

UPA Corporation Berhad

Interim Financial Statements
30 June 2016

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2016

Period ended 30 June	Current Quarter		Cumulative	
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	50,907	36,362	81,551	84,370
Cost of Sales	(41,637)	(29,802)	(67,514)	(73,005)
Gross Profit	9,270	6,560	14,037	11,365
Other income	(383)	584	941	2,921
Selling and Distribution expenses	(1,003)	(1,274)	(2,189)	(2,262)
Administration expenses	(1,587)	(1,994)	(3,449)	(3,071)
Other expenses	(1,904)	0	(2,137)	0
Results from operating activities	4,393	3,876	7,203	8,953
Finance income	262	156	493	277
Finance costs	(109)	(166)	(281)	(275)
Operating Profit	4,546	3,866	7,415	8,955
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	4,546	3,866	7,415	8,955
Tax expense	(1,583)	(1,062)	(2,627)	(2,189)
Profit for the period	2,963	2,804	4,788	6,766
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	2,963	2,804	4,788	6,766
Profit for the period				
Attributable to :				
Owners of the company	2,963	2,804	4,788	6,766
Non-controlling interests	0	0	0	0
Profit for the period	2,963	2,804	4,788	6,766
Total comprehensive income for the year				
Attributable to :				
Owners of the company	2,963	2,804	4,788	6,766
Non-controlling interests	0	0	0	0
Profit for the period	2,963	2,804	4,788	6,766
Basic earnings/(loss) per ordinary share (sen)	3.83	3.63	6.19	8.75
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 30 June 2016

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	30 June 2016 RM '000	31 Dec 2015 RM '000
Non-Current Assets		
Property, plant and equipment	63,554	66,598
Interest in associates	7,021	1,021
Investment properties	24,508	24,508
Development expenditure	4,638	0
	<u>99,721</u>	<u>92,127</u>
Current assets		
Other investments	15,874	21,229
Inventories	61,748	55,730
Trade and other receivables	38,077	42,740
Current tax assets	1,493	691
Cash and cash equivalents	31,219	30,108
	<u>148,411</u>	<u>150,498</u>
Total Assets	248,132	242,625
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	134,538	129,750
Translation reserve	1,159	1,159
Treasury shares	(3,248)	(3,144)
	<u>212,031</u>	<u>207,347</u>
Non-controlling interests	<u>234</u>	<u>234</u>
Total equity	<u>212,265</u>	<u>207,581</u>
Non-current liabilities		
Borrowings	232	370
Deferred tax liabilities	6,635	6,635
	<u>6,867</u>	<u>7,005</u>
Current liabilities		
Borrowings	19,377	11,980
Current tax liabilities	3,152	1,830
Trade and other payables	6,471	14,229
	<u>29,000</u>	<u>28,039</u>
Total Liabilities	<u>35,867</u>	<u>35,044</u>
Total Equity and Liabilities	248,132	242,625
Net asset per share (RM)	2.66	2.61

(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 30 June 2016

	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Non-distributable			Distributable	Total		
	Share capital	Treasury Shares	Foreign translation reserve	Retained profits			
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	6,766	6,766	0	6,766
Acquisition of treasury shares							0
At 30 June 2015	79,582	(3,144)	256	123,383	200,077	339	200,416
At 1 January 2016	79,582	(3,144)	1,159	129,750	207,347	234	207,581
Total comprehensive income for the period		0	0	4,788	4,788	0	4,788
Acquisition of treasury shares		(104)			(104)		(104)
At 30 June 2016	79,582	(3,248)	1,159	134,538	212,031	234	212,265

(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 30 June 2016

	30 June 2016 RM '000	30 June 2015 RM '000
Cash flows from operating activities		
Profit before taxation	7,415	8,955
<i>Adjustments for non-cash items :</i>		
Depreciation of property, plant and equipment	3,067	3,789
Loss/(Gain) on fair value on investment in shares	-	-
Fair value gain on investment property	-	-
Reversal of impairment loss on receivables	-	(355)
Reversal of impairment loss on inventories	(449)	(756)
Impairment loss on inventories	1,550	147
Impairment loss on receivables	-	-
Finance costs	280	275
Finance income	(493)	(276)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Other non-cash items	(260)	(87)
Operating profit before changes in working capital	<u>11,110</u>	<u>11,692</u>
Change in inventories	(7,568)	(3,967)
Change in trade and other receivables	5,575	10,029
Change in trade and other payables	(6,495)	(3,362)
	-	-
Cash generated from operations	<u>2,622</u>	<u>14,392</u>
Interest received	493	276
Tax refunded	-	-
Tax paid	(2,119)	(2,055)
Net cash (used in)/from operating activities	<u>996</u>	<u>12,613</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(962)	(1,778)
Proceeds from other investments	83	87
Proceeds from disposal of property, plant and equipment	14	-
Development expenditure	(4,436)	-
Decrease in other investments	5,271	-
Dividends received from other investments	79	-
	-	-
Net cash used in investing activities	<u>49</u>	<u>(1,691)</u>
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	(104)	-
Proceeds from borrowings	472	-
Repayment of loans and borrowings	-	(2,470)
Payment of finance lease liabilities	(22)	(21)
Interest paid	(280)	(275)
Net cash used in financing activities	<u>66</u>	<u>(2,766)</u>
Net change in Cash and Cash Equivalents	1,111	8,156
Cash and Cash Equivalents at 1 January	<u>30,108</u>	<u>43,409</u>
Cash and Cash Equivalents at 30 June	<u>31,219</u>	<u>51,565</u>
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	28,219	30,648
Deposits with licensed banks	3,000	20,917
	<u>31,219</u>	<u>51,565</u>

(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 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 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 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 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 dividend 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 30 June 2016 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

6 months period ended
30 June

	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
Revenue						
External revenue	59,737	66,670	23,935	18,803	83,672	85,473
Inter-segment revenue	-	-	(2,380)	(1,189)	(2,380)	(1,189)
Total revenue	59,737	66,670	21,555	17,614	81,292	84,284
Segment profit	6,278	8,224	760	659	7,038	8,883
Segment assets	190,231	182,961	38,253	28,869	228,484	211,830

Reconciliation of reportable segment profit or loss

	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM '000	RM '000
Total profit for reporting segments	7,038	8,883
Other non-reportable segments	377	72
Elimination of inter-segment profit/(loss)	-	-
Share of profit/(loss) of associates not included in reportable segments	-	-
Consolidated profit before tax	7,415	8,955

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 impairment for inventories amounting to RM 1,550,000 for the current quarter.

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	30.06.2016	30.06.2015
Revenue	50,907	36,362
Profit before taxation	4,546	3,866
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.06.2016	30.06.2015
Revenue	31,009	35,038
Profit/(loss) before taxation	2,766	4,003
Trading segment	Quarter ended	Quarter ended
In RM'000	30.06.2016	30.06.2015
Revenue	19,899	1,238
Profit/(loss) before taxation	855	(26)

17 Comparison with preceding quarter's results

Group	Quarter ended	Quarter ended
In RM'000	30.06.2016	31.03.2016
Revenue	50,907	30,644
Profit before taxation	4,546	2,869
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.06.2016	31.03.2016
Revenue	31,009	28,728
Profit before taxation	2,766	3,512
Trading segment	Quarter ended	Quarter ended
In RM'000	30.06.2016	31.03.2016
Revenue	19,899	1,656
Profit/(loss) before taxation	855	(95)

18 Commentary on Prospects

In line with the global economic outlook, the directors expect the business environment to remain challenging for the rest of FY2016. Meanwhile, the Group will continue to manage its operations to achieve optimum returns.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM '000	RM '000	RM '000	RM '000
Income tax	1,583	1,062	2,627	2,189
Deferred tax	0	0	0	0
	<u>1,583</u>	<u>1,062</u>	<u>2,627</u>	<u>2,189</u>

Income tax is higher than the statutory rate due to disallowed expenses and 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

	30.06.2016	31.12.2015
	RM '000	RM '000
Current		
Secured		
Fixed rate term loan	281	295
Finance lease liabilities	14	37
	<u>295</u>	<u>332</u>
Unsecured		
Trust receipts	19,082	11,648
	<u>19,377</u>	<u>11,980</u>
Non-current		
Secured		
Fixed rate term loan	232	370
Finance lease liabilities	0	0
	<u>232</u>	<u>370</u>
Total	19,609	12,350

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

At 30 June 2016	Current	Non-current
	RM '000	RM '000
RM	458	232
USD	14,077	
EURO	231	
JPY	4,611	
TOTAL	19,377	232

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 :

Description of shares purchased	FY2016
	Year todate
	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 30 June 2016 :

	Nominal	Fair value
	value	Gain/(loss)
	RM '000	RM '000
Foreign exchange contracts	11,099	(47)

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 30 June

	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		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of property, plant and equipment	1,494	1,789	3,067	3,789
Impairment loss on inventories	1,550	-	1,550	148
Loss on derivatives	47	-	47	-
Loss on disposal of quoted investments	-	-	-	-
Impairment loss on receivables	-	-	-	-
and after crediting :				
Gain on derivatives	-	-	837	208
Gain on disposal of quoted investments	-	-	181	-
Gain on fair value on investment in shares	-	-	158	-
Reversal of impairment loss on inventories	-	-	449	756
Reversal of impairment loss 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 30 June 2016.

30 Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 30 June 2016, pursuant to the format prescribed by Bursa, is as follows :

	30.06.2016 RM '000	31.12.2015 RM '000
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	142,080	137,292
-Unrealised	1,220	1,220
	<u>143,300</u>	<u>138,512</u>
 Total share of retained profits/(accumulated losses) from associates		
-Realised	1,021	1,021
-Unrealised	-	-
	<u>144,321</u>	<u>139,533</u>
 Less : Consolidation adjustments	(9,783)	(9,783)
 Total retained profits as per statements of financial position	<u>134,538</u>	<u>129,750</u>

31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 19 August 2016.