

UPA Corporation Berhad

Interim Financial Statements  
31 December 2016

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2016

Year ended 31 December	Current Quarter		Cumulative	
	2016	2015	2016	2015
	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>				
Revenue	36,628	41,516	148,338	169,860
Cost of Sales	(32,909)	(31,748)	(126,125)	(141,470)
Gross Profit	3,719	9,768	22,213	28,390
Other income	28,177	2,077	29,721	8,779
Selling and Distribution expenses	(1,316)	(1,445)	(4,403)	(4,933)
Administration expenses	(2,199)	(2,073)	(8,236)	(6,917)
Other expenses	(2,678)	(1,284)	(4,551)	(2,008)
Results from operating activities	25,703	7,043	34,744	23,311
Finance income	197	108	710	606
Finance costs	(111)	117	(557)	(310)
Operating Profit	25,789	7,268	34,897	23,607
Share of profit/(loss) of equity-accounted investees, net of tax	0	(21)	0	21
Profit before tax	25,789	7,247	34,897	23,628
Tax expense	(3,296)	(1,034)	(6,261)	(4,456)
Profit for the period	22,493	6,213	28,636	19,172
Foreign currency translation difference for foreign operations	0	945	0	945
Total comprehensive income for the period	22,493	7,158	28,636	20,117
<b>Profit for the period</b>				
Attributable to :				
Owners of the company	22,395	6,360	28,538	19,319
Non-controlling interests	98	(147)	98	(147)
Profit for the period	22,493	6,213	28,636	19,172
<b>Total comprehensive income for the year</b>				
Attributable to :				
Owners of the company	22,395	7,263	28,538	20,222
Non-controlling interests	98	(105)	98	(105)
Profit for the period	22,493	7,158	28,636	20,117
Basic earnings/(loss) per ordinary share (sen)	29.12	8.04	37.07	25.00
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 December 2016

Page 2

	31 Dec 2016 RM '000	31 Dec 2015 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	76,406	66,598
Interest in associates	6,000	1,021
Investment properties	52,258	24,508
	<u>134,664</u>	<u>92,127</u>
<b>Current assets</b>		
Other investments	6,093	21,229
Inventories	52,152	55,730
Trade and other receivables	38,287	42,740
Current tax assets	2,997	691
Cash and cash equivalents	34,099	30,108
	<u>133,628</u>	<u>150,498</u>
<b>Total Assets</b>	<b>268,292</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	151,339	129,750
Translation reserve	1,159	1,159
Treasury shares	(3,393)	(3,144)
	<u>228,687</u>	<u>207,347</u>
<b>Non-controlling interests</b>	332	234
<b>Total equity</b>	<u>229,019</u>	<u>207,581</u>
<b>Non-current liabilities</b>		
Borrowings	77	370
Deferred tax liabilities	8,952	6,635
	<u>9,029</u>	<u>7,005</u>
<b>Current liabilities</b>		
Borrowings	13,847	11,980
Current tax liabilities	3,729	1,830
Trade and other payables	12,668	14,229
	<u>30,244</u>	<u>28,039</u>
<b>Total Liabilities</b>	39,273	35,044
<b>Total Equity and Liabilities</b>	<b>268,292</b>	<b>242,625</b>
<b>Net asset per share (RM)</b>	<b>2.87</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 year ended 31 December 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			903	19,319	20,222	(105)	20,117
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>1,159</b>	<b>129,750</b>	<b>207,347</b>	<b>234</b>	<b>207,581</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	28,538	28,538	98	28,636
Dividends paid				(6,949)	(6,949)		(6,949)
Acquisition of treasury shares		(249)			(249)		(249)
<b>At 31 December 2016</b>	<b>79,582</b>	<b>(3,393)</b>	<b>1,159</b>	<b>151,339</b>	<b>228,687</b>	<b>332</b>	<b>229,019</b>

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

	31 Dec 2016 RM '000	31 Dec 2015 RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	34,897	23,628
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	5,865	7,545
Fair value gain on investment property	(25,883)	-
Reversal of impairment loss on associate	-	(735)
Reversal of impairment loss on receivables	-	(225)
Reversal of impairment loss on inventories	(1,030)	(1,159)
Impairment loss on inventories	2,409	244
Impairment loss on receivables	912	346
Other provisions	1,229	-
Finance costs	558	310
Finance income	(710)	(606)
Share of profit/(loss) of equity-accounted investees, net of tax	-	(21)
Dividend income	(147)	(175)
Gain on fair value on investment in shares	(219)	(110)
Gain on disposal of property plant and equipment	(382)	(262)
Gain on disposal of investment property	-	(21)
Gain on disposal of other investments	(181)	(163)
Unrealised foreign exchange (gain)/loss	(776)	(350)
Other non-cash items	-	-
<b>Operating profit before changes in working capital</b>	<b>16,542</b>	<b>28,246</b>
Change in inventories	1,958	(5,478)
Change in trade and other receivables	3,680	464
Change in trade and other payables	(2,228)	483
	-	-
<b>Cash generated from operations</b>	<b>19,952</b>	<b>23,715</b>
Interest received	710	606
Tax refund	-	160
Tax paid	(3,835)	(5,175)
<b>Net cash (used in)/from operating activities</b>	<b>16,827</b>	<b>19,306</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6,976)	(3,692)
Proceeds from other investments	9,340	488
Proceeds from disposal of property, plant and equipment	1,688	1,063
Proceeds from disposal of investment property	-	214
Purchase of investment properties	(6,531)	-
Subscription of shares in an associate	(6,000)	-
Increase in investment in a subsidiary	(1,551)	-
(Increase)/Decrease in other investments	10,229	(17,471)
Dividends received from other investments	147	175
<b>Net cash used in investing activities</b>	<b>346</b>	<b>(19,223)</b>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	(6,949)	(6,186)
Acquisition of treasury shares	(249)	-
Repayment of loans and borrowings	(5,052)	(6,084)
Payment of term loan	(340)	-
Payment of finance lease liabilities	(34)	(42)
Interest paid	(558)	(310)
<b>Net cash used in financing activities</b>	<b>(13,182)</b>	<b>(12,622)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>3,991</b>	<b>(12,539)</b>
<b>Effect of exchange rate fluctuation on cash</b>	<b>-</b>	<b>38</b>
<b>Cash and Cash Equivalents at 1 January</b>	<b>30,108</b>	<b>42,609</b>
<b>Cash and Cash Equivalents at 31 December</b>	<b>34,099</b>	<b>30,108</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	26,099	27,108
Deposits with licensed banks	8,000	3,000
	<b>34,099</b>	<b>30,108</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 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 :	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 31 December 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**  
During the quarter, the Company had acquired the remaining 51% equity interest that it did not own in Sharp Litho Sdn Bhd for a total cash consideration of RM 1.55 million.

## 12 Segmental Reporting

12 months period ended  
31 December

	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	118,835	131,688	33,586	34,537	152,421	166,225
Inter-segment revenue	-	(1,187)	(2,380)	(1,825)	(2,380)	(3,012)
<b>Total revenue</b>	<b>118,835</b>	<b>130,501</b>	<b>31,206</b>	<b>32,712</b>	<b>150,041</b>	<b>163,213</b>
Segment profit	11,726	20,503	(2,250)	1,723	9,476	22,226
Segment assets	176,007	174,112	32,325	35,734	208,332	209,846

### Reconciliation of reportable segment profit or loss

	12 months ended 31.12.2016	12 months ended 31.12.2015
	RM '000	RM '000
Total profit for reporting segments	9,476	22,226
Other non-reportable segments	26,661	10,123
Elimination of inter-segment profit	(1,240)	(8,742)
Share of profit/(loss) of associates not included in reportable segments	-	21
<b>Consolidated profit before tax</b>	<b>34,897</b>	<b>23,628</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 loss on inventories

Impairment loss on inventories for the current quarter amounted to RM 537,000.

Impairment loss on inventories for the corresponding quarter last year was RM 80,000.

## 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>31.12.2016</b>	<b>31.12.2015</b>
Revenue	36,628	41,516
Profit before taxation	25,789	7,247

<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Revenue	34,493	37,408
Profit/(loss) before taxation	4,109	6,816

<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Revenue	1,969	4,270
Profit/(loss) before taxation	(3,557)	259

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

<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Revenue	36,628	30,159
Profit before taxation	25,789	1,693

<b>Manufacturing segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Revenue	34,493	24,409
Profit before taxation	4,109	1,982

<b>Trading segment</b>	<b>Quarter ended</b>	<b>Quarter ended</b>
<b>In RM'000</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Revenue	1,969	5,682
Profit/(loss) before taxation	(3,557)	(443)

**18 Commentary on Prospects**

In the light of uncertainties in geopolitical and global economic outlook, the directors expect the business environment to remain 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		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM '000	RM '000	RM '000	RM '000
Income tax	764	1,805	3,729	5,227
Deferred tax	2,532	(771)	2,532	(771)
	<u>3,296</u>	<u>1,034</u>	<u>6,261</u>	<u>4,456</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

	31.12.2016	31.12.2015
	RM '000	RM '000
<b><u>Non-current</u></b>		
<b>Secured</b>		
Fixed rate term loan	77	370
Finance lease liabilities	0	0
	<u>77</u>	<u>370</u>
<b><u>Current</u></b>		
<b>Secured</b>		
Fixed rate term loan	281	295
Finance lease liabilities	0	37
	<u>281</u>	<u>332</u>
<b>Unsecured</b>		
Trust receipts	10,543	11,648
	<u>10,824</u>	<u>11,980</u>
<b>Total</b>	<b>10,901</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 Dec 2016	Current	Non-current
	RM '000	RM '000
RM	2,785	77
USD	3,498	
EURO	-	
JPY	4,541	
<b>TOTAL</b>	<b>10,824</b>	<b>77</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 :

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 31 Dec 2016 :

	Nominal value RM '000	Fair value Gain/(loss) RM '000
Foreign exchange contracts	1,573	(41)

**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 8.0 sen per share under single tier system, for the financial year ended 31 December 2016.

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

**27 Valuation of investment properties**

During the year, the Directors have revalued the investment properties belonging to the subsidiaries. The fair value gain recognised in profit and loss net of deferred tax amounted to RM 22.9 million.

**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 :

**Year ended 31 December**

<b>Weighted average number of ordinary shares</b>	<b>2016</b>	<b>2015</b>
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)
<b>Weighted average number of ordinary shares</b>	<b><u>77,244,867</u></b>	<b><u>77,321,600</u></b>

**(B) Diluted earnings per ordinary share-Not Applicable**

**29 Profit for the period**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Profit for the period is arrived at after charging :</b>				
Depreciation of PPE	1,570	1,396	5,865	7,545
Impairment loss on inventories	537	80	2,409	244
Impairment loss on receivables	912	96	912	346
Loss on derivatives	41	-	231	-
Loss on forex-realised				1,238
<b>and after crediting :</b>				
Gain on forex-realised	776		776	5,487
Gain on forex-unrealised				350
Gain on derivatives	-	-	837	208
Gain on disposal of PPE	382		382	262
Gain on disposal of quoted investments	-	163	181	163
Fair value gain on other investments	61	110	219	110
Fair value gain on investment properties	25,883		25,883	
Reversal of impairment loss on associate				735
Reversal of impairment loss on inventories	580	-	1,029	1,159
Reversal of impairment loss on receivables	-	197	-	225

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 2016.

**30 Realised and Unrealised Profits**

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

	31.12.2016 RM '000	31.12.2015 RM '000
Total retained profits of UPA Corp Bhd and its subsidiaries :		
-Realised	135,971	137,292
-Unrealised	24,130	1,220
	<u>160,101</u>	<u>138,512</u>
Total share of retained profits/(accumulated losses) from associates		
-Realised	1,021	1,021
-Unrealised	-	-
	<u>161,122</u>	<u>139,533</u>
Less : Consolidation adjustments	(9,783)	(9,783)
Total retained profits as per statements of financial position	<u>151,339</u>	<u>129,750</u>

**31 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 17 February 2017.