

UPA Corporation Berhad

Interim Financial Statements  
30 Sept 2018

Interim Financial Statements  
 Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income  
 For the period ended 30 Sept 2018

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes (Amount)	Current Year	Preceding Year	Changes (Amount)
	Quarter	Corresponding Quarter		Quarter	Corresponding Quarter	
Period ended 30 September	2018	2017		2018	2017	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>						
Revenue	42,841	30,924	11,917	116,999	102,476	14,523
Cost of Sales	-36,372	-24,121	-12,251	-99,766	-83,024	-16,742
Gross Profit	6,469	6,803	-334	17,233	19,452	-2,219
Other income	-119	-8	-111	1,214	32,092	-30,878
Selling and Distribution expenses	-1,020	-827	-193	-3,485	-3,095	-390
Administration expenses	-2,391	-2,067	-324	-7,877	-7,807	-70
Other expenses	537	-396	933	0	-688	688
Results from operating activities	3,476	3,505	-29	7,085	39,954	-32,869
Finance income	332	116	216	997	448	549
Finance costs	-176	-107	-69	-540	-339	-201
Operating Profit	3,632	3,514	118	7,542	40,063	-32,521
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit/(loss) before tax	3,632	3,514	118	7,542	40,063	-32,521
Tax expense	-930	-896	-34	-1,965	-6,674	4,709
Profit/(loss) for the period	2,702	2,618	84	5,577	33,389	-27,812
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	2,702	2,618		5,577	33,389	
<b>Profit/(loss) for the period</b>						
Attributable to :						
Owners of the company	2,702	2,618		5,577	33,389	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	2,702	2,618		5,577	33,389	
<b>Total comprehensive income for the year</b>						
Attributable to :						
Owners of the company	2,702	2,618		5,577	33,389	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	2,702	2,618		5,577	33,389	
Basic earnings/(loss) per ordinary share (sen)	3.50	3.39		7.22	43.25	
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 2017)

## Interim Financial Statements

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

For the period ended 30 Sept 2018

	Current Quarter 30/09/2018	Immediate Preceding Quarter 30/06/2018	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	42,841	39,650	3,191
Operating Profit	3,476	4,067	(591)
Profit/(loss) Before Tax	3,632	4,067	(435)
Profit/(loss) After Tax	2,702	3,103	(401)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,702	3,103	(401)

(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 Financial Position  
 At 30 September 2018

	30 Sept 2018 RM '000	31 Dec 2017 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	67,121	69,058
Investment properties	54,264	53,921
Investment in a joint venture	5,996	5,996
	<u>127,381</u>	<u>128,975</u>
<b>Current assets</b>		
Inventories	61,563	56,696
Other investments	2,421	4,163
Current tax assets	4,055	1,270
Trade and other receivables	49,805	50,053
Cash and cash equivalents	57,027	58,448
	<u>174,871</u>	<u>170,630</u>
<b>Total Assets</b>	<b>302,252</b>	<b>299,605</b>
<b>Equity</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	79,582	79,582
Retained earnings	178,351	178,951
Translation reserve	1,369	1,369
Treasury shares	-3,393	-3,393
	<u>255,909</u>	<u>256,509</u>
<b>Non-controlling interests</b>	26	26
<b>Total equity</b>	<u>255,935</u>	<u>256,535</u>
<b>Non-current liabilities</b>		
Borrowings	192	1,490
Deferred tax liabilities	8,847	8,827
	<u>9,039</u>	<u>10,317</u>
<b>Current liabilities</b>		
Borrowings	21,081	16,802
Current tax liabilities	1,957	478
Trade and other payables	14,240	15,473
	<u>37,278</u>	<u>32,753</u>
<b>Total Liabilities</b>	<b>46,317</b>	<b>43,070</b>
<b>Total Equity and Liabilities</b>	<b>302,252</b>	<b>299,605</b>
<b>Net asset per share (RM)</b>	<b>3.22</b>	<b>3.22</b>

(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 30 Sept 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
<b>At 1 January 2017</b>	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				33,389	33,389	0	33,389
Dividends paid				-13,898	-13,898		-13,898
Acquisition of treasury shares		0			0		0
<b>At 30 Sept 2017</b>	<b>79,582</b>	<b>-3,393</b>	<b>1,472</b>	<b>174,269</b>	<b>251,930</b>	<b>13</b>	<b>251,943</b>
<b>At 1 January 2018</b>	79,582	-3,393	1,369	178,951	256,509	26	256,535
Total other comprehensive income for the year			0	0	0	0	0
Profit/(loss) for the year				5,577	5,577	0	5,577
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares					0		0
<b>At 30 Sept 2018</b>	<b>79,582</b>	<b>-3,393</b>	<b>1,369</b>	<b>178,351</b>	<b>255,909</b>	<b>26</b>	<b>255,935</b>

(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 30 Sept 2018

	30 Sept 2018 RM '000	30 Sept 2017 RM '000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	7,542	40,063
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	4,603	4,953
Compensation received from Land Administrator		(32,675)
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	-	(460)
Write down on inventories	-	688
Finance costs	540	339
Finance income	(997)	(332)
Share of profit/(loss) of equity-accounted investees, net of tax	-	
Loss on disposal of other investments	158	
Dividend income	(79)	(108)
Impairment loss on other investments	416	
Other non-cash items	-	
<b>Operating profit before changes in working capital</b>	<u>12,183</u>	<u>12,468</u>
Change in inventories	(4,867)	(7,932)
Change in trade and other receivables	248	15,533
Change in trade and other payables	(1,234)	(5,391)
	-	-
<b>Cash generated from operations</b>	<u>6,330</u>	<u>14,678</u>
Interest received	997	448
Tax refund	45	66
Tax paid	(3,277)	(2,541)
<b>Net cash (used in)/from operating activities</b>	<u>4,095</u>	<u>12,651</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,145)	(2,748)
Acquisition of investment properties		
Acquisition of joint venture		
(Increase)/Decrease in other investments	-	(843)
Proceeds from disposal of other investments		
Proceeds from disposal of property, plant and equipment	-	32,675
Acquisition of subsidiary, net of cash and cash equivalents		
Acquisition of other investments		
Dividend received from other investments	79	108
	-	-
<b>Net cash used in investing activities</b>	<u>(4,066)</u>	<u>29,192</u>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	(6,177)	(13,898)
Acquisition of treasury shares	-	
Proceeds from/(Repayment of) borrowings	5,301	5,535
Payment of term loan/finance lease liabilities	(34)	(267)
Interest paid	(540)	(339)
<b>Net cash used in financing activities</b>	<u>(1,450)</u>	<u>(8,969)</u>
<b>Net change in Cash and Cash Equivalents</b>	(1,421)	32,874
Effect of exchange rate fluctuation on cash		-
<b>Cash and Cash Equivalents at 1 January</b>	<u>58,448</u>	<u>34,096</u>
<b>Cash and Cash Equivalents at 30 September</b>	<u>57,027</u>	<u>66,970</u>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	57,072	66,970
Deposits with licensed banks	-	-
	<u>57,072</u>	<u>66,970</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 paid a first and final single tier dividend of 8 sen per share for the financial year ended 31 December 2017 amounting to RM 6,177,000 on 20 July 2018.
- 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 30 September 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**  
9 months period ended 30 Sept

		External revenue	Inter segment revenue	Total revenue	Segment profit/(loss)	Segment assets
Paper based products	2018	39,293	0	39,293	3,391	115,365
	2017	43,752	0	43,752	38,222	74,226
Plastic products	2018	65,047	0	65,047	3,121	94,195
	2017	53,731	0	53,731	2,703	76,197
Machine trading	2018	12,614	0	12,614	1,264	33,640
	2017	9,436	-628	8,808	-1,050	25,889
<b>Total</b>	<b>2018</b>	<b>116,954</b>	<b>0</b>	<b>116,954</b>	<b>7,776</b>	<b>243,200</b>
	<b>2017</b>	<b>106,919</b>	<b>-628</b>	<b>106,291</b>	<b>39,875</b>	<b>176,312</b>

**Reconciliation of reportable segment profit or loss**

	9 months ended <b>30.09.2018</b> <b>RM '000</b>	9 months ended <b>30.09.2017</b> <b>RM '000</b>
Total profit for reporting segments	7,776	39,875
Other non-reportable segments	(234)	188
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture not included in reportable segments	-	-
Consolidated profit/(loss) before tax	<b>7,542</b>	<b>40,063</b>

**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 write down of machine inventories amounting to RM 55,000 for the current quarter.

Similarly, there was a write down of machine inventories amounting to RM 400,000 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 (Amount)
<u>Current quarter against the corresponding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	30.09.2018	30.09.2017	
Revenue	42,841	30,924	11,917
Profit/(loss) before taxation	3,632	3,514	118
<b>Paper based products</b>			
In RM'000	30.09.2018	30.09.2017	
Revenue	13,805	13,951	(146)
Profit/(loss) before taxation	2,098	2,847	(749)
<b>Plastic products</b>			
In RM'000	30.09.2018	30.09.2017	
Revenue	24,816	19,831	4,985
Profit/(loss) before taxation	1,279	1,000	279
<b>Machine trading</b>			
In RM'000	30.09.2018	30.09.2017	
Revenue	4,220	1,754	2,466
Profit/(loss) before taxation	505	(62)	567

**Paper based products**

Revenue decreased marginally by RM 146,000.

Profit before taxation had decreased by RM 749,000 due to lower profit margin.

**Plastic products**

Revenue increased by RM 4,985,000 due to higher exports.

Profit before taxation had increased by RM 279,000 in tandem with the increase in turnover.

**Machine trading**

Revenue increased by RM 2,466,000 due to higher machine deliveries.

As a result of the higher turnover, this segment registered a profit before taxation of RM 505,000.

18 Review of performance			Changes (Amount)
<u>Current quarter against the preceding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	30.09.2018	30.06.2018	
Revenue	42,841	41,685	1,156
Profit/(loss) before taxation	3,632	3,283	349
<b>Paper based products</b>			
In RM'000	30.09.2018	30.06.2018	
Revenue	13,805	13,854	(49)
Profit before taxation	2,098	1,272	826
<b>Plastic products</b>			
In RM'000	30.09.2018	30.06.2018	
Revenue	24,816	23,044	1,772
Profit before taxation	1,279	1,774	(495)
<b>Machine trading</b>			
In RM'000	30.09.2018	30.06.2018	
Revenue	4,220	4,050	170
Profit/(loss) before taxation	505	1,217	(712)

**Paper based products**

Revenue had decreased by RM 49,000.

Profit before taxation had increased by RM 826,000 as the results for Quarter 3 FY2018 had included foreign exchange gain of RM 652,000.

**Plastic products**

Revenue increased by RM 1,772,000 due to higher exports.

Profit before taxation had decreased by RM 495,000 due to lower profit margin.

**Machine trading**

Revenue had increased marginally by RM 170,000.

However, profit before taxation had decreased by RM 712,000 due to lower profit margin.

19 Profit forecast

Not applicable.

20 Taxation

	3 months ended		9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM '000	RM '000	RM '000	RM '000
Income tax	930	896	1,945	5,171
Deferred tax	0	0	20	1,503
	930	896	1,965	6,674

Arising from the compensation received amounting to RM 32,675,000, the Group made provisions for income tax and deferred tax amounting to RM 5.0 million in FY2017.

21 Group Borrowings and Debt Securities

	30.09.2018	30.09.2018	30.09.2018	30.09.2017	30.09.2017	30.09.2017
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	Foreign denomination	Ringgit denomination	TOTAL	Foreign denomination	Ringgit denomination	TOTAL
<b>Non-current</b>						
<b>Secured</b>						
Fixed rate term loan	192	0	192	1,532	0	1,532
Total Non-current	192	0	192	1,532	0	1,532
<b>Current</b>						
<b>Secured</b>						
Finance lease	0	0	0	0	0	0
Fixed rate term loan	767	0	767	0	100	100
	767	0	767	0	100	100
<b>Unsecured</b>						
Trust receipts	20,315	0	20,315	14,866	0	14,866
	20,315	0	20,315	14,866	0	14,866
Total-Current	21,082	0	21,082	14,866	100	14,966
<b>Grand Total</b>	<b>21,274</b>	<b>0</b>	<b>21,274</b>	<b>16,398</b>	<b>100</b>	<b>16,498</b>

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

At 30 Sept 2018	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	1,770
BAHT	0.1278	192	3,067
USD	4.1399		12,367
EURO	4.8067		-
JPY	0.0364		3,878
<b>TOTAL</b>		<b>192</b>	<b>21,082</b>

**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 :

	FY2018 Year to date
Description of shares purchased	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 September 2018 :

	Nominal value RM '000	Fair value Gain/(loss) RM '000
Foreign exchange contracts	2,070	-79

**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 were additions to investment properties amounting to RM 1,116,000 for the current quarter.

**27 Commentary on Prospects**

There are numerous uncertainties in the geopolitical and economic spheres. The uncertainties arising from the US-China trade war and volatility of currency in some countries still remain.

Arising thereon, the Group expects to face severe challenges such as the fluctuation of the Ringgit and raw material prices, and also 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 30 September	2018	2017
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	-2,374,040	-2,374,040
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		9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period is arrived at after charging :</b>				
Depreciation of PPE	1,345	1,698	4,603	4,953
Loss on forex-realised	-	28	162	421
Write down on inventories	55	400	525	688
Loss on disposal of quoted investments	6		158	
Fair value loss on quoted investments	416		416	
Loss on derivatives	-		152	
<b>and after crediting :</b>				
Gross dividend received from quoted shares	20	40	79	107
Gain on forex-realised	601	-	601	137
Gain on derivatives	73	-	73	-
Reversal of write down of inventories	-	-	566	460
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 September 2018.

**30 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 23 November 2018.