



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the Second Quarter Ended
30 September 2022**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current quarter 30.9.2022 RM '000	Corresponding quarter ⁽²⁾ 30.9.2021 RM '000	Current year to date 30.9.2022 RM '000	Corresponding year to date ⁽²⁾ 30.9.2021 RM '000
Revenue	339,584	N/A	682,049	N/A
Cost of sales	(323,440)	N/A	(640,062)	N/A
Gross profit ("GP")	16,144	N/A	41,987	N/A
Other income	3,091	N/A	6,252	N/A
Administrative and general expenses	(11,228)	N/A	(21,995)	N/A
Net loss on impairment of financial instrument	(1,010)	N/A	(2,298)	N/A
Results from operating activities	6,997	N/A	23,946	N/A
Finance income	179	N/A	490	N/A
Finance costs	(4,472)	N/A	(8,323)	N/A
Profit before tax ("PBT")	2,704	N/A	16,113	N/A
Tax expense	(500)	N/A	(3,851)	N/A
Profit and total comprehensive income for the year ("PAT")	2,204	N/A	12,262	N/A
Total comprehensive income attributed to:				
- Owner of the Group	2,204	N/A	12,262	N/A
- Non-controlling interest	-	N/A	-	N/A
	2,204	N/A	12,262	N/A
Earning per share (sen)				
Basic ⁽³⁾	0.14	N/A	0.85	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022 (CONTINUED) ⁽¹⁾

Notes:

- (1) The Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive income should be read in conjunction with the Annual Report for the year ended 31 March 2022 and accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report post listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the corresponding year's quarter and corresponding year's cumulative quarters as there was no interim financial report prepared for the comparative period concerned.
- (3) Computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares after the Initial Public Offering ("**IPO**") of the Company.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022⁽¹⁾

	Unaudited	Audited
	30.09.2022	31.03.2022
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	178,931	175,122
Right-of-use assets	442	559
Investment properties	19,698	19,835
Intangible assets	671	687
Other investments	41	41
Deferred tax assets	2,619	2,781
Total non-current assets	202,402	199,025
Current assets		
Inventories	250,127	155,149
Trade and other receivables	474,041	428,739
Current tax assets	2,406	783
Cash and cash equivalents	104,545	95,663
Total current assets	831,119	680,334
Total assets	1,033,521	879,359
Equity		
Share capital	291,335	194,500
Invested equity	-	-
Retained earnings	222,451	210,189
Merger reserve	(174,337)	(174,337)
Total equity attributed to owners of the Group	339,449	230,352
Non-controlling interest	-	-
Total equity	339,449	230,352
Non-current liabilities		
Loan and borrowings	114,873	115,672
Lease liabilities	246	342
Deferred tax liabilities	4,006	2,105
Total non-current liabilities	119,125	118,119

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (CONTINUED) ⁽¹⁾

	Unaudited	Audited
	30.09.2022	31.03.2022
	RM '000	RM '000
Current liabilities		
Loan and borrowings	460,827	413,131
Lease liabilities	212	229
Trade and other payables	111,608	112,645
Current tax liabilities	2,300	4,883
Total current liabilities	574,947	530,888
Total liabilities	694,072	649,007
Total equity and liabilities	1,033,521	879,359
Number of issued shares ('000)	1,562,500⁽²⁾	1,250,000⁽³⁾
Net assets per ordinary share attributable to owners of the Company (sen)	22	18

Notes:

- (1) The Unaudited Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 March 2022 and accompanying explanatory notes attached in this interim financial report.
- (2) Number of ordinary shares in the Company in issue upon listing of the Company on Bursa Securities on 14 June 2022, as further detailed in Note A6.
- (3) Number of ordinary shares in the Company in issue as at 31 March 2022.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	<i>Non-distributable</i>		<i>Distributable</i>	Total equity
	Share capital	Merger reserve	Retained earnings	
	RM '000	RM '000	RM '000	
As 1 April 2022	194,500	(174,337)	210,189	230,352
Issuance of ordinary shares	100,000	-	-	100,000
Profit and total comprehensive income for the period	-	-	12,262	12,262
Share issuance expenses	(3,165)	-	-	(3,165)
As at 30 September 2022	291,335	(174,337)	222,451	339,449

Note:

- (1) The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 March 2022 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	Current year to date 30.09.2022 RM '000	Corresponding year to date 30.09.2021⁽²⁾ RM '000
Cash flows from financing activities		
Profit before tax	16,113	N/A
Adjustments for:		
Impairment loss on trade receivables	2,689	N/A
Impairment loss on inventories	8,951	N/A
Depreciation of property, plant and equipment	4,558	N/A
Depreciation of right-of-use assets	116	N/A
Depreciation of investment properties	137	N/A
Property, plant and equipment written off	82	N/A
Amortisation of intangible assets	48	N/A
Gain on disposal of property, plant and equipment	(614)	N/A
Finance income	(490)	N/A
Rental income from investment properties	(1,977)	N/A
Realised profit from interest rate swap contract	(730)	N/A
Reversal of impairment loss on trade receivables	(391)	N/A
Unrealised gain on foreign exchange	(40)	N/A
Finance costs	8,323	N/A
Operating profit before changes in working capital	36,775	N/A
Change in inventories	(103,929)	N/A
Change in trade and other receivables	(47,327)	N/A
Change in trade and other payables	(1,378)	N/A
Cash used in operations	(115,859)	N/A
Interest paid	(270)	N/A
Income tax paid	(5,994)	N/A
Net cash used in operating activities	(122,123)	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 30 SEPTEMBER 2022 (CONTINUED)⁽¹⁾

	Current year to date 30.09.2022 RM '000	Corresponding year to date 30.09.2021⁽²⁾ RM '000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,781)	N/A
Acquisition of intangible assets	(22)	N/A
Proceeds from disposal of property, plant and equipment	1,936	N/A
Rental received from investment properties	1,977	N/A
Proceeds from unwinding interest rate swap contract	730	N/A
Interest received	490	N/A
Net cash used in investing activities	(4,670)	N/A
Cash flows from financing activities		
Proceed from issuance of new shares	100,000	N/A
Payments for shares issuance expenses	(3,165)	N/A
Net drawdown of loans and borrowings	47,394	N/A
Repayment of lease liabilities	(112)	N/A
Repayment of hire purchase liabilities	(497)	N/A
Interest paid	(7,945)	N/A
Net cash generated from financing activities	135,675	N/A
Net increase in cash and cash equivalents	8,882	N/A
Cash and cash equivalents at beginning of the year	86,470	N/A
Cash and cash equivalents at end of the period ⁽³⁾	95,352	N/A

Notes:

- (1) The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Annual Report for the year ended 31 March 2022 and accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report post listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the corresponding year-to-date as there was no interim financial report prepared for the comparative period concerned.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 30 SEPTEMBER 2022 ⁽¹⁾

(3) Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Current year to date 30.09.2022 RM '000	Corresponding year to date 30.09.2021⁽²⁾ RM '000
Cash and bank balances	95,352	N/A
Deposits placed with licensed banks	9,193	N/A
	<u>104,545</u>	<u>N/A</u>
Less: Deposit pledged	(9,193)	N/A
	<u>95,352</u>	<u>N/A</u>

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") NO 134 – INTERIM FINANCIAL REPORTING

A 1. Basis of preparation

The interim financial report of Unitrade Industries Berhad and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the applicable disclosure provisions of Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of **Bursa Securities** and in compliance with Malaysian Financial Reporting Standard "MFRS 134, *Interim Financial Reporting*".

As this is the second interim financial report post listing on the ACE Market of Bursa Securities, there are no comparative figures for the corresponding and also preceding quarters, and year-to-date, as no interim financial reports were prepared for the comparative financial periods concerned.

This interim financial report does not include all the information required for the full annual audited financial statements and should be read in conjunction with the Annual Report for the year ended 31 March 2022 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The following are accounting standards and amendments of the MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

The adoption of the above amendments to MFRSs and annual improvement to MFRSs do not have signification impact to the Group.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A 2. Auditors’ Report on preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2022.

A 3. Seasonal or cyclical factors

The businesses of the Group have not been materially affected by any seasonal or cyclical factors.

A 4. Exceptional items

There were no material exceptional items of an unusual nature, size or incidence materially affecting the assets, liabilities, equity, net income or cash flows of the Group during the interim financial reporting period under review.

A 5. Material changes in estimates

There were no changes in the estimates of the amounts reported in previous financial periods that have a material effect on the results of the interim financial reporting period under review.

A 6. Debt and equity securities

The Company undertook and completed the issuance of 312,500,000 new ordinary shares and upon successful listing of the shares of the Company on Bursa Securities on 14 June 2022, the details of the issued share capital of the Company as at 30 September 2022 are as follows:

	Amount RM '000	Number of shares
Issued and fully paid shares		
At 31 March 2022	194,500	1,250,000,000
Issuance of ordinary shares	100,000	312,500,000
Share issuance expenses	(3,165)	-
At 30 September 2022	291,335	1,562,500,000

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PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A 7. Proposed Dividend

First and Final Single tier dividend of 0.82 sen per share amounting to RM12,812,500 in respect of the financial year ended 31 March 2022, approved at the last Annual General Meeting on 1 September 2022 and paid on 4 October 2022.

A 8. Segment Reporting

The Group's primary format for reporting segment information is business segments.

The Group is organised into three main business segments:

- Wholesale and distribution of building materials;
- Manufacturing and sale of pre-insulated pipes;
- Rental of temporary structural support equipment.

Other non-reportable segments comprise operations related to investment holding and leasing of properties. None of these segments met the quantitative thresholds for reporting segments for the period.

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PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)
A 8. Segment Reporting (continued)

The Group’s operating segments information for the financial period ended 30 September 2022 is as follows

Current quarter ended 30 September 2022	Wholesale and distribution of building materials RM '000	Manufacturing and sale of pre- insulated pipes RM '000	Rental of temporary structural support equipment RM '000	Other non-reportable segments RM '000	Elimination RM '000	Total RM '000
Segment profit	6,519	2,539	2,065	(1,705)	-	9,418
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	325,134	10,389	3,699	362	-	339,584
Inter-segment revenue	17,555	690	218	13,699	(32,162)	-
Impairment loss on inventories	(4,506)	-	-	-	-	(4,506)
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(860)	(41)	(1,366)	-	-	(2,267)
- right-of-use assets	(1)	(4)	(53)	-	-	(58)
- investment properties	(69)	-	-	-	-	(69)
Amortisation of intangible assets	(25)	-	(2)	-	-	(27)
Finance costs	(4,299)	(61)	(112)	-	-	(4,472)
Finance income	258	2	-	(81)	-	179

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30
SEPTEMBER 2022**
**PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL
REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING
(CONTINUED)**
A 8. Segment Reporting (continued)

Reconciliations of reportable segments revenues, profit or loss and other material items.

Current quarter 30.09.2022	Total RM '000
Profit or loss	
Total profit for reportable segments	11,123
Other non-reportable segments	(1,705)
Depreciation and amortisation	(2,421)
Finance income	179
Finance costs	(4,472)
Profit before tax	<u>2,704</u>

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PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)
A 8. Segment Reporting (continued)

The Group’s operating segments information for the financial period ended 30 September 2022 is as follows

Current period ended 30 September 2022	Wholesale and distribution of building materials RM '000	Manufacturing and sale of pre- insulated pipes RM '000	Rental of temporary structural support equipment RM '000	Other non-reportable segments RM '000	Elimination RM '000	Total RM '000
Segment profit	21,387	4,385	5,101	(2,068)	-	28,805
<i>Included in the measure of segment profit are:</i>					-	
Revenue from external customers	657,214	17,223	7,250	362	-	682,049
Inter-segment revenue	26,139	1,565	273	13,699	(41,676)	-
Impairment loss on inventories	(8,951)	-	-	-	-	(8,951)
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(1,754)	(67)	(2,737)	-	-	(4,558)
- right-of-use assets	(5)	(6)	(105)	-	-	(116)
- investment properties	(137)	-	-	-	-	(137)
Amortisation of intangible assets	(45)	-	(3)	-	-	(48)
Finance costs	(8,068)	(52)	(203)	-	-	(8,323)
Finance income	487	3	-	-	-	490

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PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)
A 8. Segment Reporting (continued)

Reconciliations of reportable segments revenues, profit or loss and other material items.

Current period ended	Total RM '000
Profit or loss	
Total profit for reportable segments	30,873
Other non-reportable segments	(2,068)
Depreciation and amortisation	(4,859)
Finance income	490
Finance costs	(8,323)
Profit before tax	<u>16,113</u>

A 9. Contingent liabilities

There were no material contingent liabilities that arose since the last audited consolidated financial statements for the financial year ended 31 March 2022.

A 10. Capital commitments

	30.09.2022 RM '000	30.09.2021 RM '000
Contracted but not provided for:		
Plant and equipment	<u>2,799</u>	<u>N/A</u>

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PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)
A 11. Significant related party transactions

The significant related party transactions of the Group are shown below.

	Individual quarter		Cumulative quarter	
	Current quarter 30.9.2022 RM '000	Corresponding quarter 30.9.2021 RM '000	Current quarter 30.9.2022 RM '000	Corresponding quarter 30.9.2021 RM '000
A. Companies in which certain Directors have significant influence				
Sales	325	N/A	682	N/A
Purchase of equipment and services	(419)	N/A	(1,517)	N/A

A 12. FAIR VALUE OF FINANCIAL LIABILITIES

There was no gain and loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B 1. Review of performance

For the current quarter ended 30 September 2022 (2Q23)

The Group recorded revenue of RM339.6 million and a PAT of RM2.2 million for the current quarter ended 30 September 2022. All of the Group's revenue for the current quarter was derived from wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes and rental of temporary structural support equipment.

The Group recorded a gross profit of RM16.1 million after accounting for, among others, impairment loss on inventory, depreciation of temporary structural support equipment, and labour costs. The Group recorded other income of RM3.1 million for the current quarter from the rental received from investment properties of RM1.0 million, gain on disposal of property, plant and equipment of RM0.5 million, handling charges of RM0.5 million and late payment charges of RM0.7 million. Administrative and general expenses were RM11.2 million, comprising mainly staff costs, depreciation and selling and distribution expenses. In addition, the Group uses an allowance matrix to measure the expected credit loss of trade receivable, as well as specific impairments and thereafter taking into account recovery of specific impairments to arrive at RM1.0 million net impairment of trade receivable.

For the period ended 30 September 2022

The Group recorded a total revenue of RM682.0 million and a gross profit of RM42.0 million for the 6 months ended 30 September 2022. Wholesale and distributions contributed RM657.2 million or 96%, manufacturing and sale of pre-insulated pipes contributed RM17.2 million or 3% and rental of temporary structural support equipment contributed RM7.3 million or 1%. Other income stands at RM6.3 million and total administrative expenses of RM22.0 million comprised staff costs, depreciation and selling and distribution expenses arriving at profit before tax of RM16.1 million for the 6 months ended 30 September 2022.

The Group achieved a profit after tax of RM12.3 million for 6 months ended 30 September 2022. Wholesale and distribution of building materials segment contributed the highest segment profit with RM21.4 million followed by rental of structural support equipment's RM5.1 million and manufacturing and distribution of building materials' RM4.4 million. Other non-reportable segments recorded loss after tax of RM2.1 million.

There are no comparative figures for the corresponding year's quarter and corresponding year's cumulative quarters available as this is the second interim financial report post listing on the ACE Market of Bursa Securities.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B 2. Comparison with immediate preceding quarter results

	Current Quarter	Preceding Quarter	Changes	
	30.09.2022	30.06.2022	RM '000	%
	RM '000	RM '000		
Revenue	339,584	342,465	(2,881)	(1)
Gross profit	16,144	25,843	(9,699)	(36)
Profit before tax	2,704	13,409	(10,705)	(78)
Profit after tax	2,204	10,058	(7,854)	(77)

The Group recorded a 1% decrease in revenue to RM339.6 million for current quarter from RM342.5 million in preceding quarter. This is mainly due to lower revenue recorded from the wholesale and distribution as well as manufacturing segments in line with retreating steel prices. The Group's gross profit of RM16.1 million was 36% lower owing to smaller margin-spreads (between purchase cost vs selling price) in the wholesale and distribution segment resulting from declining steel price trend. There was also an impairment charge on inventory amounting to RM4.5 million as decreasing steel prices have reduced the net realisable values of certain inventory.

As a result, the Group registered a 78% decline in pre-tax profit to RM2.7 million as compared with RM13.4 million in the immediate-preceding quarter. Correspondingly, the Group's after-tax profit for the current financial quarter was also lower at RM2.2 million compared to the immediate preceding quarter after-tax profit of RM10.1 million.

B 3. Prospects

Based on Bank Negara Malaysia's Third Quarter 2022 Bulletin Report, Malaysian economy continued to strengthen, having recorded a 14.2% growth in the third quarter (Q3 2022), up from 8.9% in the previous quarter. Meanwhile, construction sector expanded at a quicker pace of 15.3% (2Q 2022: 2.4%) as all subsectors registered improvements in activities. Commercial real estate, mixed developments and small-scale projects continued to support activities in the non-residential and special trade subsectors. However, the country's overall economic outlook is still subject to risks related to weaker than expected global growth, heightened geopolitical tensions, prolonged supply chain disruptions and global financial market volatility. With regards to the domestic steel industry, the market conditions will likely remain weak till end of the year as high steel prices earlier have affected the appetite for new projects by both developers and contractors.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B 3. Prospects (continued)

The aforementioned uncertainties pose challenges to our existing business segments which focus mainly on domestic market. The Group's performance relies on factors such as the recovery of domestic demand, potential rebound of international and domestic steel prices as well as the timely implementation of projects in construction, infrastructure and property developments.

Over the longer term, the Group remains cautiously optimistic that the prospects of the construction sector and domestic steel industry will improve. Unitrade believes the outlook for building materials is still promising as it is essential for the construction of buildings and infrastructure.

B 4. Variance of actual profits vs profit forecast

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the interim financial reporting period under review.

B 5. Income tax expense

The breakdown of income tax expenses are as follows:

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter ⁽³⁾	Current year to date	Corresponding year to date ⁽³⁾
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM '000	RM '000	RM '000	RM '000
Current tax (income)/expenses	(143)	N/A	2,904	N/A
Deferred tax expenses	445	N/A	947	N/A
Effective tax rate ⁽²⁾ (%)	11.2	N/A	23.9	N/A

Notes:

- (1) Income tax expenses is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the cumulative quarter and year to date ended 30 September 2022 is lower than the statutory tax rate of 24% mainly due to tax-exempt income received.

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B 5. Income tax expense (continued)

- (3) There are no comparative figures for the corresponding year's quarter and corresponding year's cumulative quarters available as this is the second interim financial report post listing on the ACE Market of Bursa Securities.

B 6. Investment in quoted securities

There was no purchase or disposal of any quoted securities during the interim financial reporting period under review.

B 7. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

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B 8. Utilisation of proceeds from Public Issue

The Company completed its IPO exercise on 14 June 2022, which raised gross proceeds of RM 100 million. The proceeds raised from IPO are proposed to be utilised as follows:

Utilisation of proceeds	Proposed utilisation	Actual utilisation at 30 September 2022	Reallocation	Balance to be utilised	Intended timeframe for utilisation (from the listing date 14 June 2022)
	RM '000	RM '000	RM '000	RM '000	
Working capital	50,500	(19,499)	(283)	30,718	Within 12 months
Repayment of bank borrowing	39,800	(39,800)	-	-	Within 12 months
Capital expenditure for pipe fabrication centre	5,000	-	-	5,000	Within 36 months
Estimated listing expenses	4,700	(4,983)	283	-	Immediate
Total	100,000	(66,856)	-	35,718	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2022.

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B 9. Borrowings and debt securities

The Group's borrowing and debt securities as at 30 September 2022 are as follows:

	Denominated currency	Non- Current RM '000	Current RM '000	Total RM '000
Secured				
Term loans	RM	26,583	1,329	27,912
Revolving credit	RM	84,746	17,170	101,916
Bankers' acceptance	RM	-	188,557	188,557
Foreign currency trade financing	USD	-	10,159	10,159
Hire purchase liabilities	RM	2,042	753	2,795
		<u>113,371</u>	<u>217,968</u>	<u>331,339</u>
Unsecured				
Term loans	RM	1,502	857	2,359
Bankers' acceptance	RM	-	242,002	242,002
		<u>1,502</u>	<u>242,859</u>	<u>244,361</u>
Total		<u>114,873</u>	<u>460,827</u>	<u>575,700</u>

The secured borrowings of the Group borrowings are by way of charges over certain property, plant and equipment and investment properties of the Group. In addition, they are also supported by joint and several guarantees by certain Directors of the Group, whereby such guarantees are in the process of being substituted by Corporate Guarantee of the Company post listing on the ACE Market of Bursa Securities.

B 10. Derivative financial instruments

There were no derivative financial instruments at the date of this interim financial report.

B 11. Material litigations

There is no litigation or arbitration which have a material effect on the financial position of the Group.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
B 12. Dividends

No interim dividend has been declared in the financial period ended 30 September 2022.

B 13. Earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	Current quarter 30.09.2022	Corresponding quarter ⁽¹⁾ 30.09.2021	Current year to date 30.09.2022	Corresponding year to date ⁽¹⁾ 30.09.2021
Profit attributable to ordinary shareholders (RM '000)	2,204	N/A	12,262	N/A
Weighted average number of ordinary shares ('000)	1,562,500	N/A	1,434,426	N/A
Basic earnings per share (sen)	0.14	N/A	0.85	N/A

Note:

(1) There are no comparative figures for the corresponding year's quarter and corresponding year's cumulative quarters available as this is the second interim financial report post listing on the ACE Market of Bursa Securities.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
B 14. Notes to the Statements of Comprehensive Income

Profit before taxation is arrived after charging/(crediting):

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter ⁽¹⁾	Current year to date	Corresponding year to date ⁽¹⁾
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM '000	RM '000	RM '000	RM '000
Impairment loss on trade receivables	1,336	N/A	2,689	N/A
Impairment loss on inventories	4,506	N/A	8,951	N/A
Reversal of impairment loss on trade receivables	(326)		(391)	
Depreciation of:				
- property, plant and equipment	2,267	N/A	4,558	N/A
- right-of-use assets	58	N/A	116	N/A
- investment properties	69	N/A	137	N/A
Amortisation of intangible assets	27	N/A	48	N/A
Property, plant and equipment written off	-	N/A	82	N/A
Gain on disposal of property, plant and equipment	(477)	N/A	(614)	N/A
Finance cost	4,472	N/A	8,323	N/A
Finance Income	(179)	N/A	(490)	N/A
Rental Income from investment properties	(988)	N/A	(1,977)	N/A
Unrealised loss/(gain) on foreign exchange	9	N/A	(40)	N/A
Realised gain on foreign exchange	(289)	N/A	(910)	N/A
Realised profit from interest rate swap contract	-	N/A	(730)	N/A

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B 14. Notes to the Statements of Comprehensive Income (continued)

Note:

- (1) There are no comparative figures for the corresponding year's quarter and corresponding year's cumulative quarters available as this is the second interim financial report post listing on the ACE Market of Bursa Securities.

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilution effects on ordinary shares of the Group for the current and previous financial years. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

B 15. Authorisation for issue

This Interim Financial Report of Unitrade Industries Berhad for the second quarter ended 30 September 2022 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 November 2022.

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