



UUE HOLDINGS BERHAD

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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.8.2024 | 31.8.2023 | 31.8.2024 | 31.8.2023 |
| | Unaudited RM'000 | Unaudited RM'000 | Unaudited RM'000 | Unaudited RM'000 |
| Revenue | 43,045 | N/A | 82,001 | N/A |
| Cost of sales | (30,372) | N/A | (57,693) | N/A |
| Gross profit | 12,673 | N/A | 24,308 | N/A |
| Other operating income | 221 | N/A | 418 | N/A |
| Reversal of impairment loss on contract assets | 567 | N/A | 567 | N/A |
| Administrative expenses | (3,772) | N/A | (7,464) | N/A |
| Selling and distribution expenses | (305) | N/A | (516) | N/A |
| Other operating expenses | (170) | N/A | (227) | N/A |
| Finance costs | (453) | N/A | (886) | N/A |
| Profit before tax | 8,761 | N/A | 16,200 | N/A |
| Tax expense | (2,023) | N/A | (3,904) | N/A |
| Profit after tax | 6,738 | N/A | 12,296 | N/A |
| Other comprehensive loss, net of tax | | | | |
| <u>Item that may be reclassified subsequently to profit or loss</u> | | | | |
| Foreign exchange translation, net of tax | (1,288) | N/A | (1,673) | N/A |
| Total comprehensive income | 5,450 | N/A | 10,623 | N/A |
| Earnings per share ("EPS") | | | | |
| - Basic (sen) ⁽³⁾ | 1.7 | N/A | 3.0 | N/A |
| - Diluted (sen) ⁽⁴⁾ | 1.7 | N/A | 3.0 | N/A |

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 period-to-date as the Company was 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.

UUE HOLDINGS BERHAD
Registration No: 202201026669 (1472366-A)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾**
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (CONTINUED)

- (3) Basic earnings per share ("**EPS**") is calculated based on the weighted average number of ordinary shares in issue of the Company of 406,665,514 as at 31 August 2024.
- (4) Diluted EPS is equal to the basic EPS as there is no dilutive instruments as at 31 August 2024.
- (5) N/A – Not applicable.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 AUGUST 2024

| | Unaudited As at 31.8.2024 RM'000 | Unaudited As at 29.2.2024 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 12,887 | 13,744 |
| Right-of-use assets | 11,539 | 10,855 |
| Total non-current assets | 24,426 | 24,599 |
| Current assets | | |
| Inventories | 3,381 | 3,549 |
| Contract assets | 59,061 | 40,656 |
| Trade and other receivables | 34,475 | 32,408 |
| Cash and bank balances | 35,834 | 18,149 |
| Total current assets | 132,751 | 94,762 |
| TOTAL ASSETS | 157,177 | 119,361 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 77,230 | * |
| Invested equity ⁽²⁾ | - | 3,908 |
| Reserves | 25,163 | 58,971 |
| TOTAL EQUITY | 102,393 | 62,879 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Deferred tax liabilities | 1,328 | 1,312 |
| Deferred income | 147 | 155 |
| Lease liabilities | 5,870 | 5,892 |
| Borrowings | 2,242 | 2,784 |
| Total non-current liabilities | 9,587 | 10,143 |
| Current liabilities | | |
| Trade and other payables | 17,097 | 17,434 |
| Deferred income | 16 | 16 |
| Contract liabilities | 1,856 | 2,182 |
| Lease liabilities | 3,134 | 2,944 |
| Borrowings | 17,656 | 20,077 |
| Current tax liabilities | 5,438 | 3,686 |
| Total current liabilities | 45,197 | 46,339 |
| TOTAL LIABILITIES | 54,784 | 56,482 |
| TOTAL EQUITY AND LIABILITIES | 157,177 | 119,361 |
| Net assets per ordinary share attributable to owners of the Company (RM) ⁽³⁾ | 0.17 | 0.13 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 AUGUST 2024 (CONTINUED)

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 as at 31 August 2024 is calculated based on the Company's share capital of 608,292,000 ordinary shares.

Net assets per ordinary share as at 29 February 2024 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.

* Represents RM10.

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UUE HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024

| | ← Non-distributable → | | | | Distributable | |
|---|-----------------------|--------------------|-------------------|---|----------------------|-----------------|
| | Share Capital | Invested Equity | Merger Reserve | Foreign Exchange Translation Reserve | Retained Earnings | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 March 2024 (Unaudited) | * | 3,908 | - | 2,499 | 56,472 | 62,879 |
| Profit for the financial period | - | - | - | - | 12,296 | 12,296 |
| Other comprehensive loss, net of tax | - | - | - | (1,673) | - | (1,673) |
| Total comprehensive income | - | - | - | (1,673) | 12,296 | 10,623 |
| Transaction with owners | | | | | | |
| Issuance of ordinary shares pursuant to acquisition of subsidiaries | 48,339 | (3,908) | (44,431) | - | - | - |
| Issuance of ordinary shares pursuant to IPO | 29,976 | - | - | - | - | 29,976 |
| Share Issuance expenses | (1,085) | - | - | - | - | (1,085) |
| | 77,230 | (3,908) | (44,431) | - | - | 28,891 |
| At 31 August 2024 (Unaudited) | 77,230 | - | (44,431) | 826 | 68,768 | 102,393 |

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated 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 third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

* Represents RM10.

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UUE HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024

| | CURRENT PERIOD-TO- DATE 31.8.2024 RM'000 | PRECEDING PERIOD-TO- DATE 31.8.2023⁽²⁾ RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 16,200 | N/A |
| Adjustments for: | | |
| Amortisation of deferred income | (8) | N/A |
| Depreciation of property, plant and equipment | 750 | N/A |
| Depreciation of right-of-use assets | 1,339 | N/A |
| Interest expenses | 886 | N/A |
| Interest income | (105) | N/A |
| Loss on disposal of right-of-use assets | * | N/A |
| Property, plant and equipment written off | 66 | N/A |
| Reversal of impairment loss on contract assets | (567) | N/A |
| Operating profit before changes in working capital | 18,561 | N/A |
| Changes in working capital: | | |
| Inventories | 159 | N/A |
| Contract assets/contract liabilities | (18,355) | N/A |
| Trade and other receivables | (2,696) | N/A |
| Trade and other payables | (119) | N/A |
| Cash used in operations | (2,450) | N/A |
| Tax paid | (1,982) | N/A |
| Net cash used in operating activities | (4,432) | N/A |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (1,227) | N/A |
| Additions of right-of-use assets | (167) | N/A |
| Placement of pledged deposits with licensed banks | (118) | N/A |
| Proceeds from disposal of right-of-use assets | 28 | N/A |
| Interest received | 105 | N/A |
| Net cash used in investing activities | (1,379) | N/A |
| Cash flow from financing activities | | |
| Interest paid for borrowings | (652) | N/A |
| Net repayment of borrowings | (2,436) | N/A |
| Net repayment of lease liabilities | (1,096) | N/A |
| Net proceeds from issuance of ordinary shares | 28,891 | N/A |
| Net cash from financing activities | 24,707 | N/A |
| Net increase in cash and cash equivalents | 18,896 | N/A |
| Effect of exchange rate fluctuations on cash and cash equivalents | (764) | N/A |
| Cash and cash equivalents at the beginning of financial period | 12,158 | N/A |
| Cash and cash equivalents at the end of financial period | 30,290 | N/A |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾⁽²⁾
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (CONTINUED)

| | CURRENT PERIOD-TO- DATE 31.8.2024 RM'000 | PRECEDING PERIOD-TO- DATE 31.8.2023⁽²⁾ RM'000 |
|--|---|---|
| Cash and cash equivalents at the end of financial period comprises: | | |
| Cash and bank balances | 35,834 | N/A |
| Less: Fixed deposits pledged with licensed banks | (5,544) | N/A |
| | <u>30,290</u> | <u>N/A</u> |

Notes:

- (1) The above Unaudited Condensed Consolidated 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 third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
 - (3) N/A – Not applicable.
- * Less than RM1,000.

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

A1. Basis of Preparation

This condensed consolidated 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 third interim financial report on the unaudited condensed consolidated financial results for the second quarter ended 31 August 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 material 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 Exchangeability*

Effective for annual period beginning on or after 1 January 2026

Amendments to the Classification and Measurement of Financial Instruments
(Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
Amendments to MFRS 7 *Financial Instruments: Disclosures*
Amendments to MFRS 9 *Financial Instruments*
Amendments to MFRS 10 *Consolidated Financial Statements*
Amendments to MFRS 107 *Statement of Cash Flows*

Effective for annual period beginning on or after 1 January 2027

MFRS 18 *Presentation and Disclosure in Financial Statements*
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

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.

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

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 29 February 2024.

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 period-to-date under review.

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 period-to-date under review.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

Save as disclosed below, 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.

Pursuant to the Company's listing on the ACE Market of Bursa Securities ("**Listing**"), the effect of the IPO on equity structure of the Company were allocated in the following manner:

- (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.

The IPO was completed and the Company was listed on the ACE Market of Bursa Securities on 2 July 2024 with the enlarged share capital comprised 608,292,000 Shares.

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

A8. Dividend Paid

There was no dividend paid by the Company during the current financial quarter under review.

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by business segment

| <u>Business segment</u> | <u>QUARTER ENDED</u> | | <u>PERIOD-TO-DATE ENDED</u> | |
|--|-----------------------------|--------------------------------|------------------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽¹⁾ | 31.8.2024 | 31.8.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Underground utilities engineering solutions | 35,422 | N/A | 69,015 | N/A |
| Manufacturing and trading of HDPE pipes ⁽²⁾ | 7,623 | N/A | 12,986 | N/A |
| | 43,045 | N/A | 82,001 | N/A |

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-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

| <u>Country</u> | <u>QUARTER ENDED</u> | | <u>PERIOD-TO-DATE ENDED</u> | |
|-----------------------|-----------------------------|--------------------------------|------------------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽¹⁾ | 31.8.2024 | 31.8.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 34,567 | N/A | 66,084 | N/A |
| Singapore | 8,478 | N/A | 15,917 | N/A |
| | 43,045 | N/A | 82,001 | N/A |

Notes:

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

(2) N/A – Not applicable.

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

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

There were no changes in the composition of the Group during the current quarter under review.

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:

| | 31.8.2024 Unaudited RM'000 |
|---|---|
| Performance bond given to third party in respect of contracts | <u>500</u> |

A13. Related Party Transactions Disclosures

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

| | <u>QUARTER ENDED 31.8.2024 Unaudited RM'000</u> | <u>PERIOD-TO- DATE ENDED 31.8.2024 Unaudited RM'000</u> |
|--|--|--|
| Entities controlled by certain directors: | | |
| - Rental expenses | <u>73</u> | <u>146</u> |

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.

| | 31.8.2024 Unaudited RM'000 |
|-------------------------------------|---|
| Approved and contracted for: | |
| Purchase of plant and machinery | <u>4,390</u> |

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

B1. Review of Financial Performance

| | <u>QUARTER ENDED</u> | | <u>PERIOD-TO-DATE ENDED</u> | |
|-------------------|----------------------|--------------------------------|-----------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽¹⁾ | 31.8.2024 | 31.8.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 43,045 | N/A | 82,001 | N/A |
| Profit before tax | 8,761 | N/A | 16,200 | N/A |
| Profit after tax | <u>6,738</u> | <u>N/A</u> | <u>12,296</u> | <u>N/A</u> |

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-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 RM43.0 million and RM82.0 million for the current quarter and period-to-date respectively, mainly contributed from revenue from underground utilities engineering solutions segment which accounted for RM35.4 million and RM69.0 million, representing 82.3% and 84.1% of the total revenue for the current quarter and period-to-date respectively.

The Group recorded profit before tax of RM8.8 million and RM16.2 million for current quarter and period-to-date respectively after deducting expenses, which are mainly attributed to administrative expenses of RM3.8 million and RM7.5 million for the current quarter and period-to-date respectively.

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

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

B2. Comparison with Immediate Preceding Quarter's Results

| | <u>QUARTER ENDED</u> | | <u>Variance</u> | |
|---------------------------|----------------------|------------------|-----------------|-------------|
| | 31.8.2024 | 31.5.2024 | RM'000 | % |
| | Unaudited | Unaudited | | |
| | RM'000 | RM'000 | | |
| Revenue | 43,045 | 38,956 | 4,089 | 10.5 |
| Gross profit ("GP") | 12,673 | 11,635 | 1,038 | 8.9 |
| Profit before tax ("PBT") | 8,761 | 7,439 | 1,322 | 17.8 |
| Profit after tax | <u>6,738</u> | <u>5,558</u> | <u>1,180</u> | <u>21.2</u> |

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

B2. Comparison with Immediate Preceding Quarter's Results (continued)

The Group's revenue for the current quarter increased by RM4.1 million or 10.5% to RM43.0 million as compared to the immediate preceding quarter of RM38.9 million. The increase was mainly attributed to:

- (i) Increase in revenue from manufacturing and trading of HDPE pipes segment by RM2.3 million or 43.4% to RM7.6 million in the current quarter as compared to the immediate preceding quarter of RM5.3 million; and
- (ii) Increase in revenue from underground utilities engineering solutions segment by RM1.8 million or 5.4% to RM35.4 million in the current quarter as compared to the immediate preceding quarter of RM33.6 million.

The Group recognised PBT of RM8.8 million for the current quarter, representing an increase of RM1.4 million or 18.9% as compared to the immediate preceding quarter of RM7.4 million. The increase in PBT was mainly due to higher GP generated from business and reversal of impairment loss on contract assets in the current quarter.

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.

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

B5. Tax expense

| | QUARTER ENDED | | PERIOD-TO-DATE ENDED | |
|---------------------------------------|----------------------|--------------------------------|-----------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽²⁾ | 31.8.2024 | 31.8.2023⁽²⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expense | 2,023 | N/A | 3,904 | N/A |
| Effective tax rate ⁽¹⁾ (%) | 23.1 | N/A | 24.1 | N/A |
| Statutory tax rate (%) | | | | |
| - Malaysia | 24.0 | N/A | 24.0 | N/A |
| - Singapore | 17.0 | N/A | 17.0 | N/A |

Notes:

- (1) The Group's effective tax rate for the period-to-date was higher than the statutory tax rate mainly due to expenses incurred for IPO which were non-deductible for tax purposes.

The effective tax rate for the current quarter was in the range of Malaysia and Singapore statutory tax rates of 24.0% and 17.0% respectively.

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

B6. Status of Corporate Proposals

On 2 July 2024, the Company was admitted to the Official List of Bursa Securities and the Company's entire enlarged share capital of 608,292,000 shares was listed and quoted on the ACE Market of Bursa Securities.

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 | Percentage of utilisation | Actual utilisation | Balance to be utilised | Estimated timeframe for utilisation⁽¹⁾ |
|-------------------------------------|-----------------------------|----------------------------------|---------------------------|-------------------------------|--|
| | RM'000 | % | RM'000 | RM'000 | |
| Purchase of machinery and equipment | 15,750 | 52.6 | 310 | 15,440 | Within 24 months |
| General working capital | 10,893 | 36.3 | 4,519 | 6,374 | Within 12 months |
| Estimated listing expenses | 3,333 | 11.1 | 3,333 | - | Within 1 month |
| | 29,976 | 100.0 | 8,162 | 21,814 | |

Note:

- (1) From the date of listing of the Company on 2 July 2024.

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

| | 31.8.2024 | 29.2.2024 |
|-------------------------|------------------|------------------|
| | Unaudited | Unaudited |
| | RM'000 | RM'000 |
| Current | | |
| <i>Secured</i> | | |
| Bank overdrafts | - | 527 |
| Trade financing | 16,582 | 18,502 |
| Term loans | 1,074 | 1,048 |
| Lease liabilities | 2,379 | 2,092 |
| <i>Unsecured</i> | | |
| Lease liabilities | 755 | 852 |
| Non-current | | |
| <i>Secured</i> | | |
| Term loans | 2,242 | 2,784 |
| Lease liabilities | 4,040 | 3,731 |
| <i>Unsecured</i> | | |
| Lease liabilities | 1,830 | 2,161 |
| Total borrowings | 28,902 | 31,697 |

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

| | 31.8.2024 | 29.2.2024 |
|------------------|------------------|------------------|
| | Unaudited | Unaudited |
| | RM'000 | RM'000 |
| Ringgit Malaysia | 26,127 | 28,824 |
| Singapore Dollar | 2,775 | 2,873 |
| | 28,902 | 31,697 |

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

B9. Material Litigations

As at 10 October 2024 (being a date not earlier than 7 days from the date of issue of this report), there is no material litigation or arbitration by/against the Group, which has a material effect on the financial position of the Group and the Board of Directors ("Board") is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

B10. Dividends

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 period-to-date are computed as follows:

| | QUARTER ENDED | | PERIOD-TO-DATE ENDED | |
|--|----------------------|--------------------------------|-----------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽¹⁾ | 31.8.2024 | 31.8.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to owners of the Company | 6,738 | N/A | 12,296 | N/A |
| Weighted average number of ordinary shares in issue ('000) | 406,666 | N/A | 406,666 | N/A |
| Basic EPS (sen) ⁽²⁾ | 1.7 | N/A | 3.0 | N/A |
| Diluted EPS (sen) ⁽³⁾ | 1.7 | N/A | 3.0 | N/A |

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic earnings per share ("**EPS**") is calculated based on the weighted average number of ordinary shares of the Company of 406,665,514 as at 31 August 2024.
- (3) Diluted EPS is equal to the basic EPS as there is no dilutive instruments as at 31 August 2024.
- (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 Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

| | <u>QUARTER ENDED</u> | | <u>PERIOD-TO-DATE ENDED</u> | |
|--|----------------------|--------------------------------|-----------------------------|--------------------------------|
| | 31.8.2024 | 31.8.2023⁽¹⁾ | 31.8.2024 | 31.8.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| After charging | | | | |
| /(crediting): | | | | |
| Amortisation of deferred income | (4) | N/A | (8) | N/A |
| Depreciation of: | | | | |
| - property, plant and equipment | 379 | N/A | 750 | N/A |
| - right-of-use assets | 675 | N/A | 1,339 | N/A |
| Interest expenses | 453 | N/A | 886 | N/A |
| IPO expenses | 338 | N/A | 741 | N/A |
| Loss on disposal of right-of-use assets | * | N/A | * | N/A |
| Property, plant and equipment written off | 66 | N/A | 66 | N/A |
| Realised loss on foreign exchange | 104 | N/A | 161 | N/A |
| Reversal of impairment loss on contract assets | (567) | N/A | (567) | N/A |
| Rental income from backhoe | (5) | N/A | (5) | N/A |
| Interest income | (99) | N/A | (105) | N/A |
| Income from training centre | - | N/A | (27) | N/A |
| Government subsidies | (5) | N/A | (108) | N/A |
| Sales of scrap | (25) | N/A | (68) | N/A |
| Transport income | (10) | N/A | (23) | N/A |

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period-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 14 October 2024.