



UNITRADE

UNITRADE INDUSTRIES BERHAD

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report
For the Third Quarter Ended
31 December 2023**

UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current quarter 31.12.2023 RM '000	Corresponding quarter 31.12.2022 RM '000	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Revenue	440,099	338,602	1,135,326	1,020,651
Cost of sales	(415,599)	(322,554)	(1,072,101)	(962,618)
Gross profit ("GP")	24,500	16,048	63,225	58,033
Other income	18,155	1,009	23,821	7,412
Administrative and general expense	(13,811)	(11,391)	(35,505)	(33,537)
Net loss on impairment of financial instrument	(2,757)	2,199	(8,348)	(99)
Results from operating activities	26,087	7,865	43,193	31,809
Finance income	235	133	1,295	623
Finance costs	(6,762)	(5,022)	(18,093)	(13,345)
Profit before tax ("PBT")	19,560	2,976	26,395	19,087
Tax expense	(1,264)	(691)	(3,314)	(4,542)
Profit and total comprehensive income for the year ("PAT")	18,296	2,285	23,081	14,545
Total comprehensive income attributed to:				
- Owner of the Group	18,217	2,285	23,001	14,545
- Non-controlling interest	79	-	80	-
	18,296	2,285	23,081	14,545
Earning per share (sen)				
Basic ⁽²⁾	1.17	0.15	1.47	0.98

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UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023 (CONTINUED)⁽¹⁾

Notes:

- (1) The Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive income should be read in conjunction with the Annual Report for the year ended 31 March 2023 and accompanying explanatory notes attached in this interim financial report.
- (2) Computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares after the Initial Public Offering (“**IPO**”) of the Company.

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31
DECEMBER 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
DECEMBER 2023**

	31.12.2023	31.12.2022
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	185,227	180,428
Right-of-use assets	324	483
Investment properties	19,622	19,630
Intangible assets	627	652
Other investments	41	41
Deferred tax assets	3,672	2,144
Goodwill	1,235	-
Total non-current assets	210,748	203,378
Current assets		
Inventories	275,672	271,990
Trade and other receivables	574,969	485,861
Current tax assets	4,135	6,201
Other Investments	-	18,024
Fixed deposit with licensed banks	9,479	11,262
Cash and bank balances	17,544	26,136
Total current assets	881,799	819,474
Total assets	1,092,547	1,022,852
Equity		
Share capital	291,335	291,335
Retained earnings	231,086	211,921
Merger reserve	(174,337)	(174,337)
Total equity attributed to owners of the Group	348,084	328,919
Non-controlling interest	696	-
Total equity	348,780	339,449
Non-current liabilities		
Loan and borrowings	118,677	114,200
Lease liabilities	92	449
Deferred tax liabilities	2,960	2,982
Total non-current liabilities	121,729	117,631

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DECEMBER 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
DECEMBER 2023 (CONTINUED)**

	31.12.2023	31.12.2022
	RM '000	RM '000
Current liabilities		
Loan and borrowings	520,510	448,571
Lease liabilities	244	51
Trade and other payables	101,124	125,723
Current tax liabilities	160	1,958
Total current liabilities	622,038	576,303
Total liabilities	743,767	693,934
Total equity and liabilities	1,092,547	1,022,853
Number of issued shares ('000)	1,562,500	1,562,500
Net assets per ordinary share attributable to owners of the Company (sen)	22	21

Notes:

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

	<i>Non-distributable</i>		<i>Distributable</i>		Non-controlling interest	Total equity
	Share capital	Merger reserve	Retained earnings	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As 1 April 2023	291,335	(174,337)	212,773	329,771	-	329,771
Profit and total comprehensive income for the period	-	-	23,001	23,001	80	23,081
Acquisition of a subsidiary	-	-	-	-	616	616
Dividends	-	-	(4,688)	(4,688)	-	(4,688)
As at 31 December 2023	291,335	(174,337)	231,086	348,084	696	348,780
As 1 April 2022	194,500	(174,337)	210,189	230,352	-	230,352
Profit and total comprehensive income for the period	-	-	14,545	14,545	-	14,545
Issuance of ordinary shares	100,000	-	-	100,000	-	100,000
Share issuance expenses	(3,165)	-	-	(3,165)	-	(3,165)
Dividends	-	-	(12,813)	(12,813)	-	(12,813)
As at 31 December 2022	291,335	(174,337)	211,921	328,919	-	328,919

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 THIRD QUARTER ENDED 31 DECEMBER 2023
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Cash flows from financing activities		
Profit before tax	26,395	19,087
Adjustments for:		
Impairment loss on trade receivables	8,348	99
Impairment loss on inventories	403	6,674
Depreciation of property, plant and equipment	8,019	7,028
Depreciation of right-of-use assets	199	179
Depreciation of investment properties	162	205
Property, plant and equipment written off	2,368	82
Amortisation of intangible assets	81	75
Gain on disposal of property, plant and equipment	(2,517)	(760)
Gain on disposal of asset held for sale	(17,080)	-
Finance income	(1,295)	(623)
Unrealised loss /(gain) on foreign exchange	94	(118)
Finance costs	18,093	13,345
Operating profit before changes in working capital	43,270	45,273
Change in inventories	(72,123)	(123,515)
Change in trade and other receivables	(157,323)	(56,316)
Change in trade and other payables	807	13,388
Cash used in operations	(185,369)	(121,170)
Interest paid	(320)	(408)
Income tax paid	(5,603)	(11,372)
Tax refund	791	-
Net cash used in operating activities	(190,501)	(132,950)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(3,077)	-
Deposit paid for acquisition of an investment	(43,800)	-
Acquisition of property, plant and equipment	(16,051)	(12,371)
Acquisition of intangible assets	(78)	(30)
Acquisition of investment property	(2,543)	-
Proceeds from disposal of property, plant and equipment	5,458	2,464
Proceeds from disposal of Asset held for sale	19,400	-
Change in pledged deposits	(120)	(70)
Change in other investments	31,064	-
Interest received	1,295	623
Net cash generated used in investing activities	(8,452)	(9,384)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023 (CONTINUED)

	Current period to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Cash flows from financing activities		
Proceed from issuance of new shares	-	100,000
Payments for shares issuance expenses	-	(3,165)
Drawdown of loans and borrowings	153,014	32,829
Repayment of lease liabilities	(197)	(174)
Repayment of hire purchase liabilities	(820)	(620)
Interest paid	(17,952)	(14,033)
Dividends paid to owners of the Company	(4,688)	(12,813)
Net cash generated from financing activities	129,357	102,024
Net changes in cash and cash equivalents	(69,596)	(40,310)
Cash and cash equivalents at beginning of the year	87,140	86,470
Cash and cash equivalents at end of the period	17,544	46,160

Notes:

- (1) 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.
- (2) Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Cash and bank balances	17,544	26,136
Deposits placed with licensed banks	9,479	11,262
Short Term Investment	-	18,024
	27,023	55,422
Less: Deposit pledged	(9,479)	(9,263)
	17,544	46,160

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 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 signification impact to the Group.

A 2. Auditors’ Report on preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2023.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

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

A 3. Seasonal or cyclical factors

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

A 4. Exceptional items

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

A 5. Material changes in estimates

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

A 6. Debt and equity securities

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

A 7. Proposed Dividend

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

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

The Group’s operating segments information for the financial period ended 31 December 2023 is as follows

	Wholesale and distribution RM '000	Manufacturing RM '000	Rental RM '000	Others RM '000	Elimination RM '000	Total RM '000
Revenue from external customers	1,102,368	20,769	12,189	-	-	1,135,326
Inter-segment revenue	24,159	1,703	292	4,179	(30,333)	-
Impairment loss on inventories	(403)	-	-	-	-	(403)
Segment profit/(loss)	45,719	3,638	4,591	(2,294)	-	51,654
Depreciation and amortisation						(8,461)
Finance income						1,295
Finance costs						(18,093)
Profit before tax						26,395
Tax expense						(3,314)
Profit for the period						<u>23,081</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

	Wholesale and distribution RM '000	Manufacturing RM '000	Rental RM '000	Others RM '000	Elimination RM '000	Total RM '000
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)
Segment profit/(loss)	25,804	7,821	7,769	(2,098)	-	39,296
Depreciation and amortisation						(7,487)
Finance income						623
Finance costs						(13,345)
Profit before tax						19,087
Income tax expense						(4,542)
Profit for the period						<u>14,545</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 and contingent assets

There were no contingent assets. Changes of contingent liabilities of the Group since the last audited financial statements for the financial year ended 31 March 2023 are as follows:

	RM '000
Corporate guarantees issued to suppliers in respect of sales of goods to a subsidiary	<u>31,700</u>

A 10. Capital commitments

	31.12.2023 RM '000
Contracted but not provided for: Property, plant and equipment	<u>6,173</u>

A 11. Significant related party transactions

The significant related party transactions with companies in which certain Directors have interests for the financial period ended 31 December 2023 are as follows.

	RM '000
Sales	1,405
Purchases	<u>(883)</u>

A 12. FAIR VALUE OF FINANCIAL LIABILITIES

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

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

B 1. Review of performance

	Individual Quarter				Cumulative Quarter			
	Current Year	Preceding Year	Changes		Current Year To-Date	Preceding Year To-Date	Changes	
	Quarter	Quarter	RM '000	%	31.12.2023	31.12.2022	RM '000	%
	31.12.2023	31.12.2022	RM '000	%	31.12.2023	31.12.2022	RM '000	%
Revenue	440,099	338,602	101,497	30.0	1,135,326	1,020,651	114,675	11.2
Gross profit	24,500	16,048	8,452	52.7	63,225	58,033	5,192	8.9
Profit before tax	19,560	2,976	16,584	557.3	26,395	19,087	7,308	38.3
Profit after tax	18,296	2,285	16,011	700.7	23,081	14,545	8,536	58.7
tax								

3Q2024 vs 3Q2023

The Group's 3Q2024 revenue increased by 30.0% year-on-year ("y-o-y") to RM440.1 million from RM338.6 million in 3Q2023. The revenue growth was chiefly driven by increase in wholesale and distribution segment. Wholesale and distribution contributed RM427.8 million or 97.1% revenue, followed by manufacturing RM8.0 million or 1.8% and rental RM4.3 million or 1.1%. This is due to the recovery in market demand for certain metal-related trading products.

3Q2024 gross profit ("GP") experienced a y-o-y increase of 52.7% to RM24.5 million from RM16.0 million in 3Q2023. The GP margin increased by 0.9% percentage point to 5.6% in 3Q2024, compared to 4.7% in 3Q2023. The higher results for the current period were mainly due to reversal of impairment charge on inventory amounting to RM2.7 million as compared to previous corresponding quarter amounting to RM1.7 million.

Significant increase in PBT and PAT by RM16.6 million and RM16.0 million respectively mainly due to gain on disposal of a property in Glenmarie amounting to RM17.1 million and gain on disposal of property, plant and equipment amounting to RM0.8 million. However, the profit offset by RM1.7 million increase in finance costs partly attributed to higher interest rates, and also additional RM2.8 million impairment loss on trade receivable. The increase in impairment loss on trade receivable is directly linked to a rise of RM53.8 million in trade receivables as compared to 2Q2024, whereby the assessment of expected credit loss was conducted using a provision matrix referencing the probability of receivable progression to assess the Group's credit risk.

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

B 1. Review of performance (continued)

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

For the nine months ended 31 December 2023, the Group’s revenue increased by 11.2% to RM1,135.3 million, compared to RM1,020.7 million for the corresponding period ended 31 December 2022.

Nonetheless, GP for current YTD only increased by 8.9% y-o-y to RM63.2 million, mainly attributable to higher procurement costs for raw materials and trading inventories. This increase was partially offset by a lower impairment on inventory amounting to RM0.4 million, compared to RM6.7 million in the previous period.

There was income arising from disposal of a property in Glenmarie amounting to RM17.1 million under other income. However, the profit was offset by a RM8.3 million impairment loss on trade receivable, compared to RM0.1 million in the previous period. The increase in impairment loss on trade receivable is directly linked to a rise of RM84.0 million in trade receivables as compared to 3Q2023, whereby the assessment of expected credit loss was conducted using a provision matrix referencing the probability of receivable progression to assess the Group’s credit risk.

Furthermore, the profit also offset by a RM4.7 million increase in finance costs, partly attributable to higher interest rates. Overall, the Group registered PBT and PAT of RM26.4 million and RM23.1 million, respectively, compared with corresponding period amounted to RM19.1 million and RM14.5 million.

B 2. Comparison with immediate preceding quarter results

	Current Quarter 31.12.2023 RM '000	Preceding Quarter 30.09.2023 RM '000	Changes	
			RM '000	%
Revenue	440,099	399,062	41,037	10.3
Gross profit	24,500	20,835	3,665	17.6
Profit before tax	19,560	2,675	16,885	631.2
Profit after tax	18,296	1,778	16,518	929.0

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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 (continued)

The Group posted an increase of 10.3% in revenue and 17.6% in GP y-o-y to RM440.1 million and 24.5 million respectively for current quarter from RM399.1 million and RM20.8 million respectively. This was mainly due to the substantial increase in sales volume for the wholesale and distribution segments. This is due to the recovery in market demand for certain metal-related trading products.

Overall, the Group registered an increase in PBT and PAT by RM16.9 million and RM16.5 million as compared to 2Q2024. This was mainly attributed to gain on disposal of a property in Glenmarie amounting to RM17.1 million and gain on disposal of property, plant and equipment amounting to RM0.8 million.

B 3. Prospects

The Malaysian economy exhibited resilience amid a challenging external environment characterised by slower global trade, geopolitical tensions, and tighter monetary policies, which saw two of the world's major economies (the UK and Japan) slipping into a technical recession. According to the Bank Negara Malaysia, the nation recorded a Gross Domestic Product ("GDP") growth of 3.7% in 2023, with the construction sector expanding by 6.1% in the same period. Despite external pressures, the implementation of catalytic initiatives under various national master plans has bolstered optimism within the construction and property development sectors. The government's reinstatement of mega infrastructure projects including five Light Rail Transit ("LRT") Line 3 stations and Penang LRT is expected to further stimulate growth. As a wholesaler and distributor of building materials, Unitrade stands to capitalise on the continued development of Malaysia's construction and property landscape.

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

Unitrade is broadly positive on its outlook based on the abovementioned factors while remaining vigilant of prevailing market uncertainties. Besides distribution business, expanding rental division is our focal point, particularly on modular housing solutions and heavy-duty shoring systems. There is push towards adoption of modular housing for workers by state governments and this augurs well for our services. Additionally, we actively pursue merger and acquisition opportunities and strive to increase our engagement in environmentally responsible businesses, all in line with our ESG agenda to uphold sustainability and resilience. Barring any unforeseen circumstances, the Group expects to deliver a satisfactory set of financial performance in the current financial year.

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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 31.12.2023 RM '000	Corresponding quarter 31.12.2022 RM '000	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Current tax expenses/(income)	1,693	(87)	3,484	2,817
Deferred tax (income)/expenses	(1,011)	778	(752)	1,725
Real property gain tax	582	-	582	-
Effective tax rate (%)	6.5	23.2	12.6	23.8

The Group's effective tax rate for the year to date ended 31 December 2023 is lower than the statutory tax rate of 24% mainly due to lower tax rate on real property gain tax for disposal of a property.

B 6. Investment in quoted securities

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

B 7. Status of corporate proposals

On 31 July 2023, the Company has entered into a Heads of Agreement (“HOA”) with Intergreen Holdings Sdn Bhd, Intergreen Corporation (M) Sdn Bhd and Pong Wing Seng (collectively referred to as “The Vendors”) in relation to the proposed acquisition of 51% equity interest in Intergreen Metals Sdn Bhd for an indicative purchase consideration of RM66,300,000 (“Proposed Acquisition”).

in August 2023, the Company has paid RM1,326,000 constituting 2% of the purchase consideration, to the Company’s solicitor as stakeholders. This sum is intended to form part of the deposit for the Sales Shares, which shall be dealt with in accordance with the terms of the signed HOA and a share sale agreement (“SSA”) to be executed.

On 12 December 2023, the Company has entered into a Share Sale Agreement with The Vendors. In December 2023, the Company has paid an additional RM42,474,000 as part of the purchase consideration.

As at 31 December 2023, the Company has yet to pay the balance of RM22,500,000 to a stakeholder which shall be dealt with in accordance to the terms and conditions in the Profit Guarantee Agreement.

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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 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	(45,600)	(4,900)	-	Within 18 months
Repayment of bank borrowing	39,800	(39,800)	-	-	Within 12 months
Capital expenditure for pipe fabrication centre	5,000	(1,745)	-	3,255	Within 36 months
Estimated listing expenses	4,700	(4,983)	283	-	Immediate
Capital expenditure for temporary structural equipment	-	(4,617)	4,617	-	Within 18 months
Total	100,000	(96,728)	-	3,255	

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 31 December 2023, the Company has fully utilised the balance of the proceeds except for the utilisation for pipe fabrication centre.

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B 9. Borrowings and debt securities

	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Non-current		
Secured		
Term loans	25,563	26,241
Revolving credit	88,790	83,287
Hire purchase liabilities	1,433	1,835
	115,786	111,363
Unsecured		
Term loans	1,939	2,837
Hire purchase liabilities	952	-
	2,891	2,837
	118,677	114,200
Current		
Secured		
Term loans	1,106	1,342
Revolving credit	17,986	16,676
Bankers' acceptance	222,728	217,817
Bank overdraft	40	-
Hire purchase liabilities	846	838
Foreign currency trade financing	-	-
	242,706	236,673
Unsecured		
Term loans	847	1,070
Bankers' acceptance	276,710	210,828
Hire purchase liabilities	247	-
	277,804	211,898
	520,510	448,571
Total	639,187	562,771

Notes:

The above borrowings are denominated in Ringgit Malaysia

The secured borrowings of the Group borrowings are by way of charges over certain property, plant and equipment and investment properties of the Group. In addition, some borrowings are supported by Corporate Guarantee of the Company.

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B 10. Material litigations

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

The circumstances leading to the filing of the Writ of Summons together with the Statement of Claim were that Defendants has failed to settle the outstanding sums of RM1,581,747.01, and should the Defendant fails to return the sheet piles, then the Defendant has to repay an additional amount of RM3,383,543 to the Plaintiff.

The next Case Management was fixed on 18 March 2024.

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

B 11. Dividends

No interim dividend has been declared in the financial period ended 31 December 2023.

B 12. Earnings per ordinary share

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

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter	Current year to date	Corresponding year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to ordinary shareholders (RM '000)	18,217	2,285	23,001	14,545
Weighted average number of ordinary shares ('000)	1,562,500	1,562,500	1,562,500	1,477,273
Basic earnings per share (sen)	1.17	0.15	1.47	0.98

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B 12. Earnings per ordinary share (continued)

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 13. Notes to the Statements of Comprehensive Income

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

	Individual quarter		Cumulative quarter	
	Current quarter 31.12.2023 RM '000	Corresponding quarter 31.12.2022 RM '000	Current year to date 31.12.2023 RM '000	Corresponding year to date 31.12.2022 RM '000
Net impairment loss on/(reversal):				
- trade receivables	2,757	(2,199)	8,348	99
- inventories	(2,685)	(1,743)	403	6,674
Depreciation of:				
- property, plant and equipment	2,780	2,470	8,019	7,028
- right-of-use assets	66	63	199	179
- investment properties	54	68	162	205
Amortisation of intangible assets	31	27	81	75
Property, plant and equipment written off	2,299	-	2,368	82
Gain on disposal of asset held for sale	(17,080)	-	(17,080)	-
Gain on disposal of property, plant and equipment	(181)	(146)	(2,517)	(760)
Finance cost	6,762	5,022	18,093	13,345
Finance Income	(235)	(133)	(1,295)	(623)
Rental Income	(60)	(709)	(356)	(2,686)
Loss/(gain) on foreign exchange	97	862	(2,006)	(88)

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B 14. Authorisation for issue

This Interim Financial Report of Unitrade Industries Berhad for the second quarter ended 31 December 2023 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 27 February 2024.