

UPA Corporation Berhad

**Interim Financial Statements
31 March 2017**

Interim Financial Statements
Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2017

Year ended 31 March	Current Quarter		Cumulative	
	2017	2016	2017	2016
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	39,311	30,644	39,311	30,644
Cost of Sales	(32,822)	(25,877)	(32,822)	(25,877)
Gross Profit	6,489	4,767	6,489	4,767
Other income	562	1,324	562	1,324
Selling and Distribution expenses	(1,118)	(1,186)	(1,118)	(1,186)
Administration expenses	(2,915)	(1,862)	(2,915)	(1,862)
Other expenses	(84)	(233)	(84)	(233)
Results from operating activities	2,934	2,810	2,934	2,810
Finance income	42	231	42	231
Finance costs	(132)	(172)	(132)	(172)
Operating Profit	2,844	2,869	2,844	2,869
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	2,844	2,869	2,844	2,869
Tax expense	(712)	(1,044)	(712)	(1,044)
Profit for the period	2,132	1,825	2,132	1,825
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	2,132	1,825	2,132	1,825
Profit for the period				
Attributable to :				
Owners of the company	2,132	1,825	2,132	1,825
Non-controlling interests	0	0	0	0
Profit for the period	2,132	1,825	2,132	1,825
Total comprehensive income for the year				
Attributable to :				
Owners of the company	2,132	1,825	2,132	1,825
Non-controlling interests	0	0	0	0
Profit for the period	2,132	1,825	2,132	1,825
Basic earnings/(loss) per ordinary share (sen)	2.76	2.36	2.76	2.36
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 2016)

UPA CORPORATION BERHAD (384490-P)

**Interim Financial Statements
Unaudited Condensed Consolidated Statement of Financial Position
At 31 March 2017**

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	31 Mar 2017 RM '000	31 Dec 2016 RM '000
Non-Current Assets		
Property, plant and equipment	71,779	72,411
Investment properties	52,258	52,258
Interest in associates	5,860	5,860
	<u>129,897</u>	<u>130,529</u>
Current assets		
Inventories	55,575	52,538
Other investments	6,093	6,093
Current tax assets	2,909	1,010
Trade and other receivables	54,031	46,737
Cash and cash equivalents	19,786	34,096
	<u>138,394</u>	<u>140,474</u>
Total Assets	268,291	271,003
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	156,909	154,778
Translation reserve	1,472	1,472
Treasury shares	(3,393)	(3,393)
	<u>234,570</u>	<u>232,439</u>
Non-controlling interests	13	13
Total equity	<u>234,583</u>	<u>232,452</u>
Non-current liabilities		
Borrowings	1,532	1,532
Deferred tax liabilities	7,755	7,755
	<u>9,287</u>	<u>9,287</u>
Current liabilities		
Borrowings	14,280	12,581
Current tax liabilities	712	921
Trade and other payables	9,429	15,762
	<u>24,421</u>	<u>29,264</u>
Total Liabilities	33,708	38,551
Total Equity and Liabilities	268,291	271,003
Net asset per share (RM)	2.95	2.92

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016)

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 For the period ended 31 March 2017

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	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Non-distributable			Distributable			
	Share capital	Treasury shares	Translation reserve	Retained profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	79,582	(3,144)	1,159	129,750	207,347	234	207,581
Total comprehensive income for the period				1,825	1,825		1,825
Dividends paid					0		0
Acquisition of treasury shares		(104)			(104)		(104)
At 31 March 2016	79,582	(3,248)	1,159	131,575	209,668	234	209,302
At 1 January 2017	79,582	(3,393)	1,472	154,778	232,439	13	232,452
Total comprehensive income for the period				2,131	2,131		2,131
Dividends paid					0		0
Acquisition of treasury shares					0		0
At 31 March 2017	79,582	(3,393)	1,472	156,909	234,570	13	234,583

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016)

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements
Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2017

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	31 Mar 2017 RM '000	31 Mar 2016 RM '000
Cash flows from operating activities		
Profit before taxation	2,844	2,869
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	2,017	1,673
Fair value gain on investment property	-	-
Reversal of impairment loss on associate	-	-
Reversal of impairment loss on receivables	-	-
Reversal of impairment loss on inventories	(300)	(449)
Impairment loss on inventories	-	-
Impairment loss on receivables	-	-
Other provisions	-	-
Finance costs	132	172
Finance income	(42)	(231)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Dividend income	-	-
Gain on fair value on investment in shares	-	-
Gain on disposal of property plant and equipment	-	-
Gain on disposal of investment property	-	-
Gain on disposal of other investments	-	-
Unrealised foreign exchange (gain)/loss	-	-
Other non-cash items	-	(260)
Operating profit before changes in working capital	4,651	3,674
Change in inventories	(3,037)	(10,600)
Change in trade and other receivables	(4,534)	3,027
Change in trade and other payables	(9,045)	(7,984)
	-	-
Cash generated from operations	(11,865)	(11,883)
Interest received	42	231
Tax refund	-	-
Tax paid	(873)	(1,057)
Net cash (used in)/from operating activities	(12,706)	(12,709)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(202)	(556)
Proceeds from other investments	-	181
Proceeds from disposal of property, plant and equipment	-	14
Proceeds from disposal of investment property	-	-
Purchase of investment properties	-	-
Subscription of shares in an associate	-	-
Increase in investment in a subsidiary	-	13,272
(Increase)/Decrease in other investments	-	79
Dividends received from other investments	-	-
	-	-
Net cash used in investing activities	(202)	12,990
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	(104)
Repayment of loans and borrowings	(1,078)	7,011
Payment of term loan	(103)	(85)
Payment of finance lease liabilities	-	(11)
Interest paid	(132)	(172)
Net cash used in financing activities	(1,313)	6,639
Net change in Cash and Cash Equivalents	(14,311)	6,920
Effect of exchange rate fluctuation on cash	-	-
Cash and Cash Equivalents at 1 January	34,096	30,108
Cash and Cash Equivalents at 31 March	19,785	37,028
Cash and cash equivalents		
Cash and cash equivalents comprise of:		
Cash and bank balances	19,785	32,028
Deposits with licensed banks	-	5,000
	19,785	37,028

(The interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016)

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 2016.

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 2016 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2017. 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 2016 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 | 1,182 |
- 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 March 2017 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.
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12 Segmental Reporting
3 months period ended 31 March

		External revenue	Inter segment revenue	Total revenue	Segment profit	Segment assets
Paper based products	2017	13,462		13,462	1,890	92,115
	2016	14,016		14,016	2,120	108,932
Plastic products	2017	15,695		15,695	652	78,887
	2016	14,712		14,712	554	73,811
Machine trading	2017	10,008		10,008	94	35,443
	2016	4,036	(2,380)	1,656	(95)	37,790
Total	2017	39,165		39,165	2,636	206,445
	2016	32,764	(2,380)	30,384	2,579	220,533

Reconciliation of reportable segment profit or loss	3 months ended 31.03.2017 RM '000	3 months ended 31.03.2016 RM '000
Total profit for reporting segments	2,636	2,579
Other non-reportable segments	208	290
Elimination of Inter-segment profit	-	-
Share of profit/(loss) of associates not included in reportable segments	-	-
Consolidated profit before tax	<u>2,844</u>	<u>2,869</u>

13 Contingencies

Corporate guarantees issued to licensed financial institutions in respect of banking facilities granted to subsidiaries amounted to RM 683,000 as at the date of this report.

14 Write down of inventories

There was a reversal of write down of inventories amounting to RM 300,000 for the quarter under review.

Similarly, there was a reversal of write down of inventories amounting to RM 449,000 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

Group	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.03.2016
Revenue	39,311	30,644
Profit before taxation	2,844	2,869

Paper based products	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.03.2016
Revenue	13,462	14,016
Profit/(loss) before taxation	1,890	2,120

Plastic products	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.03.2016
Revenue	15,695	14,712
Profit/(loss) before taxation	652	554

Machine trading	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.03.2016
Revenue	10,008	1,656
Profit/(loss) before taxation	94	(95)

17 Comparison with preceding quarter's results

Group	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.12.2016
Revenue	39,311	36,628
Profit before taxation	2,844	25,789

Paper based products	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.12.2016
Revenue	13,462	18,946
Profit before taxation	1,890	2,514

Plastic products	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.12.2016
Revenue	15,695	15,547
Profit before taxation	652	1,595

Machine trading	Quarter ended	Quarter ended
In RM'000	31.03.2017	31.12.2016
Revenue	10,008	1,969
Profit/(loss) before taxation	94	(3,557)

18 Profit forecast
Not applicable.

19 Taxation	3 months ended	
	31.03.2017	31.03.2016
	RM '000	RM '000
Income tax	712	1,044
Deferred tax	0	0
	<u>712</u>	<u>1,044</u>

Income tax is higher than the statutory rate due to disallowed expenses and absence of full group relief.

20 Corporate proposals
There are no outstanding corporate proposals that have not been completed as at the date of this report.

21 Group Borrowings and Debt Securities	31.03.2017	31.12.2016
	RM '000	RM '000
Non-current		
Secured		
Fixed rate term loan	<u>1,532</u>	<u>1,532</u>
	<u>1,532</u>	<u>1,532</u>
Current		
Secured		
Fixed rate term loan	<u>261</u>	<u>329</u>
	<u>261</u>	<u>329</u>
Unsecured		
Trust receipts	<u>14,019</u>	<u>12,252</u>
	<u>14,280</u>	<u>12,581</u>
Total	15,812	14,113

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

At 31 March 2017	Current Non-current	
	RM '000	RM '000
RM	985	-
BAHT	1,561	1,532
USD	6,950	
EURO	275	
JPY	4,509	
TOTAL	14,280	1,532

22 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	FY2017	
	Year to date	
	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	2,374,040	
Total number of treasury shares resold	NIL	

23 Derivative Financial Instruments

Summary of outstanding derivatives at 31 March 2017 :

	Nominal value	Fair value
	RM '000	Gain/(loss) RM '000
Foreign exchange contracts	NIL	NIL

24 Material litigation

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

25 Dividends proposed

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

26 Valuation of investment properties

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

27 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.

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

	2017	2016
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>(2,374,040)</u>	<u>(2,268,173)</u>
Weighted average number of ordinary shares	<u>77,207,800</u>	<u>77,313,667</u>

(B) Diluted earnings per ordinary share-Not Applicable

29 Profit for the period

	3 months ended	
	31.03.2017	31.03.2016
	RM '000	RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	2,017	1,573
Loss on forex-realised	122	
and after crediting :		
Gain on forex-realised	137	
Gain on derivatives	-	837
Gain on disposal of quoted investments	-	181
Fair value gain on other investments	-	158
Reversal of write down of inventories	300	449

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 2017.

30 Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 March 2017, pursuant to the format prescribed by Bursa, is as follows :

	31.03.2017 RM '000	31.12.2016 RM '000
Total retained profits of the Company and its subsidiaries :		
-Realised	141,752	139,621
-Unrealised	24,211	24,211
	<u>165,963</u>	<u>163,832</u>
Total share of retained earnings of associates		*
-Realised	(291)	(291)
-Unrealised	-	-
Total share of retained earnings of joint venture		
-Realised	33	33
-Unrealised	-	-
	<u>165,705</u>	<u>163,574</u>
Less : Consolidation adjustments	(8,796)	(8,796)
Total retained earnings	<u>156,909</u>	<u>154,778</u>

31 Authorisation for Issue

The Interim financial statements were authorised for issue by the Board of Directors on 26 May 2017.