

UPA Corporation Berhad

Interim Financial Statements
30 June 2017

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
Year ended 30 June	2017	2016	2017	2016
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Revenue	32,241	42,930	71,552	73,574
Cost of Sales	(26,081)	(32,945)	(58,903)	(58,107)
Gross Profit	6,160	9,985	12,649	15,467
Other income	31,538	(383)	32,100	941
Selling and Distribution expenses	(1,150)	(1,003)	(2,268)	(2,189)
Administration expenses	(2,825)	(2,302)	(5,740)	(4,879)
Other expenses	(208)	(1,904)	(292)	(2,137)
Results from operating activities	33,515	4,393	36,449	7,203
Finance income	290	262	332	493
Finance costs	(100)	(109)	(232)	(281)
Operating Profit	33,705	4,546	36,549	7,415
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0
Profit before tax	33,705	4,546	36,549	7,415
Tax expense	(5,066)	(1,583)	(5,778)	(2,627)
Profit for the period	28,639	2,963	30,771	4,788
Foreign currency translation difference for foreign operations	0	0	0	0
Total comprehensive income for the period	28,639	2,963	30,771	4,788
Profit for the period				
Attributable to :				
Owners of the company	28,639	2,963	30,771	4,788
Non-controlling interests	0	0	0	0
Profit for the period	28,639	2,963	30,771	4,788
Total comprehensive income for the year				
Attributable to :				
Owners of the company	28,639	2,963	30,771	4,788
Non-controlling interests	0	0	0	0
Profit for the period	28,639	2,963	30,771	4,788
Basic earnings/(loss) per ordinary share (sen)	37.09	3.83	39.85	6.19
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 30 June 2017

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	30 June 2017 RM '000	31 Dec 2016 RM '000
Non-Current Assets		
Property, plant and equipment	69,510	72,411
Investment properties	52,286	52,258
Interest in associates	5,860	5,860
	<u>127,656</u>	<u>130,529</u>
Current assets		
Inventories	56,117	52,538
Other investments	7,848	6,093
Current tax assets	3,580	1,010
Trade and other receivables	69,449	46,737
Cash and cash equivalents	45,848	34,096
	<u>182,842</u>	<u>140,474</u>
Total Assets	310,498	271,003
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	185,549	154,778
Translation reserve	1,472	1,472
Treasury shares	(3,393)	(3,393)
	<u>263,210</u>	<u>232,439</u>
Non-controlling interests	13	13
Total equity	<u>263,223</u>	<u>232,452</u>
Non-current liabilities		
Borrowings	1,532	1,532
Deferred tax liabilities	9,258	7,755
	<u>10,790</u>	<u>9,287</u>
Current liabilities		
Borrowings	18,642	12,581
Current tax liabilities	4,273	921
Trade and other payables	13,570	15,762
	<u>36,485</u>	<u>29,264</u>
Total Liabilities	47,275	38,551
Total Equity and Liabilities	310,498	271,003
Net asset per share (RM)	3.31	2.92

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

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 For the period ended 30 June 2017

	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Non-distributable			Distributable	Total		
	Share capital	Treasury shares	Translation reserve	Retained profits			
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 30 June 2016	79,582	(3,248)	1,159	131,575	209,068	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				30,771	30,771		30,771
Dividends paid					0		0
Acquisition of treasury shares					0		0
At 30 June 2017	79,582	(3,393)	1,472	185,549	263,210	13	263,223

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

	30 June 2017 RM '000	30 June 2016 RM '000
Cash flows from operating activities		
Profit before taxation	36,549	7,415
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	3,255	3,067
Compensation receivable from Land Administrator	-	-
Fair value gain on investment property	-	-
Reversal of impairment loss on associate	-	-
Reversal of impairment loss on receivables	-	-
Reversal of write down on inventories	-	(449)
Write down on inventories	275	1,550
Impairment loss on receivables	-	-
Finance costs	232	280
Finance income	(332)	(493)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Dividend income	(67)	-
Unrealised foreign exchange (gain)/loss	-	-
Other non-cash items	-	(260)
Operating profit before changes in working capital	39,912	11,110
Change in inventories	(3,579)	(7,568)
Change in trade and other receivables	(22,712)	5,575
Change in trade and other payables	(2,192)	(6,495)
	-	-
Cash generated from operations	11,429	2,622
Interest received	332	493
Tax refund	66	-
Tax paid	(1,618)	(2,119)
Net cash (used in)/from operating activities	10,209	996
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(556)	(962)
Proceeds from other investments	-	83
Proceeds from disposal of property, plant and equipment	-	14
Proceeds from disposal of leasehold property	-	-
Development expenditure	-	(4,436)
Increase in investment in a subsidiary	-	-
(Increase)/Decrease in other investments	-	5,271
Dividends received from other investments	-	79
Net cash used in Investing activities	(556)	49
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	(104)
Proceeds from borrowings	2,516	652
Repayment of loans and borrowings	-	-
Payment of term loan	(185)	(180)
Payment of finance lease liabilities	-	(22)
Interest paid	(232)	(280)
Net cash used in financing activities	2,099	66
Net change in Cash and Cash Equivalents	11,752	1,111
Effect of exchange rate fluctuation on cash	-	-
Cash and Cash Equivalents at 1 January	34,096	30,108
Cash and Cash Equivalents at 30 June	45,848	31,219
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	45,848	28,219
Deposits with licensed banks	-	3,000
	45,848	31,219

(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

Further to the Company's announcement on 11 July 2017, the Land Administrator awarded a compensation of RM 32,674,621 to the Company for land and buildings acquired for Sungai Buloh-Serdang-Putrajaya MRT Line and also for business disruption.

Net gain from the above compensation after provision for income tax and deferred tax was RM 27,113,000.

Other than the above, 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

On 18 August 2017, the Company received the sum of RM 32,674,621 from the Land Administrator being compensation as described in Note 4.

There were no material events subsequent to the current financial quarter ended 30 June 2017 up to the date of this report, which is likely to substantially affect the results of the operations of the Group, other than the above.

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

		External revenue	Inter segment revenue	Total revenue	Segment profit	Segment assets
Paper based products	2017	29,801		29,801	35,343	92,115
	2016	29,407		29,407	4,552	108,932
Plastic products	2017	33,900		33,900	1,702	78,887
	2016	28,951		28,951	2,124	73,811
Machine trading	2017	7,682	(628)	7,054	(772)	35,443
	2016	15,954	(2,380)	13,574	362	37,790
Total	2017	71,383	(628)	70,755	36,273	206,445
	2016	74,312	(2,380)	71,932	7,038	220,533

Reconciliation of reportable segment profit or loss

	6 months ended 30.06.2017 RM '000	6 months ended 30.06.2016 RM '000
Total profit for reporting segments	36,273	7,038
Other non-reportable segments	276	377
Elimination of inter-segment profit	-	-
Share of profit/(loss) of associates not included in reportable segments	-	-
Consolidated profit before tax	36,549	7,415

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 were write down of inventories amounting to RM 275,000 for the current quarter.

Similarly, there were write down of inventories amounting to RM 1,550,000 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	30.06.2017	30.06.2016
Revenue	32,241	42,930
Profit before taxation	33,705	4,546

Paper based products	Quarter ended	Quarter ended
In RM'000	30.06.2017	30.06.2016
Revenue	16,339	15,391
Profit/(loss) before taxation	33,453	2,432

Plastic products	Quarter ended	Quarter ended
In RM'000	30.06.2017	30.06.2016
Revenue	18,205	15,618
Profit/(loss) before taxation	1,050	1,175

Machine trading	Quarter ended	Quarter ended
In RM'000	30.06.2017	30.06.2016
Revenue	2,187	11,922
Profit/(loss) before taxation	(866)	1,845

17 Comparison with preceding quarter's results

Group	Quarter ended	Quarter ended
In RM'000	30.06.2017	31.03.2017
Revenue	32,241	39,311
Profit before taxation	33,705	2,844

Paper based products	Quarter ended	Quarter ended
In RM'000	30.06.2017	31.03.2017
Revenue	16,339	13,462
Profit before taxation	33,453	1,890

Plastic products	Quarter ended	Quarter ended
In RM'000	30.06.2017	31.03.2017
Revenue	18,205	15,695
Profit before taxation	1,050	652

Machine trading	Quarter ended	Quarter ended
In RM'000	30.06.2017	31.03.2017
Revenue	2,187	4,867
Profit/(loss) before taxation	(866)	94

18 Profit forecast
Not applicable.

19 Taxation	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM '000	RM '000	RM '000	RM '000
Income tax	3,563	1,583	4,275	2,627
Deferred tax	1,503	0	1,503	0
	<u>5,066</u>	<u>1,583</u>	<u>5,778</u>	<u>2,627</u>

With regard to the compensation received from the Land Administrator as contained in Note 10- Material events subsequent to the end of the period reported, the Company had accrued for income tax and deferred tax expenses arising from the said compensation.

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

	30.06.2017	31.12.2016
	RM '000	RM '000
<u>Non-current</u>		
Secured		
Fixed rate term loan	<u>1,532</u>	<u>1,532</u>
	<u>1,532</u>	<u>1,532</u>
<u>Current</u>		
Secured		
Fixed rate term loan	<u>181</u>	<u>329</u>
	<u>181</u>	<u>329</u>
Unsecured		
Trust receipts	<u>18,461</u>	<u>12,252</u>
	<u>18,642</u>	<u>12,581</u>
Total	20,174	14,113

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

At 30 June 2017

Currency	Current RM '000	Non-current RM '000
RM	2,357	-
BAHT	2,013	1,532
USD	9,265	
EURO	284	
JPY	4,723	
TOTAL	18,642	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 30 June 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 Special Dividend

The Board of Directors have declared a Special Single Tier Dividend of 10 sen per share for the financial year ending 31 December 2017, which will be paid on 28 September 2017 to Depositors whose names appear in the Record of Depositors at the close of business on 15 September 2017.

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 ordinary 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

Weighted average number of ordinary shares	2017	2016
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	(2,374,040)	(2,268,173)
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		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,238	1,573	3,255	3,067
Loss on forex-realised	301	391	423	432
Write down on inventories	275	1,550	275	1,550
and after crediting :				
Gain on forex-realised	-	-	137	-
Gain on derivatives	-	837	-	837
Gain on disposal of quoted investments	-	181	-	181
Fair value gain on other investments	-	158	-	158
Reversal of write down of inventories	-	449	-	449
Gain on disposal of PPE	18,092	-	18,092	-
Compensation for business disruption and others	9,021	-	9,021	-

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 2017.

30 Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 30 June 2017, pursuant to the format prescribed by Bursa, is as follows :

	30.06.2017 RM '000	31.12.2016 RM '000
Total retained profits of the Company and its subsidiaries :		
-Realised	170,392	139,621
-Unrealised	24,211	24,211
	<u>194,603</u>	<u>163,832</u>
 Total share of retained earnings of associates		
-Realised	(291)	(291)
-Unrealised	-	-
	<u>-</u>	<u>-</u>
 Total share of retained earnings of associates		
-Realised	33	33
-Unrealised	-	-
	<u>33</u>	<u>33</u>
	<u>194,345</u>	<u>163,574</u>
 Less : Consolidation adjustments	(8,796)	(8,796)
 Total retained earnings	<u>185,549</u>	<u>154,778</u>

31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 25 August 2017.