

UPA Corporation Berhad

Interim Financial Statements
31 March 2018

Interim Financial Statements
 Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
 For the period ended 31 March 2018

	Individual Period		Changes (Amount)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	2018	2017	
Period ended 31 March	RM '000	RM '000	RM '000
Continuing Operations			
Revenue	34,508	39,311	-4,803
Cost of Sales	-30,980	-32,822	1,842
Gross Profit	3,528	6,489	-2,961
Other income	585	562	23
Selling and Distribution expenses	-1,167	-1,118	-49
Administration expenses	-2,699	-2,915	216
Other expenses	-563	-84	-479
Results from operating activities	-316	2,934	-3,250
Finance income	323	42	281
Finance costs	-164	-132	-32
Operating Profit	-157	2,844	-3,001
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	
Profit/(loss) before tax	-157	2,844	-3,001
Tax expense	-71	-712	641
Profit/(loss) for the period	-228	2,132	-2,360
Foreign currency translation difference for foreign operations	0	0	
Total comprehensive income for the period	-228	2,132	
Profit/(loss) for the period			
Attributable to :			
Owners of the company	-228	2,132	
Non-controlling interests	0	0	
Profit/(loss) for the period	-228	2,132	
Total comprehensive income for the year			
Attributable to :			
Owners of the company	-228	2,132	
Non-controlling interests	0	0	
Profit/(loss) for the period	-228	2,132	
Basic earnings/(loss) per ordinary share (sen)	(0.30)	2.76	
Diluted earnings per ordinary share (sen)	N/A	N/A	

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 March 2018

	Current Quarter 31/03/2018	Immediate Preceding Quarter 31/12/2017	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	34,508	49,693	<i>(15,185)</i>
Operating Profit	(157)	3,486	<i>(3,643)</i>
Profit/(loss) Before Tax	(157)	3,622	<i>(3,779)</i>
Profit/(loss) After Tax	(228)	4,591	<i>(4,819)</i>
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(228)	4,615	<i>(4,843)</i>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements

Unaudited Condensed Consolidated Statement of Financial Position

At 31 March 2018

Page 2

	31 March 2018 RM '000	31 Dec 2017 RM '000
Non-Current Assets		
Property, plant and equipment	67,678	69,058
Investment properties	53,921	53,921
Investment in a joint venture	5,996	5,996
	<u>127,595</u>	<u>128,975</u>
Current assets		
Inventories	56,523	56,696
Other investments	2,582	4,163
Current tax assets	2,749	1,270
Trade and other receivables	51,425	50,053
Cash and cash equivalents	57,282	58,448
	<u>170,561</u>	<u>170,630</u>
Total Assets	298,156	299,605
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	178,724	178,951
Translation reserve	1,369	1,369
Treasury shares	-3,393	-3,393
	<u>256,282</u>	<u>256,509</u>
Non-controlling interests	26	26
Total equity	<u>256,308</u>	<u>256,535</u>
Non-current liabilities		
Borrowings	1,486	1,490
Deferred tax liabilities	8,827	8,827
	<u>10,313</u>	<u>10,317</u>
Current liabilities		
Borrowings	20,500	16,802
Current tax liabilities	529	478
Trade and other payables	10,506	15,473
	<u>31,535</u>	<u>32,753</u>
Total Liabilities	41,848	43,070
Total Equity and Liabilities	298,156	299,605
Net asset per share (RM)	3.22	3.22

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 For the period ended 31 March 2018

	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 2017	79,582	-3,393	1,472	154,778	232,439	13	232,452
Total other comprehensive income for the year			0	0	0	0	0
Profit/(loss) for the year				2,131	2,131	0	2,131
Dividends paid				0	0		0
Acquisition of treasury shares		0			0		0
At 31 March 2017	79,582	-3,393	1,472	156,909	234,570	13	234,583
At 1 January 2018	79,582	-3,393	1,369	178,951	256,509	26	256,535
Total other comprehensive income for the year			0		0	0	0
Profit/(loss) for the year				-227	-227	0	-227
Dividends paid				0	0		0
Acquisition of treasury shares					0		0
At 31 March 2018	79,582	-3,393	1,369	178,724	256,282	26	256,308

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Cash Flows
 For the period ended 31 March 2018

	31 March 2018 RM '000	31 March 2017 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	(156)	2,844
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,598	2,017
Proceeds from disposal of property, plant and equipment	-	-
Change in fair value of investment properties	-	-
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	-
Reversal of write down on inventories	-	(300)
Write down on inventories	-	-
Finance costs	164	132
Finance income	(323)	(42)
Share of profit/(loss) of equity-accounted investees, net of tax	-	-
Dividend income	(59)	-
Unrealised foreign exchange (gain)/loss	-	-
Other non-cash items	-	-
Operating profit before changes in working capital	<u>1,224</u>	<u>4,651</u>
Change in inventories	(173)	(3,037)
Change in trade and other receivables	(1,372)	(4,534)
Change in trade and other payables	(4,967)	(9,045)
	<u>-</u>	<u>-</u>
Cash generated from operations	<u>(5,288)</u>	<u>(11,965)</u>
Interest received	323	42
Tax refund	45	-
Tax paid	(1,559)	(873)
Net cash (used in)/from operating activities	<u>(6,479)</u>	<u>(12,796)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,764)	(202)
Acquisition of investment properties	-	-
Acquisition of joint venture	-	-
(Increase)/Decrease in other investments	-	-
Proceeds from disposal of other investments	-	-
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of subsidiary, net of cash and cash equivalents	-	-
Acquisition of other investments	-	-
Dividend received from other investments	59	-
Net cash used in investing activities	<u>(1,705)</u>	<u>(202)</u>
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Proceeds from/(Repayment of) borrowings	7,540	(1,078)
Payment of term loan/finance lease liabilities	(358)	(103)
Interest paid	(164)	(132)
Net cash used in financing activities	<u>7,018</u>	<u>(1,313)</u>
Net change in Cash and Cash Equivalents	<u>(1,166)</u>	<u>(14,311)</u>
Effect of exchange rate fluctuation on cash and Cash Equivalents at 1 January	<u>58,448</u>	<u>34,096</u>
Cash and Cash Equivalents at 31 March	<u>57,282</u>	<u>19,785</u>
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	55,782	19,785
Deposits with licensed banks	1,500	-
	<u>57,282</u>	<u>19,785</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

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 2017.

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 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2018. 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 2017 was not qualified.

3 Seasonal or cyclical factors

All three business segments are subject to seasonal and cyclical factors.

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	-

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 2018 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
Three months period ended 31 March

		External revenue	Inter segment revenue	Total revenue	Segment profit/(loss)	Segment assets
Paper based products	2018	11,634	0	11,634	21	117,476
	2017	13,462	0	13,462	1,890	92,115
Plastic products	2018	18,549	0	18,549	212	86,369
	2017	15,695	0	15,695	652	78,887
Machine trading	2018	4,308	0	4,308	-520	29,001
	2017	4,868	0	4,868	94	35,443
Total	2018	34,491	0	34,491	-287	232,846
	2017	34,025	0	34,025	2,636	206,445

Reconciliation of reportable segment profit or loss

	3 months ended 31.03.2018 RM '000	3 months ended 31.03.2017 RM '000
Total profit for reporting segments	(287)	2,636
Other non-reportable segments	130	208
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture not included in reportable segments	-	-
Consolidated profit/(loss) before tax	(157)	2,844

13 Contingencies

Corporate guarantees issued to licensed financial institutions in respect of banking facilities granted to subsidiaries amounted to RM 104,850,000 as at the date of this report.

14 Write down of inventories

There was a net reversal of write down of machine inventories amounting to RM 225,000 for the current quarter.

Similarly, there was a reversal of write down of machine inventories amounting to RM 300,000 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	Changes		
<u>Current quarter against the corresponding quarter</u>	(Amount)		
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.03.2017	
Revenue	34,508	39,311	(4,803)
Profit/(loss) before taxation	(156)	2,844	(3,000)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.03.2017	
Revenue	11,634	13,462	(1,828)
Profit/(loss) before taxation	21	1,890	(1,869)
			-
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.03.2017	
Revenue	18,549	15,695	2,854
Profit/(loss) before taxation	212	652	(440)
			-
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.03.2017	
Revenue	4,308	4,868	(560)
Profit/(loss) before taxation	(520)	94	(614)

Paper based products

Revenue decreased by RM 1,828,000 due to lower export demand.

Profit before taxation had decreased from RM 1,890,000 to RM 21,000 due to increase in raw material price and foreign exchange loss of RM 563,000.

Plastic products

Revenue increased by RM 2,854,000 due to higher exports.

However, profit before taxation had decreased by RM 440,000 due to increase in raw material price and foreign exchange loss of RM 99,000.

Machine trading

Revenue decreased by RM 560,000 due to lower demand.

Loss before taxation of RM 520,000 was due to write down of printing machines amounting to RM 170,000 and also, the subsidiary in Thailand incurred a loss before taxation of RM 130,000.

18 Review of performance	Changes		
<u>Current quarter against the preceding quarter</u>	(Amount)		
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.12.2017	
Revenue	34,508	49,693	(15,185)
Profit/(loss) before taxation	(156)	3,022	(3,178)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.12.2017	
Revenue	11,634	20,365	(8,731)
Profit before taxation	21	908	(887)
 			-
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.12.2017	
Revenue	18,549	19,957	(1,408)
Profit before taxation	212	1,458	(1,246)
 			-
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.03.2018	31.12.2017	
Revenue	4,308	7,321	(3,013)
Profit/(loss) before taxation	(520)	290	(810)

Paper based products

Revenue decreased by RM 8,731,000 due to lower export demand.

Profit before taxation had decreased from RM 908,000 to RM 21,000 due to increase in raw material price and foreign exchange loss of RM 563,000.

Plastic products

Revenue decreased by RM 1,408,000.

Profit before taxation had decreased by RM 1,246,000 due to increase in raw material price and foreign exchange loss of RM 99,000.

Machine trading

Revenue decreased by RM 3,013,000 due to lower demand.

Loss before taxation of RM 520,000 was due to write down of printing machines amounting to RM 170,000 and also, the subsidiary in Thailand incurred a loss before taxation of RM 130,000.

19 Profit forecast
Not applicable.

	3 months ended	
	31.03.2018	31.03.2017
	RM '000	RM '000
Income tax	71	712
Deferred tax	0	0
	<u>71</u>	<u>712</u>

Due to the absence of group tax relief, the Group incurred a tax expense of RM 71,000 despite recording a Group loss before taxation of RM 156,000.

21 Group Borrowings and Debt Securities

	31.03.2018	31.03.2018	31.03.2018	31.03.2017	31.03.2017	31.03.2017
	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	1,486	0	1,486	1,532	0	1,532
Total Non-current	<u>1,486</u>	<u>0</u>	<u>1,486</u>	<u>1,532</u>	<u>0</u>	<u>1,532</u>
Current						
Secured						
Finance lease	0	0	0	0	0	0
Fixed rate term loan	0	0	0	261	0	261
	<u>0</u>	<u>0</u>	<u>0</u>	<u>261</u>	<u>0</u>	<u>261</u>
Unsecured						
Trust receipts	19,212	1,288	20,500	13,034	985	14,019
	<u>19,212</u>	<u>1,288</u>	<u>20,500</u>	<u>13,034</u>	<u>985</u>	<u>14,019</u>
Total-Current	<u>19,212</u>	<u>1,288</u>	<u>20,500</u>	<u>13,295</u>	<u>985</u>	<u>14,280</u>
Grand Total	20,698	1,288	21,986	14,827	985	15,812

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

At 31 Mar 2018	Exchange	Non-current	Current
Currency	Rate	RM '000	RM '000
RM		-	1,644
BAHT	0.1238	1,486	2,228
USD	3.8644		10,851
EURO	4.7627		763
JPY	0.0364		5,014
TOTAL		1,486	20,500

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	FY2018
	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 2018 :

	Nominal	Fair value
	value	Gain/(loss)
	RM '000	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 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

There are numerous uncertainties in the geopolitical and economic spheres. Arising thereon, the Group expects to face severe challenges such as the fluctuation of the Ringgit, escalating raw material prices and higher operating cost. Nevertheless, the management will do its utmost to continuously improve its operational efficiency to ensure sustainable growth.

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 31 March	2018	2017
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>-2,374,040</u>
Weighted average number of ordinary shares	<u>77,207,800</u>	<u>77,207,800</u>

(B) Diluted earnings per ordinary share-Not Applicable

29 Profit for the period

	3 months ended	
	31.03.2018	31.03.2017
	RM '000	RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,598	2,017
Loss on forex-realised	662	122
Write down on inventories	170	-
and after crediting :		
Gain on forex-realised	-	137
Gain on derivatives	-	-
Gain on disposal of quoted investments	18	-
Reversal of write down of inventories	395	300
Gain on disposal of PPE		

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 2018.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 25 May 2018.