



**UNAUDITED INTERIM FINANCIAL REPORT
FIRST QUARTER PERIOD ENDED 30 SEPTEMBER 2024**

LIFE WATER BERHAD

Registration No: 202301002484 (1496403-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.9.2024 RM'000	30.9.2023 ⁽²⁾ RM'000	30.9.2024 RM'000	30.9.2023 ⁽²⁾ RM'000
Revenue		42,586	N/A	42,586	N/A
Cost of sales		(22,287)	N/A	(22,287)	N/A
Gross profit		20,299	N/A	20,299	N/A
Other income		655	N/A	655	N/A
Impairment losses of financial assets		(71)	N/A	(71)	N/A
Selling and distribution expenses		(7,624)	N/A	(7,624)	N/A
Administrative expenses ⁽³⁾		(3,139)	N/A	(3,139)	N/A
Finance costs		(1,159)	N/A	(1,159)	N/A
Profit before tax	27	8,961	N/A	8,961	N/A
Income tax expense	20	(1,465)	N/A	(1,465)	N/A
Profit for the financial period, representing total comprehensive income for the financial period		7,496	N/A	7,496	N/A
Profit attributable to the owners of the Company		7,496	N/A	7,496	N/A
Total comprehensive income attributable to owners of the Company		7,496	N/A	7,496	N/A
Earnings per share attributable to the owners of the Company					
Basic and diluted (sen) ⁽⁴⁾	26	2.00	N/A	2.00	N/A

Notes:

N/A – Not Applicable

- The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is prepared based on the consolidated results of Life Water Berhad and its subsidiaries for the period ended 30 September 2024. The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the prospectus of Life Water Berhad dated 22 October 2024 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
- This is the first financial report announced in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report is prepared for the comparative financial period concerned.
- Administrative expenses included one-off initial public offering ("**IPO**") expenses of RM0.10 million incurred during the individual and cumulative quarter ended 30 September 2024 respectively.
- Basic and diluted earnings per share is calculated based on the Company's issued share capital of 375,616,500 ordinary shares as at 30 September 2024.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**CONDENSED CONSOLIDATED / COMBINED STATEMENTS OF FINANCIAL POSITION⁽¹⁾**

	Note	Unaudited As at 30.9.2024 RM'000	Audited As at 30.6.2024 ⁽²⁾ RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		72,454	72,628
Right-of-use assets		53,168	53,542
Investment properties		21,518	21,611
Deferred tax assets		99	73
		147,239	147,854
Current assets			
Inventories		27,534	20,641
Trade and other receivables		23,864	22,995
Current tax assets		1,618	1,479
Return assets		168	149
Short term funds		37,130	33,496
Cash and bank balances		8,955	16,466
		99,269	95,226
TOTAL ASSETS		246,508	243,080
EQUITY AND LIABILITIES			
Equity			
Invested equity ⁽²⁾		-	6,700
Share capital		93,904	-
Merger reserves		(87,204)	-
Retained earnings		118,810	115,314
TOTAL EQUITY		125,510	122,014
LIABILITIES			
Non-current liabilities			
Borrowings	23	82,557	84,635
Lease liabilities		3,820	3,384
Deferred tax liabilities		3,901	3,818
		90,278	91,837
Current liabilities			
Trade and other payables		9,058	8,890
Borrowings	23	20,405	18,702
Lease liabilities		857	1,147
Refund liabilities		218	193
Current tax liabilities		182	296
		30,720	29,228
TOTAL LIABILITIES		120,998	121,065
TOTAL EQUITY AND LIABILITIES		246,508	243,080
Net assets per share (RM)		0.33 ⁽³⁾	18.21 ⁽²⁾

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED / COMBINED STATEMENTS OF FINANCIAL POSITIONAS (CON'T)****Notes:**

N/A – Not Applicable

1. The Unaudited Condensed Consolidated / Combined Statements of Financial Position is prepared based on the consolidated / combined results of Life Water Berhad and its combining entities for the period ended 30 September 2024. The basis of preparation of the Unaudited Condensed Consolidated / Combined Statements of Financial Position is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
2. For the purpose of this combined interim financial report, the invested equity as of 30 June 2024 is the aggregate of the share capital of 6,700,200 ordinary shares of Life Water Berhad and its subsidiaries.
3. Net assets per ordinary share is calculated based on the Company's issued share capital of 375,616,500 ordinary shares as at 30 September 2024.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**CONDENSED CONSOLIDATED / COMBINED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾**

	Note	Share capital RM'000	Merger reserve RM'000	Distributable (Accumulated losses) /Retained earnings RM'000	Equity attributable to the owners of the Company RM'000
Unaudited					
Balance as at 1 July 2024		*	-	(1,665)	(1,665)
Adjustments for acquisitions	11	93,904	(87,204)	116,979	123,679
Balance as at 25 September 2024		93,904	(87,204)	115,314	122,014
Profit for the financial period		-		7,496	7,496
Other comprehensive income, net of tax		-		-	-
Total comprehensive income, net of tax		-		7,496	7,496
Transactions with common controlling shareholders					
Dividend paid		-		(4,000)	(4,000)
Total transactions with common controlling shareholders		-		(4,000)	(4,000)
Balance as at 30 September 2024		93,904	(87,204)	118,810	125,510

Notes:

* Less than RM1,000

- The basis of preparation of the Unaudited Condensed Consolidated / Combined Statement of Changes in Equity is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- This is the first financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding year's corresponding quarter available as no interim financial report is prepared for the comparative financial period concerned.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾**

	As at 30.9.2024 RM'000	As at 30.9.2023⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,961	N/A
Adjustments for:		
Inventories written off	26	N/A
Bad debts written off	7	N/A
Depreciation of investment properties	93	N/A
Depreciation of right-of-use assets	584	N/A
Depreciation of property, plant and equipment	2,490	N/A
Finance costs	1,159	N/A
Interest income	(255)	N/A
Impairment loss on trade receivables	71	N/A
Operating profit before changes in working capital	13,136	N/A
Changes in working capital		
Inventories	(6,919)	N/A
Trade and other receivables	(947)	N/A
Trade and other payables	168	N/A
Return assets	(19)	N/A
Refund liabilities	25	N/A
Cash generated from operations	5,444	N/A
Interest received	255	N/A
Tax paid	(1,661)	N/A
Net cash from operating activities	4,038	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,337)	N/A
Purchase of right-of-use assets	(189)	N/A
Net placement of short term funds	(3,634)	N/A
Net cash used in investing activities	(6,160)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of banker's acceptances	2,757	N/A
Net repayment of term loans	(3,087)	N/A
Net drawdown of lease liabilities	144	N/A
Interest paid	(1,158)	N/A
Dividends paid to shareholders	(4,000)	N/A
Net cash from financing activities	(5,344)	N/A
Net decrease in cash and cash equivalents	(7,466)	N/A
Effects of exchange rate changes on cash and cash equivalents	-	N/A
Cash and cash equivalents at beginning of financial period	14,743	N/A
Cash and cash equivalents at end of financial period	7,277	N/A
Cash and cash equivalents comprise:		
Cash and bank balances	7,277	N/A
Fixed deposits with licensed banks	1,678	N/A
Less: Fixed deposits pledged	(1,678)	N/A
Cash and cash equivalents included in the consolidated statements of cash flows	7,277	N/A

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾ (CONTINUED)****Notes:**

N/A – Not Applicable

1. The basis of the preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
2. This is the first financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding year's corresponding quarter available as no interim financial report is prepared for the comparative financial period concerned.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report of Life Water Berhad (“**Life Water**” or “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report on the Company’s unaudited condensed consolidated financial results for the first (1st) quarter ended 30 September 2024 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 22 October 2024 and the accompanying notes attached to this interim financial report.

2. Basis of Accounting

The significant accounting policies and methods of computation adopted by the Group in this interim financial report is consistent with those adopted as disclosed in the Accountants’ Report as disclosed in the Prospectus of the Company dated 22 October 2024.

The Group adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“**MASB**”) in the current financial quarter and period under review.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group.

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i> (Amendments to Classification and Measurement of Financial Instruments)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

3. Declaration on Audit Qualification

The audited financial statements of the Group for the financial year ended 30 June 2024 was not subject to any audit qualification.

4. Seasonal or Cyclicity of Operations

The business operations of the Group are generally not materially affected by any seasonal or cyclical factors. However, the Group would record higher sales prior and during the festive seasons such as Hari Raya and Harvest Festival.

5. Items of Unusual Nature, Size or Incidence

There were no items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows in the current financial quarter and period under review.

6. Material changes in Accounting Estimates

There were no material changes in accounting estimates during the current financial quarter and period under review.

7. Debt and Equity Securities

There were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current financial quarter and period under review.

8. Dividends Paid

On 2 July 2024, the Group declared an interim single tier dividend of RM0.597 per ordinary share amounting to RM4,000,000 in respect of the financial year ended 30 June 2024, which was paid on 15 July 2024 and 17 July 2024.

9. Segmental Information

9.1 Business segment

The primary activities of the Group are in a single industry segment of processing, marketing and sales of drinking water, aerated beverages and PET containers. Other reporting segment include provision of logistic support services, manufacture and sales of PET bottles and recycling of plastic products, which are not of a sufficient size to be reported separately.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only one (1) reportable segment.

9.2 The Group evaluates performance on the basis of profit or loss for current financial quarter and period under review.

9.3 Geographical information.

The business activities of the Group are solely located in Malaysia and as such segment reporting by geographical location is not presented.

9.4 Major customer

There is no customer with revenue equal to or more than ten per centum (10%) of the Group's revenue.

10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter and period under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

11. Material Subsequent Events

11.1 On 26 November 2023, the Company has entered into the following conditional Share Sale Agreement (“SSA”):

- (a) Life Water Industries Sdn. Bhd. (“**Life Water Industries**”) SSA for the Life Water Industries Acquisition for a total consideration of RM50.92 million, which was fully satisfied by the issuance of 203,690,960 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Life Water Industries Acquisition was arrived at after taking into consideration the audited net assets (“NA”) of Life Water Industries as at 30 June 2023 of RM51.19 million;
- (b) Green Borneo Industries Sdn. Bhd. (“**Green Borneo Industries**”) SSA for the Green Borneo Industries Acquisition for a total consideration of RM22.82 million, which was fully satisfied by the issuance of 91,298,280 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Green Borneo Industries Acquisition was arrived at after taking into consideration the audited NA of Green Borneo Industries as at 30 June 2023 of RM22.94 million;
- (c) Life Water Marketing Sdn. Bhd. (“**Life Water Marketing**”) SSA for the Life Water Marketing Acquisition for a total consideration of RM12.66 million, which was fully satisfied by the issuance of 50,623,796 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Life Water Marketing Acquisition was arrived at after taking into consideration the audited NA of Life Water Marketing as at 30 June 2023 of RM12.72 million;
- (d) Syarikat Maju Sasa Sdn. Bhd. (“**Syarikat Maju Sasa**”) SSA for the Syarikat Maju Sasa Acquisition for a total consideration of RM2.36 million, which was fully satisfied by the issuance of 9,454,172 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Syarikat Maju Sasa Acquisition was arrived at after taking into consideration the audited NA of Syarikat Maju Sasa as at 30 June 2023 of RM2.38 million;
- (e) Syarikat Rasa Kool Sdn. Bhd. (“**Syarikat Rasa Kool**”) SSA for the Syarikat Rasa Kool Acquisition for a total consideration of RM3.68 million, which was fully satisfied by the issuance of 14,730,020 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Syarikat Rasa Kool Acquisition was arrived at after taking into consideration the audited NA of Syarikat Rasa Kool as at 30 June 2023 of RM3.70 million;
- (f) K2 Water Sdn. Bhd. (“**K2 Water**”) SSA for the K2 Water Acquisition for a total consideration of RM1.42 million, which was fully satisfied by the issuance of 5,693,900 new Shares at an issue price of RM0.25 each. The total purchase consideration for the K2 Water Acquisition was arrived at after taking into consideration the audited NA of K2 Water as at 30 June 2023 of RM1.43 million; and
- (g) Cyplast Industries Sdn. Bhd. (“**Cyplast Industries**”) SSA for the Cyplast Industries Acquisition for a total consideration of RM0.03 million, which was fully satisfied by the issuance of 124,872 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Cyplast Industries Acquisition was arrived at after taking into consideration the audited NA of Cyplast Industries as at 30 June 2023 of RM0.03 million.

The above acquisitions are collectively referred to as the “**Acquisitions**”. The Acquisitions were completed on 25 September 2024.

11.2 In conjunction with the Company’s listing on the Main Market of Bursa Securities, the Company issued its Prospectus for its IPO entailing the following:

Public issue of 97,563,000 new Shares (“**Issue Shares**”) at an IPO price of RM0.65 per share in the following manner:

- (a) 23,660,000 Issue Shares for application by the Malaysia Public;
- (b) 14,195,000 Issue Shares for application by our eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 560,000 Issue Shares by way of private placement to selected investors;
- (d) 59,148,000 Issue Shares by way of private placement to identified Bumiputera Investors approved by The Ministry of Investment, Trade and Industry, Malaysia; and

Offer for sale of 28,390,000 existing Shares by way of private placement to selected investors.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

Upon completion of the IPO, the Company is expected to be admitted to the Official List of Bursa Securities and the Company’s entire enlarged issued share capital of 473,179,500 shares shall be listed and quoted on the Main Market of Bursa Securities on 13 November 2024.

Save as disclosed above, there were no other material events after the end of the current financial quarter and period under review that have not been reflected in this interim financial report as at the date of this interim financial report.

12. Changes in the Composition of The Group

Save for the Acquisitions as disclosed in Note 11, there were no other material changes in the composition of the Group for the current financial quarter and period under review.

13. Contingent Assets and Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

14. Capital Commitment

Save as disclosed below, there were no capital commitments:

	As At 30.9.2024 RM'000
Capital expenditure in respect of purchase of property, plant, and equipment	
Approved and contracted for	30,759
Approved but not contracted for	58,206
	<u>88,965</u>

15. Related Party Transaction

There were no material transactions with related parties to the end of the current financial quarter and period under review.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	42,586	N/A	42,586	N/A
Gross profit ("GP")	20,299	N/A	20,299	N/A
Profit before tax ("PBT")	8,961	N/A	8,961	N/A
Profit after tax ("PAT")	7,496	N/A	7,496	N/A
GP margin (%)	47.67%	N/A	47.67%	N/A
PAT margin (%)	17.60%	N/A	17.60%	N/A

The Group achieved a revenue of RM42.59 million for the current quarter ended 30 September 2024. Of this, RM42.54 million, or 99.89%, came from the manufacture of beverages. Revenue from other products contributed RM0.05 million, or 0.11%.

Within the beverages segment, drinking water was the largest revenue contributor, accounting for RM36.19 million, or 84.99% of total revenue. Carbonated drinks generated RM6.32 million, or 14.85% of total revenue. Fruit drinks contributed RM0.02 million, or 0.05% of total revenue. The remainder of RM0.05 million, or 0.11% was contributed by sales of plastic bottles and containers.

Material costs represented the largest share of cost of sales, making up 63.60% (RM14.17 million). Direct overhead costs accounted for 27.69% (RM6.17 million), while direct labor costs contributed 8.71% (RM1.94 million).

For the quarter ended 30 September 2024, the Group recorded a gross profit of RM20.30 million, with a gross profit margin of 47.67%. Profit after tax was RM7.50 million, with a profit after tax margin of 17.60%. This includes a one-off professional fee of RM0.10 million related to the IPO, which is non-recurring.

17. Comparison with immediate preceding quarter's results

This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the first (1st) quarter ended 30 September 2024 announced in compliance with Listing Requirements and as such, there are no comparative figures for the immediate preceding quarter.

18. Prospects and Outlook for the Current Financial Year

The outlook for the Group remains positive, supported by favorable industry trends, operational growth, and strategic initiatives aligned with the Group's IPO plans. Malaysia's population has increased by 1.06% since 2023, driving demand in the F&B industry as a larger population leads to higher sales of manufactured beverages, which have already grown by 23% since 2021 (*Source: Department of Statistics Malaysia*).

Additionally, Sabah's mean monthly household income rose from RM5,215 to RM6,171 between 2020 and 2022, reflecting a compound annual growth rate (CAGR) of 8.8%, which is expected to boost consumer spending on beverages (*Source: Department of Statistics Malaysia*). The travel industry in Sabah is also showing significant recovery, with tourist arrivals increasing by 51.3% from 2022 to 2023, and a further 24% growth recorded in the first half of 2024 compared to the corresponding period in 2023. As tourism rebounds, consumer spending is expected to rise, further driving demand for beverages (*Source: Sabah Tourism Board*).

Operationally, the Group is on track to enhance its production capacity with the commissioning of the new Keningau drinking water manufacturing plant, scheduled to begin operations in December 2024. Once operational, the plant will increase the Group's total production capacity to 448 million litres annually, from its existing output of 389 million litres for drinking water and 37 million litres of carbonated drinks. Leveraging the proceeds from its upcoming IPO, as outlined in the prospectus dated 22 October 2024, the Group will implement key initiatives, including expanding its business by acquiring new drinking water manufacturing lines, establishing a second distribution centre, and enhancing its plastic packaging facilities. With these developments in place, The Group is well-positioned to capitalise on market growth and deliver sustainable value in the current financial year.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

19. Variance of Actual Profit Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter and period under review.

20. Tax Expense

	Individual Period		Cumulative Period	
	30.9.2024 RM'000	30.9.2023 ⁽¹⁾ RM'000	30.9.2024 RM'000	30.9.2023 ⁽¹⁾ RM'000
In respect of current period:				
Current year tax expenses	1,408	N/A	1,408	N/A
Deferred tax	57	N/A	57	N/A
	<u>1,465</u>	<u>N/A</u>	<u>1,465</u>	<u>N/A</u>
Effective tax rate ⁽²⁾ (%)	16.35	N/A	16.35	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

N/A – Not applicable.

- There are no available comparative figures as no interim financial report was prepared for the comparative financial period announced, in compliance with the Listing Requirements of Bursa Securities.
- The effective tax rate of the Group for the current period were lower than the statutory tax rate of 24% mainly due to utilisation of Reinvestment Allowance (“RA”) incentive and the recognition of deferred tax assets on unutilised RA on properties, plant and machinery.

21. Status of Corporate Proposals

Save for the IPO as disclosed in Note 11, there were no other corporate proposals announced but not implemented as at the date of this interim financial report

22. Utilisation of Proceeds from IPO

The gross proceeds of approximately RM63.42 million from the IPO are intended to be utilised in the following manner:

Details of utilisation	Estimated Timeframe for the utilisation upon listing ⁽¹⁾	Proposed Utilisation RM'000
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	Within 9 months	19,000
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	Within 32 months	12,000
Set-up second distribution centre in Sandakan	Within 39 months	12,600
Expansion of existing plastic packaging facilities in Kota Kinabalu	Within 14 months	9,606
Working capital	Within 3 months	4,210
Estimated listing expenses ⁽²⁾	Within 3 months	6,000
Total		63,416

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

Notes:

1. From the date of listing of the Company on the Main Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company. As at the date of this interim report, the IPO is pending completion.
2. As at the date of this interim report, approximately RM 2.70 million listing expenses have been incurred.

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus dated 22 October 2024. As at the date of this interim financial report, the IPO is pending for completion and hence save as disclosed in Note 2, there is no other utilisation of the IPO proceeds.

23. Borrowings

		Unaudited as at 30.9.2024 RM'000	Audited as at 30.6.2024 RM'000
Current Liabilities			
Bank overdrafts	Secured	-	45
Term loans	Secured	6,319	7,328
Banker's acceptances	Secured	14,086	11,329
		<u>20,405</u>	<u>18,702</u>
Non-Current Liabilities			
Term loans	Secured	82,557	84,635
		<u>102,962</u>	<u>103,337</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Material Litigations

Save as disclosed below, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the Group's financial position, and the Group's Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business as at the date of this interim financial report:

- 24.1 Green Borneo Industries Sdn Bhd and Life Water Industries Sdn Bhd -v- Fred Foo Nyip Tong (trading under the name & style of "Fredshipping")

Green Borneo Industries Sdn Bhd and Life Water Industries Sdn Bhd (collectively the "**Plaintiffs**") have purchased various goods from Fred Foo Nyip Tong (trading under the name & style of "Fredshipping") ("**Defendant**"), including but not limited to, display racks, water bags, ice tanks, teleflags, and umbrellas ("**Goods**") on multiple occasions. Despite the Plaintiffs paying the full amount as per the Defendant's invoices, the Defendant has failed to deliver the Goods to the Plaintiffs.

On 18 July 2024, the Plaintiffs filed a Writ of Summons and Statement of Claim against the Defendant in the Sessions Court of Sabah and Sarawak at Sandakan (Suit No.: SDK-B52NCvC-13-7/2024 (SC2)) to recover a total sum of RM874,204.40 (RM453,048.00 for Green Borneo Industries Sdn Bhd and RM421,156.40 for Life Water Industries Sdn Bhd), plus interest at 5% per annum from the date of the Writ of Summons to the date of full and final settlement; costs; and such other relief as the Court may deem fit and proper to grant.

On 27 August 2024 the Plaintiffs' Solicitors have filed an application for substituted service of the Writ of Summons. The Court granted the Order for Substituted Service on 2 September 2024 and the Writ was published in the Daily Express on 4 September 2024. Case Management vide E-Review is fixed on 27 September 2024 for further directions.

On 19 September 2024, the Court by way of a Judgment in Default of Appearance granted the Plaintiffs' claims in full together with costs of RM512.00 to be paid by the Defendant to the Plaintiffs in equal shares.

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In the event that the claims made by the Plaintiffs do not succeed, there will be no adverse impact to the Group's business operations or financial performance as the sums to be recovered (i.e. RM874,204.40) has already been charged out in financial year ended 30 June 2022. This will not affect the business operations, as the Group has already identified other suppliers.

24.2 Green Borneo Industries Sdn Bhd -v- Leasing Logistics (E.M.) Sdn Bhd and Ting Ka Hing

Green Borneo Industries Sdn Bhd (the "**Plaintiff**") rented out 2 properties being, Lot 49, Phase 2, KKIP, Jalan 1H Selatan, Sepanggar KKIP, held under Country Lease No. 015586562 ("**Lot 49**") and Lot 50, Phase 2, KKIP, Jalan 1H Selatan, Sepanggar KKIP, held under Country Lease No. 015586571 ("**Lot 50**") to the Leasing Logistics (E.M.) Sdn Bhd and Ting Ka Hing (the "**Defendants**") via a tenancy agreement dated 17 June 2023 ("**Tenancy Agreement**").

The Defendants have failed to pay the rental for both Lot 49 and Lot 50. On 24 April 2024, the Plaintiff filed a Writ of Summons and Statement of Claim in the Sessions Court of Sabah and Sarawak at Kota Kinabalu (Suit No.: BKI-A52NCvC-69-4/2024) claiming the following:

- (a) the sum of RM262,990.95, being the total outstanding amount as at 14 April 2024;
- (b) order for vacant possession of Lot 49 and Lot 50 within 7 days from the date of order;
- (c) double the monthly rental of RM64,250 for Lot 49 and RM40,750 for Lot 50 from 15 April 2024 to the date that vacant possession of Lot 49 and Lot 50 are delivered to the Plaintiff pursuant to section 28(4)(a) of the Civil Law Act 1956 (Act 67); or alternatively, the monthly rental of RM64,250 for Lot 49 and RM40,750 for Lot 50 from 15 April 2024 to the date that vacant possession of Lot 49 and Lot 50 are delivered to the Plaintiff;
- (d) pre judgement interest and post judgement interest at the rate of 5% per annum pursuant to section 11 of the Civil Law Act 1956 (Act 67) on the said total outstanding amount from the date of which payment(s) are due to the date of full and final settlement;
- (e) costs; and
- (f) such other relief as the Court may deem fit and proper to grant.

On 13 June 2024, the Defendants filed a Statement of Defence and Counterclaim wherein they denied liability and claimed that the Tenancy Agreement is purportedly void due to lack of capacity on the part of the Plaintiff as the Plaintiff did not have legal possession of the Properties at the time when the Tenancy Agreement was executed. They sought for a declaration from the Court that the Tenancy Agreement be null and void.

On 18 July 2024, the Plaintiff filed an application for summary judgement under Order 14 Rule 1 of Rules of Court 2012 for its claim and an application for striking out application under Order 18 Rule 19 of the Rules of Court to strike out and the Defendants' counterclaim.

On 21 October 2024, the Court granted the application for summary judgment under Order 14 Rule 1 of the Rules of Court 2012 for the Defendants to deliver vacant possession of Lot 49 and Lot 50, for the Defendants to pay the Plaintiff a monthly rent of RM64,250 and RM40,750 for Lot 49 and Lot 50 from 1 May 2024 to the date that the Defendants deliver vacant possession, for the Defendants to pay the Plaintiff 5% interest on the monthly rent due to be calculated from 21 October 2024 to the date of full and final settlement, and for the Defendants to pay the Plaintiff costs of RM3,000.00. On the same day, the Court allowed the Plaintiff's striking out application with costs of RM1,000.00.

25. Dividends

On 2 July 2024, the Group declared an interim single tier dividend of RM0.597 per ordinary share amounted to RM4.00 million in respect of the financial year ended 30 June 2024, which was paid on 15 July 2024 and 17 July 2024. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2025.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
26. Earnings per Share

The earnings per share of the current financial quarter and financial year-to-date are calculated as follows,

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.9.2024	30.9.2023 ⁽¹⁾	30.9.2024	30.9.2023 ⁽¹⁾
Profit attributable to the owners of the Company (RM'000)	7,497	N/A	7,497	N/A
Number of ordinary shares ('000)	375,617	N/A	375,617	N/A
Basic and diluted earnings per share (sen) ⁽²⁾	2.00	N/A	2.00	N/A

Notes:

N/A – Not Applicable

- This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the first (1st) quarter ended 30 September 2024 announced in compliance with Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.
- Diluted earnings per ordinary share equals basic per ordinary share as there were no dilutive potential ordinary shares.

27. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

Profit before tax is arrived at:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.9.2024 RM'000	30.9.2023 ⁽¹⁾ RM'000	30.9.2024 RM'000	30.9.2023 ⁽¹⁾ RM'000
After charging:				
Bad debts written off	7	N/A	7	N/A
Impairment loss on trade receivables	71	N/A	71	N/A
Depreciation of :				
- property, plant and equipment	2,490	N/A	2,490	N/A
- Investment properties	93	N/A	93	N/A
- right-of-use assets	584	N/A	584	N/A
Interest expenses on:				
- lease liabilities	50	N/A	50	N/A
- borrowings	1,109	N/A	1,109	N/A
Inventories written off	26	N/A	26	N/A
And crediting:				
Interest income	(255)	N/A	(255)	N/A
Realised gain on foreign exchange	(140)	N/A	(140)	N/A

Notes:

N/A – Not Applicable

- This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the first (1st) quarter ended 30 September 2024 announced in compliance with Listing requirements and as such, there are no comparative figures for the preceding year's corresponding period.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**28. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 8 November 2024.

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