



**UNITRADE**

**UNITRADE INDUSTRIES BERHAD**

Registration No.: 202101013724 (1414023-X)

**Interim Financial Report  
For the Fourth Quarter and Year-to-date Ended  
31 March 2023**

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023 <sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current quarter 31.03.2023 RM '000	Corresponding quarter 31.03.2022 RM '000	Current year to date 31.03.2023 RM '000	Corresponding year to date 31.03.2022 RM '000
Revenue	374,711	423,032	1,395,362	1,290,202
Cost of sales	(355,620)	(395,754)	(1,318,238)	(1,177,174)
<b>Gross profit ("GP")</b>	<b>19,091</b>	<b>27,278</b>	<b>77,124</b>	<b>113,028</b>
Other income	1,460	1,340	8,872	6,697
Administrative and general expenses	(12,192)	(14,416)	(45,729)	(42,403)
Net (loss)/gain on impairment of financial instrument	(2,312)	2,349	(2,411)	(6,565)
<b>Results from operating activities</b>	<b>6,047</b>	<b>16,551</b>	<b>37,856</b>	<b>70,757</b>
Finance income	862	203	1,485	650
Finance costs	(5,154)	(3,023)	(18,499)	(13,024)
<b>Profit before tax ("PBT")</b>	<b>1,755</b>	<b>13,731</b>	<b>20,842</b>	<b>58,383</b>
Tax expense	(785)	(3,539)	(5,327)	(15,117)
<b>Profit and total comprehensive income for the year ("PAT")</b>	<b>970</b>	<b>10,192</b>	<b>15,515</b>	<b>43,266</b>
<b>Total comprehensive income attributed to:</b>				
- Owner of the Group	970	10,177	15,515	43,207
- Non-controlling interest	-	15	-	59
	<b>970</b>	<b>10,192</b>	<b>15,515</b>	<b>43,266</b>
<b>Earnings per share (sen)</b>				
Basic <sup>(2)</sup>	0.1	0.8	1.0	180.2

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202101013724 (1414023-X)

(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**

#### **UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023 (CONTINUED) <sup>(1)</sup>**

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) 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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**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023<sup>(1)</sup>**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Non-current assets</b>		
Property, plant and equipment	179,608	175,122
Right-of-use assets	418	559
Investment properties	19,561	19,835
Intangible assets	630	687
Other investments	41	41
Deferred tax assets	3,425	2,781
<b>Total non-current assets</b>	<b>203,683</b>	<b>199,025</b>
<b>Current assets</b>		
Inventories	193,410	155,149
Trade and other receivables	381,381	428,739
Current tax assets	3,690	783
Derivative financial assets	103	-
Other investment	31,064	-
Fixed deposits with licensed banks	9,360	9,193
Cash and bank balances	87,140	86,470
<b>Total current assets</b>	<b>706,148</b>	<b>680,334</b>
<b>Total assets</b>	<b>909,831</b>	<b>879,359</b>
<b>Equity</b>		
Share capital	291,335	194,500
Retained earnings	212,891	210,189
Merger reserve	(174,337)	(174,337)
<b>Total equity attributable to owners of the Group</b>	<b>329,889</b>	<b>230,352</b>
<b>Non-current liabilities</b>		
Loan and borrowings	117,492	115,672
Lease liabilities	211	342
Deferred tax liabilities	3,430	2,105
<b>Total non-current liabilities</b>	<b>121,133</b>	<b>118,119</b>

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONTINUED) <sup>(1)</sup>**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Current liabilities</b>		
Loan and borrowings	367,773	413,131
Lease liabilities	223	229
Trade and other payables	90,350	112,645
Current tax liabilities	463	4,883
<b>Total current liabilities</b>	<b>458,809</b>	<b>530,888</b>
<b>Total liabilities</b>	<b>579,942</b>	<b>649,007</b>
<b>Total equity and liabilities</b>	<b>909,831</b>	<b>879,359</b>
<b>Number of issued shares ('000)</b>	<b>1,562,500<sup>(2)</sup></b>	<b>1,250,000<sup>(3)</sup></b>
<b>Net assets per ordinary share attributable to owners of the Company (sen)</b>	<b>21</b>	<b>18</b>

## 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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## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

#### UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023 <sup>(1)</sup>

	<i>Non-distributable</i>		<i>Distributable</i>	Total equity RM '000
	Share capital	Merger reserve	Retained earnings	
	RM '000	RM '000	RM '000	
<b>As 1 April 2022</b>	<b>194,500</b>	<b>(174,337)</b>	<b>210,189</b>	<b>230,352</b>
Issuance of ordinary shares	100,000	-	-	100,000
Profit and total comprehensive income for the period	-	-	15,515	15,515
Share issuance expenses	(3,165)	-	-	(3,165)
Dividends	-	-	(12,813)	(12,813)
<b>As at 31 March 2023</b>	<b>291,335</b>	<b>(174,337)</b>	<b>212,891</b>	<b>329,889</b>

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.

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023 <sup>(1)</sup>**

	<b>Current year to date 31.03.2023 RM '000</b>	<b>Corresponding year to date 31.03.2022 RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	20,842	58,383
Adjustments for:		
Net impairment loss on trade receivables	2,411	6,565
Net impairment loss on inventories	4,508	1,615
Depreciation of property, plant and equipment	9,468	6,179
Depreciation of right-of-use assets	245	1,128
Depreciation of investment properties	274	126
Property, plant and equipment written off	170	1,010
Amortisation of intangible assets	102	70
Net gain on disposal of property, plant and equipment	(1,340)	(815)
Gain on disposal of assets classified as held for sale	-	(1,545)
Gain from termination of lease	-	(116)
Loss on disposal of other investment	-	9
Finance income	(1,485)	(650)
Rental income from investment properties	(3,114)	(1,097)
Unrealised (gain)/loss on foreign exchange	(92)	10
Finance costs	18,499	13,024
<b>Operating profit before changes in working capital</b>	<b>50,488</b>	<b>83,896</b>
Change in inventories	(42,769)	(39,415)
Change in trade and other receivables	45,123	(8,295)
Change in trade and other payables	(22,434)	16,326
<b>Cash generated from operations</b>	<b>30,408</b>	<b>52,512</b>
Interest paid	(501)	(499)
Income tax paid	(11,973)	(12,693)
Income tax refund	-	1,491
<b>Net cash generated from operating activities</b>	<b>17,934</b>	<b>40,811</b>

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023 <sup>(1)</sup>**

	<b>Current year to date 31.03.2023 RM '000</b>	<b>Corresponding year to date 31.03.2022 RM '000</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(14,800)	(11,723)
Acquisition of investment property	-	(530)
Acquisition of intangible assets	(35)	(201)
Proceeds from disposal of property, plant and equipment	3,765	3,130
Proceeds from disposal of other investment	-	21
Rental received from investment properties	3,114	1,097
Interest received	1,485	650
Change in pledged deposits	(167)	(168)
Change in other investment	(31,064)	-
<b>Net cash used in investing activities</b>	<b>(37,702)</b>	<b>(7,724)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares	100,000	-
Payments for shares issuance expenses	(3,165)	-
Net (repayment)/drawdown of loans and borrowings	(44,818)	20,842
Repayment of lease liabilities	(241)	(1,000)
Repayment of hire purchase liabilities	(479)	(371)
Interest paid	(18,046)	(12,970)
Dividends paid to owners of the Company	(12,813)	(31,841)
<b>Net cash generated from/(used in) financing activities</b>	<b>20,438</b>	<b>(25,340)</b>
Net increase in cash and bank balances	670	7,747
Cash and bank balances at beginning of the year	86,470	78,723
Cash and bank balances at end of the year	<b>87,140</b>	<b>86,470</b>

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.



## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

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

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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 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 March 2023 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 March 2023	291,335	1,562,500,000

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

#### 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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**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**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 March 2023 is as follows

	<b>Wholesale and distribution of building materials RM '000</b>	<b>Manufacturing and sale of pre- insulated pipes RM '000</b>	<b>Rental of temporary structural support equipment RM '000</b>	<b>Other non-reportable segments RM '000</b>	<b>Elimination RM '000</b>	<b>Total RM '000</b>
<b>Segment profit</b>	30,565	9,554	9,996	(2,170)	-	47,945
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	1,345,146	34,430	15,101	685	-	1,395,362
Inter-segment revenue	42,455	3,178	699	14,707	(61,039)	-
Impairment loss on inventories	(4,592)	-	-	-	-	(4,592)
Reversal of inventories written down	84	-	-	-	-	84
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(3,522)	(185)	(5,761)	-	-	(9,468)
- right-of-use assets	(9)	(26)	(210)	-	-	(245)
- investment properties	(273)	(1)	-	-	-	(274)
Amortisation of intangible assets	(97)	-	(5)	-	-	(102)
Finance costs	(17,659)	(447)	(393)	-	-	(18,499)
Finance income	1,480	5	-	-	-	1,485

**UNITRADE INDUSTRIES BERHAD**

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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**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 March 2022 is as follows

	<b>Wholesale and distribution of building materials RM '000</b>	<b>Manufacturing and sale of pre- insulated pipes RM '000</b>	<b>Rental of temporary structural support equipment RM '000</b>	<b>Other non-reportable segments RM '000</b>	<b>Elimination RM '000</b>	<b>Total RM '000</b>
<b>Segment profit</b>	69,278	4,841	4,697	(556)	-	78,260
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	1,259,489	20,123	10,590	-	-	1,290,202
Inter-segment revenue	23,144	707	-	-	(23,851)	-
Impairment loss on inventories	(1,762)	-	-	-	-	(1,762)
Reversal of inventories written down	147	-	-	-	-	147
<i>Not included in the measure of segment profit are:</i>						
Depreciation of:						
- property, plant and equipment	(2,174)	(85)	(3,920)	-	-	(6,179)
- right-of-use assets	(617)	(400)	(111)	-	-	(1,128)
- investment properties	(126)	-	-	-	-	(126)
Amortisation of intangible assets	(64)	-	(6)	-	-	(70)
Finance costs	(12,340)	(261)	(423)	-	-	(13,024)
Finance income	646	4	-	-	-	650

**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**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.

	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Profit or loss</b>		
Total profit for reportable segments	50,115	78,816
Other non-reportable segments	(2,170)	(556)
Depreciation and amortisation	(10,089)	(7,503)
Finance income	1,485	650
Finance costs	(18,499)	(13,024)
Profit before tax	<u>20,842</u>	<u>58,383</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:

	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
Corporate guarantees issued to suppliers in respect of sales of goods to a subsidiary	<u>14,200</u>	<u>N/A</u>

**A 10. Capital commitments**

	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Contracted but not provided for:</b>		
Property, plant and equipment	<u>1,328</u>	<u>3,332</u>

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202101013724 (1414023-X)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**
**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 31.03.2023 RM '000	Corresponding quarter 31.03.2022 RM '000	Current quarter 31.03.2023 RM '000	Corresponding quarter 31.03.2022 RM '000
<b>A. Companies in which certain Directors have significant influence</b>				
Sales	3,451	602	5,208	973
Purchase of goods	(11)	-	(112)	(600)
Purchase of equipment and services	-	(1,304)	(1,617)	(2,532)
	<u>-</u>	<u>(1,304)</u>	<u>(1,617)</u>	<u>(2,532)</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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## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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		Changes		Cumulative Quarter		Changes	
	UNAUDITED	UNAUDITED			UNAUDITED	AUDITED		
	Current Year Quarter 31.03.2023 RM '000	Preceding Year Quarter 31.03.2022 RM '000	RM '000	%	Current Year To- Date 31.03.2023 RM '000	Preceding Year To- Date 31.03.2022 RM '000	RM '000	%
Revenue	374,711	423,032	(48,321)	(11)	1,395,362	1,290,202	105,160	8
Gross profit	19,091	27,278	(8,187)	(30)	77,124	113,028	(35,904)	(32)
Profit before tax	1,755	13,731	(11,976)	(87)	20,842	58,383	(37,541)	(64)
Profit after tax	970	10,192	(9,222)	(91)	15,515	43,266	(27,751)	(64)

##### 4Q2023 vs 4Q2022

The Group's 4Q2023 revenue decreased by 11.4% year-on-year ("y-o-y") to RM374.7 million from RM423.0 million in 4Q2022. 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.

4Q2023 gross profit ("GP") experienced a y-o-y decrease of 30.0% to RM19.1 million from RM27.3 million in 4Q2022. The GP margin decreased by 1.3% percentage point to 5.1% in 4Q2023, compared to 6.4% in 4Q2022. The lower GP margin was mainly due to higher procurement costs for raw materials and trading inventories that was partially offset by the reversal of impairment on inventory amounting to RM2.2 million.

During the current quarter under review, the Group recorded other income of RM1.5 million primarily derived from rental received from investment properties (RM0.4 million), gain on disposal of property, plant and equipment (RM0.6 million), and late payment charges (RM0.5 million). Administrative and general expenses amounted to RM12.2 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 RM2.3 million. This was premised upon the Group's adoption of allowance matrix to assess the expected credit loss of trade receivables and specific impairments and thereafter taking into account recovery of specific impairments.



## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

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

##### B 1. Review of performance (continued)

###### 4Q2023 vs 4Q2022 (continued)

Subsequent to the decline in revenue and GP, profit before tax (“PBT”) and profit after tax (“PAT”) decreased 87.2% and 90.5% to RM 1.8 million and RM 1.0 million, respectively.

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

The Group recorded a total revenue of RM1,395.4 million for the financial year ended 31 March 2023 (“FY2023”), an increase of 8.2% y-o-y compared to the financial year ended 31 March 2022 (“FY2022”). The revenue growth was chiefly driven by increase in wholesale and distributions segment. Wholesale and distribution contributed RM1,345.1 million or 96% of revenue), followed by manufacturing and sale of pre-insulated pipes (RM34.4 million or 3% of revenue) and rental of temporary structural support equipment (RM15.1 million or 1% of revenue).

Nonetheless, GP for the financial year decreased 31.8% y-o-y to RM77.1 million owing to the decrease of steel price in 2Q2023 and 3Q2023 as we kept higher inventory level as compared to the preceding financial year. There was an increase in net impairment loss on inventories of RM2.9 million to RM4.5 million in FY2023 from RM1.6 million a year ago, as decreasing steel prices had reduced the net realisable values of certain inventory as well as written down on the slow-moving inventory.

Administrative and general expenses for FY2023 rose by 7.8% y-o-y, mainly due to higher employee benefits expenses, selling and distribution expenses, along with depreciation as a result of the Group’s business expansion activities. The increase in administrative expenses was mitigated by the decrease in net impairment loss on trade receivables of RM4.2 million or 63.3% compared to preceding financial year.

The Group’s finance expense had increased by 70% y-o-y mainly in tandem with the gradual increase in OPR from 1.75% to 2.75% since 1Q2023.

Against the backdrop of lower GP and higher finance cost, PBT and PAT for FY2023 decreased by 64.3% and 64.1% respectively, to RM20.8 million and RM15.5 million.

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

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

	Current Quarter	Preceding Quarter	Changes	
	31.03.2023	31.12.2022	RM '000	%
	RM '000	RM '000		
Revenue	374,711	338,602	36,109	10.7
Gross profit	19,091	16,048	3,043	19.0
Profit before tax	1,755	2,976	(1,221)	(41.0)
Profit after tax	970	2,285	(1,315)	(57.5)

The Group posted an increase of 10.7% in revenue and 19.0% in GP y-o-y to RM374.7 million and RM19.1 million respectively for current quarter from RM338.6 million and RM16.0 million respectively. This was mainly due to the substantial increase in sales volume for the wholesale and distribution segments. The Group recorded a higher GP of RM19.1 million in 4Q2023 compared with GP of RM16.0 million in 3Q2023 mainly on higher GP from the wholesale and distribution segments in line with the increase in revenue for that particular segment.

Overall, the Group registered a 41.0% decline in PBT to RM1.8 million as compared with RM3.0 million in 3Q2023. This was mainly owing to net impairment loss on trade receivables amounted to RM2.3 million as compared to 3Q2023 with reversal of net impairment loss on trade receivables amounted to RM2.2 million. Correspondingly, the Group's PAT for the current financial quarter had also decreased to RM1.0 million vis-à-vis RM2.3 million in the 3Q2023.

##### B 3. Prospects

Building on the steady recovery of economic activities, our country's Gross Domestic Product (GDP) grew 5.6% in the 1st quarter of 2023, with a 7.4% expansion in the construction sector during the same period. The positive momentum is anticipated to persist, supported by Government's plans to upgrade the Klang Valley Double Track (KDVT) Phase 2 and accelerate ongoing projects such as the Johor Bahru–Singapore Rapid Transit System and the East Coast Rail Link. In addition, vibrancy in the property development sector is expected to increase with a number of new residential and mixed-development project launches in the pipeline by key industry players. These developments certainly augur well for building materials wholesalers and distributors like us.

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

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

##### B 3. Prospects (continued)

Meanwhile, the Group is mindful of the challenging environment that include, amongst others, inflationary pressures and rising interest rates. Unitrade continues to exercise prudence in navigating the current operating landscape. It is worth noting that the Group's products are essential throughout the lifecycle of buildings and infrastructure. Apart from new construction projects, building materials are also required for refurbishment, retrofitting, repair, and maintenance purposes. This diverse range of applications will continue to drive demand for Unitrade's products.

On corporate front, Unitrade is exploring merger and acquisition opportunities that offer synergistic advantages to the Group. All in all, against the aforementioned backdrop, the Board is positive the Group will deliver better financial performance in the upcoming financial year.

##### B 4. Variance of actual profits vs profit forecast

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the interim financial reporting period under review.

##### B 5. Income tax expense

The breakdown of income tax expenses are as follows:

	Individual quarter		Cumulative quarter	
	Current quarter	Corresponding quarter	Current year to date	Corresponding year to date
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM '000	RM '000	RM '000	RM '000
Current tax expenses	1,591	3,289	4,408	14,345
Deferred tax expenses	(806)	250	919	772
Effective tax rate (%)	44.7 <sup>(2)</sup>	25.8	25.6 <sup>(3)</sup>	25.9

Notes:

(1) Income tax expenses is recognised based on management's best estimate.

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

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

##### **B 5. Income tax expense (continued)**

- (2) The Group's effective tax rate in 4Q2023 is higher compared to 4Q2022 from 25.6% to 44.7% mainly due to the Group lower PBT for 4Q2023 as well as certain fixed expenses are not deductible for tax purposes.
- (3) The Group's effective tax rate for the year to date ended 31 March 2023 is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

##### **B 6. Investment in quoted securities**

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

##### **B 7. Status of corporate proposals**

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

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**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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 31 March 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	(29,338)	(4,900)	16,262	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	-	1,228	4,617	3,389	Within 18 months
<b>Total</b>	<b>100,000</b>	<b>(75,385)</b>	<b>-</b>	<b>24,615</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 FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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 31.03.2023 RM '000	Corresponding year to date 31.03.2022 RM '000
<b>Non-current</b>		
<b>Secured</b>		
Term loans	25,896	27,166
Revolving credit	87,064	84,109
Hire purchase liabilities	1,936	2,460
	114,896	113,735
<b>Unsecured</b>		
Term loans	2,596	1,937
	2,596	1,937
	<b>117,492</b>	<b>115,672</b>
<b>Current</b>		
<b>Secured</b>		
Term loans	1,354	862
Revolving credit	17,429	19,051
Bankers' acceptance	151,893	183,413
Hire purchase liabilities	877	832
Foreign currency trade financing	-	943
	171,553	205,101
<b>Unsecured</b>		
Term loans	1,018	844
Bankers' acceptance	195,202	207,186
	196,220	208,030
	<b>367,773</b>	<b>413,131</b>
<b>Total</b>	<b>485,265</b>	<b>528,803</b>

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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 (continued)

Notes:

- (1) The above borrowings are denominated in Ringgit Malaysia
- (2) 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.

##### B 10. Derivative financial instruments

As at 31 March 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
- Less than 1 year	25,466	103	-

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 RM103,000 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.

## UNITRADE INDUSTRIES BERHAD

202101013724 (1414023-X)

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

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

##### B 12. Dividends

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

##### 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	Corresponding quarter	Current year to date	Corresponding year to date
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to ordinary shareholders (RM '000)	970	10,177	15,515	43,207
Weighted average number of ordinary shares ('000)	1,562,500	1,250,000	1,498,288	23,973
Basic earnings per share (sen)	0.1	0.8	1.0	180.2

##### 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.



**UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 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>Cumulative quarter</b>	<b>Current</b>	<b>Correspon-</b>
	<b>Current</b>	<b>Correspon-</b>	<b>year to</b>	<b>ding year</b>
	<b>quarter</b>	<b>ding</b>	<b>date</b>	<b>to date</b>
	<b>31.03.2023</b>	<b>quarter</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM '000</b>	<b>31.03.2022</b>	<b>RM '000</b>	<b>RM '000</b>
		<b>RM '000</b>		<b>RM '000</b>
Net impairment loss/ (reversal of impairment loss on:				
- trade receivables	2,312	(2,349)	2,411	6,565
- inventories	(2,166)	-	4,508	1,615
Depreciation of:				
- property, plant and equipment	2,438	2,062	9,468	6,179
- right-of-use assets	66	191	245	1,128
- investment properties	69	31	274	126
Amortisation of intangible assets	27	22	102	70
Property, plant and equipment written off	88	1,010	170	1,010
Net gain on disposal of property, plant and equipment	(579)	(109)	(1,340)	(815)
Net gain on disposal of assets classified as held for sale	-	-	-	(1,545)
Net gain from termination of lease	-	(116)	-	(116)
Loss on disposal of other investment	-	-	-	9
Finance cost	5,154	3,023	18,499	13,024
Finance income	(862)	(203)	(1,485)	(650)
Rental income from investment properties	(428)	(430)	(3,114)	(1,097)
Net unrealised (gain)/loss on foreign exchange	26	(8)	(92)	10
Net realised (gain)/ loss on foreign exchange	(15)	(49)	15	(74)



## **UNITRADE INDUSTRIES BERHAD**

202101013724 (1414023-X)

(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**

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

##### **B 15. Authorisation for issue**

This Interim Financial Report of Unitrade Industries Berhad for the fourth quarter ended 31 March 2023 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 26 May 2023.

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