

### 13. ACCOUNTANTS' REPORT



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The Board of Directors  
UUE Holdings Berhad  
No. 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor Darul Takzim  
Malaysia.

Date: 24 August 2023

Our ref: BDO/JS/TTXW/oew

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of UUE Holdings Berhad ("UUE" or "the Company")

#### Opinion

We have audited the combined financial statements of UUE Holdings Berhad and its combining entities (collectively known as the "Group"), which comprise the combined statements of financial position as at 28 February 2021, 28 February 2022 and 28 February 2023 of the Group, 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 28 February 2021, 28 February 2022 and 28 February 2023, and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report.

The historical combined financial statements 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 the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the ACE Market listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022 and 28 February 2023 and of their financial performance and their cash flows for each of the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Basis for Opinion (continued)**

*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 (“Directors”) are responsible for the preparation of the combined financial statements of the Group that gives a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the 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’ Responsibility 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

- (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 internal control of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)**



**Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements (continued)**

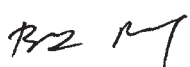
As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):


- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 represents the underlying transactions and events in a manner that achieve fair presentation.
- (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 Appendix 3B, Part A of 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. We do not assume responsibility to any other person for the content of this report.

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

  
Sia Yeak Hong  
03413/02/2025 J  
Chartered Accountant

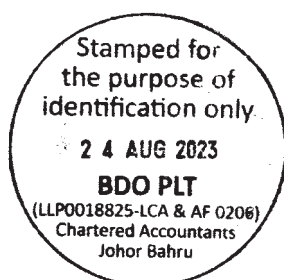
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	11,567,031	8,611,543	10,900,498
Right-of-use assets	10	3,892,230	7,785,872	11,068,198
Investment properties	11	5,681,430	-	-
		21,140,691	16,397,415	21,968,696
<b>Current assets</b>				
Inventories	12	1,572,542	2,576,756	2,429,713
Contract assets	13	11,200,413	16,456,973	24,139,614
Trade and other receivables	14	15,558,894	20,417,838	21,980,082
Cash and bank balances	15	7,194,011	9,587,980	15,273,652
		35,525,860	49,039,547	63,823,061
Assets held for sale	16	918,485	6,160,706	-
<b>TOTAL ASSETS</b>		<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the combining entities</b>				
Invested equity*	17	2,353,380	2,508,035	3,908,037
Reserves	18	23,959,979	33,257,473	44,597,596
<b>TOTAL EQUITY</b>		26,313,359	35,765,508	48,505,633
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	19	797,683	1,135,083	1,364,884
Deferred income	20	-	-	171,159
Lease liabilities	10	3,097,693	4,887,598	6,343,621
Borrowings	21	7,950,301	4,125,875	4,188,445
		11,845,677	10,148,556	12,068,109
<b>Current liabilities</b>				
Trade and other payables	22	10,782,102	6,765,291	8,231,636
Deferred income	20	-	-	16,095
Contract liabilities	13	-	-	155,474
Lease liabilities	10	779,012	1,914,510	2,589,369
Borrowings	21	6,396,761	11,052,601	12,809,494
Current tax liabilities		1,468,125	2,234,240	1,415,947
		19,426,000	21,966,642	25,218,015
Borrowings associated with assets held for sale	21	-	3,716,962	-
<b>TOTAL LIABILITIES</b>		<u>31,271,677</u>	<u>35,832,160</u>	<u>37,286,124</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>

\* Number of ordinary shares on combined basis

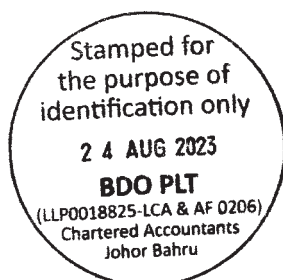
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
Revenue	23	51,706,136	74,886,234	88,662,165
Cost of sales		(37,130,804)	(49,833,162)	(62,053,492)
Gross profit		14,575,332	25,053,072	26,608,673
Other operating income		1,705,858	1,858,968	1,118,999
Net (loss)/gain on impairment of receivables and contract assets	25	(50,902)	50,828	1,064,310
Administrative expenses		(5,639,839)	(6,609,566)	(9,659,222)
Selling and distribution expenses		(308,662)	(297,781)	(378,959)
Other operating expenses		(233,919)	(538,978)	(196,474)
Finance costs	24	(619,778)	(951,810)	(1,382,809)
Profit before tax	25	9,428,090	18,564,733	17,174,518
Tax expense	26	(2,061,054)	(3,997,542)	(3,057,152)
Profit for the financial year		7,367,036	14,567,191	14,117,366
<b>Other comprehensive income, net of tax</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Foreign exchange translation, net of tax		57,953	101,678	1,061,847
<b>Total comprehensive income</b>		<b>7,424,989</b>	<b>14,668,869</b>	<b>15,179,213</b>
Earnings per share attributable to owners of the combining entities				
Basic and diluted (RM)	28	3.85	7.46	4.69



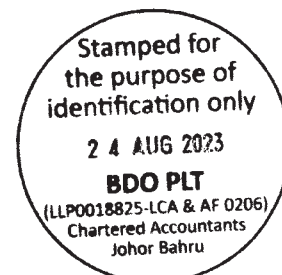
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP**

	Note	Invested equity RM	Retained earnings RM	Foreign exchange translation reserve RM	Total equity RM
Balance as at 1 March 2020		2,303,380	20,440,027	1,123	22,744,530
Profit for the financial year		-	7,367,036	-	7,367,036
Other comprehensive income, net of tax		-	-	57,953	57,953
Total comprehensive income		-	7,367,036	57,953	7,424,989
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	50,000	-	-	50,000
Dividends	29	-	(3,906,160)	-	(3,906,160)
Balance as at 28 February 2021/1 March 2021		2,353,380	23,900,903	59,076	26,313,359
Profit for the financial year		-	14,567,191	-	14,567,191
Other comprehensive income, net of tax		-	-	101,678	101,678
Total comprehensive income		-	14,567,191	101,678	14,668,869
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	154,655	-	-	154,655
Dividends	29	-	(5,371,375)	-	(5,371,375)
Balance as at 28 February 2022/1 March 2022		2,508,035	33,096,719	160,754	35,765,508
Profit for the financial year		-	14,117,366	-	14,117,366
Other comprehensive income, net of tax		-	-	1,061,847	1,061,847
Total comprehensive income		-	14,117,366	1,061,847	15,179,213
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	1,400,002	-	-	1,400,002
Dividends	29	-	(3,839,090)	-	(3,839,090)
Balance as at 28 February 2023		3,908,037	43,374,995	1,222,601	48,505,633



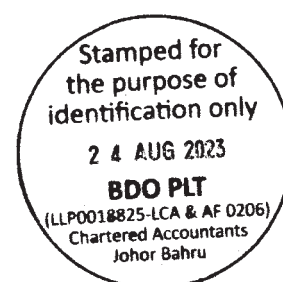
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		9,428,090	18,564,733	17,174,518
Adjustments for:				
Amortisation of deferred income	20	-	-	(5,889)
Assets written off	11	177,770	-	-
Depreciation of:				
- property, plant and equipment	9	1,480,877	919,912	850,382
- right-of-use assets	10	928,510	1,232,217	1,832,402
- investment properties	11	242,122	242,120	-
Gain on lease termination	10(b)	(703)	(35,039)	-
Net loss/(gain) on impairment of receivables and contract assets	25	50,902	(50,828)	(1,064,310)
Interest expenses	24	619,778	951,810	1,382,809
Interest income	25	(15,407)	(64,531)	(57,661)
(Gain)/Loss on disposal of:				
- property, plant and equipment	25	(17,297)	242,425	71,528
- right-of-use assets		38,907	(64,663)	-
- assets held for sale		-	(481,515)	(339,294)
Property, plant and equipment written off	9	-	289,293	123,092
Bad debt written off/(back)	25	-	19,977	(5,000)
Unrealised loss on foreign exchange	25	4,332	-	-
Operating profit before changes in working capital		12,937,881	21,765,911	19,962,577
Changes in working capital:				
Contract assets/Contract liabilities		(5,915,214)	(5,245,827)	(7,178,216)
Inventories		(20,158)	(1,004,214)	147,043
Trade and other receivables		(1,641,345)	(4,782,596)	10,463
Trade and other payables		4,554,660	(2,096,061)	2,929,752
Cash generated from operations		9,915,824	8,637,213	15,871,619
Tax paid		(737,142)	(3,206,529)	(3,791,655)
Tax refunded		116,892	304,522	-
Net cash from operating activities		9,295,574	5,735,206	12,079,964



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)**

	Note	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases/Additions of:				
- property, plant and equipment	9(a)	(3,821,362)	(4,117,191)	(2,533,125)
- right-of-use assets	10(d)	(189,116)	(561,972)	(618,625)
Placement of pledged deposits with licensed banks		(500,000)	(500,000)	(2,430,000)
Proceeds from disposal of:				
- property, plant and equipment		82,500	1,988,776	760,500
- right-of-use assets		432,000	260,000	-
- assets held for sale		-	1,400,000	6,500,000
(Advance to)/Repayment from a related party		(5,439)	5,439	-
Interest received		15,407	64,531	57,661
Net cash (used in)/from investing activities		(3,986,010)	(1,460,417)	1,736,411
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	29	(3,906,160)	(5,371,375)	(3,839,090)
Interest paid for borrowings		(523,407)	(675,574)	(1,001,513)
Net drawdown/(repayment) of borrowings		8,286,535	4,505,740	(3,527,851)
Proceeds from issuance of ordinary shares		50,000	154,655	1,400,002
Repayments to:				
- Director		(869,491)	(729,902)	(1,630,502)
- related parties		(65,000)	(228,698)	(120,866)
Advances from related parties		18,700	93,000	125,144
Net repayment of lease liabilities		(1,012,695)	(181,103)	(2,671,235)
Net cash from/(used in) financing activities		1,978,482	(2,433,257)	(11,265,911)
Net increase in cash and cash equivalents		7,288,046	1,841,532	2,550,464
Effect of exchange rate fluctuations on cash and cash equivalents		12,058	52,437	509,872
Cash and cash equivalents at beginning of financial year		(606,093)	6,694,011	8,587,980
Cash and cash equivalents at end of financial year	15	6,694,011	8,587,980	11,648,316

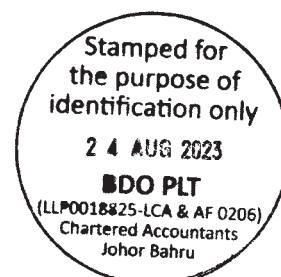




**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease liabilities (Note 10) RM	[-----Borrowings-----] (Note 21)	
		Term loans RM	Trade financing RM
At 1 March 2020	3,449,589	4,647,184	1,414,208
Cash flows:			
- Drawdown	-	4,858,190	18,092,661
- Principal repayment	-	(151,171)	(14,513,145)
- Lease payment	(916,324)	-	-
- Interest paid	(96,371)	(229,789)	(201,959)
Non-cash flows:			
- Addition of lease liabilities	1,361,045	-	-
- Lease termination	(19,791)	-	-
- Unwinding of interest	96,371	229,789	201,959
- Translation differences	2,186	(865)	-
At 28 February 2021/1 March 2021	3,876,705	9,353,338	4,993,724
Cash flows:			
- Drawdown	1,743,199	1,000,000	38,600,059
- Principal repayment	-	(1,076,802)	(34,017,517)
- Lease payment	(1,648,066)	-	-
- Interest paid	(276,236)	(302,356)	(298,657)
Non-cash flows:			
- Addition of lease liabilities	4,175,240	-	-
- Lease termination	(1,345,953)	-	-
- Unwinding of interest	276,236	302,356	298,657
- Translation differences	983	42,636	-
At 28 February 2022/1 March 2022	6,802,108	9,319,172	9,576,266
Cash flows:			
- Drawdown	-	666,600	46,084,819
- Principal repayment	-	(5,344,952)	(44,934,318)
- Leases payment	(2,289,939)	-	-
- Interest paid	(381,296)	(293,585)	(587,529)
Non-cash flows:			
- Additions of property, plant and equipment	-	1,275,715	-
- Additions of lease liabilities	4,233,192	-	-
- Unwinding of interest	381,296	293,585	587,529
- Translation differences	187,629	159,301	-
At 28 February 2023	8,932,990	6,075,836	10,726,767

\* Borrowings excluded bank overdraft.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**UUE HOLDINGS BERHAD [202201026669] (1472366-A)**

(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The Company was incorporated in Malaysia under the Companies Act 2016 on 21 July 2022 as a private limited liability company under the name of UUE Holdings Sdn. Bhd. ("UUE" or the "Company"). Subsequently on 21 August 2023, the Company was converted to a public limited company.

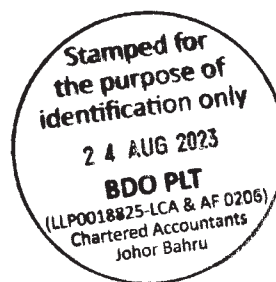
The registered office of the Company is located at Suite 5.11 & 5.12, 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor, Malaysia.

The principal place of business of the Group is located at No. 55 & 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Kum Fatt Engineering Sdn. Bhd. ("KFE"), Premier Plastic Industry Sdn. Bhd. ("PPI") and Konnection Engineering Pte. Ltd. ("KEPL") (collectively referred to as the "other combining entities"). Since the acquisitions of other combining entities by the Company would be completed after the latest financial year required to be reported in accordance with paragraph 10.04 of Chapter 10, Part II Division 1 : Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, for the purpose of this Accountants' Report, the Company has prepared the combined financial statements instead of consolidated financial statements. Note 2 to the combined financial statements explains further the basis of preparation of the combined financial statements.

The principal activity of the Company is investment holding. The principal activities of the other combining entities are as disclosed in Note 7 to the combined financial statements.

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**2. BASIS OF PREPARATION**

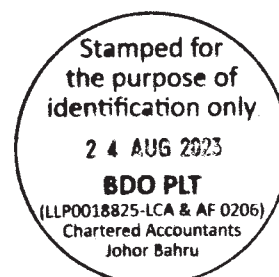
The Accountants' Report comprises the combined financial statements of the Company and the other combining entities (collectively referred to as the "Group") for the FYEs 28 February 2021, 28 February 2022 and 28 February 2023. The combined financial statements of the Group consist of the audited financial statements of the other combining entities and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The combined financial statements of the Group are prepared using the audited financial statements of the other combining entities for the relevant financial years and their statutory auditors are as follows:

<b>Company</b>	<b>Relevant Financial Years/Period</b>	<b>Auditors</b>
UUE Holdings Berhad	FPE 21 July 2022 (date of incorporation) to 28 February 2023	BDO PLT
Kum Fatt Engineering Sdn. Bhd.	FYE 28 February 2021 FYE 28 February 2022 FYE 28 February 2023	BDO PLT BDO PLT BDO PLT
Premier Plastic Industry Sdn. Bhd.	FYE 31 December 2020* FPE 1 January 2021 to 28 February 2022* FYE 28 February 2023	Danny Loo & Co PLT BDO PLT BDO PLT
Konnection Engineering Pte. Ltd.	FYE 31 December 2020* @ FPE 1 January 2021 to 28 February 2022* FYE 28 February 2023	N/A UHY Lee Seng Chan & Co UHY Lee Seng Chan & Co

\* The financial statements of other combining entities for the financial years ended 28 February 2021 and 28 February 2022 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

@ The financial statements of Konnection Engineering Pte. Ltd. for the financial year ended 28 February 2021 were not required to be audited in its country of incorporation.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**2. BASIS OF PREPARATION (continued)**

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

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Guidance Note on combined financial statements issued by the Malaysian Institute of Accountants and on the assumption that the Group has been operating as a single economic entity throughout the financial years presented in these combined financial statements.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 7 to the combined financial statements, which were under common control throughout the reporting periods. The common control of the combining entities has been established by virtue of Datuk Dr. Ting Kok Hwa, being the promoter, substantial shareholder and Executive Director of the combining entities.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the financial years.

The financial information as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group has the relevant acquisitions to legally constitute the Group been incorporated for the respective financial years and period. Consequently, such financial information in the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group for the financial years.

The preparation of these combined financial statements in conformity with MFRS and IFRS 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. In addition, 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 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 those estimates.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Common control business combinations****3.1.1 Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its combined entities. 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 involvement 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 of 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.

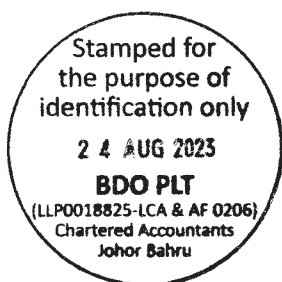
Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements.

The financial statements of the combined entities are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of combined entities are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, represent equity in combined entities that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to common controlling shareholder of the combining entities. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders of the combining entities and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Combined entities are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interest in a combining entity that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the combining entity. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the common controlling shareholders of the combining entities.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.1 Basis of consolidation (continued)**

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

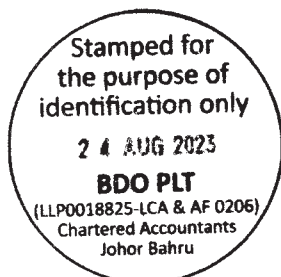
Amounts previously recognised in other comprehensive income in relation to the combined entities are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former combined entities at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**3.1.2 Business combinations**

Business combinations other than those involving entities under common control, are accounted for by 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) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;
- (c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements 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
- (d) 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.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.2 Business combinations (continued)**

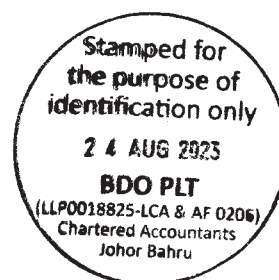
Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.
- (b) Other contingent consideration that:
  - (i) is within the scope of MFRS 9 Financial Instruments shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.
  - (ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured 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 the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. 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.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.2 Business combinations (continued)**

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 statement 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.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

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 consolidated financial statements from the day that control commences until the date that control ceases.

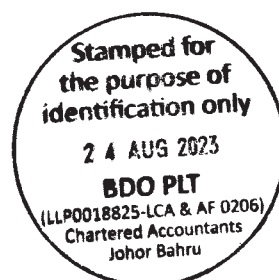
**3.2 Property, plant and equipment and depreciation**

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 subsequent costs 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 a different useful life, is depreciated separately.

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





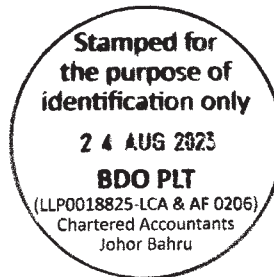
**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Property, plant and equipment and depreciation (continued)**

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

Buildings	2%
Computers	10%
Equipment	10%
Electrical installation	10% - 20%
Furniture and fittings	10%
Motor vehicles	20%
Laboratory equipment	10%
Office equipment	10%
Plant and machinery	8.33% - 20%
Renovations	10%
Signboard	10%



Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents plant and machinery under installation 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 3.5 to the combined financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and rate 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.

**3.3 Leases****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) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 Leases (continued)****The Group as lessee (continued)**

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 an economic incentive for the lessee to exercise the option to extend the lease, or 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. 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 asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) 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 asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Buildings (rented)	2 - 10 years
Heavy movable machines	5 - 12 years
Laboratory equipment	10 years
Motor vehicles	5 years
Plant and machinery	12 years



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 Leases (continued)****The Group as lessee (continued)****Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement 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.

**The Group as lessor**

As a lessor, Group determines at lease inception whether each lease is a finance lease or an operating lease. To clarify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**3.4 Investment properties**

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

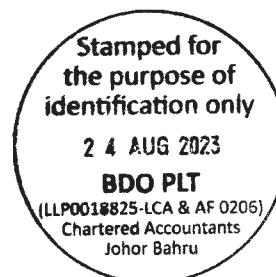
Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties 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 investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates for the investment properties are as follows:

Buildings	2%
Renovations	10%

Freehold land has unlimited useful life and is not depreciated.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Investment properties (continued)**

At the end of each reporting period, the carrying amount of an item of the investment properties 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 3.5 to the combined financial statements on impairment of non-financial assets).

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

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

**3.5 Impairment of non-financial assets**

The carrying amounts of assets, except for financial assets, inventories, contract assets and assets held for sale, 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.

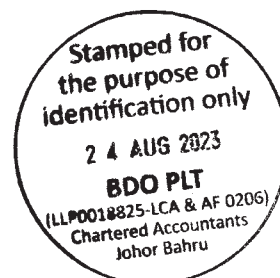
The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating 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.

The impairment loss is recognised in profit or loss immediately, if any.

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.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.6 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all cost of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**3.7 Financial instruments****(a) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

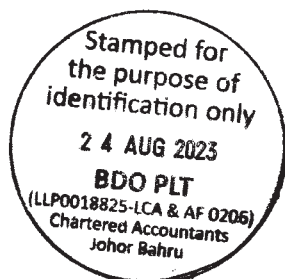
When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

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 measured 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 and when the financial assets are impaired or derecognised.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Financial instruments (continued)****(a) Financial assets (continued)**

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

**(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 which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

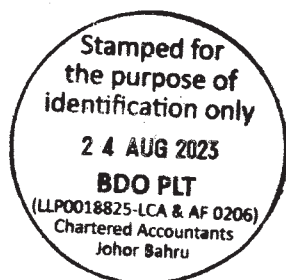
Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised 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. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

The Group does not have any financial assets measured at FVTOCI and FVTPL as at the end of the reporting period.

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).

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 for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Financial instruments (continued)****(a) Financial assets (continued)**

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of 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 one (1) year and are used by the Group in the management of its short term commitments. For the purpose of the combined statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

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 met the definition of a financial liability.

Financial liabilities are recognised in the statement 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 measured 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. Derivatives 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 the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

**(ii) Other financial liabilities**

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 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 expired. 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 instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group 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 re-measured 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 asset distributed and the carrying amount of the liability in profit or loss.

**3.8 Impairment of financial assets**

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables and contract assets.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

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

Impairment for trade receivables and contract assets are in accordance to MFRS 9.





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)**

In measuring the expected credit losses on trade receivables and contract assets, the probability of non-payment by the trade receivables and contract customers is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets. For trade receivables and contract assets, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable and contract asset would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

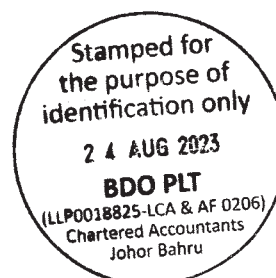
Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. 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. 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 for 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. Credit impaired refers to any individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The probability of non-payment other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

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.

**3.9 Borrowing costs**

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



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.10 Income taxes**

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the 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 statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from 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.

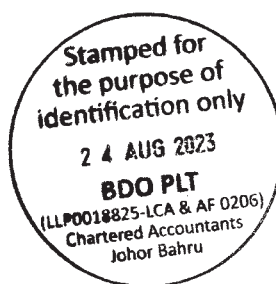
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of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

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 relates 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 period when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 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 obligation 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.

**3.12 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 combined 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.

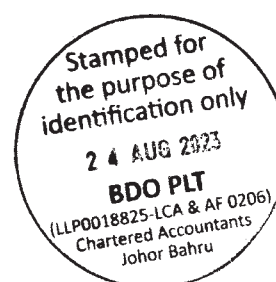
**3.13 Contract assets/(liabilities)**

Contract asset is the right to consideration for goods or services transferred to the customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

**3.14 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conclusion will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deduction in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.15 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 plans**

The Company and its combining entities incorporated in Malaysia make contributions to a statutory provident fund and foreign entity makes contribution to its country's statutory pension scheme. The contributions are recognised as liabilities after deducting any contributions already paid and as expenses in the period in which the employees render their services.

**3.16 Foreign currencies****(a) Functional and presentation currency**

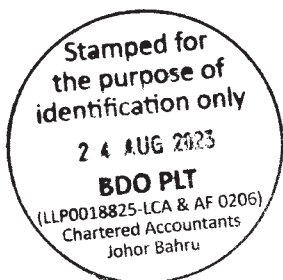
Items included in the combined financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

**(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

**(c) Foreign operation**

Financial statements of foreign operation are translated at the end of the reporting period exchange rates to its assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Revenue recognition**

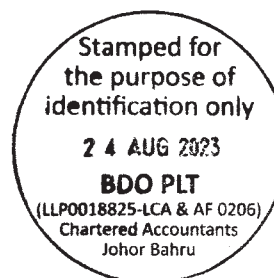
Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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 the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

- (i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Revenue recognition (continued)**

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

**(i) Construction contracts**

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

**(ii) Sale of goods**

Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

Revenue not contracted with customers

**(i) Interest income**

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

**(ii) Rental income**

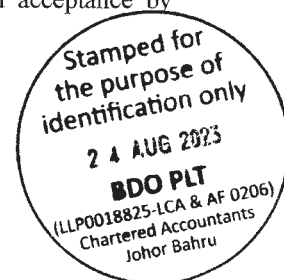
Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

**3.18 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 particularly 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 revenues.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Operating segments (continued)**

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 combined 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 period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

**3.19 Earnings per share**

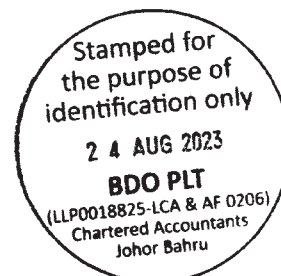
- (a) Basic earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial year.
- (b) Diluted earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

**3.20 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 method adopted 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.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 Fair value measurements (continued)**

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.

**3.21 Assets held for sale**

Assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

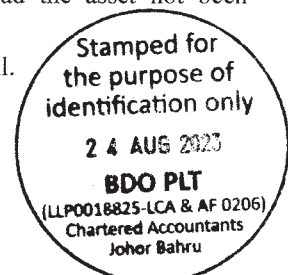
The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, assets (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Assets held for sale are classified as current assets in the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the assets classified as held for sale is presented separately.

If the Group has classified assets as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures an asset that ceases to be classified as held for sale at the lower of:

- (a) Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation and amortisation that would have been recognised had the asset not been classified as held for sale; and
- (b) Its recoverable amount at the date of the subsequent decision not to sell.





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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**4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****4.1 New MFRSs adopted during the financial year**

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial years ended 28 February 2023:

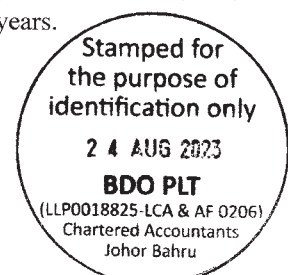
Title	Effective Date
<i>Annual Improvements to MFRS Standards 2018-2020</i>	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

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

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

Title	Effective Date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)</i>	Refer paragraph 98M of MFRS 112
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</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 future financial years.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**5. FINANCIAL INFORMATION AND LIMITATIONS**

The financial information in this Report is based on the respective audited results of the other combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

**6.1 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 each reporting period.

**6.2 Critical judgements made in applying accounting policies**

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the combined financial statements.

**6.3 Key sources of estimation uncertainty**

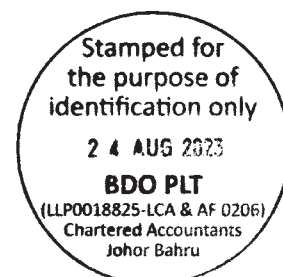
The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Revenue recognition for construction contracts

Revenue recognition for construction contracts requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

Recoverability of trade receivables and contract assets

Recoverability of trade receivables and contract assets requires management to exercise significant judgements in determining the probability of default by trade receivables and contract customers and appropriate forward looking information.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUJE Holdings Berhad (202201026669 (1472366-A))  
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**7. COMBINING ENTITIES**

Details of the combining entities are as follows:

Name of combining entities	Effective interest in equity held 2021	2022	2023	Date of incorporation	Country of incorporation	Principal activities
Kum Fatt Engineering Sdn. Bhd.	100%	100%	100%	6 February 2009	Malaysia	Provision of underground utilities engineering services and solutions
Premier Plastic Industry Sdn. Bhd.	100%	100%	100%	30 March 2017	Malaysia	Manufacturing and trading in plastic pipe
Konnection Engineering Pte. Ltd.	100%	100%	100%	16 January 2009	Singapore	Provision of underground utilities engineering services and solutions



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS**

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

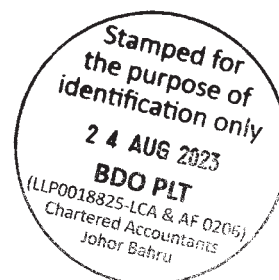
Underground utilities engineering      Provision of underground utilities engineering solutions.

Manufacturing and trading              Manufacturing and trading of HDPE pipes.

The accounting policies of operating segments are the same as those described in this report. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023.

Segment assets exclude tax assets. Segment liabilities exclude current tax liabilities and deferred tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.



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**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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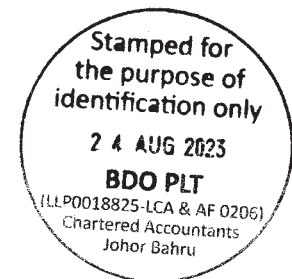
**8. OPERATING SEGMENTS (continued)**

2021	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	44,061,280	12,237,414	56,298,694
Inter-segment revenue	-	(4,592,558)	(4,592,558)
<b>Revenue from external customers</b>	<b>44,061,280</b>	<b>7,644,856</b>	<b>51,706,136</b>
Interest income	12,522	2,885	15,407
Finance costs	(606,041)	(13,737)	(619,778)
Depreciation			
- Property, plant and equipment	(1,395,136)	(85,741)	(1,480,877)
- Right-of-use assets	(849,819)	(78,691)	(928,510)
- Investment properties	(242,122)	-	(242,122)
<b>Segment profit before income tax</b>	<b>7,995,482</b>	<b>1,432,608</b>	<b>9,428,090</b>
Tax expense	(1,539,864)	(521,190)	(2,061,054)
<b>Other segment information:</b>			
Assets written off	(177,770)	-	(177,770)
Gain on lease termination	(703)	-	(703)
Net loss on impairment of receivables and contract assets	(50,902)	-	(50,902)
<b>Segment assets</b>	<b>52,566,917</b>	<b>5,018,119</b>	<b>57,585,036</b>
Additions to property, plant and equipment	4,646,356	233,006	4,879,362
Additions to right-of-use assets	1,550,161	-	1,550,161
<b>Segment liabilities</b>	<b>26,515,338</b>	<b>2,490,531</b>	<b>29,005,869</b>



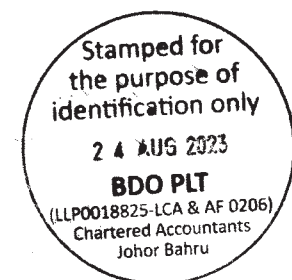
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

2022	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	68,596,212	14,679,180	83,275,392
Inter-segment revenue	-	(8,389,158)	(8,389,158)
<b>Revenue from external customers</b>	<b>68,596,212</b>	<b>6,290,022</b>	<b>74,886,234</b>
Interest income	63,271	1,260	64,531
Finance costs	(867,651)	(84,159)	(951,810)
<b>Depreciation</b>			
- Property, plant and equipment	(826,911)	(93,001)	(919,912)
- Right-of-use assets	(1,150,654)	(81,563)	(1,232,217)
- Investment properties	(242,120)	-	(242,120)
<b>Segment profit before income tax</b>	<b>17,722,626</b>	<b>842,107</b>	<b>18,564,733</b>
Tax expense	(3,702,706)	(294,836)	(3,997,542)
<b>Other segment information:</b>			
Gain on lease termination	35,039	-	35,039
Net gain on impairment of receivables and contract assets	50,828	-	50,828
Property, plant and equipment written off	(289,293)	-	(289,293)
Bad debt written off	(19,977)	-	(19,977)
<b>Segment assets</b>	<b>65,215,159</b>	<b>6,382,509</b>	<b>71,597,668</b>
Additions to property, plant and equipment	3,050,513	1,066,678	4,117,191
Additions to right-of-use assets	3,679,212	-	3,679,212
<b>Segment liabilities</b>	<b>26,908,997</b>	<b>5,553,840</b>	<b>32,462,837</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

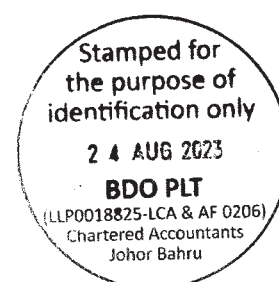
2023	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	79,719,922	20,231,457	99,951,379
Inter-segment revenue	-	(11,289,214)	(11,289,214)
<b>Revenue from external customers</b>	<b>79,719,922</b>	<b>8,942,243</b>	<b>88,662,165</b>
Interest income	48,439	9,222	57,661
Finance costs	(1,165,913)	(216,896)	(1,382,809)
Amortisation of deferred income	5,889	-	5,889
Depreciation			
- Property, plant and equipment	(706,520)	(143,862)	(850,382)
- Right-of-use assets	(1,735,040)	(97,362)	(1,832,402)
<b>Segment profit before income tax</b>	<b>16,664,264</b>	<b>510,254</b>	<b>17,174,518</b>
Tax expense	(2,727,539)	(329,613)	(3,057,152)
<b>Other segment information:</b>			
Bad debt written back	5,000	-	5,000
Net gain on impairment of receivables and contract assets	1,064,310	-	1,064,310
Property, plant and equipment written off	(109,970)	(13,122)	(123,092)
<b>Segment assets</b>	<b>75,959,790</b>	<b>9,831,967</b>	<b>85,791,757</b>
Additions to property, plant and equipment	3,317,458	608,762	3,926,220
Additions to right-of-use assets	4,607,597	244,220	4,851,817
<b>Segment liabilities</b>	<b>28,998,068</b>	<b>5,507,225</b>	<b>34,505,293</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

<b>Revenue</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>
Total revenue for reportable segment	56,298,694	83,275,392	99,951,379
Elimination of inter-segment revenue	<u>(4,592,558)</u>	<u>(8,389,158)</u>	<u>(11,289,214)</u>
Revenue of the Group per combined statement of profit or loss and other comprehensive income	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>
<b>Profit for the financial year</b>			
Total profit for reportable segment	9,428,090	18,564,733	17,174,518
Less: Tax expense	<u>(2,061,054)</u>	<u>(3,997,542)</u>	<u>(3,057,152)</u>
Profit for the financial year	<u>7,367,036</u>	<u>14,567,191</u>	<u>14,117,366</u>
<b>Assets</b>			
<b>Total assets per combined statements of financial position</b>	<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>
<b>Liabilities</b>			
Total liabilities for reportable segments	29,005,869	32,462,837	34,505,293
Deferred tax liabilities	797,683	1,135,083	1,364,884
Current tax liabilities	<u>1,468,125</u>	<u>2,234,240</u>	<u>1,415,947</u>
<b>Total liabilities per combined statements of financial position</b>	<u>31,271,677</u>	<u>35,832,160</u>	<u>37,286,124</u>





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**8. OPERATING SEGMENTS (continued)**

**Geographical information**

The business activities of the Group are predominantly located in Malaysia and Singapore.

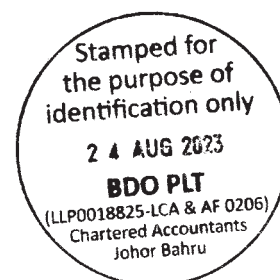
In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

	2021 RM	2022 RM	2023 RM
<b>Revenue from external customers</b>			
Malaysia	43,249,390	57,278,340	65,774,583
Singapore	8,456,746	17,607,894	22,887,582
	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>
<b>Locations of the assets</b>			
Malaysia			
- Non-current asset	17,840,935	11,732,246	14,742,160
- Current asset	27,196,347	41,161,073	45,935,397
	45,037,282	52,893,319	60,677,557
Singapore			
- Non-current asset	3,299,756	4,665,169	7,226,536
- Current asset	9,247,998	14,039,180	17,887,664
	<u>12,547,754</u>	<u>18,704,349</u>	<u>25,114,200</u>
	<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>

**Major customers**

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2021 RM	2022 RM	2023 RM
Customer A	25,264,045	42,803,319	39,721,444
Customer B	10,884,777	10,753,225	12,310,777
Customer C group of companies	7,238,257	15,362,337	16,920,520
	<u>43,387,079</u>	<u>68,918,881</u>	<u>68,952,741</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUUE Holdings Berhad (202201026669 (1472366-A))

Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT**

2021	Balance as at 1.3.2020 RM	Additions RM	Disposals RM	Reclassification from right-of-use assets (Note 10) RM	Reclassification to assets held for sale (Note 16) RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2021 RM
<b>Carrying amount</b>								
Freehold land	2,358,669	-	-	-	(656,061)	-	-	1,702,608
Buildings	1,949,086	-	-	-	(262,424)	(100,900)	-	1,585,762
Computers	77,097	48,053	-	-	-	(12,467)	24	112,707
Equipment	808,413	-	-	-	-	(97,896)	-	710,517
Electrical installation	61,500	13,861	-	-	-	(8,631)	-	66,730
Furniture and fittings	323,289	4,400	-	-	-	(42,601)	-	285,088
Motor vehicles	452,889	1,645,967	(65,201)	117,708	-	(432,273)	1,374	1,720,464
Laboratory equipment	1,675	62,100	-	-	-	(7,122)	-	56,653
Office equipment	71,783	7,410	-	-	-	(24,257)	7	54,943
Plant and machinery	1,910,511	2,571,104	(2)	727,787	-	(672,771)	10,168	4,546,797
Renovations	278,991	381,926	-	-	-	(81,656)	-	579,261
Signboard	1,263	1,485	-	-	-	(303)	-	2,445
Capital work-in-progress	-	143,056	-	-	-	-	-	143,056
	8,295,166	4,879,362	(65,203)	845,495	(918,485)	(1,480,877)	11,573	11,567,031

As at 28.2.2021

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,972,587	(386,825)	1,585,762
Computers	144,059	(31,352)	112,707
Equipment	978,953	(268,436)	710,517
Electrical installation	77,730	(11,000)	66,730
Furniture and fittings	396,701	(111,613)	285,088
Motor vehicles	3,673,116	(1,952,652)	1,720,464
Laboratory equipment	63,950	(7,297)	56,653
Office equipment	108,903	(53,960)	54,943
Plant and machinery	9,388,728	(4,841,931)	4,546,797
Renovations	691,916	(112,655)	579,261
Signboard	2,893	(448)	2,445
Capital work-in-progress	143,056	-	143,056
	19,345,200	(7,778,169)	11,567,031



**13. ACCOUNTANTS' REPORT (Cont'd)**

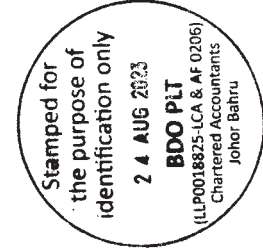
UUE Holdings Berhad (202201026669 (1472366-A))

Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Balance as at 1.3.2021 RM	Additions RM	Disposals RM	Written off RM	Reclassi- fication RM	Reclassification from right-of-use assets (Note 10) RM	Reclassification to assets held for sale (Note 16) RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2022 RM
<b>2022</b>										
<b>Carrying amount</b>										
Freehold land	1,702,608	-	-	-	-	-	-	-	-	1,702,608
Buildings	1,585,762	-	(470,652)	-	-	-	(15,612)	-	-	1,099,498
Computers	112,707	54,207	(3,200)	(2,686)	-	-	(18,539)	455	-	142,944
Equipment	710,517	6,600	(41,215)	-	-	-	(93,730)	-	-	97,825
Electrical installation	66,730	29,567	-	-	36,008	-	(21,426)	-	-	110,879
Furniture and fittings	285,088	341,666	(2,700)	-	-	-	(74,726)	-	-	325,074
Motor vehicles	1,720,464	191,200	(446,309)	-	-	(1,006,526)	(126,547)	2,222	-	334,504
Laboratory equipment	56,653	51,900	-	-	-	-	(6,867)	-	-	101,686
Office equipment	54,943	264,907	(12,415)	(14,829)	-	-	(31,491)	-	-	248,320
Plant and machinery	4,546,797	2,006,368	(1,254,710)	(24,802)	196,627	(1,359,116)	(496,012)	37,611	-	3,652,763
Renovations	579,261	408,764	-	(246,976)	-	-	(34,669)	-	-	706,380
Signboard	2,445	-	-	-	-	-	(293)	-	-	2,152
Capital work-in-progress	143,056	762,012	-	-	(232,635)	(585,523)	-	-	-	86,910
	11,567,031	4,117,191	(2,231,201)	(289,293)	-	(2,951,165)	(721,396)	(919,912)	40,288	8,611,543

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,301,166	(201,668)	1,099,498
Computers	188,739	(45,795)	142,944
Equipment	150,705	(52,880)	97,825
Electrical installation	143,305	(32,426)	110,879
Furniture and fittings	373,746	(48,672)	325,074
Motor vehicles	2,030,561	(1,696,057)	334,504
Laboratory equipment	115,850	(14,164)	101,686
Office equipment	313,865	(65,545)	248,320
Plant and machinery	8,544,581	(4,891,818)	3,652,763
Renovations	788,340	(81,960)	706,380
Signboard	2,893	(741)	2,152
Capital work-in-progress	86,910	-	86,910
	15,743,269	(7,131,726)	8,611,543



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

2023	Balance as at 1.3.2022 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2023 RM
<b>Carrying amount</b>								
Freehold land	1,702,608	-	-	-	-	-	-	1,702,608
Buildings	1,099,498	-	-	-	-	(10,410)	-	1,089,088
Computers	142,944	233,473	-	(1,065)	-	(36,630)	4,309	343,031
Equipment	97,825	-	(95,313)	-	-	(2,512)	-	-
Electrical installation	110,879	-	-	-	-	(21,233)	-	89,646
Furniture and fittings	325,074	256,847	(18,837)	(15,134)	-	(48,861)	501	499,590
Motor vehicles	334,504	1,500	(57,713)	(1)	-	(33,998)	-	244,292
Laboratory equipment	101,686	4,035	-	-	-	(12,390)	-	93,331
Office equipment	248,320	97,999	-	(4,592)	-	(35,592)	3,650	309,785
Plant and machinery	3,652,763	2,417,876	(660,165)	(101,667)	86,910	(512,514)	159,777	5,042,980
Renovations	706,380	904,546	-	-	-	(135,998)	-	1,474,928
Signboard	2,152	-	-	(633)	-	(244)	-	1,275
Capital work-in-progress	86,910	9,944	-	-	(86,910)	-	-	9,944
	8,611,543	3,926,220	(832,028)	(123,092)	-	(850,382)	168,237	10,900,498

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,301,166	(212,078)	1,089,088
Computers	425,524	(82,493)	343,031
Electrical installation	143,305	(53,659)	89,646
Furniture and fittings	586,323	(86,733)	499,590
Motor vehicles	1,390,501	(1,146,209)	244,292
Laboratory equipment	119,885	(26,554)	93,331
Office equipment	410,092	(100,307)	309,785
Plant and machinery	8,334,767	(3,291,787)	5,042,980
Renovations	1,692,886	(217,958)	1,474,928
Signboard	1,903	(628)	1,275
Capital work-in-progress	9,944	-	9,944
	16,118,904	(5,218,406)	10,900,498



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

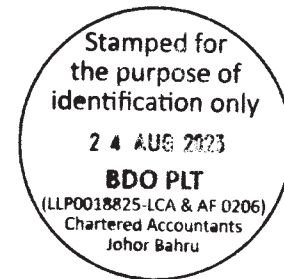
**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

	2021 RM	2022 RM	2023 RM
Purchase of property, plant and equipment	4,879,362	4,117,191	3,926,220
Financed by term loans	-	-	(1,275,715)
Amount owing to a vendor (Note 22)	<u>(1,058,000)</u>	<u>-</u>	<u>(117,380)</u>
Cash payments on purchase of property, plant and equipment	<u>3,821,362</u>	<u>4,117,191</u>	<u>2,533,125</u>

- (b) Certain freehold land and buildings of the Group have been charged to financial institution for banking facilities granted to the Group as disclosed in Note 21 to the combined financial statements with carrying amounts as follows:

	2021 RM	2022 RM	2023 RM
Freehold land	1,702,608	1,702,608	1,702,608
Buildings	1,115,110	1,099,498	1,089,088
Renovation	<u>-</u>	<u>156,114</u>	<u>407,758</u>
Carrying amount	<u>2,817,718</u>	<u>2,958,220</u>	<u>3,199,454</u>



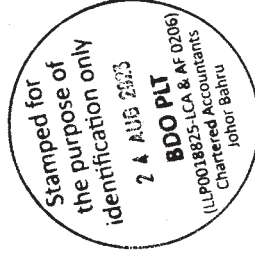
**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group as lessee

(I) Right-of-use assets



	Balance as at 1.3.2020 RM	Additions RM	Disposals RM	Lease termination RM	Depreciation RM	Reclassification to property, plant and equipment (Note 9) RM	Translation differences RM	Balance as at 28.2.2021 RM
<b>Carrying amount</b>								
Buildings	1,878,022	627,922	-	(19,088)	(358,340)	-	2,194	2,130,710
Heavy movable machines	232,000	400,000	-	-	(91,333)	-	-	540,667
Motor vehicles	989,740	270,639	(470,907)	-	(257,088)	(117,708)	-	414,676
Plant and machinery	1,504,113	251,600	-	-	(221,749)	(727,787)	-	806,177
	4,603,875	1,550,161	(470,907)	(19,088)	(928,510)	(845,495)	2,194	3,892,230

	Balance as at 1.3.2021 RM	Additions RM	Disposals RM	Lease termination RM	Depreciation RM	Reclassification from property, plant and equipment (Note 9) RM	Translation differences RM	Balance as at 28.2.2022 RM
<b>Carrying amount</b>								
Buildings	2,130,710	847,219	-	(1,310,914)	(448,279)	-	1,036	1,219,772
Heavy movable machines	540,667	386,933	-	-	(123,578)	-	-	804,022
Motor vehicles	414,676	1,650,060	(195,337)	-	(355,238)	1,006,526	697	2,521,384
Plant and machinery	806,177	795,000	-	-	(305,122)	1,944,639	-	3,240,694
	3,892,230	3,679,212	(195,337)	(1,310,914)	(1,232,217)	2,951,165	1,733	7,785,872

**13. ACCOUNTANTS' REPORT (Cont'd)**

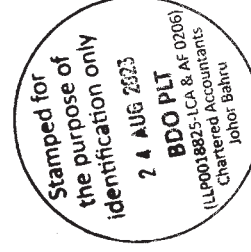
UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

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

The Group as lessee (continued)

(I) Right-of-use assets (continued)

	Balance as at 1.3.2022 RM	Additions RM	Depreciation RM	Translation differences RM	Balance as at 28.2.2023 RM
<b>Carrying amount</b>					
Buildings	1,219,772	1,706,055	(451,903)	30,440	2,504,364
Heavy movable machines	804,022	-	(123,578)	-	680,444
Laboratory equipment	-	125,720	(6,286)	-	119,434
Motor vehicles	2,521,384	2,901,542	(932,312)	142,308	4,632,922
Plant and machinery	3,240,694	118,500	(318,323)	90,163	3,131,034
	<b>7,785,872</b>	<b>4,851,817</b>	<b>(1,832,402)</b>	<b>262,911</b>	<b>11,068,198</b>

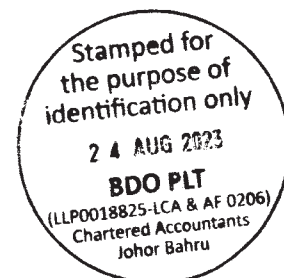


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group as lessee (continued)****(II) Lease liabilities**

	2021 RM	2022 RM	2023 RM
Balance at beginning of year	3,449,589	3,876,705	6,802,108
Additions	1,361,045	5,918,439	4,233,192
Termination	(19,791)	(1,345,953)	-
Payment of lease liabilities	(916,324)	(1,648,066)	(2,289,939)
Payment of lease interests	(96,371)	(276,236)	(381,296)
Interest expense	96,371	276,236	381,296
Translation differences	2,186	983	187,629
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>
Represented by:			
Current liability	779,012	1,914,510	2,589,369
Non-current liability	<u>3,097,693</u>	<u>4,887,598</u>	<u>6,343,621</u>
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>
Lease liabilities owing to:			
Financial institutions	1,516,655	5,111,633	6,383,192
Non-financial institutions	<u>2,360,050</u>	<u>1,690,475</u>	<u>2,549,798</u>
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>

- (a) The Group entered into certain leases of premises during the financial year with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.
- (b) The following are the amounts recognised in profit or loss:

	2021 RM	2022 RM	2023 RM
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	928,510	1,232,217	1,832,402
Interest expense on lease liabilities (included in finance costs)	96,371	276,236	381,296
Expense relating to short-term leases (included in administrative expenses)	212,390	181,856	194,725
Gain on lease termination (included in other operating income)	<u>(703)</u>	<u>(35,039)</u>	<u>-</u>





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

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

**The Group as lessee (continued)**

- (c) The Group lease contract that includes extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

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

	2021 RM	2022 RM	2023 RM
Additions of right-of-use assets	1,550,161	3,679,212	4,851,817
Financed by lease arrangements	(733,123)	(2,270,021)	(2,527,137)
Recognition of right-of-use assets for rented buildings	<u>(627,922)</u>	<u>(847,219)</u>	<u>(1,706,055)</u>
Cash payments on right-of-use assets	<u>189,116</u>	<u>561,972</u>	<u>618,625</u>

- (e) Weighted average incremental borrowing rate of the lease liabilities of the Group as at the end of the reporting period is 5.00% (2022: 5.05%) (2021: 5.65%) per annum.

**11. INVESTMENT PROPERTIES**

	Balance as at 1.3.2020 RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 28.2.2021 RM
<b>2021</b>				
<b>Carrying amount</b>				
Freehold land	1,467,260	-	-	1,467,260
Buildings	3,096,289	-	(67,854)	3,028,435
Renovations	1,537,773	(177,770)	(174,268)	1,185,735
	<u>6,101,322</u>	<u>(177,770)</u>	<u>(242,122)</u>	<u>5,681,430</u>

	[ ----- As at 28.2.2021 ----- ]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,467,260	-	1,467,260
Buildings	3,392,626	(364,191)	3,028,435
Renovations	1,742,671	(556,936)	1,185,735
	<u>6,602,557</u>	<u>(921,127)</u>	<u>5,681,430</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**11. INVESTMENT PROPERTIES (continued)**

	Balance as at 1.3.2021 RM	Depreciation charge for the financial year RM	Reclassification to assets held for sale (Note 16) RM	Balance as at 28.2.2022 RM
<b>2022</b>				
<b>Carrying amount</b>				
Freehold land	1,467,260	-	(1,467,260)	-
Buildings	3,028,435	(67,853)	(2,960,582)	-
Renovations	1,185,735	(174,267)	(1,011,468)	-
	<u>5,681,430</u>	<u>(242,120)</u>	<u>(5,439,310)</u>	<u>-</u>

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

	2021 RM	2022 RM	2023 RM
<b>Lease income</b>	399,151	385,184	-
<b>Direct operating expenses:</b>			
- income generating investment properties	<u>14,292</u>	<u>33,657</u>	<u>-</u>

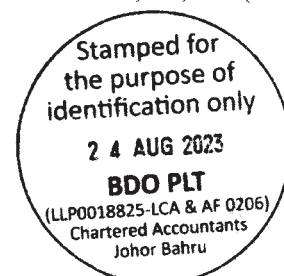
(b) The fair value of the investment properties of approximately RM5,700,000 in financial year 2021 at Level 3 was recommended by the Directors as at the end of reporting period based on comparison method that make reference to recent market value of a similar property in the vicinity on a price per square feet basis. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.

(c) Investment properties have been charged to a financial institution for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements at the end of the financial year 28 February 2021 and 28 February 2022.

**12. INVENTORIES**

	2021 RM	2022 RM	2023 RM
<b>At cost</b>			
Construction materials	13,430	419,187	773,637
Raw materials	950,350	317,679	726,128
Finished goods	<u>608,762</u>	<u>1,839,890</u>	<u>929,948</u>
	<u>1,572,542</u>	<u>2,576,756</u>	<u>2,429,713</u>

(a) Inventories of the Group recognised as cost of sales amounted to RM17,909,917 (2022: RM15,737,043) (2021: RM11,081,640).



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**13. CONTRACT ASSETS/(LIABILITIES)**

	2021 RM	2022 RM	2023 RM
At beginning of financial year	5,285,227	11,200,413	16,456,973
Revenue recognised during the financial year	44,061,280	68,596,212	79,719,922
Progress billings	(38,146,066)	(63,340,634)	(72,296,128)
Translation difference	(28)	982	103,373
At end of financial year	<u>11,200,413</u>	<u>16,456,973</u>	<u>23,984,140</u>
Represented by:			
Contract assets	11,200,413	16,456,973	24,139,614
Contract liabilities	-	-	(155,474)
	<u>11,200,413</u>	<u>16,456,973</u>	<u>23,984,140</u>

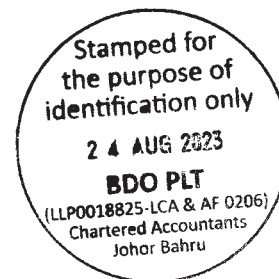
- (a) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2021 RM	2022 RM	2023 RM
Within one year	<u>18,908,450</u>	<u>20,675,366</u>	<u>52,249,706</u>

- (b) Contract assets that are impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows:

	2021 RM	2022 RM	2023 RM
At beginning of financial year	709,736	709,736	699,985
Reversal	-	(9,751)	(245,579)
At end of financial year	<u>709,736</u>	<u>699,985</u>	<u>454,406</u>

- (c) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. Typically, the amount will be billed within 30 to 180 days (2022: 30 to 180 days) (2021: 30 to 180 days).

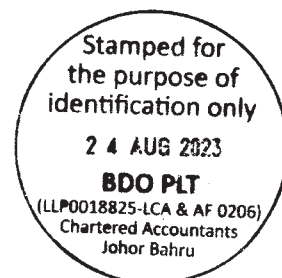


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**14. TRADE AND OTHER RECEIVABLES**

	2021 RM	2022 RM	2023 RM
<b>Trade receivables</b>			
Third parties	13,521,210	16,119,342	14,434,091
Retention sums	2,116,691	4,104,840	4,752,793
Amounts owing by related parties	374,226	151,298	-
	16,012,127	20,375,480	19,186,884
Less: Impairment losses	(1,525,888)	(1,438,861)	(620,130)
Total trade receivables	14,486,239	18,936,619	18,566,754
<b>Other receivables</b>			
Third parties	168,446	426,360	1,484,616
Amount owing by a related party	5,439	-	-
Deposits	378,106	474,366	528,632
	551,991	900,726	2,013,248
Prepayments	520,664	580,493	1,400,080
	15,558,894	20,417,838	21,980,082

- (a) Trade receivables are non-interest bearing and the normal trade credit term granted by the Group is 30 to 150 days (2022: 30 to 150 days) (2021: 30 days) from the date of invoice. They are recognised at its original invoice amounts, which represent its fair value on initial recognition.
- (b) Non-trade amount owing by a related party is unsecured and interest-free.
- (c) The currency exposure profile of trade and other receivables, excluding prepayments is as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	9,946,546	12,029,600	13,363,070
Singapore Dollar	5,091,684	7,807,745	7,216,932
	15,038,230	19,837,345	20,580,002

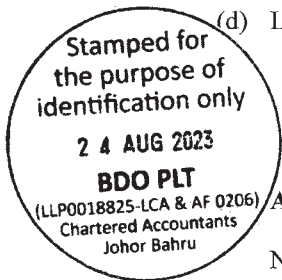


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**14. TRADE AND OTHER RECEIVABLES (continued)**

(d) Lifetime expected credit losses for trade receivables of the Group are as follows:

	Gross carrying amount RM	Lifetime ECL allowance RM	Carrying amount RM
<b>As at 28 February 2021</b>			
Not past due	7,785,364	-	7,785,364
Past due:			
1 to 30 days	2,442,220	-	2,442,220
31 to 60 days	1,561,042	-	1,561,042
61 to 90 days	968,591	-	968,591
More than 90 days	1,729,022	-	1,729,022
	6,700,875	-	6,700,875
Individual assessment	1,525,888	(1,525,888)	-
	<u>16,012,127</u>	<u>(1,525,888)</u>	<u>14,486,239</u>
<b>As at 28 February 2022</b>			
Not past due	16,075,456	-	16,075,456
Past due:			
1 to 30 days	1,507,231	-	1,507,231
31 to 60 days	229,973	-	229,973
61 to 90 days	93,150	-	93,150
More than 90 days	1,821,653	(790,844)	1,030,809
	3,652,007	(790,844)	2,861,163
Individual assessment	648,017	(648,017)	-
	<u>20,375,480</u>	<u>(1,438,861)</u>	<u>18,936,619</u>
<b>As at 28 February 2023</b>			
Not past due	14,214,070	-	14,214,070
Past due:			
1 to 30 days	1,446,439	-	1,446,439
31 to 60 days	2,310,940	-	2,310,940
61 to 90 days	173,750	-	173,750
More than 90 days	421,555	-	421,555
	4,352,684	-	4,352,684
Individual assessment	620,130	(620,130)	-
	<u>19,186,884</u>	<u>(620,130)</u>	<u>18,566,754</u>

None of the trade receivables of the Group that are past due but not impaired have been renegotiated during the financial year. These receivables are not secured by any collateral.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**14. TRADE AND OTHER RECEIVABLES (continued)**

- (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. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of 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. Nevertheless, the Directors believe that these factors are immaterial for the purpose of impairment calculation for the year.

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

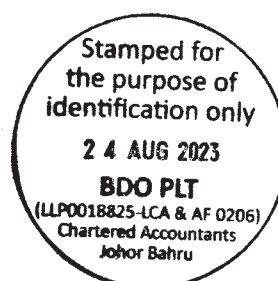
- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information. No expected credit loss is recognised arising from other receivables as it is negligible.

- (g) Trade receivables inclusive retention sums that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment loss accounts is as follows:

	2021 RM	2022 RM	2023 RM
At beginning of financial year	1,474,986	1,525,888	1,438,861
Charge	87,449	790,844	-
Reversal	(36,547)	(831,921)	(818,731)
Written off	-	(45,950)	-
At end of financial year	<u>1,525,888</u>	<u>1,438,861</u>	<u>620,130</u>

- (h) Information on financial risks of trade and other receivables is disclosed in Note 32 to the combined financial statements.



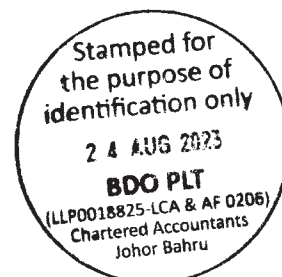
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**15. CASH AND BANK BALANCES**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	6,694,011	8,587,980	11,843,652
Deposits with licensed banks	500,000	1,000,000	3,430,000
As reported in the combined statements of financial position	7,194,011	9,587,980	15,273,652
Less: Deposits pledged	(500,000)	(1,000,000)	(3,430,000)
Less: Bank overdrafts (Note 21)	-	-	(195,336)
As per combined statements of cash flows	<u>6,694,011</u>	<u>8,587,980</u>	<u>11,648,316</u>

- (a) Deposits pledged to licensed banks of the Group have maturity period of one (1) year.
- (b) As at the end of reporting period, the deposits pledged with licensed banks of the Group have been charged to financial institution as security for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements.
- (c) The currency exposure profile of cash and bank balances are as follows:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	2,949,443	4,112,456	6,676,352
Singapore Dollar	4,244,568	5,475,524	8,597,300
	<u>7,194,011</u>	<u>9,587,980</u>	<u>15,273,652</u>

- (d) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 32 to the combined financial statements.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**16. ASSETS HELD FOR SALE**

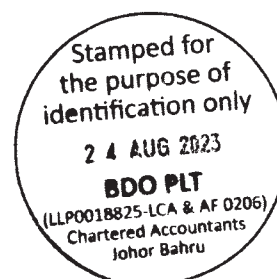
	2021 RM	2022 RM	2023 RM
Balance as at beginning of financial year	-	918,485	6,160,706
Disposals	-	(918,485)	(6,160,706)
Reclassification from property, plant and equipment (Note 9)	918,485	721,396	-
Reclassification from investment properties (Note 11)	-	5,439,310	-
Balance as at end of financial year	<u>918,485</u>	<u>6,160,706</u>	<u>-</u>

The carrying amount of assets held for sale is the same as its carrying amount before it was being reclassified to current assets.

	2021 RM	2022 RM	2023 RM
Cost	984,092	7,769,703	-
Accumulated depreciation	<u>(65,607)</u>	<u>(1,608,997)</u>	<u>-</u>
Carrying amount	<u>918,485</u>	<u>6,160,706</u>	<u>-</u>

- (a) During the financial year ended 28 February 2021, certain land and buildings of the Group were reclassified as assets held for sale following the commitment of the Group to dispose. The disposal was completed during the financial year 28 February 2022 for a total consideration of RM1,400,000.
- (b) During the financial year ended 28 February 2022, certain investment properties and movable assets were reclassified as assets held for sale following the commitment of the Group to dispose to a related party, namely Bestari Selatan Sdn. Bhd.. The disposal was completed during the financial year 28 February 2023 for a total consideration of RM6,500,000.

These assets held for sale have been charged to a financial institution for credit facilities granted to the Group and its outstanding balances as disclosed in Note 21 to the combined financial statements.





**13. ACCOUNTANTS' REPORT (Cont'd)**

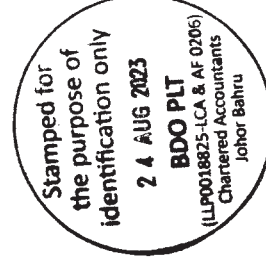
UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**17. INVESTED EQUITY**

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the other combining entities, namely Kum Fatt Engineering Sdn. Bhd., Premier Plastic Industry Sdn. Bhd. and Konnektion Engineering Pte. Ltd..

	2021		2022		2023	
	Number of shares	RM	Number of shares	RM	Number of shares	RM
Issued and fully paid-up with no par value						
Balance as at beginning of financial year	1,900,000	2,303,380	1,950,000	2,353,380	2,000,000	2,508,035
Issuance of ordinary shares	50,000	50,000	50,000	154,655	1,400,002	1,400,002
Balance as at end of financial year	1,950,000	2,353,380	2,000,000	2,508,035	3,400,002	3,908,037

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



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**18. RESERVES**

	2021 RM	2022 RM	2023 RM
Non-distributable:			
Foreign exchange translation reserve	59,076	160,754	1,222,601
Distributable:			
Retained earnings	<u>23,900,903</u>	<u>33,096,719</u>	<u>43,374,995</u>
	<u><u>23,959,979</u></u>	<u><u>33,257,473</u></u>	<u><u>44,597,596</u></u>

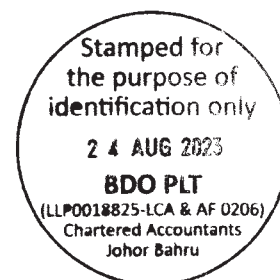
## (a) Foreign exchange translation reserve

Foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the combined financial statements of foreign operation whose functional currency is different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**19. DEFERRED TAX LIABILITIES**

## (a) The deferred tax liabilities are made up of the following:

	2021 RM	2022 RM	2023 RM
As at beginning of financial year	499,296	797,683	1,135,083
Recognised in profit or loss (Note 26)	297,485	332,947	192,387
Translation difference	<u>902</u>	<u>4,453</u>	<u>37,414</u>
As at end of financial year	<u><u>797,683</u></u>	<u><u>1,135,083</u></u>	<u><u>1,364,884</u></u>
After appropriate offsetting:			
Deferred tax liabilities, net	962,327	1,274,407	1,399,477
Deferred tax asset, net	<u>(164,644)</u>	<u>(139,324)</u>	<u>(34,593)</u>
	<u><u>797,683</u></u>	<u><u>1,135,083</u></u>	<u><u>1,364,884</u></u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**19. DEFERRED TAX LIABILITIES (continued)**

(b) The components and movements of deferred tax liabilities/(assets) during the financial year are as follow:

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 March 2020	663,940	(164,644)	499,296
Recognised in profit or loss	297,485	-	297,485
Translation difference	902	-	902
At 28 February 2021/1 March 2021	962,327	(164,644)	797,683
Recognised in profit or loss	307,627	25,320	332,947
Translation difference	4,453	-	4,453
At 28 February 2022/1 March 2022	1,274,407	(139,324)	1,135,083
Recognised in profit or loss	87,656	104,731	192,387
Translation difference	37,414	-	37,414
At 28 February 2023	1,399,477	(34,593)	1,364,884

**20. DEFERRED INCOME**

	2021 RM	2022 RM	2023 RM
<b>Government grant</b>			
<b>At cost</b>			
At beginning of year	-	-	-
Addition during the year	-	-	193,143
At end of year	-	-	193,143
<b>Accumulated depreciation</b>			
At beginning of year	-	-	-
Amortisation charge	-	-	(5,889)
At end of year	-	-	(5,889)
<b>Carrying amounts</b>	-	-	187,254
<b>Deferred income is disclosed under:</b>			
Non-current liabilities	-	-	171,159
Current liabilities	-	-	16,095
	-	-	187,254

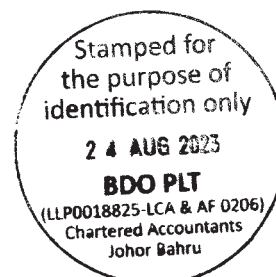
Deferred income represents a government grant receivable to part finance capital expenditure.

The government grant is amortised over the useful life of the assets.

**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**21. BORROWINGS**

	2021 RM	2022 RM	2023 RM
<b>Current liabilities</b>			
Bank overdrafts	-	-	195,336
Trade financing	4,993,724	9,576,266	10,726,767
Term loans	1,403,037	1,476,335	1,887,391
	6,396,761	11,052,601	12,809,494
Term loans associated with assets held for sale (Note 16)	-	3,716,962	-
	<u>6,396,761</u>	<u>14,769,563</u>	<u>12,809,494</u>
<b>Non-current liabilities</b>			
Term loans	<u>7,950,301</u>	<u>4,125,875</u>	<u>4,188,445</u>
<b>Total borrowings</b>			
Trade financing	4,993,724	9,576,266	10,726,767
Term loans	9,353,338	9,319,172	6,075,836
	14,347,062	18,895,438	16,802,603
Bank overdrafts (Note 15)	-	-	195,336
	<u>14,347,062</u>	<u>18,895,438</u>	<u>16,997,939</u>

- (a) Term loans are secured by:
- (i) Joint and several guarantees by certain Directors;
  - (ii) Legal charges over certain freehold land and buildings of the Group as disclosed in Note 9, Note 11 and Note 16 to the combined financial statements;
  - (iii) Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023; and
  - (iv) Guarantee from Credit Guarantee Corporation Malaysia Berhad ("CGC") under Bank Negara Malaysia's Fund for Small and Medium Enterprise or guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**21. BORROWINGS (continued)**

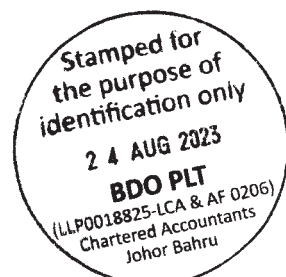
- (b) Trade financing includes bankers' acceptance, invoice financing, import financing and promissory note. Trade financing and overdrafts facilities are secured by:
- Joint and several guarantees by certain Directors;
  - Deposits pledged with licensed banks of the Group as disclosed in Note 15 to the combined financial statements; and
  - Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023.
  - Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").
- (c) The currency exposure profile of borrowings are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	11,047,406	16,408,209	15,266,491
Singapore Dollar	3,299,656	2,487,229	1,731,448
	<u>14,347,062</u>	<u>18,895,438</u>	<u>16,997,939</u>

- (d) Information on financial risks of borrowings and the remaining maturity is disclosed in Note 32 to the combined financial statements.

**22. TRADE AND OTHER PAYABLES**

	2021 RM	2022 RM	2023 RM
<b>Trade payables</b>			
Third parties	4,266,895	2,357,867	5,030,603
Retention sums	993,592	1,221,160	1,487,645
Amounts owing to a related party	433,315	-	-
	5,693,802	3,579,027	6,518,248
<b>Other payables</b>			
Third parties			
- Others	602,110	740,902	365,948
- Amount owing to a vendor	1,058,000	-	117,380
Amounts owing to related parties	135,698	-	4,278
Amount owing to a Director	2,360,404	1,630,502	-
Deposits	134,656	80,000	-
Accruals	797,432	734,860	1,225,782
	5,088,300	3,186,264	1,713,388
	<u>10,782,102</u>	<u>6,765,291</u>	<u>8,231,636</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**22. TRADE AND OTHER PAYABLES (continued)**

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 to 90 days (2022: 30 to 90 days) (2021: 30 to 90 days).
- (b) Non-trade amounts owing to related parties and Director are unsecured and interest-free and payable upon demand.
- (c) Amount owing to a vendor represent costs for the acquisition of property, plant and equipment as disclosed in Note 9(a) to the combined financial statements.
- (d) The currency exposure profile of trade and other payables are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	10,545,173	6,336,571	7,392,632
Singapore Dollar	<u>236,929</u>	<u>428,720</u>	<u>839,004</u>
	<u>10,782,102</u>	<u>6,765,291</u>	<u>8,231,636</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 32 to the combined financial statements.

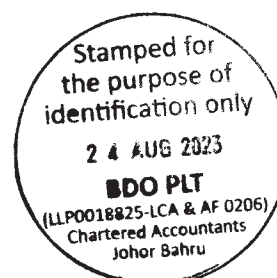
**23. REVENUE**

	2021 RM	2022 RM	2023 RM
<b>Revenue from contracts with customers</b>			
<b>Recognised over time:</b>			
Construction contracts	37,305,624	54,206,718	60,679,153
<b>Recognised point in time:</b>			
Construction contracts	6,755,656	14,389,494	19,040,769
Sale of goods	<u>7,644,856</u>	<u>6,290,022</u>	<u>8,942,243</u>
	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>

**Disaggregation of revenue from contracts with customers**

Revenue from contracts with customers is disaggregated by primary geographical market, and major products or service lines as disclosed in Note 8 to the combined financial statements.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms.



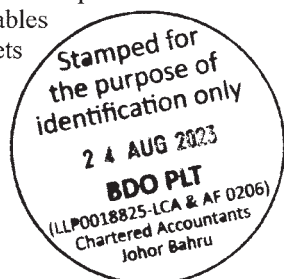
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**24. FINANCE COSTS**

	2021 RM	2022 RM	2023 RM
Interest expense on:			
- bank overdrafts	55,528	19,060	44,020
- trade financing	201,959	298,657	587,529
- lease liabilities	96,371	276,236	381,296
- term loans	229,789	302,356	293,585
- others	36,131	55,501	76,379
	<u>619,778</u>	<u>951,810</u>	<u>1,382,809</u>

**25. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax:

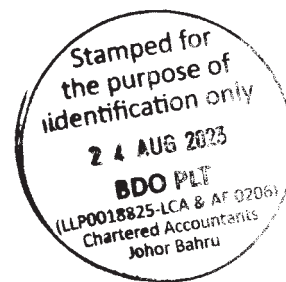
	2021 RM	2022 RM	2023 RM
After charging:			
Assets written off	177,770	-	-
Auditors' remuneration	35,000	74,384	108,261
Bad debt written off	-	19,977	-
Property, plant and equipment written off	-	289,293	123,092
Loss on disposal of:			
- property, plant and equipment	-	242,425	71,528
- right-of-use assets	38,907	-	-
Net realised loss on foreign exchange	11,200	-	-
Net unrealised loss on foreign exchange	<u>4,332</u>	<u>-</u>	<u>-</u>
And crediting:			
Bad debt written back	-	-	5,000
Governments' subsidies - Covid 19 related and others	526,421	361,589	200,419
Gain on disposal of:			
- property, plant and equipment	17,297	-	-
- right-of-use assets	-	64,663	-
- assets held for sale	-	481,515	339,294
Interest income	15,407	64,531	57,661
Lease income from:			
- investment properties	399,151	385,184	-
- assets held for sale	-	-	300,248
- other assets	682,793	304,398	-
Net realised gain on foreign exchange	<u>-</u>	<u>29,322</u>	<u>140,421</u>
Net (loss)/gain on impairment of:			
- trade receivables	(50,902)	41,077	818,731
- contract assets	<u>-</u>	<u>9,751</u>	<u>245,579</u>
	<u>(50,902)</u>	<u>50,828</u>	<u>1,064,310</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**26. TAX EXPENSE**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax expense			
- Malaysia income tax	1,598,486	2,197,201	1,918,916
- Foreign income tax	165,083	1,425,839	1,166,951
	<u>1,763,569</u>	<u>3,623,040</u>	<u>3,085,867</u>
Over provision in prior years			
- Malaysia income tax	-	(445)	(179,198)
- Foreign income tax	-	-	(49,213)
	<u>-</u>	<u>(445)</u>	<u>(228,411)</u>
	1,763,569	3,622,595	2,857,456
Deferred tax (Note 19)			
- Current year	297,485	391,011	296,570
- Over provision in prior years	-	(58,064)	(104,183)
	<u>297,485</u>	<u>332,947</u>	<u>192,387</u>
Real Property Gain Tax	-	42,000	7,309
	<u>2,061,054</u>	<u>3,997,542</u>	<u>3,057,152</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) (2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authority are calculated at the rates prevailing in the respective jurisdictions.





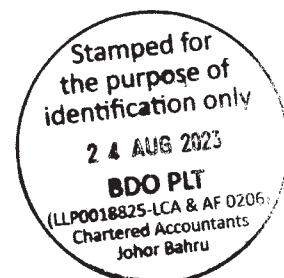
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**26. TAX EXPENSE (continued)**

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

	2021 RM	2022 RM	2023 RM
Profit before tax	9,428,090	18,564,733	17,174,518
Tax expense at applicable tax rate of 24%	2,262,742	4,455,536	4,121,884
Tax effects in respect of:			
Different tax rate in foreign entity	(247,519)	(602,431)	(507,310)
Non-allowable expenses	204,422	314,800	204,448
Non-taxable income	(21,395)	(15,957)	(255,434)
Tax incentive	-	-	(83,088)
Reduction in statutory tax rates on chargeable income	(137,196)	(137,897)	(98,063)
	2,061,054	4,014,051	3,382,437
Real Property Gain Tax	-	42,000	7,309
Over provision in prior years			
- income tax	-	(445)	(228,411)
- deferred tax	-	(58,064)	(104,183)
	2,061,054	3,997,542	3,057,152

- (d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
<b>2023</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	1,061,847	-	1,061,847
<b>2022</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	101,678	-	101,678
<b>2021</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	57,953	-	57,953



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**27. EMPLOYEE BENEFITS**

	2021 RM	2022 RM	2023 RM
Salaries and allowances	4,008,737	6,694,415	10,463,952
Defined contribution plans	305,100	498,942	807,542
Social security contribution	18,833	34,837	54,831
Other benefits	49,290	208,375	101,047
	<u>4,381,960</u>	<u>7,436,569</u>	<u>11,427,372</u>

Included in the employee benefits of the Group are Directors' remuneration of RM2,151,267 (2022: RM1,609,599) (2021: RM1,231,046).

**28. EARNINGS PER SHARE**

## (a) Basic earnings per ordinary share

	2021 RM	2022 RM	2023 RM
Profit attributable to common controlling shareholders of the combining entities	<u>7,367,036</u>	<u>14,567,191</u>	<u>14,117,366</u>
Weighted average number of ordinary shares outstanding	<u>1,915,068</u>	<u>1,951,781</u>	<u>3,012,603</u>
Basic earnings per ordinary share (RM)	<u>3.85</u>	<u>7.46</u>	<u>4.69</u>

## (b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal the basic earnings per ordinary share as there were no outstanding dilutive ordinary shares at the end of each reporting periods.

**29. DIVIDENDS**

**In respect of financial year ended 28 February 2021:**  
First and second single tier interim dividend

Amount of  
dividend  
RM

3,906,160

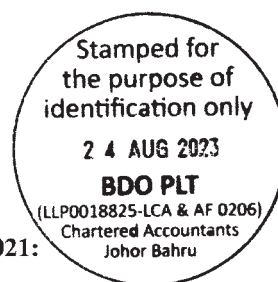
**In respect of financial year ended 28 February 2022:**  
First single tier interim dividend

5,371,375

**In respect of financial year ended 28 February 2023:**  
First single tier interim dividend

3,839,090

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 28 February 2023.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**30. COMMITMENTS**

## (a) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	2021 RM	2022 RM	2023 RM
Contracted but not provided for	<u>496,475</u>	<u>363,700</u>	<u>547,000</u>

## (b) Contingent liability

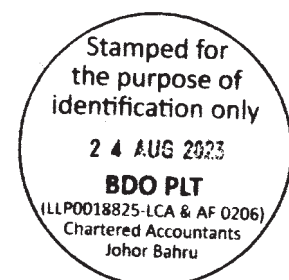
	2021 RM	2022 RM	2023 RM
Guarantee given to third party in respect of contracts	<u>-</u>	<u>-</u>	<u>500,000</u>

**31. 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 and to maintain an optimal capital structure so as to maximise shareholder's value. The overall strategy of the Group remains unchanged from that in FYEs 28 February 2021, 28 February 2022 and 28 February 2023.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders. No changes were made in the objectives, policies or processes during the FYEs 28 February 2021, 28 February 2022 and 28 February 2023.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**31. FINANCIAL INSTRUMENTS (continued)**

## (a) Capital management (continued)

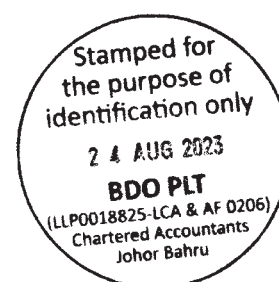
The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital represents equity attributable to the common controlling shareholder of the Group.

	2021 RM	2022 RM	2023 RM
Total borrowings	14,347,062	18,895,438	16,997,939
Total lease liabilities	3,876,705	6,802,108	8,932,990
Trade and other payables	10,782,102	6,765,291	8,231,636
	<u>29,005,869</u>	<u>32,462,837</u>	<u>34,162,565</u>
Less: Cash and bank balances	<u>(7,194,011)</u>	<u>(9,587,980)</u>	<u>(15,273,652)</u>
Net debt	21,811,858	22,874,857	18,888,913
Equity attributable to common controlling shareholders of the combining entities	<u>26,313,359</u>	<u>35,765,508</u>	<u>48,505,633</u>
Capital and net debt	<u>48,125,217</u>	<u>58,640,365</u>	<u>67,394,546</u>
Debt ratio	<u>45%</u>	<u>39%</u>	<u>28%</u>

The Group is not subject to any externally imposed capital requirements.

## (b) Categories of financial instruments

	2021 RM	2022 RM	2023 RM
<b>Financial assets</b>			
<b>Amortised cost</b>			
Trade and other receivables, net of prepayments	15,038,230	19,837,345	20,464,343
Cash and bank balances	7,194,011	9,587,980	15,273,652
	<u>22,232,241</u>	<u>29,425,325</u>	<u>35,737,995</u>
<b>Financial liabilities</b>			
<b>Amortised cost</b>			
Borrowings	14,347,062	18,895,438	16,997,939
Trade and other payables	10,782,102	6,765,291	8,231,636
	<u>25,129,164</u>	<u>25,660,729</u>	<u>25,229,575</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**31. FINANCIAL INSTRUMENTS (continued)**

## (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are a 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 interest-bearing borrowings, are reasonable approximation of fair values, due to their short-term nature or that they are borrowings that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the borrowing is reasonable approximation of fair value due to the insignificant impact of discounting.

## (d) Fair value hierarchy

As at the end of each reporting period, the Group has no financial instruments that are measured subsequent to initial recognition at fair value hence fair value hierarchy is not presented.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objectives of the Group are to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the financial risk management policies of the Group. The exposure of the Group to financial risks and the management of the related exposures are as follows:

## (a) Credit risk

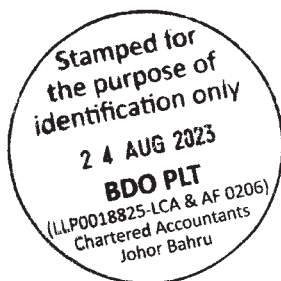
Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed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

The Group's primary exposure to credit risk arises through its trade and other receivables and contracts assets. The Group's trading terms with its customers are mainly on credit. The credit period are disclosed in Notes 13 and 14 to the combined financial statements respectively. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Credit risk concentration profile

The Group determine concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2022: three (3) customers) (2021: two (2) customers) which constituted approximately 55% (2022: 80%) (2021: 64%) of its gross trade receivables at the end of each reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

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

## (b) Liquidity and cash flow risk

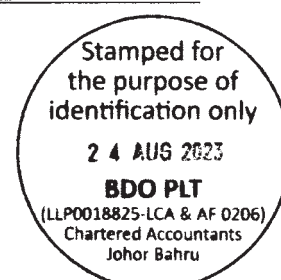
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group would encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The maximum exposure in relation to guarantee extended to third party amounted to RM500,000 (2022: Nil) (2021: Nil).

Analysis of financial instruments by remaining contractual maturities

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

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
<b>As at 28 February 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	10,782,102	-	-	10,782,102
Term loans	1,679,484	5,703,581	3,625,231	11,008,296
Trade financing	4,993,724	-	-	4,993,724
Lease liabilities	1,100,471	2,665,250	818,100	4,583,821
Total undiscounted financial liabilities	<u>18,555,781</u>	<u>8,368,831</u>	<u>4,443,331</u>	<u>31,367,943</u>
<b>As at 28 February 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	6,765,291	-	-	6,765,291
Term loans	5,510,161	4,065,941	353,018	9,929,120
Trade financing	9,576,266	-	-	9,576,266
Lease liabilities	2,212,032	5,274,166	96,000	7,582,198
Total undiscounted financial liabilities	<u>24,063,750</u>	<u>9,340,107</u>	<u>449,018</u>	<u>33,852,875</u>
<b>As at 28 February 2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	8,231,636	-	-	8,231,636
Term loans	2,079,832	3,750,279	795,437	6,625,548
Bank overdraft	195,336	-	-	195,336
Trade financing	10,726,767	-	-	10,726,767
Lease liabilities	2,979,570	5,611,077	1,204,650	9,795,297
Total undiscounted financial liabilities	<u>24,213,141</u>	<u>9,361,356</u>	<u>2,000,087</u>	<u>35,574,584</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

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

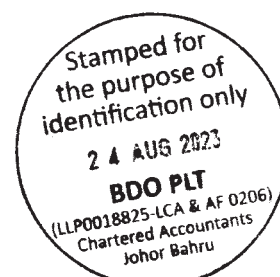
## (c) Interest rate risk

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

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-earning deposits placed with a licensed bank and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its risk.

The following table sets out the carrying amount, the weighted average effective interest rates as at the end of the reporting year and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within one year RM	One to five years RM	More than 5 years RM	Total RM
<b>As at 28 February 2021</b>						
<b>Fixed rates</b>						
Deposits with a licensed bank	15	1.65	500,000	-	-	500,000
Term loans	21	2.81	(1,066,521)	(3,617,307)	(84,020)	(4,767,848)
<b>Floating rates</b>						
Trade financing	21	4.53	(4,993,724)	-	-	(4,993,724)
Term loans	21	4.14	(336,516)	(1,290,369)	(2,958,605)	(4,585,490)
<b>As at 28 February 2022</b>						
<b>Fixed rates</b>						
Deposits with a licensed bank	15	1.65	1,000,000	-	-	1,000,000
Term loans	21	2.86	(1,168,116)	(2,700,565)	-	(3,868,681)
<b>Floating rates</b>						
Trade financing	21	4.54	(9,576,266)	-	-	(9,576,266)
Term loans	21	4.29	(4,025,181)	(1,103,693)	(321,617)	(5,450,491)
<b>As at 28 February 2023</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	15	2.27	3,430,000	-	-	3,430,000
Term loans	21	3.06	(1,537,623)	(2,043,948)	(163,748)	(3,745,319)
<b>Floating rates</b>						
Bank overdrafts	21	7.00	(195,336)	-	-	(195,336)
Trade financing	21	5.67	(10,726,767)	-	-	(10,726,767)
Term loans	21	4.21	(349,768)	(1,400,215)	(580,534)	(2,330,517)



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (c) Interest rate risk (continued)

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 one hundred (100) basis points with all other variables held constant:

	2021 RM	2022 RM	2023 RM
<b>Profit after tax</b>			
- Increase by 1%	(72,800)	(114,200)	(100,700)
- Decrease by 1%	72,800	114,200	100,700

The Group's exposure to the interest rate risk is due to the outstanding borrowing during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

## (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in foreign exchange rates.

The Group has assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the entities within the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the functional currency of the Group, with all other variables held constant:

	2021 RM	2022 RM	2023 RM
<b>Profit after tax</b>			
SGD/RM			
- Strengthen by 5%	213,700	316,900	383,700
- Weaken by 5%	(213,700)	(316,900)	(383,700)





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**33. RELATED PARTY DISCLOSURES**

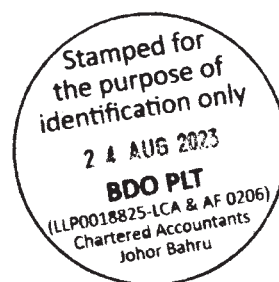
(a) Identities of related parties

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 could be individuals or other entities.

The Group has controlling related party relationship with its holding company and the direct and indirect combined entities of the holding company.

Identified related parties of the Group as at 28 February 2023 include:

- (i) Companies in which certain directors have financial interests:
  - 1. Speedlink Communications Sdn. Bhd.
  - 2. Bestari Selatan Sdn. Bhd.
- (ii) Key management personnel who are defined as those persons having authority and responsibility of planning, directing and controlling activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group and certain members of the senior management of the Group.

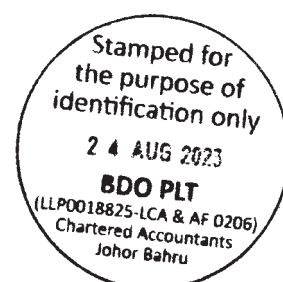


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**33. RELATED PARTY DISCLOSURES (continued)**

## (b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the combined financial statements, the Group had the following transactions with related parties during the financial year:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Directors:</b>			
- Disposal of asset	-	-	(39,100)
- Purchase of assets	-	143,050	182,000
- Rental expenses	16,200	5,000	-
<b>Related parties identified as at 28 February 2023:</b>			
<b>Speedlink Communications Sdn. Bhd.</b>			
- Contract revenue	(50,030)	-	(113,323)
<b>Bestari Selatan Sdn. Bhd.</b>			
- Rental expenses	15,000	93,000	154,350
- Proceeds from disposal of assets	-	-	(6,500,000)
<b>Related parties:</b>			
<b>Apex Biocare Sdn. Bhd.</b>			
- Rental income	(27,750)	(35,400)	(17,500)
- Purchase of hamper	7,882	16,244	600
- Purchase of healthcare products	5,600	19,050	7,913
- Utility charges	18,525	15,142	8,946
<b>TSE Jaya Sdn. Bhd.</b>			
Contract revenue	(85,668)	-	-
Sales of goods	(178,968)	(71,208)	-
Sub-contractor charges	1,132,308	907,863	-
<b>Ecobore Sdn. Bhd.</b>			
Rental income	(10,500)	-	-
Sub-contractor and material charges	249,149	-	-
Transport income	(13,100)	-	-
Proceeds from disposal of assets	(50,000)	-	-



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**33. RELATED PARTY DISCLOSURES (continued)**

## (b) Significant related party transactions and balances (continued)

	2021 RM	2022 RM	2023 RM
<b>Related parties (continued):</b>			
<b>The Brand Tailor Sdn. Bhd.</b>			
- Rental income	(22,750)	-	-
<b>Jingkong Sdn. Bhd.</b>			
- Purchase of assets	<u>55,000</u>	<u>-</u>	<u>-</u>

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

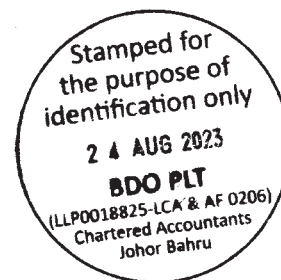
Information regarding outstanding balances arising from related party transactions as at 28 February 2021, 28 February 2022 and 28 February 2023 are disclosed in Notes 14 and 22 to the combined financial statements respectively.

## (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 remuneration of Director and other members of key management during the financial years was as follows:

	2021 RM	2022 RM	2023 RM
Salaries and allowances	1,090,227	1,459,965	1,951,481
Defined contribution plans	138,562	146,863	196,663
Social security contribution	<u>2,257</u>	<u>2,771</u>	<u>3,123</u>
	1,231,046	1,609,599	2,151,267
Estimated monetary value of benefit-in-kind	<u>46,532</u>	<u>78,396</u>	<u>315,000</u>
	<u>1,277,578</u>	<u>1,687,995</u>	<u>2,466,267</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

UUE HOLDINGS BERHAD [202201026669] (1472366-A)

(Incorporated in Malaysia)

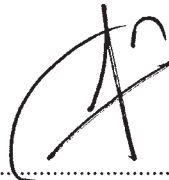
STATEMENT BY DIRECTORS

We, Datuk Dr. Ting Kok Hwa and Hin Wai Mun, two of the Directors of UUE Holdings Berhad, state that, in the opinion of the Directors, the combined financial statements set out on pages 4 to 75 are drawn up so as to give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022 and 28 February 2023 and of the financial performance and cash flows of the Group for the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards 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 24 August 2023.



.....  
Datuk Dr. Ting Kok Hwa  
Director



.....  
Hin Wai Mun  
Director



## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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80300 Johor Bahru  
Johor Darul Ta'zim  
Malaysia

The Board of Directors  
UUE Holdings Berhad  
No. 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor Darul Takzim  
Malaysia.

Date: 24 August 2023

Our Ref: BDO/JS/TTXW/oew

Dear Sirs,

### UUE Holdings Berhad (“UUE” or the “Company”) and its combining entities (“Group”) Report on the Compilation of Pro Forma Statements of Financial Position Included in the Prospectus

We have completed our assurance engagement to report on the compilation of the pro forma statements of financial position of the Group as at 28 February 2023 (“Pro Forma Statements of Financial Position”). The Pro Forma Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company (“Board of Directors”) for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Statements of Financial Position are described in the Notes thereon to the Pro Forma Statements of Financial Position and are in accordance with the Prospectus Guidelines issued by Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes to the Pro Forma Statements of Financial Position on the financial position of the Group as at 28 February 2023 had the Listing been affected as at 28 February 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group’s audited combined statements of financial position as at 28 February 2023.

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

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

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**



**Our Independence and Quality Control**

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.

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

**Reporting Accountants’ Responsibility**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in Notes to the Pro Forma 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 Statements of Financial Position on the basis set out in Notes thereon to the Pro Forma 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 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 Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

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

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**



**Reporting Accountants' Responsibility (continued)**

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma 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:

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

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 Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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 Statements of Financial Position of the Group have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma 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. 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 be 'BDO PLT'.

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

A handwritten signature in black ink, appearing to be 'Sia Yeak Hong'.

**Sia Yeak Hong**  
03413/02/2025 J  
Chartered Accountant

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**1. INTRODUCTION AND BASIS OF PREPARATION**

**1.1 Introduction**

The Pro Forma Statements of Financial Position of UUE Holdings Berhad ("Company") and its combining entities (collectively referred to as the "Group") as at 28 February 2023 ("Pro Forma SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

**1.2 Basis of preparation**

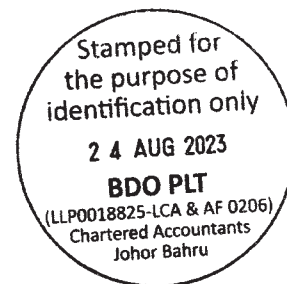
The Pro Forma SOFP have been prepared based on the audited combined statements of financial position of the Group as at 28 February 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited combined statements of financial position of the Group as at 28 February 2023 had the transactions been effected on 28 February 2023, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited combined statements of financial position of the Group for the financial year ended 28 February 2023 used in the preparation of the Pro Forma SOFP was not subject to any audit qualification.

**2. LISTING SCHEME**

The Acquisition of Kum Fatt Engineering Sdn. Bhd., Konnection Engineering Pte. Ltd. and Premier Plastic Industry Sdn. Bhd. (as defined in Note 2.1), Initial Public Offering ("IPO") and Share Split as disclosed in Notes 2.1, 2.2, 2.3 and 2.4 respectively are included in the Pro Forma SOFP to show the effects of the transactions on the audited statements of financial position of the Group as at 28 February 2023 had the transactions been effected on 28 February 2023 in accordance with the Prospectus Guidelines.





## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position

### 2. LISTING SCHEME (continued)

#### 2.1 Acquisitions

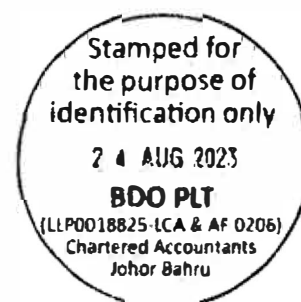
To facilitate the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had undertaken the following transactions:

- (a) The acquisition by the Company of the entire issued share capital in Kum Fatt Engineering Sdn. Bhd. ("KFE") comprising 750,000 ordinary shares for a purchase consideration of RM24,224,990 which was satisfied via the issuance of 242,249,900 new shares at an issue price of RM0.10 per share.
- (b) The acquisition by the Company of the entire issued share capital in Konnection Engineering Pte.Ltd. ("KE") comprising 250,000 ordinary shares for a purchase consideration of RM18,174,000 which was satisfied via the issuance of 181,740,000 new shares at an issue price of RM0.10 per share.
- (c) The acquisition by the Company of the entire issued share capital in Premier Plastic Industry Sdn. Bhd. ("PPI") comprising 2,400,000 ordinary shares for a purchase consideration of RM5,940,000 which was satisfied via the issuance of 59,400,000 new shares at an issue price of RM0.10 per share.

#### 2.2 Listing exercise

In conjunction with the Listing, the Company will undertake an IPO comprising of a public issue of 124,902,000 new Shares in the Company ("Public Issue") and offer for sale of existing 37,463,000 Shares in the Company at an issue/offer price of RM [•] per Share.

Upon completion of the Proposed Listing, the enlarged issued share capital of RM[•] comprising 608,292,000 ordinary shares in the Company will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position**2. LISTING SCHEME (continued)****2.3 Utilisation of proceeds**

The proceeds from the Public issue of RM[•] are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM'000	Percentage of gross proceeds %
(i) Purchase of machinery and Equipment*	Within 24 months	[•]	[•]
(ii) General working capital*	Within 12 months	[•]	[•]
(iii) Estimated listing expenses^	Within 1 month	[•]	[•]
<b>Total</b>		[•]	[•]

\* These utilisation of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statements of Financial Position as at 28 February 2023, as the Group has yet to enter into any agreement or issue any purchase order in relation to the proceeds earmarked for purchase of machinery and equipment as well as general working capital.

^ The estimated listing expenses totaling RM[•] to be borne by the Company comprise amongst others, underwriting fees, placement fees, brokerage fees, professional fees and miscellaneous expenses. A total of RM[•] of the estimated listing expenses 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.

The utilisation of proceeds will have the following impact on the Pro Forma Statements of Financial Position as at 28 February 2023:

	Effects on Total Assets RM	Decrease Effects on Total Equity RM
Cash and bank balances	[•]	[•]
Trade and other receivables	[•]	[•]
Share capital	[•]	[•]
Reserves	[•]	[•]
	[•]	[•]

**2.4 Share split**

During the financial year ended 28 February 2023, the Company issued and paid up share capital of RM2 comprising of 2 ordinary shares issued at subscription price of RM1 each when it was incorporated on 21 July 2022.

Subsequent to the financial year ended 28 February 2023, the Company undertook a subdivision of 1 existing ordinary share ("Share Split") in UUE Holdings Sdn. Bhd. into 10 ordinary shares in UUE Holdings Sdn. Bhd. on 16 May 2023. On 17 May 2023, the Company increase its capital by RM8 comprise of issued 80 new ordinary shares at issuance price of RM0.10.

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the purpose of  
identification only

24 AUG 2023

**BDO PLT**

(LLP0018825-LCA & AF 0206)  
Chartered Accountants  
Johor Bahru

Cash and bank balances  
Trade and other receivables  
Share capital  
Reserves

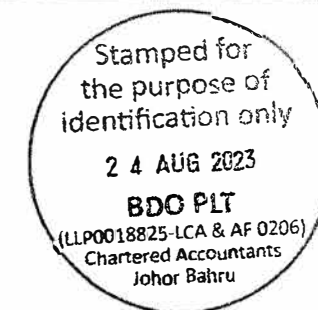
**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023**

The Pro Forma SOFP of the Group as at 28 February 2023 have been prepared for illustrative purposes only to show the effects on the audited combined statements of financial position of the Group as at 28 February 2023 based on the assumptions that transactions set out in Note 2 had been effected on 28 February 2023, and should be read in conjunction with notes accompanying to the Pro Forma SOFP.

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustment s for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment		-	10,900,498	10,900,498	-	10,900,498	[•]	[•]
Right-of-use assets		-	11,068,198	11,068,198	-	11,068,198	-	11,068,198
		-	21,968,696	21,968,696	-	21,968,696	[•]	[•]
<b>Current assets</b>								
Inventories		-	2,429,713	2,429,713	-	2,429,713	[•]	[•]
Contract assets		-	24,139,614	24,139,614	-	24,139,614	-	24,139,614
Trade and other receivables	3.2.1	-	21,980,082	21,980,082	-	21,980,082	[•]	[•]
Cash and bank balances	3.2.2	2	15,273,658	15,273,660	[•]	[•]	[•]	[•]
		2	63,823,067	63,823,069	[•]	[•]	[•]	[•]
<b>TOTAL ASSETS</b>		2	85,791,763	85,791,765	[•]	[•]	[•]	[•]



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)**

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of the combining entities</b>								
Share capital	3.2.3	2	48,338,998	48,339,000	[•]	[•]	[•]	[•]
Reserves	3.2.3	(1,529)	168,170	166,641	-	166,641	[•]	[•]
<b>TOTAL EQUITY</b>		(1,527)	48,507,168	48,505,641	[•]	[•]	[•]	[•]
<b>Non-current liabilities</b>								
Deferred tax liabilities		-	1,364,884	1,364,884	-	1,364,884	-	1,364,884
Deferred income		-	171,159	171,159	-	171,159	-	171,159
Lease liabilities		-	6,343,621	6,343,621	-	6,343,621	-	6,343,621
Borrowings		-	4,188,445	4,188,445	-	4,188,445	-	4,188,445
		-	12,068,109	12,068,109	-	12,068,109	-	12,068,109

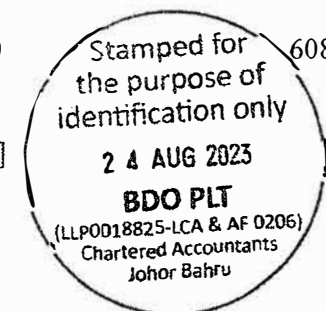


**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)**

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>								
<b>(continued)</b>								
<b>Current liabilities</b>								
Trade and other payables		1,529	8,230,107	8,231,636	-	8,231,636	-	8,231,636
Deferred income		-	16,095	16,095	-	16,095	-	16,095
Contract liabilities		-	155,474	155,474	-	155,474	-	155,474
Lease liabilities		-	2,589,369	2,589,369	-	2,589,369	-	2,589,369
Borrowings		-	12,809,494	12,809,494	-	12,809,494	-	12,809,494
Current tax liabilities		-	1,415,947	1,415,947	-	1,415,947	-	1,415,947
		<u>1,529</u>	<u>25,216,486</u>	<u>25,218,015</u>	<u>-</u>	<u>25,218,015</u>	<u>-</u>	<u>25,218,015</u>
<b>TOTAL LIABILITIES</b>		<u>1,529</u>	<u>37,284,595</u>	<u>37,286,124</u>	<u>-</u>	<u>37,286,124</u>	<u>-</u>	<u>37,286,124</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2</u>	<u>85,791,763</u>	<u>85,791,765</u>	<u>[•]</u>	<u>[•]</u>	<u>[•]</u>	<u>[•]</u>
Net assets (RM)		(1,527)		48,505,641		[•]		[•]
Number of ordinary shares assumed in issue		2		483,390,000		608,292,000		608,292,000
Net assets attributable to equity holders per ordinary share		(764)		0.10		[•]		[•]



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023  
(continued)**

**3.1 Pro Forma adjustments to the Pro Forma Statements of Financial Position**

**3.1.1 Pro Forma I**

Pro Forma I incorporated the effects of acquisitions and share split as set out in Note 2.1 and Note 2.4 respectively.

**3.1.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I, the listing exercise as set out in Note 2.2.

**3.1.3 Pro Forma III**

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds as set out in Note 2.3.

**3.2 Notes to the Pro Forma Statements of Financial Position**

**3.2.1 Trade and other receivables**

	RM
As at 28 February 2023	-
Adjustments for acquisitions and share split	<u>21,980,082</u>
<b>Pro Forma I/Pro Forma II</b>	21,980,082
Adjustments for utilisation of proceeds	<u>[•]</u>
<b>Pro Forma III</b>	<u>[•]</u>

**3.2.2 Cash and bank balances**

	RM
As at 28 February 2023	2
Adjustments for acquisitions and share split	<u>15,273,658</u>
<b>Pro Forma I</b>	15,273,660
Adjustments for listing exercise	<u>[•]</u>
<b>Pro Forma II</b>	[•]
Adjustments for utilisation of proceeds	<u>[•]</u>
<b>Pro Forma III</b>	<u>[•]</u>



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

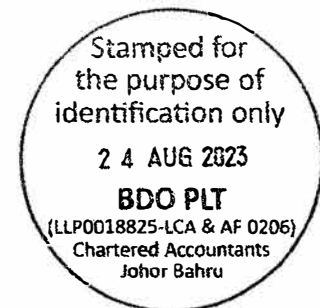
UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)

3.2 Notes to the Pro Forma Statements of Financial Position (continued)

3.2.3 Share capital and reserves

	Share capital RM	Foreign currency translation reserve RM	Merger Reserve RM	Distributable (Accumulated losses)/ Retained earnings RM	Equity attributable to owners of the combining entities RM
<b>Balance as at 28 February 2023</b>	2	-	-	(1,529)	(1,527)
Adjustments for acquisitions and share split	48,338,998	1,222,601	(44,430,955)	43,376,524	48,507,168
<b>Pro Forma I</b>	48,339,000	1,222,601	(44,430,955)	43,374,995	48,505,641
Proceeds from the public issue	[•]	-	-	-	[•]
<b>Pro Forma II</b>	[•]	1,222,601	(44,430,955)	43,374,995	[•]
Estimated listing expenses attributable to IPO	[•]	-	-	-	[•]
Estimated other listing expenses	-	-	-	[•]	[•]
	[•]	-	-	[•]	[•]
<b>Pro Forma III</b>	[•]	1,222,601	(44,430,955)	[•]	[•]



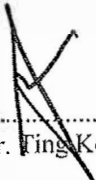
**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*


**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of UUE Holdings Berhad in accordance with a resolution dated 24 August 2023

Signed on behalf of the Board of Directors.

  
.....  
Datuk Dr. Fing Kok Hwa  
Director

Johor Bahru

  
.....  
Hin Wai Mun  
Director

