STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of "Public Listed Issuers" issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, which requires Malaysian public listed companies to make a statement about their state of risk management and internal control, as a Group, in their annual report.

BOARD RESPONSIBILITY

The Board recognises the importance of sound risk management and internal control practices to safeguard shareholders' investment and the Group's assets and acknowledges its responsibilities for establishing such systems. The Board further affirms its responsibility to embed risk management in all aspects of the Group's activities and for reviewing the adequacy and integrity of these systems in mitigating risks within the Group's acceptable risk appetite. Nonetheless, the Board recognises that the systems of risk management and internal control are designed to manage rather than to eliminate risks of failure to achieve its business objectives. Therefore, these systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against misstatements, frauds or other consequences.

During the financial year, the adequacy and effectiveness of internal controls were reviewed by the Audit & Risk Management Committee (ARMC) in relation to the audits conducted by Group's Internal Auditor. The ARMC reviewed the effectiveness of the Group's internal controls through internal audit findings and monitored Management's corrective actions. Key issues and resolutions were discussed at ARMC meetings and reported to the Board. The ARMC also oversaw the Group's risk management framework, including compliance, business continuity, and governance matters. It reviewed key risks, assessed risk management measures, and evaluated proposals for risk mitigation initiatives. Significant risk management and internal control matters were escalated to the Board for deliberation and approval, ensuring appropriate oversight of the Group's risk exposure and governance processes.

The Board had received assurance from the Executive Chairman and the Group Financial Controller that, to the best of their knowledge and in all material aspects, the Group's risk management and internal control systems are operating adequately and effectively.

RISK MANAGEMENT

The Group's Risk Management function sets out its underlying approach in managing risks while pursuing its business objectives. Risk management is firmly embedded in the Group's management system through its business units and departmental functions. There is an ongoing process to identify, analyse, evaluate, prioritise and mitigate risks, and has the following attributes:

- Day-to-day risk management residing with respective business units and departments.
- Risk management function is headed by the Managing Director with respective head of business units and departments entrusted to drive the procedures.
- The risk management function includes:
    - Review of business risk during operational meetings with the senior management team to identify, assess and manage risk in an efficient and effective manner
    - Monitor results of key performance indicators
    - Monitor exposure to credit risk to keep at acceptable level and financial capacity to withstand potential losses
    - Monitor market movements against the risk of high costs or loss arising from adverse movements such as prices of commodities, investments and foreign currency exchange rates

The Board provides oversight on climate and sustainability risk matters. These risks encompass climate-related and broader ESG risks that may affect the Group's operations, financial performance, compliance obligations and strategic objectives. These risks include bio-security, product safety and quality, supply chain resilience, employees' health and safety, anti-corruption, waste management and climate transition risks. The Board and ARMC are supported by Management to ensure effective risk management that align with the Group's sustainability objectives and long-term strategy.

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RISK MANAGEMENT *cont'd*

The Group conducts forward-looking risk assessments to identify and anticipate emerging risks arising from macroeconomic, regulatory, changes in animal health threats and other external developments. These assessments, including climate scenario analyses, support proactive risk management by evaluating potential impacts on operations, financial performance and strategic objectives, and are regularly reviewed by Management and the Board to strengthen organisational resilience and informed decision-making.

KEY INTERNAL CONTROL PROCESSES

Internal controls are embedded in the Group's operations as follows:

- Clear organisation structure which clear line of responsibility aligned to business and operations requirements.
- Regular management meetings to assess the Group's performance and controls.
- Internal control requirements are embedded in computerised accounting system.
- Policies and procedures for all key processes are clearly documented and are reviewed at regular intervals.
- Monthly consolidated management accounts allow the management to focus on areas of concern.
- Monthly financial and operational reports from the major operating units are presented to the management. The management team communicates regularly to monitor performance.
- Quarterly reports are released after being reviewed by the ARMC and approved by the Board.
- Internal audit findings are communicated to the management and ARMC with recommendations for improvements and regular follow ups are performed to confirm all agreed recommendations are implemented.
- Review of major proposals for material contracts and investment opportunities by the management team and approval of the same by the Board prior to expenditure being committed.

INTERNAL AUDIT FUNCTION

The Board, in its efforts to ensure an adequate and effective system of internal control, outsourced its internal audit function to Augment GC Sdn. Bhd. ("Augment" or "the Internal Auditor"), an independent professional services firm to assist the Board and the ARMC in undertaking independent reviews on the effectiveness and adequacy of the internal controls system of the Group and to address any identified weaknesses uncovered during the course of internal audits. The Internal Auditor operate independently providing objective assurance and report directly to the ARMC during the ARMC meeting to support the Board's oversight responsibilities.

The scope of works of the Internal Auditor includes but not limited to the following:

- Present the risk-based annual Internal Audit Plan for the ARMC's review and approval.
- Review and assess the adequacy and effectiveness of the Group's internal control system.
- Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which may have significant impact to the business operations of the Group.
- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the reports to ARMC.
- Highlight any irregularities to the ARMC.

Where material internal control deficiencies are identified, Management implements corrective actions to address the root causes, with remediation progress reported to and monitored by the ARMC and Board to ensure the effectiveness of the Group's internal control environment.

During the financial year under review, there were no major/material internal control deficiency that would require further attention.

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REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report 2026 of the Group for the financial year ended 31 March 2026, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Section 7 of SORMIC Guide 2025, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

CONCLUSION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are adequate and effective to enable the Group to achieve its business objectives and nothing has to come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require separate disclose in this annual report.