

13. REPORTING ACCOUNTANTS' REPORT

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The Board of Directors
 Life Water Berhad
 CL075356375 & CL075356366,
 Batu 8, Jalan Lintas Sibuga
 90000 Sandakan
 Sabah

Date: 22 December 2023

Our ref: BDO/PZH/AMY/PYL/lml

Dear Sirs

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Life Water Berhad. ("LW" or the "Company")

Opinion

We have audited the combined financial statements of Life Water Berhad and its combining entities ("the Group"), which comprise the combined statements of financial position as at 30 June 2021, 30 June 2022 and 30 June 2023 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report.

This historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing and quotation of the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of their financial performance and their cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

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 *Reporting Accountants' Responsibilities for the Audit of the Combined 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 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.

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Life Water Berhad ("LW" or the "Company") (continued)

Directors' Responsibilities for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 combined 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:

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, 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.
- (b) 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 internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Life Water Berhad (" LW" or the " Company") (continued)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)


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: (continued)

- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.


 BDO PLT
 201906000013 (LLP0018825-LCA) & AF 0206
 Chartered Accountants


 Pang Zhi Hao
 03450/09/2025 J
 Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
ASSETS				
Non-current assets				
Property, plant and equipment	6	41,935,175	62,822,359	67,662,411
Right-of-use assets	7	23,180,348	22,352,511	29,661,268
Deferred tax assets	16	158,744	80,114	88,790
		65,274,267	85,254,984	97,412,469
Current assets				
Inventories	9	13,241,159	25,040,475	20,394,348
Trade and other receivables	10	15,689,025	22,879,521	24,542,054
Current tax assets		1,086,087	2,565,316	1,569,274
Return assets	15	98,317	113,876	155,946
Short term funds	11	17,407,960	13,477,906	18,100,059
Cash and bank balances	12	6,484,713	9,859,301	11,615,463
		54,007,261	73,936,395	76,377,144
TOTAL ASSETS		119,281,528	159,191,379	173,789,613

EQUITY AND LIABILITIES

*Equity attributable to common
controlling shareholders of the
combining entities*

Invested equity	17	6,600,020	6,600,120	6,700,200
Retained earnings		53,035,034	67,572,428	87,193,846
TOTAL EQUITY		59,635,054	74,172,548	93,894,046

LIABILITIES

Non-current liabilities

Borrowings	13	30,925,515	43,539,542	48,664,650
Lease liabilities	7	5,634,102	3,006,635	2,122,005
Deferred tax liabilities	16	427,317	159,278	573,812
		36,986,934	46,705,455	51,360,467



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
EQUITY AND LIABILITIES (continued)				
Current liabilities				
Trade and other payables	14	10,947,542	12,769,930	10,085,734
Borrowings	13	7,835,121	22,842,647	16,262,498
Lease liabilities	7	3,574,728	2,031,739	1,769,755
Refund liabilities	15	139,682	151,680	204,778
Current tax liabilities		162,467	517,380	212,335
		<u>22,659,540</u>	<u>38,313,376</u>	<u>28,535,100</u>
TOTAL LIABILITIES		<u>59,646,474</u>	<u>85,018,831</u>	<u>79,895,567</u>
TOTAL EQUITY AND LIABILITIES		<u><u>119,281,528</u></u>	<u><u>159,191,379</u></u>	<u><u>173,789,613</u></u>

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
Revenue	18	103,525,521	121,400,239	150,962,159
Cost of sales		<u>(55,732,056)</u>	<u>(69,656,155)</u>	<u>(85,815,709)</u>
Gross profit		47,793,465	51,744,084	65,146,450
Other income		919,819	1,340,138	908,813
Net gain/(loss) on impairment of financial instruments		218,327	269,577	(56,377)
Selling and distribution expenses		(17,463,889)	(20,604,302)	(24,473,539)
Administrative expenses		(10,861,446)	(12,880,162)	(14,580,246)
Finance costs	19	<u>(1,574,293)</u>	<u>(2,285,789)</u>	<u>(2,711,854)</u>
Profit before tax	20	19,031,983	17,583,546	24,233,247
Tax expense	22	<u>(1,370,607)</u>	<u>(1,846,152)</u>	<u>(3,611,829)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u>17,661,376</u>	<u>15,737,394</u>	<u>20,621,418</u>
Profit attributable to common controlling shareholders of the combining entities		<u>17,661,376</u>	<u>15,737,394</u>	<u>20,621,418</u>
Total comprehensive income attributable to common controlling shareholders of the combining entities		<u>17,661,376</u>	<u>15,737,394</u>	<u>20,621,418</u>
Earnings per share attributable to common controlling shareholders of the combining entities				
Basic and diluted	23	2.72	2.38	3.12



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

<u>Audited</u>	Note	<i>Distributable</i>		
		Ordinary shares capital RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2020		6,200,028	37,873,658	44,073,686
Profit for the financial year		-	17,661,376	17,661,376
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	17,661,376	17,661,376
Transactions with common controlling shareholders				
Dividends paid	24	-	(2,500,000)	(2,500,000)
Issuance of ordinary shares	17	399,992	-	399,992
Total transactions with common controlling shareholders		399,992	(2,500,000)	(2,100,008)
Balance as at 30 June 2021/1 July 2021		6,600,020	53,035,034	59,635,054
Profit for the financial year		-	15,737,394	15,737,394
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	15,737,394	15,737,394
Transactions with common controlling shareholders				
Dividends paid	24	-	(1,200,000)	(1,200,000)
Issuance of ordinary shares	17	100	-	100
Total transactions with common controlling shareholders		100	(1,200,000)	(1,199,900)
Balance as at 30 June 2022		6,600,120	67,572,428	74,172,548



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

<u>Audited</u>	Note	<i>Distributable</i>		
		Ordinary shares capital RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2022		6,600,120	67,572,428	74,172,548
Profit for the financial year		-	20,621,418	20,621,418
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	20,621,418	20,621,418
Transactions with common controlling shareholders				
Dividends paid	24	-	(1,000,000)	(1,000,000)
Issuance of ordinary shares	17	100,080	-	100,080
Total transactions with common controlling shareholders		100,080	(1,000,000)	(899,920)
Balance as at 30 June 2023		6,700,200	87,193,846	93,894,046

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		19,031,983	17,583,546	24,233,247
Adjustments for:				
Amortisation of government grant	20	(36,000)	(36,000)	(52,752)
Inventories written off	9	176,108	11,544	10,810
Bad debts written off	20	78,329	97,695	98,263
Depreciation of right-of-use assets	7	3,635,393	3,368,305	2,544,865
Depreciation of property, plant and equipment	6	3,323,180	5,131,977	7,091,724
Finance costs	19	1,574,293	2,285,789	2,711,854
Interest income	20	(300,759)	(300,214)	(401,367)
Impairment loss on trade receivables	10(e)	-	51,293	90,899
Reversal of impairment loss on trade receivables	10(e)	(218,327)	(320,870)	(34,522)
(Gain)/Loss on disposal of property, plant and equipment	20	(6,412)	(112,236)	7,801
Gain on lease modification	7(e)	(2,755)	-	-
Gain on lease termination	7(e)	-	-	(105)
Unrealised loss/(gain) on foreign exchange	20	9,073	-	(31,337)
Fair value (gain)/loss on short term funds	20	(298,617)	60,517	(46,260)
Operating profit before changes in working capital		26,965,489	27,821,346	36,223,120
Changes in working capital:				
Inventories		(2,944,281)	(11,810,860)	4,635,317
Trade and other receivables		(1,994,036)	(7,018,414)	(1,758,363)
Trade and other payables		(112,843)	1,817,318	(2,959,817)
Return assets		(923)	(15,559)	(42,070)
Refund liabilities		11,934	11,998	53,098
Cash generated from operations		21,925,340	10,805,829	36,151,285
Interest received		247,950	261,672	360,769
Tax refunded		85,427	13,440	1,124,195
Tax paid		(3,709,418)	(3,173,317)	(3,639,173)
Net cash from operating activities		18,549,299	7,907,624	33,997,076



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (continued)

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		6,413	116,412	50,543
Purchase of property, plant and equipment	6	(15,799,769)	(24,605,183)	(11,939,976)
Purchase of right-of-use assets	7	(135,590)	(3,275,403)	(1,853,813)
Net (placement)/withdrawal of short term fund		(12,476,380)	3,869,537	(4,575,893)
Withdrawal of fixed deposits		-	-	569,685
Net cash used in investing activities		(28,405,326)	(23,894,637)	(17,749,454)
CASH FLOWS FROM FINANCING ACTIVITIES				
Government grant received		240,000	-	303,524
Net (repayments)/drawdown of bankers' acceptance		(630,788)	12,314,807	(7,017,781)
Net drawdowns/(repayments) of term loans		16,731,985	15,380,092	(1,638,505)
Net repayments of lease liabilities		(3,087,268)	(4,867,619)	(2,120,933)
Interest paid		(1,609,960)	(2,230,775)	(2,704,092)
Dividends paid to shareholders	24	(2,500,000)	(1,200,000)	(1,000,000)
Issuance of ordinary shares	17	399,992	100	100,080
Net cash from/(used in) financing activities		9,543,961	19,396,605	(14,077,707)
Net (decrease)/increase in cash and cash equivalents		(312,066)	3,409,592	2,169,915
Effect of exchange rate changes on cash and cash equivalents		(9,073)	-	-
Cash and cash equivalents at beginning of financial year		4,474,725	4,153,586	7,563,178
Cash and cash equivalents at end of financial year	12(d)	4,153,586	7,563,178	9,733,093

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

COMBINED STATEMENTS OF CASH FLOWS (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 7) RM	Banker's acceptances (Note 13) RM	Term loans (Note 13) RM	Revolving credit RM
At 1 July 2020	11,512,240	4,544,563	17,908,084	-
Cash flows:				
- Net (repayments)/drawdown	(3,869,758)	(719,985)	15,759,883	-
- Drawdown of lease liabilities*	236,000	-	-	-
- Interest paid	546,490	89,197	972,102	-
	(3,087,268)	(630,788)	16,731,985	-
Non-cash flows:				
- Additions during the year	708,600	-	-	-
- Unwinding of interest	17,738	-	-	-
- Remeasurement	57,520	-	-	-
	783,858	-	-	-
At 30 June 2021/1 July 2021	9,208,830	3,913,775	34,640,069	-
Cash flows:				
- Net (repayments)/drawdown	(5,364,067)	12,020,089	13,947,217	(5,285)
- Interest paid	496,448	294,718	1,432,875	5,285
	(4,867,619)	12,314,807	15,380,092	-
Non-cash flows:				
- Additions during the year	683,219	-	-	-
- Unwinding of interest	13,944	-	-	-
	697,163	16,228,582	-	-
At 30 June 2022	5,038,374	16,228,582	50,020,161	-

* The amount represents lease liabilities drawdown during the financial year for assets manufactured and used by LWI in the financial year ended 2020.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Lease liabilities (Note 7) RM	Banker's acceptances (Note 13) RM	Term loans (Note 13) RM
At 1 July 2022	5,038,374	16,228,582	50,020,161
Cash flows:			
- Net (repayments)/drawdowns	(2,381,413)	(7,320,652)	3,309,140
- Interest paid	260,480	302,871	2,139,355
	(2,120,933)	(7,017,781)	5,448,495
Non-cash flows:			
- Additions during the year	966,707	-	-
- Unwinding of interest	11,471	-	-
- Lease termination	(3,859)	-	-
	974,319	-	-
At 30 June 2023	<u>3,891,760</u>	<u>9,210,801</u>	<u>55,468,656</u>

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in Malaysia under the Companies Act 2016 on 20 January 2023 as a private limited company under the name of Life Water Sdn. Bhd. and was subsequently converted to a public limited company on 19 December 2023.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

The Company is principally engaged in investment holdings activities. The principal activities of the combining entities are set out in Note 8 to the combined financial statements.

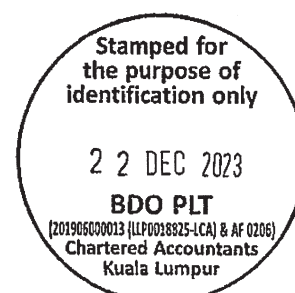
2. BASIS OF PREPARATION

The combined financial statements of the Group has been prepared in accordance with paragraph 10.04 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines. The combined financial statements of the Group consist of the combined financial statements of the Company and its combining entities as disclosed in Note 8 of the combined financial statements, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and based on the Guidance Note on Combined Financial Statements issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements. The combined financial statements are prepared for the relevant period in a manner similar to the "pooling of interest" method of accounting, as if the combining entities were operating as a single economic enterprise from beginning of the earliest comparative period covered for the relevant period. Such manner of presentation reflects the economic substance of the combined entities, which are under common control throughout the relevant period.

The Group's historical audited combined financial information for the purpose stated above were prepared in accordance with MFRSs and IFRSs while the audited separate statutory financial statements of K2 Water Sdn. Bhd. for the financial year ended ("FYE(s)") FYE 30 June 2021 has been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

2. BASIS OF PREPARATION (continued)

The statutory auditors of the combining entities of the Group are as follows:

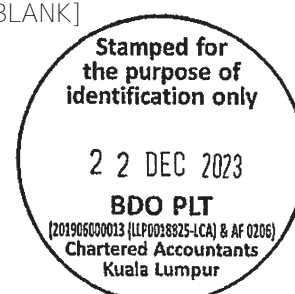
Company	Relevant financial years	Auditors
Life Water Berhad	Financial Period Ended 30 June 2022 [^]	BDO PLT (First Auditors)
Life Water Industries Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Ernst & Young PLT BDO PLT BDO PLT
Green Borneo Industries Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Ernst & Young PLT BDO PLT BDO PLT
Life Water Marketing Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Ernst & Young PLT BDO PLT BDO PLT
Syarikat Maju Sasa Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Ernst & Young PLT BDO PLT BDO PLT
Syarikat Rasa Kool Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Ernst & Young PLT BDO PLT BDO PLT
K2 Water Sdn. Bhd.	FYE 30 June 2021* FYE 30 June 2022 FYE 30 June 2023	Jeta PLT BDO PLT BDO PLT
Cyplast Industries Sdn. Bhd.	Financial Period Ended 30 June 2022 [#] FYE 30 June 2023	BDO PLT (First Auditors) BDO PLT

[^] There was no audited financial statements for Life Water Berhad for FYE 30 June 2021 and FYE 30 June 2022 as the entity was incorporated on 20 January 2023.

* The financial statements of combining entities for the financial year ended 30 June 2021 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

[#] There was no audited financial statements for Cyplast Industries Sdn. Bhd. for FYE 30 June 2021 as the entity was incorporated on 9 March 2022.

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The combined financial statements of the Group for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The combined financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the combined financial statements.

The preparation of these combined financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the combined financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of combination

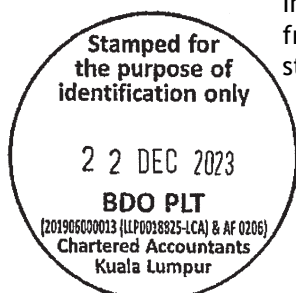
Combining entities

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities (“Controlling Shareholders”), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities’ financial statements. The components of equity of the combining entities are added to the same components within the Group’s equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have *de facto* power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee’s return.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The principal annual depreciation rates are as follows:

Buildings	2%
Motor vehicles	20%
Renovation, electrical and fittings	10% - 20%
Computer and software	20%
Plant and machinery	15%
Equipment, furniture and fittings	10% - 15%

Work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.4 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.5 Current versus non-current classification

The Group presents assets and liabilities in the combined statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments - initial recognition and subsequent measurement

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised when, and only when, the Group become a party to the contractual provisions of the instrument.

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

(ii) Categories of financial instruments and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequently unless there is a change in the business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised costs

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income - debt securities

A debt security is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model with the objective of both holding to collect contractual cash flows and selling; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as at fair value through profit or loss ("FVTPL").

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments - initial recognition and subsequent measurement (continued)

(ii) Categories of financial instruments and subsequent measurement (continued)

Financial assets (continued)

(c) Fair value through other comprehensive income - equity securities

For an equity investment that is not held for trading, the Group may irrevocably elect to subsequently measure the equity securities at FVOCI on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

(d) Fair value through profit or loss

All financial assets not classified and measured at amortised costs or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment.

Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables that do not contain a significant financing component.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method. The expected loss rates are based on the Group's historical credit losses experience over the three (3) years period prior to the period end.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments - initial recognition and subsequent measurement (continued)

(ii) Categories of financial instruments and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets (continued)

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product ("GDP"), inflation rate and overnight policy rate ("OPR")) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other financial assets is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the other financial assets. For those in which the credit risk has not increased significantly since initial recognition of the other financial assets, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for other financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other financial assets is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other financial assets.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments - initial recognition and subsequent measurement (continued)

(ii) Categories of financial instruments and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities classified at initial recognition are as follows:

(a) Fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense recognised in profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the amount of change in fair value of the financial liability that is attributable to change in credit risk are recognised in the other comprehensive income and the remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the credit risk of the liability would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset is expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received is recognised in profit or loss.

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



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments - initial recognition and subsequent measurement (continued)

(iv) Offsetting

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

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Finished goods: costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.
- Consumable stores and parts, general store and raw materials: purchase costs and expenses in bringing them into store on a weighted average cost method.

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

3.8 Cash and cash equivalents

Cash and cash equivalents in the combined statements of financial position comprise cash in hand and cash at banks, which are subject to an insignificant risk of change in value.

For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.9 Provisions

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

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



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.11 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plan

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

3.12 Leases

(a) As lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(a) As lessee (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term of right-of-use assets is as follows:

Long leasehold land	80 - 999 years
Buildings	4 - 5 years
Motor vehicles	5 years
Plant and machinery	6 - 7 years
Computer and software	5 years

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(b) As lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

3.13 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of finished goods

Revenue is recognised at point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with discounts.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated discounts. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognised a contract liability for the expected refund and rebate payable to customer as a refund liability and corresponding expected goods to be returned as a return asset.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained, and its estimate of refund liability. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

Revenue recognition not in relation to performance obligations is described below:

Interest income

Interest income is recognised as it accrues, using the effective interest method.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the combined statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales and services tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

3.15 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Fair value measurements (continued)

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

3.16 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.17 Contingencies

A contingent liability or asset is a possible obligation or asset respectively that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the combined statements of financial position of the Group.

3.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3.19 Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Operating segments (continued)

Operating segments are defined as components of the Group that: (continued)

- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the consolidated revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
- (i) the consolidated reported profit of all operating segments that did not report a loss; and
- (ii) the consolidated reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the consolidated assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the combined financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group.

3.20 Earnings per share

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year.

- (b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Annual Improvements to MFRS Standards 2018-2020</i>	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

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

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
<i>International Tax Reform - Pillar Two Model (Amendments to MFRS 112 Income Taxes)</i>	See paragraph 98M of MFRS 112
<i>Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)</i>	1 January 2025
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

- 4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023 (continued)

The Group is still in the process of assessing the impact of implementing these standards, since the effects would only be observable in future financial years.

5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATION

The preparation of the Group's combined financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. 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 period.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the combined financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes reflected in the assumptions when they occur.

- (i) Provision for expected credit losses of trade receivables

The impairment provisions for financial assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

- (ii) Estimating variable consideration for rebates

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price.

For rebates and discounts, management has determined that a portion of the estimated variable consideration based on the expected value method is subject to the constraint as it is highly probable that a significant reversal in the cumulative amount of revenue recognised will occur, and therefore will not be recognised as revenue.

- (iii) Estimating incremental borrowing rates for lease liabilities

Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT

Audited	Buildings RM	Motor vehicles RM	Renovation, electrical and fittings RM	Computer and software RM	Plant and machinery RM	Equipment, furniture and fittings RM	Work-in- progress RM	Total RM
2021								
Carrying amount								
At 1 July 2020	14,275,207	577,597	2,344,317	421,205	5,809,431	548,390	5,811,406	29,787,553
Additions	158,456	113,118	1,852,698	111,485	8,151,012	94,529	5,318,471	15,799,769
Cost adjustment*	(111,420)	-	-	-	-	-	-	(111,420)
Depreciation charge for the financial year	(366,995)	(92,513)	(503,581)	(125,167)	(2,131,101)	(103,823)	-	(3,323,180)
Disposal	-	-	-	-	(1)	-	-	(1)
Reclassification (to)/from right-of-use assets	-	(286,128)	-	-	68,582	-	-	(217,546)
Reclassification	9,086,908	-	-	-	-	-	(9,086,908)	-
At 30 June 2021	23,042,156	312,074	3,693,434	407,523	11,897,923	539,096	2,042,969	41,935,175

Audited	Cost RM	Accumulated depreciation RM	Carrying amount RM
2021			
Buildings	24,831,702	(1,789,546)	23,042,156
Motor vehicles	6,280,593	(5,968,519)	312,074
Renovation, electrical and fittings	9,551,885	(5,858,451)	3,693,434
Computer and software	1,110,412	(702,889)	407,523
Plant and machinery	45,168,211	(33,270,288)	11,897,923
Equipment, furniture and fittings	1,267,286	(728,190)	539,096
Work-in-progress	2,042,969	-	2,042,969
	90,253,058	(48,317,883)	41,935,175



* Cost adjustment was made to correct prior year error arising from overstatement of a building.

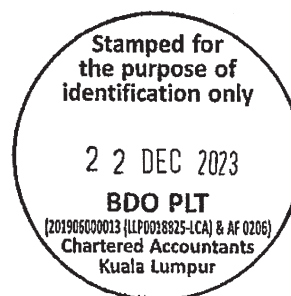
13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited								
2022	Buildings RM	Motor vehicles RM	Renovation, electrical and fittings RM	Computer and software RM	Plant and machinery RM	Equipment, furniture and fittings RM	Work-in- progress RM	Total RM
Carrying amount								
At 1 July 2021	23,042,156	312,074	3,693,434	407,523	11,897,923	539,096	2,042,969	41,935,175
Additions	3,907,765	451,162	1,567,815	260,003	14,023,363	88,698	4,306,377	24,605,183
Disposal	-	(7)	-	-	-	(4,169)	-	(4,176)
Depreciation charge for the financial year	(530,915)	(111,031)	(670,700)	(156,564)	(3,560,704)	(102,063)	-	(5,131,977)
Reclassification from right-of-use assets	-	91,206	-	145,553	1,181,395	-	-	1,418,154
Reclassification	(352,540)	-	-	-	-	-	352,540	-
At 30 June 2022	26,066,466	743,404	4,590,549	656,515	23,541,977	521,562	6,701,886	62,822,359

Audited			
2022	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	28,386,927	(2,320,461)	26,066,466
Motor vehicles	7,026,218	(6,282,814)	743,404
Renovation, electrical and fittings	11,119,700	(6,529,151)	4,590,549
Computer and software	1,515,968	(859,453)	656,515
Plant and machinery	62,788,598	(39,246,621)	23,541,977
Equipment, furniture and fittings	1,332,523	(810,961)	521,562
Work-in-progress	6,708,886	-	6,701,886
	118,871,820	(56,049,461)	62,822,359



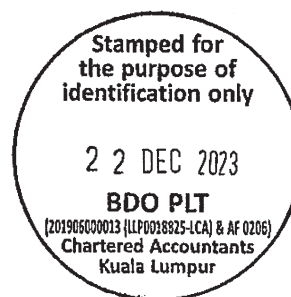
13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited						Equipment, furniture and fittings	Work-in- progress	Total
2023	Buildings RM	Motor vehicles RM	Renovation, electrical and fittings RM	Computer and software RM	Plant and machinery RM	RM	RM	RM
Carrying amount								
At 1 July 2022	26,066,466	743,404	4,590,549	656,515	23,541,977	521,562	6,701,886	62,822,359
Additions	531,779	360,000	1,381,418	201,569	8,444,462	211,002	809,746	11,939,976
Disposal	-	(1)	-	-	(58,342)	(1)	-	(58,344)
Depreciation charge for the financial year	(570,941)	(260,308)	(816,476)	(303,072)	(5,036,616)	(104,311)	-	(7,091,724)
Reclassification from right-of-use assets	-	50,141	-	-	3	-	-	50,144
Reclassification	896,529	-	-	-	-	-	(896,529)	-
At 30 June 2023	26,923,833	893,236	5,155,491	555,012	26,891,484	628,252	6,615,103	67,662,411

Audited			
2023	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	29,815,235	(2,891,402)	26,923,833
Motor vehicles	8,467,987	(7,574,751)	893,236
Renovation, electrical and fittings	12,501,118	(7,345,627)	5,155,491
Computer and software	1,717,537	(1,162,525)	555,012
Plant and machinery	75,112,412	(48,220,928)	26,891,484
Equipment, furniture and fittings	1,540,525	(912,273)	628,252
Work-in-progress	6,615,103	-	6,615,103
	135,769,917	(68,107,506)	67,662,411



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group as disclosed in Note 13 respectively are as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Buildings	22,845,494	25,904,448	26,832,618
Plant and machinery	6,523,580	14,310,660	13,311,604
Work-in-progress	2,042,969	6,701,886	6,601,853
	<u>31,412,043</u>	<u>46,916,994</u>	<u>46,746,075</u>

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Audited	Long leasehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Computer and software RM	Total RM
2021						
Carrying amount						
At 1 July 2020	13,024,512	250,548	1,921,802	10,154,167	342,701	25,693,730
Additions	-	-	844,190	-	-	844,190
Depreciation charge for the financial year	(114,442)	(91,149)	(784,915)	(2,546,313)	(98,574)	(3,635,393)
Reclassification from/(to) property, plant and equipment	-	-	286,128	(68,582)	-	217,546
Remeasurement	-	60,275	-	-	-	60,275
At 30 June 2021	<u>12,910,070</u>	<u>219,674</u>	<u>2,267,205</u>	<u>7,539,272</u>	<u>244,127</u>	<u>23,180,348</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Right-of-use assets (continued)

Audited	Long leasehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Computer and software RM	Total RM
2022						
Carrying amount						
At 1 July 2021	12,910,070	219,674	2,267,205	7,539,272	244,127	23,180,348
Additions	3,098,603	15,019	845,000	-	-	3,958,622
Depreciation charge for the financial year	(114,442)	(54,812)	(858,781)	(2,241,696)	(98,574)	(3,368,305)
Reclassification to property, plant and equipment	-	-	(91,206)	(1,181,395)	(145,553)	(1,418,154)
At 30 June 2022	15,894,231	179,881	2,162,218	4,116,181	-	22,352,511

Audited	Long leasehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Total RM
2023					
Carrying amount					
At 1 July 2022	15,894,231	179,881	2,162,218	4,116,181	22,352,511
Additions	8,733,190	13,802	1,160,528	-	9,907,520
Depreciation charge for the financial year	(120,018)	(53,460)	(877,946)	(1,493,441)	(2,544,865)
Reclassification to property, plant and equipment	-	-	(50,141)	(3)	(50,144)
Lease termination	-	(3,754)	-	-	(3,754)
At 30 June 2023	24,507,403	136,469	2,394,659	2,622,737	29,661,268



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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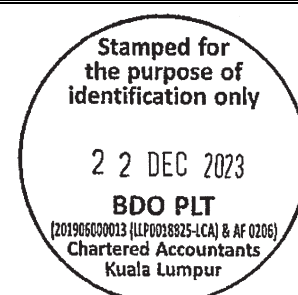
7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities

Audited	Buildings RM	Motor vehicles RM	Plant and machinery RM	Computer and software RM	Total RM
2021					
Carrying amount At 1 July 2020	266,569	1,706,734	9,152,178	386,759	11,512,240
Additions	-	944,600	-	-	944,600
Remeasurement	57,520	-	-	-	57,520
Lease payments	(103,875)	(679,886)	(2,977,073)	(108,924)	(3,869,758)
Interest expense	10,003	93,688	439,314	21,223	564,228
At 30 June 2021	230,217	2,065,136	6,614,419	299,058	9,208,830

Audited	Buildings RM	Motor vehicles RM	Plant and machinery RM	Computer and software RM	Total RM
2022					
Carrying amount At 1 July 2021	230,217	2,065,136	6,614,419	299,058	9,208,830
Additions	15,019	668,200	-	-	683,219
Lease payments	(61,150)	(927,075)	(4,049,070)	(326,772)	(5,364,067)
Interest expense	6,960	123,699	352,019	27,714	510,392
At 30 June 2022	191,046	1,929,960	2,917,368	-	5,038,374

Audited	Buildings RM	Motor vehicles RM	Plant and machinery RM	Total RM
2023				
Carrying amount At 1 July 2022	191,046	1,929,960	2,917,368	5,038,374
Additions	13,802	952,905	-	966,707
Lease payments	(59,750)	(969,476)	(1,352,187)	(2,381,413)
Interest expense	5,272	122,928	143,751	271,951
Lease termination	(3,859)	-	-	(3,859)
At 30 June 2023	146,511	2,036,317	1,708,932	3,891,760



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities (continued)

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Represented by:			
Current liabilities	3,574,728	2,031,739	1,769,755
Non-current liabilities	<u>5,634,102</u>	<u>3,006,635</u>	<u>2,122,005</u>
	<u><u>9,208,830</u></u>	<u><u>5,038,374</u></u>	<u><u>3,891,760</u></u>
	2021 Audited RM	2022 Audited RM	2023 Audited RM
Lease liabilities owing to financial institutions	8,816,358	4,702,089	3,617,811
Lease liabilities owing to non-financial institutions	<u>392,472</u>	<u>336,285</u>	<u>273,949</u>
	<u><u>9,208,830</u></u>	<u><u>5,038,374</u></u>	<u><u>3,891,760</u></u>

- (a) Lease liabilities are classified as financial liabilities measured at amortised cost.
- (b) The Group has made upfront payments to secure the right-of-use of long leasehold land at the location which it operates. The periodic rent of building leases is to be reset periodically to market rental rates. The periodic rent is fixed over the lease term. The Company also leases certain items of plant and machinery and vehicles. These leases comprise only fixed payments over the lease term.
- (c) The Group has certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (d) During the financial years, the Group made the following cash payments to purchase right-of-use assets:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Purchase of right-of-use assets	844,190	3,958,622	9,907,520
Financed by lease liabilities	(708,600)	(683,219)	(966,707)
Financed by term loans	<u>-</u>	<u>-</u>	<u>(7,087,000)</u>
Cash payments on purchase of right-of-use assets	<u><u>135,590</u></u>	<u><u>3,275,403</u></u>	<u><u>1,853,813</u></u>

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

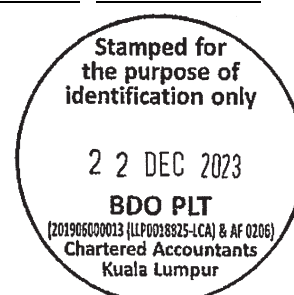
(e) The following are the amounts recognised in profit or loss:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Depreciation charge of right-of-use assets (included in cost of sales)	3,334,051	3,112,379	1,661,388
Depreciation charge of right-of-use assets (included in selling and distribution expenses)	27,700	18,400	800,911
Depreciation charge of right-of-use assets (included in administrative expenses)	273,642	237,526	82,566
Interest expense on lease (included in finance costs)	564,228	510,392	271,951
Gain on lease modification (included in other income)	2,755	-	-
Gain on lease termination (included in other income)	-	-	105
Expense relating to short-term leases (included in administrative expenses)	4,200	21,180	7,500
Expense relating to leases of low-value assets (included in administrative expenses)	8,171	9,810	10,110
Expense relating to short-term leases (included in selling and distribution expenses)	-	-	48,600
Expense relating to short-term leases (included in cost of sales)	242	63,425	830
	<u>4,214,989</u>	<u>3,973,112</u>	<u>2,883,961</u>

(f) The following are total cash outflows for leases as a lessee:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Included in net cash from operating activities:			
Payment relating to short-term leases	4,442	84,605	56,930
Payment relating to low-value assets	8,171	9,810	10,110
Included in net cash from/(used in) financing activities:			
Repayments of lease liabilities	<u>3,087,268</u>	<u>4,867,619</u>	<u>2,120,933</u>
Total cash outflows for leases	<u>3,099,881</u>	<u>4,962,034</u>	<u>2,187,973</u>

(g) Lease liabilities are denominated in RM.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (h) As at the end of the reporting period, the long leasehold land was charged to financial institutions for banking facilities granted to the Group as disclosed in Note 13 to the combined financial statements.
- (i) Information of financial risks of the lease liabilities were disclosed in Note 29 to the combined financial statements.

8. COMBINING ENTITIES

Details of the combining entities are as follows:

	Country of incorporation	Effective interest in equity based on voting interest			Principal activities
		2021 %	2022 %	2023 %	
Life Water Berhad ("LW")	Malaysia	^	^	100	Investment holding
Life Water Industries Sdn. Bhd. ("LWI")	Malaysia	100	100	100	Manufacture of drinking water, carbonated drinks and other drinks, plastic bottles, preforms, caps and related products.
Green Borneo Industries Sdn. Bhd. ("GBI")	Malaysia	100	100	100	Manufacture of drinking water.
Life Water Marketing Sdn. Bhd. ("LWM")	Malaysia	100	100	100	Sales and marketing of drinking water, carbonated drinks and other drinks, plastic bottles and related products.
Syarikat Maju Sasa Sdn. Bhd. ("SMS")	Malaysia	100	100	100	Sales of drinking water, carbonated drinks, juice drinks and PET containers.
Syarikat Rasa Kool Sdn. Bhd. ("SRK")	Malaysia	100	100	100	Sales of drinking water, carbonated drinks, juice drinks and PET containers.
K2 Water Sdn. Bhd. ("K2W")	Malaysia	100	100	100	Provision of transportation services
Cyplast Industries Sdn. Bhd. ("CISB")	Malaysia	*	100	100	Collection of recyclable materials.

^ The combining entity was incorporated on 20 January 2023.

* The combining entity was incorporated on 9 March 2022.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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9. INVENTORIES

	2021 Audited RM	2022 Audited RM	2023 Audited RM
At cost			
Raw materials	9,610,007	19,992,407	13,792,057
Finished goods	1,474,755	1,685,788	2,641,337
Consumable and parts	1,839,477	2,747,182	3,407,865
Stock-in-transit	-	-	12,847
Others	316,920	615,098	540,242
	<u>13,241,159</u>	<u>25,040,475</u>	<u>20,394,348</u>



- (a) During the financial year ended 30 June 2023, the Group recorded a charge to profit or loss pertaining to inventories written off of RM10,810 (2022: RM11,544; 2021: RM176,108).
- (b) Inventories of the Group recognised as cost of sales during the financial years are as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Inventories recognised as cost of sales	<u>55,732,056</u>	<u>69,656,155</u>	<u>85,815,709</u>

10. TRADE AND OTHER RECEIVABLES

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Trade receivables			
Third parties	11,040,610	14,314,143	16,342,734
Less: Impairment losses	(620,294)	(350,717)	(407,094)
Total trade receivables	10,420,316	13,963,426	15,935,640
Other receivables			
Other receivables	461,066	542,112	806,680
Deposits	2,903,001	4,568,025	6,798,247
Deferred expenses	200	200	1,924
	<u>3,364,267</u>	<u>5,110,337</u>	<u>7,606,851</u>
Total receivables	13,784,583	19,073,763	23,542,491
Prepayments	1,904,442	3,805,758	999,563
Total trade and other receivables	<u>15,689,025</u>	<u>22,879,521</u>	<u>24,542,054</u>

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

10. TRADE AND OTHER RECEIVABLES (continued)

- (i) Total receivables are classified as financial assets measured at amortised cost.
- (ii) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 days to 90 days (2022: 7 days to 90 days; 2021: 7 days to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (iii) As at the end of each reporting period, no collateral has been obtained by the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (iv) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Lifetime ECL allowance			
Balance as at 1 July	838,621	620,294	350,717
Charge for the financial year	-	51,293	90,899
Reversal of impairment losses	<u>(218,327)</u>	<u>(320,870)</u>	<u>(34,522)</u>
Balance as at 30 June	<u>620,294</u>	<u>350,717</u>	<u>407,094</u>

- (v) No expected credit loss is recognised arising from other receivables as the amount is negligible.
- (vi) The currency exposure profile of trade and other receivables is as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Ringgit Malaysia	12,468,103	17,812,213	22,227,186
United States Dollar	<u>1,316,480</u>	<u>1,261,550</u>	<u>1,315,305</u>
	<u>13,784,583</u>	<u>19,073,763</u>	<u>23,542,491</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

10. TRADE AND OTHER RECEIVABLES (continued)

(vii) The ageing analysis of trade receivables of the Group are as follows:

Audited	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
2021			
Current	9,970,158	(11,949)	9,958,209
Past due			
1 to 30 days	281,801	(10,678)	271,123
31 to 60 days	60,733	(6,046)	54,687
61 to 90 days	18,479	(2,706)	15,773
More than 90 days	709,439	(588,915)	120,524
	<u>1,070,452</u>	<u>(608,345)</u>	<u>462,107</u>
	<u>11,040,610</u>	<u>(620,294)</u>	<u>10,420,316</u>
2022			
Current	13,461,283	(11,850)	13,449,433
Past due			
1 to 30 days	254,535	(16,649)	237,886
31 to 60 days	46,742	(4,826)	41,916
61 to 90 days	22,791	(2,630)	20,161
More than 90 days	528,792	(314,762)	214,030
	<u>852,860</u>	<u>(338,867)</u>	<u>513,993</u>
	<u>14,314,143</u>	<u>(350,717)</u>	<u>13,963,426</u>
2023			
Current	15,000,866	(5,319)	14,995,547
Past due			
1 to 30 days	519,502	(5,301)	514,201
31 to 60 days	337,794	(20,318)	317,476
61 to 90 days	70,186	(11,958)	58,228
More than 90 days	414,386	(364,198)	50,188
	<u>1,341,868</u>	<u>(401,775)</u>	<u>940,093</u>
	<u>16,342,734</u>	<u>(407,094)</u>	<u>15,935,640</u>

Audited

2023

Current

Past due

1 to 30 days

31 to 60 days

61 to 90 days

More than 90 days



(viii) Information on financial risks of trade and other receivables is disclosed in Note 29 to the combined financial statements.

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

11. SHORT TERM FUNDS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Fair value through profit or loss			
Short term funds	<u>17,407,960</u>	<u>13,477,906</u>	<u>18,100,059</u>

- (a) Short term funds are investments in income trust fund in Malaysia. The trust fund invests in highly liquid asset which is readily convertible to known amount of cash with insignificant changes in value.
- (b) Short term funds are classified as financial assets measured at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value of short term funds is measured based on the month end market prices in active market and was fair valued within Level 1 of the fair value hierarchy.
- (c) The short term funds of the Group are denominated in Ringgit Malaysia.
- (d) Information on financial risks of short term funds is disclosed in Note 29 to the combined financial statements.

12. CASH AND BANK BALANCES

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Cash on hand	266,769	207,342	130,583
Cash at banks	4,093,609	7,489,282	9,850,201
Fixed deposits with licensed banks	<u>2,124,335</u>	<u>2,162,677</u>	<u>1,634,679</u>
	<u>6,484,713</u>	<u>9,859,301</u>	<u>11,615,463</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The currency exposure profile of cash and bank balances is as follow:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Ringgit Malaysia	6,465,372	9,859,301	11,615,416
United States Dollar	<u>19,341</u>	<u>-</u>	<u>47</u>
	<u>6,484,713</u>	<u>9,859,301</u>	<u>11,615,463</u>

- (c) No expected credit losses were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

12. CASH AND BANK BALANCES (continued)

- (d) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as the end of the financial year:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Cash and bank balances	4,360,378	7,696,624	9,980,784
Fixed deposit with licensed banks	<u>2,124,335</u>	<u>2,162,677</u>	<u>1,634,679</u>
	6,484,713	9,859,301	11,615,463
Less:			
Bank overdraft included in borrowings	13 (206,792)	(133,446)	(247,691)
Fixed deposits pledged	<u>(2,124,335)</u>	<u>(2,162,677)</u>	<u>(1,634,679)</u>
Cash and cash equivalents included in the combined statements of cash flows	<u>4,153,586</u>	<u>7,563,178</u>	<u>9,733,093</u>

- (e) Information on financial risks of cash and bank balances is disclosed in Note 29 to the combined financial statements.

13. BORROWINGS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Non-current liabilities			
Term loans	30,925,515	43,539,542	48,664,650
Current liabilities			
Bank overdrafts	206,792	133,446	247,691
Banker's acceptances	3,913,775	16,228,582	9,210,801
Term loans	3,714,554	6,480,619	6,804,006
	<u>7,835,121</u>	<u>22,842,647</u>	<u>16,262,498</u>
Total borrowings	<u>38,760,636</u>	<u>66,382,189</u>	<u>64,927,148</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

13. BORROWINGS (continued)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Term loans of the Group are secured by:
- (i) legal charges over the long leasehold land, buildings, plant and machinery and work-in-progress of the Group as disclosed in Notes 6 and 7 to the combined financial statements respectively;
 - (ii) several and joint guarantee by Directors;
 - (iii) fixed deposits as disclosed in Note 12 to the combined financial statements;
 - (iv) corporate guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
 - (v) corporate guarantee by Credit Guarantee Corporation Malaysia Berhad.
- (c) Bank overdraft of the Group is secured by:
- (i) legal charges over the buildings of the Group as disclosed in Note 6 to the combined financial statements;
 - (ii) several and joint guarantee by Directors; and
 - (iii) fixed deposits as disclosed in Note 12 to the combined financial statements.
- (d) Bankers' acceptances of the Group are secured by:
- (i) legal charges over the long leasehold land, buildings and work-in-progress of the Group as disclosed in Notes 6 and 7 to the combined financial statements respectively;
 - (ii) several and joint guarantee by Directors; and
 - (iii) fixed deposits as disclosed in Note 12 to the combined financial statements.
- (e) Borrowings are denominated in Ringgit Malaysia.
- (f) Information of financial risks of borrowings is disclosed in Note 29 to the combined financial statements.

14. TRADE AND OTHER PAYABLES

	Note	2021 Audited RM	2022 Audited RM	2023 Audited RM
Trade payables				
Third parties	(b)	4,687,437	5,041,837	3,644,000
Other payables				
Third parties		3,006,817	3,176,475	1,556,124
Accruals		3,037,248	4,383,618	4,466,838
Amount owing to a Director	(c)	12,040	-	-
Government grants		204,000	168,000	418,772
		<u>6,260,105</u>	<u>7,728,093</u>	<u>6,441,734</u>
Total trade and other payables		<u>10,947,542</u>	<u>12,769,930</u>	<u>10,085,734</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

14. TRADE AND OTHER PAYABLES (continued)

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 7 to 90 days (2022: 7 days to 90 days; 2021: 60 days to 90 days) from date of invoice.
- (c) As at the end of financial year ended 30 June 2021, amount owing to a Director represented advances which was unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables is as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Ringgit Malaysia	10,521,264	12,443,451	9,580,541
United States Dollar	426,278	326,479	505,193
	<u>10,947,542</u>	<u>12,769,930</u>	<u>10,085,734</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 29 to the combined financial statements.

15. REFUND LIABILITIES AND RETURN ASSETS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Refund liabilities	<u>139,682</u>	<u>151,680</u>	<u>204,778</u>
Return assets	<u>98,317</u>	<u>113,876</u>	<u>155,946</u>

Refund liabilities represent the expected variable consideration for rebates and refunds whereas return assets represent the value of the corresponding goods expected to be returned.

The Group estimates variable considerations to be included in the transaction price for the sale of drinking water and aerated beverages with rebates.

The Group used the historical rebates and refunds entitlement of customers to determine the expected variable consideration. Any significant changes in experience as compared to historical patterns will impact the expected rebate and refunds estimated by the Group.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

16. DEFERRED TAXATION

- (a) The deferred tax assets and liabilities are made up of the following:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Balance as at 1 July	1,002,240	268,573	79,164
Recognised in profit or loss (Note 22)	<u>(733,667)</u>	<u>(189,409)</u>	<u>405,858</u>
Balance as at 30 June	<u>268,573</u>	<u>79,164</u>	<u>485,022</u>
Presented after appropriate offsetting:			
Deferred tax liabilities	427,317	159,278	573,812
Deferred tax assets	<u>(158,744)</u>	<u>(80,114)</u>	<u>(88,790)</u>
	<u>268,573</u>	<u>79,164</u>	<u>485,022</u>

- (b) The components and movements of deferred tax liabilities and assets during the financial years prior to offsetting are as follows:

Deferred tax liabilities

Audited	Property, plant and equipment RM	Others RM	Offsetting RM	Total RM
As at 1 July 2020	1,220,443	19,972	(34,645)	1,205,770
Recognised in profit or loss	<u>182,025</u>	<u>221</u>	<u>(960,699)</u>	<u>(778,453)</u>
As at 30 June/1 July 2021	1,402,468	20,193	(995,344)	427,317
Recognised in profit or loss	<u>915,516</u>	<u>27,437</u>	<u>(1,210,992)</u>	<u>(268,039)</u>
As at 30 June/1 July 2022	2,317,984	47,630	(2,206,336)	159,278
Recognised in profit or loss	<u>1,564,631</u>	<u>44</u>	<u>(1,150,141)</u>	<u>414,534</u>
As at 30 June 2023	<u>3,882,615</u>	<u>47,674</u>	<u>(3,356,477)</u>	<u>573,812</u>

Deferred tax assets

Audited	Unabsorbed reinvestment allowances RM	Others RM	Offsetting RM	Total RM
As at 1 July 2020	-	(238,175)	34,645	(203,530)
Recognised in profit or loss	<u>(952,726)</u>	<u>36,813</u>	<u>960,699</u>	<u>44,786</u>
As at 30 June/1 July 2021	(952,726)	(201,362)	995,344	(158,744)
Recognised in profit or loss	<u>(1,183,883)</u>	<u>51,521</u>	<u>1,210,992</u>	<u>78,630</u>
As at 30 June/1 July 2022	(2,136,609)	(149,841)	2,206,336	(80,114)
Recognised in profit or loss	<u>(1,147,803)</u>	<u>(11,014)</u>	<u>1,150,141</u>	<u>(8,676)</u>
As at 30 June 2023	<u>(3,284,412)</u>	<u>(160,855)</u>	<u>3,356,477</u>	<u>(88,790)</u>

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(20190500013 (LLP038825-1CA) & AF 0206)
Chartered Accountants
Kuala Lumpur

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

17. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of Combining Entities constituting the Group.

For financial year ended 30 June 2021, the invested equity constitutes the share capital of LWI, GBI, LWM, SMS, SRK and K2W.

For financial year ended 30 June 2022, the invested equity constitutes the share capital of CISB, in addition to the invested equity as at 30 June 2021.

For financial year ended 30 June 2023, the invested equity constitutes the share capital of LW in addition to the invested equity as at 30 June 2022.

	2021 Audited	2022 Audited	2023 Audited
Number of ordinary shares			
Issued and fully paid with no par value:			
Balance as at 1 July	6,200,028	6,600,020	6,600,120
Issued during the financial year	<u>399,992</u>	<u>100</u>	<u>100,480</u>
Balance as at 30 June	<u><u>6,600,020</u></u>	<u><u>6,600,120</u></u>	<u><u>6,700,600</u></u>
	2021 Audited RM	2022 Audited RM	2023 Audited RM
Ordinary shares			
Issued and fully paid with no par value:			
Balance as at 1 July	6,200,028	6,600,020	6,600,120
Issued during the financial year	<u>399,992</u>	<u>100</u>	<u>100,080</u>
Balance as at 30 June	<u><u>6,600,020</u></u>	<u><u>6,600,120</u></u>	<u><u>6,700,200</u></u>

(a) During the financial year ended 30 June 2021:

- (i) SMS allotted 199,996 ordinary shares each at an issue price of RM1 per share to its existing shareholders for a total consideration of RM199,996; and
- (ii) SRK allotted 199,996 ordinary shares each at an issue price of RM1 per share to its existing shareholders for a total consideration of RM199,996.

(b) During the financial year ended 30 June 2022, CISB was incorporated with an issued share capital of RM100 comprising 100 ordinary shares of RM1 per share each as subscribers' shares.

(c) During the financial year ended 30 June 2023:

- (i) K2W allotted 99,980 ordinary shares each at an issue price of RM1 per share to its existing shareholders for a total consideration of RM99,980.
- (ii) LW was incorporated with an issued share capital of RM100 comprising 500 ordinary shares of RM0.20 per share each as subscribers' shares.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

17. INVESTED EQUITY (continued)

- (d) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one (1) vote per ordinary share at general meeting of the Group. All ordinary shares rank pari passu with regard to the Group's residual assets.

18. REVENUE

Revenue of the Group consists of the following:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
<i>Revenue from contracts with customers</i>			
Sale of finished goods	<u>103,525,521</u>	<u>121,400,239</u>	<u>150,962,159</u>
	2021 Audited RM	2022 Audited RM	2023 Audited RM
Timing of revenue recognition			
Transferred at a point in time	<u>103,525,521</u>	<u>121,400,239</u>	<u>150,962,159</u>

There is no significant financing component in the revenue arising from sales of products as the products are made on the normal credit terms not exceeding twelve (12) months.

19. FINANCE COSTS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Interest expense on:			
- banker's acceptances	89,197	294,718	302,871
- term loans	918,697	1,473,945	2,135,646
- bank overdrafts	2,171	1,449	1,386
- lease liabilities	564,228	510,392	271,951
- revolving credit	-	5,285	-
	<u>1,574,293</u>	<u>2,285,789</u>	<u>2,711,854</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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20. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the combined financial statements, profit before tax is arrived at:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
After charging:			
Auditors' remuneration:			
- statutory audit			
- current year	80,200	93,000	105,000
- under provision in prior year	10,000	1,000	-
- non-statutory audit	-	120,000	-
Bad debts written off	78,329	97,695	98,263
Fair value loss on short term funds	-	60,517	-
Loss on disposal of property, plant and equipment	-	-	7,801
Loss on foreign exchange:			
- realised	79,263	20,561	-
- unrealised	9,073	-	-
And crediting:			
Amortisation on government grant	36,000	36,000	52,752
Bad debts recovered	8,670	424	-
Gain on foreign exchange			
- realised	8,716	23,449	1,602
- unrealised	-	-	31,337
Gain on disposal of property, plant and equipment	6,412	112,236	-
Interest income	300,759	300,214	401,367
Fair value gain on short term funds	298,617	-	46,260

21. EMPLOYEE BENEFITS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Salaries, wages, allowances, commission, overtime and bonus	17,167,658	19,822,805	24,069,507
Defined contribution plan	1,612,239	2,095,888	2,512,461
Social security contribution	169,297	199,187	257,024
Other employee benefits	87,721	79,496	209,417
	<u>19,036,915</u>	<u>22,197,376</u>	<u>27,048,409</u>

Included in the employee benefits of the Company are Directors' remuneration amounting to RM8,813,548 (2022: RM7,712,745; 2021: RM6,981,980).



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

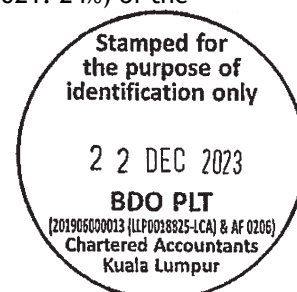
22. TAX EXPENSE

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Tax expense based on profit for the financial years			
- current year	2,547,000	1,957,172	3,313,477
- (over)/under-provision in prior years	<u>(442,726)</u>	<u>78,389</u>	<u>(107,506)</u>
	2,104,274	2,035,561	3,205,971
Deferred tax (Note 16)			
- relating to origination and reversal of temporary differences	673,974	1,287,493	1,069,328
- over-provision of deferred tax in prior years	<u>(1,407,641)</u>	<u>(1,476,902)</u>	<u>(663,470)</u>
	<u>(733,667)</u>	<u>(189,409)</u>	<u>405,858</u>
Tax expense recognised in profit or loss	<u>1,370,607</u>	<u>1,846,152</u>	<u>3,611,829</u>

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group are as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Profit before tax	<u>19,031,983</u>	<u>17,583,546</u>	<u>24,233,247</u>
Tax at statutory tax rate of 24% (2022: 24%; 2021: 24%)	4,567,676	4,220,051	5,815,979
Tax effects in respect of:			
Effect of income subject to lower tax rates	(72,782)	(104,228)	(127,595)
Non-deductible expenses	769,390	1,132,654	618,476
Non-taxable income	(134,056)	(64,342)	(98,047)
Utilisation of tax incentives	<u>(1,909,254)</u>	<u>(1,939,470)</u>	<u>(1,826,008)</u>
	3,220,974	3,244,665	4,382,805
(Over)/Under-provision in prior years:			
- income tax	(442,726)	78,389	(107,506)
- deferred tax	<u>(1,407,641)</u>	<u>(1,476,902)</u>	<u>(663,470)</u>
Tax expense for the financial year	<u>1,370,607</u>	<u>1,846,152</u>	<u>3,611,829</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%; 2021: 24%) of the estimated taxable profit for the fiscal year.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

23. EARNINGS PER SHARE

(a) Basic

	2021 Audited	2022 Audited	2023 Audited
Profit attributable to common controlling shareholders of the combining entities (RM)	<u>17,661,376</u>	<u>15,737,394</u>	<u>20,621,418</u>
Weighted average number of ordinary shares in issue	<u>6,483,858</u>	<u>6,600,051</u>	<u>6,600,616</u>
Basic earnings per share (RM)	<u>2.72</u>	<u>2.38</u>	<u>3.12</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there were no dilutive potential ordinary shares.

24. DIVIDENDS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
In respect of the financial year ended 30 June 2021			
Final single tier dividend of 50 sen per ordinary share, paid on 4 January 2021	200,000	-	-
Final single tier dividend of 300 sen per ordinary share, paid on 7 January 2021	300,000	-	-
Final single tier dividend of 24 sen per ordinary share, paid on 23 April 2021	1,000,000	-	-
Final single tier dividend of 53 sen per ordinary share, paid on 23 June 2021	1,000,000	-	-

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

24. DIVIDENDS (continued)

	2021 Audited RM	2022 Audited RM	2023 Audited RM
In respect of the financial year ended 30 June 2022			
Interim single tier dividend of 200 sen per ordinary share, paid on 23 July 2021	-	200,000	-
Final single tier dividend of 600 sen per ordinary share, paid on 26 November 2021	-	600,000	-
Final single tier dividend of 100 sen per ordinary share, paid on 26 November 2021	-	200,000	-
Final single tier dividend of 100 sen per ordinary share, paid on 29 November 2021	-	200,000	-
In respect of the financial year ended 30 June 2023			
Interim single tier dividend of 50 sen per ordinary share, paid on 13 March 2023	-	-	100,000
Interim single tier dividend of 50 sen per ordinary share, paid on 15 March 2023	-	-	100,000
Interim single tier dividend of 800 sen per ordinary share, paid on 15 March 2023	-	-	800,000
	<u>2,500,000</u>	<u>1,200,000</u>	<u>1,000,000</u>

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13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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25. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

- (i) Companies in which the Directors have financial interests; and
- (ii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

(b) During the financial years, the Group had no material transactions with related parties.

Information regarding outstanding balance with a related party at the end of the financial year 2023 is disclosed in Note 10 to the combined financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of the key management personnel are as follows:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Fees	480,000	900,000	480,000
Short-term employee benefits	6,604,519	6,801,197	8,141,216
Defined contribution plan	591,208	882,604	999,600
Social security contribution	13,851	13,389	19,290
	<u>7,689,578</u>	<u>8,597,190</u>	<u>9,640,106</u>

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM34,500 (2022: RM25,688; 2021: RM25,688).



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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26. CAPITAL COMMITMENTS

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Capital expenditure in respect of purchase of property, plant and equipment:			
- Contracted but not provided for	<u>10,436,792</u>	<u>20,235,100</u>	<u>22,965,987</u>
Analysed as follows:			
Buildings	2,817,148	17,544,500	17,193,159
Plant and machinery	7,619,644	2,690,600	1,532,214
Renovation, electrical and fittings	-	-	774,821
Motor vehicles	-	-	3,465,793
	<u>10,436,792</u>	<u>20,235,100</u>	<u>22,965,987</u>

27. OPERATING SEGMENTS

(a) 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.

(b) The Group evaluates performance on the basis of profit or loss for the financial year.

(c) Geographical information

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

(d) Major customer

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



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

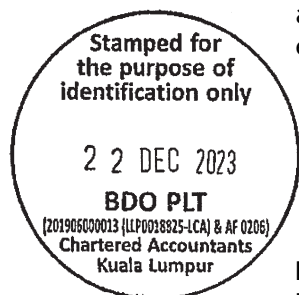
28. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023.

The Group monitors capital using a gearing ratio, which is total external borrowings divided by net tangible worth. The Group's policy is to maintain the gearing ratio at manageable level. The Group includes within total external borrowings, total borrowings and lease liabilities owing to financial institutions. Net tangible worth represents the total equity of the Group.



	2021 Audited RM	2022 Audited RM	2023 Audited RM
Borrowings	38,760,636	66,382,189	64,927,148
Lease liabilities owing to financial institutions	8,816,358	4,702,089	3,617,811
Total external borrowings	47,576,994	71,084,278	68,544,959
Net tangible worth	59,635,054	74,172,548	93,894,046
Gearing ratio	<u>80%</u>	<u>96%</u>	<u>73%</u>

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, cash and bank balances, trade and other payables and short term borrowings and short term lease liabilities are reasonable approximation of fair values due to their short-term nature or they are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of short term funds is measured based on the month end market price in active market.

The carrying amounts of the non-current borrowings and lease liabilities are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy

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

Level 2 fair value measurements are those derived from 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).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the financial instrument carried at fair value and carrying amount shown in the combined statements of financial position:

Audited	Fair value of financial instrument carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
2021					
Financial asset					
Fair value through profit or loss					
- Short term funds	<u>17,407,960</u>	-	-	<u>17,407,960</u>	<u>17,407,960</u>
2022					
Financial asset					
Fair value through profit or loss					
- Short term funds	<u>13,477,906</u>	-	-	<u>13,477,906</u>	<u>13,477,906</u>
2023					
Financial asset					
Fair value through profit or loss					
- Short term funds	<u>18,100,059</u>	-	-	<u>18,100,059</u>	<u>18,100,059</u>

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22 DEC 2023

BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for the shareholders whilst minimising the potential adverse impact arising on its financial performance and position.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Information on the management of the related exposures is detailed below.

(i) Credit risk

Trade receivables and cash and bank balances may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable financial institutions and organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of seven (7) days, extending up to ninety (90) days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

Credit risk concentration profile

As at the end of each reporting period, the Group does not have any significant concentration of credit risk related to any individual customer or counterparty.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of bank balances deemed adequate to finance the Group's activities.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Audited	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 30 June 2021				
Trade and other payables	10,947,542	-	-	10,947,542
Borrowings	8,997,615	19,611,001	16,231,791	44,840,407
Lease liabilities	4,016,725	5,950,531	74,000	10,041,256
	<u>23,961,882</u>	<u>25,561,532</u>	<u>16,305,791</u>	<u>65,829,205</u>
As at 30 June 2022				
Trade and other payables	12,769,930	-	-	12,769,930
Borrowings	24,576,122	26,346,648	25,437,048	76,359,818
Lease liabilities	2,264,895	3,088,754	106,980	5,460,629
	<u>39,610,947</u>	<u>29,435,402</u>	<u>25,544,028</u>	<u>94,590,377</u>
As at 30 June 2023				
Trade and other payables	10,085,734	-	-	10,085,734
Borrowings	18,562,835	28,731,326	33,923,598	81,217,759
Lease liabilities	1,939,211	2,057,227	217,180	4,213,618
	<u>30,587,780</u>	<u>30,788,553</u>	<u>34,140,778</u>	<u>95,517,111</u>

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from its fixed deposits with licensed banks, short term funds, lease liabilities and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

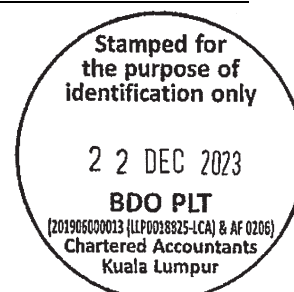
29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

Exposure to interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2021						
Financial assets						
Fixed rate instrument						
Fixed deposits with licensed banks	1.80	2,124,335	-	-	-	2,124,335
Floating rate instrument						
Short term funds	1.62	17,407,960	-	-	-	17,407,960
Financial liabilities						
Fixed rate instruments						
Lease liabilities	3.23	3,574,728	2,743,180	2,821,969	68,953	9,208,830
Borrowings	3.73	6,118,989	2,398,140	7,521,448	1,328,454	17,367,031
		9,693,717	5,141,320	10,343,417	1,397,407	26,575,861
Floating rate instruments						
Borrowings	3.32	1,716,132	1,687,103	4,950,428	13,039,942	21,393,605
At 30 June 2022						
Financial assets						
Fixed rate instrument						
Fixed deposits with licensed banks	1.84	2,162,677	-	-	-	2,162,677
Floating rate instrument						
Short term funds	2.02	13,477,906	-	-	-	13,477,906



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
At 30 June 2022						
Financial liabilities						
Fixed rate instruments						
Lease liabilities	3.24	2,031,739	1,614,583	1,289,753	102,299	5,038,374
Borrowings	3.64	19,539,652	3,591,906	9,379,257	2,790,797	35,301,612
		<u>21,571,391</u>	<u>5,206,489</u>	<u>10,669,010</u>	<u>2,893,096</u>	<u>40,339,986</u>
Floating rate instruments						
Borrowings	3.58	<u>3,302,995</u>	<u>2,379,325</u>	<u>6,282,261</u>	<u>19,115,996</u>	<u>31,080,577</u>
At 30 June 2023						
Financial assets						
Fixed rate instrument						
Fixed deposits with licensed banks	2.69	<u>1,634,679</u>	-	-	-	<u>1,634,679</u>
Floating rate instrument						
Short term funds	2.87	<u>18,100,059</u>	-	-	-	<u>18,100,059</u>
Financial liabilities						
Fixed rate instruments						
Lease liabilities	3.16	1,769,755	1,199,829	712,220	209,956	3,891,760
Borrowings	3.81	13,828,042	4,721,883	9,190,054	4,936,013	32,675,992
		<u>15,597,797</u>	<u>5,921,712</u>	<u>9,902,274</u>	<u>5,145,969</u>	<u>36,567,752</u>
Floating rate instruments						
Borrowings	4.46	<u>2,434,456</u>	<u>2,449,718</u>	<u>5,973,096</u>	<u>21,393,886</u>	<u>32,251,156</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
Accountants' Report

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in 100 basis points against interest rate of floating rate instrument, with all other variables held constant:

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Effects of 100 basis points changes to profit after tax			
- Increase by 1% (2022: 1%; 2021: 1%)	<u>(30,291)</u>	<u>(133,780)</u>	<u>(107,548)</u>

A 1% decrease in the Group's interest rate at the end of the reporting period would have had equal but opposite effect to the amount shown above, on the basis that all other variables remained constant.

No sensitivity analysis for fixed rate instruments was presented as the change in market interest rate at the end of the reporting period would not affect profit or loss.

(iv) Foreign currency risk

The Group is exposed to transactional currency risk. Such exposures arise from purchase of plant and machinery from Taiwan and China. These purchases are mainly invoiced in the United States Dollar ("USD").

The Group's exposures to foreign currency risk arising from foreign currency balances as at the end of the reporting period are represented by the following carrying amounts:

Audited	RM/USD RM	Total RM
2021		
Trade and other receivables	1,316,480	1,316,480
Cash and bank balances	19,341	19,341
Trade and other payables	(426,278)	(426,278)
	<u>909,543</u>	<u>909,543</u>
2022		
Trade and other receivables	1,261,550	1,261,550
Trade and other payables	(326,479)	(326,479)
	<u>935,071</u>	<u>935,071</u>



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

Audited	RM/USD RM	Total RM
2023		
Trade and other receivables	1,315,305	1,315,305
Cash and bank balances	47	47
Trade and other payables	(505,193)	(505,193)
	810,159	810,159

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax for a 5% (2022: 5%; 2021: 5%) strengthening of the following functional currency of the Group against the respective foreign currency, with all other variables held constant.

	2021 Audited RM	2022 Audited RM	2023 Audited RM
Profit after tax			
RM/USD	(34,563)	(35,533)	(30,786)

A 5% weakening of the functional currency of the Group against the above foreign currency at the end of the reporting period would have had equal but opposite effect to the amount shown above, on the basis that all other variables remained constant.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

- (a) On 4 August 2022, LWI entered into a sale and purchase agreement ("SPA") with a third party for the purchase of one (1) parcel of land held under CL No. 075323894, District of Sandakan, Sabah for a total purchase consideration of RM4,000,000. The transaction was completed on 10 February 2023.
- (b) On 14 September 2022, LWI entered into an SPA with a third party for the purchase of one (1) parcel of land held under CL No. 075099464, District of Sandakan, Sabah, for a total purchase consideration of RM3,875,200. The transaction was completed on 19 January 2023.
- (c) On 30 June 2023, SMS has ceased operations due to changes in future business plan. The Company remained dormant as at the date of this combined financial statements.
- (d) On 30 June 2023, SRK has ceased operations due to changes in future business plan. The Company remained dormant as at the date of this combined financial statements.



13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

Life Water Berhad (202301002484(1496403-W))
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31. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

In conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had entered into the following conditional share sale agreements ("SSA"):

- (a) on 26 November 2023, the Company entered into the LWI SSA for the LWI 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 LWI acquisition was arrived at after taking into consideration the audited net assets ("NA") of LWI as at 30 June 2023 of RM51.19 million;
- (b) on 26 November 2023, the Company entered into the GBI SSA for the GBI 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 GBI acquisition was arrived at after taking into consideration the audited NA of GBI as at 30 June 2023 of RM22.94 million;
- (c) on 26 November 2023, the Company entered into the LWM SSA for the LWM 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 LWM acquisition was arrived at after taking into consideration the audited NA of LWM as at 30 June 2023 of RM12.72 million;
- (d) on 26 November 2023, the Company entered into the SMS SSA for the SMS 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 SMS acquisition was arrived at after taking into consideration the audited NA of SMS as at 30 June 2023 of RM2.38 million;
- (e) on 26 November 2023, the Company entered into the SRK SSA for the SRK 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 SRK acquisition was arrived at after taking into consideration the audited NA of SRK as at 30 June 2023 of RM3.70 million;
- (f) on 26 November 2023, the Company entered into the K2W SSA for the K2W 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 K2W acquisition was arrived at after taking into consideration the audited NA of K2W as at 30 June 2023 of RM1.43 million; and
- (g) on 26 November 2023, the Company entered into the CISB SSA for the CISB 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 CISB acquisition was arrived at after taking into consideration the audited NA of CISB as at 30 June 2023 of RM0.03 million.

32. APPROVAL OF COMBINED FINANCIAL STATEMENTS

The combined financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 December 2023.




13. REPORTING ACCOUNTANTS' REPORT (CONT'D)

*Life Water Berhad (202301002484(1496403-W))
Accountants' Report*

STATEMENT BY DIRECTORS

We, Liaw Hen Kong and Chin Lee Ling, being the Directors of Life Water Berhad state that, in the opinion of the Directors, the combined financial statements set out on page 4 to 65 are drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of the financial performance and cash flows of the Group for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Signed on behalf of the Board of Directors in accordance with a resolution dated 22 December 2023.



Liaw Hen Kong
Director



Chin Lee Ling
Director