

UPA Corporation Berhad

**Interim Financial Statements
30 September 2015**

Interim Financial Statements
 Unaudited Condensed consolidated statement of Comprehensive Income
 For the period ended 30 Sept 2015

Period ended 30 Sept	Current Quarter		Cumulative	
	2015	2014	2015	2014
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	45,238	37,611	129,608	103,511
Cost of Sales	(38,327)	(33,033)	(111,332)	(86,361)
Gross Profit	6,911	4,578	18,276	17,150
Other income	3,834	2,257	6,755	2,973
Selling and Distribution expenses	(1,227)	(1,043)	(3,489)	(3,381)
Administration expenses	(1,779)	(1,693)	(4,850)	(4,500)
Other expenses	(727)	29	(728)	(194)
Results from operating activities	7,012	4,128	15,964	12,048
Finance income	221	134	498	465
Finance costs	(152)	(125)	(427)	(351)
Operating Profit	7,081	4,137	16,035	12,162
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	7,081	4,137	16,035	12,162
Tax expense	(1,377)	(904)	(3,566)	(3,367)
Profit for the period	5,704	3,233	12,469	8,795
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	5,704	3,233	12,469	8,795
Profit for the period				
Attributable to :				
Owners of the company	5,704	3,233	12,469	8,795
Non-controlling interests	0	0	0	0
Profit for the period	5,704	3,233	12,469	8,795
Total comprehensive income for the year				
Attributable to :				
Owners of the company	5,704	3,233	12,469	8,795
Non-controlling interests	0	0	0	0
Profit for the period	5,704	3,233	12,469	8,795
Basic earnings/(loss) per ordinary share (sen)	7.38	4.16	16.13	11.33
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014)

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 30 Sept 2015

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	30 Sept 2015 RM '000	31 Dec 2014 RM '000
Non-Current Assets		
Property, plant and equipment	68,462	70,345
Interest in associates	1,000	1,000
Investment properties	24,456	24,701
	<u>93,918</u>	<u>96,046</u>
Current assets		
Other investments	2,849	3,173
Inventories	55,231	49,337
Trade and other receivables	30,371	42,448
Current tax assets	2,504	344
Cash and cash equivalents	52,627	43,409
	<u>143,582</u>	<u>138,711</u>
Total Assets	237,500	234,757
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	122,900	116,617
Translation reserve	256	256
Treasury shares	(3,144)	(3,144)
	<u>199,594</u>	<u>193,311</u>
Non-controlling interests	339	339
Total equity	<u>199,933</u>	<u>193,650</u>
Non-current liabilities		
Borrowings	458	711
Deferred tax liabilities	7,406	7,406
	<u>7,864</u>	<u>8,117</u>
Current liabilities		
Borrowings	14,147	17,857
Current tax liabilities	3,566	1,271
Trade and other payables	11,990	13,862
	<u>29,703</u>	<u>32,990</u>
Total Liabilities	37,567	41,107
Total Equity and Liabilities	237,500	234,757
Net asset per share (RM)	2.51	2.43

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 For the period ended 30 September 2015

	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Non-distributable			Distributable			
	Share capital	Treasury Shares	Foreign translation reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	79,582	(3,144)	256	116,617	193,311	339	193,650
Total comprehensive income for the period			0	12,469	12,469	0	12,469
Dividends paid				(6,186)	(6,186)		(6,186)
Acquisition of treasury shares							0
At 30 Sept 2015	79,582	(3,144)	256	122,900	199,594	339	199,933
At 1 January 2014	79,582	(2,697)	(70)	108,489	185,304	390	185,694
Total comprehensive income for the period		0	0	8,795	8,795	0	8,795
Dividends paid				(6,199)	(6,199)		(6,199)
Acquisition of treasury shares		(217)			(217)		(217)
At 30 Sept 2014	79,582	(2,914)	(70)	111,085	187,683	390	188,073

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014)

	30 Sept 2015 RM '000	30 Sept 2014 RM '000
Cash flows from operating activities		
Profit before taxation	16,035	12,162
<i>Adjustments for non-cash items :</i>		
Depreciation of property, plant and equipment	5,323	5,489
Loss/(Gain) on fair value on investment in shares	-	(483)
Reversal of impairment of receivables	(735)	(386)
Reversal of impairment of inventory	(756)	-
Impairment of inventory	137	194
Finance costs	427	352
Finance income	(498)	(465)
Share of profit of equity-accounted investees, net of tax	-	-
Other non-cash items	(87)	-
Operating profit before changes in working capital	<u>19,846</u>	<u>16,863</u>
Change in inventories	(5,894)	835
Change in trade and other receivables	12,077	2,840
Change in trade and other payables	(1,536)	748
	-	-
Cash generated from operations	<u>24,493</u>	<u>21,286</u>
Interest received	498	465
Tax refunded	55	-
Tax paid	(3,489)	(3,000)
Net cash (used in)/from operating activities	<u>21,557</u>	<u>18,751</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,024)	(5,728)
Proceeds from other investments	87	-
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	<u>(2,937)</u>	<u>(5,728)</u>
Cash flow from financing activities		
Dividend paid to owners	(6,186)	(6,198)
Acquisition of treasury shares	-	(216)
Proceeds from borrowings	-	-
Repayment of loans and borrowings	(2,754)	(5,567)
Payment of finance lease liabilities	(34)	(32)
Interest paid	(427)	(351)
Net cash used in financing activities	<u>(9,401)</u>	<u>(12,364)</u>
Net change in Cash and Cash Equivalents	9,219	659
Cash and Cash Equivalents at 1 January	<u>43,409</u>	<u>39,382</u>
Cash and Cash Equivalents at 30 September	<u>52,628</u>	<u>40,041</u>
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	31,711	29,041
Deposits with licensed banks	20,917	11,000
	<u>52,628</u>	<u>40,041</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014)

1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") that is MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed reports also comply with IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2015. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

2 Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 Dec 2014 was not qualified.

3 Seasonal or cyclical factors

Manufacturing segment is subject to seasonal and cyclical factors while trading segment is not.

4 Unusual items

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cashflow for the current quarter and financial year to date.

5 Material changes in estimates

There were no material changes in estimates in respect of amounts reported in prior interim periods or prior financial year.

6 Debt and equity securities

There were no issuance of shares during the quarter.

7 Dividends paid

During the quarter, the Company paid a first and final single tier dividend of 8% for the financial year ended 31 Dec 2014 amounting to RM 6.2 million.

8 Capital commitments outstanding not provided for in the interim financial statements

Authorised and contracted for :	RM '000
Property, plant and equipment	NIL

9 Property, plant and equipment

There is no valuation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

10 Material events subsequent to the end of the period reported

There were no material events subsequent to the current financial quarter ended 30 Sept 2015 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in composition of the Group

There were no changes in composition of the Group for the quarter under review.

12 Segmental Reporting

9 months period ended
30 Sept

	Manufacturing 2015	Manufacturing 2014	Machine Trading 2015	Machine Trading 2014	Total 2015	Total 2014
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue						
External revenue	98,367	93,580	32,206	12,769	130,573	106,349
Inter-segment revenue	-	(1,268)	(1,140)	(4,500)	(1,140)	(5,768)
Total revenue	98,367	92,312	31,066	8,269	129,433	100,581
Segment profit	13,781	11,717	1,610	1,067	15,391	12,784
Segment assets	185,975	173,581	31,571	29,769	217,546	203,350

Reconciliation of reportable segment profit or loss

	9 months ended 30.09.2015	9 months ended 30.09.2014
	RM '000	RM '000
Total profit for reporting segments	15,391	12,784
Other non-reportable segments	597	221
Elimination of inter-segment profit/(loss)	47	(843)
Share of profit of associates not included in reportable segments	-	-
Consolidated profit before tax	16,035	12,162

13 Changes in contingent liabilities

Corporate guarantees issued to licensed financial institutions with regard to banking facilities granted to subsidiaries amounted to RM 76.3 million as at the date of this report. These facilities include letters of credit, trust receipt, overdraft, finance leases and term loans.

14 Impairment of inventories

During the quarter, there were impairment of inventories amounting to RM 137,500.

There were no impairment of inventories for the corresponding quarter last year.

15 Provision for warranties

There were no provision for warranties for the quarter.

16 Review of performance

Current quarter against the corresponding quarter

Group	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.09.2014
Revenue	45,238	37,611
Profit before taxation	7,081	4,137
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.09.2014
Revenue	31,697	34,800
Profit before taxation	5,557	3,961
Trading segment	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.09.2014
Revenue	13,403	2,244
Profit/(loss) before taxation	949	(282)

Gross margins have decreased for the first nine months of FY2015 compared to the previous year as a result of higher costs related to the weak ringgit.

17 Comparison with preceding quarter's results

Group	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.06.2015
Revenue	45,238	36,362
Profit before taxation	7,081	3,866
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.06.2015
Revenue	31,697	35,038
Profit before taxation	5,557	4,003
Trading segment	Quarter ended	Quarter ended
In RM'000	30.09.2015	30.06.2015
Revenue	13,403	1,238
Profit/(loss) before taxation	949	(26)

18 Commentary on Prospects

The board acknowledge the persistent global financial turmoil which may affect the Group in FY2016. However, the weakening of the ringgit has favoured our export segment and contributed positively to our bottomline. The board expects the performance of the fourth quarter to be positive.

19 Profit forecast
Not applicable.

	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM '000	RM '000	RM '000	RM '000
Income tax	1,377	904	3,566	3,367
Deferred tax	0	0	0	0
	<u>1,377</u>	<u>904</u>	<u>3,566</u>	<u>3,367</u>

Income tax is lower than the statutory rate due to accumulated tax losses in a subsidiary.

21 Corporate proposals

There are no outstanding corporate proposals that have not been completed as at the date of this report.

22 Group Borrowings and Debt Securities

	30.09.2015	30.09.2014
	RM '000	RM '000
Current		
Secured		
Fixed rate term loan	281	324
Finance lease liabilities	47	38
	<u>328</u>	<u>362</u>
Unsecured		
Trust receipts	13,819	12,862
	<u>14,147</u>	<u>13,224</u>
Non-current		
Secured		
Fixed rate term loan	458	651
Finance lease liabilities	0	51
	<u>458</u>	<u>702</u>
Total	14,605	13,926

Group borrowings in Ringgit Malaysia equivalent analysed by currencies in which the borrowings are denominated are as follows :

At 30 Sept 2015	Current	Non-current
	RM '000	RM '000
RM	328	458
USD	11,303	
EURO	166	
JPY	2,350	
TOTAL	14,147	458

23 Treasury shares

The company did not purchase any of its own shares during the quarter under review.

As at the end of the reporting quarter, the status of the share buy-back is as follows :

	FY2015
	Year to date
Description of shares purchased	Ordinary share of RM 1.00 each
Total number of shares purchased	NIL
Total number of shares cancelled	NIL
Total number of shares held as treasury shares	2,260,240
Total number of treasury shares resold	NIL

24 Derivative Financial instruments

Summary of outstanding derivatives at 30 Sept 2015 :

	Nominal value RM '000	Fair value Gain/(loss) RM '000
Foreign exchange contracts	NIL	NIL

25 Material litigation

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

26 Dividends proposed

None

27 Earnings per share

(A) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue :

Period ended 30 Sept

Weighted average number of ordinary shares	2015	2014
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	(2,260,240)	(1,950,240)
Weighted average number of ordinary shares	<u>77,321,600</u>	<u>77,631,600</u>

(B) Diluted earnings per ordinary share-Not Applicable

28 Profit for the period

	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of property, plant and equipment	1,534	2,015	5,323	5,489
Impairment on inventory	137	-	137	194
Loss on derivatives	-	-	-	12
Loss on disposal of quoted investments	-	-	-	-
Impairment of trade receivables	-	-	-	-
and after crediting :				
Gain on derivatives	-	-	208	-
Gain on disposal of quoted investments	20	-	163	-
Gain on fair value on investment in shares	-	-	-	165
Reversal of impairment on inventory	-	-	756	-
Reversal of impairment on receivables	380	-	735	386

Other than the above, there were no impairment loss on trade receivables and exceptional items included in the results for the current quarter ended 30 September 2015.

29 Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 30 September 2015, pursuant to the format prescribed by Bursa, is as follows :

	30.09.2015	31.12.2014
	RM '000	RM '000
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	127,744	121,461
-Unrealised	5,567	5,567
	<u>133,311</u>	<u>127,028</u>
Total share of retained profits/(accumulated losses) from associates		
-Realised	363	363
-Unrealised	-	-
	<u>133,674</u>	<u>127,391</u>
Less : Consolidation adjustments	(10,774)	(10,774)
Total retained profits as per statements of financial position	<u>122,900</u>	<u>116,617</u>

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 20 November 2015.