



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the Second Quarter Ended
30 September 2023**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current quarter 30.9.2023 RM '000	Corresponding quarter 30.9.2022 RM '000	Current year to date 30.9.2023 RM '000	Corresponding year to date 30.9.2022 RM '000
Revenue	399,062	339,584	695,227	682,049
Cost of sales	(378,227)	(323,440)	(656,502)	(640,062)
Gross profit ("GP")	20,835	16,144	38,725	41,987
Other income	2,711	3,091	5,666	6,252
Administrative and general expense	(11,352)	(11,228)	(21,694)	(21,995)
Net loss on impairment of financial instrument	(4,015)	(1,010)	(5,591)	(2,298)
Results from operating activities	8,179	6,997	17,106	23,946
Finance income	544	179	1,060	490
Finance costs	(6,048)	(4,472)	(11,331)	(8,323)
Profit before tax ("PBT")	2,675	2,704	6,835	16,113
Tax expense	(897)	(500)	(2,050)	(3,851)
Profit and total comprehensive income for the year ("PAT")	1,778	2,204	4,785	12,262
Total comprehensive income attributed to:				
- Owner of the Group	1,777	2,204	4,784	12,262
- Non-controlling interest	1	-	1	-
	1,778	2,204	4,785	12,262
Earning per share (sen)				
Basic ⁽²⁾	0.11	0.14	0.31	0.85

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UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023 (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 2023 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 SECOND QUARTER ENDED 30 SEPTEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	30.09.2023	30.09.2022
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	185,210	178,931
Right-of-use assets	390	442
Investment properties	17,133	19,698
Intangible assets	658	671
Other investments	41	41
Deferred tax assets	3,330	2,619
Goodwill	1,235	-
Total non-current assets	207,997	202,402
Current assets		
Inventories	282,605	250,127
Trade and other receivables	489,726	474,041
Current tax assets	4,021	2,406
Other Investments	13,540	-
Fixed deposit with licensed banks	9,474	9,193
Cash and bank balances	32,246	95,352
	831,612	831,119
Asset classified as held for sale	2,320	-
Total current assets	833,932	831,119
Total assets	1,041,929	1,033,521
Equity		
Share capital	291,335	291,335
Retained earnings	217,557	222,451
Merger reserve	(174,337)	(174,337)
Total equity attributed to owners of the Group	334,555	339,449
Non-controlling interest	617	-
Total equity	335,172	339,449
Non-current liabilities		
Loan and borrowings	116,289	114,873
Lease liabilities	132	246
Deferred tax liabilities	3,604	4,006
Total non-current liabilities	120,025	119,125

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONTINUED)

	30.09.2023	30.09.2022
	RM '000	RM '000
Current liabilities		
Loan and borrowings	472,142	460,827
Lease liabilities	271	212
Trade and other payables	113,868	111,608
Current tax liabilities	451	2,300
Total current liabilities	586,732	574,947
Total liabilities	706,757	694,072
Total equity and liabilities	1,041,929	1,033,521
Number of issued shares ('000)	1,562,500	1,562,500
Net assets per ordinary share attributable to owners of the Company (sen)	21	22

Notes:

The Unaudited Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 March 2023 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

	<i>Non-distributable</i>		<i>Distributable</i>		Non-controlling interest	Total equity
	Share capital	Merger reserve	Retained earnings	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As 1 April 2023	291,335	(174,337)	212,773	329,771	-	329,771
Profit and total comprehensive income for the period	-	-	4,784	4,784	1	4,785
Acquisition of a subsidiary	-	-	-	-	616	616
As at 30 September 2023	291,335	(174,337)	217,557	334,555	617	335,172
As 1 April 2022	194,500	(174,337)	210,189	230,352	-	230,352
Profit and total comprehensive income for the period	-	-	12,262	12,262	-	12,262
Issuance of ordinary shares	100,000	-	-	100,000	-	100,000
Share issuance expenses	(3,165)	-	-	(3,165)	-	(3,165)
As at 30 September 2022	291,335	(174,337)	222,451	339,449	-	339,449

Note:

The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 March 2023 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

	Current year to date 30.09.2023 RM '000	Corresponding year to date 30.09.2022 RM '000
Cash flows from financing activities		
Profit before tax	6,835	16,113
Adjustments for:		
Impairment loss on trade receivables	5,591	2,298
Impairment loss on inventories	3,088	8,951
Depreciation of property, plant and equipment	5,239	4,558
Depreciation of right-of-use assets	133	116
Depreciation of investment properties	108	137
Property, plant and equipment written off	41	82
Amortisation of intangible assets	50	48
Gain on disposal of property, plant and equipment	(1,672)	(614)
Finance income	(1,060)	(490)
Unrealised loss /(gain) on foreign exchange	94	(40)
Finance costs	11,331	8,323
Operating profit before changes in working capital	29,778	39,482
Change in inventories	(81,741)	(103,929)
Change in trade and other receivables	(112,993)	(47,327)
Change in trade and other payables	13,658	(1,378)
Cash used in operations	(151,298)	(113,152)
Interest paid	(251)	(270)
Income tax paid	(2,948)	(5,994)
Tax refund	791	-
Net cash used in operating activities	(153,706)	(119,416)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(3,077)	-
Acquisition of property, plant and equipment	(9,888)	(9,781)
Acquisition of intangible assets	(78)	(22)
Proceeds from disposal of property, plant and equipment	3,573	1,936
Change in pledged deposits	(115)	-
Change in other investments	17,524	-
Interest received	1,060	490
Net cash generated from/(used in) investing activities	8,999	(7,377)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023 (CONTINUED)

	Current period to date 30.09.2023 RM '000	Corresponding year to date 30.09.2022 RM '000
Cash flows from financing activities		
Proceed from issuance of new shares	-	100,000
Payments for shares issuance expenses	-	(3,165)
Drawdown of loans and borrowings	102,117	47,394
Repayment of lease liabilities	(130)	(112)
Repayment of hire purchase liabilities	(679)	(497)
Interest paid	(11,495)	(7,945)
Net cash generated from financing activities	89,813	135,675
Net (decrease)/increase in cash and bank balances	(54,894)	8,882
Cash and bank balances at beginning of the year	87,140	86,470
Cash and bank balances at end of the period	32,246	95,352

Notes:

The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Annual Report for the year ended 31 March 2023 and accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs, 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*

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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

A 1. Basis of preparation (continued)

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 2023.

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.

A 7. Proposed Dividend

First and Final Single tier dividend of 0.30 sen per share amounting to RM4,687,500 in respect of the financial year ended 31 March 2023 approved at the last Annual General Meeting on 7 September 2023 and paid on 3 October 2023.

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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 September 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	674,537	12,799	7,891	-	-	695,227
Inter-segment revenue	18,088	1,128	188	-	(19,404)	-
Impairment loss on inventories	(3,088)	-	-	-	-	(3,088)
Segment profit/(loss)	17,604	1,860	4,217	(1,045)	-	22,636
Depreciation and amortisation						(5,530)
Finance income						1,060
Finance costs						(11,331)
Profit before tax						6,835
Tax expense						(2,050)
Profit for the period						4,785

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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

	Wholesale and distribution RM '000	Manufacturing RM '000	Rental RM '000	Others RM '000	Elimination RM '000	Total RM '000
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)
Segment profit/(loss)	21,387	4,385	5,101	(2,068)	-	28,805
Depreciation and amortisation						(4,859)
Finance income						490
Finance costs						(8,323)
Profit before tax						16,113
Income tax expense						(3,851)
Profit for the period						12,262

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
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 2023 are as follows:

	RM '000
Corporate guarantees issued to suppliers in respect of sales of goods to a subsidiary	<u>30,400</u>

A 10. Capital commitments

	30.09.2023 RM '000
Contracted but not provided for: Property, plant and equipment	<u>4,844</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 September 2023 are as follows.

	RM '000
Sales	1,405
Purchases	<u>(536)</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 SECOND QUARTER ENDED 30 SEPTEMBER 2023

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

B 1. Review of performance

	Individual Quarter				Cumulative Quarter			
	Current Year	Preceding Year	Changes		Current Year To-Date	Preceding Year To-Date	Changes	
	Quarter	Quarter	RM '000	%	30.09.2023	30.09.2022	RM '000	%
Revenue	399,062	339,584	59,478	17.5	695,227	682,049	13,178	1.9
Gross profit	20,835	16,144	4,691	29.1	38,725	41,987	(3,262)	(7.8)
Profit before tax	2,675	2,704	(29)	(1.1)	6,835	16,113	(9,278)	(57.6)
Profit after tax	1,778	2,204	(426)	(19.3)	4,785	12,262	(7,477)	(61.0)

2Q2024 vs 2Q2023

The Group's 2Q2024 revenue increased by 17.5% year-on-year ("y-o-y") to RM399.1 million from RM339.6 million in 2Q2023. The revenue growth was chiefly driven by increase in wholesale and distribution segment. Wholesale and distribution contributed RM388.2 million or 97.3% revenue, followed by manufacturing RM6.9 million or 1.7% and rental RM4.0 million or 1.0%.

2Q2024 gross profit ("GP") experienced a y-o-y increase of 29.1% to RM20.8 million from RM16.1 million in 2Q2023. The GP margin increased by 0.4% percentage point to 5.2% in 2Q2024, compared to 4.8% in 2Q2023. The higher results for the current period were mainly due to reversal of impairment charge on inventory amounting to RM1.0 million as compared to previous corresponding quarter there was an impairment charge on inventory amounting to RM4.5 million.

However, the Group experienced an increase in net impairment loss on trade receivables, rising from RM1.0 million to RM4.0 million. The increase in impairment loss on trade receivable is directly linked to a rise of RM62.8 million in trade receivables whereby the assessment of expected credit loss was conducted using a provision matrix referencing the probability of receivable progression to assess the Group's credit risk.

Although increase in revenue and GP, the Group experience decrease in profit before tax ("PBT") of RM0.03 million or 1.1%, and decline in profit after tax ("PAT") by RM0.4 million or 19.3%. The decline can be attributed primarily to a RM3.0 million increase in the impairment loss on trade receivables for the current quarter, RM1.6 million increase in finance cost partly attributable to higher interest rates, and also RM0.8 million decrease in rental income from investment properties.

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

B 1. Review of performance (continued)

Financial review for current financial year-to-date (“YTD”) vs preceding year’s corresponding financial YTD

In respect of the six months ended 30 September 2023, the Group’s revenue increased by 1.9% to RM695.2 million compared with RM682.0 million in the corresponding period ended 30 September 2022.

Nonetheless, GP for current YTD decreased 7.8% y-o-y to RM38.7 million mainly attributable to higher procurement costs in light of volatility in the steel prices.

The Group recorded RM3.3 million increase in impairment loss on trade receivable to RM5.6 million as compared to previous YTD, there was an impairment loss on trade receivables amounting to RM2.3 million, RM3.0 million increase in finance costs partly attributable to higher interest rates, and also RM1.7 million decrease in rental income from investment properties.

In light of reduced GP and higher cost, PBT and PAT for 6 months ended 30 September 2023 decreased by RM9.3 million and RM7.5 million respectively, compared to the same period ended 30 September 2022.

B 2. Comparison with immediate preceding quarter results

	Current Quarter 30.09.2023 RM '000	Preceding Quarter 30.06.2023 RM '000	Changes	
			RM '000	%
Revenue	399,062	296,165	102,897	34.7
Gross profit	20,835	17,890	2,945	16.5
Profit before tax	2,675	4,160	(1,485)	(35.7)
Profit after tax	1,778	3,007	(1,229)	(40.9)

The Group posted an increase of 34.7% in revenue and 16.5% in GP y-o-y to RM399.1 million and 20.8 million respectively for current quarter from RM296.2 million and RM17.9 million respectively. This was mainly due to the substantial increase in sales volume for the wholesale and distribution segments.

Overall, the Group registered 35.7% and 40.9% decrease in PBT and PAT as compared to 1Q2024. This was mainly attributed to impairment loss on trade receivables which amounted to RM4.0 million as compared to Q12024 which amounted to RM1.6 million. Additionally, the decrease in PBT and PAT is also associated with the increase in administrative and general expenses primarily from RM0.6 million of non-deductible professional fees associated with the acquisition of new businesses.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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

B 3. Prospects

Malaysia's economy demonstrated remarkable resilience amidst challenging macroeconomic conditions, with the Gross Domestic Product ("GDP") growing by 3.3% and the construction sector expanding by 7.2% in the third quarter of 2023. The unveiling of Budget 2024 instils further optimism in the construction and property sectors, as it introduces the reinstatement of mega projects including the five Light Rail Transit ("LRT") Line 3 stations and Penang LRT. Moreover, the government's allocated budget to promote homeownership is expected to provide additional catalysts to the property development sector, boding well with wholesalers and distributors of building materials like Unitrade.

Fundamentally, building materials are used throughout the lifecycle of buildings and infrastructures, encompassing new construction projects, refurbishment and retrofitting, as well as repair and maintenance works. These multi-faceted usages thereby ensure a sustained demand for our products.

Looking ahead, the Group remains attuned to prevailing market uncertainties, amongst others, geopolitical tensions and currency fluctuations. As part of our growth strategy, we maintain our focus on expanding our rental division and increasing our involvement in environmentally responsible businesses, all while aligning with our ESG agenda to ensure sustainability and resilience. Barring any unforeseen circumstances, the Group expects to deliver a satisfactory set of financial performance in the current financial year.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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

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	Current year to date	Corresponding year to date
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Current tax expenses/(income)	1,357	(143)	1,791	2,904
Deferred tax (income)/expenses	(460)	445	259	947
Effective tax rate (%)	33.5	11.2	30.0	23.9

The Group's effective tax rate for the year to date ended 30 September 2023 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

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 31 July 2023, the Company has entered into a Heads of Agreement (“HOA”) with Intergreen Holdings Sdn Bhd, Intergreen Corporation (M) Sdn Bhd and Pong Wing Seng (collectively referred to as “The Vendors”) in relation to the proposed acquisition of 51% equity interest in Intergreen Metals Sdn Bhd for an indicative purchase consideration of RM66.3 million (“Proposed Acquisition”).

As part of the Proposed Acquisition, the Company has paid RM1,326,000 constituting 2% of the purchase consideration, to the Company’s solicitor as stakeholders. This sum is intended to form part of the deposit for the Sales Shares, which shall be dealt with in accordance with the terms of the signed HOA and a share sale agreement (“SSA”) to be executed.

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B 7. Status of corporate proposals (continued)

As at 30 September 2023, the Company and The Vendors (“The Parties”) have yet to finalise the SSA. The Parties are still in the process of negotiating and formalising the specifics of the SSA.

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 2023	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	(43,000)	(4,900)	2,600	Within 18 months
Repayment of bank borrowing	39,800	(39,800)	-	-	Within 12 months
Capital expenditure for pipe fabrication centre	5,000	(36)	-	4,964	Within 36 months
Estimated listing expenses	4,700	(4,983)	283	-	Immediate
Capital expenditure for temporary structural equipment	-	(2,210)	4,617	2,407	Within 18 months
Total	100,000	(90,029)	-	9,971	

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. The Board is of the view that the pricings of certain products are currently less favourable, and the Group requires additional time to make its purchases more commercially viable. It is anticipated that, due to the volatility of pricing and the volume consumed by the Group, it may take until 3Q2024 to fully utilise the proceeds for such purpose.

UNITRADE INDUSTRIES BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
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 30.09.2023 RM '000	Corresponding year to date 30.09.2022 RM '000
Non-current		
Secured		
Term loans	25,821	26,583
Revolving credit	85,904	84,746
Hire purchase liabilities	1,624	2,042
	113,349	113,371
Unsecured		
Term loans	2,056	1,502
Hire purchase liabilities	884	-
	2,940	1,502
	116,289	114,873
Current		
Secured		
Term loans	1,121	1,329
Revolving credit	17,044	17,170
Bankers' acceptance	232,300	188,557
Bank overdraft	866	-
Hire purchase liabilities	893	753
Foreign currency trade financing	-	10,159
	252,224	217,968
Unsecured		
Term loans	969	857
Bankers' acceptance	218,731	242,002
Hire purchase liabilities	218	-
	219,918	242,859
	472,142	460,827
Total	588,431	575,700

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, some borrowings are supported by Corporate Guarantee of the Company.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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

B 10. Material litigations

There is no litigation or arbitration which 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 September 2023.

B 12. 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 30.09.2023	Corresponding quarter 30.09.2022	Current year to date 30.09.2023	Corresponding year to date 30.09.2022
Profit attributable to ordinary shareholders (RM '000)	1,777	2,204	4,784	12,262
Weighted average number of ordinary shares ('000)	1,562,500	1,562,500	1,562,500	1,434,426
Basic earnings per share (sen)	0.11	0.14	0.31	0.85

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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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023
PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
B 13. Notes to the Statements of Comprehensive Income

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

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter	Current year to date	Corresponding year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM '000	RM '000	RM '000	RM '000
Net impairment loss on/(reversal):				
- trade receivables	4,015	1,010	5,591	2,298
- inventories	(976)	4,506	3,088	8,951
Depreciation of:				
- property, plant and equipment	2,659	2,267	5,239	4,558
- right-of-use assets	67	58	133	116
- investment properties	39	69	108	137
Amortisation of intangible assets	23	27	50	48
Property, plant and equipment written off	13	-	41	82
Net gain on disposal of property, plant and equipment	(1,008)	(477)	(1,672)	(614)
Finance cost	6,048	4,472	11,331	8,323
Finance Income	(544)	(179)	(1,060)	(490)
Rental Income	(147)	(988)	(296)	(1,977)
Unrealised loss/ (gain) on foreign exchange	712	9	94	(40)
Realised gain on foreign exchange	(1,371)	(289)	(2,196)	(910)

B 14. Authorisation for issue

This Interim Financial Report of Unitrade Industries Berhad for the second quarter ended 30 September 2023 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 November 2023.

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