

UPA Corporation Berhad

Interim Financial Statements
30 September 2016

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

Period ended 30 Sept	Current Quarter		Cumulative	
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	30,159	45,238	111,710	129,608
Cost of Sales	(25,702)	(38,327)	(93,216)	(111,332)
Gross Profit	4,457	6,911	18,494	18,276
Other income	603	3,834	1,544	6,755
Selling and Distribution expenses	(898)	(1,227)	(3,087)	(3,489)
Administration expenses	(2,588)	(1,779)	(6,037)	(4,850)
Other expenses	264	(727)	(1,873)	(728)
Results from operating activities	1,838	7,012	9,041	15,964
Finance income	20	221	513	498
Finance costs	(165)	(152)	(446)	(427)
Operating Profit	1,693	7,081	9,108	16,035
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	1,693	7,081	9,108	16,035
Tax expense	(338)	(1,377)	(2,965)	(3,566)
Profit for the period	1,355	5,704	6,143	12,469
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	1,355	5,704	6,143	12,469
Profit for the period				
Attributable to :				
Owners of the company	1,355	5,704	6,143	12,469
Non-controlling interests	0	0	0	0
Profit for the period	1,355	5,704	6,143	12,469
Total comprehensive income for the year				
Attributable to :				
Owners of the company	1,355	5,704	6,143	12,469
Non-controlling interests	0	0	0	0
Profit for the period	1,355	5,704	6,143	12,469
Basic earnings/(loss) per ordinary share (sen)	1.75	7.38	7.95	16.13
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 Sept 2016

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	30 Sept 2016 RM '000	31 Dec 2015 RM '000
Non-Current Assets		
Property, plant and equipment	67,792	66,598
Interest in associates	7,021	1,021
Investment properties	24,508	24,508
Development expenditure	6,498	0
	<u>105,819</u>	<u>92,127</u>
Current assets		
Other investments	11,874	21,229
Inventories	61,453	55,730
Trade and other receivables	27,213	42,740
Current tax assets	2,437	691
Cash and cash equivalents	32,553	30,108
	<u>135,530</u>	<u>150,498</u>
Total Assets	241,349	242,625
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	128,945	129,750
Translation reserve	1,159	1,159
Treasury shares	(3,393)	(3,144)
	<u>206,293</u>	<u>207,347</u>
Non-controlling interests	<u>234</u>	<u>234</u>
Total equity	<u>206,527</u>	<u>207,581</u>
Non-current liabilities		
Borrowings	154	370
Deferred tax liabilities	6,635	6,635
	<u>6,789</u>	<u>7,005</u>
Current liabilities		
Borrowings	15,050	11,980
Current tax liabilities	2,965	1,830
Trade and other payables	10,018	14,229
	<u>28,033</u>	<u>28,039</u>
Total Liabilities	<u>34,822</u>	<u>35,044</u>
Total Equity and Liabilities	241,349	242,625
Net asset per share (RM)	2.59	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 Sept 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	
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 2016	79,582	(3,144)	1,159	129,750	207,347	234	207,581
Total comprehensive income for the period		0	0	6,143	6,143	0	6,143
Dividends paid				(6,949)	(6,949)		(6,949)
Acquisition of treasury shares		(249)			(249)		(249)
At 30 Sept 2016	79,582	(3,393)	1,159	128,944	206,292	234	206,526

(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 Sept 2016

	30 Sept 2016 RM '000	30 Sept 2015 RM '000
Cash flows from operating activities		
Profit before taxation	9,108	16,035
<i>Adjustments for non-cash items :</i>		
Depreciation of property, plant and equipment	4,637	5,323
Loss/(Gain) on fair value on investment in shares	-	-
Fair value gain on investment property	-	-
Reversal of impairment loss on receivables	-	(735)
Reversal of impairment loss on inventories	(449)	(756)
Impairment loss on inventories	1,872	137
Impairment loss on receivables	-	-
Finance costs	446	427
Finance income	(512)	(498)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Other non-cash items	(185)	(87)
Operating profit before changes in working capital	<u>14,917</u>	<u>19,846</u>
Change in inventories	(5,723)	(5,894)
Change in trade and other receivables	15,527	12,077
Change in trade and other payables	(4,353)	(1,536)
	-	-
Cash generated from operations	<u>20,368</u>	<u>24,493</u>
Interest received	513	498
Tax refunded	-	55
Tax paid	(3,538)	(3,489)
Net cash (used in)/from operating activities	<u>17,343</u>	<u>21,557</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,675)	(3,024)
Proceeds from other investments	-	87
Proceeds from disposal of property, plant and equipment	14	-
Development expenditure	(6,498)	-
Subscription of shares in an associate	(6,000)	-
Decrease in other investments	9,271	-
Dividends received from other investments	147	-
	-	-
Net cash used in investing activities	<u>(4,741)</u>	<u>(2,937)</u>
Cash flow from financing activities		
Dividend paid to owners	(6,949)	(6,186)
Acquisition of treasury shares	(249)	-
Proceeds from borrowings	-	-
Repayment of loans and borrowings	(2,480)	(2,754)
Payment of finance lease liabilities	(34)	(34)
Interest paid	(445)	(427)
Net cash used in financing activities	<u>(10,157)</u>	<u>(9,401)</u>
Net change in Cash and Cash Equivalents	2,445	9,219
Cash and Cash Equivalents at 1 January	<u>30,108</u>	<u>43,409</u>
Cash and Cash Equivalents at 30 Sept	<u>32,553</u>	<u>52,628</u>
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	32,553	31,711
Deposits with licensed banks	-	20,917
	<u>32,553</u>	<u>52,628</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

During the quarter, the Company paid a first and final single tier dividend of 9% for the financial year ended 31 Dec 2015 amounting to RM 6.9 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 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

9 months period ended
30 Sept

	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	84,146	98,367	29,617	32,206	113,763	130,573
Inter-segment revenue	-	-	(2,380)	(1,140)	(2,380)	(1,140)
Total revenue	84,146	98,367	27,237	31,066	111,383	129,433
Segment profit	8,260	13,781	317	1,610	8,577	15,391
Segment assets	182,761	185,975	36,828	31,571	219,589	217,546

Reconciliation of reportable segment profit or loss

	9 months ended 30.09.2016	9 months ended 30.09.2015
	RM '000	RM '000
Total profit for reporting segments	8,577	15,391
Other non-reportable segments	531	644
Elimination of inter-segment profit/(loss)	-	-
Share of profit/(loss) of associates not included in reportable segments	-	-
Consolidated profit before tax	9,108	16,035

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 no impairment loss on inventories for the current quarter.

Similarly, there were no impairment loss on 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	30.09.2016	30.09.2015
Revenue	30,159	45,238
Profit before taxation	1,693	7,081
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.09.2016	30.09.2015
Revenue	24,409	31,697
Profit/(loss) before taxation	1,982	5,557
Trading segment	Quarter ended	Quarter ended
In RM'000	30.09.2016	30.09.2015
Revenue	5,682	13,403
Profit/(loss) before taxation	(443)	949

17 Comparison with preceding quarter's results

Group	Quarter ended	Quarter ended
In RM'000	30.09.2016	30.06.2016
Revenue	30,159	50,907
Profit before taxation	1,693	4,546
Manufacturing segment	Quarter ended	Quarter ended
In RM'000	30.09.2016	30.06.2016
Revenue	24,409	31,009
Profit before taxation	1,982	2,766
Trading segment	Quarter ended	Quarter ended
In RM'000	30.09.2016	30.06.2016
Revenue	5,682	19,899
Profit/(loss) before taxation	(443)	855

18 Commentary on Prospects

In the light of uncertainties in geopolitical and global economic outlook, the directors expect the business environment to remain extremely challenging.

Meanwhile, the Group will continue to manage its operations to achieve optimum returns and be vigilant in identifying new opportunities.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM '000	RM '000	RM '000	RM '000
Income tax	338	1,377	2,965	3,566
Deferred tax	0	0	0	0
	<u>338</u>	<u>1,377</u>	<u>2,965</u>	<u>3,566</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

	30.09.2016	31.12.2015
	RM '000	RM '000
Current		
Secured		
Fixed rate term loan	281	295
Finance lease liabilities	4	37
	<u>285</u>	<u>332</u>
Unsecured		
Trust receipts	14,765	11,648
	<u>15,050</u>	<u>11,980</u>
Non-current		
Secured		
Fixed rate term loan	154	370
Finance lease liabilities	0	0
	<u>154</u>	<u>370</u>
Total	15,204	12,350

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

At 30 Sept 2016

	Current	Non-current
	RM '000	RM '000
RM	1,778	154
USD	7,988	
EURO	242	
JPY	5,042	
TOTAL	15,050	154

23 Treasury shares

The company purchased 66,200 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 to date
	Ordinary share of RM 1.00 each
Total number of shares purchased	113,800
Total number of shares cancelled	NIL
Total number of shares held as treasury shares	2,374,040
Total number of treasury shares resold	NIL

24 Derivative Financial instruments

Summary of outstanding derivatives at 30 Sept 2016 :

	Nominal	Fair value
	value	Gain/(loss)
	RM '000	RM '000
Foreign exchange contracts	4,128	(143)

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 Sept

Weighted average number of ordinary shares	2016	2015
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	(2,336,973)	(2,260,240)
Weighted average number of ordinary shares	<u>77,244,867</u>	<u>77,321,600</u>

(B) Diluted earnings per ordinary share-Not Applicable

29 Profit for the period

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of property, plant and equipment	1,570	1,534	4,637	5,323
Impairment loss on inventories	322	137	1,872	137
Loss on derivatives	143	-	190	-
Loss on disposal of quoted investments	-	-	-	-
Impairment loss on receivables	-	-	-	-
and after crediting :				
Gain on derivatives	-	-	837	208
Gain on disposal of quoted investments	-	20	181	163
Gain on fair value on investment in shares	-	-	158	-
Reversal of impairment loss on inventories	-	-	449	756
Reversal of impairment loss on receivables	-	380	-	735

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 Sept 2016.

30 Realised and Unrealised Profits

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

	30.09.2016 RM '000	31.12.2015 RM '000
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	136,487	137,292
-Unrealised	1,220	1,220
	<u>137,707</u>	<u>138,512</u>
 Total share of retained profits/(accumulated losses) from associates		
-Realised	1,021	1,021
-Unrealised	-	-
	<u>138,728</u>	<u>139,533</u>
 Less : Consolidation adjustments	(9,783)	(9,783)
 Total retained profits as per statements of financial position	<u>128,945</u>	<u>129,750</u>

31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 18 November 2016.