



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the Fourth Quarter and Year-to-date Ended
31 March 2022**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

	Individual quarter		Cumulative quarter	
	Current quarter 31.3.2022 RM'000	Corresponding quarter ⁽²⁾ 31.3.2021 RM'000	Current year to date 31.3.2022 RM'000	Corresponding year to date ⁽²⁾ 31.3.2021 RM'000
Revenue	423,032	N/A	1,290,200	N/A
Cost of sales	(395,754)	N/A	(1,177,172)	N/A
Gross profit ("GP")	27,278	N/A	113,028	N/A
Other income	1,340	N/A	6,697	N/A
Administrative and general expense	(14,416)	N/A	(42,403)	N/A
Net gain/(loss) on impairment of financial instrument	2,349	N/A	(6,598)	N/A
Results from operating activities	16,551	N/A	70,724	N/A
Finance income	203	N/A	650	N/A
Finance costs	(3,023)	N/A	(13,024)	N/A
Profit before tax ("PBT")	13,731	N/A	58,350	N/A
Tax expense	(3,539)	N/A	(15,117)	N/A
Profit and total comprehensive income for the year ("PAT")	10,192	N/A	43,233	N/A
Total comprehensive income attributed to:				
- Owner of the Group	10,177	N/A	43,174	N/A
- Non-controlling interest	15	N/A	59	N/A
	10,192	N/A	43,233	N/A
Earning per share (sen)				
Basic ⁽³⁾	0.8	N/A	3.5	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022 (CONTINUED)

Notes:

- (1) The Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 April 2022 and accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report for the fourth quarter ended 31 March 2022 being announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the corresponding quarter last year and period as there is no interim financial report prepared for the comparative period concerned.
- (3) Computed based on profit attributable to owners of the Company divided by the number of ordinary shares of 1,250,000,000 before the Initial Public Offering ("**IPO**") of the Company.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Unaudited	Audited
	31.03.2022	31.03.2021
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	175,121	166,948
Right-of-use assets	559	7
Investment properties	19,835	5,600
Intangible assets	687	556
Other investments	41	71
Deferred tax assets	2,781	2,915
Total non-current assets	199,024	176,097
Current assets		
Inventories	155,150	117,349
Trade and other receivables	428,708	427,069
Current tax assets	2,289	618
Cash and cash equivalents	95,663	88,372
	681,810	633,408
Asset classified as held for sale	-	2,755
Total current assets	681,810	636,163
Total assets	880,834	812,260
Equity		
Share capital	194,500	-
Invested equity	-	5,000
Retained earnings	210,156	213,364
Merger reserve	(174,337)	-
Total equity attributed to owners of the Group	230,319	218,364
Non-controlling interest	-	4,863
Total equity	230,319	223,227
Non-current liabilities		
Loan and borrowings	115,571	103,616
Lease liabilities	342	-
Deferred tax liabilities	2,105	1,467
Total non-current liabilities	118,018	105,083

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022 (CONTINUED)

	Unaudited	Audited
	31.03.2022	31.03.2021
	RM'000	RM'000
Current liabilities		
Loan and borrowings	413,232	386,097
Lease liabilities	229	7
Trade and other payables	112,647	96,271
Current tax liabilities	6,389	1,575
Total current liabilities	532,497	483,950
Total liabilities	650,515	589,033
Total equity and liabilities	880,834	812,260
Net assets per share (sen)	18	N/A

Note:

- (1) The Unaudited Consolidated Statements of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 April 2022 and accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022 ⁽¹⁾

	<i>Non-distributable</i>		<i>Distributable</i>	Attributable to Owners of the Company	Non-controlling interests	Total equity
	Share capital	Merger reserve	Retained earnings			
	RM'000	RM'000	RM'000			
As 1 April 2021	5,000	-	213,364	218,364	4,863	223,227
Issuance of ordinary shares	10,300	-	(10,300)	-	-	-
Profit and total comprehensive income for the year	-	-	43,174	43,174	59	43,233
Dividend to owners of the Group	-	-	(36,141)	(36,141)	-	(36,141)
Acquisition of subsidiaries	174,337	(174,337)	-	-	-	-
Acquisition of NCI in a subsidiary	4,863	-	59	4,922	(4,922)	-
As at 31 March 2022	194,500	(174,337)	210,156	230,319	-	230,319

Note:

- (1) The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 April 2022 and accompanying explanatory notes attached in the interim financial report

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 ⁽¹⁾

	Current year to date 31.03.2022 RM'000	Corresponding year to date 31.03.2021 RM'000
Cash flows from financing activities		
Profit before tax	58,350	N/A
Adjustments for:		
Impairment loss on trade receivables	7,891	N/A
Impairment loss on inventories	1,615	N/A
Depreciation of property, plant and equipment	6,180	N/A
Depreciation of right-of-use assets	1,128	N/A
Depreciation on investment properties	126	N/A
Write off of property, plant and equipment	1,010	N/A
Amortisation of intangible assets	70	N/A
Gain on disposal of property, plant and equipment	(815)	N/A
Gain from termination of lease	(116)	N/A
Gain on disposal of asset held for sale	(1,545)	N/A
Loss on disposal of other investment	9	N/A
Finance income	(650)	N/A
Rental income	(1,097)	N/A
Reversal of impairment loss on trade receivables	(1,293)	N/A
Unrealised gain on foreign exchange	10	N/A
Finance costs	13,024	N/A
Operating profit before changes in working capital	83,897	N/A
Change in inventories	(39,416)	N/A
Change in trade and other receivables	(8,297)	N/A
Change in trade and other payables	16,328	N/A
Cash generated from operations	52,512	N/A
Interest paid	(499)	N/A
Income tax paid	(12,693)	N/A
Income tax refund	1,491	N/A
Net cash generated from operating activities	40,811	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)⁽¹⁾

	Current year to date 31.03.2022 RM'000	Corresponding year to date 31.03.2021 RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,266)	N/A
Acquisition of intangible assets	(201)	N/A
Acquisition of investment property	(530)	N/A
Proceeds from disposal of property, plant and equipment	3,130	N/A
Proceeds from disposal other investment	21	N/A
Change in pledged deposits	(168)	N/A
Rental received	1,097	N/A
Interest received	650	N/A
Net cash used in investing activities	(8,267)	N/A
Cash flows from financing activities		
Dividends paid to owners of the Group	(31,841)	N/A
Drawdown of loans and borrowings	20,842	N/A
Repayment of lease liabilities	(371)	N/A
Repayment of hire purchase liabilities	(1,000)	N/A
Interest paid	(12,427)	N/A
Net cash used in financing activities	(24,797)	N/A
Net increase in cash and cash equivalents	7,747	N/A
Cash and cash equivalents at beginning of the year	78,723	N/A
Cash and cash equivalents at end of the year ⁽²⁾	86,470	N/A

Notes:

- (1) The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 28 April 2022 and accompanying explanatory notes attached in the interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)⁽¹⁾

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

	Current year to date 31.03.2022 RM '000	Corresponding year to date 31.03.2021 RM'000
Cash and bank balances	86,470	N/A
Deposits placed with licensed banks	9,193	N/A
Bank overdraft	-	N/A
	<u>95,663</u>	<u>N/A</u>
Less: Deposit pledged	<u>(9,193)</u>	<u>N/A</u>
	<u>86,470</u>	<u>N/A</u>

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

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

Unitrade Industries Berhad has not commenced operations since the date of its incorporation and the intended principal activity of the Company is investment holding. The principal activities of Syarikat Logam Unitrade Sdn. Bhd. ("Unitrade"), Ricwil (Malaysia) Sdn. Bhd. and its subsidiary, Unitrade United Sdn Bhd ("Ricwil Group") and Unitrade Sdn. Bhd. ("USB") are disclosed in Note 28 to the combined financial statements of the Accountants' Report in page 334 of the Prospectus dated 28 April 2022. The Company, Unitrade, Ricwil Group and USB are collectively referred to as the "Combining Entities" or the "Group".

A 1. Basis of preparation

These unaudited condensed consolidated interim financial statements have 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 first interim financial report announced in compliance with the **Listing Requirements**, there are no comparative figures for the corresponding and also preceding quarters, and year-to-date, as no interim financial report was 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 Accountants' Report as disclosed in the Prospectus dated 28 April 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.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

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

A 1. Basis of preparation (continued)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- 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*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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 – Classification of Liabilities as Current or Non-current and 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 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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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 Group plans to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 April 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group.
- from the annual period beginning on 1 April 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group

The initial application of the abovementioned accounting standards and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A 2. Auditors' Report on preceding Annual Financial Statements

There was no qualified audit report issued by the auditors for the audited combined financial statements for the financial period/years as stated in the Accountants' Report in Prospectus dated 28 April 2022.

The said audited combined financial statements consist of the financial statements of the Combining Entities as these entities are under the common control of Unitrade SAS Sdn Bhd, Sim Keng Chor, Teh Beng Khim and Nomis Sim Siang Leng (collectively referred to as the "Controlling Shareholders").

It has been prepared in a manner as if the entities under common control were operating as a single economic entity throughout the financial periods under review.

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.

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

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. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities by the Group during the interim financial reporting period under review, other than as reported below:

- On 25 March 2022, the Company had completed the acquisition of the entire issued share capital of Unitrade., Ricwil Group, and its subsidiary and Unitrade Sdn. Bhd.
- On 28 April 2022, the Company launched its Prospectus in conjunction with the Company's **IPO** and Listing on the ACE Market of Bursa Securities to be held after the date of this interim financial report, comprising:-

No shares to be issued under Public Issue	312,500,000
- For application by the Malaysian Public	78,125,000
- For Pink Form Allocations	63,500,000
- For private placement to MITI-approved Bumiputera investors	117,187,500
- For private placement to MITI-approved Bumiputera investors	53,687,500

No. of Shares to be offered under Offer for Sale	125,000,000
• For private placement to MITI-approved Bumiputera investors	78,125,000
• For private placement to selected investors	46,875,000

Enlarged of Shares upon Listing	1,562,500,000
IPO Price per share (RM)	0.32
Market capitalisation (calculated based on our IPO Price and enlarged no. of shares upon Listing) (RM)	500,000,000

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

A 7. Dividends paid

There was no dividend paid by the Company during the current financial quarter under review.

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 operations of the Group comprise investment holding company, neither of which is of a sufficient size to be reported separately.

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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 are as follows:

Current year quarter ended

31.03.2022	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	Total RM '000
Segment profit:	17,610	983	264	18,857
Included in the measure of segment profit are:				
External revenue	414,860	6,006	2,166	423,032
Inter-segment revenue	8,755	293	-	9,048
Not included in the measure of segment profit are:				
Depreciation of:				
- property, plant and equipment	(917)	(30)	(1,115)	(2,062)
- right-of-use assets	(75)	(64)	(52)	(191)
- investment properties	(31)	-	-	(31)
Amortisation of intangible assets	(21)	-	(1)	(22)
Finance income	202	1	-	203
Finance costs	(2,856)	(68)	(99)	(3,023)

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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 are as follows:

Reconciliations of reportable segments revenues, profit or loss and other material items.
Current year quarter ended

31.03.2022	Total RM '000
Profit or loss	
Total profit for reportable segments	18,857
Depreciation and amortisation	(2,306)
Finance income	203
Finance costs	<u>(3,023)</u>
Profit before tax	<u>13,731</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 are as follows:

Current year to-date ended	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	Total RM '000
31.03.2022				
Segment profit:	68,025	5,548	4,655	78,228
Included in the measure of segment profit are:				
External revenue	1,260,599	20,121	9,480	1,290,200
Inter-segment revenue	23,147	707	-	23,854
Not included in the measure of segment profit are:				
Depreciation of:				
- property, plant and equipment	(2,016)	(85)	(4,079)	(6,180)
- right-of-use assets	(617)	(400)	(111)	(1,128)
- investment properties	(125)	(1)	-	(126)
Amortisation of intangible assets	(64)	-	(6)	(70)
Finance income	646	4	-	650
Finance costs	(12,336)	(265)	(423)	(13,024)

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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 are as follows:

Reconciliations of reportable segments revenues, profit or loss and other material items.
Current year-to-date ended

31.03.2022	Total RM '000
Profit or loss	
Total profit for reportable segments	78,228
Depreciation and amortisation	(7,504)
Finance income	650
Finance costs	(13,024)
Profit before tax	<u>58,350</u>

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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

There were no material changes in contingent liabilities arising since the last audited consolidated financial statements for the financial year ended 31 March 2021.

A 10. Capital commitments

	31.03.2022	31.03.2021
	RM '000	RM '000
Contracted but not provided for:		
Plant and equipment	<u>3,332</u>	<u>N/A</u>

A 11. Significant related party transactions

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

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter	Current quarter	Corresponding quarter
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM '000	RM '000	RM '000	RM '000
A. Key management personnel				
Directors				
Remuneration	4,297	N/A	6,785	N/A
Other key management personnel				
Remuneration	2,135	N/A	3,062	N/A
	<u>6,432</u>	<u>N/A</u>	<u>9,847</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 (continued)

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

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter	Current quarter	Corresponding quarter
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM '000	RM '000	RM '000	RM '000
B. Companies in which certain Directors have significant influence				
Sales	602	N/A	974	N/A
Rental expense	(145)	N/A	(1,023)	N/A
Purchase of goods	-	N/A	(600)	N/A
Purchase of equipment and services	(1,304)	N/A	(3,256)	N/A
Advances to related parties	-	N/A	-	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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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 31 March 2022

The Group recorded revenue of RM423.0 million and a **PAT** of RM10.2 million for the current quarter ended 31 March 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 as gross profit of RM27.3 million after accounting for, among others, depreciation of machinery and labour costs. The Group recorded other income of RM1.3 million for the current quarter from the rental received of RM0.4 million and remainder contributed by gain on disposal of fixed assets, gain on termination of right-of-use assets and late payment charges amounting RM0.1 million, RM0.1 million and RM0.2 million respectively. While, administrative and general expenses were RM14.4 million, mainly comprising staff costs and followed with other operating costs such as depreciation and asset written off during the period.

For the year-to-date ended 31 March 2022

The Group closed the year with a revenue of RM1.3 billion and a **PAT** of RM43.2 million. The higher revenue as compared to combined financial entities in prior year, was mainly contributed by increase in steel price over the financial year ended 31 March 2022 which resulted in increased selling prices of our goods and overall higher sales volumes of reinforcement steel to downstream steel products manufacturers.

The Group also recorded other income of RM6.7 million mainly comprising a gain of RM1.5 million on disposal of asset held for sale arising from a disposal of factory and office building owned by a subsidiary, RM1.7 million of late payment charges to customers, RM1.1 million rental income from two properties which were the warehouse of a subsidiary and also RM1.2 million from transport service charged to customers.

There are no comparative figures for the corresponding year's quarter and year-to-date available as this is the first interim financial report on the consolidated results for the final quarter ended 31 March 2022 announced by the Group in compliance with the ACE Market Listing Requirements ("Listing Requirements").

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B 2. Comparison with immediate preceding quarter results

There are no comparative figures for the preceding quarter available as this is the first interim financial report for the final quarter ended 31 March 2022 announced by the Company in compliance with the Listing Requirements.

B 3. Prospects

Building materials are used throughout the lifecycle of any structure such as buildings and infrastructure, and as such building materials are essential for the construction of buildings and infrastructure. As disclosed in our Prospectus dated 28 April 2022, the Economic Outlook 2022 published by the Ministry of Finance in October 2021, the construction GDP growth is projected to grow by 11.50% in 2022, premise on better performance of the construction industry subsectors (e.g. civil engineering, residential buildings and non-residential buildings). The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects such as LRT 3, MRT 3, RTS and the Pan Borneo Highway. The residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses, including continuation of the Rent-to-Own scheme, Rumah Mesra Rakyat, People's Housing programmes and full stamp duty exemptions for the first residential property purchased by each Malaysian home-buyer. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

Bank Negara Malaysia projects the Malaysian economy to expand within the range of 5.50% to 6.50% in 2022 supported by significant improvement in global trade, stabilised commodity prices, containment of the COVID-19 pandemic, and gradual improvement in consumer and business sentiments. Moving forward, the demand for building materials is expected to be supported by the usage of building materials throughout the lifecycle of buildings and infrastructure, and building materials are essential for the construction of buildings and infrastructure which are important to support economic growth, which augur well for the growth of the Group. In furtherance, with the upcoming IPO proceeds, barring any unforeseen circumstances, we will be ready to capitalise on the new working capital for our growth as our infrastructure is ready with our recent successful relocation to our new industrial complex.

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.

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B 5. Income tax expense

The breakdown of income tax expenses are as follows:

	Individual quarter		Cumulative quarter	
	Current quarter 31.3.2022 RM '000	Corresponding quarter ⁽³⁾ 31.3.2021 RM '000	Current year to date 31.3.2022 RM '000	Corresponding year to date ⁽³⁾ 31.3.2021 RM '000
Current tax expenses	3,289	N/A	14,260	N/A
Deferred tax expenses	250	N/A	772	N/A
Real Property Gain Tax	-	N/A	85	N/A
Effective tax rate ⁽²⁾ (%)	25.8	N/A	25.9	N/A

Notes:

- (1) Income tax expenses is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the quarter and year to date ended 31 March 2022 is higher than the statutory tax rate of 24% mainly due to non-deductible expenses being mainly our Listing expenses.
- (3) There are no comparative figures for the corresponding year's quarter and year-to-date available as this is the first interim financial report on the consolidated results for the final quarter ended 31 March 2022 announced by the Company in compliance with the Listing Requirements.

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

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of **Bursa Securities**, the following listing scheme was undertaken by the Company:

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B 7. Status of corporate proposals (continued)
Initial Public Offering (“IPO”)
(a) Public Issue

The public issue of 312,500,000 new ordinary shares in the Company at a price of RM0.32 per share.

(b) Offer for Sale

The offer for sale by selling shareholders of up to 125,000,000 ordinary shares in the Company at a price of RM0.32 per share.

The listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad is expected to be completed in June 2022.

B 8. Utilisation of proceeds from Public Issue

We expect to use the gross proceeds from our Public Issue amounting to RM100.0 million in the following manner:

Utilisation of proceeds	Estimated time frame for the use of proceeds upon listing	RM '000	%
Working capital	Within 12 months	50,500	50.5
Repayment of bank borrowing	Within 12 months	39,800	39.8
Capital expenditure for pipe fabrication centre	Within 36 months	5,000	5.0
Estimated listing expenses	Immediate	4,700	4.7
Total		100,000	100.0

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2022. As at the date of this interim financial report, the IPO is pending completion, hence there are no utilisation of proceeds by the Group yet.

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B 9. Borrowings and debt securities

The Group's borrowing and debt securities as at 31 March 2022 are as follows:

	Non-Current RM '000	Current RM '000	Total RM '000
Secured			
Term loans	27,064	964	28,028
Revolving credit	84,109	19,051	103,160
Bankers' acceptance	-	183,413	183,413
Foreign currency trade financing	-	943	943
Hire purchase liabilities	2,466	826	3,292
	<u>113,639</u>	<u>205,197</u>	<u>318,836</u>
Unsecured			
Term loans	1,932	849	2,781
Bankers' acceptance	-	207,186	207,186
	<u>1,932</u>	<u>208,035</u>	<u>209,967</u>
Total	<u>115,571</u>	<u>413,232</u>	<u>528,803</u>

The secured borrowings of the Group borrowings are by way of charges over certain property, plant and equipment of the Group. In addition, they are also supported by joint and several guarantees by certain Directors of the Group, whereby such guarantees will be substituted by Corporate Guarantee of the Company after listing and quotation of the Company on the ACE Market of Bursa Securities.

All group borrowings and debt securities are denominated in RM.

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. The Board of Directors is not aware of any pending proceedings or any fact likely to give rise to any proceedings as at the date of this interim financial report.

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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

The Board of Directors does not recommend any dividend for the current financial period under review.

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 31.03.2022	Corresponding quarter ⁽¹⁾ 31.03.2021	Current year to date 31.03.2022	Corresponding year to date ⁽¹⁾ 31.03.2021
Profit attributable to ordinary shareholders (RM)	10,117	N/A	43,174	N/A
Weighted average number of ordinary shares ('000)	1,250,000	N/A	1,250,000	N/A
Basic earnings per share (sen)	0.8	N/A	3.5	N/A

Note:

- (1) There are no comparative figures for the corresponding year's quarter and year-to-date available as this is the first interim financial report on the consolidated results for the final quarter ended 31 March 2022 announced by the Group in compliance with the Listing Requirements.

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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⁾
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM '000	RM '000	RM '000	RM '000
Reversal of impairment loss on trade receivables	(2,349)	N/A	(1,293)	N/A
Impairment loss on trade receivables	-	N/A	7,891	N/A
Impairment loss on inventories	-	N/A	1,615	N/A
Depreciation of:				
- property, plant and equipment	2,062	N/A	6,180	N/A
- right-of-use assets	191	N/A	1,128	N/A
- investment properties	31	N/A	126	N/A
Amortisation of intangible assets	22	N/A	70	N/A
Property, plant and equipment written off	1,010	N/A	1,010	N/A
Gain on disposal of asset held for sale	-	N/A	(1,545)	N/A
Gain on disposal of property, plant and equipment	(109)	N/A	(815)	N/A
Gain from termination of lease	(116)	N/A	(116)	N/A
Finance cost	3,023	N/A	13,024	N/A
Finance Income	(203)	N/A	(650)	N/A
Rental Income	(430)	N/A	(1,097)	N/A
Unrealised gain foreign exchange	(8)	N/A	(10)	N/A
Realised gain foreign exchange	(49)	N/A	(103)	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 year-to-date available as this is the first interim financial report on the consolidated results for the final quarter ended 31 March 2022 announced by the Company in compliance with the Listing Requirements.

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 fourth quarter ended 31 March 2022 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 8 June 2022.

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