppliers meet the Group's standards for quality, safety, and operational integrity. Potential vendors are assessed through a structured evaluation framework, undergo quality assurance testing, and are only added to the Approved Vendor List (AVL) once fully qualified. This process supports consistent product quality and a reliable, compliant supply chain.

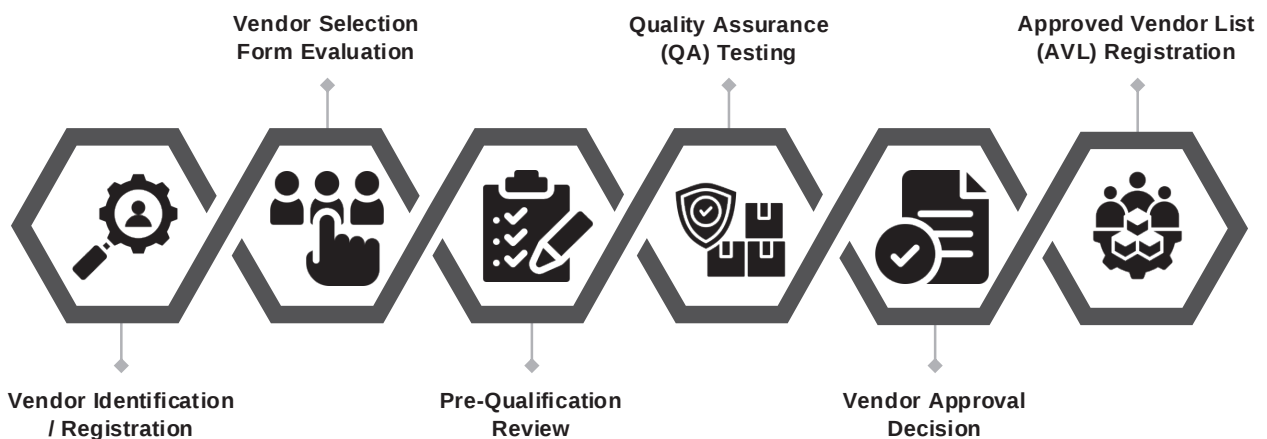


Figure 4: Lotus' Procurement Process

SUSTAINABILITY STATEMENT (CONT'D)



Quality Products

Product quality is central to Lotus' reputation and its role in supplying flour and starch products to a wide customer base. Maintaining high standards of quality supports regulatory compliance, strengthens customer trust, and drives long-term growth.

To assess outcomes in this area, the Group reviews customer satisfaction scores, annual sales growth, and the number of new certifications obtained for its products. Together, these indicators reflect how Lotus' focus on quality contributes to both customer experience and market competitiveness.

Customer Satisfaction Score



Average Customer Satisfaction Score

for FYE 2023, FYE 2024, & FYE 2025

Lotus continues to maintain a strong level of customer satisfaction, achieving a score of **100% for the past three years**. Customer feedback is gathered through structured surveys conducted by sales personnel, with responses analysed to identify areas for improvement and better align with customer expectations. Through this process, the Group hopes to maintain its product quality and service delivery standards.

Lotus Product Certification

Lotus acquired no new certifications this year but continues to uphold key product certifications that reinforce its quality and safety standards, including:

- ISO 22000, ISO 9001
- HALAL
- SIRIM
- MESTI

These certifications remained in place throughout the financial year, demonstrating ongoing compliance with recognised food safety and quality management systems. These certifications are available to view on Lotus' official website as well.



Certifications from left to right: ISO22000, ISO9001, HALAL, SIRIM, MESTI

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

At Lotus, the way resources are managed, and operations are carried out has a direct impact on efficiency, resilience, and long-term sustainability. From water and energy use in our milling processes to how waste and emissions are handled, each area requires careful oversight to ensure business continuity and responsible performance. The Group is also aware and conscious of our impact on the environment, and we are hoping to minimise our impact where we can.

In the following pages, we outline how our focus on **Waste Management**, **Water Management**, **Energy Management**, and **Emissions Management** forms the foundation of the Group's environmental approach and guides our efforts toward more sustainable operations.



Waste Management

Lotus' operations generate waste mainly in the form of waste flour. Lotus focuses on reducing waste through proper handling, repurposing where possible, and ensuring disposal practices meet regulatory standards.

Why It Matters:

Managing our waste helps to reduce environmental impact and improves operational efficiency, aligning resource use with responsible business practices.



Energy Management

Energy fuels every stage of operations, from production to logistics. Managing energy use efficiently supports cost control while also lowering environmental impact. Lotus continues to monitor its energy intensity to explore opportunities for reduction.

Why It Matters:

Managing and tracking energy consumption is a major factor of operating costs and environmental impact, making it central to efficiency and sustainability considerations.



Water Management

Water is essential to our milling and production processes, making careful usage and conservation a priority. By monitoring consumption and seeking ways to reduce inefficiencies, Lotus ensures this resource is used responsibly while also managing costs.

Why It Matters:

Measuring and tracking our water is critical in production processes, as responsible use is important for both operational efficiency and long-term resource availability.



Emissions Management

Lotus acknowledges that logistics, transport, and production contribute to our footprint. Measuring and reporting emissions helps the Group identify ways to improve performance over time.

Why It Matters:

Monitoring and managing emissions allows the Group to understand and address its carbon footprint, a growing concern for regulators, stakeholders, and markets.



SUSTAINABILITY STATEMENT (CONT'D)



Waste Management

Waste management covers the processes and policies that govern how our waste flour and non-usable materials are handled across operations. For Lotus, effective waste management reduces environmental risks while supporting operational efficiency and workplace safety.

The Group has introduced a formal waste disposal policy to guide employees in safe and responsible practices, reinforcing accountability in day-to-day operations. The policy includes a detailed waste disposal process which is outlined in the figure below.

By monitoring the total weight of waste generated, as well as how much is diverted from or sent to disposal, Lotus gains clearer insight into resource efficiency and opportunities to reduce its footprint over time.

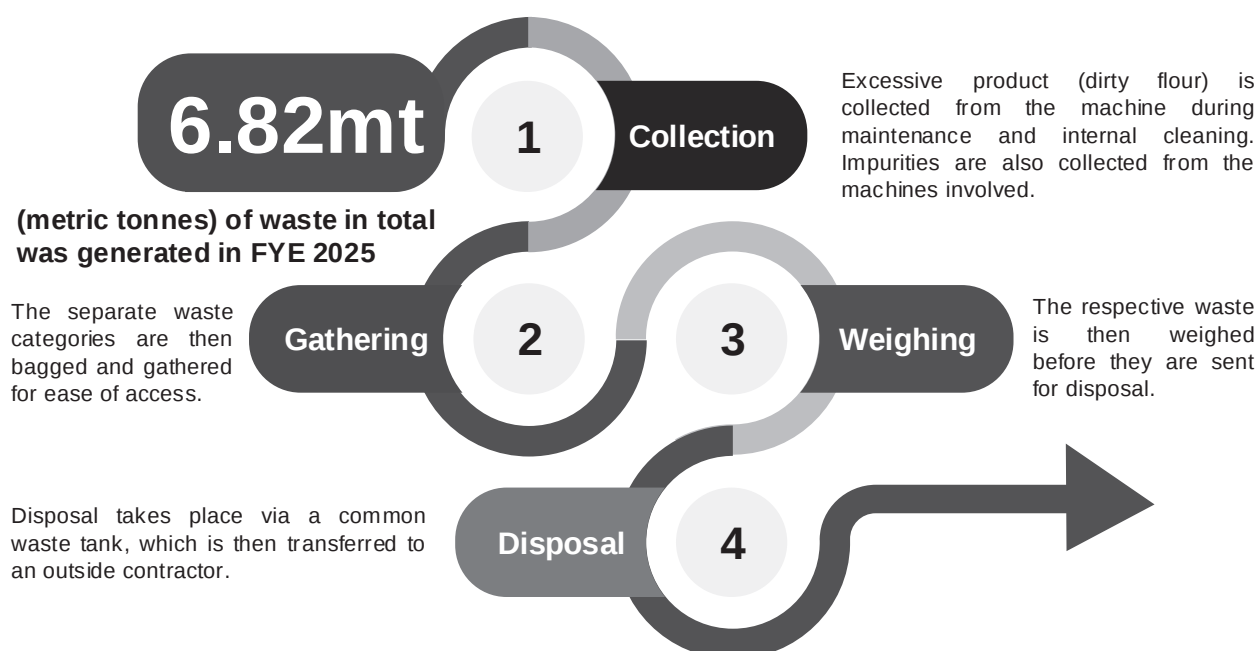


Figure 5: Lotus Waste Disposal Process

Waste Breakdown

The waste generated from Lotus' flour production primarily consists of two main types:

- **Excessive Product** – residual flour remaining within machinery, commonly referred to as 'dirty flour'.
- **Impurities** – non-flour materials such as stones, grains, or twigs that are separated during the wheat cleaning process.

The company continues to apply its established **waste disposal policy**, which guides employees on proper and safe handling of production waste. The policy outlines **standard procedures** to ensure waste is disposed of efficiently and in compliance with applicable requirements.

SUSTAINABILITY STATEMENT (CONT'D)



Energy Management

Energy management focuses on how power is consumed across different operational areas and how usage patterns can be optimised. For Lotus, electricity represents a major input in flour milling processes and facility operations, making energy efficiency directly tied to both business resilience and environmental responsibility.

Tracking overall energy consumption allows the Group to establish baselines, identify potential savings, and monitor progress over time. By managing energy more effectively, Lotus reduces operating costs while supporting efforts to minimise its environmental footprint.

Total energy consumption by area of operations

Electricity consumption at Lotus primarily arises from activities within the **production areas and administrative offices**. In the milling process, electricity is used to power machinery involved in **wheat cleaning, conditioning, milling, blending, and sieving**, as well as for general office and facility operations.

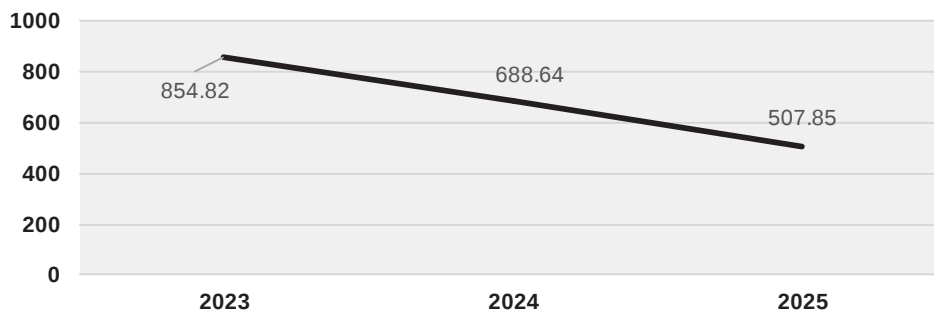


Figure 6: Energy Consumption of Lotus (MWh)

Lotus' energy usage has seen a steady reduction over the past three years, reflecting the reduction in operations. FYE 2025's figures for FYE 2025 have been restated to reflect improvements in our data collection and calculation methodology.

Energy usage is tracked through an internal **electricity analysis summary**, prepared monthly by factory staff based on readings from **Tenaga Nasional Berhad (TNB) bills**. This summary enables the company to monitor trends in consumption and identify areas for efficiency within existing operations.

Energy Practices

Lotus maintains routine practices to encourage responsible energy use among employees. These include:

1. Promoting a **power-down culture**, where staff switch off lights, air-conditioning, and idle machinery during breaks or when not in use.
2. Conducting **regular equipment checks** to ensure machinery and electrical systems are well maintained and operating efficiently.
3. Creating an **electric analysis summary** to keep track of electricity used.

Lotus continues to strive for excellence in its existing practices to maximise the efficiency of resources, and the group by extension.

SUSTAINABILITY STATEMENT (CONT'D)



Water Management

Water management is central to ensuring sustainable use of resources in milling and production operations. As water is essential to both industrial processes and the well-being of local communities, Lotus monitors its consumption to identify efficiency gains and safeguard availability.

Recording total water use and the costs associated provides transparency and supports decision-making in areas such as conservation practices and infrastructure investments. Through this approach, the Group recognises water not just as a utility but as a shared resource that must be managed responsibly.

Water Conservation Initiatives & Practices

The Group continues to manage its water consumption through awareness and operational practices aimed at efficiency and waste reduction. This is maintained through several measures that are in place to support prudent water management across its facilities:

1. **Employee awareness and participation:** Staff receive training on water conservation practices and are encouraged to identify and report opportunities for water savings.
2. **Preventive maintenance:** Regular inspections of plumbing systems and equipment are carried out to detect and promptly repair leaks, minimising unnecessary water loss.
3. **Monitoring and reporting:** Water usage is continuously tracked, with monthly reporting to monitor consumption patterns and identify anomalies for corrective action.
4. **Usage profile:** The main areas of water consumption are within the administration building (employee usage) and the flour milling process (production usage).

Lotus continues to focus on maintaining these ongoing practices to ensure responsible water use within its operations and facilities.

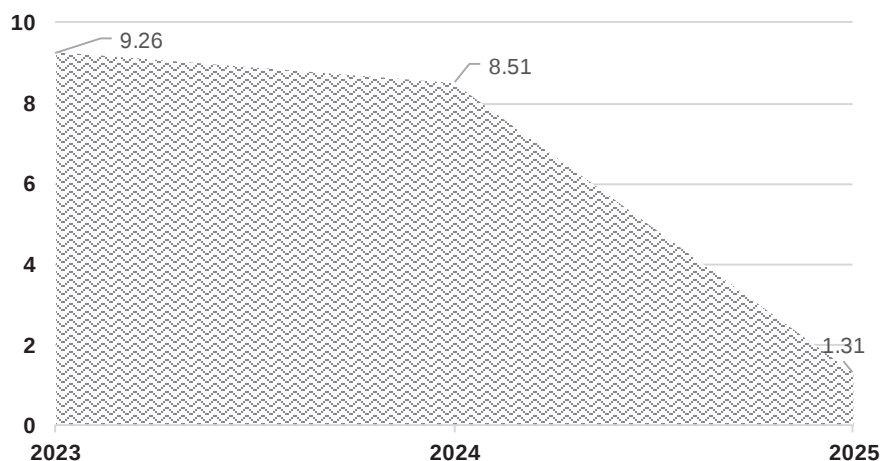


Figure 7: Water Usage of Lotus (ML)

Lotus recorded a notable decline in water consumption for FYE 2025, primarily due to reduced production activities. With lower product demand during the year, fewer production cycles were carried out, resulting in less water required for manufacturing processes. The decrease reflects the year's slower operational pace.

SUSTAINABILITY STATEMENT (CONT'D)



Emissions Management

Emissions management relates to the monitoring and reduction of greenhouse gases (GHG) produced directly and indirectly through operations. Lotus' emissions profile arises primarily from its energy use and operational activities related to production, logistics, and facility maintenance. While the organisation's emission levels generally reflect its operational scale, Lotus continues to monitor its fuel and electricity use to maintain efficiency across operations.

Tracking these emissions enables the Group to better understand its climate impact while highlighting areas for improvement in energy use and operational practices. This structured approach ensures that decisions are informed by data and aligned with stakeholder expectations for greater transparency.

Scope 1 – Direct GHG emissions

Scope 1 emissions stem mainly from the use of petrol and diesel in company logistics and facility operations. These emissions are generated through fuel combustion in company-owned vehicles and machinery used for production and transportation activities. Overall, Scope 1 emissions remained stable in line with consistent operational needs during the year.

Key sources include:

- Company lorries used to deliver goods to customers
- Forklifts operating in warehouses and loading areas
- Grass-cutting machines and fogging equipment are used for grounds maintenance and pest control

Scope 2 – Indirect GHG emissions

Scope 2 emissions arise from electricity usage in both production and administrative buildings. Electricity consumption occurs throughout the milling process, including wheat cleaning, conditioning, milling, blending, and sieving. These activities are managed and monitored along with Lotus' energy management practices.

Scope 3 – Other indirect GHG emissions

Scope 3 emissions relate to indirect activities across Lotus' value chain, including areas such as purchased goods and services, transportation, and waste management. These emissions provide a broader view of Lotus' environmental footprint and are monitored to support continued improvements in value-chain sustainability.

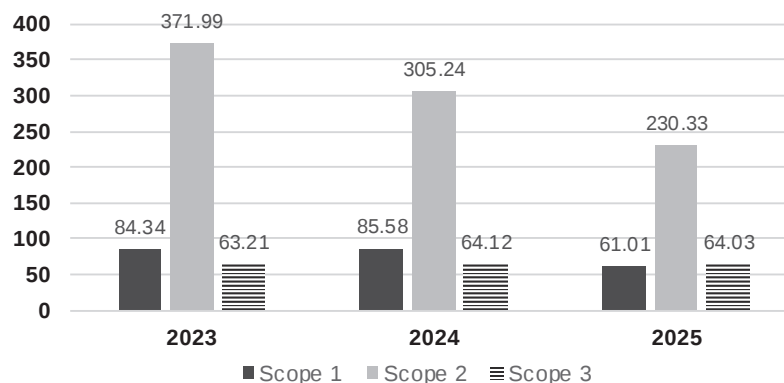


Figure 8: Tonnes of CO₂e produced by Lotus (tCO₂e)

During the reporting period, fuel consumption decreased in line with reduced sales orders, leading to lower logistics activity. Diesel usage by company lorries and forklifts declined as well, following the trend. However, fuel consumption for grass-cutting and pest control equipment remained consistent, reflecting ongoing facility maintenance needs. This is reflected in Scope 1 and Scope 2's emissions figures reflected in the figure above.

This is also Lotus' first year of disclosing Scope 3 emission figures. These figures have been backdated to include FYE 2023 and FYE 2024 as a frame of reference.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

People remain at the heart of our operations here at Lotus. We recognise that the strength of our workforce and the well-being of surrounding communities are closely linked to the Group's long-term success. Building a workplace that prioritises safety, fairness, and inclusivity, while also contributing positively to society, reflects our broader commitment to sustainable growth.

This section explores how our efforts in Health & Safety, Labour Practices & Standards, Community Engagement, and Diversity help us support our employees, strengthen trust with stakeholders, and create value beyond the business.



Health & Safety

A safe workplace and environment is a top priority for Lotus. The Group places emphasis on workplace safety practices, training, and awareness, ensuring that risks are minimised across operations.

Why It Matters:

Protecting employee well-being is fundamental to safe operations, workforce stability, and regulatory compliance.



Diversity

An inclusive and diverse workforce creates opportunities for innovation and stronger collaboration. Lotus values differences among employees and works towards cultivating a workplace that is welcoming and respectful of all backgrounds.

Why It Matters:

Workforce diversity fosters different perspectives, supporting innovation and reflecting the varied communities the Group serves.



Labour Practices & Standards

A fair, transparent, and compliant workplace underpins Lotus' operations. Upholding strong labour practices ensures employees are treated with dignity, provided with fair terms, and engaged in line with regulatory requirements.

Why It Matters:

Fair labour practices and clear standards support a productive workforce and reduce risks related to employee turnover and workplace disputes.



Community & Society

Lotus recognises its responsibility to give back to the communities it operates within. Whether through direct assistance, volunteering, or relief efforts, the Group seeks to contribute positively to wider society.

Why It Matters:

Investing in communities strengthens Lotus' social license to operate and enhances relationships with external stakeholders.



SUSTAINABILITY STATEMENT (CONT'D)



Health & Safety

Health and safety initiatives cover the policies, systems, and practices in place to protect employees from workplace risks and incidents. For industrial and operational environments, effective management reduces the likelihood of injuries, fatalities, and disruptions.

Lotus monitors indicators such as work-related fatalities, lost time incident rate (LTIR), and the number of employees trained on health and safety standards to track outcomes and identify areas requiring attention. These measures provide insight into the Group's safety performance and support compliance with regulatory expectations.

Operational Safety and Health Structure

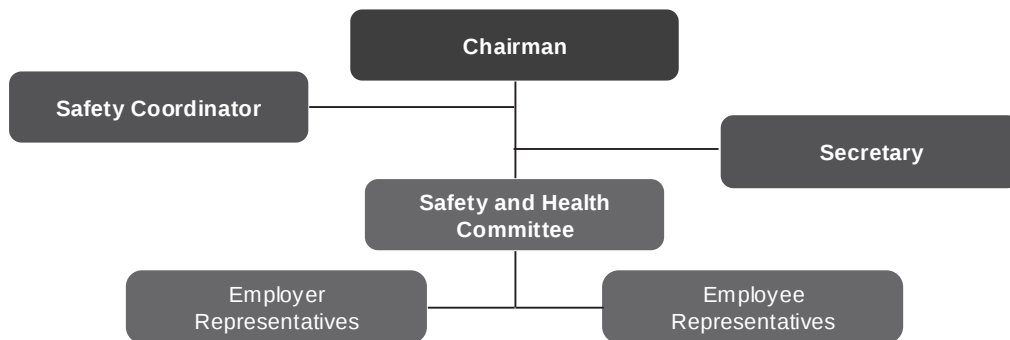


Figure 9: Occupational Safety and Health structure

Health & Safety at Lotus has a formal Occupational Safety and Health (OSH) structure which is led by a Safety Coordinator and overseen by the Chairman. They are supported by a Safety and Health Committee (SHC), which includes representatives from both management and employees. The SHC meets quarterly to review safety-related matters, assess workplace risks, and document all discussions and attendance in meeting minutes.

The Group upholds the following existing safety measures:

- Annual evacuation drills and semi-annual workplace inspections
- Engagement of a qualified occupational health doctor to conduct audiometry screenings for production workers
- Availability of first aid kits and eye wash stations across the factory premises
- Annual inspection of fire protection systems, including extinguishers, hose reels, and alarms
- Display of emergency evacuation plans and safety signage at key operational areas
- Provision of Personal Protective Equipment (PPE) such as safety shoes and ear plugs for workers in higher-risk areas

Employees Trained on Health and Safety Standards

Lotus holds regular sessions to ensure that employees are aware of workplace safety procedures and emergency response practices.

Lotus conducts monthly Toolbox Talk sessions which involve all employees. These sessions provide practical information on responding to accidents or injuries, the proper use of emergency equipment, and appropriate actions during emergencies such as fires or evacuations. Through these periodic sessions, employees remain informed of the company's safety procedures and the correct handling of potential workplace hazards.



**38 Employees &
20 Non-Employees**
were trained on Health & Safety standards in FYE 2025

SUSTAINABILITY STATEMENT (CONT'D)



Health & Safety

Work Area Surveillance

Regular surveillance is conducted help the company maintain oversight of workplace conditions and equipment functionality.

At Lotus, internal work area surveys are conducted **twice annually** by designated personnel. These surveys cover the factory premises, equipment, and machinery. While primarily focused on maintenance aspects, they also contribute to ensuring that the workplace remains in good operational condition.

There have also been regular external assessments conducted to assess health, safety & well-being quality at the workplace. In 2023 and 2024, this was conducted by the Department of Occupational Safety and Health (DOSH) and in 2025, this was conducted by DOSH as well as an Internal Auditor.

Employee Work Hours

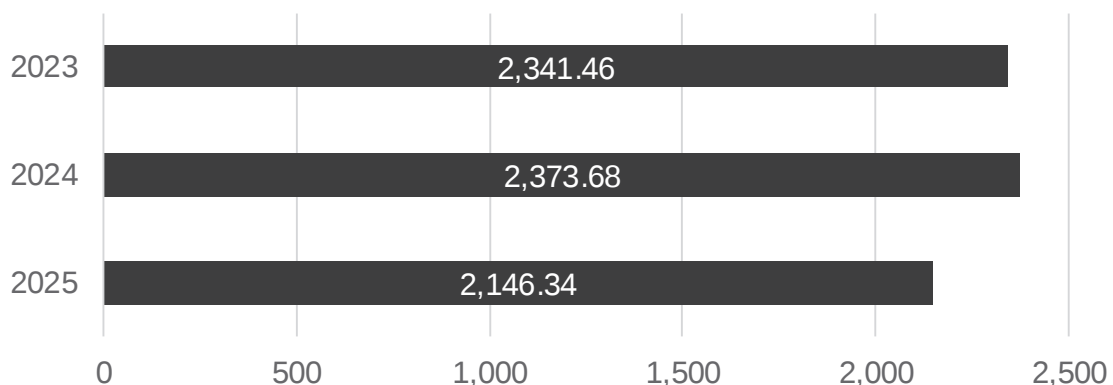


Figure 10: Average number of hours worked per employee

The average number of hours worked showed minor fluctuations across the three-year period. In 2023 and 2024, figures remained relatively stable at **2,341.46** and **2,373.68** respectively, reflecting consistent staffing levels to support ongoing operations. In 2025, the average decreased to **2,146.34**, primarily due to reduced production activity during the year.

Despite the lower headcount, the company maintained adequate workforce capacity to ensure smooth and efficient operations.

Lost Time Incident Rate



0% LTIR
for FYE 2023, 2024,
& 2025

The Lost Time Incident Rate (LTIR) measures the frequency of work-related incidents that result in employees being unable to perform their duties. This indicator reflects the Group's ongoing efforts to maintain a safe, compliant, and well-managed workplace. These measures are implemented consistently across operations to ensure that workplace hazards are identified, mitigated, and reported through structured oversight.

SUSTAINABILITY STATEMENT
(CONT'D)

 Diversity

Diversity relates to the composition of the workforce across different age groups, genders, and other categories. Monitoring these dimensions provides visibility into workforce representation and highlights patterns or imbalances that may exist. Lotus tracks indicators such as the percentage of employees by age group and gender across employee categories to better understand its workforce profile. This information supports the evaluation of workforce trends and enables more informed workforce planning.

Board of Directors

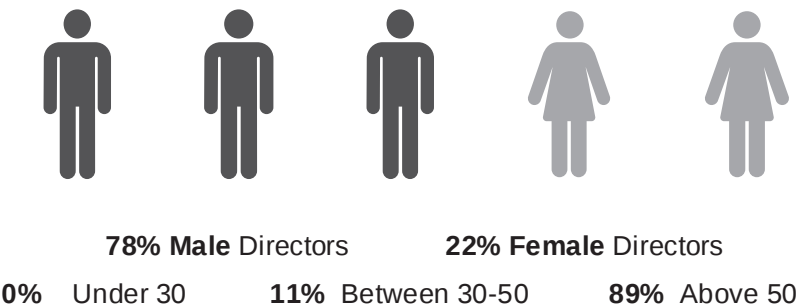


Figure 11: Director Diversity according to age and gender

Lotus’ Board composition remained consistent during the reporting year, with no new appointments or changes in directorship. The Group continues to uphold its Gender Diversity and Director Fit Policy, with due consideration given to Board skills, experience, and diversity. The figure above reflects the Board’s experience and tenure in overseeing the company’s strategic direction.

Employees – Gender Distribution

Lotus’ internal HR guidelines reflect the principles of diversity, equity, and inclusion. These guidelines inform daily practices and recruitment processes, with some exploration taking place to formalise them in future documentation. The Group upholds a strict non-discrimination policy and applies standardised HR procedures to ensure fairness in all employment decisions, supporting an inclusive, ethical, and equitable workplace for all.

During the recruitment process, interview panels typically include both HR and departmental representatives to ensure balanced assessments. In future recruitment cycles, the company hopes to adopt more inclusive approaches (where feasible) in job advertisements and outreach by using inclusive language in job advertisements, reaching broader candidate pools, and ensuring equal opportunity regardless of gender, race, or background.

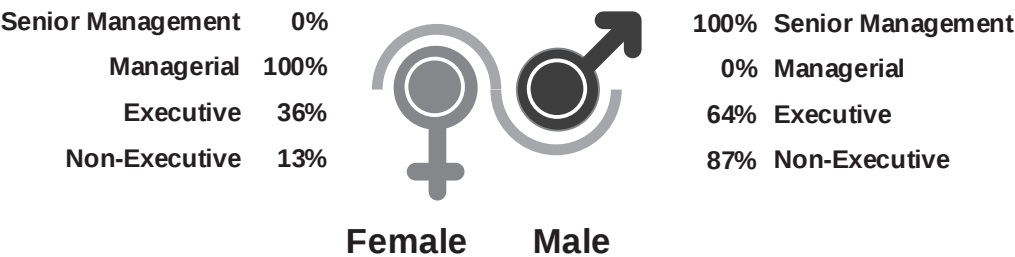


Figure 12: Employee gender distribution according to position

SUSTAINABILITY STATEMENT (CONT'D)



Diversity

Employees – Age Distribution

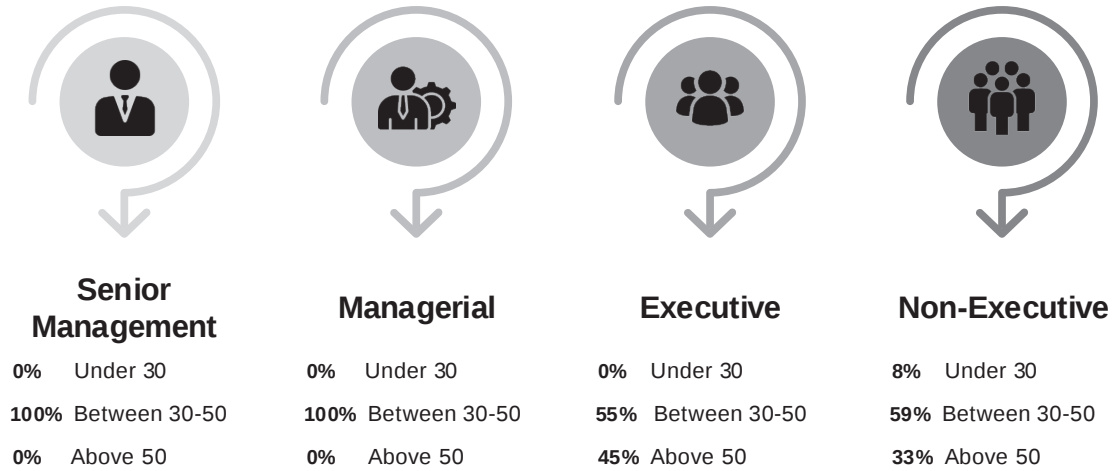


Figure 13: Employee age distribution according to position

The Group promotes an inclusive work environment built on equal treatment and mutual respect. The age composition of employees indicates a workforce largely concentrated within the mid-career range, particularly across managerial and senior management roles. Executive and non-executive levels reflect a mix of experienced and younger employees, contributing to a blend of operational knowledge and fresh perspectives. This balance supports workforce continuity while ensuring the transfer of experience across generations.

Religious Diversity in the Workforce

Lotus' workforce includes employees from multiple religious backgrounds. The Group supports an environment where employees are free to practise their beliefs without discrimination, reinforced by practical measures such as designated prayer spaces, flexibility for religious observances where feasible and acceptance of religious attire in line with safety requirements.

These efforts contribute to a respectful and inclusive workplace culture for employees of all faiths.

SUSTAINABILITY STATEMENT
(CONT'D)



Labour Practices & Standards

Labour practices and standards cover the systems and policies that shape the employment relationship, including training, contract types, turnover, and workplace rights. Tracking these dimensions provides insight into workforce stability, development, and compliance with labour expectations.

Lotus monitors indicators such as total hours of training by employee category, the proportion of contractors or temporary staff, and employee turnover. Additional tracking includes substantiated complaints relating to human rights, which provides visibility into potential labour risks. These measures allow for a clearer picture of the Group's workforce dynamics and treatment.

Employee Training

This indicator provides an overview of the total hours of training completed by employees across different categories during the financial year, reflecting Lotus' ongoing efforts to strengthen workforce capability and operational competency.

Employee Category	Total Hours of Training
Managerial	24
Executive	312
Non-Executive	425

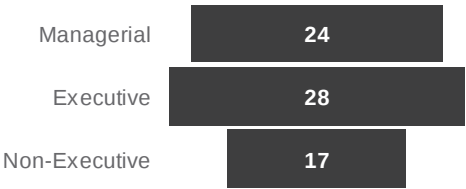


Figure 14: Average hours of training by employee category

During the reporting period, a range of training sessions were conducted covering technical, operational, and compliance-related topics. Refresher courses were introduced to reinforce key skills and procedures, while interdepartmental participation was encouraged to promote knowledge sharing.

Employees were also allocated dedicated training time during working hours to facilitate attendance and improve engagement.



Figure 15: Safety Training Briefing

SUSTAINABILITY STATEMENT (CONT'D)



Labour Practices & Standards

Percentage of employees that are contractors or temporary staff

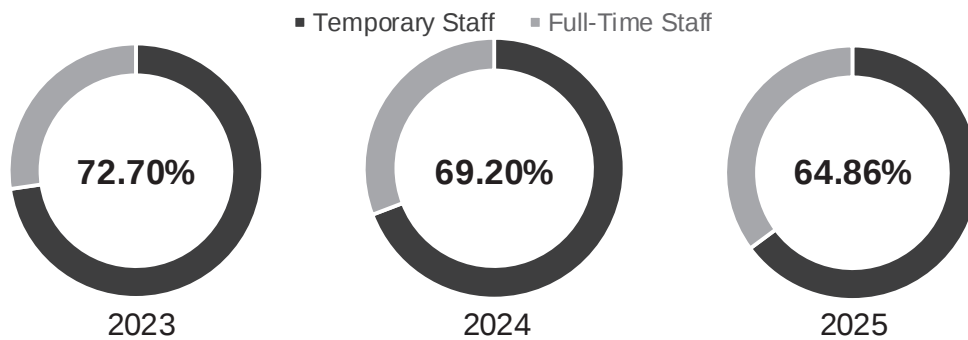


Figure 17: Percentage of temporary staff/contractors

Due to the operational nature of Lotus' business, the company continues to rely significantly on contractors and temporary staff to support production activities and maintain flexibility in workforce management. The proportion of contract and temporary employees has remained relatively high over the past three years, though it has shown a gradual decrease.

Employee Turnover Rate

This indicator highlights the number of employees who left the company during the reporting year, providing insight into workforce stability and retention trends across categories.

2023	2024	2025
14.6% (6)	7.9% (3)	2.7% (1)

Over the past three years, Lotus has observed a gradual decline in employee turnover. In 2023, there was a slightly higher turnover (**six**) recorded among younger employees and executive roles, largely attributed to early career transitions and role adjustments. The rate dropped in 2024, with only **three departures**, and minor turnover among older employees due to retirement. By 2025, turnover remained minimal, with **only 1 departure recorded at the Executive level**.

Efforts such as structured exit interviews, targeted upskilling, and continued monitoring of diversity indicators are maintained to support a balanced and engaged workforce.

Human Rights

During the year, there were **no substantiated complaints** related to human rights violations. While Lotus does not yet have a formal, standalone Human Rights Policy, existing internal practices and procedures help promote a respectful and lawful workplace.

The company maintains accessible reporting channels that allow employees to raise concerns or potential violations safely and confidentially. In addition, compliance with applicable labour laws and relevant international standards remains a core consideration in managing employment practices and workforce relations.

SUSTAINABILITY STATEMENT (CONT'D)



Community & Society

Community and society initiatives focus on the contributions an organisation makes beyond its immediate operations, particularly in supporting local communities. These activities help illustrate how resources are directed to external stakeholders and the scale of their reach.

Lotus tracks indicators such as total investment in community projects, the number of beneficiaries reached, and the range of projects or initiatives carried out. Measurement of voluntary hours further illustrates the extent of participation and engagement at the community level.

Community Initiatives



Figure 18: Takraw Tournament at Kg Bukit Cermin, Kuala Kangsar

In 2025, Lotus provided sponsorship for a *Takraw Tournament* held at Kg Bukit Cermin, Kuala Kangsar, on 10 August 2025. Additionally, contributed to the *Program Kajang Bersih, Kajang Di Hatiku 2.0* community clean-up initiative conducted on 17 June 2025.

Lotus contributed to one community beneficiary during this financial year and continues to explore opportunities to support community initiatives where relevant.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

Strong governance practices provide the foundation for how Lotus operates and makes decisions. Policies, procedures, and oversight mechanisms help guide the Group in addressing risks, complying with regulations, and supporting transparent business conduct.

In this section of the Statement, we will be focusing on **Data Privacy & Security** and **Anti-Corruption**, two areas that are particularly relevant to maintaining stakeholder confidence and organisational integrity.



Data Privacy & Security

Safeguarding data is essential in maintaining trust with customers, employees, and business partners. As digital systems play a growing role in operations, protecting information and minimising security risks are critical for continuity and compliance.

Why It Matters

Protecting data reduces the risk of breaches, maintains stakeholder confidence, and ensures compliance with evolving digital regulations.



Anti-Corruption

Corruption poses risks to business credibility, stakeholder confidence, and fair competition. By managing this area carefully, Lotus reduces potential disruptions and helps foster an environment of transparency in its operations and business relationships.

Why It Matters

Preventing corruption safeguards Lotus' integrity, protects stakeholder trust, and reduces legal and financial risks.



SUSTAINABILITY STATEMENT (CONT'D)



Data Privacy & Security

Data privacy and security cover the systems, policies, and practices that protect sensitive information from misuse, unauthorised access, or breaches. As Lotus continues to rely on digital platforms and data-driven processes, safeguarding information has become increasingly important for maintaining regulatory compliance and stakeholder confidence.

In this context, data privacy relates to how information is collected, stored, and shared in line with legal requirements, while data security focuses on the technical measures that prevent loss or exposure of information. Together, they form a large part of managing risks in an environment where business operations are deeply dependent on digital infrastructure.

ZERO Breaches

*of customer privacy in FYE 2025, which
could result in loss of customer data*

Customer Privacy and Data

In FYE 2025, Lotus recorded **0 breaches of customer privacy or loss of customer data**, continuing its focus on safeguarding sensitive information. Lotus maintains a structured approach to protecting customer and company data, with multiple layers of digital safeguards and controlled access systems. These measures are designed to provide a baseline of security as the company increasingly relies on digital platforms for its operations.



Firewall Protection

Lotus continues to apply firewall systems to monitor and control incoming and outgoing network traffic. This helps to reduce exposure to unauthorised access and potential cyber threats.



Secure Data Storage with Cloud Encryption

Company data is hosted on encrypted cloud servers with access restricted through role-based permissions. This ensures that only authorised personnel can access sensitive information.



* * * *

Password Protection for Internal Systems

Employees are required to use unique, individualised passwords when accessing internal servers. This measure provides an additional safeguard by limiting the likelihood of unauthorised entry.



VPN Access

A VPN system is used to secure remote connections, supporting safe access to servers when dealing with confidential data outside the company's internal network.



Access Control and Role-Based Permissions

Server files and sensitive data are protected through tiered access levels, where permissions are granted based on job role and responsibility.

SUSTAINABILITY STATEMENT (CONT'D)



Anti-Corruption

Anti-corruption covers the policies, systems, and actions designed to prevent, identify, and address corrupt practices such as bribery, fraud, and embezzlement. Corruption erodes trust, disrupts fair competition, and undermines effective governance, making it a critical area of focus for Lotus.

By strengthening transparency, accountability, and ethical conduct across operations, the Group seeks to minimise corruption risks while supporting sustainable business practices. These efforts help create an environment where integrity is prioritised, ultimately contributing to long-term organisational resilience and stakeholder confidence.

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

Lotus upholds a zero-tolerance stance toward bribery and corruption, guided by the Malaysian Anti-Corruption Commission (MACC) Act 2009 and related governance frameworks. The company's Anti-Corruption and Whistleblowing Policies outline clear procedures for reporting unethical behaviour and help ensure transparency and accountability across operations. The policy is available on Lotus' official website. The policy details processes which relate to:

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

Operations Assessed For Corruption-Related Risks

Anti-corruption risk assessments are integrated into Lotus' internal audit processes. The 2024 Internal Audit Report included a review of corruption-related policies and controls, assessing areas such as top management commitment, control measures, training, monitoring, and enforcement. The scope and implementation remained consistent in 2025, with audit observations addressed through follow-up actions by relevant departments.

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

Initiatives to Increase Awareness on Anti-Corruption

For FYE 2025, Lotus conducted an **anti-corruption awareness training session** as the primary initiative to promote ethical business conduct among employees. The session covered topics such as relevant laws and standards, definitions of bribery and corruption, corruption risk assessment, and guidelines for implementing adequate procedures under the MACC Act 2009 (S.17A).

This training served as a foundation for reinforcing understanding of anti-bribery policies and compliance requirements across the organisation. Additional initiatives are being considered to further enhance anti-corruption awareness in future reporting periods.

SUSTAINABILITY STATEMENT (CONT'D)



Anti-Corruption

Anti-Corruption Training

During the financial year, **20 employees** attended anti-corruption training sessions, covering topics such as the fundamentals of the MACC Act 2009 (Section 17A), corporate governance, corruption risk management under ISO 31000, and due diligence practices. The training, conducted on **14 October 2024**, reinforced understanding of ethical business conduct, legal compliance, and preventive procedures.

To date, **54% of employees have completed Anti-Corruption training** as part of our ongoing efforts to broaden awareness and reinforce compliance across all levels.

In addition to training, Lotus maintains annually:

1. Conflict of Interest Declarations
2. Whistleblower Policy

These enable employees to report misconduct directly to the Board Chairman or Audit Committee Chairman of the holding company, ensuring impartial oversight and confidentiality.

Whistleblowing

The Group provides a channel for employees and stakeholders to report concerns related to legal breaches, misconduct, or other serious matters, including risks to health and safety and environmental harm. Lotus' Whistleblowing Policy allows reports to be made without fear of reprisal, such as dismissal, demotion, suspension or loss of benefits.

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



Confirmed Incidents of Corruption *for the past three financial years (2023, 2024, 2025)*

There were **no reported or confirmed incidents of corruption** during the reporting period.

Preventive measures remain in place to identify and mitigate risks promptly. These include regular internal audits, staff briefings, and compliance monitoring.

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Corruption	C1(a) Percentage of employees who have received training on anti-corruption by employee category: Senior Management	Percentage	0	None	Internal
Anti-Corruption	C1(a) Percentage of employees who have received training on anti-corruption by employee category: Managerial	Percentage	100	None	Internal
Anti-Corruption	C1(a) Percentage of employees who have received training on anti-corruption by employee category: Executive	Percentage	91	None	Internal
Anti-Corruption	C1(a) Percentage of employees who have received training on anti-corruption by employee category: Non-Executive	Percentage	375	None	Internal
Anti-Corruption	C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0	None	Internal
Anti-Corruption	C1(c) Confirmed incidents of corruption and action taken	Number	0	0	Internal
Community/ Society	C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0	None	No assurance
Community/ Society	C2(b) Total number of beneficiaries of the investment in communities	Number	0	None	No assurance
Diversity	C3(a) Percentage of employees by age group, for each employee category: Senior Management under 30	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Senior Management between 30-50	Percentage	100	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Senior Management above 50	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Managerial below 30	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Managerial between 30-50	Percentage	100	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Managerial above 50	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Executive under 30	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Executive between 30-50	Percentage	55	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Executive above 50	Percentage	45	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Non-Executive below 30	Percentage	8	None	Internal

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	C3(a) Percentage of employees by age group, for each employee category: Non-Executive between 30-50	Percentage	59	None	Internal
Diversity	C3(a) Percentage of employees by age group, for each employee category: Non-Executive above 50	Percentage	33	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Senior Management Male	Percentage	100	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Senior Management Female	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Managerial Male	Percentage	0	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Managerial Female	Percentage	100	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Executive Male	Percentage	64	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Executive Female	Percentage	36	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Non-Executive Male	Percentage	87	None	Internal
Diversity	C3(a) Percentage of employees by gender group, for each employee: Non-Executive Female	Percentage	13	None	Internal
Diversity	C3(b) Percentage of director by gender and age group (Male)	Percentage	78	None	Internal
Diversity	C3(b) Percentage of director by gender and age group (Female)	Percentage	22	None	Internal
Diversity	C3(b) Percentage of director by gender and age group (below 30)	Percentage	0	None	Internal
Diversity	C3(b) Percentage of director by gender and age group (between 30-50)	Percentage	11	None	Internal
Diversity	C3(b) Percentage of director by gender and age group (above 50)	Percentage	89	None	Internal
Energy Management	C4(a) Total energy consumption	Megawatt	50285	None	Internal
Health and Safety	C5(a) Number of work-related fatalities	Number	0	None	Internal
Health and Safety	C5(b) Loss time incident rate ("LTIR")	Rate	0	None	Internal
Health and Safety	C5(c) Number of employees trained on health and safety standards	Number	38	None	Internal
Labour practices and standards	C6(a) Total hour of training by employee category: Senior Management	Hours	0	None	Internal
Labour practices and standards	C6(a) Total hour of training by employee category: Managerial	Hours	24	None	Internal
Labour practices and standards	C6(a) Total hour of training by employee category: Executive	Hours	312	None	Internal

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour practices and standards	C6(a) Total hour of training by employee category: Non-Executive	Hours	425	None	Internal
Labour practices and standards	C6(b) Percentage of employees that are contractors and temporary staff	Percentage	64.86	None	Internal
Labour practices and standards	C6(c) Total number of employee turnover by employee category: Senior Management	Number	0	None	Internal
Labour practices and standards	C6(c) Total number of employee turnover by employee category: Managerial	Number	0	None	Internal
Labour practices and standards	C6(c) Total number of employee turnover by employee category: Executive	Number	1	None	Internal
Labour practices and standards	C6(c) Total number of employee turnover by employee category: Non-Executive	Number	0	None	Internal
Labour practices and standards	C6(d) Number of substantiated complaints concerning human rights violations	Number	0	None	Internal
Supply chain management	C7(a) Proportion of spending on local suppliers	Percentage	84.56	None	Internal
Data privacy and security	C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Internal
Water	C9(a) Total volume of water used	Megalitres	1.31	None	No assurance
Waste management	C10(a) Total waste generated, and a breakdown of following: (i) total waste diverted from disposal	Metric Tonnes	0	None	No assurance
Waste management	C10(a) Total waste generated, and a breakdown of following: (i) total waste diverted to disposal	Metric Tonnes	6.82	None	No assurance
Emission management	C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	61.01	None	No assurance
Emission management	C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	230.33	None	No assurance
Emission management	C11(c) Scope 3 emissions in tonnes of CO ₂ e	tCO ₂ e	64.03	None	No assurance

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 (“Lotus” or “the Company”) and its subsidiaries’ (“the Group”) corporate practices as set out in the Malaysian Code on Corporate Governance (“the Code”).

The Board of Directors (“the Board”) of Lotus 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 Overview Statement (“Statement”) should also be read together with the Company’s Corporate Governance Report for the financial year ended 30 September 2025 (“FYE 2025”) 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 2025.

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

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

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

- To review and adopt the overall strategic direction, business plans, and annual budgets of the Group, including major capital commitments on a quarterly basis;
- To oversee and evaluate the 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, Mohd Rasli bin Muda, holds an Independent Non-Executive position and is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

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

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

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

1.4 Qualified and Competent Company Secretaries

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

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organised by authorities and/or professional bodies to keep themselves abreast with the latest developments in corporate governance developments and changes in regulatory requirements that are relevant to their role and enable them to provide the necessary advisory services to the Board.

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

During the FYE 2025, 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 their duties and functions.

1.5 Meeting of Board and Board Committees

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

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

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings and kept at the registered office of the Company. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

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

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

1.7 Code of Conduct and Ethics

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

1.8 Whistleblowing Policy

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

The Board will review the Whistleblowing Policy at least once every three (3) years to ensure its continued relevance, effectiveness and alignment with governing legislation and regulatory requirements.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (Cont'd)

1.9 Anti-Bribery and Corruption Policy

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

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

1.10 Directors’ Fit and Proper Policy

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

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

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

1.11 Conflict of Interest Policy

The Board had adopted a Conflict of Interest Policy, which sets forth guidelines and procedures to identify, disclose, and address conflicts of interest that may arise within the Group. This ensures that any actual, potential and perceived conflicts of interest are effectively managed. This policy is also designed to ensure compliance with the Listing Requirements of Bursa Securities and the provisions under the Companies Act 2016, as well as to uphold the highest standards of corporate governance and transparency.

The Board will review the Conflict of Interest Policy from time to time and make any necessary amendments to ensure it remains consistent with the Board’s objectives, current law, and practices.

1.12 Sustainability Governance

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (Cont'd)

1.12 Sustainability Governance (Cont'd)

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.

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:-

	Name of Board Members	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 at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors, and that there is at least one (1) woman Director.

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

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

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)

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. Lotus measures the independence of its Directors based on the criteria prescribed under MMLR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

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

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 acknowledges the MMLR of Bursa Securities, which states that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting, as recommended by the Code.

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

2.3 Board Diversity and Senior Management Team

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (Cont'd)

2.3 Board Diversity and Senior Management Team (Cont'd)

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

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

2.4 Board Committees

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

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

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

2.5 NC & RC

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

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

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

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

In furtherance of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (Cont'd)

2.5 NC & RC (Cont'd)

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

The activities undertaken by the NC for the FYE 2025 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.
- 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 2025 before recommending the same to the shareholders for approval at the AGM of the Company.

2.6 Appointment to the Board

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

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

2.7 Re-election and Re-appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM and provided always that all Directors shall retire from office at least once in every three (3) 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 Datuk Wong Sak Kuan, Mr Chia Weng Lock and Mr Lim Lian Chee, 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 2025 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 2025, 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 schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. 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 2025 are as follows:-

Type of Meetings	Board of Directors	AC	NC	RC
Name of Directors	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	–	–	–

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (Cont'd)

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 2025, the Directors have attended the following training programs in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:-

Name of Directors	Title of Training/Seminars attended
Mohd Rasli bin Muda	- Key Amendments to the MMLR of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact
Datuk Wong Sak Kuan	- Key Amendments to the MMLR of Bursa Securities - MACC Training and Its Development - Mandatory Accreditation Programme Part II: Leading for Impact
Lee Wai Fun	- Key Amendments to the MMLR of Bursa Securities - MACC Training and Its Development - Mandatory Accreditation Programme Part II: Leading for Impact
Lim Lian Chee	- Key Amendments to the MMLR of Bursa Securities - Leading for Impact (LIP) Alumni Sharing and Networking Session - Board Simulation – Balancing Risks & Opportunity in Sustainability Leadership - Mandatory Accreditation Programme Part II: Leading for Impact
Chia Weng Lock	- Key Amendments to the MMLR of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact
Low Koon Min	- Key Amendments to the MMLR of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact - MACC S17A_Enhance to the 2nd Level
Yau Ming Teck	Key Amendments to the MMLR of Bursa Securities
Yap Ee Seong	- Key Amendments to the MMLR of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact - Risk and Compliance Summit 2025 - Navigating Legal Risks in an increasingly complex World - Skrine Conference Lasting Strategies in a Changing World - Legal Innovation Summit – Global Uncertainties, Law as a Compass in a Disrupted World
Wong Yau Min	- Key Amendments to the MMLR of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact

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

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

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

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)

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

PART III - REMUNERATION

3.1 Remuneration Policy

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

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

Non-Executive Directors of Lotus 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 of the Group for the FYE 2025 is as follows:-

The Company

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

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 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 of the Group for the FYE 2025 is as follows:- (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	–	36,000	–	36,000
Wong Yau Min	–	36,000	–	36,000
Total	–	276,000	–	276,000

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

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

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

3.3 Remuneration of Senior Management

The remuneration of the Senior Management of the Company for the FYE 2025 as follows:-

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

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

The Board is of the view that the disclosure of the remuneration of Senior Management on a named basis would not be 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 knowledges to discharge their duties in accordance with the TOR of the AC and they are able to understand matters under the purview of the AC, including the financial reporting process.

The AC will observe a cooling-off period of at least three (3) years in the event that 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 its 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 2025, the Directors took due care and reasonable steps to ensure compliance with accounting standards in all material aspects. For this purpose, the Directors are updated and briefed by the External Auditors on current accounting practices, new MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int.") and amendments to IC Int. that have been issued but have yet to be effective.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Risk Management and Internal Control

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

5.1 Risk Management and Internal Control (Cont'd)

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

The Group has outsourced its internal audit function to an 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 as risk is inherent in all types of business activities. It is, however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritise and manage the risks involved in all the Group's activities and to balance between the cost and benefit of managing and treating risks, and the anticipated returns that will be derived from.

During the financial year under review, the outsourced Internal Auditors had conducted reviews on the adequacy and effectiveness of the controls on the occupational safety and health functions of Lotus and sales order, delivery and billing process of LKB Plantation Sdn. Bhd.

To ensure that the responsibilities of Internal Auditors are fully discharged, the AC evaluates the performance of the Internal Auditors for the FYE 2025 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.

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

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – ENGAGEMENT WITH STAKEHOLDERS (Cont'd)

6.1 Continuous Communication with Stakeholders (Cont'd)

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

7.1 General Meetings

The Company's AGM remains the principal forum for dialogue with the shareholders, where they are encouraged to meet with 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. During AGM, shareholders are given the opportunity to raise questions related to the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. The Board and the Senior Management, together with the External Auditors and Company Secretaries are available to provide feedback and responses to the questions raised by shareholders during the meeting.

The notice of the Fortieth AGM ("40th 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 coming Forty-First AGM ("41st AGM"), which is scheduled to be held on 26 March 2026, will be sent to the shareholders at least twenty-eight (28) days before the date of the AGM this year as well.

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

During the proceedings of the 40th AGM convened on 19 March 2025, the Chairman ensured that shareholders were given the opportunity to comment or raise issues and questions 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 preparations 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 a 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)

7.2 Effective Communication and Proactive Engagement

All Directors attended the 40th AGM held on 19 March 2025. 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 40th AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

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

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

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the Code, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2025, except for the departure set out in the Corporate Governance Report.

AUDIT COMMITTEE REPORT

The members of the Audit Committee (“AC” or “the Committee”) of the Company are pleased to present their report for the financial year ended 30 September 2025 (“FYE 2025”).

The current members of the AC are as follows: -

Name of Committee members	Designation and Directorship
Low Koon Min	Chairperson, Independent Non-Executive Director
Mohd Rasli bin Muda	Member, Independent Non-Executive Chairman
Datuk Wong Sak Kuan	Member, Non-Independent Non-Executive Director / Vice Chairman

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

The Terms of Reference 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 2025

The summary of works undertaken by the Committee for the FYE 2025, amongst others, included the following: -

- In overseeing the Company’s financial reporting, reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Group and of the Company and recommended the same for approval by the Board upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities have been complied with;
- Reviewed the External Auditors’ Audit Review Memorandum upon completion of the annual audit, covering findings on the results and issues from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the AC;
- Reviewed the External Auditors’ Audit Planning Memorandum covering the audit objectives and approach, audit plan, key audit areas, accounting standards and proposed audit and non-audit fees;
- Reviewed the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted by the external auditors;

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORKS FOR THE FYE 2025 (CONT'D)

The summary of works undertaken by the Committee for the FYE 2025, amongst others, included the following: - (Cont'd)

- e) 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;
- f) Reviewed with the external auditors, the Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- g) 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;
- h) Self-appraised the performance of the Committee, reviewed and evaluated the performance of the external auditors and internal auditors for the FYE 2025 and submitted the evaluation to the nomination committee for assessment;
- i) Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
- j) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- k) Reviewed the conflict of interest ("COI") questionnaires submitted by the Directors and key senior management of the Group. Based on this review, no significant COI were identified that would necessitate further examination and implementation of specific mitigation measures. The only exceptions were related party transactions that had been duly disclosed and entered into with the Group, which are being managed in accordance with the established governance and approval processes.
- l) Reviewed with the internal auditors, the internal audit report for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the internal auditors; and
- m) Considered and recommended the re-appointment of TGS TW PLT as the external auditor and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the auditors during their audit.

INTERNAL AUDIT ("IA") FUNCTION

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

For the FYE 2025, the Committee noted that the IA function is independent and has performed its audit assignments with impartiality, 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 ("Lotus") 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 2025 ("FYE 2025").

BOARD'S RESPONSIBILITIES

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

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

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

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

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

RISK MANAGEMENT

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

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

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

INTERNAL CONTROL SYSTEM

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

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

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

INTERNAL AUDIT FUNCTION

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

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

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

INTERNAL AUDIT FUNCTION (CONT'D)

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

- Occupational Safety and Health - Lotus
 - i) Compliance with Occupational Safety and health Act (OSHA) and the relevant authorities
 - ii) Safety and health policies and procedures
 - iii) Accident Management
 - iv) Emergency action plans
 - v) Employee training and awareness on PPE, DOE, and OSHA Program, Legislation and Policies.
- Sales Order, delivery and billing process - LKB Plantation Sdn. Bhd.
 - i) Sales order processing and customer credit evaluation
 - ii) Quotation and pricing process
 - iii) Billing, calculation, preparation and authorisation
 - iv) Stock picking and delivery process

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 2025 for internal audit function of the Group was RM32,071.40 (2024: RM30,807).

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 2025. 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 2025 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 2025 ("FYE 2025").

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 2025 are as follows: -

Details of fees	Company RM'000	Group RM'000
Audit fees	76	118.9
Non-audit fees		
- Review of discounted cash flow	8	8
- Review of risk management and internal control	5	5

3) MATERIAL CONTRACTS

There were no material contracts (not being contracts entered in the ordinary course of business) have been entered into by the Company and/or its subsidiaries which involved Directors' and/or major shareholders' interest, either still subsisting at the end of the FYE 2025 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 30 January 2026 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 2025 are disclosed in Note 25 to the audited financial statements for the FYE 2025.

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 2025 and of the results and cash flows of the Group and of the Company for the financial year then ended.

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

- ensure the Group and the Company have applied relevant and appropriate accounting policies consistently and in line with applicable approved accounting standards in Malaysia;
- made judgments and estimates that are reasonable and prudent; 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 2025.

Financial Statements

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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 2025.

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 4 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 2025 RM	Company 2025 RM
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) attributable to owners of the Company	463,543	(221,291)

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM90,888,863 to RM123,740,557 by way of issuance of 247,828,570 new ordinary shares pursuant to conversion of 247,828,570 unit of warrants for total consideration of RM32,851,694.

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.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Group and of the Company during the financial year.

WARRANTS

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

	At 1.10.2024	Number of units		At 30.9.2025
		Exercised	Expired	
Warrant B 2019/2024	251,301,060	(247,828,570)	(3,472,490)	–

The salient features of the warrants are disclosed in Note 12 to the financial statements.

DIRECTORS' REPORT (CONT'D)

RESERVES AND PROVISIONS

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

DIRECTORS

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

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

* Director of the Company and of its subsidiaries

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

Lee Lip Khang
Nordiana Binti Nordin
Mohd Hizamri Bin Mohd Yasin (Appointed on 1 December 2025)

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

DIRECTORS' INTERESTS IN SHARES

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

	At 1.10.2024	Number of ordinary shares			At 30.9.2025
		Bought	Sold	Exercised of warrants	
The Company					
Direct interests					
Mohd Rasli bin Muda	470,000	—	—	—	470,000
Lee Wai Fun	33,912,000	—	(1,205,000)	18,820,000	51,527,000
Datuk Wong Sak Kuan	200,740,000	—	—	20,000,000	220,740,000
Yau Ming Teck	58,500,000	—	—	11,500,000	70,000,000
Chia Weng Lock	8,330,000	—	—	4,000,000	12,330,000
Lim Lian Chee	145,000	—	—	286,000	431,000
Indirect interests					
Datuk Wong Sak Kuan ^(#)	300,000,000	—	—	—	300,000,000
Chia Weng Lock ^(*)	58,151,000	—	—	24,015,000	82,166,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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

	At 1.10.2024	Number of warrants			At 30.9.2025
		Bought	Sold	Exercised of warrants	
The Company					
Direct interests					
Lee Wai Fun	16,820,000	2,000,000	–	(18,820,000)	–
Datuk Wong Sak Kuan	86,725,000	–	(66,725,000)	(20,000,000)	–
Yau Ming Teck	17,750,000	–	(6,250,000)	(11,500,000)	–
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 in Malaysia.

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

DIRECTORS' BENEFITS

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

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

	Group and Company RM
Salaries and other emoluments	240,000
Defined contribution plans	33,600
Social security contributions	2,786
Directors' fee	276,000
	552,386

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

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

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

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 4 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 for the financial year ended 30 September 2025 amounted to RM118,900 and RM76,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 6 January 2026.

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 two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 80 to 121 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 2025 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 6 January 2026.

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 80 to 121 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 6 January 2026)

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 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 80 to 121.

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 2025, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

Key audit matters

Refer to Note 7 to the financial statements, the Group and the Company have material amount of trade receivables that amounted to RM7,278,067 and RM4,015,244 respectively. The adequacy of assessment on recoverability of trade receivables require the use of estimates and judgements of the management. The Group and the Company apply a simplified approach in calculating allowance for expected credit losses ("ECLs"). Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss provision based on lifetime ECLs at each reporting date. The Group and the Company consider amongst others, their historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

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

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

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

Key audit matters (Cont'd)

(ii) Revenue recognition

Key audit matters

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

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

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

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

Responsibilities of the Directors for the financial statements (Cont'd)

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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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)

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.

OTHER MATTERS

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

LIM GE RU
03360/03/2026 J
Chartered Accountant

KUALA LUMPUR
6 January 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	54,259,606	55,117,942	18,070,846	19,652,168
Investment in subsidiaries	4	–	–	8,514,003	6,014,003
Other investment	5	1	1	1	1
		54,259,607	55,117,943	26,584,850	25,666,172
Current assets					
Inventories	6	3,287,346	290,653	3,287,346	290,653
Trade receivables	7	7,278,067	6,410,923	4,015,244	5,849,945
Other receivables	8	21,506,498	16,703,497	7,211,132	7,219,599
Amount due from subsidiaries	9	–	–	31,347,764	31,022,417
Tax recoverable		191,508	202,164	190,092	200,748
Fixed deposits with licensed banks	10	36,058,024	12,403,590	36,058,024	10,384,938
Cash and bank balances		9,472,294	11,145,238	1,978,285	9,104,068
		77,793,737	47,156,065	84,087,887	64,072,368
Total assets		132,053,344	102,274,008	110,672,737	89,738,540
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	123,740,557	90,888,863	123,740,557	90,888,863
Warrant reserves	12	–	8,181,894	–	8,181,894
Accumulated losses		(17,974,777)	(18,551,377)	(21,034,197)	(20,925,963)
Total equity		105,765,780	80,519,380	102,706,360	78,144,794
LIABILITIES					
Non-current liabilities					
Lease liabilities	13	5,962,631	6,793,540	5,306,531	6,137,440
Borrowings	14	3,062,092	–	–	–
Deferred tax liabilities	15	7,623,124	7,648,002	–	–
		16,647,847	14,441,542	5,306,531	6,137,440
Current liabilities					
Trade payables	16	5,119,445	4,778,711	1,256,278	3,255,532
Other payables	17	925,250	1,291,772	572,660	981,900
Contract liabilities	18	2,640,000	428,336	–	428,336
Lease liabilities	13	830,908	790,538	830,908	790,538
Tax payable		124,114	23,729	–	–
		9,639,717	7,313,086	2,659,846	5,456,306
Total liabilities		26,287,564	21,754,628	7,966,377	11,593,746
Total equity and liabilities		132,053,344	102,274,008	110,672,737	89,738,540

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 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Revenue	19	54,379,764	50,700,489	37,147,251	41,623,237
Cost of sales		(52,956,048)	(48,764,075)	(36,976,714)	(41,293,955)
Gross profit		1,423,716	1,936,414	170,537	329,282
Other income		694,624	727,512	694,624	727,512
Selling and distribution expenses		(46,364)	(105,184)	(46,364)	(105,184)
Administrative expenses		(2,288,429)	(2,725,027)	(1,779,151)	(2,283,719)
Other expenses		(36,472)	–	(36,472)	(110,000)
Impairment loss on financial assets		(20,054)	–	–	–
Loss from operations		(272,979)	(166,285)	(996,826)	(1,442,109)
Finance income	20	1,169,102	582,957	1,021,773	534,224
Finance costs	20	(246,238)	(273,575)	(246,238)	(273,575)
Profit/(Loss) before tax	21	649,885	143,097	(221,291)	(1,181,460)
Tax (expense)/income	22	(186,342)	11,170	–	–
Profit/(Loss) for the financial year/Total comprehensive income/(loss) for the financial year		463,543	154,267	(221,291)	(1,181,460)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		463,543	154,267	(221,291)	(1,181,460)
Total comprehensive income/ (loss) for the financial year attributable to:					
Owners of the Company		463,543	154,267	(221,291)	(1,181,460)
Earnings per share					
Basic earnings per share (sen)	24	0.04	0.02		
Diluted earnings per share (sen)	24	0.04	0.01		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

	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 2023		89,206,992	8,594,985	(18,705,644)	79,096,333
Profit for the financial year, representing total comprehensive income for the financial year		–	–	154,267	154,267
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	11,12	1,681,871	(413,091)	–	1,268,780
At 30 September 2024		90,888,863	8,181,894	(18,551,377)	80,519,380
At 1 October 2024		90,888,863	8,181,894	(18,551,377)	80,519,380
Profit for the financial year, representing total comprehensive income for the financial year		–	–	463,543	463,543
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	11,12	32,851,694	(8,068,837)	–	24,782,857
Expired of shares pursuant to warrants	11,12	–	(113,057)	113,057	–
At 30 September 2025		123,740,557	–	(17,974,777)	105,765,780

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Attributable to owners of the Company			Total equity RM
		Non-distributable Share capital RM	Warrant reserve RM	Distributable Accumulated losses RM	
Company					
At 1 October 2023		89,206,992	8,594,985	(19,744,503)	78,057,474
Profit for the financial year, representing total comprehensive income for the financial year		–	–	(1,181,460)	(1,181,460)
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	11,12	1,681,871	(413,091)	–	1,268,780
At 30 September 2024		90,888,863	8,181,894	(20,925,963)	78,144,794
At 1 October 2024		90,888,863	8,181,894	(20,925,963)	78,144,794
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(221,291)	(221,291)
Transaction with owners:					
Issuance of shares pursuant to warrants exercised	11,12	32,851,694	(8,068,837)	–	24,782,857
Expired of shares pursuant to warrants	11,12	–	(113,057)	113,057	–
At 30 September 2025		123,740,557	–	(21,034,197)	102,706,360

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

Note	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities				
Profit/(Loss) before tax	649,885	143,097	(221,291)	(1,181,460)
Adjustments for:				
Depreciation of property, plant and equipment	1,695,451	1,750,424	1,581,322	1,636,295
Interest expense	246,238	273,575	246,238	273,575
Interest income	(1,169,102)	(582,957)	(1,021,773)	(534,224)
Provision for slow moving inventories	36,472	–	36,472	–
Impairment losses on investment in subsidiaries	–	–	–	110,000
Impairment losses on financial assets	20,054	–	–	–
Operating profit before working capital changes	1,478,998	1,584,139	620,968	304,186
Changes in working capital:				
Inventories	(3,033,165)	545,686	(3,033,165)	545,686
Receivables	(5,690,199)	(6,670,754)	1,843,168	(940,904)
Payables	(25,788)	1,488,495	(2,408,494)	2,098,400
Contract liabilities	2,211,664	(463,197)	(428,336)	(463,197)
Cash (used in)/generated from operations	(5,058,490)	(3,515,631)	(3,405,859)	1,544,171
Tax (paid)/refund	(100,179)	(17,192)	10,656	(17,192)
Interest received	195,663	291,712	173,384	261,631
Net cash (used in)/from operating activities	(4,963,006)	(3,241,111)	(3,221,819)	1,788,610
Cash flows from investing activities				
Interest received	973,439	291,245	848,389	272,593
Acquisition of property, plant and equipment	A (744,536)	(688,369)	–	–
Investment in subsidiary companies	–	–	(2,500,000)	–
Net cash from/(used in) investing activities	228,903	(397,124)	(1,651,611)	272,593

STATEMENTS OF CASH FLOWS (CONT'D)

Note	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from financing activities				
Advances to subsidiaries	–	–	(325,347)	(7,570,741)
Issuance of shares pursuant to warrants exercised	24,782,857	1,268,780	24,782,857	1,268,780
Interest paid	(246,238)	(273,575)	(246,238)	(273,575)
Uplift of fixed deposit pledged with licensed banks	(205,287)	(204,069)	(205,287)	(204,069)
Drawdown of term loans	2,969,513	–	–	–
Repayments of lease liabilities	B (790,539)	(730,746)	(790,539)	(730,746)
Net cash from/(used in) financing activities	26,510,306	60,390	23,215,446	(7,510,351)
Net cash increase/(decrease) in cash and cash equivalents	21,776,203	(3,577,845)	18,342,016	(5,449,148)
Cash and cash equivalents at beginning of the financial year	15,250,118	18,827,963	11,190,296	16,639,444
Cash and cash equivalents at end of the financial year	37,026,321	15,250,118	29,532,312	11,190,296
Cash and cash equivalents at end of the financial year comprises:				
Cash and bank balances	9,472,294	11,145,238	1,978,285	9,104,068
Fixed deposits with licensed banks	36,058,024	12,403,590	36,058,024	10,384,938
	45,530,318	23,548,828	38,036,309	19,489,006
Less: Fixed deposits pledged with licensed banks	10 (8,503,997)	(8,298,710)	(8,503,997)	(8,298,710)
	37,026,321	15,250,118	29,532,312	11,190,296

STATEMENTS OF CASH FLOWS (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Acquisition of property, plant and equipment

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Total acquisition of property, plant and equipment	837,115	688,369	–	–
Less: Acquisition through capitalised of term loan interest	(92,579)	–	–	–
Total cash payment	744,536	688,369	–	–

B. Cash outflows for leases as a lessee

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Included in net cash (used in)/ from operating activities					
Payment relating to short-term leases	21	41,497	57,959	41,497	57,959
Included in net cash from/ (used in) financing activities					
Interest paid on lease liabilities	20	246,238	273,575	246,238	273,575
Payment of lease liabilities		790,539	730,746	790,539	730,746
		1,036,777	1,004,321	1,036,777	1,004,321
		1,078,274	1,062,280	1,078,274	1,062,280

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

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 4 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 material accounting policies information in the respective notes.

The Group and the Company have consistently applied the accounting policy throughout all periods presented in the financial statements unless otherwise stated.

Adoption of amended standards

The Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Amendments to MFRS 16	Lease liability in Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current or Non- current
Amendments to MFRS 107 and MFRS 17	Supplier Finance Arrangements

The adoption of the 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 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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 for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature- dependent Electricity	1 January 2026
Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	Annual Improvements - Volume 11	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 and Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
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 MFRSs when they become effective.

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

(b) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

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.

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 the financial statements.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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 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 only given in rare circumstances.

Provision for expected credit losses ("ECLs") of financial assets at amortised cost

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

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 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.

(d) Material accounting policy information

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold lands RM	Buildings, factory and civil works RM	Factory RM	Office RM	Wheat silos RM	Immature bearer plant RM	Plant and machinery RM	Equipment fixtures and vehicles RM	Motor vehicles RM	Total RM
Cost										
At 1 October 2023	34,112,050	9,876,990	5,261,139	3,089,425	439,790	996,913	43,685,432	4,693,171	124,093	102,279,003
Additions	377,506	-	-	-	-	310,863	-	-	-	688,369
At 30 September 2024	34,489,556	9,876,990	5,261,139	3,089,425	439,790	1,307,776	43,685,432	4,693,171	124,093	102,967,372
Additions	240,762	-	-	-	-	596,353	-	-	-	837,115
At 30 September 2025	34,730,318	9,876,990	5,261,139	3,089,425	439,790	1,904,129	43,685,432	4,693,171	124,093	103,804,487
Accumulated depreciation										
At 1 October 2023	217,429	7,723,461	1,237,916	343,270	213,232	-	26,828,396	4,467,799	124,083	41,155,586
Charge for the financial year	114,129	111,751	309,479	514,904	53,308	-	559,738	87,115	-	1,750,424
At 30 September 2024	331,558	7,835,212	1,547,395	858,174	266,540	-	27,388,134	4,554,914	124,083	42,906,010
Charge for the financial year	114,129	104,814	309,479	514,904	53,308	-	558,318	40,499	-	1,695,451
At 30 September 2025	445,687	7,940,026	1,856,874	1,373,078	319,848	-	27,946,452	4,595,413	124,083	44,601,461
Accumulated impairment losses										
At 1 October 2023	-	-	-	-	-	-	-	-	-	-
/30 September 2024	-	1,729,204	-	-	-	-	3,214,216	-	-	4,943,420
At 30 September 2025	-	1,729,204	-	-	-	-	3,214,216	-	-	4,943,420
Carrying amount										
At 30 September 2025	34,284,631	207,760	3,404,265	1,716,347	119,942	1,904,129	12,524,764	97,758	10	54,259,606
At 30 September 2024	34,157,998	312,574	3,713,744	2,231,251	173,250	1,307,776	13,083,082	138,257	10	55,117,942

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Company Cost	Buildings, factory and civil works RM	Factory RM	Office RM	Wheat silos RM	Plant and machinery RM	Equipment and fixtures RM	Motor vehicles RM	Total RM
At 1 October 2023/ 30 September 2024 /30 September 2025	9,876,990	5,261,139	3,089,425	439,790	43,685,432	4,693,171	124,093	67,170,040
Accumulated depreciation								
At 1 October 2023	7,723,461	1,237,916	343,270	213,232	26,828,396	4,467,799	124,083	40,938,157
Charge for the financial year	111,751	309,479	514,904	53,308	559,738	87,115	-	1,636,295
At 30 September 2024	7,835,212	1,547,395	858,174	266,540	27,388,134	4,554,914	124,083	42,574,452
Charge for the financial year	104,814	309,479	514,904	53,308	558,318	40,499	-	1,581,322
At 30 September 2025	7,940,026	1,856,874	1,373,078	319,848	27,946,452	4,595,413	124,083	44,155,774
Accumulated impairment losses								
At 1 October 2023/ 30 September 2024 /30 September 2025	1,729,204	-	-	-	3,214,216	-	-	4,943,420
Carrying amount								
At 30 September 2025	207,760	3,404,265	1,716,347	119,942	12,524,764	97,758	10	18,070,846
At 30 September 2024	312,574	3,713,744	2,231,251	173,250	13,083,082	138,257	10	19,652,168

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Leasehold lands	34,284,631	34,157,998	–	–
Factory	3,404,265	3,713,744	3,404,265	3,713,744
Office	1,716,347	2,231,251	1,716,347	2,231,251
Wheat silos	119,942	173,250	119,942	173,250
	39,525,185	40,276,243	5,240,554	6,118,245

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Leasehold lands	114,129	114,129	–	–
Factory	309,479	309,479	309,479	309,479
Office	514,904	514,904	514,904	514,904
Wheat silos	53,308	53,308	53,308	53,308
	991,820	991,820	877,691	877,691

- (c) Immature bearer plant represent planting expenditure which consist of expenses incurred in connection with the planting of the eucalyptus trees.
- (d) Included in the carrying amount of the leasehold lands of the Group is an amount of RM29,023,892 (2024: RM28,783,130) which is not subject to depreciation as the leasehold lands are not commenced in use.
- (e) Included in addition of immature bearer plants during the financial year are borrowing costs of RM92,579 (2024: RMNil). The borrowing costs capitalised during the substantial period of time that is required to complete and prepare the immature bearer plants ready to harvest.

Group and Company as lessor

The Group and the Company have entered into operating leases in their right-of-use assets consisting of office. This lease is on short-term basis. This lease includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group and the Company during the financial year is RM577,200 (2024: RM577,200).

Material accounting policy information

- (i) Property, plant and equipment

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

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Material accounting policy information (Cont'd)

(i) Property, plant and equipment (Cont'd)

The estimated useful lives of the assets are as follows:

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

(ii) 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 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.

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
In Malaysia		
At cost		
Unquoted shares	8,824,005	6,324,005
Less: Accumulated impairment losses	(310,002)	(310,002)
	8,514,003	6,014,003

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	Company	
	2025 RM	2024 RM
At beginning of the financial year	310,002	200,002
Net addition	–	110,000
At end of the financial year	310,002	310,002

Details of the subsidiaries are as follows:

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2025	2024	
<u>Direct subsidiaries</u>				
KFM Marketing Sdn. Bhd. ("KMSB")	Malaysia	100	100	Trading of industrial related products.
LKB Plantation Sdn. Bhd. ("LKPSB")	Malaysia	100	100	Holding companies, planting, replanting, transplanting, thinnin and conserving of forest and timber tracts, and wholesale of a variety of goods without any particular specialisation not elsewhere classified.
Lotus Plantation Sdn. Bhd. ("LPSB")	Malaysia	100	100	Holding companies, planting, replanting, transplanting, thinnin and conserving of forest and timber tracts, and wholesale of a variety of goods without any particular specialisation not elsewhere classified.
<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 and also to buy, sell export, process, distribute and otherwise deal in all kinds of forest plants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. 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
		2025	2024	
<u>Subsidiaries of LPSB (Cont'd)</u>				
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 and also to buy, sell export, process, distribute and otherwise deal in all kinds of forest plants.
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 tracking of round wood used in an unprocessed form.

Additional investments in subsidiary

On 25 September 2025, the Company had subscribed for additional of 2,500,000 new ordinary shares in LKPSB for a total consideration of RM2,500,000, which did not result in changes in equity interest.

Material accounting policy information

Investment in subsidiaries are measured in the Company's financial statement of financial position at cost less any impairment losses.

5. OTHER INVESTMENT

	Group and Company	
	2025	2024
	RM	RM
Unquoted shares in Malaysia, at Fair Value Through Profit or Loss ("FVTPL")		
At beginning/end of the financial year	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVENTORIES

	Group and Company 2025 RM	2024 RM
Raw materials	260,556	168,033
Finished goods	2,995,574	36,142
Consumables	31,216	86,478
	3,287,346	290,653
Recognised in profit or loss:		
Inventories recognised as cost of sales	34,777,909	39,158,470
Provision for slow moving inventories	36,472	–

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

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. Raw material and consumables are determined on a weighted average basis while finish goods consist of direct material, direct labour and appropriate proportion of production overhead (based on normal operating capacity) are stated on standard cost basis.

7. TRADE RECEIVABLES

	Group 2025 RM	2024 RM	Company 2025 RM	2024 RM
Trade receivables	7,348,515	6,461,317	4,065,638	5,900,339
Allowance for ECLs	(70,448)	(50,394)	(50,394)	(50,394)
	7,278,067	6,410,923	4,015,244	5,849,945

The trade receivables are non-interest bearing and is generally ranged from 14 days to 90 days (2024: 14 to 90 days). It is recognised at its original invoice amount which represents its fair values on initial recognition.

The movements of expected credit losses are as follows:

	Group 2025 RM	2024 RM	Company 2025 RM	2024 RM
At beginning of the financial year	50,394	50,394	50,394	50,394
Addition	20,054	–	–	–
At end of the financial year	70,448	50,394	50,934	50,394

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. TRADE RECEIVABLES (CONT'D)

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

	Gross amount RM	ECLs RM	Net amount RM
Group			
2025			
Not past due	4,301,118	–	4,301,118
Past due:			
1 to 30 days	1,031,723	(414)	1,031,309
30 to 60 days	142,650	(61)	142,589
60 to 90 days	1,099,502	(12,828)	1,086,674
Past due more than 90 days	773,522	(57,145)	716,377
	7,348,515	(70,448)	7,278,067
2024			
Not past due	4,265,872	–	4,265,872
Past due:			
1 to 30 days	1,205,927	–	1,205,927
30 to 60 days	821,726	–	821,726
60 to 90 days	81,029	–	81,029
Past due more than 90 days	86,763	(50,394)	36,369
	6,461,317	(50,394)	6,410,923
Company			
2025			
Not past due	2,899,476	–	2,899,476
Past due:			
1 to 30 days	691,843	–	691,843
30 to 60 days	134,744	–	134,744
Past due more than 90 days	339,575	(50,394)	289,181
	4,065,638	(50,394)	4,015,244
2024			
Not past due	4,052,230	–	4,052,230
Past due:			
1 to 30 days	879,166	–	879,166
30 to 60 days	801,151	–	801,151
60 to 90 days	81,029	–	81,029
Past due more than 90 days	86,763	(50,394)	36,369
	5,900,339	(50,394)	5,849,945

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. OTHER RECEIVABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-trade receivables	1,256,975	68,861	684,114	68,861
Advances	8,389	8,389	8,389	8,389
Advances to a supplier	6,112,386	6,710,000	6,112,386	6,710,000
Deposits	6,339,976	2,153,966	260,072	254,862
Prepayment	7,788,772	7,762,281	146,171	177,487
	21,506,498	16,703,497	7,211,132	7,219,599

Included in non-trade receivables of the Group and of the Company are an amount of RM684,114 (2024: RM68,861) due from a company in which a Director has interest which is unsecured, non-interest bearing and repayable on demand.

Included in advances to a supplier of the Group and of the Company are an amount RM5,940,000 (2024: RM6,710,000) paid to a company in which a Director has interest for purchase of inventories.

Included in deposits of the Group are amount of RM449,104 (2024: RM449,104) paid for acquisition of subsidiaries and an amount of RM1,340,000 (2024: RM1,340,000) paid to local authority for permit, license and right for the land usage.

Included in deposits of the Group are amount RM3,000,000 (2024: RMNil) paid to supplier to secure the purchase inventories of wood chip and bamboo chip and an amount RM1,100,000 (2024: RMNil) paid to supplier for purchase of inventories of industrial machinery.

Included in deposits of the Group is an amount of RM80,800 (2024: RMNil) represent as security for the banking facilities granted to a subsidiary, as disclosed in Note 14 to the financial statements.

Included in the prepayment of the Group are amount of RM7,534,800 (2024: RM7,534,800) related to logging premium, permit fee, and border marking fee paid to the Perak State Forestry Department.

9. AMOUNT DUE FROM SUBSIDIARIES

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

10. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear an effective interest rate ranging from 1.75% to 3.80% (2024: 2.00% to 3.70%) and 1.75% to 3.80% (2024: 2.00% to 3.35%) respectively.

The maturity period of the fixed deposits with licensed banks of the Group and of the Company are ranging from 30 to 180 (2024: 30 to 90) days.

Fixed deposits with licensed banks of the Group and of the Company amounting to RM8,503,997 (2024: RM8,298,710) are pledged as security for bank borrowings of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL

	Group and Company		Amount	
	Number of ordinary shares 2025 Units	2024 Units	2025 RM	2024 RM
Issued and fully paid				
At beginning of financial year	1,035,482,204	1,022,794,404	90,888,863	89,206,992
Issuance of share				
- Exercise of warrants	247,828,570	12,687,800	32,851,694	1,681,871
At end of the financial year	1,283,310,774	1,035,482,204	123,740,557	90,888,863

During the financial year, the Company increased its issued and paid-up share capital from RM90,888,863 to RM123,740,557 (2024: RM89,206,992 to RM90,888,863) by way of issuance of 247,828,570 (2024: 12,687,800) new ordinary shares pursuant to conversion of 247,828,570 (2024: 12,687,800) unit of warrants for total consideration of RM32,851,694 (2024: RM1,681,871).

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

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.

12. WARRANT RESERVES

	Group and Company	
	2025 RM	2024 RM
Warrant reserves	–	8,181,894

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. WARRANT RESERVES (CONT'D)

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, 251,301,060 (2024: 12,687,800) warrants were exercised as RM0.10 (2024: RM0.10) each amounting to RM24,782,857 (2024: RM1,268,780). This resulted in the issuance of 247,828,570 (2024: 12,687,800) new ordinary shares and a transfer of warrants reserve of RM8,068,837 (2024: RM413,091) to share capital. The warrant reserves expired of 3,472,490 (2024: Nil) units representing RM113,057 (2024: RMNil) had been transferred to accumulated losses. The total increase arising from the warrants exercised amounted to RM32,851,694 (2024: RM1,681,871).

The movements of the warrants during the financial year is as follows:

	At 1.10.2024	Number of units		At 30.9.2025
		Exercised	Expired	
Warrant B 2019/2024	251,301,060	(247,828,570)	(3,472,490)	–

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

13. LEASE LIABILITIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-current	5,962,631	6,793,540	5,306,531	6,137,440
Current	830,908	790,538	830,908	790,538
	6,793,539	7,584,078	6,137,439	6,927,978

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Within 1 year	1,047,594	1,036,776	1,047,594	1,036,776
Between 1 - 5 years	3,162,222	3,761,275	3,162,222	3,761,275
More than 5 years	4,122,727	4,571,269	3,062,227	3,510,769
	8,332,543	9,369,320	7,272,043	8,308,820
Less: Future finance charge	(1,539,004)	(1,785,242)	(1,134,604)	(1,380,842)
Present value of lease liabilities	6,793,539	7,584,078	6,137,439	6,927,978

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. BORROWING

	2025 RM	Group 2024 RM
Secured		
Term loans	3,062,092	–
Non-current		
Term loans	3,062,092	–

The loan is classified as non-current because the Group has an existing right to defer settlement of the loan for at least 12 months after the reporting date.

The loan and borrowing are secured by the following:

- (a) First party charge over the leasehold land of the Group as disclosed in Note 3 of the financial statements;
- (b) Personal guarantee by the Directors of the subsidiaries Company; and
- (c) Placed of deposit of 5% of the term loan facilities as disclosed in Note 8 of the financial statements.

The repayment term of the borrowing is as follows:

- (a) Term loan is repayable by 84 to 240 monthly installments (2024: Nil).

The average effective interest rate per annum if the borrowing is as follows:

	2025 %	Group 2024 %
Term loans	3.00 - 5.00	–

15. DEFERRED TAX LIABILITY

	2025 RM	Group 2024 RM
At beginning of the financial year	7,648,002	7,677,080
Recognised in profit or loss	(24,878)	(29,078)
At end of the financial year	7,623,124	7,648,002

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. TRADE PAYABLES

The normal trade credit terms granted to the Group and to the Company is generally on 30 days (2024: 30 days) depending on the terms of the contracts.

Included in trade payables of the Group and of the Company is an amount of RM503,774 and RMNil (2024: RM3,566,395 and RM3,255,532) due from companies in which a Director has interest.

The foreign currency profile of trade payable is as follow:

	Group and Company 2025 RM	2024 RM
USD	1,256,278	–

17. OTHER PAYABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-trade payables	340,981	717,143	67,298	459,835
Accruals	439,969	430,329	361,062	377,765
Deposits	144,300	144,300	144,300	144,300
	925,250	1,291,772	572,660	981,900

Included in non-trade payables of the Group is an amount of RM257,308 (2024: RM257,308) due to Directors of the Group and of the subsidiary which is unsecured, non- interest bearing and repayable on demand.

Included in non-trade payables of the Group and of the Company is an amount of RM242 (2024: RM284) due to a company in which a Director has interest which is unsecured, non- interest bearing and repayable on demand.

Included in deposit of the Group and of the Company is an amount of RM144,300 (2024: RM144,300) due to companies in which a Director has interest which is unsecured, non- interest bearing and repayable on demand.

18. CONTRACT LIABILITIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At beginning of the financial year	428,336	891,533	–	891,533
Addition	8,083,350	4,043,250	–	4,043,250
Recognised as revenue	(5,871,686)	(4,506,447)	–	(4,506,447)
At end of the financial year	2,640,000	428,336	–	428,336

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. CONTRACT LIABILITIES (CONT'D)

The contract liabilities primarily relate to the advances received from a customer for good to be transferred in the future and will be recognised as revenue when related performance obligations are satisfied.

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Within 1 year	2,640,000	428,336	–	428,336

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 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customer				
Sale of flour and related products	37,147,251	41,623,237	37,147,251	41,623,237
Sales of chemical substance	2,644,483	8,694,497	–	–
Sales of industrial products	3,069,403	–	–	–
Sales of wood chip and bamboo chip	10,353,163	382,755	–	–
Sales of timber	1,165,464	–	–	–
	54,379,764	50,700,489	37,147,251	41,623,237
Timing of revenue recognition				
At a point in time	54,379,764	50,700,489	37,147,251	41,623,237
Geographical market				
Malaysia	54,379,764	50,700,489	37,147,251	41,623,237

Sales of goods

Revenue from sales of goods are recognised when control of the products has transferred, being the products are delivered to the customer.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. FINANCE INCOME/FINANCE COST

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Finance income				
- bank interest	195,663	291,712	173,384	261,631
- fixed deposits with licensed banks	973,439	291,245	848,389	272,593
	1,169,102	582,957	1,021,773	534,224
Finance cost				
Interest expense of lease liabilities	246,238	273,575	246,238	273,575

21. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration				
- statutory audit	118,900	107,000	76,000	70,000
- other services	13,000	13,000	13,000	13,000
Depreciation of property, plant and equipment	1,695,451	1,750,424	1,581,322	1,636,295
Directors' fee				
- Non-executive Directors	276,000	276,000	276,000	276,000
Impairment losses on investment in subsidiaries	–	–	–	110,000
Impairment losses on financial assets	20,054	–	–	–
Provision of slow moving inventories	36,472	–	36,472	–
Short-term lease (a)	41,497	57,959	41,497	57,959
Rental income	(577,200)	(577,200)	(577,200)	(577,200)

- (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. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

22. TAX EXPENSE/(INCOME)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Tax expense/(income) recognised in profit or loss				
Current tax				
Current financial year	212,543	22,158	–	–
Over provision in prior financial year	(1,323)	(4,250)	–	–
	211,220	17,908	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. TAX EXPENSE/(INCOME) (CONT'D)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Tax expense/(income) recognised in profit or loss (Cont'd)				
Deferred tax				
Origination and reversal of temporary differences	(23,878)	(27,278)	–	–
Over provision in prior financial year	(1,000)	(1,800)	–	–
	(24,878)	(29,078)	–	–
	186,342	(11,170)	–	–

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit/(Loss) before tax	649,885	143,097	(221,291)	(1,181,460)
At Malaysian statutory tax rate of 24% (2024: 24%)	155,972	34,343	(53,110)	(283,550)
Expenses not deductible for tax purposes	249,448	351,559	227,853	336,638
Income not subject to tax	(142,291)	(138,528)	(141,264)	(138,528)
Movement of deferred tax assets not recognised	(2,467,971)	(252,494)	(2,426,986)	85,440
Expired of unutilised reinvestment allowances	2,393,507	–	2,393,507	–
Over provision of tax expense in prior financial year	(1,323)	(4,250)	–	–
Over provision of deferred tax in prior financial year	(1,000)	(1,800)	–	–
	186,342	(11,170)	–	–

Unrecognised deferred tax assets

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Property, plant and equipment	(10,711,337)	(10,966,015)	(10,711,337)	(10,966,015)
Provision	70,448	50,394	50,394	50,394
Inventories	164,046	127,574	164,046	127,574
Unabsorbed business loss	56,852,580	58,007,632	54,986,946	55,951,175
Unutilised capital allowances	20,442,691	19,909,111	20,442,691	19,909,111
Unutilised reinvestment allowances	–	9,972,944	–	9,972,944
	66,818,428	77,101,640	64,932,740	75,045,183

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. TAX EXPENSE/(INCOME) (CONT'D)

Unrecognised deferred tax assets (Cont'd)

In accordance with the provision of the Finance Act 2021, the unabsorbed business losses are available for utilisation in the next ten consecutive years from when it was incurred, for which, any excess at the end of the tenth year, shall be disregarded. The other temporary differences do not expire under current tax legislation.

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

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
YA 2028	51,248,842	52,417,027	49,418,060	50,382,289
YA 2029	1,408,090	1,408,090	1,408,090	1,408,090
YA 2031	2,082,782	2,082,782	2,082,782	2,082,782
YA 2032	333,141	333,141	333,141	333,141
YA 2033	1,003,785	994,674	972,955	972,955
YA 2034	775,940	771,918	771,918	771,918
	56,852,580	58,007,632	54,986,946	55,951,175

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

23. STAFF COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries and other emoluments	820,451	869,088	763,588	811,887
Defined contribution plans	100,369	100,258	93,037	92,899
Social security contributions	12,875	12,873	11,799	11,781
Directors' fees	276,000	276,000	276,000	276,000
	1,209,695	1,258,219	1,144,424	1,192,567

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	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Directors</u>				
Salaries and other emoluments	240,000	240,000	240,000	240,000
Defined contribution plans	33,600	33,600	33,600	33,600
Social security contributions	2,786	2,318	2,786	2,318
	276,386	275,918	276,386	275,918

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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:

	2025 RM	Group 2024 RM
Profit attributable to owners of the parent	463,543	154,267
Weighted average number of ordinary shares in issue:		
Ordinary shares at 1 October	1,035,482,204	1,022,794,404
Effect of new ordinary shares issued pursuant to warrant exercise	214,027,740	2,148,342
Weighted average number of ordinary shares at 30 September	1,249,509,944	1,024,942,746
Basic earnings per ordinary shares (in sen)	0.04	0.02

(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:

	2025 RM	Group 2024 RM
Profit attributable to owners of the parent	463,543	154,267
Weighted average number of ordinary shares at 30 September	1,249,509,944	1,164,092,913
Diluted earnings per ordinary shares (in sen)	0.04	0.01

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 to 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2025 RM	2024 RM	2025 RM	2024 RM
Transactions with related parties				
- Purchase	(31,841,076)	(38,245,495)	(31,841,076)	(38,245,495)
- Plantation cost charged by	503,774	310,863	-	-
- Rental charged to	577,200	577,200	577,200	577,200

(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	
	2025 RM	2024 RM
Salaries and other emoluments	120,000	120,000
Defined contribution plans	14,196	19,872
Social security contributions	2,192	2,496
	136,388	142,368

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	At 1.10.2024 RM	Drawdown RM	Repayment RM	Interest expense RM	At 30.9.2025 RM
Group					
Lease liabilities	7,584,078	-	(790,539)	-	6,793,539
Borrowings	-	2,969,513	-	92,579	3,062,092
	7,584,078	2,969,513	(790,539)	92,579	9,855,631
Company					
Lease liabilities	6,927,978	-	(790,539)	-	6,137,439

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

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

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

27. SEGMENT INFORMATION

(a) Business segments

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

Business segments	Business activities
Flour milling and trading	Flour milling and trading of flour, starch, chemical, industrial products, timber, wood chip and bamboo chip
Plantation	Investment holding and plantation activities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

Group	Note	Flour milling and trading RM	Plantation RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2025						
Revenue						
External customers		54,379,764	–	54,379,764	–	54,379,764
Results						
Profit from operations		1,602,442	(123,444)	1,478,998	–	1,478,998
Finance income		1,106,252	62,850	1,169,102	–	1,169,102
Finance costs		(246,238)	–	(246,238)	–	(246,238)
Depreciation		(1,581,322)	(14,637)	(1,595,959)	(99,492)	(1,695,451)
Other non-cash items	B	(56,526)	–	(56,526)	–	(56,526)
Taxation		(207,861)	(2,359)	(210,220)	23,878	(186,342)
		616,747	(77,590)	539,157	(75,614)	463,543
Assets						
Segment assets		160,271,657	15,289,826	175,561,483	(44,536,762)	131,024,721
Additional to non-current assets other than deferred tax assets	C	–	837,115	837,115	–	837,115
Tax recoverable		190,092	1,416	191,508	–	191,508
		160,461,749	16,128,357	176,590,106	(44,536,762)	132,053,344
Liabilities						
Segment liabilities		45,386,985	13,530,732	58,917,717	(40,377,391)	18,540,326
Deferred tax liabilities		–	–	–	7,623,124	7,623,124
Tax payable		120,779	3,335	124,114	–	124,114
		45,507,764	13,534,067	59,041,831	(32,754,267)	26,287,564

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

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 consist of the following items as presented in the respective notes to the financial statements:

	2025 RM	Group 2024 RM
Impairment loss on financial assets	20,054	–
Provision for slow moving inventories	36,472	–
	56,526	–

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

	2025 RM	Group 2024 RM
Property, plant and equipment	837,115	688,369

(b) Geographical information

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

(c) Information about major customer

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

	2025 RM	Group 2024 RM	2025 RM	Company 2024 RM
Flour milling and trading				
Customer A	21,382,733	18,884,739	21,382,733	18,884,739
Customer B	12,916,113	8,694,497	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At FVTPL				
Financial asset				
Other investment	1	1	1	1
At amortised cost				
Financial assets				
Trade receivables	7,278,067	6,410,923	4,015,244	5,849,945
Other receivables	7,605,340	2,231,216	952,575	332,112
Amount due from subsidiaries	–	–	31,347,764	31,022,417
Fixed deposits with licensed banks	36,058,024	12,403,590	36,058,024	10,384,938
Cash and bank balances	9,472,294	11,145,238	1,978,285	9,104,068
	60,413,725	32,190,967	74,351,892	56,693,480
	60,413,726	32,190,968	74,351,893	56,693,481
At amortised cost				
Financial liabilities				
Trade payables	5,119,445	4,778,711	1,256,278	3,255,532
Other payables	925,250	1,291,772	572,660	981,900
Borrowings	3,062,092	–	–	–
	9,106,787	6,070,483	1,828,938	4,237,432

(b) Financial risk management objectives and policies

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

(i) Credit risk

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

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

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

The Group and the Company obtained financial guarantee from financial institution in favour of third party amounting RM77,200 (2024: RM77,200).

At each reporting date, the Group and the Company assess whether any of the receivables 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 3 and 1 (2024: 1 and 1) major customers respectively and accounted for approximately 55% and 30% (2024: 31% and 33%) of the Group's and of the Company's trade receivables outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk

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

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

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

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2025					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	5,119,445	–	–	5,119,445	5,119,445
Other payables	925,250	–	–	925,250	925,250
Lease liabilities	1,047,594	3,162,222	4,122,727	8,332,543	6,793,539
Borrowings	–	–	4,294,721	4,294,721	3,062,092
	7,092,289	3,162,222	8,417,448	18,671,959	15,900,326
Financial guarantee*	77,200	–	–	77,200	–
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	4,778,711	–	–	4,778,711	4,778,711
Other payables	1,291,772	–	–	1,291,772	1,291,772
Lease liabilities	1,036,776	3,761,275	4,571,269	9,369,320	7,584,078
	7,107,259	3,761,275	4,571,269	15,439,803	13,654,561
Financial guarantee*	77,200	–	–	77,200	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

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

	On demand within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2025					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	1,256,278	–	–	1,256,278	1,256,278
Other payables	572,660	–	–	572,660	572,660
Lease liabilities	1,047,594	3,644,404	2,580,045	7,272,043	6,927,978
	2,876,532	3,644,404	2,580,045	9,100,981	8,756,916
Financial guarantee*	77,200	–	–	77,200	–
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	3,255,532	–	–	3,255,532	3,255,532
Other payables	981,900	–	–	981,900	981,900
Lease liabilities	1,036,776	3,761,275	3,510,769	8,308,820	6,927,978
	5,274,208	3,761,275	3,510,769	12,546,252	11,165,410
Financial guarantee*	77,200	–	–	77,200	–

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

(iii) Market risk

(a) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transaction that are denominated in currency other than the functional currencies of the Group and of the Company. The currency giving rise to this risk is primarily United States Dollar ("USD").

The Group and the Company had not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group and the Company would apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial liabilities at the end of the reporting period are as follows:

	Group and Company	
	2025	2024
	RM	RM
Dominated in USD		
Financial liabilities		
Trade payable	(1,256,278)	–

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's profit before tax to a reasonably possible changes in USD exchange rate against RM, with all other variables held constant.

	Effect on	
	profit/(loss) before tax	
	Group and Company	
	2025	2024
	RM	RM
Changes in USD exchange rate		
Strengthened by 1% (2024: Nil)	(12,563)	–
Weakened by 1% (2024: Nil)	12,563	–

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and fixed rate borrowings 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 banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages their interest rate risk exposure from interest bearing borrowing from obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (Cont'd)

(b) Interest rate 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:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fixed rate instrument				
<u>Financial asset</u>				
Fixed deposits with licensed banks	36,058,024	12,403,590	36,058,024	10,384,938
<u>Financial liability</u>				
Borrowings	(3,062,092)	–	–	–
Net financial assets	32,995,932	12,403,590	36,058,024	10,384,938

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 carrying amounts of receivables, payables, and cash and cash equivalent approximate their fair value due to relatively short-term nature of their financial instruments and significant impact of discounting.

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			
2025			
<u>Financial asset</u>			
Other investment:			
- unquoted investment	1	1	1
2024			
<u>Financial asset</u>			
Other investment:			
- unquoted investment	1	1	1

NOTES TO THE FINANCIAL STATEMENTS (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 year.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

Non-derivative financial instruments

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

(iv) Level 3 fair value

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

29. FINANCIAL GUARANTEE

	Group and Company	
	2025	2024
	RM	RM
Secured:		
Financial guarantee for the purpose of electrical supply	77,200	77,200

30. CAPITAL MANAGEMENT

The Group's and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divide by total equity as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Borrowing	3,062,092	–	–	–
Lease liabilities	6,793,539	7,584,078	6,137,439	6,927,978
Less: Fixed deposits with licensed banks	(36,058,024)	(12,403,590)	(36,058,024)	(10,384,938)
Less: Bank balance	(9,472,294)	(11,145,238)	(1,978,285)	(9,104,068)
Net cash	(35,674,687)	(15,964,750)	(31,898,870)	(12,561,028)
Total equity	105,765,780	80,519,380	102,706,360	78,144,794
Gearing ratio	N/A	N/A	N/A	N/A

N/A – the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

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

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

31. DATE OF AUTHORISATION FOR ISSUE

The consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 January 2026.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2025

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

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	94	2.50	2,069	*
100 – 1,000	899	23.95	739,383	0.06
1,001 – 10,000	1,425	37.96	6,944,425	0.54
10,001 – 100,000	944	25.15	39,278,416	3.06
100,001 – less than 5% of issued shares	388	10.34	620,440,481	48.35
5% and above of issued shares	4	0.11	615,906,000	47.99
Total	3,754	100.00	1,283,310,774	100.00

* negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 31 DECEMBER 2025

(As per the Register of Substantial Shareholders)

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

Note: -

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

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

DIRECTOR'S INTEREST AS AT 31 DECEMBER 2025

(As per the Register of Directors' Shareholdings)

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

Note: -

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

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

ANALYSIS OF SHAREHOLDINGS (CONT'D)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 DECEMBER 2025

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

No.	Name	No. of Shares Held	%
1.	LOTUS ESSENTIAL SDN BHD	300,000,000	23.38
2.	DATUK WONG SAK KUAN	163,740,000	12.76
3.	CWL VENTURES SDN. BHD.	82,166,000	6.40
4.	YAU MING TECK	70,000,000	5.45
5.	LIM CHIUN CHEONG	57,000,580	4.44
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG SAK KUAN (7000571)	47,000,000	3.66
7.	LEE WAI FUN	41,527,000	3.24
8.	WONG PENG KHOON	21,790,880	1.70
9.	TOH YAN TAI	15,808,100	1.23
10.	CHONG FONG TAI	14,620,000	1.14
11.	WEE KA SENG	14,468,000	1.13
12.	BINTANG SARI SDN BHD	13,390,000	1.04
13.	WONG ONN ONN	12,823,950	1.00
14.	YAU CHI HANG	12,582,030	0.98
15.	CHIA WENG LOCK	12,330,000	0.96
16.	TOH WAH CHONG	11,845,700	0.92
17.	WONG WAI LIK	11,000,000	0.86
18.	WONG MING MING	10,763,900	0.84
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE WAI FUN (7001743)	10,000,000	0.78
20.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES FOR WONG SAK KUAN	10,000,000	0.78
21.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK	9,683,500	0.75
22.	TEO SOON KEE	9,512,800	0.74
23.	LEE CHENG CHENG	9,481,500	0.74
24.	CHAN PECK YIN	8,805,580	0.69
25.	H.S. MAH HEART & MEDICAL CENTRE SDN. BHD.	8,605,000	0.67
26.	SETARA MENTARI SDN BHD	8,480,000	0.66
27.	TENG CHOONG HOONG	7,495,900	0.58
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR HOO YEEK FOO	7,025,300	0.55
29.	AUGUSTINE KOK HWAI NAM	7,000,000	0.55
30.	CHENG SOO SHING	6,570,000	0.51

LIST OF PROPERTIES HELD BY THE GROUP AS AT 30 SEPTEMBER 2025

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	40 years and 33 years	3,404
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	23 years	120

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting (“41st 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, 26 March 2026 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses with or without any modifications:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2025 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees and/or benefits of up to RM300,000.00 for the period commencing from the date immediately after the 41st AGM until the next Annual General Meeting (“AGM”) of the Company.
3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:
 - i. Datuk Wong Sak Kuan
 - ii. Mr. Chia Weng Lock
 - iii. Mr. Lim Lian Chee
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.

**PLEASE REFER TO
EXPLANATORY NOTE 1**

ORDINARY RESOLUTION 1

**ORDINARY RESOLUTION 2
ORDINARY RESOLUTION 3
ORDINARY RESOLUTION 4**

ORDINARY RESOLUTION 5

As Special Business:

To consider and if thought fit, pass the following resolutions:

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

ORDINARY RESOLUTION 6

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

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

ORDINARY RESOLUTION 7

“THAT authority be and is hereby given in line with Paragraph 10.09 of Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries (“the Group”) to enter into any of the recurrent related party transactions with the related party(ies) as set out in Section 2.8 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate dated 30 January 2026 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
 30 January 2026

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@sshsb.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 18 March 2026. Only members whose name appears in the Record of Depositors as at 18 March 2026 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 2025

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/or 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/or benefits for the Non-Executive Directors for the period commencing from the date immediately after this 41st AGM until the date of the next AGM to be held in the year 2027. 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. Item 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, Datuk Wong Sak Kuan, Mr. Chia Weng Lock and Mr. Lim Lian Chee 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 41st 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 Board of Directors' Profile contained in the Company's Annual Report 2025.

4. Item 5 of the Agenda - General Authority for the Directors to issue and allot shares ("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 the issuance and allotment of Shares by the Company pursuant to Sections 75 and 76 of the Act ("Mandate"). This Ordinary Resolution, if passed, will 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 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.

The purpose of seeking the Mandate is to enable the Directors of the Company to have the flexibility to issue and allot new shares at any time for such purposes and to such persons in their absolute discretion without convening a general meeting for shareholders' approval, thereby saving time and avoiding additional costs. This purpose of this Mandate is for any possible fundraising activities, including but not limited to further placing of shares for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONT'D)

4. Item 5 of the Agenda - General Authority for the Directors to issue and allot shares ("Shares") pursuant to Sections 75 and 76 of the Act (Cont'd)

The Company had at its Fortieth AGM held on 19 March 2025 ("40th 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 ten percent (10%) of the total number of issued shares of the Company at any point of time.

As at the date of this Notice of Meeting, no new shares in the Company were issued and allotted pursuant to the general mandate granted to the Directors at the 40th AGM, which will lapse at the conclusion of the Meeting, and accordingly, no proceeds were raised.

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 30 January 2026 for further information.

ADMINISTRATIVE NOTES

FOR THE FORTY-FIRST ANNUAL GENERAL MEETING OF LOTUS KFM BERHAD ("LOTUS" OR "COMPANY") ("41ST AGM" OR "MEETING")

Day and Date	:	Thursday, 26 March 2026
Time	:	10:00 a.m. or at any adjournment thereof
Venue	:	Eugenia Ballroom (Ground Floor), Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya

APPOINTMENT OF PROXY

1. A member who is entitled to participate and vote at the Meeting is entitled to appoint more than one (1) proxy to participate and vote in his/her stead. If you are not able to participate in the 41st AGM, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.
2. The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof:-
 - (i) In hardcopy form
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic form
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to eservices@sshb.com.my.

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

4. If you wish to participate in the Meeting yourself, please do not submit any proxy form for the Meeting. You will not be allowed to participate in the 41st AGM together with the proxy(ies) appointed by you.
5. If you have submitted your Proxy Form prior to the Meeting and subsequently decide to personally participate in the Meeting, please write in to lily@sshb.com.my to revoke the earlier appointment of your proxy(ies) at least forty-eight (48) hours before the commencement of the Meeting. Upon revocation, your proxy(ies) will not be allowed to participate in the 41st AGM. In such event, kindly advise your proxy(ies) accordingly.

PROCEDURES OF THE MEETING

In the interest of public health including the well-being of our members, members must cooperate with the following precautionary measures put in place by our Company should our members or proxies wish to attend the Meeting in person. Your safety and health are our Company's top priority.

- (a) A member is encouraged to register ahead of the Meeting to allow the Company to make the necessary arrangements in relation to the Meeting, i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants by providing the below details by email to connie.ng@lotuskfm.com.my:-
 - i) Full name;
 - ii) Identity Card or Passport Number;
 - iii) Contact number (optional – for better co-ordination); and
 - iv) CDS account number

The date of Record of Depositors for the 41st AGM is 18 March 2026. As such, only members whose names appear in the Company's Record of Depositors as at 18 March 2026 shall be entitled to attend the 41st AGM and participate, speak and vote thereat.

- (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.

ADMINISTRATIVE NOTES (CONT'D)

PROCEDURES OF THE MEETING (CONT'D)

- (c) **NO door gift** will be provided to the members/proxies at the Meeting venue and **NO refreshment** will be served at the Meeting venue.
- (d) The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting.
- (e) **Recording/Photography**

By participating in this 41st 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 the 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 41st AGM, please contact the following persons during office hours from 9:00 a.m. to 5:30 p.m. on Monday to Friday (except public holidays) prior to the Meeting: -

For Registration matters:	For Proxy Form matters:
Name: Ms. Connie Telephone No.: +603-8959 4883 Email: connie.ng@lotuskfm.com.my	Name: Ms. Lily Telephone No.: +603 2084 9000 Email: lily@sshbsb.com.my

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LOTUS KFM BERHAD

198401007083 (119598-P)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of Shares Held

I/We * _____ NRIC/Passport/Registration No.* _____

(full name in capital letters)

of _____

(full address)

with email address _____ mobile phone no. _____

being a member/members* of **LOTUS KFM BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and*

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Forty-First Annual General Meeting ("41st 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, 26 March 2026 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/or benefits of up to RM300,000.00 for the period commencing from the date immediately after the 41 st AGM until the next AGM of the Company.		
2.	To re-elect Datuk Wong Sak Kuan as Director of the Company.		
3.	To re-elect Mr. Chia Weng Lock as Director of the Company.		
4.	To re-elect Mr. Lim Lian Chee as Director of the Company.		
5.	To re-appoint TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To approve the general authority for the 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 _____ 2026

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.

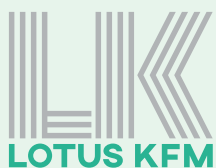
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AFFIX
STAMP

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 18 March 2026. Only members whose name appears in the Record of Depositors as at 18 March 2026 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)

ANNUAL REPORT 2025