



**UNAUDITED INTERIM FINANCIAL REPORT
THIRD QUARTER PERIOD ENDED 31 MARCH 2025**

LIFE WATER BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.03.2025 RM'000	31.03.2024 ⁽²⁾ RM'000	31.03.2025 RM'000	31.03.2024 ⁽²⁾ RM'000
Revenue		43,117	N/A	128,416	N/A
Cost of sales		(23,602)	N/A	(67,680)	N/A
Gross profit		19,515	N/A	60,736	N/A
Other income		1,246	N/A	2,912	N/A
Net movement on impairment of financial instruments		(34)	N/A	(91)	N/A
Selling and distribution expenses		(7,645)	N/A	(22,952)	N/A
Administrative expenses ⁽³⁾		(3,830)	N/A	(11,155)	N/A
Finance costs		(1,142)	N/A	(3,496)	N/A
Profit before tax	27	8,110	N/A	25,954	N/A
Income tax expense	20	(1,628)	N/A	(4,985)	N/A
Profit for the financial period, representing total comprehensive income for the financial period		6,482	N/A	20,969	N/A
Profit attributable to the owners of the Company		6,482	N/A	20,969	N/A
Total comprehensive income attributable to owners of the Company		6,482	N/A	20,969	N/A
Earnings per share attributable to the owners of the Company					
Basic and diluted (sen) ⁽⁴⁾	26	1.37	N/A	4.43	N/A

Notes:

N/A – Not Applicable

- The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is prepared based on the consolidated results of Life Water Berhad and its subsidiaries for the period ended 31 March 2025. The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the prospectus of Life Water Berhad dated 22 October 2024 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
- This is the third financial report announced in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report is prepared for the comparative financial period concerned.
- Administrative expenses included one-off initial public offering ("**IPO**") expenses of RM0.04 million and RM0.95 million incurred during the individual and cumulative quarter ended 31 March 2025 respectively. The normalized result excluding the one-off expenses are disclosed in Note 16.
- Basic and diluted earnings per share is calculated based on the Company's issued share capital of 473,179,500 ordinary shares as at 31 March 2025.

LIFE WATER BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED / COMBINED STATEMENTS OF FINANCIAL POSITION⁽¹⁾**

	Note	Unaudited As at 31.03.2025 RM'000	Audited As at 30.6.2024 ⁽²⁾ RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		81,313	72,628
Right-of-use assets		55,123	53,542
Investment properties		21,331	21,611
Deferred tax assets		184	73
		157,951	147,854
Current assets			
Inventories		31,217	20,641
Trade and other receivables		26,876	22,995
Current tax assets		2,357	1,479
Return assets		160	149
Short term funds		89,263	33,496
Cash and bank balances		11,242	16,465
		161,115	95,225
TOTAL ASSETS		319,066	243,079
EQUITY AND LIABILITIES			
Equity			
Invested equity ⁽²⁾		-	6,700
Share capital		154,620	-
Merger reserves		(87,204)	-
Retained earnings		132,283	115,314
TOTAL EQUITY		199,699	122,014
LIABILITIES			
Non-current liabilities			
Borrowings	23	83,615	84,635
Lease liabilities		3,275	3,384
Deferred tax liabilities		4,214	3,818
		91,104	91,837
Current liabilities			
Trade and other payables		7,763	8,890
Borrowings	23	18,088	18,702
Lease liabilities		828	1,147
Refund liabilities		206	193
Current tax liabilities		1,378	296
		28,263	29,228
TOTAL LIABILITIES		119,367	121,065
TOTAL EQUITY AND LIABILITIES		319,066	243,079
Net assets per share (RM)		0.42 ⁽³⁾	18.21 ⁽²⁾

LIFE WATER BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED / COMBINED STATEMENTS OF FINANCIAL POSITION⁽¹⁾ (CONTINUED)****Notes:**

N/A – Not Applicable

1. The Unaudited Condensed Consolidated / Combined Statements of Financial Position is prepared based on the consolidated results of Life Water Berhad and subsidiaries for the period ended 31 March 2025. The basis of preparation of the Unaudited Condensed Consolidated / Combined Statements of Financial Position is disclosed in Note 1 and should be read in conjunction with the Accountants' Report included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
2. For the purpose of this combined interim financial report, the invested equity as of 30 June 2024 is the aggregate of the share capital of 6,700,200 ordinary shares of Life Water Berhad and its combining entities.
3. Net assets per ordinary share is calculated based on the Company's issued share capital of 473,179,500 ordinary shares as at 31 March 2025.

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED / COMBINED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾

	Note	Share capital RM'000	Merger reserve RM'000	<i>Distributable (Accumulated losses) / Retained earnings</i> RM'000	Equity attributable to the owners of the Company RM'000
Unaudited					
Balance as at 1 July 2024			-	(1,665)	(1,665)
Adjustments for acquisitions	11	93,904	(87,204)	116,979	123,679
Balance as at 25 September 2024		93,904	(87,204)	115,314	122,014
Profit (representing total comprehensive income) for the financial period		-	-	20,969	20,969
New shares issued by the Company for the public issue		63,416	-	-	63,416
New shares issuance expenses for the public issue		(2,700)	-	-	(2,700)
Dividends		-		(4,000)	(4,000)
Balance as at 31 March 2025		154,620	(87,204)	132,283	199,699

Notes:

* *Less than RM1,000*

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

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾

	As at 31.03.2025 RM'000	As at 31.03.2024 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,954	N/A
Adjustments for:		
Inventories written off	79	N/A
Bad debts written off	2	N/A
Depreciation of investment properties	280	N/A
Depreciation of right-of-use assets	1,741	N/A
Depreciation of property, plant and equipment	7,848	N/A
Finance costs	3,496	N/A
Interest income	(1,170)	N/A
Dividend income	(2)	N/A
Gain on disposal of plant and equipment	(10)	N/A
Property, plant and equipment written off	64	N/A
Fair value gain on short term funds	(554)	N/A
Impairment loss on trade receivables	91	N/A
Operating profit before changes in working capital	37,819	N/A
Changes in working capital		
Inventories	(10,655)	N/A
Trade and other receivables	(3,958)	N/A
Trade and other payables	(1,163)	N/A
Return assets	(11)	N/A
Refund liabilities	13	N/A
Cash generated from operations	22,045	N/A
Interest received	185	N/A
Dividend received	2	N/A
Tax paid	(4,496)	N/A
Net cash from operating activities	17,736	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,434)	N/A
Purchase of right-of-use assets	(3,485)	N/A
Proceeds from disposal of plant and equipment	10	N/A
Net placement of short term funds	(54,256)	N/A
Net cash used in investing activities	(74,165)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of banker's acceptances	910	N/A
Net repayment of term loans	(8,300)	N/A
Net repayment of lease liabilities	(432)	N/A
Interest paid	2,178	N/A
Government grant received	148	N/A
Proceeds from share issuance	60,716	N/A
Dividends paid to shareholders	(4,000)	N/A
Net cash generated from financing activities	51,220	N/A
Net decrease in cash and cash equivalents	(5,209)	N/A
Effects of exchange rate changes on cash and cash equivalents	-	N/A
Cash and cash equivalents at beginning of financial period	14,743	N/A
Cash and cash equivalents at end of financial period	9,534	N/A

LIFE WATER BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾ (CONTINUED)**

	As at 31.03.2025 RM'000	As at 31.03.2024 ⁽²⁾ RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	9,534	N/A
Fixed deposits with licensed banks	1,708	N/A
	<u>11,242</u>	<u>N/A</u>
Less: Fixed deposits pledged	(1,708)	N/A
Cash and cash equivalents included in the consolidated statements of cash flows	<u><u>9,534</u></u>	<u><u>N/A</u></u>

Notes:

N/A – Not Applicable

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

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

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

1. Basis of Preparation

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

This interim financial report on the Company’s unaudited condensed consolidated financial results for the third quarter ended 31 March 2025 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

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

The interim financial report is presented in Ringgit Malaysia (“**RM**”) and all values are rounded to the nearest thousand (“**RM’000**”) except when otherwise indicated

2. Basis of Accounting

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

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

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

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

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

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

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

LIFE WATER BERHAD

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

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

3. Declaration on Audit Qualification

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

4. Seasonal or Cyclicity of Operations

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

5. Items of Unusual Nature, Size or Incidence

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

6. Material changes in Accounting Estimates

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

7. Debt and Equity Securities

	Note	Number of ordinary shares	Amount RM'000
Issued share capital			
As at 1 July 2024		500	*
Adjustments for acquisitions	21	375,616,000	93,904
Public Issue	21	97,563,000	63,416
New shares issuance expenses	21	-	(2,700)
As at 31 March 2025		<u>473,179,500</u>	<u>154,620</u>

* Less than RM1,000

8. Dividends Paid

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

9. Segmental Information

9.1 Business segment

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

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

LIFE WATER BERHAD

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

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

9. Segmental Information (con't)

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

9.3 Geographical information.

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

9.4 Major customer

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

10. Valuation of Property, Plant and Equipment

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

11. Material Subsequent Events

Save as disclosed in Note 21, there was no material event subsequent to the end of the financial quarter.

12. Changes in the Composition of The Group

Save for the Acquisitions as disclosed in Note 21, there were no other material changes in the composition of the Group for the current financial quarter and period under review.

13. Contingent Assets and Contingent Liabilities

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

14. Capital Commitment

Save as disclosed below, there were no capital commitments:

	As At
	31.03.2025
	RM'000
Capital expenditure in respect of purchase of property, plant, and equipment	
Approved and contracted for	18,573
Approved but not contracted for	58,206
	<u>76,779</u>

15. Related Party Transaction

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

LIFE WATER BERHAD

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

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

16. Review of Performance

	Individual Quarter		Cumulative Quarter	
	31.03.2025 RM'000	31.03.2024 RM'000	31.03.2025 RM'000	31.03.2024 RM'000
Revenue	43,117	N/A	128,416	N/A
Gross profit ("GP")	19,515	N/A	60,736	N/A
Profit before tax ("PBT")	8,110	N/A	25,954	N/A
Profit after tax ("PAT")	6,482	N/A	20,969	N/A
GP margin (%)	45.26%	N/A	47.29%	N/A
PBT margin (%)	18.81%	N/A	20.21%	N/A
PAT margin (%)	15.03%	N/A	16.33%	N/A

Notes:-

N/A – Not Applicable

- This interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 31 March 2025 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter and year-to-date available as no interim financial report is prepared for the comparative financial period concerned.

Current quarter

The Group achieved a revenue of RM43.12 million for the current quarter ended 31 March 2025. Of this, RM43.07 million, or 99.90%, came from the manufacture of beverages. Revenue from other products contributed RM0.05 million, or 0.10%.

Within the beverages segment, drinking water was the largest revenue contributor, accounting for RM35.61 million, or 82.59% of total revenue. Carbonated drinks generated RM7.33 million, or 17.00% of total revenue. Fruit drinks contributed RM0.13 million, or 0.31% of total revenue. The remainder of RM0.05 million, or 0.10% was contributed by sales of plastic bottles and containers.

Material costs represented the largest share of cost of sales, making up 67.16% (RM15.85 million). Direct overhead costs accounted for 23.35% (RM5.51 million), while direct labor costs contributed 9.49% (RM2.24 million).

For the quarter ended 31 March 2025, the Group recorded a GP of RM19.52 million, with a GP profit margin of 45.26%. PBT was RM8.11 million, with a PBT margin of 18.81%. PAT was RM6.48 million, with a PAT margin of 15.03%.

Cumulative quarter (9 months)

The Group achieved a revenue of RM128.42 million for the 9-months financial period ended 31 March 2025. Of this, RM128.26 million, or 99.88%, came from the manufacture of beverages. Revenue from other products contributed RM0.16 million, or 0.12%.

Within the beverages segment, drinking water was the largest revenue contributor, accounting for RM107.87 million, or 84.00% of total revenue. Carbonated drinks generated RM20.11 million, or 15.66% of total revenue. Fruit drinks contributed RM0.28 million, or 0.22% of total revenue. The remainder of RM0.16 million, or 0.12% was contributed by sales of plastic bottles and containers.

Material costs represented the largest share of cost of sales, making up 66.05% (RM44.70 million). Direct overhead costs accounted for 24.76% (RM16.76 million), while direct labor costs contributed 9.19% (RM6.22 million).

For the 9-months financial period ended 31 March 2025, the Group recorded a GP of RM60.73 million, with a GP margin of 47.29%. PBT was RM25.95 million, with a PBT margin of 20.21%. PAT was RM20.21 million, with a PAT margin of 16.33%.

LIFE WATER BERHAD

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

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

17. Comparison with immediate preceding quarter's results

	Individual Quarter		Movement	
	31.03.2025	31.12.2024	RM'000	%
Revenue	43,117	42,713	404	0.95%
Gross profit ("GP")	19,515	20,922	(1,407)	-6.72%
Profit before tax ("PBT")	8,110	8,883	(773)	-8.70%
Profit after tax ("PAT")	6,482	6,991	(509)	-7.28%
GP margin (%)	45.26%	48.98%		-3.72%
Effective tax rate (%)	20.07%	21.30%		-1.23%
PBT margin (%)	18.81%	20.80%		-1.99%
PAT margin (%)	15.03%	16.37%		-1.34%

The Group's revenue increased by 0.95% or RM0.40 million from RM42.71 million in immediate preceding quarter to RM43.12 million in current financial quarter. This was due to increase in revenue from sales of carbonated drinks and fruit drinks during festive season.

The Group's GP declined by 6.72% or RM1.40 million, from RM20.92 million in the immediate preceding quarter to RM19.52 million in the current financial quarter. The GP margin also reduced from 48.98% to 45.26% over the same period. This decline was partly attributable to the implementation of the minimum wage policy during the current quarter, the cost of which could not be immediately passed on to customers. Additionally, the Group's rapid expansion and ongoing upgrading plans temporarily impacted operational efficiency, further contributing to the lower GP and margin.

The Group's PBT declined by 8.70% or RM0.77 million, from RM8.88 million in the immediate preceding quarter to RM8.11 million in the current financial quarter. This decline was primarily driven by the increase in cost of sales, which rose by 8.70%, outpacing the modest 0.95% growth in revenue. The resulting compression in gross profit significantly contributed to the lower PBT.

Correspondingly, the Group's PAT decreased by 7.28% or RM0.51 million in current financial quarter and our PAT margin decreased from 16.37% immediate preceding quarter to 15.03% in current financial quarter.

18. Prospects and Outlook for the Current Financial Year

The Group new Keningau plant which commenced operations in early 2025, adding 59 million liters in annual production capacity, bringing the Group's total drinking water capacity to 448 million liters per annum. In line with its expansion strategy, the Group is currently commissioning a new manufacturing line at its Sandakan Sibuga Plant 1, which is expected to begin operations in the second half of 2025. Upon completion, this line will contribute an additional 178 million litres in capacity, raising the Group's total annual production capacity to 626 million litres. This 40% uplift in production output positions Life Water to capitalise on anticipated demand growth in East Malaysia, driven by demographic expansion, rising consumer income levels, and the ongoing tourism recovery. Both expansions are funded through IPO proceeds and are aimed at strengthening production scalability, improving distribution efficiency, and supporting the Group's growth in regional demand.

To further optimize production capabilities, the Group is investing in two PET Preform Injection machines at its KK IZ8 Plant, partially funded by IPO proceeds. The first unit commenced operations in the first quarter of 2025, with the second unit is slated to begin operations in the second half of the year. Notably, the second machine is specifically designed to produce larger-sized preforms for 5.7-litre bottles (currently sourced externally) and a new 10-litre bottles SKU, marking an expansion in the Group's product range in the near future. This strategic investment will enhance in-house bottle production, ensuring a consistent supply of high-quality preforms particularly for larger volume bottles, while reducing reliance on external suppliers. By streamlining costs and improving production efficiency, the PET machines are expected to contribute positively to the Group's margins and support the growing demand from the Keningau and Sandakan Sibuga plants.

The Group has entered into a Share Sale Agreement ("SSA") to acquire 100% equity interest in Twinine Sdn Bhd, a sauces and condiments manufacturer with an established track record of profitability. The acquisition enables the Group to expand into an adjacent FMCG segment while leveraging Life Water's existing distribution network to accelerate market penetration. To support long-term growth, the Group also plans to explore the development of a new manufacturing facility for Twinine at the Kota Kinabalu Industrial Park. This acquisition is expected to contribute positively to Group earnings and create synergistic opportunities in production and distribution.

LIFE WATER BERHAD

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

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

18. Prospects and Outlook for the Current Financial Year (Con't)

Meanwhile, the Tawau Distribution Centre remains in development and is expected to enhance delivery capabilities in East Malaysia.

Management remains cautiously optimistic on the outlook. With its increased production capacity and product offerings, the Group expects the drinking water segment to remain the key revenue driver over the next 1–2 years, while the recently acquired sauces and condiments segment is positioned to contribute progressively as integration efforts advance.

Importantly, Malaysia is expected to see continued growth in consumer spending throughout 2025, with real household spending forecasted to increase by 5.2% year-on-year (Source: BMI Country Risk & Industry Research). This positive trend is supported by a 1.06% population increase since 2023, which is driving demand in the F&B sector. Sales of manufactured beverages have also grown by 23% since 2021 (Source: Department of Statistics Malaysia), and Sabah's 8.8% compound annual growth rate (CAGR) in mean monthly household income between 2020 and 2022, is expected to bolster consumer spending. Additionally, the ongoing recovery in Sabah's tourism sector, with a 20.4% increase in tourist arrivals from 2023 to 2024 (Source: Sabah Tourism Board), is set to drive higher demand for the Group's beverage offerings.

Despite anticipated upward pressure on operating costs, including minimum wage adjustments, the Group intends to mitigate these impacts through pricing strategies and production efficiencies. Supported by clear fundamentals, operational momentum, and an expanding product portfolio, Life Water is focused on sustaining earnings growth and enhancing long-term shareholder value.

19. Variance of Actual Profit Forecast Profit

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

20. Tax Expenses

	Individual Period		Cumulative Period	
	31.03.2025	31.03.2024 ⁽¹⁾	31.03.2025	31.03.2024 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Current year tax expenses	1,432	N/A	4,700	N/A
Deferred tax	196	N/A	285	N/A
	<u>1,628</u>	<u>N/A</u>	<u>4,985</u>	<u>N/A</u>
Effective tax rate ⁽²⁾ (%)	20.07	N/A	19.21	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

N/A – Not applicable.

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

LIFE WATER BERHAD

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

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

21. Status of Corporate Proposals

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

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

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

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

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

21. Status of Corporate Proposals (Con't)

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

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

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

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

The listing of and quotation for the entire enlarged issued share of the Company on the Main Market of Bursa Securities was completed on 13 November 2024. At an IPO price of RM0.65 per share, the enlarged issued shares of the Company arising from the IPO were 473,179,500 shares equivalent to RM63.42 million before adjusting for the shares issuance expenses pursuant to the initial public offering of RM2.70 million.

21.3 On 28 May 2025, the Company entered into a Share Sale Agreement ("**SSA**") with Mdm. Wong Yoke Sim and Mr. Wong Khai Keong to acquire 100% equity interest in Twinine Sdn. Bhd., for a total cash consideration of RM10,500,000.

Twinine Sdn. Bhd. is principally involved in the processing, supply, and retail of soya sauce, oyster sauce, chili paste, and tomato paste.

The proposed acquisition is expected to enhance the Group's product portfolio and expand its presence in the local and regional condiments market. The acquisition will be funded through internally generated funds and is subject to the fulfillment of conditions precedent as stipulated in the SSA.

The acquisition is not expected to have any material effect on the Group's share capital and substantial shareholders' shareholdings. However, it is expected to contribute positively to the Group's future earnings.

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed within three (3) months (i.e. 27 August 2025) upon the full settlement of the purchase consideration.

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

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

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

22. Utilisation of Proceeds from IPO

Further to the completion of the IPO on 13 November 2024, the Group raised gross proceeds of approximately RM63.42 million from the IPO via Public Issue. As at 31 March 2025, RM29.25 million of the total proceeds raised has been utilised as follow:

Details of utilisation	Estimated Timeframe for the utilisation upon listing ⁽¹⁾	Proposed Utilisation	Actual Utilisation	Balance Unutilised
		RM'000	RM'000	RM'000
Purchase PET injection moulding machine	Within 2 months	5,000	5,000	-
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	Within 9 months	19,000	14,041	4,959
Set up an automated warehouse racking system in KK IZ8 Plant 1	Within 14 months	4,606	-	4,606
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	Within 32 months	12,000	-	12,000
Set-up third distribution centre in Sandakan	Within 39 months	12,600	-	12,600
Working capital	Within 3 months	4,210	4,210	-
Estimated listing expenses ⁽²⁾	Within 3 months	6,000	6,000	-
Total		63,416	29,251	34,165

Notes:

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Company's Prospectus

23. Material Litigations

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

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

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

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

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

LIFE WATER BERHAD

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

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

24. Material Litigations (Con't)

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

24.1 Green Borneo Industries Sdn Bhd -v- Leasing Logistics (E.M.) Sdn Bhd and Ting Ka Hing (con't)

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

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

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

On 14 January 2025, the Court granted the Plaintiff's application to garnish the Defendants' bank accounts at Malayan Banking Berhad, Public Bank Berhad and Hong Leong Bank Berhad. Thus, a total amount of RM72,214.83 has been ordered to be paid to the Plaintiff.

On 10 February 2025, the Plaintiff filed a Praecipe for Writ of Possession and a Writ of Possession with the Kota Kinabalu Sessions Court (Application for Execution No. BKI-56WP-1-2/2025) against the Defendant for the Bailiff to enter and handover possession of Lot 49 and Lot 50 to the Plaintiff.

On 4 March 2025, the Bailiff executed the Writ and delivered possession of Lot 49 and Lot 50 to the Plaintiff. Accordingly, from 4 March 2025 onwards, Lot 49 and Lot 50 have been, and remain, in the Plaintiff's possession.

On 6 March 2025, upon successful negotiations, the Defendant paid a sum of RM537,729.17 in settlement of the remaining outstanding sum and a sum of RM95,015.31 as reimbursement for the legal fees and costs incurred by the Plaintiff in connection with Suit No.: BKI-A52NCvC-69-4/2024 and Application for Execution No. BKI-56WP-1-2/2025.

Accordingly, no further action will be taken in Suit No. BKI-A52NCvC-69-4/2024 and Application for Execution No. BKI-56WP-1-2/2025, and both matters are now concluded.

25. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter.

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)

LIFE WATER BERHAD

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

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2025	31.03.2024 ⁽¹⁾	31.03.2025	31.03.2024 ⁽¹⁾
Profit attributable to the owners of the Company (RM'000)	6,482	N/A	20,969	N/A
Number of ordinary shares ('000)	473,180	N/A	473,180	N/A
Basic and diluted earnings per share (sen) ⁽²⁾	1.37	N/A	4.43	N/A

Notes:

N/A – Not Applicable

1. This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third quarter ended 31 March 2025 announced in compliance with Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.
2. Diluted earnings per ordinary share equals basic per ordinary share as there were no dilutive potential ordinary shares.

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

Profit before tax is arrived at:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2025 RM'000	31.03.2024 ⁽¹⁾ RM'000	31.03.2025 RM'000	31.03.2024 ⁽¹⁾ RM'000
After charging / (crediting):				
Bad debts (recovery) / written off	(2)	N/A	2	N/A
Impairment loss on trade receivables	34	N/A	91	N/A
Depreciation of:				
- Property, plant and equipment	2,818	N/A	7,848	N/A
- Investment properties	93	N/A	280	N/A
- Right-of-use assets	565	N/A	1,741	N/A
Fair value gain on short term fund	(393)	N/A	(554)	N/A
Interest expenses on:				
- lease liabilities	57	N/A	163	N/A
- borrowings	1,084	N/A	3,333	N/A
Inventories written off	23	N/A	79	N/A
Interest income	(450)	N/A	(1,170)	N/A
Dividend income	(1)	N/A	(2)	N/A
Gain on disposal of plant and equipment	-	N/A	(10)	N/A
Realised loss on foreign exchange	20	N/A	22	N/A
Property, plant and equipment written off	-	N/A	64	N/A

LIFE WATER BERHAD

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

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**27. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income (Con't)****Notes:**

N/A – Not Applicable

1. This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 31 March 2025 announced in compliance with Listing requirements and as such, there are no comparative figures for the preceding year's corresponding period.

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 28 May 2025.

(THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK)