

UPA Corporation Berhad

Interim Financial Statements
30 September 2017

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2017

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year To-Date	Preceding Year Corresponding Period	Changes (Amount)
Period ended 30 September	2017	2016		2017	2016	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	30,924	30,159	765	102,476	111,710	-9,234
Cost of Sales	-24,121	-25,702	1,581	-83,024	-90,870	7,846
Gross Profit	6,803	4,457	2,346	19,452	20,840	-1,388
Other income	-8	603	-611	32,092	1,544	30,548
Selling and Distribution expenses	-827	-898	71	-3,095	-3,087	-8
Administration expenses	-2,067	-2,588	521	-7,807	-8,383	576
Other expenses	-396	264	-660	-688	-1,873	1,185
Results from operating activities	3,505	1,838	1,667	39,954	9,041	30,913
Finance income	116	20	96	448	513	-65
Finance costs	-107	-165	58	-339	-446	107
Operating Profit	3,514	1,693	1,821	40,063	9,108	30,955
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit before tax	3,514	1,693	1,821	40,063	9,108	30,955
Tax expense	-896	-338	-558	-6,674	-2,965	-3,709
Profit for the period	2,618	1,355	1,263	33,389	6,143	27,246
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	2,618	1,355		33,389	6,143	
Profit for the period						
Attributable to :						
Owners of the company	2,618	1,355	1,263	33,889	6,143	27,746
Non-controlling interests	0	0		0	0	
Profit for the period	2,618	1,355		33,889	6,143	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	2,618	1,355		33,889	6,143	
Non-controlling interests	0	0		0	0	
Profit for the period	2,618	1,355		33,889	6,143	
Basic earnings/(loss) per ordinary share (sen)	3.39	1.75		43.89	7.95	
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)

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2017

	Current Quarter 30/09/2017	Immediate Preceding Quarter 30/06/2017	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	30,924	32,241	(1,317)
Operating Profit	3,514	33,515	(30,001)
Profit Before Tax	3,514	33,705	(30,191)
Profit After Tax	2,618	28,639	(26,021)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,618	28,639	(26,021)

NOTE :

Quarter 2 FY2017 (ended 30 June 2017) included the following :

Gain on disposal of property, plant and equipment (after tax)	18,092,000
Compensation for business disruption and others (after tax)	9,021,000
	<u>27,113,000</u>

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 30 September 2017

	30 Sept 2017 RM '000	31 Dec 2016 RM '000
Non-Current Assets		
Property, plant and equipment	68,931	72,411
Investment properties	52,361	52,258
Interest in associates	5,860	5,860
	<u>127,152</u>	<u>130,529</u>
Current assets		
Inventories	60,470	52,538
Other investments	44,013	6,093
Current tax assets	1,840	1,010
Trade and other receivables	31,289	46,737
Cash and cash equivalents	26,800	34,096
	<u>164,412</u>	<u>140,474</u>
Total Assets	291,564	271,003
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	174,269	154,778
Translation reserve	1,472	1,472
Treasury shares	-3,393	-3,393
	<u>251,930</u>	<u>232,439</u>
Non-controlling interests	13	13
Total equity	<u>251,943</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	14,966	12,581
Current tax liabilities	5,170	921
Trade and other payables	8,695	15,762
	<u>28,831</u>	<u>29,264</u>
Total Liabilities	39,621	38,551
Total Equity and Liabilities	291,564	271,003
Net asset per share (RM)	3.17	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 September 2017

	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				6,143	6,143		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
At 1 January 2017	79,582	-3,393	1,472	154,778	232,439	13	232,452
Total comprehensive income for the period				33,389	33,389		33,389
Dividends paid				-13,898	-13,898		-13,898
Acquisition of treasury shares					0		0
At 30 Sept 2017	79,582	-3,393	1,472	174,269	251,930	13	251,943

(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 Cash Flows
 For the period ended 30 September 2017

	30 Sept 2017 RM '000	30 Sept 2016 RM '000
Cash flows from operating activities		
Profit before taxation	40,063	9,108
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	4,953	4,637
Compensation received from Land Administrator	(32,675)	
Fair value gain on investment property	-	-
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	-
Reversal of write down on inventories	(460)	(449)
Write down on inventories	688	1,872
Finance costs	339	446
Finance income	(332)	(512)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Dividends income	(108)	
Unrealised foreign exchange (gain)/loss	-	
Other non-cash items	-	(185)
Operating profit before changes in working capital	12,468	14,917
Change in inventories	(7,932)	(5,723)
Change in trade and other receivables	15,533	15,527
Change in trade and other payables	(5,391)	(4,353)
	-	-
Cash generated from operations	14,678	20,368
Interest received	448	513
Tax refund	66	-
Tax paid	(2,541)	(3,538)
Net cash (used in)/from operating activities	12,651	17,343
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,748)	(1,675)
Proceeds from other investments	-	-
Proceeds from disposal of property, plant and equipment	32,675	14
Acquisition of investment properties		(6,498)
Acquisition of joint venture		(6,000)
(Increase)/Decrease in other investments	(41,013)	9,271
Dividends received from other investments	108	147
Net cash used in investing activities	(10,978)	(4,741)
Cash flow from financing activities		
Dividend paid to owners	(13,898)	(6,949)
Acquisition of treasury shares	-	(249)
Proceeds from/(Repayment of) borrowings	5,535	(2,224)
Payment of term loan/finance lease liabilities	(267)	(290)
Interest paid	(339)	(445)
Net cash used in financing activities	(8,969)	(10,157)
Net change in Cash and Cash Equivalents	(7,296)	2,445
Effect of exchange rate fluctuation on cash		-
Cash and Cash Equivalents at 1 January	34,096	30,108
Cash and Cash Equivalents at 30 September	26,800	32,553
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	26,800	32,553
Deposits with licensed banks	-	-
	26,800	32,553

(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

On 18 August 2017, the Company received the sum of RM 32,674,621 being compensation for land and buildings acquired for Sungai Buloh-Serdang-Putrajaya MRT Line from Suruhanjaya Pengangkutan Awam Darat (SPAD).

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 paid a first and final single tier dividend of 8 sen per share for the financial year ended 31 December 2016 amounting to RM 6,177,000 on 18 July 2017.

In addition, the Company paid a Special Dividend of 10 sen per share for the financial year ending 31 December 2017 amounting to RM 7,721,000 on 28 September 2017.

**8 Capital commitments outstanding not provided for in the interim financial statements
Authorised and contracted for :**

Property, plant and equipment	RM '000
	-

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 September 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.

12 Segmental Reporting
Nine months period ended 30 Sept

		External revenue	Inter segment revenue	Total revenue	Segment profit	Segment assets
Paper based products	2017	43,752		43,752	38,222	74,226
	2016	38,720		38,720	5,668	77,676
Plastic products	2017	53,731		53,731	2,703	76,197
	2016	45,426		45,426	2,592	73,021
Machine trading	2017	9,436	(628)	8,808	(1,050)	25,889
	2016	21,640	(2,380)	19,260	317	31,745
Total	2017	106,919	(628)	106,291	39,875	176,312
	2016	105,786	(2,380)	103,406	8,577	182,442

Reconciliation of reportable segment profit or loss

	9 months ended 30.09.2017 RM '000	9 months ended 30.09.2016 RM '000
Total profit for reporting segments	39,875	8,577
Other non-reportable segments	188	531
Elimination of inter-segment profit	-	-
Share of profit/(loss) of associates not included in reportable segments	-	-
Consolidated profit before tax	40,063	9,108

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 400,000 for the current quarter.

Similarly, there were write down of inventories amounting to RM 322,000 for the corresponding quarter last year.

15 Provision for warranties

There were no provision for warranties for the quarter.

16 Corporate proposals

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

17 Review of performance

Current quarter against the corresponding quarter

Group	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.09.2016
Revenue	30,924	30,159
Profit before taxation	3,514	1,693
Paper based products	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.09.2016
Revenue	13,951	9,313
Profit/(loss) before taxation	2,847	1,116
Plastic products	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.09.2016
Revenue	19,831	15,096
Profit/(loss) before taxation	1,000	864
Machine trading	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.09.2016
Revenue	1,754	5,682
Profit/(loss) before taxation	(62)	(639)

Paper based products

Revenue increased by RM 4,638,000 due to higher exports.

As a result, profit before taxation had increased by RM 1,731,000.

Plastic products

Revenue increased by RM 4,735,000 due to higher local sales.

As a result, profit before taxation increased by RM 136,000.

The increase in revenue is due to higher demand from the electronics and electrical sector for the Malaysian operations. Meanwhile, the Thailand operations recorded an increase in revenue of RM 1,471,000 for the same period.

Machine trading

Revenue decreased by RM 3,928,000. During this period, sales for the Malaysian operations decreased by RM 1,244,000 while sales at the Thailand subsidiary decreased by RM 2,684,000.

18 Review of performance

Current quarter against the preceding quarter

Group	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.06.2017
Revenue	30,924	32,241
Profit before taxation	3,514	33,705
Paper based products	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.06.2017
Revenue	13,951	16,339
Profit before taxation	2,847	33,453
Plastic products	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.06.2017
Revenue	19,831	18,205
Profit before taxation	1,000	1,050
Machine trading	Quarter ended	Quarter ended
In RM'000	30.09.2017	30.06.2017
Revenue	1,754	2,187
Profit/(loss) before taxation	(62)	(1,070)

Paper based products

Revenue decreased by RM 2,388,000.

The decrease in profit before taxation amounting to RM 30,606,000 is because the results for Quarter 2 FY2017 included compensation received for land and buildings acquired for the MRT-SSP Line amounting to RM 31,466,000 before taxation.

Plastic products

Revenue increased by RM 1,626,000.

However, profit before taxation had decreased by RM 50,000 due to higher operating costs especially the price of resin.

Machine trading

Revenue decreased by RM 433,000.

Meanwhile, loss before taxation has decreased from RM 1,070,000 to RM 62,000 due to higher gross margin and lower administration expenses.

19 Profit forecast
Not applicable.

	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM '000	RM '000	RM '000	RM '000
Income tax	896	338	5,171	2,965
Deferred tax	0	0	1,503	0
	<u>896</u>	<u>338</u>	<u>6,674</u>	<u>2,965</u>

With regard to the compensation received from SPAD in Quarter 2 FY2017, the Company had accrued for income tax and deferred tax expenses arising from the said compensation.

21 Group Borrowings and Debt Securities

	30.09.2017	30.09.2017	30.09.2017	30.09.2016	30.09.2016	30.09.2016
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	Foreign denomination	Ringgit denomination	TOTAL	Foreign denomination	Ringgit denomination	TOTAL
Non-current						
Secured						
Fixed rate term loan	1,532	0	1,532	0	154	154
Total Non-current	<u>1,532</u>	<u>0</u>	<u>1,532</u>	<u>0</u>	<u>154</u>	<u>154</u>
Current						
Secured						
Finance lease	0	0	0	0	4	4
Fixed rate term loan	0	100	100	0	281	281
	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>	<u>285</u>	<u>285</u>
Unsecured						
Trust receipts	14,866	0	14,866	13,272	1,493	14,765
	<u>14,866</u>	<u>0</u>	<u>14,866</u>	<u>13,272</u>	<u>1,493</u>	<u>14,765</u>
Total-Current	<u>14,866</u>	<u>100</u>	<u>14,966</u>	<u>13,272</u>	<u>1,778</u>	<u>15,050</u>
Grand Total	16,398	100	16,498	13,272	1,932	15,204

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

At 30 Sept 2017	Exchange Rate	Non-current RM '000	Current RM '000
RM		-	1,415
BAHT	0.1266	1,532	2,013
USD	4.2235		6,751
EURO	4.9902		150
JPY	0.0375		4,637
TOTAL		1,532	14,966

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 Sept 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 declared

The directors did not declare 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

The directors expect the business environment to remain challenging. However, with the various initiatives undertaken to optimise production and sales efficiencies, the directors are cautiously optimistic that the Group will be able to deliver an improved performance over the last financial year.

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 Sept	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	(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		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,698	1,570	4,953	4,637
Loss on forex-realised	28	391	421	432
Write down on inventories	400	322	688	1,872
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	460	449
Gain on disposal of PPE			18,092	
Compensation for business disruption and others			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 Sept 2017.

30 Realised and Unrealised Profits

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

	30.09.2017 RM '000	31.12.2016 RM '000
Total retained profits of the Company and its subsidiaries :		
-Realised	159,112	139,621
-Unrealised	24,211	24,211
	<u>183,323</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>183,065</u>	<u>163,574</u>
 Less : Consolidation adjustments	(8,796)	(8,796)
 Total retained earnings	<u>174,269</u>	<u>154,778</u>

31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 24 November 2017.