

12. ACCOUNTANTS' REPORT



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10050 Penang
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The Board of Directors
BWYS Group Berhad
Lot 1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12
14200 Sungai Bakap
Pulau Pinang

Date: 29 September 2023

Our ref: KTH/CMY/tchwa

Dear Sir/Madam

Reporting Accountants' Opinion on the Combined Financial Information Contained in the Accountants' Report ("this report") of BWYS Group Berhad ("BWYS" or "the Company")

Opinion

We have audited the combined financial information of BWYS and its combining entities as defined in Note 2 (collectively referred to as the "Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 of the Group, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Combined Financial Statements").

The combined financial statements have been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is given for the purposes of complying with the ACE Market Listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad, the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022, and of their financial performance and their cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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.

12. ACCOUNTANTS' REPORT (*cont'd*)



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.

Directors’ Responsibility for the Combined Financial Statements

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

In preparing the combined financial statements, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

12. ACCOUNTANTS' REPORT (cont'd)



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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report has been prepared solely to comply with the Listing Requirements and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. As such, this report should not be used for any other purpose without our prior written consent. We do not assume responsibility to any other person for the content of this report.

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

Koay Theam Hock
02141/04/2025 J
Chartered Accountant

Penang
Dated: 29 September 2023

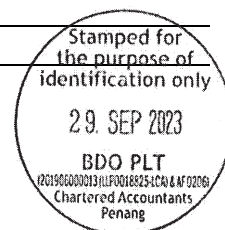
12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT**COMBINED STATEMENTS OF FINANCIAL POSITION**

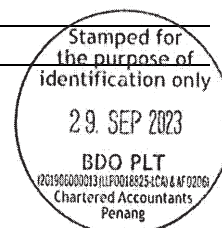
The audited combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	6	79,797	123,595	130,293
Right-of-use assets	7	14,928	16,486	18,830
Other investments	8	10,154	10,263	-
		<u>104,879</u>	<u>150,344</u>	<u>149,123</u>
Current assets				
Inventories	9	43,791	95,005	86,227
Trade and other receivables	10	43,463	56,212	45,495
Current tax assets		635	1,044	3,085
Cash and bank balances	11	5,649	23,848	14,827
		<u>93,538</u>	<u>176,109</u>	<u>149,634</u>
TOTAL ASSETS		<u>198,417</u>	<u>326,453</u>	<u>298,757</u>
EQUITY AND LIABILITIES				
Equity attributable to the common controlling shareholders of the Group				
Invested equity	12	7,988	7,988	7,988
Reserves	13	75,106	98,318	110,694
		<u>83,094</u>	<u>106,306</u>	<u>118,682</u>
Non-controlling interests		349	-	-
TOTAL EQUITY		<u>83,443</u>	<u>106,306</u>	<u>118,682</u>
LIABILITIES				
Non-current liabilities				
Other payables	14	4,069	4,069	-
Borrowings	15	42,893	69,136	63,228
Lease liabilities	7	3,079	3,665	4,707
Deferred tax liabilities	16	1,196	2,463	5,384
		<u>51,237</u>	<u>79,333</u>	<u>73,319</u>
Current liabilities				
Trade and other payables	14	28,026	58,767	34,593
Borrowings	15	34,563	78,904	65,886
Lease liabilities	7	1,127	1,521	2,401
Provision	17	-	1,474	1,474
Current tax liabilities		21	148	2,402
		<u>63,737</u>	<u>140,814</u>	<u>106,756</u>
TOTAL LIABILITIES		<u>114,974</u>	<u>220,147</u>	<u>180,075</u>
TOTAL EQUITY AND LIABILITIES		<u>198,417</u>	<u>326,453</u>	<u>298,757</u>



12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

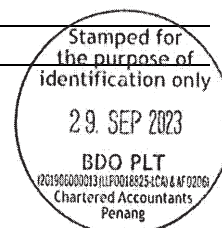
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	18	130,864	222,435	236,231
Cost of sales		(105,607)	(170,267)	(179,781)
Gross profit		25,257	52,168	56,450
Other operating income		2,763	9,060	13,181
Impairment losses on trade and other receivables, net	10	(589)	(2,865)	(1,111)
Administrative and distribution expenses		(17,864)	(24,330)	(29,589)
Finance costs	19	(4,266)	(4,431)	(5,478)
Profit before tax		5,301	29,602	33,453
Tax expense	21	(1,990)	(4,763)	(9,942)
Profit for the financial years		3,311	24,839	23,511
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the financial years		3,311	24,839	23,511
Profit attributable to common controlling shareholders of the Group		3,421	24,839	23,511
Non-controlling interests		(110)	-	-
		3,311	24,839	23,511
Total comprehensive income, attributable to common controlling shareholders of the Group		3,421	24,839	23,511
Non-controlling interests		(110)	-	-
		3,311	24,839	23,511
Earnings per ordinary share attributable to common controlling shareholders of the Group				
Basic and diluted (sen)	22	0.3	2.4	2.3

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	Invested equity RM'000	Retained earnings RM'000	Total attributable to common controlling shareholders of the Group RM'000	Non-controlling interests RM'000	Total Equity RM'000
Balance as at 1 January 2020		7,988	71,685	79,673	679	80,352
Profit for the financial year		-	3,421	3,421	(110)	3,311
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	3,421	3,421	(110)	3,311
Transaction with common controlling shareholders and NCI:						
Dividend paid to non-controlling interests ("NCI")		-	-	-	(220)	(220)
Balance as at 31 December 2020		<u>7,988</u>	<u>75,106</u>	<u>83,094</u>	<u>349</u>	<u>83,443</u>
Balance as at 1 January 2021		7,988	75,106	83,094	349	83,443
Profit for the financial year		-	24,839	24,839	-	24,839
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	24,839	24,839	-	24,839
Transaction with common controlling shareholders and NCI:						
Dividend	23	-	(1,600)	(1,600)	-	(1,600)
Acquisition of shares from non-controlling interests		-	(27)	(27)	(349)	(376)
Balance as at 31 December 2021		<u>7,988</u>	<u>98,318</u>	<u>106,306</u>	<u>-</u>	<u>106,306</u>

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

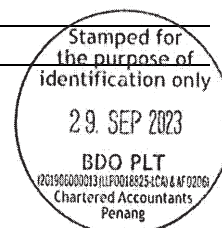


The audited combined statements of changes in equity for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

	Note	Invested equity RM'000	Retained earnings RM'000	Total attributable to common controlling shareholders of the Group RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2022		7,988	98,318	106,306	-	106,306
Profit for the financial year		-	23,511	23,511	-	23,511
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	23,511	23,511	-	23,511
Transaction with common controlling shareholders:						
Dividend	23	-	(11,135)	(11,135)	-	(11,135)
Balance as at 31 December 2022		7,988	110,694	118,682	-	118,682

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		5,301	29,602	33,453
Adjustments for:				
Bad debts written off		27	1,793	145
Bad debts recovered		(18)	(13)	(177)
Depreciation of:				
- property, plant and equipment	6	4,431	5,446	6,621
- right-of-use assets	7	1,071	1,191	1,952
Dividend income from other investments		-	(6,890)	-
Impairment loss on:				
- other investments		69	-	-
- trade and other receivables	10	629	2,875	1,728
Interest expenses	19	4,266	4,431	5,478
Interest income		(681)	(295)	(443)
Gain on lease termination	7(a)	*	(2)	(22)
Gain on disposal of other investments		-	-	(1,287)
Gain on disposal of property, plant and equipment		(360)	(19)	(4,290)
Reversal of impairment losses on trade and other receivables	10	(40)	(10)	(617)
Unrealised loss on foreign exchange		26	192	464
Provision for legal claims	17	-	1,474	-
Waiver of debts		-	-	(3,189)
Written off of property, plant and equipment	6	1,429	636	1,464
Operating profit before changes in working capital		16,150	40,411	41,280
Decrease/(Increase) in inventories		393	(51,213)	(4,744)
Decrease/(Increase) in trade and other receivables		101	(17,398)	9,630
(Decrease)/Increase in trade and other payables		(6,546)	36,143	(23,699)
Cash generated from operations		10,098	7,943	22,467
Tax paid		(2,000)	(3,778)	(6,810)
Tax refunded		-	-	1
Net cash from operating activities		8,098	4,165	15,658

12. ACCOUNTANTS' REPORT (cont'd)

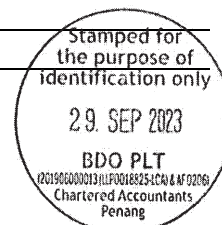
BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (continued)

The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

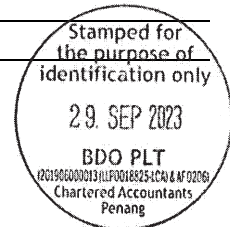
	Note	2020 RM'000	2021 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition in other investments	8	-	(109)	-
Acquisition of shares from non-controlling interests	5	-	(376)	-
Dividend received from other investments		-	6,890	-
Interest received		681	295	443
Purchase of:				
- property, plant and equipment	6	(6,408)	(20,490)	(3,892)
- right-of-use assets	7(d)	(246)	(509)	(380)
Proceeds from disposal of:				
- other investments		-	-	11,550
- property, plant and equipment		1,823	379	7,022
- right-of-use assets		207	-	-
Net cash (used in)/from investing activities		(3,943)	(13,920)	14,743
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid				
- common controlling shareholders	23	-	(1,600)	(11,135)
- non-controlling interests		(220)	-	-
Drawdown of:				
- bankers' acceptances		85,354	162,613	181,789
- revolving credit		-	1,000	-
- term loans		8,000	-	-
Interest paid		(4,082)	(4,113)	(5,101)
Repayment of:				
- bankers' acceptances		(92,899)	(118,812)	(196,463)
- revolving credit		(1,000)	-	-
- term loans		(4,226)	(2,216)	(6,050)
- lease liabilities	7	(967)	(1,576)	(2,450)
Repayment to related parties		(331)	(5,591)	(1,810)
Net changes in deposits with licensed banks		3,569	(3,742)	(3,126)
Net cash (used in)/from financing activities		(6,802)	25,963	(44,346)
Net changes in cash and cash equivalents		(2,647)	16,208	(13,945)
Effects of exchange rate changes on cash and cash equivalents		(10)	*	*
Cash and cash equivalents at beginning of financial years		2,801	144	16,352
Cash and cash equivalents at end of financial years	11(f)	144	16,352	2,407

* Less than RM1,000



12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (continued)

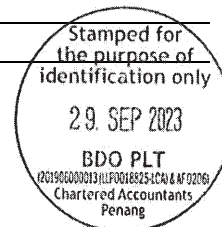
The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

Reconciliation of Liabilities Arising from Financing Activities

	Lease liabilities (Note 7) RM'000	Amount owing to related parties (Note 14) RM'000	Borrowings (excluded bank overdraft) (Note 15) RM'000
Balance as at 1 January 2020	2,378	7,732	78,748
Cash flows	(967)	(331)	(4,771)
Non-cash flows:			
Additions	2,630	-	-
Lease termination	(19)	-	-
Unwinding of interest (Note 7)	184	-	-
Balance as at 31 December 2020	<u>4,206</u>	<u>7,401</u>	<u>73,977</u>
Balance as at 1 January 2021	4,206	7,401	73,977
Cash flows	(1,576)	(5,591)	42,585
Non-cash flows:			
Additions	2,295	-	29,750
Lease termination	(57)	-	-
Unwinding of interest (Note 7)	318	-	-
Balance as at 31 December 2021	<u>5,186</u>	<u>1,810</u>	<u>146,312</u>
Balance as at 1 January 2022	5,186	1,810	146,312
Cash flows	(2,450)	(1,810)	(20,724)
Non-cash flows:			
Additions	4,233	-	-
Lease termination	(238)	-	-
Unwinding of interest (Note 7)	377	-	-
Balance as at 31 December 2022	<u>7,108</u>	<u>-</u>	<u>125,588</u>

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company was incorporated in Malaysia under the Companies Act 2016 on 4 January 2023 as a public limited liability company.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at Lot 1571, Jalan Serunai, Kawasan Perindustrian Valdor, Mukim 12, 14200 Sungai Bakap, Pulau Pinang.

These combined financial statements for the financial years ended are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The Company is an investment holding company. The principal activities of the combining entities are set out in Note 5 to the combined financial statements.

2. BASIS OF PREPARATION

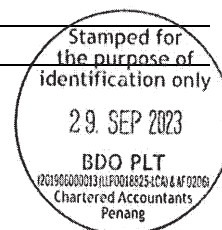
The combined financial statements have been prepared pursuant to the listing exercise of the Company on the ACE Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing").

The combined financial statements consist of the financial statements of the Company and its combining entities as disclosed in Note 5 to the combined financial statements, which were under common control of Kang Beng Hai throughout the reporting periods. The common control of the Group has been established by virtue of Kang Beng Hai being the Director, major shareholder and promoter of the Group.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. 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 combining 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 as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group, after incorporating/effecting the relevant acquisitions. Consequently, such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the combining entities.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****2. BASIS OF PREPARATION (continued)**

The financial statements for the financial year ended 31 December 2020 of all combining entities and the financial statements for the financial year ended 31 December 2021 of BWYS Sdn. Bhd. were re-audited by BDO PLT for the purpose of inclusion in the prospectus in connection with the Listing and should not be relied upon for any other purpose.

The combined financial statements of the Group are prepared using the audited financial statements of the respective companies within the Group for the relevant financial years and their auditors are as follows:

Company	Relevant Financial Years	Auditors
BW Yee Seng Steel Industries Sdn. Bhd.	Financial year ended ("FYE") 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BW Yee Seng (Timur) Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BW Scaffold Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BWYS Sdn. Bhd.*	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT KFF PLT BDO PLT
YS Success Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
YS Global Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT

* Formerly known as YHTJ Services Sdn. Bhd. and BWYS Services Sdn. Bhd.

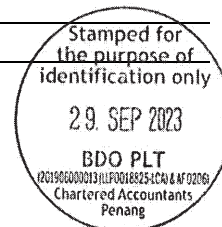
There were no audited financial statements for BWYS Group Berhad for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as the Company was incorporated on 4 January 2023.

The audited financial statements of all the companies within the Group for the Relevant Financial Years reported above were not subject to any qualification, modification or disclaimer.

The financial information of this Report is based on the respective audited financial statements of the Group with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined financial statements, have been extracted from the audited financial statements of the Group during the relevant reporting periods.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

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

The preparation of the combined financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from these estimates.

3.2 Basis of combination

The combined financial statements consist of the financial statements of the Company and the combining entities which are under common control as disclosed in Note 5 to the combined financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. The combined financial statements reflect external transactions only.

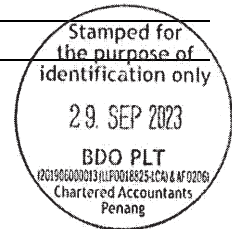
3.2.1 Business combinations under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the merger entities are reflected at their carrying amounts reported in the individual combined financial statements.

In a business combination under common control, any differences between the cost of the merger and the share capital of the 'acquired' entity are reflected within equity as reorganisation debit reserve.

The combined statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full financial period and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2.2 Business combinations not under common control

Business combinations not under common control are accounted for applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

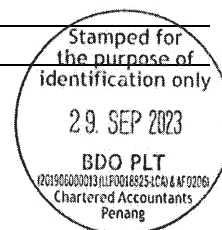
- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 *Financial Instruments* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation periods used are as follows:

Buildings	50 - 69 years
Plant and machinery	5 - 10 years
Motor vehicles	5 - 10 years
Furniture, fittings and office equipment	2 - 12 years
Electrical fittings, equipment and renovation	8 - 10 years
Equipment for rent	10 years

Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents building under construction and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.6 to the combined financial statements on impairment of non-financial assets).

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

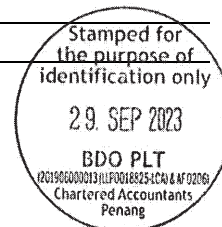
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

3.4 Right-of-use assets and lease liabilities

The Group as lessor

The Group classified its leases as either operating leases or finance leases. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Right-of-use assets and lease liabilities (continued)

The Group as lessor (continued)

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) Period covered by an option to the extend the lease if the lease is reasonably certain to exercise that options; and
- (b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create economic incentive for the lessee to exercise the option to extend the lease, not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

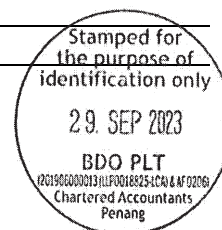
The right-of-use assets are initially recorded at cost, which comprises:

- (i) The amount of the initial measurement of the lease liability;
- (ii) Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (iii) Any initial direct costs incurred by the Group; and
- (iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

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 assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	50 - 69 years
Motor vehicles	5 years
Plant and machinery	5 - 10 years
Premises	2 - 5 years

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.4 Right-of-use assets and lease liabilities (continued)***Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.5 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

3.6 Impairment of non-financial assets

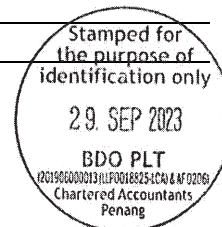
The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

12. ACCOUNTANTS' REPORT (cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment of non-financial assets (continued)

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

3.7 Inventories

Inventories are determined using first-in, first-out method and stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.8 Financial instruments

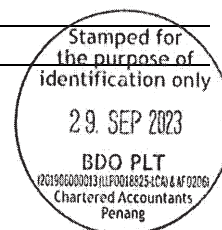
A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the combined statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (“FVTPL”), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (“FVTOCI”), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms of financial assets which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

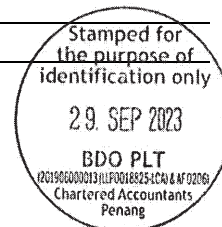
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

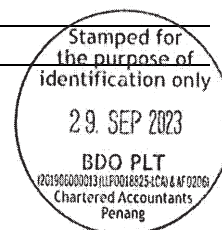
3.9 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The Group recognises allowance for impairment losses for other receivables based on the three-stage general approach within MFRS 9 using the forward-looking expected credit loss model.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of financial assets (continued)

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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

3.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the combined statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) The same taxable entity; or
- (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

3.12 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

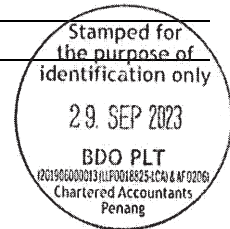
If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.14 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

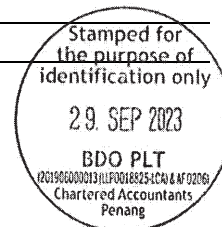
Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

(a) Sale of goods

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue at the point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

(b) Rental of equipment

Rental income from equipment for rent are recognised on a straight-line basis over the term of lease.

(c) Other income

(i) Interest income

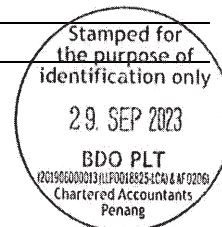
Interest income is recognised as it accrues, using the effective interest method.

(ii) Dividend income

Dividend income is recognised when right to receive payment is established.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

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

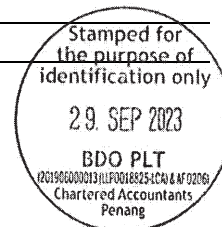
The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

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

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

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

12. ACCOUNTANTS' REPORT (cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Earnings per share

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the Group by the expected number of ordinary shares of the Company upon completion of the Listing.

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon completion of the Listing, adjusted for the effects of dilutive potential ordinary shares.

3.18 Fair value measurements

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

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

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

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

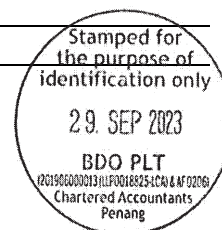
4.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

4.2 Critical judgements made in applying accounting policies

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**4.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables

The Group exercises significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

5. COMBINING ENTITIES

Name of combining entities	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2020 %	2021 %	2022 %	
BW Yee Seng Steel Industries Sdn. Bhd. ("BWYS Steel")	Malaysia	100	100	100	Manufacture of sheet metal products, and trading of steel materials and steel related products
BW Scaffold Industries Sdn. Bhd. ("BW Scaffold")	Malaysia	100	100	100	Sales and rental of scaffoldings
BW Yee Seng (Timur) Sdn. Bhd. ("BWYS Timur")	Malaysia	100	100	100	Manufacture of sheet metal products, and trading of steel materials and steel related products
BWYS Sdn. Bhd. ("BWYSSB")	Malaysia	100	100	100	Rental of scaffoldings
YS Success Industries Sdn. Bhd. ("YS Success")	Malaysia	100	100	100	Manufacture of industrial racking systems and welded pipes, and trading of steel materials and steel related products
YS Global Industries Sdn. Bhd. * ("YS Global")	Malaysia	80	100	100	Manufacture of industrial racking systems

* *Subsidiary of YS Success*

On 31 March 2021, YS Success had completed the acquisition of remaining 20% equity interest in YS Global Industries Sdn. Bhd. ("YS Global") for a total consideration of RM375,834 by cash. Accordingly, YS Global became a wholly-owned subsidiary of YS Success.

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

6. PROPERTY, PLANT AND EQUIPMENT



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2020									
At cost									
Balance as at 1 January	14,456	43,139	15,839	3,516	3,394	1,739	12,749	372	95,204
Additions	-	1,138	981	311	138	290	3,550	-	6,408
Transfer from right-of-use assets (Note 7)	-	-	1,421	-	-	-	-	-	1,421
Transfer from inventories	-	-	-	-	-	-	3,663	-	3,663
Disposals	-	-	-	(569)	(4)	-	(1,473)	-	(2,046)
Written off	-	-	(8)	-	-	-	(2,127)	-	(2,135)
Balance as at 31 December	14,456	44,277	18,233	3,258	3,528	2,029	16,362	372	102,515
Accumulated depreciation									
Balance as at 1 January	-	3,082	8,708	2,768	2,268	772	1,413	-	19,011
Current charge	-	775	1,497	287	258	184	1,430	-	4,431
Transfer from right-of-use assets (Note 7)	-	-	565	-	-	-	-	-	565
Disposals	-	-	-	(434)	(2)	-	(147)	-	(583)
Written off	-	-	(3)	-	-	-	(703)	-	(706)
Balance as at 31 December	-	3,857	10,767	2,621	2,524	956	1,993	-	22,718
Carrying amount									
Balance as at 31 December	14,456	40,420	7,466	637	1,004	1,073	14,369	372	79,797

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

6. PROPERTY, PLANT AND EQUIPMENT (continued)



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2021									
At cost									
Balance as at 1 January	14,456	44,277	18,233	3,258	3,528	2,029	16,362	372	102,515
Additions	16,500	19,841	4,406	1,012	462	826	6,090	1,103	50,240
Disposals	-	-	(299)	(349)	(13)	-	-	-	(661)
Written off	-	-	-	-	-	-	(772)	-	(772)
Balance as at 31 December	30,956	64,118	22,340	3,921	3,977	2,855	21,680	1,475	151,322
Accumulated depreciation									
Balance as at 1 January	-	3,857	10,767	2,621	2,524	956	1,993	-	22,718
Current charge	-	960	1,787	242	284	239	1,934	-	5,446
Disposals	-	-	-	(297)	(4)	-	-	-	(301)
Written off	-	-	-	-	-	-	(136)	-	(136)
Balance as at 31 December	-	4,817	12,554	2,566	2,804	1,195	3,791	-	27,727
Carrying amount									
Balance as at 31 December	30,956	59,301	9,786	1,355	1,173	1,660	17,889	1,475	123,595

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

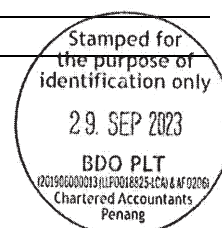
6. PROPERTY, PLANT AND EQUIPMENT (continued)



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2022									
At cost									
Balance as at 1 January	30,956	64,118	22,340	3,921	3,977	2,855	21,680	1,475	151,322
Additions	-	485	1,278	-	437	744	797	151	3,892
Transfer from right-of-use assets (Note 7)	-	-	-	537	-	-	-	-	537
Transfer from inventories	-	-	-	-	-	-	13,522	-	13,522
Disposals	-	-	(88)	(332)	-	-	(4,108)	-	(4,528)
Written off	-	-	-	-	-	-	(2,287)	-	(2,287)
Balance as at 31 December	30,956	64,603	23,530	4,126	4,414	3,599	29,604	1,626	162,458
Accumulated depreciation									
Balance as at 1 January	-	4,817	12,554	2,566	2,804	1,195	3,791	-	27,727
Current charge	-	1,173	1,917	266	321	281	2,663	-	6,621
Transfer from right-of-use assets (Note 7)	-	-	-	436	-	-	-	-	436
Disposals	-	-	(10)	(180)	-	-	(1,606)	-	(1,796)
Written off	-	-	-	-	-	-	(823)	-	(823)
Balance as at 31 December	-	5,990	14,461	3,088	3,125	1,476	4,025	-	32,165
Carrying amount									
Balance as at 31 December	30,956	58,613	9,069	1,038	1,289	2,123	25,579	1,626	130,293

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group as disclosed in Note 15 to the combined financial statements:

	2020 RM'000	2021 RM'000	2022 RM'000
Carrying amount			
Freehold land	14,456	30,956	30,956
Buildings	40,302	59,210	58,524
	<u>54,758</u>	<u>90,166</u>	<u>89,480</u>

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of property, plant and equipment	6,408	50,240	3,892
Financed by banking facility	-	(29,750)	-
	<u>6,408</u>	<u>20,490</u>	<u>3,892</u>

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12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

	Balance as at		Lease		Transfer to property, plant and equipment (Note 6) RM'000	Balance as at 31.12.2020 RM'000
	1.1.2020 RM'000	Additions RM'000	Disposals RM'000	termination RM'000		
Carrying amount						
Leasehold land	10,500	-	-	-	(161)	10,339
Motor vehicles	1,137	368	(207)	-	(310)	988
Plant and machinery	2,010	2,418	-	-	(388)	3,184
Premises	558	90	-	(19)	(212)	417
	14,205	2,876	(207)	(19)	(1,071)	14,928

	Balance as at		Lease		Balance as at 31.12.2021 RM'000
	1.1.2021 RM'000	Additions RM'000	termination RM'000	Depreciation RM'000	
Carrying amount					
Leasehold land	10,339	-	-	(161)	10,178
Motor vehicles	988	1,790	-	(467)	2,311
Plant and machinery	3,184	395	-	(280)	3,299
Premises	417	619	(55)	(283)	698
	14,928	2,804	(55)	(1,191)	16,486



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

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

The Group as lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Balance as at 31.12.2022 RM'000
Carrying amount						
Leasehold land	10,178	-	-	(160)	-	10,018
Motor vehicles	2,311	2,605	-	(695)	(101)	4,120
Plant and machinery	3,299	-	-	(332)	-	2,967
Premises	698	2,008	(216)	(765)	-	1,725
	16,486	4,613	(216)	(1,952)	(101)	18,830

Lease liabilities

	Balance as at 1.1.2020 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2020 RM'000
Carrying amount						
Motor vehicles	928	312	-	(296)	45	989
Plant and machinery	881	2,229	-	(431)	100	2,779
Premises	569	89	(19)	(240)	39	438
	2,378	2,630	(19)	(967)	184	4,206



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

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

The Group as lessee (continued)

Lease liabilities (continued)

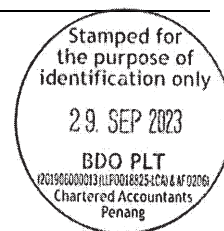
	Balance as at 1.1.2021 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2021 RM'000
Carrying amount						
Motor vehicles	989	1,317	-	(520)	73	1,859
Plant and machinery	2,779	359	-	(734)	193	2,597
Premises	438	619	(57)	(322)	52	730
	4,206	2,295	(57)	(1,576)	318	5,186

	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2022 RM'000
Carrying amount						
Motor vehicles	1,859	2,225	-	(771)	117	3,430
Plant and machinery	2,597	-	-	(832)	133	1,898
Premises	730	2,008	(238)	(847)	127	1,780
	5,186	4,233	(238)	(2,450)	377	7,108



12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



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

The Group as lessee (continued)

Lease liabilities (continued)

	2020 RM'000	2021 RM'000	2022 RM'000
Represented by:			
Current liabilities	1,127	1,521	2,401
Non-current liabilities	3,079	3,665	4,707
	4,206	5,186	7,108
Lease liabilities owing to financial institutions	3,768	4,455	5,328
Lease liabilities owing to non-financial institutions	438	731	1,780
	4,206	5,186	7,108

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

	2020 RM'000	2021 RM'000	2022 RM'000
Depreciation of right-of-use assets			
- included in cost of sales	601	564	1,351
- included in administrative and distribution expenses	470	627	601
Expense relating to short-term leases			
- included in cost of sales	509	477	535
- included in administrative and distribution expenses	38	18	92
Expense relating to low-value assets			
- included in administrative and distribution expenses	22	3	4
Interest expense on lease liabilities			
- included in finance costs	184	318	377
Gain on lease termination	*	2	22
	1,824	2,009	2,982

(b) At the end of the financial year, the total cash outflow of the Group for leases are as follows:

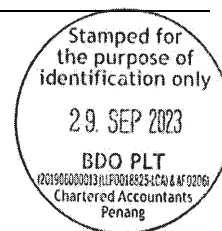
	2020 RM'000	2021 RM'000	2022 RM'000
Included in net cash from operating activities:			
Payments relating to:			
- short-term lease	547	495	627
- low-value assets	22	3	4
Interest paid in relation to lease liabilities	184	318	377
Included in net cash (used in)/from financing activities:			
- Repayment of leases liabilities	967	1,576	2,450
	1,720	2,392	3,458

(c) The Group has certain leases of assets with lease term of twelve (12) months or less and low value leases of equipment of RM20,000 and below. The Group apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**



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

The Group as lessee (continued)

- (d) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of right-of-use assets	2,876	2,804	4,613
Financed by lease liabilities	(2,630)	(2,295)	(4,233)
Cash payments on purchase of right-of-use assets	<u>246</u>	<u>509</u>	<u>380</u>

- (e) The leasehold land of the Group with carrying amount of RM10,017,734 (2021: RM10,178,532; 2020: RM10,339,330) has been pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 15 to the financial statements.
- (f) Information on financial risks of lease liabilities is disclosed in Note 29 to the combined financial statements.

8. OTHER INVESTMENTS

Other investments comprised unquoted ordinary shares of Visage Industries Sdn. Bhd. ("Visage Industries"), Visage R&D Sdn. Bhd. ("Visage R&D") and Eco High Formwork Sdn. Bhd. ("Eco High") at cost.

The company, Visage R&D was acquired by BW Yee Seng Steel Industries ("BWYS Steel") during FYE 2016, for a total cash consideration of RM1.

The company, Visage Industries was acquired by BWYS Steel during financial year ended ("FYE") 2017 for a total cash consideration of RM10,000,000.

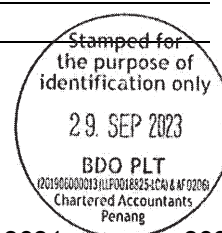
The company, Eco High was acquired by BWYS Steel during FYE 2019, for a total cash consideration of RM481,415. On 23 March 2021, BWYS Steel had additionally acquired 225,500 ordinary shares in Eco High for a total consideration of RM108,707.

The financial position, financial performance and cash flows of Visage Industries, Visage R&D and Eco High had been carved out from the combined financial statements because BWYS Steel had disposed the entire equity interest of Visage R&D, Visage Industries and Eco High on 19 August 2021, 18 July 2022 and 8 December 2022 respectively.

The disposal consideration for Visage R&D, Visage Industries and Eco High were RM1, RM11,134,502 and RM414,959 respectively.

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**



9. INVENTORIES

	2020 RM'000	2021 RM'000	2022 RM'000
At cost			
Raw materials	16,921	47,735	49,443
Work-in-progress	7,087	23,504	15,294
Finished goods	19,783	23,766	21,490
	<u>43,791</u>	<u>95,005</u>	<u>86,227</u>

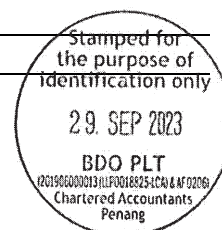
During the financial year, inventories of the Group recognised as cost of sales amounted to RM158,288,819 (2021: RM140,374,779; 2020: RM85,675,025).

10. TRADE AND OTHER RECEIVABLES

	2020 RM'000	2021 RM'000	2022 RM'000
Trade receivables			
Third parties	30,663	36,452	39,991
Related parties	2,302	1,316	576
	<u>32,965</u>	<u>37,768</u>	<u>40,567</u>
Less: Impairment loss			
- third parties	(795)	(3,306)	(4,417)
- related parties	(4)	-	-
	<u>32,166</u>	<u>34,462</u>	<u>36,150</u>
Other receivables			
Third parties	8,686	19,902	6,812
Amount owing by related parties	230	25	-
Deposits	1,075	158	728
	<u>9,991</u>	<u>20,085</u>	<u>7,540</u>
Less: Impairment loss	(10)	-	-
	<u>9,981</u>	<u>20,085</u>	<u>7,540</u>
Total receivables	<u>42,147</u>	<u>54,547</u>	<u>43,690</u>
Prepayments	<u>1,316</u>	<u>1,665</u>	<u>1,805</u>
	<u>43,463</u>	<u>56,212</u>	<u>45,495</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by related parties in other receivables are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

10. TRADE AND OTHER RECEIVABLES (continued)

- (d) The currency exposure profile of total receivables (excluding prepayments) of the Group is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	38,037	54,162	43,690
United States Dollar	3,575	385	-
Thai Baht	535	-	-
	<u>42,147</u>	<u>54,547</u>	<u>43,690</u>

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses (“ECL”).

The Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics - the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index, industrial production index and inflation rate) affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Credit impaired allowance refer to individually determined debtors who have adverse changes in the financial capability and default or significant delay in payments as at the end of the reporting period. The Group considers trade receivables to be in default when there is no reasonable expectation of recovery.

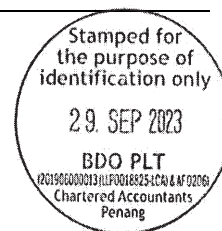
It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Expected loss provision for trade receivables are as follows:

	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
31 December 2020			
Current	21,785	2	21,783
1 to 30 days	4,076	2	4,074
31 to 60 days	680	1	679
61 to 90 days	367	1	366
More than 90 days	5,689	425	5,264
Credit impaired - Individually impaired	368	368	-
	<u>32,965</u>	<u>799</u>	<u>32,166</u>
31 December 2021			
Current	16,372	276	16,096
1 to 30 days	8,397	275	8,122
31 to 60 days	2,480	108	2,372
61 to 90 days	3,005	141	2,864
More than 90 days	6,223	1,215	5,008
Credit impaired - Individually impaired	1,291	1,291	-
	<u>37,768</u>	<u>3,306</u>	<u>34,462</u>

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



10. TRADE AND OTHER RECEIVABLES (continued)

(e) (continued)

Expected loss provision for trade receivables are as follows (continued):

	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
31 December 2022			
Current	22,324	168	22,156
1 to 30 days	1,171	44	1,127
31 to 60 days	3,983	219	3,764
61 to 90 days	2,784	239	2,545
More than 90 days	9,114	2,556	6,558
Credit impaired - Individually impaired	1,191	1,191	-
	<u>40,567</u>	<u>4,417</u>	<u>36,150</u>

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

(f) Movements in the impairment allowance for trade receivables based on simplified approach are as follows:

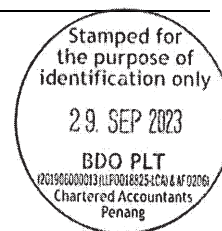
	2020 RM'000	2021 RM'000	2022 RM'000
Lifetime ECL allowance			
Balance as at 1 January	220	799	3,306
Charge for the financial year	619	2,875	1,728
Reversal of impairment losses	(40)	-	(617)
Written off	-	(368)	-
Balance as at 31 December	<u>799</u>	<u>3,306</u>	<u>4,417</u>

(g) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those in which the credit risk has not increased significantly since initial recognition of the financial assets, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables are adjusted by forward-looking information (producer price index, industrial production index and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months or lifetime expected credit loss for other receivables.

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****10. TRADE AND OTHER RECEIVABLES (continued)**

(g) (continued)

Movements in the impairment allowance for other receivables based on general approach are as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Lifetime ECL allowance			
Balance as at 1 January	-	10	-
Charge for the financial year	10	-	-
Reversal of impairment losses	-	(10)	-
Balance as at 31 December	<u>10</u>	<u>-</u>	<u>-</u>

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

11. CASH AND BANK BALANCES

	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	3,623	18,080	5,933
Deposits with licensed banks	<u>2,026</u>	<u>5,768</u>	<u>8,894</u>
	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	5,552	22,508	14,791
United States Dollar	23	1,339	36
Singapore Dollar	74	1	*
Euro	*	*	*
	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>

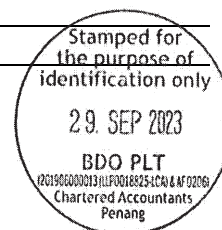
(c) The effective interest rate of deposits with licensed banks of the Group are 1.80% to 2.60% (2021: 1.80% to 3.25%; 2020: 2.00% to 3.25%) per annum.

(d) Deposits with licensed banks of the Group amounting to RM8,894,290 (2021: RM5,768,018; 2020: RM2,025,866) have been pledged to a bank as securities for the credit facilities granted as disclosed in Note 15 to the combined financial statements.

(e) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

11. CASH AND BANK BALANCES (continued)

- (f) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	3,623	18,080	5,933
Deposits with licensed banks	2,026	5,768	8,894
As per combined statements of financial position	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>
Less:			
Deposits pledged to a licensed bank	(2,026)	(5,768)	(8,894)
Bank overdraft (Note 15)	(3,479)	(1,728)	(3,526)
As per combined statements of cash flows	<u>144</u>	<u>16,352</u>	<u>2,407</u>

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

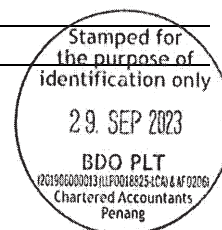
12. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity as at 31 December 2022 is the aggregate of the share capital of the other combining entities, namely BW Yee Seng Steel Industries Sdn. Bhd. and its related parties.

	Number of ordinary shares	RM'000
31 December 2020		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>
31 December 2021		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>
31 December 2022		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>

The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the Group and is entitled to one (1) vote per ordinary share at meetings of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

13. RESERVES

	2020 RM'000	2021 RM'000	2022 RM'000
Distributable:			
Retained earnings	75,106	98,318	110,694

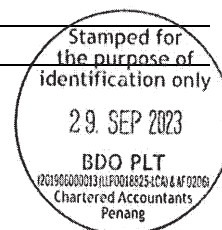
14. TRADE AND OTHER PAYABLES

	2020 RM'000	2021 RM'000	2022 RM'000
Non-current			
Other payables			
Amount owing to a Director	4,069	4,069	-
Current			
Trade payables			
Third parties	3,330	19,628	10,087
Amount owing to related parties	947	4,695	466
	4,277	24,323	10,553
Other payables			
Third parties	3,962	8,015	6,605
Accruals	4,124	13,862	3,350
Deposits received	1,927	2,588	5,815
Amount owing to a Director	4,201	4,201	8,270
Amount owing to related parties	9,535	5,778	-
	23,749	34,444	24,040
	28,026	58,767	34,593
Total trade and other payables	32,095	62,836	34,593

- (a) Total payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days.
- (c) The amount owing to related parties are unsecured, interest free and repayable within next twelve (12) months or upon demand in cash and cash equivalents, except for amount of RM Nil (2021: RM1,809,983; 2020: RM7,401,433) is subject to interest of 7% (2021: 7%; 2020: 7%).
- (d) The amounts owing to a Director are unsecured, interest-free, and repayable within next twelve (12) months or upon demand in cash and cash equivalents.
- (e) The currency exposure profile of trade and other payables is as follows:

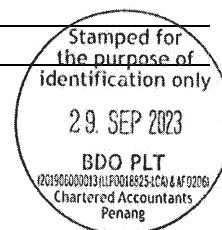
	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	31,915	51,732	29,377
United States Dollar	180	11,104	5,216
	32,095	62,836	34,593

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

12. ACCOUNTANTS' REPORT (cont'd)NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**15. BORROWINGS**

	2020 RM'000	2021 RM'000	2022 RM'000
Current liabilities			
<i>Secured</i>			
Bank overdrafts (Note 11(f))	3,479	1,728	3,526
Bankers' acceptances	27,502	71,303	56,629
Revolving credit	-	1,000	1,000
Term loans	3,582	4,873	4,731
	<u>34,563</u>	<u>78,904</u>	<u>65,886</u>
Non-current liability			
<i>Secured</i>			
Term loans	42,893	69,136	63,228
	<u>42,893</u>	<u>69,136</u>	<u>63,228</u>
Total borrowings			
<i>Secured</i>			
Bank overdrafts (Note 11(f))	3,479	1,728	3,526
Bankers' acceptances	27,502	71,303	56,629
Revolving credit	-	1,000	1,000
Term loans	46,475	74,009	67,959
	<u>77,456</u>	<u>148,040</u>	<u>129,114</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia.
- (c) The borrowings of the Group are secured by way of:
- (i) legal charge over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 6 and 7 to the combined financial statements;
 - (ii) pledging of the Group's fixed deposits as disclosed in Note 11(d) to the combined financial statements;
 - (iii) corporate guarantee from related parties and all the Directors of the Group;
 - (iv) jointly and several guarantee by the Directors of the Group;
 - (v) corporate guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
 - (vi) Credit Guarantee Corporation Malaysia Berhad (CGC)'s guarantee under BizJamin Special Relief Facility.
- (d) Fair value of the borrowings of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Information on financial risks of borrowings and their maturity is disclosed in Note 29 to the combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
16. DEFERRED TAX LIABILITIES

Deferred tax liabilities is made up of the following:

	2020 RM'000	2021 RM'000	2022 RM'000
Balance as at 1 January	1,184	1,196	2,463
Recognised in profit or loss (Note 21):			
- relating to origination and reversal of temporary differences	(41)	1,473	755
- under/(over)provision in prior years	53	(206)	2,166
Balance as at 31 December	<u>1,196</u>	<u>2,463</u>	<u>5,384</u>
Subject to income tax:			
Deferred tax liabilities			
Property, plant and equipment	<u>1,196</u>	<u>2,463</u>	<u>5,384</u>

17. PROVISION

	2020 RM'000	2021 RM'000	2022 RM'000
Provision for legal claims	<u>-</u>	<u>1,474</u>	<u>1,474</u>

The provision is in respect of legal claims brought against the Group by customers. In the opinion of the Directors, after taking appropriate legal advice, the outcomes of these legal claims are not expected to give rise to any significant loss beyond the amounts provided as at 31 December 2022.

18. REVENUE

	2020 RM'000	2021 RM'000	2022 RM'000
<i>Revenue from contracts with customers</i>			
Sales of goods	123,730	211,547	224,958
<i>Other revenue</i>			
Rental of equipment	7,134	10,888	11,273
	<u>130,864</u>	<u>222,435</u>	<u>236,231</u>

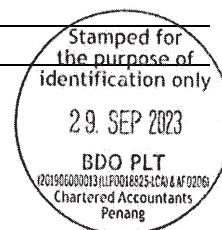
Timing of revenue recognition:

<i>Revenue from contracts with customers</i>			
Point in time	<u>123,730</u>	<u>211,547</u>	<u>224,958</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	2020 RM'000	2021 RM'000	2022 RM'000
Geographical market			
Malaysia	128,790	203,657	226,324
United States of America	-	17,975	9,907
Others	2,074	803	-
	<u>130,864</u>	<u>222,435</u>	<u>236,231</u>

12. ACCOUNTANTS' REPORT (cont'd)NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**19. FINANCE COSTS**

	2020 RM'000	2021 RM'000	2022 RM'000
Interest expense on:			
- Bankers' acceptances	1,603	1,630	2,187
- Bank overdrafts	61	93	169
- Lease liabilities (Note 7)	184	318	377
- Revolving credit	36	10	42
- Term loans	1,881	1,930	2,569
- Others	501	450	134
	4,266	4,431	5,478

20. EMPLOYEE BENEFITS

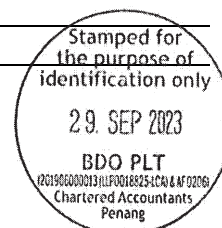
	2020 RM'000	2021 RM'000	2022 RM'000
Wages, salaries and bonuses	11,957	14,574	18,430
Contributions to defined contribution plan	1,313	1,420	1,982
Social security contributions	149	160	226
Other benefits	660	742	883
	14,079	16,896	21,521

Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,479,883 (2021: RM1,436,724; 2020: RM1,231,254).

21. TAX EXPENSE

	2020 RM'000	2021 RM'000	2022 RM'000
Current tax expense based on profit for the financial years	1,839	3,849	7,087
Under/(Over)provision of tax expense in prior years	139	(353)	(66)
	1,978	3,496	7,021
Deferred tax (Note 16):			
Relating to origination and reversal of temporary differences	(41)	1,473	755
Under/(Over)provision in prior years	53	(206)	2,166
	1,990	4,763	9,942

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2021: 24%; 2020: 24%) of the estimated taxable profits for the fiscal year.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****21. TAX EXPENSE (continued)**

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit before tax	5,301	29,602	33,453
Tax at statutory tax rate of 24% (2021: 24%; 2020: 24%)	1,272	7,104	8,029
Tax effects in respect of:			
- non-allowable expenses	904	2,172	624
- income not subject to tax	(57)	(1,355)	(776)
- tax exempt income under pioneer status	(404)	(2,135)	-
- different tax rate for first RM600,000 of chargeable income	(84)	(84)	(84)
- reinvestment allowance	(121)	-	-
Deferred tax assets not recognised during the financial year/Utilisation of deferred tax assets previously not recognised	288	(380)	49
Under/(Over)provision of tax expense in prior years	139	(353)	(66)
Under/(Over)provision of deferred tax in prior years	53	(206)	2,166
Tax expense for the financial year	1,990	4,763	9,942

On 29 November 2011, BWYS Timur was granted pioneer status by Malaysian Investment Development Authority ("MIDA") for output production of metal roofing, corrugated sheets, batten c-section and c-purlin for a period of ten (10) years, which ended in November 2021, whereby 100% of its statutory income on the pioneer activities of BWYS Timur is tax exempted.

- (c) The estimated amount of net deferred tax assets calculated at the applicable tax rate which have not been recognised in the financial statements are as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Unabsorbed capital allowances	203	-	-
Unused tax losses:			
- expires by 31 December 2027	177	-	-
- expires by 31 December 2032	-	-	49
	380	-	49

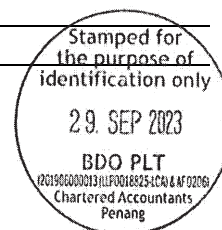
In Malaysia, with effective from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of ten years of assessment shall be disregarded.

- (d) Deferred tax assets have not been recognised in respect of this item as it was not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

This amount and availability of these items to carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**22. EARNINGS PER ORDINARY SHARE**

(a) Basic

Basic earnings per ordinary share for the financial years is calculated by dividing the profit for the financial years attributable to the common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company pursuant to the Listing.

	2020	2021	2022
Profit attributable to common controlling shareholders of the Group (RM'000)	3,421	24,839	23,511
Expected number of shares upon completion of the Listing (unit'000)	1,025,213	1,025,213	1,025,213
Basic earnings per ordinary share (sen)	0.3	2.4	2.3

Number of ordinary shares is the expected number of ordinary shares of the Company upon completion of the Listing.

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial year.

23. DIVIDEND

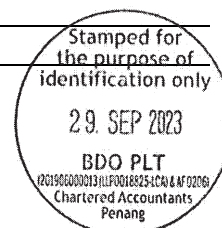
	Dividend per share RM	Amount of dividend RM'000
In respect of the financial year ended 31 December 2021:		
First interim single tier dividend of BW Yee Seng (Timur) Sdn. Bhd.	1.20	600
Second interim single tier dividend of BW Yee Seng (Timur) Sdn. Bhd.	2.00	1,000
	<u>3.20</u>	<u>1,600</u>
In respect of the financial year ended 31 December 2022:		
Interim single tier dividend of BW Yee Seng Steel Industries Sdn. Bhd.	5.57	11,135

24. CAPITAL COMMITMENT

	2020 RM'000	2021 RM'000	2022 RM'000
Capital expenditure in respect of purchase of property, plant and equipment - contracted but not provided for	34,466	123	2,330

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**25. CONTINGENT LIABILITIES**

	2020 RM'000	2021 RM'000	2022 RM'000
Unsecured			
Corporate guarantee given to financial institutions for credit facilities granted to a third party (2021: related party)	-	133	133

The corporate guarantee is given to financial institutions as one of the securities in relation to banking facility granted to a third party (2021: related party).

The Group designates corporate guarantee given to bank for credit facility granted to an associate and combining entities as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 December 2020, 31 December 2021 and 31 December 2022 to be insignificant.

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

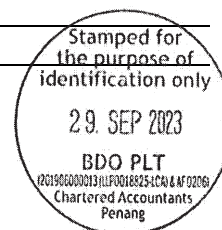
The Group has controlling related party relationship with its related parties. Related parties are companies in which Directors of the Company have controlling and financial interests.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related party during the financial year:

	2020 RM'000	2021 RM'000	2022 RM'000
With related parties:			
Sales	3,614	4,151	3,397
Purchases	-	2,493	59
Rental expense	331	391	1,005
Rental income	58	60	-
Interest income	200	138	27
Interest expense	498	406	175
Management fee income	156	156	60
Purchase of property, plant and equipment	-	2,722	22
With a Director:			
Disposal of other investments	-	*	11,135

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 14 to the financial statements.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
26. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

The total remuneration of Directors and other key management personnel during the financial years was as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Salaries and bonuses	1,062	1,273	2,117
Contributions to defined contribution plan	166	161	310
Social security contributions	3	3	6
	<u>1,231</u>	<u>1,437</u>	<u>2,433</u>
Estimated monetary value of benefits-in-kind	-	-	17
	<u>1,231</u>	<u>1,437</u>	<u>2,450</u>

Included in the total remuneration of Directors and other key management personnel during the financial years was as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Directors' remuneration	<u>1,231</u>	<u>1,437</u>	<u>1,480</u>

27. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacturing, sale and rental of steel and metal related products.

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 single reportable segment.

(a) Geographical information

The manufacturing facilities of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Majority of the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/detail of the segment assets of the Group.

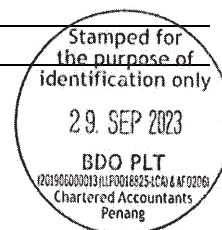
Revenue information based on the geographical location of customers is as disclosed in Note 18 to the combined financial statements.

(b) Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**28. FINANCIAL INSTRUMENTS**

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholder through optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged throughout the reporting period.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to common controlling shareholder of the Group plus net debt. Net debt are calculated as total trade and other payables, borrowings and lease liabilities net of short term deposits with licensed banks and cash and bank balances. Capital includes equity attributable to the common controlling shareholder.

	2020 RM'000	2021 RM'000	2022 RM'000
Trade and other payables	32,095	62,836	34,593
Borrowings	77,456	148,040	129,114
Lease liabilities	4,206	5,186	7,108
Less: Cash and bank balances	(5,649)	(23,848)	(14,827)
Net debt	<u>108,108</u>	<u>192,214</u>	<u>155,988</u>
Total capital	83,094	106,306	118,682
Net debt	<u>108,108</u>	<u>192,214</u>	<u>155,988</u>
Equity	<u>191,202</u>	<u>298,520</u>	<u>274,670</u>
Gearing ratio	<u>57%</u>	<u>64%</u>	<u>57%</u>

The Group is not subject to any externally imposed capital requirements as at the end of each reporting period.

(b) Method and assumptions used to estimate fair value

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

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

The carrying amount of the current position of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy

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

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

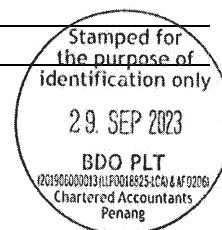
(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with the customers are mainly on credit. The credit period is generally for a period of one (1) month, extending up to three (3) months. Nevertheless, the management of the Group may give longer credit terms by discretion. The Group consistently monitors its outstanding receivables to minimise credit risk.

Exposure to credit risk

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

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the geographical market and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period is as follows:

	2020		2021		2022	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
Malaysia	32,166	100%	31,102	91%	36,150	100%
United States of America	-	-	3,150	9%	-	-
	<u>32,166</u>	<u>100%</u>	<u>34,252</u>	<u>100%</u>	<u>36,150</u>	<u>100%</u>

At the end of the reporting period, approximately 11% (2021: 9%; 2020: Nil%) of the trade receivables of the Group were due from one (1) (2021: one (1); 2020: Nil) major customer.

(b) Liquidity and cash flow risk

The exposure of the Group to liquidity risk arises from mismatches of the financial assets and liabilities.

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

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

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

	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Financial liabilities				
31 December 2020				
Borrowings	37,012	23,165	34,854	95,031
Trade and other payables	28,026	4,069	-	32,095
Lease liabilities	1,363	3,420	-	4,783
Total undiscounted financial liabilities	<u>66,401</u>	<u>30,654</u>	<u>34,854</u>	<u>131,909</u>
31 December 2021				
Borrowings	82,052	30,469	61,071	173,592
Trade and other payables	58,767	4,069	-	62,836
Lease liabilities	1,773	3,935	4	5,712
Financial guarantee contract	133	-	-	133
Total undiscounted financial liabilities	<u>142,725</u>	<u>38,473</u>	<u>61,075</u>	<u>242,273</u>

12. ACCOUNTANTS' REPORT (cont'd)NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) Liquidity and cash flow risk (continued)

	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Financial liabilities				
31 December 2022				
Borrowings	67,595	29,275	60,124	156,994
Trade and other payables	34,593	-	-	34,593
Lease liabilities	2,732	5,048	-	7,780
Financial guarantee contract	133	-	-	133
Total undiscounted financial liabilities	<u>105,053</u>	<u>34,323</u>	<u>60,124</u>	<u>199,500</u>

(c) Interest rate risk

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

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit after tax			
- increase by 0.5% (2021: 0.5%; 2020: 0.5%)	(190)	(288)	(272)
- decrease by 0.5% (2021: 0.5%; 2020: 0.5%)	<u>190</u>	<u>288</u>	<u>272</u>

Sensitivity analysis for fixed rate instruments at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the effective interest rates/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	Effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:					Total RM'000	
				1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000		
As at 31 December 2020										
Fixed rates										
Deposits with licensed banks	11	2.00 - 3.25	2,026	-	-	-	-	-	-	2,026
Bankers' acceptances	15	1.96 - 4.72	(27,502)	-	-	-	-	-	-	(27,502)
Lease liabilities	7	1.92 - 8.00*	(1,127)	(1,015)	(681)	(360)	-	-	-	(4,206)
Floating rates										
Term loans	15	3.37 - 7.45	(3,582)	(3,710)	(3,922)	(4,101)	(27,234)	(46,475)	-	(46,475)
Bank overdrafts	15	6.45 - 6.95	(3,479)	-	-	-	-	-	-	(3,479)
As at 31 December 2021										
Fixed rates										
Deposits with licensed banks	11	1.80 - 3.25	5,768	-	-	-	-	-	-	5,768
Bankers' acceptances	15	2.03 - 3.80	(71,303)	-	-	-	-	-	-	(71,303)
Revolving credit	15	4.20	(1,000)	-	-	-	-	-	-	(1,000)
Lease liabilities	7	1.92 - 8.00*	(1,521)	(1,104)	(749)	(251)	(4)	-	-	(5,186)
Floating rates										
Term loans	15	3.00 - 7.20	(4,873)	(5,042)	(5,280)	(5,018)	(48,701)	(74,009)	-	(74,009)
Bank overdrafts	15	6.20 - 6.69	(1,728)	-	-	-	-	-	-	(1,728)



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(c) Interest rate risk (continued)

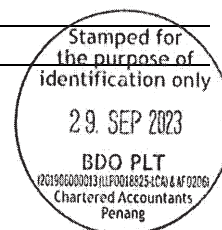
The following table sets out the carrying amounts, the effective interest rates/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	Effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):					Total RM'000
				1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	
As at 31 December 2022									
Fixed rates									
Deposits with licensed banks	11	1.80 - 2.60	8,894	-	-	-	-	-	8,894
Bankers' acceptances	15	2.90 - 5.01	(56,629)	-	-	-	-	-	(56,629)
Revolving credit	15	5.20	(1,000)	-	-	-	-	-	(1,000)
Lease liabilities	7	1.92 - 7.35*	(2,401)	(1,992)	(1,655)	(706)	(354)	-	(7,108)
Floating rates									
Term loans	15	3.50 - 8.20	(4,731)	(4,717)	(4,982)	(4,774)	(4,712)	(44,043)	(67,959)
Bank overdrafts	15	7.20 - 8.45	(3,526)	-	-	-	-	-	(3,526)



12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD").

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit after tax			
USD/RM			
- Strengthen by 5%	130	(356)	(197)
- Weaken by 5%	<u>(130)</u>	<u>356</u>	<u>197</u>

Sensitivity analysis of other foreign currencies is not disclosed as it is not material to the Group.

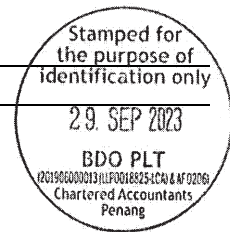
30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 8 June 2023, the Directors of a combining entity, BWYSSB, declared a single tier interim dividend of RM3 per ordinary share amounting to RM3,000,000 in respect of the financial year ending 31 December 2023, which was paid on 16 June 2023. The dividend will be accounted for in equity as an appropriation of retained earnings of BWYSSB in the financial year ending 31 December 2023.
- (b) On 14 August 2023, the issued and fully paid-up share capital of BW Scaffold was increased from RM2,488,000 to RM4,706,497 arising from additional 11,676,300 new ordinary shares of RM0.19 by way of capitalisation of amount owing to a Director.

On 14 August 2023, the issued and fully paid-up share capital of BWYS Steel was increased from RM2,000,000 to RM13,082,073 arising from additional 58,326,700 new ordinary shares of RM0.19 each by way of capitalisation of amount owing to a Director.

On 14 August 2023, the issued and fully paid-up share capital of YS Success was increased from RM2,000,000 to RM11,068,890 arising from additional 47,731,000 new ordinary shares of RM0.19 by way of capitalisation of amount owing to a Director.

The newly issued shares rank pari passu in all respects with the existing shares of the combining entities.



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (c) Pursuant to the Listing, the Company had on 21 August 2023 entered into conditional share sale agreements to acquire the entire equity interest in the combining entities comprising 125,722,000 ordinary shares for a total purchase consideration of RM146,093,378. The purchase consideration will be satisfied via the issuance of 768,909,999 new shares at an issue price of RM0.19 per share and the acquisition is pending completion as of the date of this report.

31. MATERIAL LITIGATIONS

BWYS Steel vs Mentari Arus Sdn. Bhd. ("Mentari")

BWYS Steel, pursuant to a sale agreement dated 22 October 2019 entered into with Mentari, sold and delivered certain products and rental services, including those related to VFrame Wall Framing System V70 ("Products"), to Mentari.

Mentari had acknowledged that the Products were delivered but refused to make payments. In response to BWYS Steel's letter of demand, Mentari vide a letter of demand dated 27 September 2021, counter-claimed for the sum of RM987,402, alleging that the supply of Products were defective.

On 5 July 2022, BWYS Steel filed a writ action to claim for a sum of RM155,321 due and payable from Mentari, among others. By way of a defence and counterclaim dated 25 August 2022, Mentari counterclaimed for the sum of RM987,402, alleging that the Products were defective and they have suffered substantial damages as a result of the breach of the agreements.

This matter has been fixed for trial on 30 January 2024 and 31 January 2024.

YS Success vs Hung Tat Trading ("HTT")

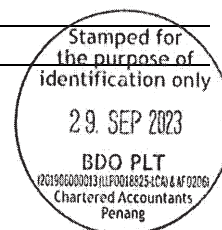
On 22 February 2022, YS Success filed a writ action to claim for a sum of RM768,667, interest in the sum of RM38,791 as at 21 February 2022 calculated at the rate of 1.5% per month on the sum; and additional interest at the rate of 1.5% per month on RM729,877 from 22 February 2022 until the date of full settlement, due and payable from HTT.

By way of the defence and counterclaim dated 30 May 2022, HTT claimed that YS Success did not deliver the entirety of the products that were ordered by HTT and counterclaimed for RM755,123 plus 5% interest per annum on the counterclaim sum.

A case management for filling of the pre-trial documents has been fixed on 2 October 2023.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

32.1 New MFRSs adopted during the financial year 31 December 2022

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

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

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - 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 16 <i>Lease-Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
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.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

STATEMENT BY DIRECTORS

We, Kang Beng Hai and Kang Yi Ki, being two of the Directors of BWYS Group Berhad, state that, in the opinion of the Directors, the combined financial statements set out on pages 4 to 59 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2020, 2021 and 2022 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 29 September 2023



Kang Beng Hai
Director



Kang Yi Ki
Director



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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10050 Penang
Malaysia
SST No: P11-1809-32000112

The Board of Directors
BWYS Group Berhad
Lot 1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12
14200 Sungai Bakap
Pulau Pinang

Date: 29 September 2023

Our ref: BDO/KTH/CMY/tchwa

Dear Sirs

**BWYS Group Berhad (“BWYS” or “the Company”) and its combining entities (“BWYS Group” or “the Group”)
Report on the Compilation of the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (“This Report”)**

We have completed our assurance engagement to report on the compilation of the Pro Forma Combined Statements of Financial Position of the Group prepared by the Board of Directors of the Company (“Board of Directors”). The Pro Forma Combined Statements of Financial Position as at 31 December 2022 together with the accompanying notes thereon, for which we have stamped for the purpose of identification only, have been prepared for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Combined Statements of Financial Position are described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and are specified in Rule 3.12B(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and paragraph 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the Notes thereon to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 had the transactions been effected as at 31 December 2022. As part of this process, information about the Group’s Combined financial position has been extracted by the Board of Directors from the combining entities’ audited statement of financial position as at 31 December 2022.

Directors’ Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance to the requirements of the Prospectus Guidelines.

Our Quality Management and Independence

The Firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)



Our Quality Management and Independence (continued)

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Combined Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis set out in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Combined Statements of Financial Position in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2022, would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)



Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position of the Group has been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This Report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'BDO PLT'.

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

Penang

A handwritten signature in black ink, appearing to read 'Koay Theam Hock'.

Koay Theam Hock
02141/04/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (*cont'd*)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Combined Statements of Financial Position of BWYS Group Berhad (“BWYS” or “the Company”) and its combining entities (collectively referred to as “BWYS Group” or “the Group”) as at 31 December 2022 together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad.

1.2 Basis of Preparation

The Pro Forma Combined Statements of Financial Position of the Group have been prepared on the basis consistent with the format of the financial statements of the Group as at 31 December 2022 and the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The Pro Forma Combined Statements of Financial Position are combined using merger method as the Company and its combining entities are under common control by the same parties, both before and after the acquisition of the Group, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by the Company and the share capital of BW Yee Seng Steel Industries Sdn. Bhd. (“BWYS Steel”), BW Yee Seng (Timur) Sdn. Bhd. (“BWYS Timur”), BW Scaffold Industries Sdn. Bhd. (“BW Scaffold”), BWYS Sdn. Bhd. (“BWYSSB”) and YS Success Industries Sdn. Bhd. (“YS Success”) are accounted for as merger reserves in the Pro Forma Combined Statements of Financial Position.

The audited financial statements of BWYS and its combining entities for the financial year ended 31 December 2022 were not subject to any audit qualification, modification or disclaimer.

The Pro Forma Combined Statements of Financial Position of the Group comprise Pro Forma Statements of Financial Position as at 31 December 2022, adjusted for the impact of the events or transactions as set out in Note 2 to the Pro Forma Combined Statements of Financial Position.

Due to its nature, the Pro Forma Combined Statements of Financial Position is not necessarily indicative of the financial position of the Group that would have attained had the effects of the transactions as set in Note 1.3 actually occurred at the respective dates. Further, such information does not predict the Group’s future financial position.

1.3 Listing Scheme

In preparation for the Listing, the Company undertook the internal restructuring exercises as described below.

1.3.1 Other Material Transactions

Distribution of dividend

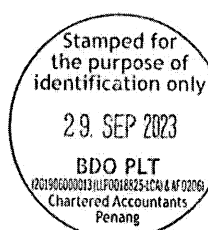
BWYSSB had declared a single tier interim dividend of RM3,000,000 on 8 June 2023 which was paid on 16 June 2023.

Advances from Director - Kang Beng Hai (“KBH”)

On 16 June 2023, KBH has advanced RM3,000,000 to YS Success for working capital purposes.

On 30 June 2023, KBH has advanced RM400,000, RM1,000,000 and RM2,000,000 to BW Scaffold, BWYS Steel and YS Success respectively for working capital purposes.

On 20 July 2023, KBH has advanced RM7,700,000 to BWYS Steel for working capital purposes.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.2 Capitalisations

(a) Capitalisation in BW Scaffold

On 14 August 2023, BW Scaffold capitalised the amount owing to KBH of RM2,218,497 via the issuance of 11,676,300 new ordinary shares of BW Scaffold ("BW Scaffold Share(s)") at an issue price of RM0.19 per BW Scaffold Share and the remaining balance of RM44 was fully satisfied via cash.

The Capitalisation in BW Scaffold was completed on 14 August 2023 and the issued share capital of BW Scaffold had increased from RM2,488,000 comprising 2,488,000 BW Scaffold Shares to RM4,706,497 comprising 14,164,300 BW Scaffold Shares.

(b) Capitalisation in BWYS Steel

On 14 August 2023, BWYS Steel capitalised the amount owing to KBH of RM11,082,073 via the issuance of 58,326,700 new ordinary shares of BWYS Steel ("BWYS Steel Share(s)") at an issue price of RM0.19 per BWYS Steel Share and the remaining balance of RM24 was fully satisfied via cash.

The Capitalisation in BWYS Steel was completed on 14 August 2023 and the issued share capital of BWYS Steel had increased from RM2,000,000 comprising 2,000,000 BWYS Steel Shares to RM13,082,073 comprising 60,326,700 BWYS Steel Shares.

(c) Capitalisation in YS Success

On 14 August 2023, YS Success capitalised the amount owing to KBH of RM9,068,890 via the issuance of 47,731,000 new ordinary shares of YS Success ("YS Success Share(s)") at an issue price of RM0.19 per YS Success Share and the remaining balance of RM36 was fully satisfied via cash.

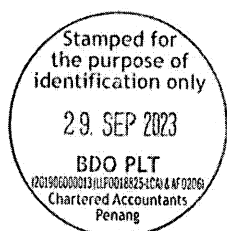
The Capitalisation in YS Success was completed on 14 August 2023 and the issued share capital of YS Success had increased from RM2,000,000 comprising 2,000,000 YS Success Shares to RM11,068,890 comprising 49,731,000 YS Success Shares.

1.3.3 Acquisitions

(a) Acquisition of BW Scaffold

On 21 August 2023, the Company had entered into a conditional share sale agreement ("SSA") with KBH and Kang Beng Teong ("KBT") to acquire the entire issued share capital of BW Scaffold comprising 14,164,300 BW Scaffold Shares for a total purchase consideration of RM27,226,400. The total purchase consideration is to be satisfied via the issuance of 143,296,832 new ordinary shares of the Company ("Share(s)") at an issue price of RM0.19 per Share to KBH and cash consideration of RM2 to KBT.

The total purchase consideration of RM27,226,400 was arrived at on a willing-buyer willing seller basis after taking into consideration the adjusted audited net assets ("NA") of BW Scaffold as at 31 December 2022 after Capitalisation in BW Scaffold of RM27,226,437.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.3 Acquisitions (continued)

(b) Acquisition of BWYSSB

On 21 August 2023, the Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYSSB comprising 1,000,000 ordinary shares of BWYSSB for a purchase consideration of RM26,408,100. The total purchase consideration is to be satisfied via the issuance of 138,988,610 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM264 to KBT.

The total purchase consideration of RM26,408,100 was arrived at on a willing-buyer willing seller basis after taking into consideration the audited NA of BWYSSB as at 31 December 2022 of RM26,408,128.

(c) Acquisition of BWYS Steel

On 21 August 2023, the Company had entered into a conditional SSA with KBH and Kang Meng Huat ("KMH") to acquire the entire issued share capital of BWYS Steel comprising 60,326,700 BWYS Steel Shares for a total purchase consideration of RM42,190,478. The total purchase consideration is to be satisfied via the issuance of 222,055,070 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM14 to KMH.

The total purchase consideration of RM42,190,478 was arrived at on a willing-buyer willing seller basis after taking into consideration the adjusted audited NA of BWYS Steel as at 31 December 2022 after Capitalisation in BWYS Steel of RM42,191,750.

(d) Acquisition of BWYS Timur

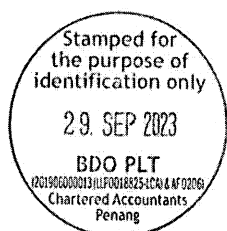
On 21 August 2023, the Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYS Timur comprising 500,000 ordinary shares of BW YS Timur for a total purchase consideration of RM19,700,000. The total purchase consideration is to be satisfied via the issuance of 103,683,174 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM197 to KBT.

The total purchase consideration of RM19,700,000 was arrived at on a willing-buyer willing seller basis after taking into consideration the audited NA of BWYS Timur as at 31 December 2022 of RM19,700,000.

(e) Acquisition of YS Success

On 21 August 2023, the Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of YS Success comprising 49,731,000 YS Success Shares for a total purchase consideration of RM30,568,400. The total purchase consideration is to be satisfied via the issuance of 160,886,313 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM1 to KBT.

The total purchase consideration of RM30,568,400 was arrived at on a willing-buyer willing seller basis after taking into consideration the adjusted audited NA of YS Success as at 31 December 2022 after Capitalisation in YS Success of RM30,568,466.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.4 Initial Public Offering ("IPO")

(a) Public issue and offer for sale

Public issue of 256,303,000 new Shares and an offer for sale of 100,000,000 existing Shares, representing 25.0% and 9.8% respectively of the enlarged number of issued shares of the Company, at an issue/offer price of RM[•] per Share.

(b) Listing

Admission to the Official List of Bursa Securities and the listing of and quotation for the Company's entire enlarged issued share capital of RM[•] comprising 1,025,213,000 shares on the ACE Market of Bursa Securities.

(c) Utilisation of Proceeds from IPO as per Prospectus

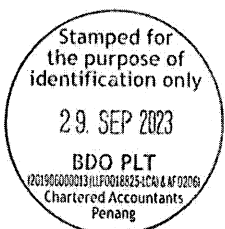
As per Prospectus, the gross proceeds from the IPO of RM[•] are expected to be utilised in the following manner:

	RM
Capital expenditure ¹	[•]
Repayment of bank borrowings	[•]
Working capital	[•]
Estimated listing expenses ²	[•]
	[•]
	[•]

Notes:

(1) As at latest practicable date of the prospectus, the Group has yet to enter into any contracted binding agreement or issued any purchase order in relation to the proceeds earmarked for capital expenditure. Accordingly, the utilisation of proceeds earmarked for the abovementioned purpose are not reflected in the Pro Forma Combined Statements of Financial Position.

(2) The estimated listing expenses totaling RM[•] to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM[•] had been incurred and charged to the profit or loss of the Group as of 31 December 2022. A total of RM[•] is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM[•] are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.



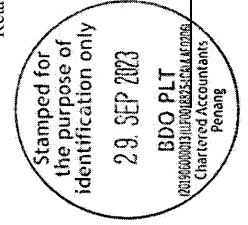
13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

The Pro Forma Combined Statements of Financial Position ("SOPF") of the Group as at 31 December 2022 has been prepared for illustrative purposes only to show the effects on the audited Combined SOPF of BWYS as at 31 December 2022 based on the assumptions that the Listing Scheme as set out in Note 1.3 to the Pro Forma Combined information had been effected on 31 December 2022.

	As at 31 December 2022 [^]	Adjustments for Other Material Transactions, Capitalisations, and Acquisitions	Pro Forma I Upon completion of the Other Material Transactions, Capitalisations, and Acquisitions	Adjustments for IPO	Pro Forma II After Pro Forma I and IPO
Note	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	130,293	-	130,293	-	130,293
Right-of-use assets	18,830	-	18,830	-	18,830
	149,123	-	149,123	-	149,123
Current assets					
Inventories	86,227	-	86,227	-	86,227
Trade and other receivables	45,495	-	45,495	-	45,495
Current tax assets	3,085	-	3,085	-	3,085
Cash and bank balances	14,827	11,100	25,927	[.]	[.]
	149,634	11,100	160,734	[.]	[.]
	298,757	11,100	309,857	[.]	[.]
TOTAL ASSETS					
EQUITY AND LIABILITIES					
Equity attributable to the common controlling shareholders of the Group					
Invested equity/Share capital	7,988	138,105	146,093	[.]	[.]
Merger reserve	-	(115,736)	(115,736)	-	(115,736)
Retained earnings	110,694	(3,000)	107,694	[.]	[.]
	118,682	19,369	138,051	[.]	[.]



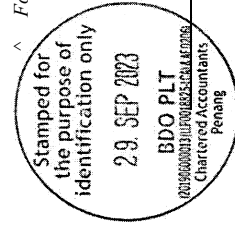
13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

	Note	As at 31 December 2022 [^]	Adjustments for Other Material Transactions, Capitalisations, and Acquisitions	Pro Forma I Upon completion of the Other Material Transactions, Capitalisations, and Acquisitions	Adjustments for IPO	Pro Forma II After Pro Forma I and IPO
		RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Non-current liabilities						
Borrowings	2.2.5	63,228	-	63,228	[•]	[•]
Lease liabilities		4,707	-	4,707	-	4,707
Deferred tax liabilities		5,384	-	5,384	-	5,384
		73,319	-	73,319	[•]	[•]
Current liabilities						
Trade and other payables	2.2.6	34,593	(8,269)	26,324	-	26,324
Provision		1,474	-	1,474	-	1,474
Borrowings		65,886	-	65,886	-	65,886
Lease liabilities		2,401	-	2,401	-	2,401
Current tax liabilities		2,402	-	2,402	-	2,402
		106,756	(8,269)	98,487	-	98,487
TOTAL LIABILITIES		180,075	(8,269)	171,806	[•]	[•]
TOTAL EQUITY AND LIABILITIES						
		298,757	11,100	309,857	[•]	[•]
Net assets (RM'000)		118,682		138,051		[•]
Number of ordinary shares assumed in issue ('000)		7,988		768,910		1,025,213
Net assets attributable to equity holders per ordinary shares (RM)		14.86		0.18		[•]

[^] For information purpose, the Company was incorporated on 4 January 2023 with issued and paid-up ordinary share capital of RMI.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.1 Pro Forma Adjustments to the Pro Forma Combined SOFP

2.1.1 Pro Forma I

Pro Forma I is stated after incorporating the effects of Other Material Transactions, Capitalisations and Acquisitions as set out in Note 1.3.1, Note 1.3.2 and Note 1.3.3 to the Pro Forma Combined SOFP.

2.1.2 Pro Forma II

Pro Forma II is stated after incorporating the effects of Pro Forma I and effect after the completion of Public Issue and the utilisation of proceeds from the IPO as set out in Note 1.3.4 to the Pro Forma Combined SOFP.

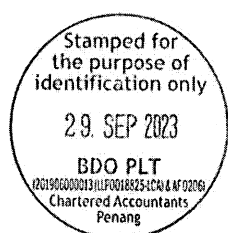
2.2 Notes to the Pro Forma Combined SOFP

2.2.1 Cash and bank balances

The movements of cash and bank balances are as follows:

	RM'000
As at 31 December 2022	14,827
Advances from Director - KBH	11,100
Pro Forma I	25,927
Public Issue	[•]
Proposed utilisation of proceeds	[•]
- Estimated listing expenses	[•]
- Repayment of bank borrowings	[•]
	[•]
Pro Forma II	[•]

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13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.2 Invested equity/Share capital

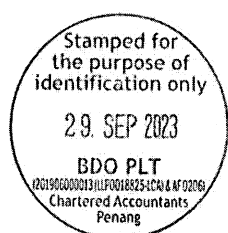
The movements of share capital are as follows:

	RM'000
As at 31 December 2022	7,988
Capitalisations	22,369
Acquisitions	115,736
	<hr/>
Pro Forma I	146,093
Public Issue	[•]
Utilisation of proceeds from the IPO	[•]
- Estimated listing expenses	[•]
	<hr/>
Pro Forma II	[•]

2.2.3 Merger reserve

The movements of merger reserve are as follows:

	RM'000
As at 31 December 2022	-
Acquisitions	(115,736)
	<hr/>
Pro Forma I	(115,736)
Public Issue	-
Utilisation of proceeds from the IPO	-
- Estimated listing expenses	-
	<hr/>
Pro Forma II	(115,736)



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.4 Retained earnings

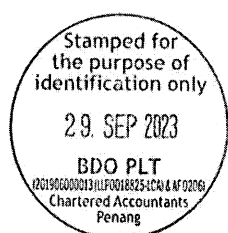
The movements of retained earnings are as follows:

	RM'000
As at 31 December 2022	110,694
Distribution of dividend	(3,000)
Pro Forma I	107,694
Public Issue	-
Utilisation of proceeds from the IPO	[•]
- Estimated listing expenses	[•]
Pro Forma II	[•]

2.2.5 Borrowings

The movements of borrowings are as follows:

	RM'000
<u>Non-current</u>	
As at 31 December 2022	63,228
Pro Forma I	63,228
Public Issue	-
Utilisation of proceeds from the IPO	[•]
- Repayment of bank borrowings	[•]
Pro Forma II	[•]



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.6 Trade and other payables

The movements of trade and other payables are as follows:

	RM'000
As at 31 December 2022	34,593
Advances from Director - KBH	14,100
Capitalisations	<u>(22,369)</u>
Pro Forma I	26,324
Public Issue	-
Utilisation of proceeds from the IPO	-
- Estimated listing expenses	-
	<u>-</u>
Pro Forma II	<u>26,324</u>

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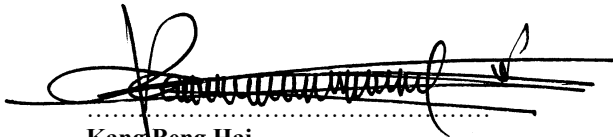


13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of BWYS Group Berhad in accordance with a resolution dated 29 September 2023.



.....
Kang Beng Hai
Director



.....
Kang Yi Ki
Director

Penang

