

UPA Corporation Berhad

Interim Financial Statements  
31 March 2016

**Interim Financial Statements**  
**Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended 31 March 2016**

Period ended 31 March	Current Quarter		Cumulative	
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>				
Revenue	30,644	48,008	30,644	48,008
Cost of Sales	(25,877)	(43,203)	(25,877)	(43,203)
Gross Profit	4,767	4,805	4,767	4,805
Other income	1,324	2,337	1,324	2,337
Selling and Distribution expenses	(1,186)	(988)	(1,186)	(988)
Administration expenses	(1,862)	(1,077)	(1,862)	(1,077)
Other expenses	(233)	0	(233)	0
Results from operating activities	2,810	5,077	2,810	5,077
Finance income	231	121	231	121
Finance costs	(172)	(109)	(172)	(109)
Operating Profit	2,869	5,089	2,869	5,089
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	2,869	5,089	2,869	5,089
Tax expense	(1,044)	(1,127)	(1,044)	(1,127)
Profit for the period	1,825	3,962	1,825	3,962
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	1,825	3,962	1,825	3,962
<b>Profit for the period</b>				
Attributable to :				
Owners of the company	1,825	3,962	1,825	3,962
Non-controlling interests	0	0	0	0
Profit for the period	1,825	3,962	1,825	3,962
<b>Total comprehensive income for the year</b>				
Attributable to :				
Owners of the company	1,825	3,962	1,825	3,962
Non-controlling interests	0	0	0	0
Profit for the period	1,825	3,962	1,825	3,962
Basic earnings/(loss) per ordinary share (sen)	2.36	5.12	2.36	5.12
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 2015)

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Financial Position  
 At 31 March 2016

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	31 Mar 2016 RM '000	31 Dec 2015 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	64,050	66,598
Interest in associates	1,021	1,021
Investment properties	24,508	24,508
	<u>89,579</u>	<u>92,127</u>
<b>Current assets</b>		
Other investments	8,032	21,229
Inventories	66,330	55,730
Trade and other receivables	40,551	42,740
Current tax assets	272	691
Cash and cash equivalents	37,028	30,108
	<u>152,213</u>	<u>150,498</u>
<b>Total Assets</b>	<b>241,792</b>	<b>242,625</b>
<b>Equity</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	79,582	79,582
Retained earnings	131,575	129,750
Translation reserve	1,159	1,159
Treasury shares	(3,248)	(3,144)
	<u>209,068</u>	<u>207,347</u>
<b>Non-controlling interests</b>	234	234
<b>Total equity</b>	<u>209,302</u>	<u>207,581</u>
<b>Non-current liabilities</b>		
Borrowings	309	370
Deferred tax liabilities	6,635	6,635
	<u>6,944</u>	<u>7,005</u>
<b>Current liabilities</b>		
Borrowings	14,786	11,980
Current tax liabilities	4,515	1,830
Trade and other payables	6,245	14,229
	<u>25,546</u>	<u>28,039</u>
<b>Total Liabilities</b>	<u>32,490</u>	<u>35,044</u>
<b>Total Equity and Liabilities</b>	<b>241,792</b>	<b>242,625</b>
<b>Net asset per share (RM)</b>	<b>2.63</b>	<b>2.61</b>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Changes in Equity  
 For the period ended 31 March 2016

	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			0	3,962	3,962	0	3,962
Dividends paid				0	0		0
Acquisition of treasury shares							0
<b>At 31 March 2015</b>	<b>79,582</b>	<b>(3,144)</b>	<b>256</b>	<b>120,579</b>	<b>197,273</b>	<b>339</b>	<b>197,612</b>
<b>At 1 January 2016</b>	79,582	(3,144)	1,159	129,750	207,347	234	207,581
Total comprehensive income for the period		0	0	1,825	1,825	0	1,825
Dividends paid				0	0		0
Acquisition of treasury shares		(104)			(104)		(104)
<b>At 31 March 2016</b>	<b>79,582</b>	<b>(3,248)</b>	<b>1,159</b>	<b>131,575</b>	<b>209,068</b>	<b>234</b>	<b>209,302</b>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Cash Flows  
 For the period ended 31 March 2016

	31 Mar 2016 RM '000	31 Mar 2015 RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	2,869	5,089
<i>Adjustments for non-cash items :</i>		
Depreciation of property, plant and equipment	1,573	2,000
Loss/(Gain) on fair value on investment in shares	-	-
Fair value gain on investment property	-	(355)
Reversal of impairment of receivables	(449)	(756)
Reversal of impairment of inventory	-	147
Impairment of inventory	172	109
Finance costs	(231)	(121)
Finance income	-	-
Share of profit/(loss) of equity-accounted investees, net of tax	(260)	(87)
Other non-cash items	3,674	6,026
<b>Operating profit before changes in working capital</b>	<b>3,674</b>	<b>6,026</b>
Change in inventories	(10,600)	(4,959)
Change in trade and other receivables	3,027	(4,038)
Change in trade and other payables	(7,984)	5,914
	-	-
	<b>(11,883)</b>	<b>2,943</b>
<b>Cash generated from operations</b>	<b>231</b>	<b>121</b>
Interest received	-	-
Tax refunded	-	-
Tax paid	(1,057)	(1,176)
<b>Net cash (used in)/from operating activities</b>	<b>(12,709)</b>	<b>1,888</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(556)	(1,903)
Proceeds from other investments	181	87
Proceeds from disposal of property, plant and equipment	14	-
Acquisition of other investments	-	-
Decrease in other investments	13,272	-
Dividends received from other investments	79	-
	-	-
	<b>12,990</b>	<b>(1,816)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flow from financing activities</b>		
Dividend paid to owners	-	-
Acquisition of treasury shares	(104)	-
Proceeds from borrowings	7,011	1,366
Repayment of loans and borrowings	(85)	(85)
Payment of finance lease liabilities	(11)	(11)
Interest paid	(172)	(109)
<b>Net cash used in financing activities</b>	<b>6,639</b>	<b>1,161</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>6,920</b>	<b>1,233</b>
<b>Cash and Cash Equivalents at 1 January</b>	<b>30,108</b>	<b>43,409</b>
<b>Cash and Cash Equivalents at 31 March</b>	<b>37,028</b>	<b>44,642</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	32,028	20,642
Deposits with licensed banks	5,000	24,000
	<b>37,028</b>	<b>44,642</b>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

**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 Securitites 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 2015.

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 2015 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2016. The adoption of these standards, amendments and intepretations 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 2015 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 :	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**  
On 18 May 2016, a subsidiary of the Company, Danau Cekal Sdn Bhd, had paid a sum of RM 4,435,920 to "Pejabat Tanah Selangor" being premium on conversion of a piece of agricultural land to industrial land.
- 11 Changes in composition of the Group**  
There were no changes in composition of the Group for the quarter under review.

## 12 Segmental Reporting

3 months period ended 31 March						
	Manufacturing 2016	Manufacturing 2015	Machine Trading 2016	Machine Trading 2015	Total 2016	Total 2015
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>						
External revenue	28,728	31,632	4,036	17,125	32,764	48,757
Inter-segment revenue	-	-	(2,380)	(749)	(2,380)	(749)
<b>Total revenue</b>	<b>28,728</b>	<b>31,632</b>	<b>1,656</b>	<b>16,376</b>	<b>30,384</b>	<b>48,008</b>
Segment profit	3,512	4,221	(95)	685	3,417	4,906
Segment assets	181,905	181,110	37,789	41,824	219,694	222,934

Reconciliation of reportable segment profit or loss	3 months ended	3 months ended
	31.03.2016 RM '000	31.03.2015 RM '000
Total profit for reporting segments	3,417	4,906
Other non-reportable segments	442	183
Elimination of inter-segment profit/(loss)	(990)	-
Share of profit/(loss) of associates not included in reportable segments	-	-
<b>Consolidated profit before tax</b>	<b>2,869</b>	<b>5,089</b>

## 13 Changes in contingent liabilities

Corporate guarantees issued to licensed financial institutions with regard to banking facilities granted to subsidiaries amounted to RM 88.5 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

There were reversal of impairment for inventories amounting to RM 449,000 for the current quarter.

On the other hand, there were impairment of inventories amounting to RM 148,000 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>31.03.2016</b>	<b>31.03.2015</b>
Revenue	30,644	48,008
Profit before taxation	2,869	5,089
<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Revenue	28,728	31,632
Profit/(loss) before taxation	3,512	4,221
<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Revenue	1,656	16,376
Profit/(loss) before taxation	(95)	685

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

<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Revenue	30,644	41,516
Profit before taxation	2,869	7,247
<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Revenue	28,728	37,408
Profit before taxation	3,512	6,816
<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Revenue	1,656	4,270
Profit/(loss) before taxation	(95)	259

**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	
	31.03.2016	31.03.2015
	RM '000	RM '000
Income tax	1,044	1,127
Deferred tax	0	0
	<u>1,044</u>	<u>1,127</u>

Income tax is higher than the statutory rate due absence of full group relief.

- 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

	31.03.2016	31.12.2015
	RM '000	RM '000
<b><u>Current</u></b>		
<b>Secured</b>		
Fixed rate term loan	281	295
Finance lease liabilities	26	37
	<u>307</u>	<u>332</u>
<b>Unsecured</b>		
Trust receipts	14,479	11,648
	<u>14,786</u>	<u>11,980</u>
<b><u>Non-current</u></b>		
<b>Secured</b>		
Fixed rate term loan	309	370
Finance lease liabilities	0	0
	<u>309</u>	<u>370</u>
<b>Total</b>	<b>15,095</b>	<b>12,350</b>

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

At 31 March 2016

	Current	Non-current
	RM '000	RM '000
RM	898	309
USD	9,978	
EURO	-	
JPY	3,910	
<b>TOTAL</b>	<b>14,786</b>	<b>309</b>

**23 Treasury shares**

The company purchased 47,600 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 :

	FY2016 Year to date
Description of shares purchased	Ordinary share of RM 1.00 each
Total number of shares purchased	47,600
Total number of shares cancelled	NIL
Total number of shares held as treasury shares	2,307,840
Total number of treasury shares resold	NIL

**24 Derivative Financial Instruments**

Summary of outstanding derivatives at 31 March 2016 :

	Nominal value RM '000	Fair value Gain/(loss) RM '000
Foreign exchange contracts	18,586	837

**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 directors did not propose any dividend for the quarter under review.

**27 Valuation of investment properties**

The valuation of investment properties were brought forward without amendment from the previous quarter.

28 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 31 March

	2016	2015
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	<u>(2,268,173)</u>	<u>(2,260,240)</u>
Weighted average number of ordinary shares	<u>77,313,667</u>	<u>77,321,600</u>

(B) Diluted earnings per ordinary share-Not Applicable

29 Profit for the period

	3 months ended	
	31.03.2016	31.03.2015
	RM '000	RM '000
<b>Profit for the period is arrived at after charging :</b>		
Depreciation of property, plant and equipment	1,573	2,000
Impairment on inventory	-	148
Loss on derivatives	-	-
Loss on disposal of quoted investments	-	-
Impairment on receivables	-	-
<b>and after crediting :</b>		
Gain on derivatives	837	208
Gain on disposal of quoted investments	181	-
Gain on fair value on investment in shares	158	-
Reversal of impairment on inventory	449	756
Reversal of impairment on receivables	-	355

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 March 2016.

**30 Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at 31 March 2016, pursuant to the format prescribed by Bursa, is as follows :

	31.03.2016 RM '000	31.12.2015 RM '000
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	138,122	137,292
-Unrealised	2,215	1,220
	<u>140,337</u>	<u>138,512</u>
Total share of retained profits/(accumulated losses) from associates		
-Realised	1,021	1,021
-Unrealised	-	-
	<u>141,358</u>	<u>139,533</u>
Less : Consolidation adjustments	(9,783)	(9,783)
Total retained profits as per statements of financial position	<u>131,575</u>	<u>129,750</u>

**31 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 20 May 2016.