



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the First Quarter Ended
30 June 2024**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2024

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2024⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current quarter 30.6.2024 RM '000	Corresponding quarter 30.6.2023 RM '000	Current year to date 30.6.2024 RM '000	Corresponding year to date 30.6.2023 RM '000
Revenue	409,852	296,165	409,852	296,165
Cost of sales	(389,576)	(278,275)	(389,576)	(278,275)
Gross profit ("GP")	20,276	17,890	20,276	17,890
Other income	1,088	2,955	1,088	2,955
Administrative and general expense	(11,799)	(10,342)	(11,799)	(10,342)
Net loss on impairment of financial instrument	(4,056)	(1,576)	(4,056)	(1,576)
Results from operating activities	5,509	8,927	5,509	8,927
Finance income	165	516	165	516
Finance costs	(5,810)	(5,283)	(5,810)	(5,283)
(Loss)/Profit before tax	(136)	4,160	(136)	4,160
Tax expense	(290)	(1,153)	(290)	(1,153)
(Loss)/Profit and total comprehensive (loss)/income for the financial period	(426)	3,007	(426)	3,007
Total comprehensive (loss)/income attributed to:				
- Owner of the Group	(1,785)	3,007	(1,785)	3,007
- Non-controlling interest	1,359	-	1,359	-
	(426)	3,007	(426)	3,007
(Loss)/Earning per share (sen)				
Basic ⁽²⁾	(0.1)	0.2	(0.1)	0.2

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 2024 and accompanying explanatory notes attached in this interim financial report.
- (2) 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 FIRST QUARTER ENDED 30 JUNE 2024
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Unaudited	Audited
	30.06.2024	31.03.2024
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	234,988	232,656
Right-of-use assets	1,809	2,023
Investment properties	20,947	22,112
Intangible assets	44,898	44,924
Other investments	41	41
Deferred tax assets	5,424	2,961
Total non-current assets	308,107	306,407
Current assets		
Inventories	271,861	266,998
Trade and other receivables	489,579	466,097
Current tax assets	4,840	4,005
Fixed deposit with licensed banks	9,985	11,518
Cash and bank balances	28,731	71,911
Total current assets	804,996	820,529
Total assets	1,113,103	1,126,936
Equity		
Share capital	309,561	291,335
Retained earnings	220,030	221,815
Merger reserve	(174,337)	(174,337)
Equity attributable to owners of the Company	355,254	338,813
Non-controlling interests	21,931	20,596
Total equity	377,185	359,409
Non-current liabilities		
Loan and borrowings	124,569	126,070
Lease liabilities	1,231	1,334
Deferred tax liabilities	6,209	5,893
Deferred consideration	13,842	13,842
Total non-current liabilities	145,851	147,139

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONTINUED)

	Unaudited	Audited
	30.06.2024	31.03.2024
	RM '000	RM '000
Current liabilities		
Loan and borrowings	436,796	420,448
Lease liabilities	692	804
Trade and other payables	147,222	193,766
Deferred consideration	4,691	4,691
Current tax liabilities	666	679
Total current liabilities	590,067	620,388
Total liabilities	735,918	767,527
Total equity and liabilities	1,113,103	1,126,936
Number of issued shares ('000)	1,630,720	1,562,500
Net assets per ordinary share attributable to owners of the Company (sen)	23	23

Notes:

The Unaudited Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 March 2024 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2024
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 JUNE 2024

	<-----Attributable to owners of the Company----->					
	<----Non-distributable---->		Distributable		Non- controlling interest RM'000	Total RM'000
	Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000		
As 1 April 2024	291,335	(174,337)	221,815	338,813	20,596	359,409
Issuance of shares under private placement	18,419	-	-	18,419	-	18,419
Share issuance expense	(193)	-	-	(193)	-	(193)
(Loss)/Profit and total comprehensive income for the period	-	-	(1,785)	(1,785)	1,359	(426)
Dividends	-	-	-	-	(24)	(24)
At 30 June 2024	309,561	(174,337)	220,030	355,254	21,931	377,185
As 1 April 2023	291,335	(174,337)	212,773	329,771	-	329,771
Profit and total comprehensive income for the period	-	-	3,007	3,007	-	3,007
At 31 June 2023	291,335	(174,337)	220,247	332,778	-	332,778

Note

The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 March 2024 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2024
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2024

	Current year to date 30.06.2024 RM '000	Corresponding year to date 30.06.2023 RM '000
Cash flows from financing activities		
(Loss)/Profit before tax	(136)	4,160
Adjustments for:		
Impairment loss on trade receivables	4,056	1,576
Impairment loss on inventories	1,845	4,064
Depreciation of property, plant and equipment	3,171	2,580
Depreciation of right-of-use assets	214	66
Depreciation of investment properties	73	69
Property, plant and equipment written off	6	28
Amortisation of intangible assets	26	27
Gain on disposal of property, plant and equipment	(861)	(664)
Finance income	(165)	(516)
Unrealised gain on foreign exchange	(1)	(618)
Finance costs	5,810	5,283
Operating profit before changes in working capital	14,038	16,055
Change in inventories	(6,708)	(81,636)
Change in trade and other receivables	(27,150)	(47,070)
Change in trade and other payables	(39,336)	21,229
Cash used in operations	(59,156)	(91,422)
Interest paid	(75)	(124)
Income tax paid	(1,594)	(1,291)
Net cash used in operating activities	(60,825)	(92,837)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,631)	(3,343)
Acquisition of intangible assets	-	(7)
Acquisition of investment properties	1,091	-
Proceeds from disposal of property, plant and equipment	1,405	1,605
Change in pledged deposits	-	(34)
Change in other investments	-	10,741
Change in short term investment	1,533	-
Interest received	165	516
Net cash (used in)/generated from investing activities	(1,437)	9,478

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONTINUED)

	Current period to date 30.06.2024 RM '000	Corresponding year to date 30.06.2023 RM '000
Cash flows from financing activities		
Net proceeds from issuance of private placement	18,226	-
Dividends paid to owners of the Company	(6,875)	-
Dividends paid to non-controlling interest	(24)	-
Drawdown of loans and borrowings	11,865	54,841
Repayment of lease liabilities	(215)	(66)
Repayment of hire purchase liabilities	(422)	(396)
Interest paid	(6,455)	(5,624)
Net cash generated from financing activities	16,100	48,755
Net decrease in cash and bank balances	(46,162)	(34,604)
Cash and bank balances at beginning of the year	71,781	87,140
Cash and bank balances at end of the period	25,619	52,536

Notes:

1. The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Annual Report for the year ended 31 March 2024 and accompanying explanatory notes attached in this interim financial report.
2. Cash and cash equivalent included in the statement of cash flows comprise the following statement of financial position amounts:

	Current period to date 30.06.2024 RM '000	Corresponding year to date 30.06.2023 RM '000
Cash and bank balances	28,731	52,536
Bank overdraft	(3,112)	-
Cash and cash equivalent in the statement of cash flows	25,619	52,536

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2024

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*”.

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 2023 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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

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

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2024

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

A 1. Basis of preparation (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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 2024.

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

There were no issuance and repayment of debt and securities, share buybacks, share cancellations, share held as treasury and resale of treasury shares during the interim financial reporting period under review, except as disclosed in note B7.

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

A 7. Dividend

The Directors declared the first interim single tier dividend of RM0.44 sen per ordinary share amounting to approximately RM6,875,000 in respect of the financial year ended 31 March 2024, has been paid on 5 April 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 21 March 2024.

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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

The Group’s operating segments information for the financial period ended 30 June 2024 is as follows

	Wholesale and distribution RM '000	Metal recycling RM '000	Manufacturing RM '000	Rental RM '000	Others RM '000	Elimination RM '000	Total RM '000
Revenue from external customers	214,012	187,212	3,781	4,847	-	-	409,852
Inter-segment revenue	8,909	-	681	80	37	(9,707)	-
Impairment loss on inventories	(1,845)	-	-	-	-	-	(1,845)
Segment profit/(loss)	2,044	4,637	(133)	2,783	(339)	-	8,993
Depreciation and amortisation							(3,484)
Finance income							165
Finance costs							(5,810)
Loss before tax							(136)
Tax expense							(290)
Loss for the period							(426)

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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 June 2023 is as follows

	Wholesale and distribution RM '000	Manufacturing RM '000	Rental RM '000	Others RM '000	Elimination RM '000	Total RM '000
Revenue from external customers	286,370	5,923	3,872	-	-	296,165
Inter-segment revenue	8,738	317	46	-	(9,101)	-
Impairment loss on inventories	(4,489)	-	-	-	-	(4,489)
	8,198	1,097	2,674	(300)	-	11,669
Segment profit/(loss)						(2,742)
Depreciation and amortisation						516
Finance income						(5,283)
Finance costs						4,160
Profit before tax						(1,153)
Income tax expense						3,007
Profit 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 9. Contingent liabilities and contingent assets

There were no contingent assets. Changes of contingent liabilities of the Group since the last audited financial statements for the financial year ended 31 March 2024 are as follows:

	RM '000
Corporate guarantees issued to suppliers in respect of sales of goods to a subsidiary	<u>7,300</u>

A 10. Capital commitments

	30.06.2024 RM '000
Contracted but not provided for: Property, plant and equipment	<u>9,692</u>

A 11. Significant related party transactions

The significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2024 are as follows.

	RM '000
Purchases	<u>475</u>

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 FIRST QUARTER ENDED 30 JUNE 2024

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

B 1. Review of performance

	Current Year	Preceding	Changes	
	Quarter	Year Quarter		
	30.06.2024	30.06.2023	RM '000	%
Revenue	409,852	296,165	113,687	38.4
Gross profit	20,276	17,890	2,386	13.3
(Loss)/Profit before tax	(136)	4,160	(4,296)	(103.3)
(Loss)/Profit after tax	(426)	3,007	(3,433)	(114.2)

1Q2025 vs 1Q2024

The Group's 1Q2025 revenue increased by 38.4% year-on-year ("y-o-y") to RM409.9 million from RM296.2 million in 1Q2024. The revenue growth was chiefly driven by newly added segment metal recycling contributing RM187.2 million or 45.7%. The wholesale segment remained the primary revenue contributor, representing 52.2% million or RM214.0 million, followed by the metal recycling segment. Additionally, revenue from rental segment accounted for 1.2% or RM4.8 million, while manufacturing contributed the remaining 0.9% or RM3.8 million.

In 1Q2025 gross profit ("GP") experienced a y-o-y increase of 13.3% to RM20.3 million from RM17.9 million in 1Q2024. However, the GP margin decreased by 1.1% percentage point to 4.9% in 1Q2025, compared to 6.0% in 1Q2024. The drop in GP margin was mainly due to reduced selling prices, driven by intensified market competition amid current volatility and slowdown in domestic market demand.

During the current quarter under review, the Group recorded other income of RM1.1 million (1Q2024; RM3.0 million) primarily derived from gain on disposal of property, plant and equipment (RM0.9 million) and late payment charges (RM0.2 million). Administrative and general expenses amounted to RM11.8 million (1Q2024; RM10.3 million), largely comprising staff costs, depreciation as well as selling and distribution expenses. In addition, the Group recorded a net impairment loss on trade receivables amounting to RM4.1 million (1Q2024; RM1.6 million). This was premised upon the Group's adoption of allowance matrix to assess the expected credit loss of trade receivables and thereafter taking into account recovery of specific impairments.

Overall, the Group registered a loss before tax of RM0.1 million in 1Q2025, compared with profit before tax of RM4.2 million in 1Q2024. The loss was mainly due to a decrease in other income, higher administrative and general expenses and net impairment loss on trade receivables. Correspondingly, the Group reported a loss after tax of RM0.4 million in 1Q2025 as compared to profit after tax of RM3.0 million in 1Q2024.

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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	
	30.06.2024	31.03.2024	RM '000	%
Revenue	409,852	478,247	(68,395)	(14.3)
Gross profit	20,276	21,619	(1,343)	(6.2)
(Loss)/profit before tax	(136)	2,744	(2,880)	(105.0)
(Loss)/profit after tax	(426)	972	(1,398)	(143.8)

The Group posted a decrease of 14.3% and 6.2% in revenue and gross profit respectively. This was mainly due to the softening market demand and intensified market competition.

Overall, the Group registered a loss before tax of RM0.1 million in 1Q2025, compared with profit before tax of RM2.7 million in 4Q2024. The loss was mainly due to increase in impairment loss on trade receivables to RM4.1 million, compared to RM1.4 million in the preceding quarter. Additionally, a decrease in rental income from investment properties by RM1 million also contributed to the losses incurred. Correspondingly, the Group's reported a loss after tax of RM0.4 million for the current financial quarter as compared to profit after tax of RM1 million in 4Q2024.

B 3. Prospects

Despite Malaysia's improving economic sentiments and an expanding construction sector in the first half of 2024, Unitrade has faced challenges affecting its overall performance, including lower selling prices, extended collection periods, and subdued market demand. While the industry is poised to benefit from mega infrastructure projects and property market revitalisation, these factors have yet to significantly translate into increased demand for building materials products.

To navigate these challenges, Unitrade is channelling its strategic efforts to expand and diversify its product range and services, including greater emphasis on business that directly promotes sustainability, i.e., the Group's metal recycling and renewable energy businesses. Expanding the metal recycling segment is a key focus in order to solidify its upstream position in the steel value chain, given that recycling activities contribute to overall decarbonisation efforts. Additionally, Unitrade's earlier venture into solar product distribution is expected to benefit from the growing sustainable building and infrastructure needs, as well as Malaysia's large-scale renewable energy projects.

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

B 3. Prospects (continued)

Meanwhile, Unitrade's manufacturing and sale of pre-insulated pipes segment is poised for growth with the setting up of a pipe fabrication centre, featuring a robotic arm and painting shop with epoxy powder coating line. This setup provides end-to-end, high-precision pipe solutions with a durable, corrosion-resistant finish, which is critical to semiconductor and data centre facility constructions. Moreover, the Group's rental division is expanding to focus on temporary structural support equipment and modular housing solutions, addressing the industry's demand for cost-effective and ethical worker accommodations.

Fundamentally, the multi-faceted usages of building materials throughout the lifecycle of buildings and infrastructures ensure sustained demand for the Group's products, spanning from new construction projects to refurbishment and retrofitting, as well as repair and maintenance works.

On balance, Unitrade remains cautiously optimistic about the Group's long-term prospects. The Group is focused on executing strategic initiatives, enhancing collection strategies, and prioritising sustainable growth to improve overall performance as broader market conditions strengthen.

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 30.06.2024 RM '000	Corresponding quarter 30.06.2023 RM '000	Current year to date 30.06.2024 RM '000	Corresponding year to date 30.06.2023 RM '000
Current tax expenses	748	434	748	434
Deferred tax (income)/expenses	(458)	719	(458)	719
Effective tax rate (%)	NA ⁽¹⁾	27.7	NA ⁽²⁾	27.7

1. For the current quarter, the effective tax rate is not applicable due to the losses incurred.

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

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

On 27 February 2024, the Company has announced the propose private placement of up to 156,250,000 new ordinary shares in the Company, representing not more than 10.0% of the total number of issued ordinary shares.

On 27 March 2024, Bursa Securities has vided its letter approved the listing and quotation of up 156,250,000 placement shares representing not more than 10.0% of the issued shares of the Company.

On 10 May 2024, the Company has announced the issued price to be fixed at RM0.27 per placement share, represents a discount of approximately 7.7% or RM0.0225 to the 5D-VWAMP of the Company shares from 3 May 2024 to 9 May 2024 of approximately RM0.2925 per ordinary share.

On 27 May 2024, the Company has announced the completion of the first tranche of the Private Placement following the listing of and quotation for 68,220,000 Placement the ACE Market of Bursa Securities and raised a total net proceeds of RM18,225,577.

The status of utilisation of proceeds as of 30 June 2024 is as follows:

Details of Use Proceeds	Proceed raised	Actual utilisation	Estimated timeframe for utilisation
	RM '000	RM '000	RM '000
Construction of centralised labour quarters	-	-	Within 18 months
Repayment of bank borrowings	18,226	18,226	Within 6 months
Estimated Private Placement expenses	193	193	Within 1 month
Total proceeds	18,419	18,419	

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

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 June 2024	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	(45,600)	(4,900)	-	Within 18 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
Capital expenditure for temporary structural equipment	-	(4,617)	4,617	-	Within 18 months
Total	100,000	(100,000)	-	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2022. However, the Board has deliberated and resolved to extend the utilisation of the proceeds to allow the Group to utilise the proceeds raised from the Public Issue in line with the current business needs. As of 30 June 2024, all proceeds have been utilised.

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

	Current year to date 30.06.2024 RM '000	Corresponding year to date 30.06.2023 RM '000
Non-current		
Secured		
Term loans	34,510	25,910
Revolving credit	86,213	86,309
Hire purchase liabilities	1,214	1,729
	<hr/> 121,937	<hr/> 113,948
Unsecured		
Term loans	1,509	2,233
Hire purchase liabilities	1,123	940
	<hr/> 2,632	<hr/> 3,173
	<hr/> 124,569	<hr/> 117,121
Current		
Secured		
Term loans	2,388	1,122
Revolving credit	18,250	17,164
Bankers' acceptance	233,126	204,906
Hire purchase liabilities	915	862
Bank overdraft	3,112	-
	<hr/> 257,791	<hr/> 224,054
Unsecured		
Term loans	857	1,087
Bankers' acceptance	177,828	198,623
Hire purchase liabilities	320	215
	<hr/> 179,005	<hr/> 199,925
	<hr/> 436,796	<hr/> 423,979
Total	<hr/> 561,365	<hr/> 541,100

Notes:

The above borrowings are denominated in Ringgit Malaysia

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 were also supported by joint and several guarantees by certain Directors of the Group, whereby on 22 May 2023 such guarantees have been substituted by Corporate Guarantee of the Company.

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B 10. Material litigations

On 9 January 2024, one of the subsidiaries, Unitrade United Sdn Bhd (“Plaintiff”), filed a Writ of Summons together with the Statement of Claim at the High Court of Malaya at Georgetown against Sequoia Sheet Piles Sdn Bhd and Lye Jit Wei (“Defendant”).

The circumstances leading to the filing of the Writ of Summons together with the Statement of Claim were that Defendant has failed to settle the outstanding sums of RM1,581,747.01, and should the Defendant fail to return the sheet piles, then the Defendant has to repay an additional amount of RM3,383,543 to the Plaintiff. Subsequently, a sealed order for Judgment in Default has been obtained from the court and extracted.

The outstanding amount was been fully impaired in financial year 2024, and the sheet piles were similarly written off.

The Group does not intend to pursue the case further, as the potential recovery of the debt owed by the Defendants is unlikely and would not justify the additional costs to be incurred by the Plaintiff.

There are no other litigations or arbitrations that have a material effect on the financial position of the Group.

B 11. Dividends

No interim dividend has been declared in the financial period ended 30 June 2024.

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B 13. (Loss)/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 30.06.2024	Corresponding quarter 30.06.2023	Current year to date 30.06.2024	Corresponding year to date 30.06.2023
(Loss)/profit attributable to ordinary shareholders (RM '000)	(1,785)	3,007	(1,785)	3,007
Weighted average number of ordinary shares ('000)	1,587,989	1,562,500	1,587,989	1,562,500
Basic (loss)/earnings per share (sen)	(0.1)	0.2	(0.1)	0.2

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.

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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	Correspon-	Current	Correspon-
	quarter	ding	year to	ding year
	30.06.2024	quarter	date	to date
	RM '000	30.06.2023	30.06.2024	30.06.2023
		RM '000	RM '000	RM '000
Net impairment loss on:				
- trade receivables	4,056	1,576	4,056	1,576
- inventories	1,845	4,064	1,845	4,064
Depreciation of:				
- property, plant and equipment	3,171	2,580	3,171	2,580
- right-of-use assets	214	66	214	66
- investment properties	73	69	73	69
Amortisation of intangible assets	26	27	26	27
Property, plant and equipment written off	6	28	6	28
Gain on disposal of property, plant and equipment	(861)	(664)	(861)	(664)
Finance costs	5,810	5,283	5,810	5,283
Finance Income	(165)	(516)	(165)	(516)
Rental Income	(3)	(149)	(3)	(149)
Loss/(gain) on foreign exchange	26	(618)	26	(618)

B 15. Authorisation for issue

This Interim Financial Report of Unitrade Industries Berhad for the first quarter ended 30 June 2024 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 22 August 2024.