



UUE HOLDINGS BERHAD

(Registration No: 202201026669 (1472366-A))
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024**

UUE HOLDINGS BERHAD
Registration No: 202201026669 (1472366-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	29.2.2024	28.2.2023	29.2.2024	28.2.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	34,837	N/A	125,696	N/A
Cost of sales	(26,102)	N/A	(87,901)	N/A
Gross profit	8,735	N/A	37,795	N/A
Other operating income	75	N/A	443	N/A
Net impairment loss on receivables and contract assets	(1,081)	N/A	(1,081)	N/A
Administrative expenses	(4,946)	N/A	(13,401)	N/A
Selling and distribution expenses	(141)	N/A	(676)	N/A
Other operating expenses	(83)	N/A	(155)	N/A
Finance costs	(441)	N/A	(1,689)	N/A
Profit before tax	2,118	N/A	21,236	N/A
Tax expense	(851)	N/A	(5,329)	N/A
Profit after tax	1,267	N/A	15,907	N/A
Other comprehensive income, net of tax				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign exchange translation, net of tax	286	N/A	1,276	N/A
Total comprehensive income	1,553	N/A	17,183	N/A
Earnings per share ("EPS")				
- Basic (sen) ⁽³⁾	0.3	N/A	3.3	N/A
- Diluted (sen) ⁽⁴⁾	0.2	N/A	2.6	N/A

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 May 2024 in relation to its initial public offering ("IPO") and the accompanying explanatory notes attached to this interim financial report.
- (2) This interim financial report announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 2 July 2024 and as such no interim financial report was prepared for the comparative financial period concerned.

**UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME⁽¹⁾⁽²⁾**
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)

- (3) Basic earnings per share ("**EPS**") is calculated based on the Company's share capital of 483,390,000 ordinary shares upon completion of the acquisition of Kum Fatt Engineering Sdn Bhd ("**Kum Fatt**"), Konnection Engineering Pte Ltd ("**Konnection**") and Premier Plastic Industry Sdn Bhd ("**PPI**") but before the IPO (refer to Note A11).
- (4) Diluted EPS is calculated based on the Company's enlarged share capital of 608,292,000 shares after the IPO of the Company.
- (5) N/A – Not applicable.

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UUE HOLDINGS BERHAD
Registration No: 202201026669 (1472366-A)
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UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 29 FEBRUARY 2024

	Unaudited As at 29.2.2024 RM'000	Audited As at 28.2.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,744	10,901
Right-of-use assets	10,855	11,068
Total non-current assets	24,599	21,969
Current assets		
Inventories	3,549	2,430
Contract assets	40,656	24,140
Trade and other receivables	32,408	21,980
Cash and bank balances	18,149	15,273
Total current assets	94,762	63,823
TOTAL ASSETS	119,361	85,792
EQUITY AND LIABILITIES		
Equity attributable to owners of the combining entities		
Invested equity ⁽²⁾	3,908	3,908
Reserves	58,971	44,598
TOTAL EQUITY	62,879	48,506
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,312	1,365
Deferred income	155	171
Lease liabilities	5,892	6,344
Borrowings	2,784	4,188
Total non-current liabilities	10,143	12,068
Current liabilities		
Trade and other payables	17,434	8,232
Deferred income	16	16
Contract liabilities	2,182	155
Lease liabilities	2,944	2,589
Borrowings	20,077	12,810
Current tax liabilities	3,686	1,416
Total current liabilities	46,339	25,218
TOTAL LIABILITIES	56,482	37,286
TOTAL EQUITY AND LIABILITIES	119,361	85,792
Net assets per ordinary share attributable to owners of the Company (RM) ⁽³⁾	0.13	0.10

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UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 29 FEBRUARY 2024 (CONTINUED)

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) Number of ordinary shares on combined basis.
- (3) Net assets per ordinary share is calculated based on the Company's share capital of 483,390,000 ordinary shares upon completion of the acquisition of Kum Fatt, Konnection and PPI but before the IPO (refer to Note A11).

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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024

	← Non-distributable	→ Distributable		
	Invested Equity	Foreign Exchange Translation Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000
At 1 March 2023 (Audited)	3,908	1,223	43,375	48,506
Profit for the financial year	-	-	15,907	15,907
Other comprehensive income, net of tax	-	1,276	-	1,276
Total comprehensive income	-	1,276	15,907	17,183
Transactions with owners				
Issuance of ordinary shares	*	-	-	*
Dividends	-	-	(2,810)	(2,810)
At 29 February 2024 (Unaudited)	3,908	2,499	56,472	62,879

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Combined Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- * Represents RM8.

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UUE HOLDINGS BERHAD
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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024

	CURRENT YEAR-TO-DATE 29.2.2024 RM'000	PRECEDING YEAR-TO-DATE 28.2.2023⁽²⁾ RM'000
Cash flows from operating activities		
Profit before tax	21,236	N/A
Adjustments for:		
Amortisation of deferred income	(16)	N/A
Depreciation of property, plant and equipment	1,323	N/A
Depreciation of right-of-use assets	2,348	N/A
Net impairment loss on receivables and contract assets	1,081	N/A
Interest expenses	1,689	N/A
Interest income	(130)	N/A
Gain on disposal of property, plant and equipment	(14)	N/A
Property, plant and equipment written off	103	N/A
Operating profit before changes in working capital	27,620	N/A
Changes in working capital:		
Inventories	(1,115)	N/A
Contract assets/contract liabilities	(15,168)	N/A
Trade and other receivables	(10,183)	N/A
Trade and other payables	9,054	N/A
Cash generated from operations	10,208	N/A
Tax paid	203	N/A
Tax refunded	(3,442)	N/A
Net cash from operating activities	6,969	N/A
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,799)	N/A
Additions of right-of-use assets	(212)	N/A
Placement of pledged deposits with licensed banks	(2,018)	N/A
Proceeds from disposal of property, plant and equipment	14	N/A
Interest received	130	N/A
Net cash used in investing activities	(4,885)	N/A
Cash flow from financing activities		
Dividend paid	(2,810)	N/A
Interest paid for borrowings	(1,257)	N/A
Net drawdown of borrowings	5,474	N/A
Proceeds from issuance of ordinary shares	*	N/A
Repayment to a related party	(4)	N/A
Net repayment of lease liabilities	(3,549)	N/A
Net cash used in financing activities	(2,146)	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)

	CURRENT YEAR-TO-DATE 29.2.2024 RM'000	PRECEDING YEAR-TO-DATE 28.2.2023⁽²⁾ RM'000
Net decrease in cash and cash equivalents	(62)	N/A
Effect of exchange rate fluctuations on cash and cash equivalents	572	N/A
Cash and cash equivalents at the beginning of financial year	11,648	N/A
Cash and cash equivalents at the end of financial year	12,158	N/A
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	18,149	N/A
Less: Deposits pledged with licensed banks	(5,464)	N/A
Less: Bank overdrafts	(527)	N/A
	12,158	N/A

Notes:

- (1) The above Unaudited Condensed Combined Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) N/A – Not applicable.
- * Represents RM8.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This condensed combined interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of Listing Requirements of Bursa Securities.

This is the Company’s first interim financial report on the unaudited condensed combined financial results for the fourth quarter ended 29 February 2024 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 28 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

A2. Material Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants’ Report as disclosed in the Prospectus dated 28 May 2024 in relation to its IPO except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Effective for annual period beginning on or after 1 January 2024

Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

Amendments to MFRS 101 *Non-current Liabilities with Covenants*

Effective for annual period beginning on or after 1 January 2025

Amendments to MFRS 121 *Lack of Interchangeability*

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

A3. Auditors’ Report on Preceding Annual Financial Statements

There were no qualifications on the audited financial statements of the respective companies for the financial year ended 28 February 2023.

A4. Seasonal or Cyclical Factors

The Group’s operation was not significantly affected by any unusual seasonal or cyclical factors in the current quarter and financial year-to-date under review.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial year-to-date under review.

A6. Material Changes in Estimates

There were no material changes in estimates in the current quarter and financial year-to-date under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities by the Group during the interim financial reporting period under review.

A8. Dividend Paid

The amount of dividends paid by the Group during the financial year were as follows:

	Dividend per share RM	Amount of dividend RM'000
In respect of the financial year ended 29 February 2024:		
First single tier interim dividend of Kum Fatt, paid on 2 February 2024	1.5333	1,150
First single tier interim dividend of PPI, paid on 2 February 2024	0.2708	650
First single tier interim dividend of Konnection, paid on 29 January 2024	4.0408	1,010
		<u><u>2,810</u></u>

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by business segment

Business segment	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	29.2.2024	28.2.2023⁽¹⁾	29.2.2024	28.2.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering solutions	32,317	N/A	112,719	N/A
Manufacturing and trading of HDPE pipes ⁽²⁾	2,520	N/A	12,977	N/A
	34,837	N/A	125,696	N/A

Notes:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Being the sales of HDPE pipes to external parties.
- (3) N/A – Not applicable.

Revenue by geographical market

Country	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	29.2.2024	28.2.2023⁽¹⁾	29.2.2024	28.2.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Malaysia	27,761	N/A	95,374	N/A
Singapore	7,076	N/A	30,322	N/A
	34,837	N/A	125,696	N/A

Note:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A10. Material events subsequent to the end of the reporting period

(a) Acquisitions of Kum Fatt, Konnection and PPI

On 18 August 2023, the Company entered into the following agreements:

- (i) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa, Hin Wai Mun and Datuk Ting Meng Pheng to acquire a total of 750,000 ordinary shares in Kum Fatt representing the entire equity interest for a total purchase consideration of RM24.2 million which was satisfied by the issuance of 242,249,900 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of Kum Fatt of RM24.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Kum Fatt as at 28 February 2023 of RM24.7 million.

- (ii) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa and Chong Tuoo Choi to acquire a total of 250,000 ordinary shares representing the entire equity interest in Konnection for a total purchase consideration of RM18.2 million which was satisfied by the issuance of 181,740,000 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of Konnection of RM18.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Konnection as at 28 February 2023 of RM17.5 million.

- (iii) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa and Hin Wai Mun to acquire a total of 2,400,000 ordinary shares representing the entire equity interest in PPI for a total purchase consideration of RM5.9 million which was satisfied by the issuance of 59,400,000 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of PPI of RM5.9 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of PPI as at 28 February 2023 of RM6.1 million.

The Acquisitions of Kum Fatt, Konnection and PPI were completed on 16 April 2024. Thereafter, Kum Fatt, Konnection and PPI became UUE Holdings Berhad's wholly-owned subsidiaries.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A10. Material events subsequent to the end of the reporting period (continued)

(b) In conjunction with the Company's listing on the ACE Market of Bursa Securities ("**Listing**"), the Company proposes to undertake the IPO at an issue price of RM0.24 per share, comprising:

(I) Public Issue of 124,902,000 new ordinary shares in the Company ("**Shares**") in the following manner ("**Public Issue**"):

- 30,415,000 new Shares available for application by the Malaysian public;
- 40,591,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 38,574,000 new shares by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry; and
- 15,322,000 new Shares by way of private placement to selected investors;

and

(II) Offer for sale of 37,463,000 existing shares by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

Upon completion of the IPO, the issued share capital of the Company will increase to RM 78,315,480 comprising 608,292,000 Shares.

Pursuant thereto, the Company's entire enlarged share capital is expected to be listed and quoted on the ACE Market of Bursa Securities on 2 July 2024.

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

A11. Changes in the composition of the Group

Acquisition of Kum Fatt, Konnection and PPI

On 18 August 2023, the Company entered into the following agreements:

(a) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa, Hin Wai Mun and Datuk Ting Meng Pheng to acquire a total of 750,000 ordinary shares in Kum Fatt representing the entire equity interest for a total purchase consideration of RM24.2 million which was satisfied by the issuance of 242,249,900 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of Kum Fatt of RM24.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Kum Fatt as at 28 February 2023 of RM24.7 million.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A11. Changes in the composition of the Group (continued)

Acquisition of Kum Fatt, Konnection and PPI (continued)

- (b) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa and Chong Tuoo Choi to acquire a total of 250,000 ordinary shares representing the entire equity interest in Konnection for a total purchase consideration of RM18.2 million which was satisfied by the issuance of 181,740,000 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of Konnection of RM18.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Konnection as at 28 February 2023 of RM17.5 million.

- (c) a conditional share purchase agreement with Datuk Dr Ting Kok Hwa and Hin Wai Mun to acquire a total of 2,400,000 ordinary shares representing the entire equity interest in PPI for a total purchase consideration of RM5.9 million which was satisfied by the issuance of 59,400,000 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for the Acquisition of PPI of RM5.9 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of PPI as at 28 February 2023 of RM6.1 million.

The Acquisitions of Kum Fatt, Konnection and PPI were completed on 16 April 2024. Thereafter, Kum Fatt, Konnection and PPI became UUE Holdings Berhad's wholly-owned subsidiaries.

A12. Contingent liabilities or contingent assets

Save as contingent liabilities disclosed below, there were no contingent assets as at the date of this interim report:

	29.2.2024 Unaudited RM'000
Performance bond given to third party in respect of contracts	<u>500</u>

A13. Related Party Transactions Disclosures

There related party transactions between the Group and related parties are as follows:

	<u>QUARTER ENDED 29.2.2024 Unaudited RM'000</u>	<u>YEAR-TO- DATE ENDED 29.2.2024 Unaudited RM'000</u>
Entities controlled by certain directors:		
- Contract revenue	-	(8)
- Rental expenses	73	293
	<u>73</u>	<u>293</u>

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A14. Capital Commitments

Saved as disclosed below, there are no other material capital commitments as at the end of the current financial quarter under review.

29.2.2024
Unaudited
RM'000

Approved and contracted for:

Purchase of property, plant and equipment

737

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Financial Performance

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	29.2.2024	28.2.2023⁽¹⁾	29.2.2024	28.2.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	34,837	N/A	125,696	N/A
Profit before tax	2,118	N/A	21,236	N/A
Profit after tax	1,267	N/A	15,907	N/A

Notes:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) N/A – Not applicable.

The Group recorded revenue of approximately RM34.8 million for the current financial quarter under review mainly contributed from revenue from underground utilities engineering solutions segment which accounted for RM32.3 million, representing 92.8% of the total revenue.

The Group recorded profit before tax of RM2.1 million for current financial quarter under review after deducting expenses, which are mainly attributed to administrative expenses of RM5.0 million and net impairment loss on receivables and contract assets of RM1.1 million.

The administrative expenses consist of directors' remuneration, staff costs, IPO expenses, depreciation, professional fee, maintenance and other general and administrative expenses.

There are no comparative figures for the corresponding preceding quarter's results as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter's Results

There are no comparative figures for the immediate preceding quarter as this is the first interim financial report on the unaudited condensed combined financial results announced by the Company.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B3. Prospects of the Group

The Group is principally involved in the provision of underground utilities engineering solutions where it specialise in the HDD method of laying pipes, and also employ the open cut and micro trenching excavation methods. The Group is also involved in the manufacturing and trading of HDPE pipes, primarily to support its underground utilities engineering projects in Malaysia and Singapore.

The Group business strategies and plans will be centered on the following areas (as listed in Section 7.18 of the Prospectus):

- (i) expand regionally in Peninsular Malaysia, especially targeting the states of Terengganu, Kelantan and Pahang by securing telecommunications and electricity supply projects;
- (ii) acquire more machinery to expand the range of underground utilities engineering solutions and scale of projects. The Group plans to acquire a maxi rig HDD machine that will enable the Group to venture into the provision of subsea HDD works, thereby expanding its range of underground utilities engineering solutions; and
- (iii) expand the range of underground utilities engineering solutions in Singapore. The Group intends to leverage on the growth prospects of the Singapore market by actively participating in tenders and/or requests for quotations in Singapore for HDD works for electricity distribution projects by leveraging on its project track record, technical expertise and experience of its employees.

The Group aims to leverage the competitive strengths (as listed in Section 7.17 of the Prospectus) as underground utilities engineering solutions provider to maintain sustainable growth and create long-term shareholder value.

B4. Variance of actual profits from profit forecast

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

B5. Tax expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	29.2.2024	28.2.2023⁽²⁾	29.2.2024	28.2.2023⁽²⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Tax expense	851	N/A	5,329	N/A
Effective tax rate ⁽¹⁾ (%)	40.2	N/A	25.1	N/A
Statutory tax rate (%)				
- Malaysia	⁽³⁾ 17.0 /	N/A	⁽³⁾ 17.0 /	N/A
	24.0		24.0	
- Singapore	17.0	N/A	17.0	N/A

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B5. Tax expense (continued)

Notes:

- (1) The Group's effective tax rate for current quarter and year-to-date was higher than the statutory tax rate mainly due to IPO expenses of RM1.8 million which were non-deductible for tax purposes.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) PPI qualified for the preferential tax rate of 15.0% on the first chargeable income of RM150,000 and 17% on the next RM450,000 as its share capital was below RM2.5 million and annual sales was less than RM50.0 million. For chargeable income in excess of RM600,000, the statutory income tax rate of 24.0%, is still applicable.
- (4) N/A – Not applicable.

B6. Status of Corporate Proposals

On 28 May 2024, the Company issued its Prospectus in relation to the IPO in conjunction with the listing of the Company on the ACE Market of Bursa Securities, comprising the public issue of 124,902,000 new Shares and offer for sale of 37,463,000 existing Shares in the Company. The Listing is pending completion as the Company is expected to be listed on 2 July 2024.

Save as disclosed above, there were no other corporate proposals pending completion as at the date of this interim financial report.

B7. Utilisation of proceeds from the Public Issue

The gross proceeds to be raised by the Company from the Public Issue of RM30.0 million shall be utilised in the following manner:

Utilisation of proceeds	Proposed utilisation RM'000	Percentage of utilisation %	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation⁽¹⁾
Purchase of machinery and equipment	15,750	52.6	-	15,750	Within 24 months
General working capital	10,893	36.3	-	10,893	Within 12 months
Estimated listing expenses	3,333	11.1	-	3,333	Within 1 month
	29,976	100.0	-	29,976	

Note:

- (1) From the date of listing of the Company.

UUE HOLDINGS BERHAD
Registration No: 202201026669 (1472366-A)
(Incorporated in Malaysia)

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B8. Group borrowings and debts securities

	29.2.2024	28.2.2023
	Unaudited	Audited
	RM'000	RM'000
Current		
<i>Secured</i>		
Bank overdrafts	527	195
Trade financing	18,502	10,728
Term loans	1,048	1,887
Lease liabilities	2,092	2,093
<i>Unsecured</i>		
Lease liabilities	852	496
Non-current		
<i>Secured</i>		
Term loans	2,784	4,188
Lease liabilities	3,731	4,290
<i>Unsecured</i>		
Lease liabilities	2,161	2,054
Total borrowings	31,697	25,931

The currency exposure profile of borrowings and lease liabilities are as follows:

	29.2.2024	28.2.2023
	Unaudited	Audited
	RM'000	RM'000
Ringgit Malaysia	28,824	21,052
Singapore Dollar	2,873	4,879
	31,697	25,931

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B9. Material Litigations

There were no material litigations by or against the Group as at 29 February 2024.

B10. Dividends

Save as disclosed in Note A8, no dividend was proposed by the Board of Directors for the current quarter under review.

B11. Earnings Per Share

The basic and diluted EPS for the current financial quarter under review and financial year-to-date are computed as follows:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	29.2.2024	28.2.2023⁽¹⁾	29.2.2024	28.2.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	1,267	N/A	15,907	N/A
Weighted average number of ordinary shares in issue ('000)	483,390	N/A	483,390	N/A
Weighted average number of diluted ordinary shares in issue ('000)	608,292	N/A	608,292	N/A
Basic EPS (sen) ⁽²⁾	0.3	N/A	3.3	N/A
Diluted EPS (sen) ⁽³⁾	0.2	N/A	2.6	N/A

Notes:

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic EPS is calculated based on the Company's issued share capital of 483,390,000 ordinary shares upon completion of the acquisition of Kum Fatt, Konnection and PPI but before the IPO.
- (3) Diluted EPS is calculated based on the Company's enlarged share capital of 608,292,000 shares after the IPO of the Company.
- (4) N/A – Not applicable.

UUE HOLDINGS BERHAD
Registration No: 202201026669 (1472366-A)
(Incorporated in Malaysia)

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B12. Notes to the Condensed Combined Statements of Profit or Loss and Other Comprehensive Income

The following items have been charged/(credited) in arriving at the profit before taxation for the current financial quarter and the profit before taxation for the financial year-to-date:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	29.2.2024	28.2.2023⁽¹⁾	29.2.2024	28.2.2023⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting):				
Amortisation of deferred income	(4)	N/A	(16)	N/A
Depreciation of:				
- property, plant and equipment	390	N/A	1,323	N/A
- right-of-use assets	611	N/A	2,348	N/A
Property, plant and equipment written off	66	N/A	103	N/A
Interest expenses	441	N/A	1,689	N/A
IPO expenses	1,825	N/A	1,825	N/A
Net impairment loss on receivables and contract assets	1,081	N/A	1,081	N/A
Gain on disposal of property, plant and equipment	-	N/A	(14)	N/A
Realised loss on foreign exchange	17	N/A	52	N/A
Interest income	(40)	N/A	(130)	N/A
Income from training centre	(9)	N/A	(9)	N/A
Government subsidies	*	N/A	(85)	N/A
Sales of scrap	(15)	N/A	(133)	N/A
Transport income	(2)	N/A	(24)	N/A

Notes:

(1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

(2) N/A – Not applicable.

* Less than RM1,000.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board on 26 June 2024.