

13. ACCOUNTANTS' REPORT

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Chartered Accountants (AF 0117)
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9 June 2026

The Board of Directors
Bestari Food Berhad
Lot 29119, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor Darul Ehsan

Dear Sir/Madam,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Bestari Food Berhad ("Bestari Food" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Company and its combining entities as detailed in Note 1 to the combined financial statements (collectively referred to as the "Group"), which comprise the combined statements of financial position as at 31 December 2023, 31 December 2024 and 31 December 2025, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE(s)") 31 December 2023, 31 December 2024 and 31 December 2025 and notes to the combined financial statements, including a summary of material accounting policy information, as set out on pages 6 to 64.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Company gives a true and fair view of the combined financial position of the Group as at 31 December 2023, 31 December 2024 and 31 December 2025, and of its combined financial performance and its combined cash flows for the FYEs 31 December 2023, 31 December 2024 and 31 December 2025 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as Chapter 10 of Division 1, Part II of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

13. ACCOUNTANTS' REPORT (CONT'D)

BESTARI FOOD BERHAD
(Incorporated in Malaysia)

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *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.

Responsibilities of the Directors for the Combined Financial Statements

The Board of Directors of the Company is responsible for the preparation of the combined financial statements contained in the Accountants' Report, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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 Reporting Accountants' 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.

13. ACCOUNTANTS' REPORT (CONT'D)

BESTARI FOOD BERHAD
(Incorporated in Malaysia)

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:

- 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.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

13. ACCOUNTANTS' REPORT (CONT'D)

BESTARI FOOD BERHAD
(Incorporated in Malaysia)

Other Matters

This report is made solely to the Directors of the Company and has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia for inclusion in the Prospectus of the Company in connection 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 and should not be relied upon for any other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink that reads "Baker Tilly" in a cursive style.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

A handwritten signature in black ink that reads "Paul Tan Hong" in a cursive style.

Paul Tan Hong
No. 03459/11/2027 J
Chartered Accountant

Kuala Lumpur

Date: 9 June 2026

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

STATEMENT BY DIRECTORS

We, **LAI KOK SIONG** and **GABRIEL LAI YUNG-YAO**, being two of the directors of **BESTARI FOOD BERHAD**, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the combined financial position of the Group as at 31 December 2023, 31 December 2024 and 31 December 2025 and of its combined financial performance and combined cash flows for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.



.....
LAI KOK SIONG
Managing Director



.....
GABRIEL LAI YUNG-YAO
Executive Director

Kuala Lumpur

Date: 9 June 2026

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

| | Note | ----- As at 31 December ----- | | |
|---|------|-------------------------------|----------------|----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 5 | 14,449 | 12,212 | 24,669 |
| Total non-current assets | | 14,449 | 12,212 | 24,669 |
| Current assets | | | | |
| Inventories | 6 | 18,387 | 17,381 | 18,810 |
| Trade and other receivables | 7 | 64,337 | 52,041 | 39,752 |
| Current tax assets | | 2,594 | 1,664 | - |
| Cash and short-term deposits | 8 | 15,403 | 13,677 | 23,720 |
| Total current assets | | 100,721 | 84,763 | 82,282 |
| TOTAL ASSETS | | 115,170 | 96,975 | 106,951 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the Group | | | | |
| Invested equity | 9 | 1,884 | 1,884 | 1,984 |
| Translation reserve | 10 | (1) | (37) | (75) |
| Retained earnings | | 60,802 | 24,346 | 40,778 |
| TOTAL EQUITY | | 62,685 | 26,193 | 42,687 |
| Non-current liabilities | | | | |
| Loans and borrowings | 11 | 5,042 | 11,083 | 20,281 |
| Deferred tax liabilities | 12 | 1,284 | 989 | 834 |
| Total non-current liabilities | | 6,326 | 12,072 | 21,115 |
| Current liabilities | | | | |
| Loans and borrowings | 11 | 30,335 | 45,190 | 27,174 |
| Trade and other payables | 13 | 15,824 | 13,520 | 14,428 |
| Current tax liabilities | | - | - | 1,547 |
| Total current liabilities | | 46,159 | 58,710 | 43,149 |
| TOTAL LIABILITIES | | 52,485 | 70,782 | 64,264 |
| TOTAL EQUITY AND LIABILITIES | | 115,170 | 96,975 | 106,951 |

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

| | Note | ----- FYE 31 December ----- | | |
|--|------|-----------------------------|----------------|----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Revenue | 14 | 137,865 | 160,691 | 175,323 |
| Cost of sales | | (88,951) | (97,154) | (93,337) |
| Gross profit | | 48,914 | 63,537 | 81,986 |
| Other income | 15 | 630 | 1,116 | 613 |
| Selling and distribution expenses | | (11,632) | (11,985) | (14,042) |
| Administrative expenses | | (24,616) | (29,029) | (24,528) |
| Operating profit | | 13,296 | 23,639 | 44,029 |
| Finance income | 16 | 234 | 157 | 124 |
| Finance costs | 17 | (1,508) | (1,543) | (2,581) |
| Profit before tax | 18 | 12,022 | 22,253 | 41,572 |
| Income tax expense | 19 | (2,839) | (5,709) | (10,540) |
| Profit for the financial year | | 9,183 | 16,544 | 31,032 |
| Other comprehensive income, net of tax | | | | |
| Exchange differences on translation of foreign operations | | 32 | (36) | (38) |
| Total comprehensive income for the financial year | | 9,215 | 16,508 | 30,994 |
| Earnings per share (RM) | | | | |
| - Basic and diluted | 20 | 4.93 | 8.89 | 15.82 |

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Note | Attributable to owners of the Group | | | Total equity RM'000 |
|--|------|--|----------------------------------|--------------------------------|---------------------------|
| | | Invested equity RM'000 | Translation reserve RM'000 | Retained earnings RM'000 | |
| At 1 January 2023 | | 1,884 | (33) | 51,919 | 53,770 |
| Total comprehensive income for the financial year | | | | | |
| Profit for the financial year | | - | - | 9,183 | 9,183 |
| Other comprehensive income for the financial year | | - | 32 | - | 32 |
| Total comprehensive income | | - | 32 | 9,183 | 9,215 |
| Transaction with owners | | | | | |
| Dividends paid on shares | 21 | - | - | (300) | (300) |
| At 31 December 2023 | | 1,884 | (1) | 60,802 | 62,685 |
| Total comprehensive income for the financial year | | | | | |
| Profit for the financial year | | - | - | 16,544 | 16,544 |
| Other comprehensive loss for the financial year | | - | (36) | - | (36) |
| Total comprehensive income | | - | (36) | 16,544 | 16,508 |
| Transaction with owners | | | | | |
| Dividends paid on shares | 21 | - | - | (53,000) | (53,000) |
| At 31 December 2024 | | 1,884 | (37) | 24,346 | 26,193 |
| Total comprehensive income for the financial year | | | | | |
| Profit for the financial year | | - | - | 31,032 | 31,032 |
| Other comprehensive income for the financial year | | - | (38) | - | (38) |
| Total comprehensive income | | - | (38) | 31,032 | 30,994 |
| Transaction with owners | | | | | |
| Bonus issue | | 100 | - | (100) | - |
| Dividends paid on shares | 21 | - | - | (14,500) | (14,500) |
| Proceeds from issuance of ordinary shares | | * | - | * | * |
| At 31 December 2025 | | 1,984 | (75) | 40,778 | 42,687 |

* Represents RM100

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

| | Note | ----- FYE 31 December ----- | | |
|---|------|-----------------------------|----------------|----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | | 12,022 | 22,253 | 41,572 |
| <u>Adjustments for:</u> | | | | |
| Depreciation of property, plant and equipment | | 2,153 | 3,315 | 5,563 |
| Bad debts written off | | 10 | 11 | 11 |
| Gain on disposal of property, plant and equipment | | (160) | (120) | (6) |
| Gain on lease termination | | - | - | (2) |
| Finance income | | (234) | (157) | (124) |
| Finance costs | | 1,508 | 1,543 | 2,581 |
| Inventories (written back)/written down | | (11) | 10 | - |
| Net unrealised foreign exchange loss | | - | 7 | 3 |
| Property, plant and equipment written off | | - | 12 | 94 |
| Operating profit before changes in working capital | | 15,288 | 26,874 | 49,692 |
| <u>Changes in working capital:</u> | | | | |
| Inventories | | 235 | 996 | (1,429) |
| Trade and other receivables | | (5,278) | (954) | 2,706 |
| Trade and other payables | | 1,095 | (912) | 988 |
| Net cash generated from operations | | 11,340 | 26,004 | 51,957 |
| Income tax paid | | (3,792) | (5,074) | (9,413) |
| Income tax refunded | | - | - | 1,929 |
| Interests paid | | (286) | (155) | (109) |
| Interests received | | 234 | 157 | 124 |
| Net cash from operating activities | | 7,496 | 20,932 | 44,488 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (a) | (9,898) | (593) | (818) |
| Net change in pledged deposits | | 3,860 | 2,630 | 239 |
| Proceeds from disposal of property, plant and equipment | | 160 | 154 | 6 |
| Net cash (used in)/from investing activities | | (5,878) | 2,191 | (573) |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

| | Note | ----- FYE 31 December ----- | | |
|---|------------|-----------------------------|-----------------|-----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Cash flows from financing activities | (b) | | | |
| Dividends paid | | (300) | (53,000) | (14,500) |
| Interests paid | | (1,222) | (1,388) | (2,472) |
| Proceeds from issuance of share capital | | - | - | * |
| Advances from/(Repayment to) related parties | | (6,832) | 11,566 | 9,488 |
| Repayment from/(Advances to) directors | | (274) | 274 | 1 |
| Drawdown of term loans | | 4,956 | 9,000 | - |
| Net drawdown/(repayment) of revolving credit | | - | 10,000 | (6,000) |
| Net drawdown/(repayment) of trust receipts | | 6,727 | 7,756 | (12,702) |
| Net repayment of bankers' acceptances | | (2,802) | (3,641) | (983) |
| Repayment of lease liabilities | | (180) | (282) | (2,364) |
| Repayment of hire purchase payables | | (344) | (223) | (194) |
| Repayment of term loans | | (632) | (1,419) | (3,155) |
| Net cash used in financing activities | | (903) | (21,357) | (32,881) |
| Net increase in cash and cash equivalents | | 715 | 1,766 | 11,034 |
| Cash and cash equivalents at the beginning of the financial year | | 4,460 | 5,208 | 6,939 |
| Effects of exchange rate changes on cash and cash equivalents | | 33 | (35) | (38) |
| Cash and cash equivalents at the end of the financial year | 8 | 5,208 | 6,939 | 17,935 |

* Represents RM100

(a) Purchase of property, plant and equipment:

| | Note | ----- FYE 31 December ----- | | |
|---|----------|-----------------------------|----------------|----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Purchase of property, plant and equipment | 5 | 10,494 | 1,133 | 18,172 |
| Financed by way of lease arrangements | | (140) | (445) | (16,904) |
| Financed by way of hire purchase arrangements | | (456) | (95) | (450) |
| Cash payments on purchase of property, plant and equipment | | 9,898 | 593 | 818 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of changes in liabilities from financing activities:

| | ----- Cash flows ----- | | | ----- Non-cash ----- | | At 31.12.2023 RM'000 |
|---------------------------------|--------------------------|------------------------------------|---------------------------------|-----------------------|---|----------------------------|
| | At 1.1.2023 RM'000 | Drawdown/ (Repayment) RM'000 | Advance/ (Payment) RM'000 | Acquisition RM'000 | Foreign exchange movement RM'000 | |
| Term loans | 1,754 | 4,324 | - | - | - | 6,078 |
| Lease liabilities | 304 | (180) | - | 140 | 9 | 273 |
| Hire purchase payables | 429 | (344) | - | 456 | - | 541 |
| Trust receipts | 262 | 6,727 | - | - | - | 6,989 |
| Bankers' acceptance | 20,588 | (2,802) | - | - | - | 17,786 |
| Amount owing by related parties | (14,071) | - | (6,832) | - | - | (20,903) |
| | 9,266 | 7,725 | (6,832) | 596 | 9 | 10,764 |

| | ----- Cash flows ----- | | | ----- Non-cash ----- | | At 31.12.2024 RM'000 |
|---------------------------------|--------------------------|------------------------------------|---------------------------------|-----------------------|---|----------------------------|
| | At 1.1.2024 RM'000 | Drawdown/ (Repayment) RM'000 | Advance/ (Payment) RM'000 | Acquisition RM'000 | Foreign exchange movement RM'000 | |
| Term loans | 6,078 | 7,581 | - | - | - | 13,659 |
| Lease liabilities | 273 | (282) | - | 445 | (8) | 428 |
| Hire purchase payables | 541 | (223) | - | 95 | - | 413 |
| Trust receipts | 6,989 | 7,756 | - | - | - | 14,745 |
| Revolving credit | - | 10,000 | - | - | - | 10,000 |
| Bankers' acceptance | 17,786 | (3,641) | - | - | - | 14,145 |
| Amount owing by related parties | (20,903) | - | 11,566 | - | - | (9,337) |
| | 10,764 | 21,191 | 11,566 | 540 | (8) | 44,053 |

13. ACCOUNTANTS' REPORT (CONT'D)

BESTARI FOOD BERHAD

Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of changes in liabilities from financing activities: (continued)

| | ----- Cash flows ----- | | | ----- Non-cash ----- | | | At 31.12.2025 RM'000 |
|--------------------------------------|--------------------------|------------------------------------|---------------------------------|-----------------------|-------------------------|---|----------------------------|
| | At 1.1.2025 RM'000 | Drawdown/ (Repayment) RM'000 | Advance/ (Payment) RM'000 | Acquisition RM'000 | Derecognition RM'000 | Foreign exchange movement RM'000 | |
| Term loans | 13,659 | (3,155) | - | - | - | - | 10,504 |
| Lease liabilities | 428 | (2,364) | - | 16,904 | (57) | (3) | 14,908 |
| Hire purchase payables | 413 | (194) | - | 450 | - | - | 669 |
| Trust receipts | 14,745 | (12,702) | - | - | - | - | 2,043 |
| Revolving credit | 10,000 | (6,000) | - | - | - | - | 4,000 |
| Bankers' acceptance | 14,145 | (983) | - | - | - | - | 13,162 |
| Amount owing (by)/to related parties | (9,337) | - | 9,488 | - | - | - | 151 |
| | 44,053 | (25,398) | 9,488 | 17,354 | (57) | (3) | 45,437 |

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM3,990,778. (2024: RM2,657,614 and 2023: RM2,668,290).

The accompanying notes form an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

Bestari Food Berhad ("Bestari Food" or the "Company") was incorporated under the Companies Act 2016 on 20 February 2025 as a private limited company and is domiciled in Malaysia.

The registered office of the Company is located at Level 7, Mercu 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 29119, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.

The Company was converted to a public company limited by shares and assumed its present name on 14 April 2026.

The principal activity of the Company is investment holding. The details of the combining entities are as follows:

| Combining entities | Principal place of business/ country of incorporation | Principal activities |
|---|--|---|
| Bestari (S) Pte. Ltd. ("Bestari (S)") | Singapore | Sales of food premises and other food products |
| Bestari Sales & Marketing Sdn. Bhd. ("Bestari Sales") | Malaysia | Sales of food premises and other food products |
| Synerchem Food Processing Industry Sdn. Bhd. ("Synerchem Food Processing") | Malaysia | Production of food premises |
| Synerchem Ingredients Sdn. Bhd. ("Synerchem Ingredients") | Malaysia | Supply of food ingredients |
| Synerchem Engineering Sdn. Bhd. ("Synerchem Engineering") | Malaysia | Supply of food processing and production equipment and spare parts, and provision of maintenance services |
| Synerchem Services Sdn. Bhd. ("Synerchem Services") | Malaysia | Provision of management services |
| Synerchem (S) Pte. Ltd. ("Synerchem (S)") | Singapore | Supply of food ingredients, food processing and production equipment and spare parts, and provision of maintenance services |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**1. GENERAL INFORMATION (CONTINUED)**

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 June 2026.

2. BASIS OF PREPARATION

The combined financial statements for FYEs 31 December 2023, 31 December 2024 and 31 December 2025 of the Company (as defined herein) have been prepared pursuant to the listing of and quotation for the entire enlarged issued share capital of Bestari Food on the Main Market of Bursa Malaysia Securities Berhad which consists of the financial statements of the following subsidiaries for each of the financial years:

| Entities Under Common Control | FYE 31 December | | |
|-------------------------------|-----------------|---------|---------|
| | 2023 | 2024 | 2025 |
| Bestari Food | * | * | √, ^ |
| Bestari Sales | √, ^ | √, ^ | √, ^ |
| Synerchem Food Processing | √, ^ | √, ^ | √, ^ |
| Synerchem Ingredients | √, ^ | √, ^ | √, ^ |
| Synerchem Engineering | √, ^ | √, ^ | √, ^ |
| Synerchem Services | √, ^ | √, ^ | √, ^ |
| Synerchem (S) | +, ^, @ | +, ^, @ | +, ^, @ |
| Bestari (S) | +, ^, @ | +, ^, @ | +, ^, @ |

* No financial statements were available for Bestari Food as it was incorporated on 20 February 2025.

√ The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") for the respective financial years.

+ The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the International Financial Reporting Standards ("IFRSs") for the respective financial years.

^ The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.

@ Synerchem (S) and Bestari (S) are exempted from statutory audit requirements under the Companies Act in Singapore.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)**

The audited financial statements of all the combining entities within the Group for the relevant years reported above were not subject to any qualification or modification.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except as otherwise indicated in the material accounting policy information.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group have been prepared in accordance with the MFRSs and the IFRSs.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments to MFRSs that have been issued, but yet to be effective**

- (a) The Group has not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

| | Effective for financial periods beginning on or after |
|---|--|
| <u>New MFRS</u> | |
| MFRS 18 Presentation and Disclosure in Financial | 1 January 2027 |
| <u>Amendments to MFRSs</u> | |
| MFRS 1 First time Adoption of MFRSs | 1 January 2026 |
| MFRS 7 Financial instruments: Disclosures | 1 January 2026 |
| MFRS 9 Financial instruments | 1 January 2026 |
| MFRS 10 Consolidated Financial Statements | 1 January 2026/ Deferred |
| MFRS 107 Statements of Cash Flows | 1 January 2026 |
| MFRS 121 The Effects of Changes in Foreign Exchange Rates | 1 January 2027 |
| MFRS 128 Investments in Associates and Joint Ventures | Deferred |

- (b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or other MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM was calculated, how MPMs communicate about the entity's financial performance, and any changes made to the MPMs during the year.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below. (continued)

MFRS 18 Presentation and Disclosure in Financial Statements (continued)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions is required to disclose in the notes to its financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described as faithfully representative and precise a way as possible.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The Amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to:

- investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below. (continued)

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 clarify how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.

- When an entity's functional currency is the currency of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.
 - When an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and the entity translates the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy, the entity shall restate the comparative amounts of that foreign operation included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of MFRS 129 Financial Reporting in Hyperinflationary Economies.
- (c) The initial application of the above applicable new MFRS and amendments to MFRSs are not expected to have any material impact on the combined financial statements.

2.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION**

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the combined financial statements of the Group.

3.1 Business combination

The Group applies the merger method of accounting to account for business combinations under common control.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or merger deficit.

3.2 Financial instruments**Financial assets - subsequent measurement and gains and losses**Debt instruments at amortised cost

The Company subsequently measures these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group classifies the financial liabilities at amortised cost.

The Group subsequently measures other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.3 Property, plant and equipment**

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

Property, plant and equipment (other than the right-of-use assets as disclosed in Note 3.4) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

| | Useful lives (years) |
|------------------------|---------------------------------|
| Furniture and fittings | 5 - 10 |
| Office equipment | 3 - 10 |
| Plant and machinery | 5 - 10 |
| Tools and equipment | 3 - 10 |
| Software equipment | 10 |
| Renovation | 10 |
| Motor vehicles | 5 |

3.4 Leases**Lessee accounting**

The Company presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 11.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the 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.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.4 Leases (continued)****Lessor accounting**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

3.5 Inventories

Inventories are measured 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:

- raw materials: purchase costs on a first-in first-out basis
- finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.6 Revenue**Sale of goods**

The Group manufactures and sells consumer food products. Revenue from sale of goods are recognised at the point in time when control of the products have been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

There were no significant accounting judgements, estimates and assumptions made in the process of applying the Group's accounting policies that had a significant effect on the amounts recognised in the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| | (a) | | | | | | | | |
|---|---------------------------|---------------------|------------------------|------------------------|-----------------------|------------|-------------------|-------------------------|--------|
| | Furniture and fittings | Office equipment | Plant and machinery | Tools and equipment | Software equipment | Renovation | Motor vehicles | Right-of- use assets | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost | | | | | | | | | |
| At 1 January 2023 | 240 | 467 | 6,625 | 1,297 | 244 | 136 | 2,090 | 403 | 11,502 |
| Addition | 119 | 150 | 807 | 6,664 | - | 1,951 | 663 | 140 | 10,494 |
| Derecognition | - | - | - | - | - | - | - | (82) | (82) |
| Disposals | - | - | - | - | - | - | (475) | - | (475) |
| Exchange differences | - | * | - | - | - | - | - | 11 | 11 |
| At 31 December 2023 | 359 | 617 | 7,432 | 7,961 | 244 | 2,087 | 2,278 | 472 | 21,450 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2023 | 131 | 186 | 3,071 | 490 | 8 | 1 | 1,417 | 98 | 5,402 |
| Depreciation charge for the financial year | 30 | 84 | 1,076 | 346 | 24 | 94 | 316 | 183 | 2,153 |
| Derecognition | - | - | - | - | - | - | - | (82) | (82) |
| Disposals | - | - | - | - | - | - | (475) | - | (475) |
| Exchange differences | - | * | - | - | - | - | - | 3 | 3 |
| At 31 December 2023 | 161 | 270 | 4,147 | 836 | 32 | 95 | 1,258 | 202 | 7,001 |
| Carrying amount | | | | | | | | | |
| At 1 January 2023 | 109 | 281 | 3,554 | 807 | 236 | 135 | 673 | 305 | 6,100 |
| At 31 December 2023 | 198 | 347 | 3,285 | 7,125 | 212 | 1,992 | 1,020 | 270 | 14,449 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| | Furniture and fittings RM'000 | Office equipment RM'000 | Plant and machinery RM'000 | Tools and equipment RM'000 | Software equipment RM'000 | Renovation RM'000 | Motor vehicles RM'000 | (a) Right-of- use assets RM'000 | Total RM'000 |
|---|-------------------------------------|-------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------|-----------------------------|--|-----------------|
| Cost | | | | | | | | | |
| At 1 January 2024 | 359 | 617 | 7,432 | 7,961 | 244 | 2,087 | 2,278 | 472 | 21,450 |
| Addition | 21 | 8 | 449 | 101 | - | - | 109 | 445 | 1,133 |
| Derecognition | - | - | - | - | - | - | - | (329) | (329) |
| Disposals | - | - | - | - | - | - | (450) | - | (450) |
| Written off | (25) | - | (191) | (13) | - | - | - | - | (229) |
| Exchange differences | - | * | - | - | - | - | - | (11) | (11) |
| At 31 December 2024 | 355 | 625 | 7,690 | 8,049 | 244 | 2,087 | 1,937 | 577 | 21,564 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2024 | 161 | 270 | 4,147 | 836 | 32 | 95 | 1,258 | 202 | 7,001 |
| Depreciation charge for the financial year | 31 | 92 | 1,128 | 1,219 | 25 | 209 | 330 | 281 | 3,315 |
| Derecognition | - | - | - | - | - | - | - | (329) | (329) |
| Disposals | - | - | - | - | - | - | (416) | - | (416) |
| Written off | (17) | - | (191) | (9) | - | - | - | - | (217) |
| Exchange differences | - | * | - | - | - | - | - | (2) | (2) |
| At 31 December 2024 | 175 | 362 | 5,084 | 2,046 | 57 | 304 | 1,172 | 152 | 9,352 |
| Carrying amount | | | | | | | | | |
| At 1 January 2024 | 198 | 347 | 3,285 | 7,125 | 212 | 1,992 | 1,020 | 270 | 14,449 |
| At 31 December 2024 | 180 | 263 | 2,606 | 6,003 | 187 | 1,783 | 765 | 425 | 12,212 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| | Furniture and fittings RM'000 | Office equipment RM'000 | Plant and machinery RM'000 | Tools and equipment RM'000 | Software equipment RM'000 | Renovation RM'000 | Motor vehicles RM'000 | (a) Right-of- use assets RM'000 | Total RM'000 |
|---|-------------------------------------|-------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------|-----------------------------|--|-----------------|
| Cost | | | | | | | | | |
| At 1 January 2025 | 355 | 625 | 7,690 | 8,049 | 244 | 2,087 | 1,937 | 577 | 21,564 |
| Addition | - | 59 | 601 | 84 | - | - | 524 | 16,904 | 18,172 |
| Derecognition | - | - | - | - | - | - | - | (261) | (261) |
| Disposals | - | - | - | - | - | - | (46) | - | (46) |
| Written off | (162) | (191) | (182) | (419) | - | - | - | - | (954) |
| Exchange differences | - | * | - | - | - | - | - | (7) | (7) |
| At 31 December 2025 | 193 | 493 | 8,109 | 7,714 | 244 | 2,087 | 2,415 | 17,213 | 38,468 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2025 | 175 | 362 | 5,084 | 2,046 | 57 | 304 | 1,172 | 152 | 9,352 |
| Depreciation charge for the financial year | 27 | 80 | 1,094 | 1,219 | 25 | 209 | 265 | 2,644 | 5,563 |
| Derecognition | - | - | - | - | - | - | - | (206) | (206) |
| Disposals | - | - | - | - | - | - | (46) | - | (46) |
| Written off | (137) | (162) | (182) | (379) | - | - | - | - | (860) |
| Exchange differences | - | * | - | - | - | - | - | (4) | (4) |
| At 31 December 2025 | 65 | 280 | 5,996 | 2,886 | 82 | 513 | 1,391 | 2,586 | 13,799 |
| Carrying amount | | | | | | | | | |
| At 1 January 2025 | 180 | 263 | 2,606 | 6,003 | 187 | 1,783 | 765 | 425 | 12,212 |
| At 31 December 2025 | 128 | 213 | 2,113 | 4,828 | 162 | 1,574 | 1,024 | 14,627 | 24,669 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Right-of-use assets**

The Group leases buildings for their office, staff quarters, warehouse, experience centre and factory. The leases for office, staff quarters, warehouse, experience centre and factory generally have lease term between two (2) to three (3) years with options to renew for another two (2) to three (3) years, respectively.

Information about the leases for which the Group is a lessee is presented below:

| | Office RM'000 | Staff quarters RM'000 | Warehouse RM'000 | Experience centre RM'000 | Factory RM'000 | Total RM'000 |
|------------------------|------------------|-----------------------------|---------------------|--------------------------------|-------------------|-----------------|
| Carrying amount | | | | | | |
| At 1 January 2023 | 175 | 130 | - | - | - | 305 |
| Addition | - | 140 | - | - | - | 140 |
| Depreciation | (95) | (88) | - | - | - | (183) |
| Exchange differences | 8 | - | - | - | - | 8 |
| At 31 December 2023 | 88 | 182 | - | - | - | 270 |
| Addition | 191 | 254 | - | - | - | 445 |
| Depreciation | (95) | (186) | - | - | - | (281) |
| Exchange differences | (9) | - | - | - | - | (9) |
| At 31 December 2024 | 175 | 250 | - | - | - | 425 |
| Addition | 7,324 | 316 | 3,130 | 94 | 6,040 | 16,904 |
| Depreciation | (874) | (226) | (521) | (16) | (1,007) | (2,644) |
| Derecognition | - | (55) | - | - | - | (55) |
| Exchange differences | (3) | - | - | - | - | (3) |
| At 31 December 2025 | 6,622 | 285 | 2,609 | 78 | 5,033 | 14,627 |

Assets pledged as security

Motor vehicles of the Group with a carrying amount of RM966,731 (2024: RM670,544 and 2023: RM872,027) have been pledged as security for hire purchase arrangements as disclosed in Note 11(c).

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**6. INVENTORIES**

| | ----- As at 31 December ----- | | |
|---|-------------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| At lower of cost and net realisable value: | | | |
| Raw materials | 11,848 | 9,470 | 10,162 |
| Packaging materials | 2,041 | 1,662 | 2,023 |
| Finished goods | 1,611 | 2,207 | 2,751 |
| Machinery | 1,738 | 2,205 | 2,113 |
| Spare parts | 1,149 | 1,837 | 1,761 |
| | 18,387 | 17,381 | 18,810 |

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM93,337,131 (2024: RM97,154,713 and 2023: RM88,951,145).

7. TRADE AND OTHER RECEIVABLES

| | ----- As at 31 December ----- | | |
|--|-------------------------------|---------------|---------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Trade | | | |
| Trade receivables | (a) | | |
| - Third parties | 30,898 | 29,776 | 32,743 |
| - Related parties | 5,249 | 8,143 | 1,043 |
| | 36,147 | 37,919 | 33,786 |
| Non-trade | | | |
| Other receivables | 374 | 531 | 326 |
| Goods and service tax ("GST") receivables | - | - | 39 |
| Deposits | 137 | 120 | 616 |
| Prepayments | 4,448 | 3,472 | 4,555 |
| Amount owing by a director | (b) | 14 | 13 |
| Amount owing by related parties | (b) | 9,985 | 417 |
| | 28,190 | 14,122 | 5,966 |
| Total trade and other receivables | 64,337 | 52,041 | 39,752 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**7. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables**

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 days to 90 days. (2024 and 2023: 30 days to 90 days) from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

(b) Amount owing by a director and related parties

Amount owing by a director and related parties are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The amount owing by a director, and the excess of amount owing to related parties over amount owing by related parties, have been fully settled subsequent to 31 December 2025.

The information about the credit exposures are disclosed in Note 22(b)(i).

8. CASH AND SHORT-TERM DEPOSITS

| | ----- As at 31 December ----- | | |
|------------------------|-------------------------------|---------------|---------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 8,796 | 9,700 | 18,782 |
| Short-term deposits | 6,607 | 3,977 | 4,938 |
| | 15,403 | 13,677 | 23,720 |

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following:

| | ----- As at 31 December ----- | | |
|------------------------|-------------------------------|--------------|---------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Short-term deposits | 6,607 | 3,977 | 4,938 |
| Less: Pledged deposits | (6,485) | (3,855) | (3,616) |
| | 122 | 122 | 1,322 |
| Cash and bank balances | 8,796 | 9,700 | 18,782 |
| Bank overdraft | (3,710) | (2,883) | (2,169) |
| | 5,208 | 6,939 | 17,935 |

Short-term deposits placed with licensed banks of the Group have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 11.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**9. INVESTED EQUITY**

| | ----- As at 31 December ----- | | | | | |
|----------------------------------|-------------------------------|--------------|--------------|--------------------|--------------|--------------|
| | Number of ordinary shares | | | ----- Amount ----- | | |
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| Unit'000 | Unit'000 | Unit'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January | 1,861 | 1,861 | 1,861 | 1,884 | 1,884 | 1,884 |
| Bonus issue | - | - | 100 | - | - | 100 |
| Issued during the financial year | - | - | + | - | - | * |
| At 31 December | 1,861 | 1,861 | 1,961 | 1,884 | 1,884 | 1,984 |

+ Represents 100 units

* Represents RM100

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years represent the aggregate number of issued share capital of all combining entities within the Group.

10. TRANSLATION RESERVE

| | ----- As at 31 December ----- | | |
|---------------------|-------------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Translation reserve | (1) | (37) | (75) |

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**11. LOANS AND BORROWINGS**

| | Note | ----- As at 31 December ----- | | |
|------------------------------------|------|-------------------------------|----------------|----------------|
| | | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Non-current: | | | | |
| Term loans | (a) | 4,660 | 10,712 | 7,739 |
| Lease liabilities | (b) | 54 | 157 | 12,112 |
| Hire purchase payables | (c) | 328 | 214 | 430 |
| | | 5,042 | 11,083 | 20,281 |
| Current: | | | | |
| Term loans | (a) | 1,418 | 2,947 | 2,765 |
| Lease liabilities | (b) | 219 | 271 | 2,796 |
| Hire purchase payables | (c) | 213 | 199 | 239 |
| Trust receipts | (d) | 6,989 | 14,745 | 2,043 |
| Revolving credit | (e) | - | 10,000 | 4,000 |
| Bankers' acceptance | (f) | 17,786 | 14,145 | 13,162 |
| Bank overdraft | (g) | 3,710 | 2,883 | 2,169 |
| | | 30,335 | 45,190 | 27,174 |
| Total loans and borrowings: | | | | |
| Term loans | (a) | 6,078 | 13,659 | 10,504 |
| Lease liabilities | (b) | 273 | 428 | 14,908 |
| Hire purchase payables | (c) | 541 | 413 | 669 |
| Trust receipts | (d) | 6,989 | 14,745 | 2,043 |
| Revolving credit | (e) | - | 10,000 | 4,000 |
| Bankers' acceptance | (f) | 17,786 | 14,145 | 13,162 |
| Bank overdraft | (g) | 3,710 | 2,883 | 2,169 |
| | | 35,377 | 56,273 | 47,455 |

(a) Term loans

Term Loan 1 of the Group of RM11,969 (2024: RM227,686 and 2023: RM437,008) bears interest at 3.00% (2024 and 2023: 3.00%) per annum and is repayable by monthly instalments of RM18,300 over 5.5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"); and
- (v) corporate guarantee by a company in which certain directors of the Group have interests.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**11. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

Term Loan 2 of the Group of RM7,323,954 (2024: RM9,000,000 and 2023: Nil) bears interest 4.25% (2024: 4.25% and 2023: Nil) per annum and is repayable by monthly instalments of RM92,650 over 5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by a company in which certain directors of the Group have interests.

Term Loan 3 of the Group RM2,963,459 (2024: RM3,926,972 and 2023: RM4,849,953) bears interest at 4.86%(2024 and 2023: 4.86%) per annum and is repayable by monthly instalments of RM186,000 4.5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by a company in which certain directors of the Group have interests.

Term loan 4 of the Group of RM 8,087 (2024: RM 227,687 and 2023: RM 437,008) bears interest at a rate of 3.00% (2024 and 2023: 3.00%) per annum and is secured and supported as follows:

- (i) legal charge over properties of a company in which certain directors of the Group have interests;
- (ii) joint and several guarantee by certain directors of the Group;
- (iii) guarantee by SJPP; and
- (iv) corporate guarantee by companies in which certain directors of the Group have interests.

Term loan 5 of the Group of RM196,973 (2024: RM276,757 and 2023: RM353,771) bears interest at 3.50% (2024 and 2023: 3.50%) per annum and is repayable by monthly instalments of RM7,350 over six years commencing from the day of first drawdown and is secured and supported as follows:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) joint and several guarantee by certain directors of the Group; and
- (iii) guarantee by SJPP.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**11. LOANS AND BORROWINGS (CONTINUED)****(b) Lease liabilities**

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

| | ----- As at 31 December ----- | | |
|---|-------------------------------|------------|---------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Minimum lease payments: | | | |
| - Not later than one year | 224 | 285 | 3,443 |
| - Later than one year and not later than five years | 55 | 160 | 12,837 |
| - More than five years | - | - | 504 |
| | 279 | 445 | 16,784 |
| Less: Future finance charges | (6) | (17) | (1,876) |
| Present value of minimum lease payments | 273 | 428 | 14,908 |
| Present value of minimum lease payments: | | | |
| - Not later than one year | 219 | 271 | 2,796 |
| - Later than one year and not later than five years | 54 | 157 | 11,613 |
| - More than five years | - | - | 499 |
| | 273 | 428 | 14,908 |
| Less: Amount due within twelve months | (219) | (271) | (2,796) |
| Amount due after twelve months | 54 | 157 | 12,112 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**11. LOANS AND BORROWINGS (CONTINUED)****(c) Hire purchase payables**

Hire purchase payables of the Group of RM669,102 (2024: RM412,834 and 2023: RM540,768) bear interest ranging from 2.00% to 3.64% (2024: 2.08% to 3.64% and 2023: 2.08% to 3.55%) per annum and are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 5(b).

| | ----- As at 31 December ----- | | |
|---|-------------------------------|------------|------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Minimum lease payments: | | | |
| - Not later than one year | 245 | 216 | 263 |
| - Later than one year and not later than five years | 345 | 224 | 453 |
| | 590 | 440 | 716 |
| Less: Future finance charges | (49) | (27) | (47) |
| Present value of minimum lease payments | 541 | 413 | 669 |
| Present value of minimum lease payments: | | | |
| - Not later than one year | 213 | 199 | 239 |
| - Later than one year and not later than five years | 328 | 214 | 430 |
| | 541 | 413 | 669 |
| Less: Amount due within twelve months | (213) | (199) | (239) |
| Amount due after twelve months | 328 | 214 | 430 |

(d) Trust receipts

The trust receipts of the Group is secured by way of:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by companies in which certain directors of the Group have interests.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**11. LOANS AND BORROWINGS (CONTINUED)****(e) Revolving credit**

The revolving credit of the Group is secured by way of:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by companies in which certain directors of the Group have interests.

(f) Bankers' acceptance

The bankers' acceptance of the Group is secured by way of:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by companies in which certain directors of the Group have interests.

(g) Bank overdraft

The bank overdraft of the Group is secured by way of:

- (i) pledge of first party fixed deposits as disclosed in Note 8;
- (ii) legal charge over properties of a company in which certain directors of the Group have interests;
- (iii) joint and several guarantee by certain directors of the Group;
- (iv) guarantee by SJPP; and
- (v) corporate guarantee by companies in which certain directors of the Group have interests.

12. DEFERRED TAX LIABILITIES

| | At 1 January 2023 RM'000 | Recognised in profit or loss (Note 19) RM'000 | At 31 December 2023 RM'000 |
|--------------------------------|-----------------------------------|---|-------------------------------------|
| Deferred tax liability: | | | |
| Property, plant and equipment | 719 | 565 | 1,284 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**12. DEFERRED TAX LIABILITIES (CONTINUED)**

| | At 1 January 2024 RM'000 | Recognised in profit or loss (Note 19) RM'000 | At 31 December 2024 RM'000 |
|--------------------------------|-----------------------------------|---|-------------------------------------|
| Deferred tax liability: | | | |
| Property, plant and equipment | 1,284 | (295) | 989 |

| | At 1 January 2025 RM'000 | Recognised in profit or loss (Note 19) RM'000 | At 31 December 2025 RM'000 |
|--------------------------------|-----------------------------------|---|-------------------------------------|
| Deferred tax liability: | | | |
| Property, plant and equipment | 989 | (155) | 834 |

13. TRADE AND OTHER PAYABLES

| | ----- As at 31 December ----- | | |
|---|-------------------------------|----------------|----------------|
| Note | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Current: | | | |
| Trade | | | |
| Trade payables | (a) | | |
| - Third parties | 8,764 | 8,024 | 9,471 |
| - Related parties | 729 | 1,269 | - |
| | 9,493 | 9,293 | 9,471 |
| Non-trade: | | | |
| Other payables | 2,065 | 1,318 | 1,807 |
| Accruals | 2,146 | 2,176 | 2,443 |
| Amount owing to related parties | (b) | 648 | 568 |
| Sales and service tax ("SST") payables | 69 | 79 | 139 |
| Goods and service tax ("GST") payables | 11 | 6 | - |
| | 6,331 | 4,227 | 4,957 |
| Total trade and other payables | 15,824 | 13,520 | 14,428 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**13. TRADE AND OTHER PAYABLES (CONTINUED)****(a) Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 60 days (2024 and 2023: 30 to 60 days).

(b) Amount owing to related parties

Amount owing to related parties is unsecured, non-trade in nature, non-interest bearing, repayable on demand and are expected to be settled in cash.

For explanation on the Group's liquidity risk management processes, refer to Note 22(b)(ii).

14. REVENUE

| | ----- FYE 31 December ----- | | |
|-------------------------------------|-------------------------------|----------------|----------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Revenue from customers: | | | |
| Sale of goods | 137,865 | 160,691 | 175,323 |
| | <u>137,865</u> | <u>160,691</u> | <u>175,323</u> |
| Time of revenue recognition: | | | |
| At a point in time | 137,865 | 160,691 | 175,323 |
| | <u>137,865</u> | <u>160,691</u> | <u>175,323</u> |

15. OTHER INCOME

| | ----- FYE 31 December ----- | | |
|---|-------------------------------|--------------|------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Government grant | 150 | 214 | 104 |
| Net realised foreign exchange gain | - | 104 | 151 |
| Gain on disposal of property, plant and equipment | 160 | 120 | 6 |
| Rental income | 222 | 232 | 222 |
| Insurance compensation | - | 212 | - |
| Gain on lease termination | - | - | 2 |
| Commission income | 96 | 232 | 127 |
| Miscellaneous income | 2 | 2 | 1 |
| | <u>630</u> | <u>1,116</u> | <u>613</u> |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**16. FINANCE INCOME**

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Interest income on short-term deposits, cash and bank balances | 234 | 157 | 124 |

17. FINANCE COSTS

| | ----- FYE 31 December ----- | | |
|--------------------------|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Interest expense on: | | | |
| - Term loans | 170 | 221 | 856 |
| - Lease liabilities | 11 | 11 | 644 |
| - Hire purchase payables | 28 | 22 | 17 |
| - Trust receipts | 4 | 336 | 203 |
| - Bankers' acceptance | 1,009 | 798 | 752 |
| - Bank overdraft | 286 | 155 | 109 |
| | 1,508 | 1,543 | 2,581 |

18. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

| | ----- FYE 31 December ----- | | |
|---|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Auditors' remuneration | | | |
| - statutory audit | | | |
| - Baker Tilly Monteiro Heng PLT | 89 | 89 | 134 |
| - non-statutory audit | | | |
| - Baker Tilly Monteiro Heng PLT | - | - | 60 |
| Bad debts written off | 10 | 11 | 11 |
| Property, plant and equipment written off | - | 12 | 94 |
| Depreciation of property, plant and equipment | 2,153 | 3,315 | 5,563 |
| Incorporation fees | - | - | 4 |
| Expenses related to short-term leases | | | |
| - factory | 1,098 | 1,066 | 855 |
| - building | 1,340 | 1,257 | 93 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**18. PROFIT BEFORE TAX (CONTINUED)**

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax: (continued)

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Directors' remuneration | | | |
| - Salaries and other related costs | 862 | 1,418 | 438 |
| - Defined contribution plan | 125 | 211 | 68 |
| Staff costs | | | |
| - Salaries and other related costs | 10,489 | 14,607 | 15,667 |
| - Defined contribution plan | 964 | 1,278 | 1,413 |
| Net realised foreign exchange loss | 31 | - | - |
| Net unrealised foreign exchange loss | - | 7 | 3 |
| Expenses relating to lease of low value assets | 40 | 43 | 35 |
| Inventories (written back)/written down | (11) | 10 | - |

19. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025 are as follows:

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Combined statements of comprehensive income | | | |
| Current income tax: | | | |
| - Current income tax charge | 2,451 | 5,792 | 10,604 |
| - Adjustment in respect of prior years | (177) | 212 | 91 |
| | 2,274 | 6,004 | 10,695 |
| Deferred tax (Note 12): | | | |
| - Origination/(Reversal) of temporary difference | 659 | (178) | (190) |
| - Adjustment in respect of prior years | (94) | (117) | 35 |
| | 565 | (295) | (155) |
| Income tax expense recognised in profit or loss | 2,839 | 5,709 | 10,540 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**19. INCOME TAX EXPENSE (CONTINUED)**

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated taxable profit for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense are as follows:

| | ----- FYE 31 December ----- | | |
|---|-----------------------------|---------------|---------------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Profit before tax | 12,022 | 22,253 | 41,572 |
| Tax at Malaysian statutory income tax rate of 24% | 2,885 | 5,341 | 9,977 |
| Tax rate differences in other country | * | (4) | (5) |
| Adjustments: | | | |
| SME tax savings | (2) | (27) | (19) |
| Non-taxable income | (6) | (22) | - |
| Non-deductible expenses | 234 | 281 | 435 |
| Utilisation of deferred tax assets previously not recognised | (14) | (15) | (20) |
| Deferred tax not recognised on tax losses and temporary differences | 13 | 60 | 46 |
| Adjustment in respect of current income tax of prior years | (177) | 212 | 91 |
| Adjustment in respect of deferred tax of prior years | (94) | (117) | 35 |
| Income tax expense | 2,839 | 5,709 | 10,540 |

* *Less than RM1,000*

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**20. EARNINGS PER SHARE****Basic earnings per ordinary share**

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Profit attributable to owners of the Group | 9,183 | 16,544 | 31,032 |
| Weighted average number of ordinary shares (000) | 1,861 | 1,861 | 1,961 |
| Basic and diluted EPS (RM) | 4.93 | 8.89 | 15.82 |

Diluted earnings per share

The diluted earnings per ordinary share is not applicable as the Company does not have potential dilutive equity instrument in issue as at the end of each of the financial years that would have a dilutive effect on the basic earnings per ordinary share.

21. DIVIDENDS

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Recognised during the financial year: | | | |
| Dividends on ordinary shares: | | | |
| - Single-tier interim dividend declared for the financial year ended 31 December 2023: RM2 per ordinary share of a combining entity, paid on 15 May 2023 | 300 | - | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM10 per ordinary share of a combining entity, paid on 29 June 2024 | - | 3,000 | - |
| Dividends on ordinary shares, carried forward | 300 | 3,000 | - |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**21. DIVIDENDS (CONTINUED)**

| | ----- FYE 31 December ----- | | |
|---|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Recognised during the financial year: | | | |
| Dividends on ordinary shares, brought forward | 300 | 3,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM13.33 per ordinary share of a combining entity, paid on 28 August 2024 | - | 2,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM10 per ordinary share of a combining entity, paid on 23 September 2024 | - | 3,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM100 per ordinary share of a combining entity, paid on 23 December 2024 | - | 15,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM50 per ordinary share of a combining entity, paid on 23 December 2024 | - | 15,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM33.33 per ordinary share of a combining entity, paid on 31 December 2024 | - | 10,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2024: RM4 per ordinary share of a combining entity, paid on 31 December 2024 | - | 5,000 | - |
| - Single-tier interim dividend declared for the financial year ended 31 December 2025: RM6.67 per ordinary share of a combining entity, paid on 10 April 2025 | - | - | 2,000 |
| Dividends on ordinary shares, carried forward | 300 | 53,000 | 2,000 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**21. DIVIDENDS (CONTINUED)**

| | ----- FYE 31 December ----- | | |
|---|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Recognised during the financial year: | | | |
| Dividends on ordinary shares, brought forward | 300 | 53,000 | 2,000 |
| - Single-tier interim dividend declared for the financial year ended 31 December 2025: RM16.67 per ordinary share of a combining entity, paid on 25 August 2025 | - | - | 5,000 |
| - Single-tier interim dividend declared for the financial year ended 31 December 2025: RM16.67 per ordinary share of a combining entity, paid on 27 November 2025 | - | - | 5,000 |
| - Single-tier interim dividend declared for the financial year ended 31 December 2025: RM1.20 per ordinary share of a combining entity, paid on 29 December 2025 | - | - | 1,500 |
| - Single-tier interim dividend declared for the financial year ended 31 December 2025: RM4 per ordinary share of a combining entity, paid on 29 December 2025 | - | - | 1,000 |
| | 300 | 53,000 | 14,500 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned at amortised cost:

| | Carrying amount RM'000 | Amortised cost RM'000 |
|--|---------------------------------------|--------------------------------------|
| As at 31 December 2023 | | |
| Financial assets | | |
| Trade and other receivables, less prepayments | 59,889 | 59,889 |
| Cash and short-term deposits | 15,403 | 15,403 |
| | 75,292 | 75,292 |
| Financial liabilities | | |
| Loans and borrowings | (35,377) | (35,377) |
| Trade and other payables, less SST and GST payables | (15,744) | (15,744) |
| | (51,121) | (51,121) |
| As at 31 December 2024 | | |
| Financial assets | | |
| Trade and other receivables, less prepayments | 48,569 | 48,569 |
| Cash and short-term deposits | 13,677 | 13,677 |
| | 62,246 | 62,246 |
| Financial liabilities | | |
| Loans and borrowings | (56,273) | (56,273) |
| Trade and other payables, less SST and GST payables | (13,435) | (13,435) |
| | (69,708) | (69,708) |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned at amortised cost: (continued)

| | Carrying amount RM'000 | Amortised cost RM'000 |
|--|---------------------------------------|--------------------------------------|
| As at 31 December 2025 | | |
| Financial assets | | |
| Trade and other receivables, less GST receivables and prepayments | 35,158 | 35,158 |
| Cash and short-term deposits | 23,720 | 23,720 |
| | 58,878 | 58,878 |
| Financial liabilities | | |
| Loans and borrowings | (47,455) | (47,455) |
| Trade and other payables, less SST payables | (14,289) | (14,289) |
| | (61,744) | (61,744) |

(b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)**

The Board of Directors reviews and agrees on the policies and procedures for the management of these risks, which are executed by the Group's key senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of one (1) (2024: two (2) and 2023: two (2)) trade receivables, representing approximately 23% (2024: 33% and 2023: 27%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)**

The information about the credit risk exposure on the Group's trade receivables are as follows:

| | Gross carrying amount at default RM'000 |
|-----------------------------|--|
| At 31 December 2023 | |
| Current | 22,383 |
| 1 - 30 days past due | 3,409 |
| 31 - 60 days past due | 1,719 |
| 61 - 90 days past due | 992 |
| 91 - 120 days past due | 490 |
| More than 120 days past due | 7,154 |
| | <u>36,147</u> |
| At 31 December 2024 | |
| Current | 7,167 |
| 1 - 30 days past due | 8,299 |
| 31 - 60 days past due | 14,217 |
| 61 - 90 days past due | 206 |
| 91 - 120 days past due | 859 |
| More than 120 days past due | 7,171 |
| | <u>37,919</u> |
| At 31 December 2025 | |
| Current | 28,108 |
| 1 - 30 days past due | 2,980 |
| 31 - 60 days past due | 700 |
| 61 - 90 days past due | 568 |
| 91 - 120 days past due | 45 |
| More than 120 days past due | 1,385 |
| | <u>33,786</u> |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than the credit term in making a contractual payment.

As at the end of report date, the Group did not recognise any loss allowance for impairment for other receivables and other financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

| | Carrying amount RM'000 | Contractual cash flows | | Total RM'000 |
|------------------------------|------------------------------|--|--|-----------------|
| | | On demand or within one year RM'000 | Between one and five years RM'000 | |
| 31 December 2023 | | | | |
| Trade and other payables | 15,824 | 15,824 | - | 15,824 |
| Term loans | 6,078 | 1,639 | 5,056 | 6,695 |
| Lease liabilities | 273 | 224 | 55 | 279 |
| Hire purchase payables | 541 | 245 | 345 | 590 |
| Trust receipts | 6,989 | 6,989 | - | 6,989 |
| Bankers' acceptance | 17,786 | 17,786 | - | 17,786 |
| Bank overdraft | 3,710 | 3,710 | - | 3,710 |
| Financial guarantee contract | - | 12,079 | - | 12,079 |
| | 51,201 | 58,496 | 5,456 | 63,952 |
| 31 December 2024 | | | | |
| Trade and other payables | 13,520 | 13,520 | - | 13,520 |
| Term loans | 13,659 | 4,070 | 12,046 | 16,116 |
| Lease liabilities | 428 | 285 | 160 | 445 |
| Hire purchase payables | 413 | 216 | 224 | 440 |
| Trust receipts | 14,745 | 14,745 | - | 14,745 |
| Revolving credit | 10,000 | 10,000 | - | 10,000 |
| Bankers' acceptance | 14,145 | 14,145 | - | 14,145 |
| Bank overdraft | 2,883 | 2,883 | - | 2,883 |
| Financial guarantee contract | - | 11,213 | - | 11,213 |
| | 69,793 | 71,077 | 12,430 | 83,507 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis (continued)

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

| | Carrying amount RM'000 | Contractual cash flows | | | Total RM'000 |
|------------------------------|---------------------------|--|--|-----------------------------------|-----------------|
| | | On demand or within one year RM'000 | Between one and five years RM'000 | More than five years RM'000 | |
| 31 December 2025 | | | | | |
| Trade and other payables | 14,428 | 14,428 | - | - | 14,428 |
| Term loans | 10,504 | 3,444 | 8,668 | - | 12,112 |
| Lease liabilities | 14,908 | 3,443 | 12,837 | 504 | 16,784 |
| Hire purchase payables | 669 | 263 | 453 | - | 716 |
| Trust receipts | 2,043 | 2,043 | - | - | 2,043 |
| Revolving credit | 4,000 | 4,000 | - | - | 4,000 |
| Bankers' acceptance | 13,162 | 13,162 | - | - | 13,162 |
| Bank overdraft | 2,169 | 2,169 | - | - | 2,169 |
| Financial guarantee contract | - | 361 | - | - | 361 |
| | 61,883 | 43,313 | 21,958 | 504 | 65,775 |

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and bank balances that are denominated in a foreign currency).

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|---------|---------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Financial assets and liabilities not held in functional currency: | | | |
| <u>Cash and short-term deposits</u> | | | |
| United States Dollar ("USD") | 10 | 21 | 333 |
| Singapore Dollar ("SGD") | 13 | 35 | 25 |
| New Taiwan Dollar ("TWD") | - | 5 | 4 |
| United Arab Emirates Dirham ("AED") | - | 2 | 2 |
| Indonesian Rupiah ("IDR") | - | - | * |
| Sri Lankan Rupee ("LKR") | - | - | * |
| Philippine Peso ("PHP") | - | 1 | - |
| Chinese Renminbi ("CNY") | - | - | * |
| Euro ("EUR") | 7 | 7 | 32 |
| | 30 | 71 | 396 |
| <u>Trade and other receivables</u> | | | |
| USD | 1,700 | 721 | 269 |
| SGD | 1,151 | 2,365 | 2,606 |
| CNY | 1,019 | 918 | 789 |
| EUR | 1,135 | 1,500 | 682 |
| Brunei Dollar ("BND") | 69 | 69 | - |
| | 5,074 | 5,573 | 4,346 |
| <u>Trade and other payables</u> | | | |
| USD | (1,746) | (361) | (512) |
| SGD | (181) | (416) | (3,072) |
| EUR | (620) | (262) | (769) |
| Thai Baht ("THB") | - | (7) | - |
| CNY | - | - | (246) |
| | (2,547) | (1,046) | (4,599) |

* Less than RM1,000

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**

The Group uses forward foreign exchange contracts to manage foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of the Group. All of the forward foreign exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward contracts are rolled over at maturity.

The notional principal amounts of the Group's outstanding forward foreign exchange contracts are as follows:

| | ----- As at 31 December ----- | | |
|----------------------|-------------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| USD | 1,272 | - | 605 |
| Indian Rupee ("INR") | 107 | - | - |
| CNY | - | 286 | 334 |
| EUR | - | - | 57 |

As at the reporting date, the fair values of the forward foreign exchange contracts were not material to the financial statements. Accordingly, the Group has not recognised any derivative financial instruments in the financial statements.

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates to USD, SGD, TWD, AED, IDR, LKR, EUR, PHP, CNY, BND and THB.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, TWD, AED, IDR, LKR, EUR, PHP, CNY, BND and THB, with all other variables held constant on the Group's total equity and profit for the financial years.

| | Change in rate | Effect on profit and equity for the financial year RM'000 |
|----------------------------|---------------------------|--|
| At 31 December 2023 | | |
| USD | + 10% | (3) |
| | - 10% | 3 |
| SGD | + 10% | 75 |
| | - 10% | (75) |
| EUR | + 10% | 40 |
| | - 10% | (40) |
| BND | + 10% | 5 |
| | - 10% | (5) |
| CNY | + 10% | 77 |
| | - 10% | (77) |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

| | Change in rate | Effect on profit and equity for the financial year RM'000 |
|----------------------------|---------------------------|--|
| At 31 December 2024 | | |
| USD | + 10% | 29 |
| | - 10% | (29) |
| SGD | + 10% | 151 |
| | - 10% | (151) |
| EUR | + 10% | 95 |
| | - 10% | (95) |
| BND | + 10% | 5 |
| | - 10% | (5) |
| CNY | + 10% | 70 |
| | - 10% | (70) |
| TWD | + 10% | * |
| | - 10% | (*) |
| AED | + 10% | * |
| | - 10% | (*) |
| PHP | + 10% | * |
| | - 10% | (*) |
| THB | + 10% | (*) |
| | - 10% | * |

* *Less than RM1,000*

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

| | Change in rate | Effect on profit and equity for the financial year RM'000 |
|----------------------------|-------------------|--|
| At 31 December 2025 | | |
| USD | + 10% | 7 |
| | - 10% | (7) |
| SGD | + 10% | (33) |
| | - 10% | 33 |
| EUR | + 10% | (4) |
| | - 10% | 4 |
| CNY | + 10% | 41 |
| | - 10% | (41) |
| TWD | + 10% | * |
| | - 10% | (*) |
| AED | + 10% | * |
| | - 10% | (*) |
| IDR | + 10% | * |
| | - 10% | (*) |
| LKR | + 10% | * |
| | - 10% | (*) |

* Less than RM1,000

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Interest rate risk (continued)**Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

| | Carrying amount RM'000 | Change in basis point | Effect on profit for the financial year/equity RM'000 |
|-------------------------|------------------------------|--------------------------|---|
| 31 December 2023 | | | |
| Term loans | 6,078 | + 50 | (23) |
| | | - 50 | 23 |
| Bank overdraft | 3,710 | + 50 | (14) |
| | | - 50 | 14 |
| 31 December 2024 | | | |
| Term loans | 13,659 | + 50 | (52) |
| | | - 50 | 52 |
| Bank overdraft | 2,883 | + 50 | (11) |
| | | - 50 | 11 |
| 31 December 2025 | | | |
| Term loans | 10,504 | + 50 | (40) |
| | | - 50 | 40 |
| Bank overdraft | 2,169 | + 50 | (8) |
| | | - 50 | 8 |

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, receivables and payables and short-term borrowings are reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1, Level 2 and Level 3 during the financial years.

13. ACCOUNTANTS' REPORT (CONT'D)

BESTARI FOOD BERHAD

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

| | Carrying amount Total RM'000 | Fair value of financial instruments <-----carried at fair value-----> | | | | Fair value of financial instruments <-----not carried at fair value-----> | | | |
|------------------------------|---------------------------------------|--|-------------------|-------------------|-----------------|--|-------------------|-------------------|-----------------|
| | | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| 31 December 2023 | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Term loans | 6,078 | | | | | | | 6,078 | 6,078 |
| Hire purchase payables | 541 | - | - | - | - | - | - | 541 | 541 |
| 31 December 2024 | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Term loans | 13,659 | | | | | | | 13,659 | 13,659 |
| Hire purchase payables | 413 | - | - | - | - | - | - | 413 | 413 |
| 31 December 2025 | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| Term loans | 10,504 | | | | | | | 10,504 | 10,504 |
| Hire purchase payables | 669 | - | - | - | - | - | - | 669 | 669 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**23. RELATED PARTIES****(a) Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Entities in which directors have financial interests;
- (ii) A person connected to the directors; and
- (iii) Key management personnel of the Group, comprising persons (including directors) who have the authority and responsibility for planning, directing and controlling the Group's activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the combined financial statements are as follows:

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Sales of goods | | | |
| - Entities in which directors have financial interests | 3,337 | 3,367 | 1,698 |
| Purchase of goods | | | |
| - Entities in which directors have financial interests | 201 | 428 | 478 |
| Rental income | | | |
| - Entities in which directors have financial interests | 222 | 222 | 222 |
| Rental expense | | | |
| - Entities in which directors have financial interests | 1,944 | 1,944 | 2,676 |
| - A person connected to the directors | 30 | 30 | 30 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**23. RELATED PARTIES (CONTINUED)****(b) Significant related party transactions (continued)**

| | ----- FYE 31 December ----- | | |
|--|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Management fees | | | |
| - Entities in which directors have financial interests | 9,780 | 9,780 | 2,940 |
| Rental of trucks | | | |
| - Entities in which directors have financial interests | 1,200 | 1,200 | 2,228 |
| Sales of property, plant and equipment | | | |
| - Entities in which directors have financial interests | - | 100 | - |
| Purchase of property, plant and equipment | | | |
| - Entities in which directors have financial interests | 35 | - | - |

(c) Compensation of key management personnel

| | ----- FYE 31 December ----- | | |
|----------------------------------|-----------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Salaries and other related costs | 862 | 1,418 | 569 |
| Defined contribution plan | 125 | 211 | 84 |
| | 987 | 1,629 | 653 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL GUARANTEES**

| | ----- As at 31 December ----- | | |
|--|-------------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Unsecured: | | | |
| Corporate guarantee given to banks for credit facilities granted to companies which certain directors have common interests | 12,079 | 11,213 | 361 |
| | 12,079 | 11,213 | 361 |

25. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and processes during financial years ended 31 December 2023, 31 December 2024 and 31 December 2025.

The Group monitors capital using the gearing ratio, which is calculated as total debts (excluding lease liabilities) divided by total equity of the Company. The gearing ratio as at 31 December 2023, 31 December 2024 and 31 December 2025 are as follows:

| | ----- As at 31 December ----- | | |
|---|-------------------------------|----------------|----------------|
| | 2023 RM'000 | 2024 RM'000 | 2025 RM'000 |
| Loans and borrowings, less lease liabilities | 35,104 | 55,845 | 32,547 |
| Total equity | 62,685 | 26,193 | 42,687 |
| Gearing ratio (times) | 0.56 | 2.13 | 0.76 |

There were no changes in the Group's approach to its capital management during the financial years under review.

The Group is not subject to externally imposed capital requirement.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**26. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEARS****(a) Declaration of dividends to shareholders**

- (i) On 2 March 2026, Bestari Sales declared second single-tier interim dividend of RM6.00 per ordinary share in respect of the financial year ended 31 December 2025 amounting to RM1,500,000 and paid on 5 March 2026.
- (ii) On 2 March 2026, Synerchem Food Processing declared fourth single-tier interim dividend of RM18.33 per ordinary share in respect of the financial year ended 31 December 2025 amounting to RM5,500,000 and paid on 5 March 2026.
- (iii) On 2 March 2026, Synerchem Ingredients declared first single-tier interim dividend of RM1.20 per ordinary share in respect of the financial year ended 31 December 2026 amounting to RM1,500,000 and paid on 18 March 2026.

(b) Proposed acquisitions of subsidiaries

On 10 April 2026, the Company entered into conditional share sale agreements with the shareholders for the proposed acquisition of the following companies pursuant to the proposed listing:

(i) Proposed acquisition of Bestari Sales

The issuance of 27,552,200 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Bestari Sales & Marketing Sdn. Bhd..

(ii) Proposed acquisition of Synerchem Food Processing

The issuance of 226,358,600 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Synerchem Food Processing Industry Sdn. Bhd..

(iii) Proposed acquisition of Synerchem Ingredients

The issuance of 82,737,700 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Synerchem Ingredients Sdn. Bhd..

(iv) Proposed acquisition of Synerchem Engineering

The issuance of 36,280,800 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Synerchem Engineering Sdn. Bhd..

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**26. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEARS (CONTINUED)****(b) Proposed acquisitions of subsidiaries (continued)****(v) Proposed acquisition of Synerchem Services**

The issuance of 100 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Synerchem Services Sdn. Bhd..

(vi) Proposed acquisition of Synerchem (S)

The issuance of 100 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Synerchem (S) Pte. Ltd..

(vii) Proposed acquisition of Bestari (S)

The issuance of 100 new ordinary shares of the Company at an issue price of RM0.10 per share for the acquisition of the entire issued share capital of Bestari (S) Pte. Ltd..

27. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

| Segments | Products/Services |
|-----------------|---|
| Production | Food premixes such as seasoned flour premixes, seasoning premixes and other food base premixes. |
| Supply | Food ingredients, food processing and production equipment and other related products and services. |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**27. SEGMENT INFORMATION (CONTINUED)**

Inter-segment pricing is determined on negotiated basis.

Factors used to identify reportable segments

The Group is organised into business units based on its business segment purposes.

Segment profit

Segment performance is used to measure performance as Directors believe that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the combined financial statements.

Segment assets

The total of segment assets is measured based on all of a segment, as included in the internal reports that are reviewed by the Directors.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Directors, hence no disclosures are made on segment liabilities.

| | Production segment RM'000 | Supply segment RM'000 | Total RM'000 |
|---------------------------------|--|--------------------------------------|-------------------------|
| 31 December 2023 | | | |
| Revenue: | | | |
| Revenue from external customers | 104,378 | 33,487 | 137,865 |
| Segment profit | 42,810 | 6,104 | 48,914 |
| Other income | | | 630 |
| Finance income | | | 234 |
| Unallocated expenses | | | (36,248) |
| Finance costs | | | (1,508) |
| Income tax expense | | | (2,839) |
| Profit for the financial year | | | 9,183 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**27. SEGMENT INFORMATION (CONTINUED)**

| | Production segment RM'000 | Supply segment RM'000 | Total RM'000 |
|---------------------------------|--|--------------------------------------|-------------------------|
| 31 December 2024 | | | |
| Revenue: | | | |
| Revenue from external customers | 126,971 | 33,720 | 160,691 |
| Segment profit | 56,628 | 6,909 | 63,537 |
| Other income | | | 1,116 |
| Finance income | | | 157 |
| Unallocated expenses | | | (41,014) |
| Finance costs | | | (1,543) |
| Income tax expense | | | (5,709) |
| Profit for the financial year | | | 16,544 |
| | | | |
| | Production segment RM'000 | Supply segment RM'000 | Total RM'000 |
| 31 December 2025 | | | |
| Revenue: | | | |
| Revenue from external customers | 143,378 | 31,945 | 175,323 |
| Segment profit | 72,667 | 9,319 | 81,986 |
| Other income | | | 613 |
| Finance income | | | 124 |
| Unallocated expenses | | | (38,570) |
| Finance costs | | | (2,581) |
| Income tax expense | | | (10,540) |
| Profit for the financial year | | | 31,032 |

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**27. SEGMENT INFORMATION (CONTINUED)**Geographical information

Revenue and non-current assets information based on geographical location of customers are as follows:

| | Revenue RM'000 | Non-current assets RM'000 |
|-------------------------|-------------------|---------------------------------|
| 31 December 2023 | | |
| Malaysia | 133,028 | 14,352 |
| Singapore | 2,745 | 97 |
| Brunei | 1,969 | - |
| Others * | 123 | - |
| | 137,865 | 14,449 |
| 31 December 2024 | | |
| Malaysia | 156,275 | 12,034 |
| Singapore | 2,523 | 178 |
| Brunei | 1,786 | - |
| Others * | 107 | - |
| | 160,691 | 12,212 |
| 31 December 2025 | | |
| Malaysia | 169,691 | 24,588 |
| Singapore | 3,134 | 81 |
| Brunei | 1,714 | - |
| Others * | 784 | - |
| | 175,323 | 24,669 |

* Includes Cambodia, Bangladesh, China, Hong Kong, Indonesia, Ireland, Pakistan, Saudi Arabia and Sri Lanka.

13. ACCOUNTANTS' REPORT (CONT'D)**BESTARI FOOD BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. SEGMENT INFORMATION (CONTINUED)**Information about major customers

Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

| | ----- As at 31 December ----- | | |
|------------|-------------------------------|--------|--------|
| | 2023 | 2024 | 2025 |
| | RM'000 | RM'000 | RM'000 |
| Customer A | 27,346 | 34,434 | 39,641 |