

12. ACCOUNTANTS' REPORT



05 NOV 2021

The Board of Directors
Unique Fire Holdings Berhad
No. 9, Jalan Anggerik Mokara 31/55
Kota Kemuning, Seksyen 31
40460 Shah Alam
Selangor

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

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Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF UNIQUE FIRE HOLDINGS BERHAD ("UNIQUE FIRE" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group"). The financial information comprise:-

- i) The combined statements of financial position as at 31 March 2019, 31 March 2020 and 31 March 2021, 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 each of the financial years ended ("FYE") 31 March 2019, FYE 31 March 2020 and FYE 31 March 2021, as set out in pages 5 to 9; and
- ii) Notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information, as set out in pages 10 to 65.

This historical financial information has been prepared for inclusion in the prospectus of Unique Fire in connection with the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities ("Bursa Securities"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 March 2019, 31 March 2020 and 31 March 2021 and of their financial performance and their cash flows for each of the FYE 31 March 2019, FYE 31 March 2020 and FYE 31 March 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. ACCOUNTANTS' REPORT (Cont'd)**INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES**

We are independent of the Group and the Company 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 FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial information.

12. ACCOUNTANTS' REPORT (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

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:-

- Identify and assess the risks of material misstatement of the financial information 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 Group's ability 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 financial information 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.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information 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.

12. ACCOUNTANTS' REPORT (Cont'd)



OTHER MATTER

The significant events subsequent to the end of the financial year ended 31 March 2021 have been disclosed in Note 30 to the combined financial statements.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the Prospectus of Unique Fire in connection with the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report contrary to the aforesaid purpose.

A stylized signature in black ink, consisting of a series of connected loops and a long horizontal stroke.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Melaka

05 NOV 2021

A stylized signature in black ink, featuring a large, bold initial 'P' followed by a horizontal line.

Piong Yew Peng
03070/06/2023 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		
	NOTE	2019 RM'000	2020 RM'000	2021 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	30,356	27,403	26,581
Right-of-use assets	6	-	1,377	963
Intangible assets		-	19	-
		<u>30,356</u>	<u>28,799</u>	<u>27,544</u>
CURRENT ASSETS				
Inventories	7	17,140	20,088	21,081
Trade and other receivables	8	24,466	24,177	24,471
Cash and bank balances		1,972	2,073	3,693
		<u>43,578</u>	<u>46,338</u>	<u>49,245</u>
TOTAL ASSETS		<u>73,934</u>	<u>75,137</u>	<u>76,789</u>
EQUITY AND LIABILITIES				
EQUITY				
Invested capital	9	9,105	9,305	9,455
Retained profits		46,014	47,320	41,144
TOTAL EQUITY		<u>55,119</u>	<u>56,625</u>	<u>50,599</u>
NON-CURRENT LIABILITIES				
Lease liabilities	10	-	144	171
Long-term borrowings	11	9,885	12,222	11,345
Deferred tax liabilities	12	407	289	274
		<u>10,292</u>	<u>12,655</u>	<u>11,790</u>
CURRENT LIABILITIES				
Trade and other payables	13	5,132	4,301	8,332
Amount due to a director	14	52	-	-
Lease liabilities	10	-	449	279
Short-term borrowings	15	2,444	689	5,181
Current tax liabilities		895	418	608
		<u>8,523</u>	<u>5,857</u>	<u>14,400</u>
TOTAL LIABILITIES		<u>18,815</u>	<u>18,512</u>	<u>26,190</u>
TOTAL EQUITY AND LIABILITIES		<u>73,934</u>	<u>75,137</u>	<u>76,789</u>
Number of ordinary shares ('000) #				
Net assets ("NA") attributable to owners of the Company (RM'000)		55,119	56,625	50,599
NA per ordinary share attributable to owners of the Company (sen)		<u>17.43</u>	<u>17.91</u>	<u>16.00</u>

Note :

(#)- It is assumed to be the number of ordinary shares after the Acquisition of UFI and UDI but before the public issue.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	FYE 31 March		
		2019 RM'000	2020 RM'000	2021 RM'000
REVENUE	18	79,699	76,194	63,444
COST OF SALES		(56,578)	(54,032)	(46,753)
GROSS PROFIT ("GP")		23,121	22,162	16,691
OTHER INCOME		1,728	534	666
		24,849	22,696	17,357
ADMINISTRATIVE EXPENSES		(9,106)	(10,267)	(8,295)
SELLING AND DISTRIBUTION EXPENSES		(1,213)	(1,283)	(681)
FINANCE COST		(831)	(667)	(441)
OTHER EXPENSES		(557)	(318)	(19)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS/(REVERSAL) OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	19	267	-	(239)
PROFIT BEFORE TAXATION ("PBT")	20	13,409	10,161	7,682
INCOME TAX EXPENSE	21	(3,464)	(2,677)	(2,358)
PROFIT AFTER TAXATION ("PAT")		9,945	7,484	5,324
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		9,945	7,484	5,324
GP Margin (%)		29.01	29.09	26.31
PBT Margin (%)		16.82	13.34	12.11
PAT Margin (%)		12.48	9.82	8.39
Effective tax rate (%)		25.83	26.35	30.70
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		16,486	12,782	9,757
Number of ordinary shares ('000) #		316,250	316,250	316,250
Basic and diluted earnings per share ("EPS") (sen)	22	3.14	2.37	1.68

Note :

(#) – It is assumed to be the number of ordinary shares after the Acquisition of UFI and UDI but before the public issue.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Invested Capital RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.4.2018		9,005	40,646	49,651
Profit after taxation/Total comprehensive income for the financial year		-	9,945	9,945
Issuance of shares	9	100	-	100
Dividend paid	23	-	(4,577)	(4,577)
Balance at 31.3.2019/1.4.2019		9,105	46,014	55,119
Profit after taxation/Total comprehensive income for the financial year		-	7,484	7,484
Issuance of shares	9	200	-	200
Dividend paid	23	-	(6,178)	(6,178)
Balance at 31.3.2020/1.4.2020		9,305	47,320	56,625
Profit after taxation/Total comprehensive income for the financial year		-	5,324	5,324
Issuance of shares	9	150	-	150
Dividends paid	23	-	(11,500)	(11,500)
Balance at 31.3.2021		9,455	41,144	50,599

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CASH FLOWS

		FYE 31 March		
	NOTE	2019 RM'000	2020 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		13,409	10,161	7,682
Adjustment for:-				
Amortisation of intangible assets		-	1	-
Bad debts written off		360	-	-
Depreciation of property, plant and equipment		2,250	1,341	1,050
Depreciation of right-of-use assets		-	618	584
Impairment losses on trade receivables		-	-	239
Interest expense on lease liabilities		-	52	16
Other Interest expense		780	573	383
Inventories written down		-	392	48
Interest income		(4)	(6)	*
Gain on disposal of property, plant and equipment		(231)	(51)	-
Gain on disposal of right-of-use assets		-	-	(52)
Gain on foreign exchange - unrealised		(234)	(356)	(30)
Property, plant and equipment written off		-	*	-
Recovery of bad debts		-	(118)	(202)
Reversal of impairment loss on trade receivables		(267)	-	-
Reversal of inventories written down		-	-	(60)
Written off of intangible assets		-	-	19
Operating income before working capital changes		16,063	12,607	9,677
Increase in inventories		(127)	(3,340)	(981)
(Increase)/Decrease in trade and other receivables		2,950	763	(301)
Increase/(Decrease) in trade and other payables		(308)	(1,831)	5,031
CASH FROM OPERATIONS		18,578	8,199	13,426
Income tax paid		(3,315)	(3,272)	(2,183)
NET CASH FROM OPERATING ACTIVITIES		15,263	4,927	11,243
CASH FLOWS FOR INVESTING ACTIVITIES				
Interest received		4	6	*
Purchase of plant and equipment	24(a)	(928)	(395)	(228)
Addition of intangible assets		-	(8)	-
Addition of right-of-use assets	24(a)	-	-	(198)
Proceeds from disposal of plant and equipment		289	51	-
Proceeds from disposal of right-of-use assets		-	-	380
NET CASH FOR INVESTING ACTIVITIES		(635)	(346)	(46)

Note :

(*) – Amount is less than RM500.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		FYE 31 March		
	NOTE	2019 RM'000	2020 RM'000	2021 RM'000
CASH FLOW FOR FINANCING ACTIVITIES				
Proceeds from issuance of shares		100	200	150
Interest paid	24(b)	(780)	(625)	(399)
Dividends paid	23	(4,577)	(5,178)	(12,500)
Net (repayment)/drawdown of bankers' acceptance	24(b)	(3,132)	(576)	3,995
Repayment of hire purchase obligations	24(b)	(828)	-	-
Repayment of lease liabilities	24(b)	-	(752)	(443)
Net (advanced payment of)/withdrawal from term loans	24(b)	(2,000)	3,527	-
Repayment of term loan instalments	24(b)	(829)	(1,024)	(380)
(Repayment to)/Advances from directors	24(b)	43	(52)	-
NET CASH FOR FINANCING ACTIVITIES		(12,003)	(4,480)	(9,577)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		2,625	101	1,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR				
		(653)	1,972	2,073
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR				
		1,972	2,073	3,693

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations

Unique Fire or the Company	Unique Fire Holdings Berhad Registration No: 202101013602 (1413901-D)
Unique Fire Group or the Group	Unique Fire, UFI, and UDI collectively
UFI	Unique Fire Industry Sdn. Bhd. Registration No: 199701003235 (418731-U)
UDI	Unique Digital Innovation Sdn. Bhd. Registration No: 201801000171 (1262183-U)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MPERS	Malaysian Private Entity Reporting Standard
FPE	Financial Period Ended
FYE	Financial Year Ended
Unique Fire Shares or Shares	Ordinary shares in Unique Fire
RM and Sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016

2. GENERAL INFORMATION

2.1 INCORPORATION AND PRINCIPAL ACTIVITIES

Unique Fire Holdings Sdn. Bhd. was incorporated in Malaysia under the Companies Act 2016 on 13 April 2021 as a private limited company. Subsequently on 8 September 2021, the Company was converted to a public limited company under the name of Unique Fire Holdings Berhad.

For the purpose of listing the Company on the ACE Market of Bursa Securities, the Company undertook the acquisition of subsidiaries as disclosed in Note 2.2(a) to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**2. GENERAL INFORMATION (CONT'D)****2.1 INCORPORATION AND PRINCIPAL ACTIVITIES (CONT'D)**

Details of the subsidiaries are as follows:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
UFI	27 January 1997 Malaysia	100	9,004,500	Assembly, manufacture and distribution of active fire protection systems, equipment and accessories for built environment.
UDI	2 January 2018 Malaysia	100	450,000	Distribution of custom graphics designed fire extinguishers, and other active fire protection systems, equipment and accessories and related services.

2.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities ("the Listing Scheme"), Unique Fire intends to undertake the following:-

(a) Acquisition of UFI and UDI**(i) Acquisition of UFI**

The Company entered into a conditional shares sale agreement with Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon on 26 August 2021 to acquire the entire equity interest in UFI of RM9,004,500 comprising 9,004,500 ordinary shares for a total purchase consideration of RM50,529,280, to be satisfied by the issuance of 315,808,000 new Shares at an issue price of RM0.16 per Share.

The Acquisition of UFI was completed on [●] and consolidated using merger method of accounting.

(ii) Acquisition of UDI

The Company entered into a conditional shares sale agreement with Liew Sen Hoi, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon on 26 August 2021 to acquire the entire equity interest in UDI of RM450,000 comprising 450,000 ordinary shares for a total purchase consideration of RM70,080, to be satisfied by the issuance of 438,000 new Shares at an issue price of RM0.16 per Share.

The Acquisition of UDI was completed on [●] and consolidated using merger method of accounting.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**2. GENERAL INFORMATION (CONT'D)****2.2 LISTING SCHEME (CONT'D)****(b) Public Issue**

The Public Issue of 83,750,000 new Shares, representing approximately 20.94% of the enlarged issued share capital of Unique Fire at an issue price of RM[•] per Share allocated in the following manner:-

- 20,000,000 new Shares made available for application by the Malaysian Public;
- 8,000,000 new Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- 5,750,000 new Shares made available by way of private placement to selected investors; and
- 50,000,000 new Shares made available by way of private placement to identified Bumiputera investors approved by The Ministry of International Trade and Industry ("MITI").

(c) Offer for Sale

30,000,000 existing Shares, representing approximately 7.50% of the enlarged issued share capital of Unique Fire, are offered to selected investors by way of private placement at an issue price of RM[•] per Share.

(d) Share Transfer to Unique Fire Group Sdn Bhd ("UFG")

Transfer by the promoters, namely Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon (save for UFG) of an aggregate of 252,000,000 Shares to UFG, an investment holding company held by the Promoters (save for UFG), during the prescription period.

(e) Listing

The admission of Unique Fire to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of Unique Fire of RM74,049,760 comprising 400,000,000 Shares on the ACE Market of Bursa Securities.

2.3 SHARE CAPITAL

As at the date of this report, the share capital of Unique Fire is RM400 comprising 4,000 shares.

The details of the changes in the issued share capital of Unique Fire since its incorporation are as follows:-

Date of allotment	No of shares allotted	Cumulative no of shares allotted	Consideration	Cumulative issued share capital RM
13 April 2021	2,000	2,000	Cash	200
23 July 2021	2,000	4,000	Cash	400
[•]	315,808,000	315,812,000	Acquisition of UFI	50,529,680
[•]	438,000	316,250,000	Acquisition of UDI	50,599,760
Upon listing	83,750,000	400,000,000	Public issue	[•]

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. DIVIDENDS

No dividend has been declared by Unique Fire since the date of its incorporation.

Details of dividends paid by the subsidiary company, UFI during the financial years under review are as follows:

	Paid on	Type of dividend	Dividend rate (Sen/Share)	Net amount (RM'000)
FYE 31 March 2019	6 April 2018	Interim single tier tax exempt dividend	14.45	1,301
	17 September 2018	Interim single tier tax exempt dividend	11.95	1,076
	28 September 2018	Interim single tier tax exempt dividend	17.77	1,600
	23 January 2019	Interim single tier tax exempt dividend	6.66	600
				<u>4,577</u>
FYE 31 March 2020	28 August 2019	Interim single tier tax exempt dividend	20.96	1,888
	25 February 2020	Interim single tier tax exempt dividend	19.88	1,790
	31 March 2020	Interim single tier tax exempt dividend	16.66	1,500
	10 December 2020	Interim single tier tax exempt dividend	11.11	1,000
				<u>6,178</u>
FYE 31 March 2021	2 February 2021	Interim single tier tax exempt dividend	33.32	3,000
	23 February 2021	Interim single tier tax exempt dividend	33.32	3,000
	17 March 2021	Interim single tier tax exempt dividend	44.42	4,000
	30 March 2021	Interim single tier tax exempt dividend	16.66	1,500
				<u>11,500</u>

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****4.1 BASIS OF PREPARATION**

For the purposes of inclusion of combined financial statements in the prospectus of Unique Fire in connection with the Listing, the combined financial statements comprise the combined statements of financial position as at 31 March 2019, 31 March 2020 and 31 March 2021, 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 each of the FYE 31 March 2019, FYE 31 March 2020 and FYE 31 March 2021.

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 common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
UFI	FYE 31 March 2019	MFRS	PT Wong & Co.
	FYE 31 March 2020	MFRS	Crowe Malaysia PLT
	FYE 31 March 2021	MFRS	Crowe Malaysia PLT
UDI	FPE from 2 January 2018 (date of incorporation) to 31 December 2018	MPERS	PT Wong & Co.
	FYE 31 December 2019	MPERS	PT Wong & Co.
	FPE from 1 January 2020 to 31 March 2021	MFRS	Crowe Malaysia PLT

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 BASIS OF PREPARATION (CONT'D)**

The financial statements of UFI for FYE 31 March 2019 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for inclusion in the prospectus to be issued by Unique Fire in connection with the Listing and should not be relied upon for any other purpose.

The separate statutory financial statements of UDI for FPE 31 December 2018, FYE 31 December 2019 and FPE 31 March 2021 were re-prepared by their directors to comply with MFRSs and realigned to FYE 31 March 2019, FYE 31 March 2020 and FYE 31 March 2021. The financial statements of UDI for FPE 31 December 2018 and FYE 31 December 2019 were re-audited by Crowe Malaysia PLT for the purpose of inclusion in the prospectus to be issued by Unique Fire in connection with the Listing and should not be relied upon for any other purpose.

The audited financial statements of UFI and UDI were not subject to any modified audit opinions.

4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements.

(b) Basis of Combination

The Group resulting from the acquisition of UFI and UDI, as disclosed in Note 2.2 above, comprises entities under common control. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination (Cont'd)****(i) Business Combinations (Cont'd)**

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

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

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

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into RM on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(i) Amortised Cost (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

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12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities**(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(b) Financial Liabilities (Cont'd)****(ii) Other Financial Liabilities (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the 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.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, Plant and Equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can 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.

Freehold land is not depreciated. Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Machinery	20%
Warehouse equipment	20%
Equipment	20%
Furniture and fittings	10%
Motor vehicles	20%
Renovation	20%
Electrical fittings	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follow:-

Motor vehicles	20%
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Leases (Cont'd)**Accounting Policies Applied Until 31 March 2019**Finance Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(h) Impairment**(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using the judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking estimates at the end of each reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Impairment (Cont'd)****(a) Impairment of Financial Assets (Cont'd)**

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the combined statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and comprises the purchase price, conversion costs and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the costs of materials, labours and appropriate proportion of production overhead.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Employee Benefits**(a) Short-term Benefits**

Wages, salaries, paid annual leave, and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contributions Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(k) Income Taxes**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 tax rates that have been enacted or substantively enacted at the end of the reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Income Taxes (Cont'd)****(b) Deferred Tax (Cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(l) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(n) Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Fair Value Measurements**

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- | | |
|----------|---|
| Level 1: | Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date; |
| Level 2: | Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and |
| Level 3: | Inputs are unobservable inputs for the asset or liability. |

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(p) Revenue From Contracts With Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

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 that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue From Contracts With Customers (Cont'd)

(i) Sale of goods (Cont'd)

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(q) Other Operating Income

(i) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(ii) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

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12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

<i>Carrying Amount</i>	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2018	10,108	16,555	462	257	201	542	2,665	383	88	31,261
Additions (Note 24(a))	-	-	320	88	185	75	705	30	-	1,403
Disposals	-	-	-	-	-	-	(58)	-	-	(58)
Depreciation charges (Notes 20)	-	(340)	(336)	(97)	(119)	(113)	(1,081)	(151)	(13)	(2,250)
At 31 March 2019	10,108	16,215	446	248	267	504	2,231	262	75	30,356
<i>Carrying Amount</i>	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2019	10,108	16,215	446	248	267	504	2,231	262	75	30,356
- As previously reported	10,108	16,215	446	248	267	504	2,231	262	75	30,356
- Initial application of MFRS 16	-	-	-	-	-	-	(1,995)	-	-	(1,995)
As restated	10,108	16,215	446	248	267	504	236	262	75	28,361
Additions (Note 24(a))	-	-	13	50	191	4	137	-	-	395
Transfer to intangible assets	-	-	-	-	(12)	-	-	-	-	(12)
Write off	-	-	-	-	*	-	-	-	-	*
Depreciation charges (Notes 20)	-	(536)	(144)	(107)	(138)	(113)	(203)	(86)	(14)	(1,341)
At 31 March 2020	10,108	15,679	315	191	308	395	170	176	61	27,403

Note :

(*) – Amount is less than RM500

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<i>Carrying Amount</i>	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2020	10,108	15,679	315	191	308	395	170	176	61	27,403
Additions (Note 24(a))	-	-	-	107	73	31	-	17	-	228
Depreciation charges (Note 20)	-	(365)	(145)	(110)	(124)	(115)	(88)	(89)	(14)	(1,050)
At 31 March 2021	10,108	15,314	170	188	257	311	82	104	47	26,581

	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 31 March 2019	10,108	18,261	6,168	485	1,336	1,158	6,270	853	160	44,799
Cost	10,108	18,261	6,168	485	1,336	1,158	6,270	853	160	44,799
Accumulated depreciation	-	(2,046)	(5,722)	(237)	(1,069)	(654)	(4,039)	(591)	(85)	(14,443)
Carrying amount	10,108	16,215	446	248	267	504	2,231	262	75	30,356

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 31 March 2020										
Cost	10,108	18,261	6,181	535	1,448	1,126	3,194	853	160	41,866
Accumulated depreciation	-	(2,582)	(5,866)	(344)	(1,140)	(731)	(3,024)	(677)	(99)	(14,463)
Carrying amount	10,108	15,679	315	191	308	395	170	176	61	27,403
At 31 March 2021										
Cost	10,108	18,261	6,181	642	1,495	1,151	3,194	870	160	42,062
Accumulated depreciation	-	(2,947)	(6,011)	(454)	(1,238)	(840)	(3,112)	(766)	(113)	(15,481)
Carrying amount	10,108	15,314	170	188	257	311	82	104	47	26,581

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) In the previous financial year, the following asset was acquired under hire purchase terms:-

	As at 31 March 2019 RM'000
<i>Carrying Amount</i>	
Motor vehicles	2,115

This leased asset has been pledged as security for the related finance lease liability of the Group as disclosed in Note 16 to the combined financial statements.

- (b) The carrying amount of assets held in trust by a director are as follow:-

	As at 31 March		
<i>Carrying Amount</i>	2019 RM'000	2020 RM'000	2021 RM'000
Motor vehicles	571	60	-

- (c) The carrying amount of property, plant and equipment pledged to licensed bank for banking facilities extended to the Group as disclosed in Note 17 to the combined financial statements is as follows:-

	As at 31 March		
<i>Carrying Amount</i>	2019 RM'000	2020 RM'000	2021 RM'000
Freehold land	10,108	10,108	10,108
Buildings	16,215	15,679	15,314
	26,323	25,787	25,422

6. RIGHT-OF-USE ASSETS

	Motor vehicles RM'000
<i>Carrying Amount</i>	
At 1 April 2019	
- As previously reported	-
- Initial application of MFRS 16	1,995
As restated	1,995
Depreciation charges (Note 20)	(618)
At 31 March 2020	1,377

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

<i>Carrying Amount</i>	Motor vehicles RM'000
At 1 April 2020	1,377
Additions (Note 24(a))	498
Disposals	(328)
Depreciation charges (Note 20)	(584)
At 31 March 2021	963
At 31 March 2020	Motor vehicles RM'000
Cost	3,090
Accumulated depreciation	(1,713)
Carrying amount	1,377
At 31 March 2021	Motor vehicles RM'000
Cost	2,921
Accumulated depreciation	(1,958)
Carrying amount	963

The comparative information for the FYE 2019 is not presented as the Group has applied MFRS 16 using the modified retrospective approach with effect from 1 April 2019 as disclosed in Note 28 to the combined financial statements.

- (a) The Group leases certain motor vehicles of which the leasing activities are summarised below:-

Motor vehicles	The Group has leased its motor vehicle under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
----------------	---

- (b) The carrying amount of right-of-use assets held in trust by a director are as follow:-

<i>Carrying Amount</i>	As at 31 March	
	2020 RM'000	2021 RM'000
Motor vehicles	243	474

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

7. INVENTORIES

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Raw materials	4,691	3,864	5,414
Work-in-progress	-	136	189
Finished goods	3,028	3,044	4,007
Trading goods	9,421	13,044	10,617
Goods-in-transit	-	-	854
	<u>17,140</u>	<u>20,088</u>	<u>21,081</u>
Recognised in profit or loss:-			
Inventories recognised as cost of sales	56,578	53,640	46,765
Amount written down to net realisable value	-	392	48
Reversal of inventories written down	-	-	(60)

8. TRADE AND OTHER RECEIVABLES

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Trade receivables	23,772	23,541	23,527
Less: Allowance for impairment losses	(475)	(475)	(714)
	<u>23,297</u>	<u>23,066</u>	<u>22,813</u>
Other receivables	366	28	43
Goods and services tax receivables	8	8	-
Deposits	89	92	92
Prepayments	706	983	1,523
	<u>1,169</u>	<u>1,111</u>	<u>1,658</u>
Total trade and other receivables	<u>24,466</u>	<u>24,177</u>	<u>24,471</u>

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Allowance for impairment losses:-			
At 1 April	742	475	475
Addition during the financial year (Note 19)	-	-	239
Reversal during the financial year (Note 19)	(267)	-	-
At 31 March	475	475	714

The Group's normal trade credit terms range from 7 to 120 (2020 – 7 to 120 and 2019 – 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

9. INVESTED CAPITAL

	As at 31 March		
	2019	2020	2021
	NUMBER OF SHARES ('000)		
ISSUED AND FULLY PAID-UP:			
Ordinary Shares			
At 1 April	9,005	9,105	9,305
Issuance of new shares for cash	100	200	150
At 31 March	9,105	9,305	9,455

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
ISSUED AND FULLY PAID-UP:			
Ordinary Shares			
At 1 April	9,005	9,105	9,305
Issuance of new shares for cash	100	200	150
At 31 March	9,105	9,305	9,455

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. INVESTED CAPITAL (CONT'D)

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.
- (ii) For the purpose of this report, the total number of ordinary shares as at 31 March 2019, 31 March 2020 and 31 March 2021 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.

10. LEASE LIABILITIES

	As at 31 March	
	2020 RM'000	2021 RM'000
At 1 July		
- As previously reported	-	593
- Initial application of MFRS 16	1,345	-
As restated	1,345	593
Addition (Note 24(c))	-	300
Interest expense recognised in profit or loss	52	16
Repayment of principal	(752)	(443)
Repayment of interest expense	(52)	(16)
	593	450
	FYE 31 March	
	2020 RM'000	2021 RM'000
Analysed by:		
Current liabilities	449	279
Non-current liabilities	144	171
	593	450

The comparative information for the FYE 31 March 2019 is not presented as the Group has applied MFRS 16 using the modified retrospective approach with effect from 1 April 2019 as disclosed in Note 28 to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11. LONG-TERM BORROWINGS

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Hire purchase (Note 16)	593	-	-
Term loans (Note 17)	9,292	12,222	11,345
	<u>9,885</u>	<u>12,222</u>	<u>11,345</u>

12. DEFERRED TAX (ASSETS)/LIABILITIES

	At 1 April 2018 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2019 RM'000
2019			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	113	408	521
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(178)	64	(114)
	<u>(65)</u>	<u>472</u>	<u>407</u>
	At 1 April 2019 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2020 RM'000
2020			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	521	(24)	497
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(114)	-	(114)
Provisions	-	(94)	(94)
	<u>407</u>	<u>(118)</u>	<u>289</u>

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

12. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	At 1 April 2020 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2021 RM'000
2021			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	497	(40)	457
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(114)	(57)	(171)
Provisions	(94)	82	(12)
	<u>289</u>	<u>(15)</u>	<u>274</u>

13. TRADE AND OTHER PAYABLES

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Trade payables	3,804	1,194	6,843
Other payables	1,249	1,477	776
Accruals	79	630	713
Dividend payable	-	1,000	-
	<u>1,328</u>	<u>3,107</u>	<u>1,489</u>
	<u>5,132</u>	<u>4,301</u>	<u>8,332</u>

The normal trade credit terms granted to the Group range from 30 to 60 (2020 – 30 to 60 and 2019 – 30 to 60) days.

14. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

15. SHORT-TERM BORROWINGS

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Bankers' acceptance	765	189	4,184
Hire purchase (Note 16)	752	-	-
Term loans (Note 17)	927	500	997
	<u>2,444</u>	<u>689</u>	<u>5,181</u>

The weighted average effective interest rates at the end of the reporting period for borrowings were as follows:-

	As at 31 March		
	2019 %	2020 %	2021 %
Bankers' acceptance	4.84	4.64	3.41
Term loans (Note 17)	5.05	5.02	4.27

The bankers' acceptance are secured in the same manner as the term loans as disclosed in Note 17 to the combined financial statements.

16. HIRE PURCHASE PAYABLE

	As at 31 March 2019 RM'000
Minimum hire purchase payments:	
- not later than 1 year	804
- later than 1 year but not later than 5 years	608
	<u>1,412</u>
Less: Future finance charges	(67)
Present value of hire purchase payable	<u>1,345</u>

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**16. HIRE PURCHASE PAYABLE (CONT'D)**

	As at 31 March 2019 RM'000
Analysed by:-	
Current liabilities	752
Non-current liabilities	593
	1,345

- (a) The hire purchase payables have been presented as 'lease liabilities' as shown in Note 10 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) The hire purchase payables of the Group are secured by the Group's motor vehicle under finance lease as disclosed in Note 5 to the combined financial statements. The hire purchase arrangements were expiring from 1 to 3 years.
- (c) In previous financial year, the hire purchase payable of the Group at the end of the reporting period bore effective interest rates ranging from of 1.98% to 4.46% per annum. The interest rate is fixed at the inception of the hire purchase arrangement.

17. TERM LOANS

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Current liabilities	927	500	997
Non-current liabilities	9,292	12,222	11,345
	10,219	12,722	12,342

- (a) The term loan is secured by the following:-
- (i) by legal charge over certain property, plant and equipment of the Group as disclosed in Note 5 to the combined financial statements; and
 - (ii) joint and several guarantee by certain directors of the Group.
- (b) This floating-rate term loan bore effective interest rate of 4.27% (2020 – 5.02% and 2019 – 5.05%) per annum.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

18. REVENUE

	FYE 31 March		
	2019	2020	2021
	RM'000	RM'000	RM'000
Revenue recognised at a point in time			
Assembly	37,000	35,773	30,725
Distribution	30,419	27,918	20,483
Manufacturing	10,957	11,392	11,135
Others	1,323	1,111	1,101
	<u>79,699</u>	<u>76,194</u>	<u>63,444</u>

19. (REVERSAL OF IMPAIRMENT LOSSES)/NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	FYE 31 March		
	2019	2020	2021
	RM'000	RM'000	RM'000
Impairment losses			
- Trade receivables (Note 8)	-	-	239
Reversal of impairment loss:			
- Trade receivables (Note 8)	(267)	-	-
	<u>(267)</u>	<u>-</u>	<u>239</u>

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12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**20. PROFIT BEFORE TAXATION**

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-			
Amortisation of intangible assets	-	1	-
Auditors' remuneration:-			
- current year	24	44	45
- under provision in prior year	-	1	-
Bad debts written off	360	-	-
Depreciation of property, plant and equipment (Note 5)	2,250	1,341	1,050
Depreciation of right-of-use assets (Note 6)	-	618	584
Interest expenses on financial liabilities not at fair value through profit or loss:-			
- bank overdraft	59	161	12
- bankers' acceptance	29	3	35
- hire purchase	88	-	-
- term loans	604	409	336
Interest expense on lease liabilities	-	52	16
Property, plant and equipment written off	-	*	-
Inventories written down	-	392	48
Lease expenses:-			
- short term lease	-	-	1
- low-value assets	-	29	29
Staff costs	4,981	5,263	4,931
Written off of intangible assets	-	-	19
Total interest income on financial assets measured at amortised cost	(4)	(6)	*
Compensation received	(1,245)	(2)	(1)
Loss/(Gain) on foreign exchange:-			
- realised	197	318	(109)
- unrealised	(234)	(356)	(30)
Gain on disposal of property, plant and equipment	(231)	(51)	-
Gain on disposal of right-of-use assets	-	-	(52)
Recovery of bad debts	-	(118)	(202)
Rental income	*	(1)	(1)
Reversal of inventories written down	-	-	(60)

Note :

(*) – Amount is less than RM500

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

21. INCOME TAX EXPENSE

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Current tax expenses	3,215	2,795	2,167
(Over)/Under provision in the previous financial year	(223)	*	206
	<u>2,992</u>	<u>2,795</u>	<u>2,373</u>
Deferred tax (Note 12):			
- Origination or reversal of temporary differences	1	(22)	34
- Under/(Over) provision in the previous financial year	471	(96)	(49)
	<u>472</u>	<u>(118)</u>	<u>(15)</u>
Total income tax expense	<u>3,464</u>	<u>2,677</u>	<u>2,358</u>

Note :

(*) – Amount is less than RM500

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group is as follows:-

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Profit before taxation	<u>13,409</u>	<u>10,161</u>	<u>7,682</u>
Tax at the statutory tax rate of 24%	3,218	2,439	1,844
Tax effects of:-			
Non-taxable income	(445)	(126)	(16)
Non-deductible expenses	426	422	363
Effect of change in corporate income tax rate	2	3	1
(Over)/Under provision in previous financial year	(223)	*	206
Under/(Over) provision of deferred tax in previous financial year	471	(96)	(49)
Deferred tax assets not recognised during the year	15	35	9
	<u>3,464</u>	<u>2,677</u>	<u>2,358</u>

Note :

(*) – Amount is less than RM500

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. EARNINGS PER SHARE

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Profit attributable to owners of the Company	9,945	7,484	5,324
Number of ordinary shares ('000) #	316,250	316,250	316,250
Basic and diluted earnings per share (sen)	3.14	2.37	1.68

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

23. DIVIDENDS

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
In respect of the financial year ended 31 March 2019	4,577	-	-
In respect of the financial year ended 31 March 2020	-	6,178	-
In respect of the financial year ended 31 March 2021	-	-	11,500
	4,577	6,178	11,500

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12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Property, plant and equipment			
Cost of property, plant and equipment purchased (Note 5)	1,403	395	228
Less: Amount financed through hire purchase (Note 16 and 24(c))	(475)	-	-
	<u>928</u>	<u>395</u>	<u>228</u>
	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Right-of-use assets			
Cost of right-of-use assets acquired (Note 6)	-	-	498
Less: Addition of new lease liabilities (Note 10 and 24(c))	-	-	(300)
	<u>-</u>	<u>-</u>	<u>198</u>

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12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bank Overdraft RM'000	Bankers' Acceptance RM'000	Hire Purchase RM'000	Term Loans RM'000	Amount Owing to a Director RM'000	Total RM'000
2019						
At 1 April	-	3,897	1,698	13,048	9	18,652
<u>Changes in Financing Cash Flows</u>						
Advances from a director	-	-	-	-	43	43
Net advances to term loan	-	-	-	(2,000)	-	(2,000)
Repayment of borrowing principal	*	(3,132)	(828)	(829)	-	(4,789)
Repayment of borrowing interests	(59)	(29)	(88)	(604)	-	(780)
<u>Non-cash Changes</u>						
Interest expense recognised in profit or loss (Note 20)	59	29	88	604	-	780
New hire purchase (Note 24(a))	-	-	475	-	-	475
At 31 March	-	765	1,345	10,219	52	12,381

* Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Bank Overdraft RM'000	Bankers' Acceptance RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Term Loans RM'000	Amount Owing to a Director RM'000	Total RM'000
2020							
At 1 April, as previously reported	-	765	1,345	-	10,219	52	12,381
Effects on adoption of MFRS 16	-	-	(1,345)	1,345	-	-	-
At 1 April, as restated	-	765	-	1,345	10,219	52	12,381
<u>Changes in Financing Cash Flows</u>							
Net proceeds from term loan	*	-	-	-	3,527	-	3,527
Repayment of principal	*	(576)	-	(752)	(1,024)	-	(2,352)
Repayment of interests	(161)	(3)	-	(52)	(409)	-	(625)
Repayment to a director	-	-	-	-	-	(52)	(52)
<u>Non-cash Changes</u>							
Interest expense recognised in profit or loss (Note 20)	161	3	-	52	409	-	625
At 31 March	-	189	-	593	12,722	-	13,504

* Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Bank Overdraft RM'000	Bankers' Acceptance RM'000	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
2021					
At 1 April	-	189	593	12,722	13,504
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	*	3,995	-	8,800	12,795
Repayment of principal	*	-	(443)	(9,180)	(9,623)
Repayment of interests	(12)	(35)	(16)	(336)	(399)
<u>Non-cash Changes</u>					
Interest expense recognised in profit or loss (Note 20)	12	35	16	336	399
Acquisition of new lease (Note 10 and 24(a))	-	-	300	-	300
At 31 March	-	4,184	450	12,342	16,976

* Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**24. CASH FLOW INFORMATION (CONT'D)**

- (c) The total cash outflows for leases as a lessee are as follows:-

	FYE 31 March	
	2020 RM'000	2021 RM'000
Payment of short-term leases	-	(1)
Payment of low-value assets	(29)	(29)
Interest paid on lease liabilities	(52)	(16)
Payment of lease liabilities	(752)	(443)
	<u>(833)</u>	<u>(489)</u>

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

25. 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 or jointly 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.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

- (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Company in which a director of the Group has a substantial financial interest			
Sales of goods	-	122	117

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**25. RELATED PARTY DISCLOSURES (CONT'D)**

(c) Key management personnel compensation

	FYE 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
<u>Directors of the Group</u>			
Short-term employee benefits:-			
- salaries and other benefits	981	1,549	1,633
Defined contribution benefits	46	109	120
	<u>1,027</u>	<u>1,658</u>	<u>1,753</u>

26. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely distribution of custom graphics designed fire extinguishers, and other active fire protection systems, equipment and accessories and related services sector in Malaysia.

Major Customers

There is no single customer that contributed 10% or more to the Group's revenue.

27. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

27.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS

27.1 FINANCIAL RISK MANAGEMENT POLICIES

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group exposure to foreign currency risk that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

United States Dollar

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
<u>Financial Asset</u>			
Cash and bank balances	-	692	758
<u>Financial Liabilities</u>			
Trade and other payables	(2,038)	(939)	(4,734)
Currency exposure	<u>(2,038)</u>	<u>(247)</u>	<u>(3,976)</u>

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Effects on Profit After Taxation			
USD/RM – strengthened by 8% (2020: 5% and 2019: 5%)	(77)	(9)	(242)
USD/RM – weakened by 8% (2020: 5% and 2019: 5%)	<u>77</u>	<u>9</u>	<u>242</u>

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. FINANCIAL INSTRUMENTS****27.1 FINANCIAL RISK MANAGEMENT POLICIES****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings is carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 15 and 17 to the combined financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Effects on Profit After Taxation			
Increase of 77 basis points (2020: 65 basis points and 2019: 2 basis points)	(2)	(64)	(97)
Decrease of 77 basis points (2020: 65 basis points and 2019: 2 basis points)	2	64	97

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2020 – 1 and 2019 – Nil) customer which constituted approximately 12% (2020 – 11% and 2019 – Nil) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty and with significant balances and outstanding for more than 1 year overdue are deemed to have higher credit risk and are monitored individually.

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)***Trade Receivables (Cont'd)*

The expected loss rates are based on the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2019			
Current (not past due)	19,253	(385)	18,868
1 to 30 days past due	2,910	(58)	2,852
31 to 60 days past due	990	(20)	970
61 to 90 days past due	254	(5)	249
91 to 120 days past due	39	(1)	38
More than 121 days past due	326	(6)	320
Trade receivables	23,772	(475)	23,297

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2020			
Current (not past due)	16,567	(385)	16,182
1 to 30 days past due	3,086	(58)	3,028
31 to 60 days past due	1,540	(20)	1,520
61 to 90 days past due	970	(5)	965
91 to 120 days past due	898	(1)	897
More than 121 days past due	480	(6)	474
Trade receivables	23,541	(475)	23,066

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)***Trade Receivables (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 are summarised below (Cont'd):-

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2021			
Current (not past due)	13,739	(144)	13,595
1 to 30 days past due	2,244	(83)	2,161
31 to 60 days past due	3,035	(101)	2,934
61 to 90 days past due	862	(55)	807
91 to 120 days past due	664	(51)	613
More than 121 days past due	2,983	(280)	2,703
Trade receivables	23,527	(714)	22,813

The movements in the loss allowances in respect of trade receivables are disclosed in Note 8 to the combined financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2019						
<u>Non-derivative Financial Liabilities</u>						
Hire purchase	5.24	1,345	1,412	804	608	-
Term loans	5.05	10,219	12,402	1,449	5,315	5,638
Bankers' acceptance	4.84	765	765	765	-	-
Trade and other payables	-	5,132	5,132	5,132	-	-
		17,461	19,711	8,150	5,923	5,638

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2020						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	5.17	593	608	462	146	-
Term loans	5.02	12,722	16,457	1,433	7,167	7,857
Bankers' acceptance	4.64	189	189	189	-	-
Trade and other payables	-	3,301	3,301	3,301	-	-
		16,805	20,555	5,385	7,313	7,857

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2021						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.49	450	468	291	177	-
Term loan	4.27	12,342	15,741	1,433	7,167	7,141
Bankers' acceptance	3.41	4,184	4,184	4,184	-	-
Trade and other payables	-	8,332	8,332	8,332	-	-
		25,308	28,725	14,240	7,344	7,141

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debts, loans and borrowings from financial institutions less cash and bank balances. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio at the end of the reporting period was as follows:-

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Term loans	10,219	12,722	12,342
Bankers' acceptance	765	189	4,184
Hire purchase	1,345	-	-
Lease liabilities	-	593	450
	<u>12,329</u>	<u>13,504</u>	<u>16,976</u>
Less: Cash and bank balances	(1,972)	(2,073)	(3,693)
Net debt	<u>10,357</u>	<u>11,431</u>	<u>13,283</u>
Total equity	<u>55,119</u>	<u>56,625</u>	<u>50,599</u>
Debt-to-equity ratio	<u>0.19</u>	<u>0.20</u>	<u>0.26</u>

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	As at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Financial assets			
<u>Amortised Cost</u>			
Trade and other receivables (Note 8)	23,663	23,094	22,856
Cash and bank balances	1,972	2,073	3,693
	<u>25,635</u>	<u>25,167</u>	<u>26,549</u>
Financial liabilities			
<u>Amortised Cost</u>			
Amount due to a director (Note 14)	52	-	-
Trade and other payables (Note 13)	5,132	4,301	8,332
Hire purchase payable (Note 16)	1,345	-	-
Lease liabilities (Note 10)	-	593	450
Term loan (Note 17)	10,219	12,722	12,342
Bankers' acceptance (Note 15)	765	189	4,184
	<u>17,513</u>	<u>17,805</u>	<u>25,308</u>

27.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	FYE at 31 March		
	2019 RM'000	2020 RM'000	2021 RM'000
Financial assets			
<u>Amortised Cost</u>			
Net gains/(losses) recognised in profit or loss	<u>(52)</u>	<u>44</u>	<u>102</u>
Financial liabilities			
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	<u>(780)</u>	<u>(625)</u>	<u>(399)</u>

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. FINANCIAL INSTRUMENTS (CONT'D)****27.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Value RM'000	RM'000
31.3.2019					
<u>Financial Liabilities</u>					
Hire purchase	-	1,345	-	1,345	1,345
Term loans:					
Floating rate	-	10,219	-	10,219	10,219
31.3.2020					
<u>Financial Liabilities</u>					
Term loans:					
Floating rate	-	12,722	-	12,722	12,722
31.3.2021					
<u>Financial Liabilities</u>					
Term loans:					
Floating rate	-	12,342	-	12,342	12,342

Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loan that carries floating interest rates approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.
- (ii) The fair value of hire purchase payable that carries fixed interest rates is determined by discounting the relevant future contractual cash flows using current market interest rate for similar instrument at the end of the reporting period. The interest rate used to discount the estimated cash flows is as follows:-

	As at 31 March 2019 %
Hire purchase payable	1.98 – 4.46

12. ACCOUNTANTS' REPORT (Cont'd)**UNIQUE FIRE HOLDINGS BERHAD**

Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**28. INITIAL APPLICATION OF MFRS 16**

The Group has adopted MFRS 16 retrospectively from 1 April 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At 1 April 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 April 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 April 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

29. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the category of the COVID-19 pandemic. The Group operations were temporarily closed down since 18 March 2020 and resumed operations at normal workforce capacity from 4 May 2020.

The Group received two written approvals from MITI to operate during phase 1 of the National Recovery Plan ("NRP") with 60% workforce capacity and operations as the Group's involvement in manufacturing and distribution of active fire protection systems, equipment and accessories is considered as an essential service. The first written approval was dated 30 May 2021 and the second written approval was dated 5 July 2021. On 3 July 2021, the Group operations were temporarily closed down due to Enhanced Movement Control Order ("EMCO") had been imposed in the area of the principal place of business. The Group resumed operations with a 60% workforce on 17 July 2021. The Group then returned to normal workforce capacity commencing from 23 August 2021.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

30. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as disclosed in Note 2.2 to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

UNIQUE FIRE HOLDINGS BERHAD

Registration No: 202101013602 (1413901-D)

STATEMENT BY DIRECTORS

We, Liew Sen Hoi and Liew Kang Yee, being two of the Directors of Unique Fire Holdings Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 March 2019, 31 March 2020 and 31 March 2021 and of their financial performance, and their cash flows for each of the financial years then ended.

Signed in accordance with a resolution of the directors dated **05 NOV 2021**

On behalf of the Board of Directors,



Liew Sen Hoi



Liew Kang Yee