



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the Third Quarter Ended
31 December 2022**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022 ⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current quarter 31.12.2022 RM '000	Corresponding quarter ⁽²⁾ 31.12.2021 RM '000	Current year to date 31.12.2022 RM '000	Corresponding year to date ⁽²⁾ 31.12.2021 RM '000
Revenue	338,602	N/A	1,020,651	N/A
Cost of sales	(322,554)	N/A	(962,618)	N/A
Gross profit ("GP")	16,048	N/A	58,033	N/A
Other income	1,009	N/A	7,412	N/A
Administrative and general expenses	(11,391)	N/A	(33,537)	N/A
Net gain/(loss) on impairment of financial instrument	2,199	N/A	(99)	N/A
Results from operating activities	7,865	N/A	31,809	N/A
Finance income	133	N/A	623	N/A
Finance costs	(5,022)	N/A	(13,345)	N/A
Profit before tax ("PBT")	2,976	N/A	19,087	N/A
Tax expense	(691)	N/A	(4,542)	N/A
Profit and total comprehensive income for the year ("PAT")	2,285	N/A	14,545	N/A
Total comprehensive income attributed to:				
- Owner of the Group	2,285	N/A	14,545	N/A
- Non-controlling interest	-	N/A	-	N/A
	2,285	N/A	14,545	N/A
Earnings per share (sen)				
Basic ⁽³⁾	0.15	N/A	0.98	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022 (CONTINUED)⁽¹⁾

Notes:

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾

	Unaudited	Audited
	31.12.2022	31.03.2022
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	180,428	175,122
Right-of-use assets	483	559
Investment properties	19,630	19,835
Intangible assets	652	687
Other investments	41	41
Deferred tax assets	2,144	2,781
Total non-current assets	203,378	199,025
Current assets		
Inventories	271,990	155,149
Trade and other receivables	485,861	428,739
Current tax assets	6,201	783
Cash and cash equivalents	55,422	95,663
Total current assets	819,474	680,334
Total assets	1,022,852	879,359
Equity		
Share capital	291,335	194,500
Retained earnings	211,921	210,189
Merger reserve	(174,337)	(174,337)
Total equity attributed to owners of the Group	328,919	230,352
Non-controlling interest	-	-
Total equity	328,919	230,352
Non-current liabilities		
Loan and borrowings	114,200	115,672
Lease liabilities	449	342
Deferred tax liabilities	2,982	2,105
Total non-current liabilities	117,631	118,119

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31
DECEMBER 2022**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
DECEMBER 2022 (CONTINUED) ⁽¹⁾**

	Unaudited	Audited
	31.12.2022	31.03.2022
	RM '000	RM '000
Current liabilities		
Loan and borrowings	448,571	413,131
Lease liabilities	51	229
Trade and other payables	125,723	112,645
Current tax liabilities	1,958	4,883
Total current liabilities	576,303	530,888
Total liabilities	693,934	649,007
Total equity and liabilities	1,022,853	879,359
Number of issued shares ('000)	1,562,500⁽²⁾	1,250,000⁽³⁾
Net assets per ordinary share attributable to owners of the Company (sen)	21	18

Notes:

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022 ⁽¹⁾

	<i>Non-distributable</i>		<i>Distributable</i>	Total equity RM '000
	Share capital	Merger reserve	Retained earnings	
	RM '000	RM '000	RM '000	
As 1 April 2022	194,500	(174,337)	210,189	230,352
Issuance of ordinary shares	100,000	-	-	100,000
Profit and total comprehensive income for the period	-	-	14,545	14,545
Share issuance expenses	(3,165)	-	-	(3,165)
Dividends			(12,813)	(12,813)
As at 31 DECEMBER 2022	291,335	(174,337)	211,921	328,919

Note:

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 31 DECEMBER 2022 ⁽¹⁾

	Current year to date 31.12.2022 RM '000	Corresponding year to date 31.12.2021⁽²⁾ RM '000
Cash flows from financing activities		
Profit before tax	19,087	N/A
Adjustments for:		
Net Impairment loss on trade receivables	99	N/A
Impairment loss on inventories	6,674	N/A
Depreciation of property, plant and equipment	7,028	N/A
Depreciation of right-of-use assets	179	N/A
Depreciation of investment properties	205	N/A
Property, plant and equipment written off	82	N/A
Amortisation of intangible assets	75	N/A
Net gain on disposal of property, plant and equipment	(760)	N/A
Finance income	(623)	N/A
Rental income from investment properties	(2,686)	N/A
Realised profit from interest rate swap contract	(730)	N/A
Unrealised gain on foreign exchange	(118)	N/A
Finance costs	13,345	N/A
Operating profit before changes in working capital	41,857	N/A
Change in inventories	(123,515)	N/A
Change in trade and other receivables	(56,316)	N/A
Change in trade and other payables	13,388	N/A
Cash used in operations	(124,586)	N/A
Interest paid	(408)	N/A
Income tax paid	(11,372)	N/A
Net cash used in operating activities	(136,366)	N/A

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 31 DECEMBER 2022 (CONTINUED)⁽¹⁾

	Current year to date 31.12.2022 RM '000	Corresponding year to date 31.12.2021⁽²⁾ RM '000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,371)	N/A
Acquisition of intangible assets	(30)	N/A
Proceeds from disposal of property, plant and equipment	2,464	N/A
Rental received from investment properties	2,686	N/A
Proceeds from unwinding interest rate swap contract	730	N/A
Interest received	623	N/A
Change in pledged deposits	(70)	N/A
Net cash used in investing activities	(5,968)	N/A
Cash flows from financing activities		
Proceed from issuance of new shares	100,000	N/A
Payments for shares issuance expenses	(3,165)	N/A
Net drawdown of loans and borrowings	32,829	N/A
Repayment of lease liabilities	(174)	N/A
Repayment of hire purchase liabilities	(620)	N/A
Interest paid	(14,033)	N/A
Dividends paid to owners of the Company	(12,813)	N/A
Net cash generated from financing activities	102,024	N/A
Net decrease in cash and cash equivalents	(40,310)	N/A
Cash and cash equivalents at beginning of the year	86,470	N/A
Cash and cash equivalents at end of the period ⁽³⁾	46,160	N/A

Notes:

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

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE CUMULATIVE QUARTERS ENDED 31 DECEMBER 2022 ⁽¹⁾

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

	Current year to date 31.12.2022 RM '000	Corresponding year to date 31.12.2021⁽²⁾ RM '000
Cash and bank balances	26,136	N/A
Deposits placed with licensed banks	11,263	N/A
Short Term Investment	18,024	N/A
	<u>55,423</u>	<u>N/A</u>
Less: Deposit pledged	<u>(9,263)</u>	<u>N/A</u>
	<u>46,160</u>	<u>N/A</u>

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

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

A 1. Basis of preparation

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

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

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

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

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

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

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

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

A 2. Auditors’ Report on preceding Annual Financial Statements

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

A 3. Seasonal or cyclical factors

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

A 4. Exceptional items

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

A 5. Material changes in estimates

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

A 6. Debt and equity securities

The Company undertook and completed the issuance of 312,500,000 new ordinary shares and upon successful listing of the shares of the Company on Bursa Securities on 14 June 2022, the details of the issued share capital of the Company as at 31 December 2022 are as follows:

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

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

A 7. Proposed Dividend

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

A 8. Segment Reporting

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

The Group is organised into three main business segments:

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

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

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

The Group’s operating segments information for the financial period ended 31 December 2022 is as follows

Current quarter ended 31 December 2022	Wholesale and distribution of building materials RM '000	Manufacturing and sale of pre- insulated pipes RM '000	Rental of temporary structural support equipment RM '000	Other non-reportable segments RM '000	Elimination RM '000	Total RM '000
Segment profit	4,419	3,436	2,668	(30)	-	10,493
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	325,979	8,486	3,951	186	-	338,602
Inter-segment revenue	9,489	988	122	533	(11,132)	-
Reversal on impairment loss on inventories	1,743	-	-	-	-	1,743
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(869)	(60)	(1,541)	-	-	(2,470)
- right-of-use assets	(2)	(9)	(52)	-	-	(63)
- investment properties	(68)	-	-	-	-	(68)
Amortisation of intangible assets	(26)	-	(1)	-	-	(27)
Finance costs	(4,732)	(191)	(99)	-	-	(5,022)
Finance income	132	1	-	-	-	133

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31
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**PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL
REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING
(CONTINUED)**
A 8. Segment Reporting (continued)

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

Current quarter 31.12.2022	Total RM '000
Profit or loss	
Total profit for reportable segments	10,523
Other non-reportable segments	(30)
Depreciation and amortisation	(2,628)
Finance income	133
Finance costs	(5,022)
Profit before tax	<u>2,976</u>

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

The Group’s operating segments information for the financial period ended 31 December 2022 is as follows

Current period ended 31 December 2022	Wholesale and distribution of building materials RM '000	Manufacturing and sale of pre- insulated pipes RM '000	Rental of temporary structural support equipment RM '000	Other non-reportable segments RM '000	Elimination RM '000	Total RM '000
Segment profit	25,804	7,821	7,769	(2,098)	-	39,296
<i>Included in the measure of segment profit are:</i>					-	
Revenue from external customers	983,192	25,709	11,202	548	-	1,020,651
Inter-segment revenue	35,628	2,553	395	14,232	(52,808)	-
Impairment loss on inventories	(6,674)	-	-	-	-	(6,674)
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(2,623)	(127)	(4,278)	-	-	(7,028)
- right-of-use assets	(7)	(15)	(157)	-	-	(179)
- investment properties	(205)	-	-	-	-	(205)
Amortisation of intangible assets	(71)	-	(4)	-	-	(75)
Finance costs	(12,724)	(319)	(302)	-	-	(13,345)
Finance income	619	4	-	-	-	623

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

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

Current period 31.12.2022	Total RM '000
Profit or loss	
Total profit for reportable segments	41,394
Other non-reportable segments	(2,098)
Depreciation and amortisation	(7,487)
Finance income	623
Finance costs	(13,345)
Profit before tax	<u>19,087</u>

A 9. Contingent liabilities

There were no changes in contingent liabilities since the last financial statements for the financial year ended 31 March 2022, except for the following:

	31.12.2022 RM '000	31.12.2021 RM '000
Corporate guarantees issued to suppliers in respect of sales of goods to a subsidiary	<u>13,000</u>	<u>N/A</u>

A 10. Capital commitments

	31.12.2022 RM '000	31.12.2021 RM '000
Contracted but not provided for:		
Plant and equipment	<u>1,569</u>	<u>N/A</u>

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

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

	Individual quarter		Cumulative quarter	
	Current quarter 31.12.2022 RM '000	Corresponding quarter 31.12.2021 RM '000	Current quarter 31.12.2022 RM '000	Corresponding quarter 31.12.2021 RM '000
A. Companies in which certain Directors have significant influence				
Sales	966	N/A	1,757	N/A
Purchase of goods	(101)		(101)	
Purchase of equipment and services	-	N/A	(1,617)	N/A

A 12. FAIR VALUE OF FINANCIAL LIABILITIES

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

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

B 1. Review of performance

For the current quarter ended 31 December 2022 (3Q23)

The Group recorded revenue of RM338.6 million and a PAT of RM2.3 million for the current quarter ended 31 December 2022. All of the Group's revenue for the current quarter was derived from wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes and rental of temporary structural support equipment.

The Group recorded a gross profit of RM16.0 million after accounting for, among others, reversal of impairment on inventory, depreciation of temporary structural support equipment, and labour costs. Reversal of impairment on inventory mainly due to increasing steel prices that increase the net realisable value of certain inventory. The Group recorded other income of RM1.0 million for the current quarter mainly from the rental received from investment properties of RM0.7 million and gain on disposal of property, plant and equipment of RM0.1 million. Administrative and general expenses were RM11.4 million, comprising mainly staff costs, depreciation and selling and distribution expenses. In addition, the Group uses an allowance matrix to measure the expected credit loss of trade receivable, as well as specific impairments and thereafter taking into account recovery of specific impairments. During the current quarter, the Group recorded a net reversal of impairment loss on trade receivables amounting to RM2.2 million.

For the period ended 31 December 2022

The Group recorded a total revenue of RM1,020.7 million and a gross profit of RM58.0 million for the 9 months ended 31 December 2022. Wholesale and distribution contributed RM983.2 million or 96%, manufacturing and sale of pre-insulated pipes contributed RM25.7 million or 3% and rental of temporary structural support equipment contributed RM11.2 million or 1%. Other income stands at RM7.4 million and total administrative expenses of RM33.5 million comprised staff costs, depreciation and selling and distribution expenses arriving at profit before tax of RM19.1 million for the 9 months ended 31 December 2022.

The Group achieved a profit after tax of RM14.5 million for 9 months ended 31 December 2022. Wholesale and distribution of building materials segment contributed the highest segment profit with RM7.9 million followed by manufacturing and sale of pre-insulated pipes of RM6.7 million and rental of temporary structural support equipment of RM2.4 million. Other non-reportable segments recorded loss after tax of RM2.5 million.

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

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

B 2. Comparison with immediate preceding quarter results

	Current Quarter	Preceding Quarter	Changes	
	31.12.2022	30.09.2022	RM '000	%
	RM '000	RM '000	RM '000	%
Revenue	338,602	339,584	(982)	(0.3)
Gross profit	16,048	16,144	(96)	(0.6)
Profit before tax	2,976	2,704	272	10.1
Profit after tax	2,285	2,204	81	3.8

The Group recorded a minimal decrease of 0.3% in revenue and 0.6% in gross profit to RM338.6 million and RM16.0 million respectively for current quarter from RM339.6 million and RM16.1 million respectively. This is mainly due to the softening market demand in tandem with the higher steel prices in line with the decrease in revenue recorded from the wholesale and distribution as well as manufacturing segments. Gross profit for the current quarter remained low even though Group recorded a reversal of impairment on inventory amounting RM1.7 million offset by the higher procurement costs for its raw materials and trading inventories.

Overall, the Group registered a 10.1% increase in pre-tax profit to RM3.0 million as compared with RM2.7 million in the immediate-preceding quarter due to net of reversal of impairment loss on trade receivable offsetting the increase in expenses. Correspondingly, the Group's after-tax profit for the current financial quarter was also higher at RM2.3 million compared to the immediate preceding quarter after-tax profit of RM2.2 million.

B 3. Prospects

On the back of normalising economic activities, the building materials industry in Malaysia is picking up with stabilising material prices as well as recovery in construction activities. In the latest statistics released by Bank Negara Malaysia, construction sector rebounded with 8.8% of growth in 2022 after 2 years of decline. Nonetheless, the Group remains cognisant of the operating environment challenges such as geopolitical tensions, upward inflationary pressures, and interest rate hikes that could affect the domestic demand for building materials.

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B 3. Prospects (continued)

It is noteworthy to highlight that the Group's products are used throughout the lifecycle of buildings and infrastructure. Beyond new construction projects, building materials are also required for refurbishment and retrofitting, as well as repair and maintenance works. These multi-faceted usages will continue to support the demand for our products.

The Board opines the outlook for the Group's remaining quarter of the financial year under review to be satisfactory, taking into consideration the expected demand for building materials that would be moderated by shorter working days due to festive holidays.

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 31.12.2022 RM '000	Corresponding quarter ⁽³⁾ 31.12.2021 RM '000	Current year to date 31.12.2022 RM '000	Corresponding year to date ⁽³⁾ 31.12.2021 RM '000
Current tax (income)/expenses	(87)	N/A	2,817	N/A
Deferred tax expenses	778	N/A	1,725	N/A
Effective tax rate ⁽²⁾ (%)	23.2	N/A	23.8	N/A

Notes:

- (1) Income tax expenses is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the cumulative quarter and year to date ended 31 December 2022 is slightly lower than the statutory tax rate of 24% mainly due to overprovision of taxation in financial year 2022.

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B 5. Income tax expense (continued)

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

B 6. Investment in quoted securities

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

B 7. Status of corporate proposals

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

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B 8. Utilisation of proceeds from Public Issue

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

Utilisation of proceeds	Proposed utilisation	Actual utilisation at 31 December 2022	Reallocation	Balance to be utilised	Intended timeframe for utilisation (from the listing date 14 June 2022)
	RM '000	RM '000	RM '000	RM '000	
Working capital	50,500	(22,269)	(283)	27,948	Within 12 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
Total	100,000	(67,088)	-	32,912	

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

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B 9. Borrowings and debt securities

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

	Denominated currency	Non- Current RM '000	Current RM '000	Total RM '000
Secured				
Term loans	RM	26,241	1,342	27,583
Revolving credit	RM	83,287	16,676	99,963
Bankers' acceptance	RM	-	217,817	217,817
Hire purchase liabilities	RM	1,835	838	2,673
		<u>111,363</u>	<u>236,673</u>	<u>348,036</u>
Unsecured				
Term loans	RM	2,837	1,070	3,907
Bankers' acceptance	RM	-	210,828	210,828
		<u>2,837</u>	<u>211,898</u>	<u>214,771</u>
Total		<u>114,200</u>	<u>448,571</u>	<u>562,771</u>

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

B 10. Derivative financial instruments

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

B 11. Material litigations

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

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B 12. Dividends

No interim dividend has been declared in the financial period ended 31 December 2022.

B 13. Earnings per ordinary share

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

	Individual quarter		Cumulative quarter	
	Current quarter 31.12.2022	Corresponding quarter ⁽¹⁾ 31.12.2021	Current year to date 31.12.2022	Corresponding year to date ⁽¹⁾ 31.12.2021
Profit attributable to ordinary shareholders (RM '000)	2,285	N/A	14,545	N/A
Weighted average number of ordinary shares ('000)	1,562,500	N/A	1,477,273	N/A
Basic earnings per share (sen)	0.15	N/A	0.98	N/A

Note:

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

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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⁾
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM '000	RM '000	RM '000	RM '000
Net (reversal)/impairment on trade receivables	(2,199)	N/A	99	N/A
(Reversal)/impairment loss on inventories	(1,743)	N/A	6,674	N/A
Depreciation of:				
- property, plant and equipment	2,470	N/A	7,028	N/A
- right-of-use assets	63	N/A	179	N/A
- investment properties	68	N/A	205	N/A
Amortisation of intangible assets	27	N/A	75	N/A
Property, plant and equipment written off	-	N/A	82	N/A
Net gain on disposal of property, plant and equipment	(146)	N/A	(760)	N/A
Finance cost	5,022	N/A	13,345	N/A
Finance Income	(133)	N/A	(623)	N/A
Rental Income from investment properties	(709)	N/A	(2,686)	N/A
Unrealised gain on foreign exchange	(78)	N/A	(118)	N/A
Realised loss on foreign exchange	940	N/A	30	N/A
Realised profit from interest rate swap contract	-	N/A	(730)	N/A

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

Note:

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

Diluted earnings per ordinary share

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

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

B 15. Authorisation for issue

This Interim Financial Report of Unitrade Industries Berhad for the third quarter ended 31 December 2022 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 22 February 2023.

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