

**UPA Corporation Berhad**

**Interim Financial Statements  
31 December 2015**

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2015

Year ended 31 December	Current Quarter		Cumulative	
	2015	2014	2015	2014
	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>				
Revenue	41,516	45,353	171,124	148,864
Cost of Sales	(31,748)	(39,307)	(143,080)	(127,537)
Gross Profit	9,768	6,046	28,044	21,327
Other income	2,077	1,903	8,832	4,877
Selling and Distribution expenses	(1,445)	(1,112)	(4,934)	(3,869)
Administration expenses	(2,073)	(139)	(6,923)	(3,583)
Other expenses	(1,284)	(998)	(2,012)	(1,192)
Results from operating activities	7,043	5,700	23,007	17,560
Finance income	108	113	606	578
Finance costs	117	(111)	(310)	(274)
Operating Profit	7,268	5,702	23,303	17,864
Share of profit/(loss) of equity-accounted investees, net of tax	(21)	(17)	(21)	(17)
Profit before tax	7,247	5,685	23,282	17,847
Tax expense	(1,034)	(223)	(4,600)	(3,590)
Profit for the period	6,213	5,462	18,682	14,257
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	945	(319)	945	(319)
Total comprehensive income for the period	7,158	5,143	19,627	13,938
<b>Profit for the period</b>				
Attributable to :				
Owners of the company	6,360	5,634	18,829	14,429
Non-controlling interests	(147)	(172)	(147)	(172)
Profit for the period	6,213	5,462	18,682	14,257
<b>Total comprehensive income for the year</b>				
Attributable to :				
Owners of the company	7,263	5,315	19,732	14,117
Non-controlling interests	(105)	(172)	(105)	(179)
Profit for the period	7,158	5,143	19,627	13,938
Basic earnings/(loss) per ordinary share (sen)	8.04	7.04	24.16	18.60
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 31 December 2015

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	31 Dec 2015 RM '000	31 Dec 2014 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	66,237	70,345
Interest in associates	979	1,000
Investment properties	24,508	24,701
Deferred tax asset	1	0
	<u>91,725</u>	<u>96,046</u>
<b>Current assets</b>		
Other investments	21,229	3,173
Inventories	55,616	49,337
Trade and other receivables	41,649	42,448
Current tax assets	546	344
Cash and cash equivalents	30,108	43,409
Property development costs	175	0
	<u>149,323</u>	<u>138,711</u>
<b>Total Assets</b>	<b>241,048</b>	<b>234,757</b>
<b>Equity</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	79,582	79,582
Retained earnings	129,260	116,617
Translation reserve	1,158	256
Treasury shares	(3,144)	(3,144)
	<u>206,856</u>	<u>193,311</u>
<b>Non-controlling interests</b>	234	339
<b>Total equity</b>	<u>207,090</u>	<u>193,650</u>
<b>Non-current liabilities</b>		
Borrowings	370	711
Deferred tax liabilities	6,635	7,406
	<u>7,005</u>	<u>8,117</u>
<b>Current liabilities</b>		
Borrowings	11,995	17,857
Current tax liabilities	1,830	1,271
Trade and other payables	13,128	13,862
	<u>26,953</u>	<u>32,990</u>
<b>Total Liabilities</b>	33,958	41,107
<b>Total Equity and Liabilities</b>	<b>241,048</b>	<b>234,757</b>
<b>Net asset per share (RM)</b>	<b>2.60</b>	<b>2.43</b>

(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 year ended 31 December 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
<b>At 1 January 2015</b>	79,582	(3,144)	256	116,617	193,311	339	193,650
Total comprehensive income for the period			902	18,829	19,731	(105)	19,626
Dividends paid				(6,186)	(6,186)		(6,186)
Acquisition of treasury shares							0
<b>At 31 December 2015</b>	<b>79,582</b>	<b>(3,144)</b>	<b>1,158</b>	<b>129,260</b>	<b>206,856</b>	<b>234</b>	<b>207,090</b>
<b>At 1 January 2014</b>	79,582	(2,697)	(70)	108,489	185,304	390	185,694
Total comprehensive income for the period		0	(312)	14,429	14,117	(179)	13,938
Dividends paid				(6,173)	(6,173)		(6,173)
Acquisition of treasury shares		(447)			(447)		(447)
Changes in investment in a subsidiary			638	(128)	510	128	638
<b>At 31 December 2014</b>	<b>79,582</b>	<b>(3,144)</b>	<b>256</b>	<b>116,617</b>	<b>193,311</b>	<b>339</b>	<b>193,650</b>

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

	31 Dec 2015 RM '000	31 Dec 2014 RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	23,282	17,847
<i>Adjustments for non-cash items :</i>		
Depreciation of property, plant and equipment	6,719	7,327
Loss/(Gain) on fair value on investment in shares	-	(366)
Reversal of impairment of receivables	(932)	(1,769)
Reversal of impairment of inventory	(756)	-
Impairment of inventory	217	409
Finance costs	310	274
Finance income	(606)	(578)
Share of profit/(loss) of equity-accounted investees, net of tax	21	-
Other non-cash items	(448)	891
<b>Operating profit before changes in working capital</b>	<u>27,807</u>	<u>24,035</u>
Change in inventories	(6,030)	(4,777)
Change in trade and other receivables	1,690	(1,269)
Change in trade and other payables	(2,348)	2,019
	-	-
<b>Cash generated from operations</b>	<u>21,119</u>	<u>20,008</u>
Interest received	606	578
Tax refunded	55	134
Tax paid	(5,205)	(4,664)
<b>Net cash (used in)/from operating activities</b>	<u>16,575</u>	<u>16,056</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,251)	(5,669)
Proceeds from other investments	325	466
Proceeds from disposal of property, plant and equipment	55	229
Acquisition of other investments	-	(601)
Increase in fixed deposits	(18,272)	-
Dividends received from other investments	176	152
<b>Net cash used in investing activities</b>	<u>(20,967)</u>	<u>(5,423)</u>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	(6,186)	(6,173)
Acquisition of treasury shares	-	(447)
Proceeds from borrowings	3,930	1,955
Repayment of loans and borrowings	(6,298)	(1,587)
Payment of finance lease liabilities	(45)	(80)
Interest paid	(310)	(274)
<b>Net cash used in financing activities</b>	<u>(8,909)</u>	<u>(6,606)</u>
<b>Net change in Cash and Cash Equivalents</b>	<u>(13,301)</u>	<u>4,027</u>
<b>Cash and Cash Equivalents at 1 January</b>	<u>43,409</u>	<u>39,382</u>
<b>Cash and Cash Equivalents at 31 December</b>	<u>30,108</u>	<u>43,409</u>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	23,532	21,109
Deposits with licensed banks	6,576	22,300
	<u>30,108</u>	<u>43,409</u>

Under MFRS 107, fixed deposits with financial institutions with maturity date of more than 3 months will be re-classified as "Other investments" instead of "Cash and cash equivalents." The amount of such "Other investments" held at 31 December 2015 was RM 18,272,000.

(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**

The Company did not pay any dividends during the quarter under review.

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

Authorised and contracted for :

Property, plant and equipment

RM '000

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 31 Dec 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

12 months period ended  
31 Dec

	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
<b>Revenue</b>						
External revenue	135,948	128,205	35,286	23,778	171,234	151,983
Inter-segment revenue	-	(157)	(214)	(6,390)	(214)	(6,547)
Total revenue	<b>135,948</b>	<b>128,048</b>	<b>35,072</b>	<b>17,388</b>	<b>171,020</b>	<b>145,436</b>
<b>Segment profit</b>	20,597	16,943	1,867	1,526	22,464	18,469
<b>Segment assets</b>	174,413	165,489	35,973	35,183	210,386	200,672

### Reconciliation of reportable segment profit or loss

	12 months ended 31.12.2015	12 months ended 31.12.2014
	RM '000	RM '000
Total profit for reporting segments	22,464	18,469
Other non-reportable segments	839	221
Elimination of inter-segment profit/(loss)	-	(843)
Share of profit/(loss) of associates not included in reportable segments	(21)	
Consolidated profit before tax	<b>23,282</b>	<b>17,847</b>

## 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.

In addition, a subsidiary of the Company had issued financial guarantees to certain financial institutions in the normal course of business. These guarantees amounted to RM 898,000.

## 14 Impairment of inventories

During the quarter, there were impairment of inventories amounting to RM 80,000.

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**

<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Revenue	41,516	45,353
Profit before taxation	7,247	5,685
<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Revenue	37,408	34,798
Profit before taxation	6,816	4,134
<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Revenue	4,270	11,008
Profit/(loss) before taxation	259	340

**17 Comparison with preceding quarter's results**

<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
Revenue	41,516	45,238
Profit before taxation	7,247	7,081
<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
Revenue	37,408	31,697
Profit before taxation	6,816	5,557
<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
Revenue	4,270	13,403
Profit/(loss) before taxation	259	949

**18 Commentary on Prospects**

The directors expect the business environment to remain extremely challenging in FY2016, in line with the global economic outlook. The Group will continue its efforts to manage its operations to achieve optimum returns.

19 Profit forecast  
Not applicable.

20 Taxation	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM '000	RM '000	RM '000	RM '000
Income tax	1,799	223	5,365	3,590
Deferred tax	(765)	0	(765)	0
	<u>1,034</u>	<u>223</u>	<u>4,600</u>	<u>3,590</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

	31.12.2015	31.12.2014
	RM '000	RM '000
<b>Current</b>		
<b>Secured</b>		
Fixed rate term loan	296	281
Finance lease liabilities	37	42
	<u>333</u>	<u>323</u>
<b>Unsecured</b>		
Trust receipts	11,662	17,534
	<u>11,995</u>	<u>17,857</u>
<b>Non-current</b>		
<b>Secured</b>		
Fixed rate term loan	370	674
Finance lease liabilities	0	37
	<u>370</u>	<u>711</u>
<b>Total</b>	<b>12,365</b>	<b>18,568</b>

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

At 31 Dec 2015	Current	Non-current
	RM '000	RM '000
RM	274	370
USD	10,584	
EURO	155	
JPY	982	
<b>TOTAL</b>	<b>11,995</b>	<b>370</b>

**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 31 Dec 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**

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 9.0 sen per share under single tier system, for the financial year ended 31 December 2015.

The date of the Annual General Meeting and book closure for dividend entitlement will be announced in due course.

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 :

Year ended 31 Dec

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		12 months ended	
	31.12.2015 RM '000	31.12.2014 RM '000	31.12.2015 RM '000	31.12.2014 RM '000
<b>Profit for the period is arrived at after charging :</b>				
Depreciation of property, plant and equipment	1,396	2,015	6,719	7,327
Impairment on inventory	80	-	217	409
Loss on derivatives	-	-	-	556
Loss on disposal of quoted investments	-	-	-	-
Impairment on receivables	96	-	96	203
<b>and after crediting :</b>				
Gain on derivatives	-	-	208	-
Gain on disposal of quoted investments	163	-	326	-
Gain on fair value on investment in shares	110	-	110	366
Reversal of impairment on inventory	-	-	756	-
Reversal of impairment on receivables	197	-	932	87

Other than the above, there were no impairment loss on trade receivables and exceptional items included in the results for the current quarter ended 31 December 2015.

**29 Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at 31 December 2015, pursuant to the format prescribed by Bursa, is as follows :

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM '000</b>	<b>RM '000</b>
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	140,054	121,461
-Unrealised	5,677	5,567
	<u>145,731</u>	<u>127,028</u>
Total share of retained profits/(accumulated losses) from associates		
-Realised	342	363
-Unrealised	-	-
	<u>146,073</u>	<u>127,391</u>
Less : Consolidation adjustments	(16,813)	(10,774)
Total retained profits as per statements of financial position	<u>129,260</u>	<u>116,617</u>

**30 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 23 February 2016.