



**UNITRADE**

**UNITRADE INDUSTRIES BERHAD**

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report  
For the First Quarter Ended  
30 June 2023**

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2023<sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current quarter 30.6.2023 RM '000	Corresponding quarter 30.6.2022 RM '000	Current year to date 30.6.2023 RM '000	Corresponding year to date 30.6.2022 RM '000
Revenue	296,165	342,465	296,165	342,465
Cost of sales	(278,275)	(316,622)	(278,275)	(316,622)
<b>Gross profit ("GP")</b>	<b>17,890</b>	<b>25,843</b>	<b>17,890</b>	<b>25,843</b>
Other income	2,955	3,161	2,955	3,161
Administrative and general expense	(10,342)	(10,767)	(10,342)	(10,767)
Net loss on impairment of financial instrument	(1,576)	(1,288)	(1,576)	(1,288)
<b>Results from operating activities</b>	<b>8,927</b>	<b>16,949</b>	<b>8,927</b>	<b>16,949</b>
Finance income	516	311	516	311
Finance costs	(5,283)	(3,851)	(5,283)	(3,851)
<b>Profit before tax ("PBT")</b>	<b>4,160</b>	<b>13,409</b>	<b>4,160</b>	<b>13,409</b>
Tax expense	(1,153)	(3,351)	(1,153)	(3,351)
<b>Profit and total comprehensive income for the year ("PAT")</b>	<b>3,007</b>	<b>10,058</b>	<b>3,007</b>	<b>10,058</b>
<b>Total comprehensive income attributed to:</b>				
- Owner of the Group	3,007	10,058	3,007	10,058
- Non-controlling interest	-	-	-	-
	<b>3,007</b>	<b>10,058</b>	<b>3,007</b>	<b>10,058</b>
<b>Earning per share (sen)</b>				
Basic <sup>(2)</sup>	0.2	0.8	0.2	0.8

## 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.

**UNITRADE INDUSTRIES BERHAD**

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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023**

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Non-current assets</b>		
Property, plant and equipment	180,731	177,327
Right-of-use assets	444	501
Investment properties	17,172	19,767
Intangible assets	610	697
Other investments	41	41
Deferred tax assets	2,961	2,914
<b>Total non-current assets</b>	<b>201,959</b>	<b>201,247</b>
<b>Current assets</b>		
Inventories	280,444	194,299
Trade and other receivables	426,875	453,550
Current tax assets	4,403	913
Derivative Financial Assets	709	-
Other Investments	20,323	-
Fixed deposit with licensed banks	9,393	9,223
Cash and bank balances	52,536	143,518
	794,683	801,503
Asset classified as held for sale	2,320	-
<b>Total current assets</b>	<b>797,003</b>	<b>801,503</b>
<b>Total assets</b>	<b>998,962</b>	<b>1,002,750</b>
<b>Equity</b>		
Share capital	291,335	291,335
Retained earnings	215,780	220,247
Merger reserve	(174,337)	(174,337)
<b>Total equity attributed to owners of the Group</b>	<b>332,778</b>	<b>337,245</b>
<b>Non-current liabilities</b>		
Loan and borrowings	117,121	117,080
Lease liabilities	182	294
Deferred tax liabilities	3,603	2,542
<b>Total non-current liabilities</b>	<b>120,906</b>	<b>119,916</b>

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONTINUED)**

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Current liabilities</b>		
Loan and borrowings	423,979	425,358
Lease liabilities	272	220
Trade and other payables	120,656	115,353
Current tax liabilities	371	4,658
<b>Total current liabilities</b>	<b>545,278</b>	<b>545,589</b>
<b>Total liabilities</b>	<b>666,184</b>	<b>665,505</b>
<b>Total equity and liabilities</b>	<b>998,962</b>	<b>1,002,750</b>
<b>Number of issued shares ('000)</b>	<b>1,562,500</b>	<b>1,562,500</b>
<b>Net assets per ordinary share attributable to owners of the Company (sen)</b>	<b>21</b>	<b>22</b>

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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**UNITRADE INDUSTRIES BERHAD**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 JUNE 2023**

	<i>Non-distributable</i>		<i>Distributable</i>	<b>Total equity RM '000</b>
	<b>Share capital RM '000</b>	<b>Merger reserve RM '000</b>	<b>Retained earnings RM '000</b>	
As 1 April 2023	291,335	(174,337)	212,773	329,771
Profit and total comprehensive income for the period	-	-	3,007	3,007
<b>As at 30 June 2023</b>	<b>291,335</b>	<b>(174,337)</b>	<b>215,780</b>	<b>332,778</b>
As 1 April 2022	194,500	(174,337)	210,189	230,352
Profit and total comprehensive income for the period	-	-	10,058	10,058
Issuance of ordinary shares	100,000	-	-	100,000
Share issuance expenses	(3,165)	-	-	(3,165)
As at 30 June 2022	291,335	(174,337)	220,247	337,245

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 FIRST QUARTER ENDED 30 JUNE 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2023**

	Current year to date 30.06.2023 RM '000	Corresponding year to date 30.06.2022 RM '000
<b>Cash flows from financing activities</b>		
Profit before tax	4,160	13,409
Adjustments for:		
Impairment loss on trade receivables	1,576	1,288
Impairment loss on inventories	4,064	4,445
Depreciation of property, plant and equipment	2,580	2,291
Depreciation of right-of-use assets	66	58
Depreciation of investment properties	69	68
Property, plant and equipment written off	28	82
Amortisation of intangible assets	27	21
Gain on disposal of property, plant and equipment	(664)	(159)
Finance income	(516)	(311)
Rental income	-	(989)
Unrealised gain on foreign exchange	(618)	(49)
Finance costs	5,283	3,851
<b>Operating profit before changes in working capital</b>	<b>16,055</b>	<b>24,005</b>
Change in inventories	(81,636)	(43,595)
Change in trade and other receivables	(47,070)	(25,882)
Change in trade and other payables	21,229	2,745
<b>Cash used in operations</b>	<b>(91,422)</b>	<b>(42,727)</b>
Interest paid	(124)	(92)
Income tax paid	(1,291)	(3,402)
<b>Net cash used in operating activities</b>	<b>(92,837)</b>	<b>(46,221)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,343)	(4,760)
Acquisition of intangible assets	(7)	(21)
Proceeds from disposal of property, plant and equipment	1,605	331
Change in pledged deposits	(34)	(30)
Change in other investments	10,741	-
Rental received	-	989
Interest received	516	311
<b>Net cash generated from/(used in) investing activities</b>	<b>9,478</b>	<b>(3,180)</b>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2023 (CONTINUED)**

	Current period to date 30.06.2023 RM '000	Corresponding year to date 30.06.2022 RM '000
<b>Cash flows from financing activities</b>		
Proceed from issuance of new shares	-	100,000
Payments for shares issuance expenses	-	(3,165)
Drawdown of loans and borrowings	54,841	14,038
Repayment of lease liabilities	(66)	(57)
Repayment of hire purchase liabilities	(396)	(403)
Interest paid	(5,624)	(3,964)
<b>Net cash generated from financing activities</b>	<b>48,755</b>	<b>106,449</b>
Net (decrease)/increase in cash and bank balances	(34,604)	57,048
Cash and bank balances at beginning of the year	<b>87,140</b>	86,470
Cash and bank balances at end of the period	<b>52,536</b>	<b>143,518</b>

## 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.

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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*

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

## UNITRADE INDUSTRIES BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

#### 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 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

The Directors recommended the payment of first and final single tier dividend of 0.30 sen per ordinary share amounting to approximately RM4,619,000 in respect of the financial year ended 31 March 2023, subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Group to be held on 7<sup>th</sup> September 2023.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)**
**A 8. Segment Reporting**

The Group’s operating segments information for the financial period ended 30 June 2023 is as follows

	<b>Wholesale and distribution RM '000</b>	<b>Manufacturing RM '000</b>	<b>Rental RM '000</b>	<b>Others RM '000</b>	<b>Elimination RM '000</b>	<b>Total RM '000</b>
Revenue from external customers	286,370	5,923	3,872	-	-	296,165
Inter-segment revenue	8,738	317	46	-	(9,101)	-
Impairment loss on inventories	(4,489)	-	-	-	-	(4,489)
Reversal of inventories written down	425	-	-	-	-	425
<b>Segment profit/(loss)</b>	<b>8,198</b>	<b>1,097</b>	<b>2,674</b>	<b>(300)</b>	<b>-</b>	<b>11,669</b>
Depreciation and amortisation						(2,742)
Finance income						516
Finance costs						(5,283)
Profit before tax						4,160
Tax expense						(1,153)
Profit for the period						3,007

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

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

	<b>Wholesale and distribution RM '000</b>	<b>Manufacturing RM '000</b>	<b>Rental RM '000</b>	<b>Others RM '000</b>	<b>Elimination RM '000</b>	<b>Total RM '000</b>
Revenue from external customers	332,079	6,834	3,551	-	-	342,464
Inter-segment revenue	8,584	875	55	-	(9,514)	-
Impairment loss on inventories	(4,445)	-	-	-	-	(4,445)
Segment profit/(loss)	14,868	1,846	3,036	(363)	-	19,387
Depreciation and amortisation						(2,438)
Finance income						311
Finance costs						(3,851)
Profit before tax						13,409
Income tax expense						(3,351)
Profit for the period						10,058

## UNITRADE INDUSTRIES BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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:

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

##### A 10. Capital commitments

	<b>30.06.2023 RM '000</b>
Contracted but not provided for: Property, plant and equipment	2,260

##### A 11. Significant related party transactions

The significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2023 are as follows.

	<b>RM '000</b>
Sales	731
Purchases	(384)

##### 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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## UNITRADE INDUSTRIES BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

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

##### B 1. Review of performance

	Current Year	Preceding	Changes	
	Quarter	Year Quarter		
	30.06.2023	30.06.2022	RM '000	%
	RM '000	RM '000		
Revenue	296,165	342,465	(46,300)	(13.5)
Gross profit	17,890	25,843	(7,953)	(30.8)
Profit before tax	4,160	13,409	(9,249)	(69.0)
Profit after tax	3,007	10,058	(7,051)	(70.1)

##### 1Q2024 vs 1Q2023

The Group's 1Q2024 revenue decreased by 13.5% year-on-year ("y-o-y") to RM296.2 million from RM342.5 million in 1Q2023. The decline was primarily attributed to softening market demand in building materials. The Group's revenue was wholly generated from the wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes and rental of temporary structural support equipment.

1Q2024 gross profit ("GP") experienced a y-o-y decrease of 30.8% to RM17.9 million from RM25.8 million in 1Q2023. The GP margin decreased by 1.5% percentage point to 6.0% in 1Q2024, compared to 7.5% in 1Q2023. The lower GP margin was mainly due to higher procurement costs for raw materials and trading inventories and resulted a net increase of impairment on inventory by RM4.1 million.

During the current quarter under review, the Group recorded other income of RM3.0 million primarily derived from gain on foreign exchange (RM1.4 million), gain on disposal of property, plant and equipment (RM0.7 million). Administrative and general expenses amounted to RM10.3 million, largely comprising staff costs, depreciation as well as selling and distribution expenses. In addition, the Group recorded a net impairment loss on trade receivables amounting to RM1.6 million. This was premised upon the Group's adoption of allowance matrix to assess the expected credit loss of trade receivables and thereafter taking into account recovery of specific impairments.

Subsequent to the decline in revenue and GP, profit before tax ("PBT") and profit after tax ("PAT") decreased 69.0% and 70.1% to RM4.2 million and RM3.0 million, respectively.

##### B 2. Comparison with immediate preceding quarter results

	Current	Preceding	Changes	
	Quarter	Quarter		
	30.06.2023	31.03.2023	RM '000	%
	RM '000	RM '000		
Revenue	296,165	372,817	(76,652)	(20.6)
Gross profit	17,890	17,918	(28)	(0.2)
Profit before tax	4,160	1,607	(2,553)	158.9
Profit after tax	3,007	852	2,155	252.9

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

#### 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 (continued)

The Group posted a decrease of 20.6% in revenue to RM296.2 million for current quarter from RM372.8 million. This was mainly due to softening market demand in building materials.

Overall, the Group registered a 158.9% increase in PBT to RM4.2 million as compared with RM1.6 million in 4Q2023. This was mainly contributed from the gain on the foreign exchange in 1Q2024. Correspondingly, the Group's PAT for the current financial quarter had also increased by RM2.2 million compare to 4Q2023.

##### B 3. Prospects

On the back of Malaysia's resilient economic landscape and uptick in construction activities, the nation's construction sector posted an 8.1% year-on-year growth in the second quarter of 2023, marking its fifth consecutive expansion. This positive trajectory is expected to persist, driven by the Government's revival of the Kuala Lumpur-Singapore high-speed rail project, MRT3, as well as ongoing major infrastructure projects such as Johor Bahru-Singapore Rapid Transit System and the East Coast Rail Link. Additionally, the Government's initiatives in Budget 2023 to foster homeownership are also anticipated to stimulate the property development sector, with key industry players gearing up to launch new residential and mixed-development projects. These collective developments bode well for the Group in capitalising on the rising demands for building materials.

Besides, it is also noteworthy that building materials are used throughout the lifecycle of buildings and infrastructures. 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.

Meanwhile, riding on the industry recovery, Unitrade is strategically expanding our rental division, with a focus on modular housing solutions and temporary structural equipment, especially in heavy-duty shoring systems. This bolsters the Group's recurring revenue stream, providing enhanced long-term earnings visibility and stability. Moreover, Unitrade's recent merger and acquisition ("M&A") initiatives also complement our growth strategy, allowing the Group to venture into new markets such as metal recycling business and waste management sector. In turn, Unitrade can offer a more comprehensive suite of products and services to customers, while stepping up our involvement in environmentally responsible business as part of our ESG agenda.

Moving forward, the Group remains cognisant of the challenging environment arising from, amongst others, inflationary pressures and interest rate hikes. Nevertheless, 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 FIRST QUARTER ENDED 30 JUNE 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 30.06.2023 RM '000	Corresponding quarter 30.06.2022 RM '000	Current year to date 30.06.2023 RM '000	Corresponding year to date 30.06.2022 RM '000
Current tax expenses	434	3,047	434	3,047
Deferred tax expenses	719	304	719	304
Effective tax rate (%)	27.7	26.5	27.7	26.5

The Group's effective tax rate for the year to date ended 30 June 2023 is slightly 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

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

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## UNITRADE INDUSTRIES BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

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

##### B 8. Utilisation of proceeds from Public Issue

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

Utilisation of proceeds	Proposed utilisation	Actual utilisation at 30 June 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	(29,615)	(4,900)	15,985	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	-	(1,607)	4,617	3,010	Within 18 months
<b>Total</b>	<b>100,000</b>	<b>(76,041)</b>	<b>-</b>	<b>23,959</b>	

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**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 30.06.2023 RM '000	Corresponding year to date 30.06.2022 RM '000
<b>Non-current</b>		
<b>Secured</b>		
Term loans	25,910	26,713
Revolving credit	86,309	86,515
Hire purchase liabilities	1,729	2,131
	113,948	115,359
<b>Unsecured</b>		
Term loans	2,233	1,721
Hire purchase liabilities	940	-
	3,173	1,721
	117,121	117,080
<b>Current</b>		
<b>Secured</b>		
Term loans	1,122	1,308
Revolving credit	17,164	18,380
Bankers' acceptance	204,906	185,539
Hire purchase liabilities	862	758
Foreign currency trade financing	-	11,247
	224,054	217,232
<b>Unsecured</b>		
Term loans	1,087	851
Bankers' acceptance	198,623	207,275
Hire purchase liabilities	215	-
	199,925	208,126
	423,979	425,358
<b>Total</b>	541,100	542,438

Notes:

The above borrowings are denominated in Ringgit Malaysia

The secured borrowings of the Group borrowings are by way of charges over certain property, plant and equipment and investment properties of the Group. In addition, they were also supported by joint and several guarantees by certain Directors of the Group, whereby on 22 May 2023 such guarantees have been substituted by Corporate Guarantee of the Company.

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

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

##### B 10. Derivative financial instruments

As at 30 June 2023, the Group has the following outstanding derivatives financial instruments:

Currency Forward Contracts	Principal or Notional Amount	Fair Value	
		Assets	Liabilities
	RM '000	RM '000	RM '000
- Less than 1 year	12,857	709	-

The purpose of entering currency forward contracts is to minimise the impact of unfavourable movement in exchange rate in the trade payables and expected purchases denominated in United States Dollar. There are no cash requirements for these contracts.

The market risk posed by the Group's currency forward contracts depends on the economic changes that impact market prices. As the exchange rate is pre-determined under such contracts, the market risk in these instruments is not significant. The currency forward contracts are transacted with the Group's banker and the credit risk for non-performance by the counterparty in these instruments is minimal.

The fair value derivative assets amounting to RM709,000 has been recognised in the financial statements.

##### B 11. Material litigations

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

##### B 12. Dividends

No interim dividend has been declared in the financial period ended 30 June 2023.

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## UNITRADE INDUSTRIES BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

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

##### B 13. Earnings per ordinary share

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

	Individual quarter		Cumulative quarter	
	Current quarter 30.06.2023	Corresponding quarter 30.06.2022	Current year to date 30.06.2023	Corresponding year to date 30.06.2022
Profit attributable to ordinary shareholders (RM '000)	3,007	10,058	3,007	10,058
Weighted average number of ordinary shares ('000)	1,562,500	1,304,945	1,562,500	1,304,945
Basic earnings per share (sen)	0.2	0.8	0.2	0.8

##### 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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**UNITRADE INDUSTRIES BERHAD**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023**
**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):

	<b>Individual quarter</b>	<b>Correspon-</b>	<b>Cumulative quarter</b>	<b>Correspon-</b>
	<b>Current</b>	<b>ding</b>	<b>Current</b>	<b>ding year</b>
	<b>quarter</b>	<b>quarter</b>	<b>year to</b>	<b>to date</b>
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>date</b>	<b>to date</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
			<b>RM '000</b>	<b>RM '000</b>
Net impairment loss on:				
- trade receivables	1,576	1,288	1,576	1,288
- inventories	4,064	4,445	4,064	4,445
Depreciation of:				
- property, plant and equipment	2,580	2,291	2,580	2,291
- right-of-use assets	66	58	66	58
- investment properties	69	68	69	68
Amortisation of intangible assets	27	21	27	21
Property, plant and equipment written off	28	82	28	82
Gain on disposal of property, plant and equipment	(664)	(159)	(664)	(159)
Finance cost	5,283	3,851	5,283	3,851
Finance Income	(516)	(311)	(516)	(311)
Rental Income	(149)	(989)	(149)	(989)
Unrealised gain on foreign exchange	(618)	(49)	(618)	(49)
Realised gain on foreign exchange	(826)	(397)	(826)	(397)

**B 15. Authorisation for issue**

This Interim Financial Report of Unitrade Industries Berhad for the first quarter ended 30 June 2023 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 25 August 2023.