

UPA Corporation Berhad

Interim Financial Statements
31 December 2018

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes (Amount)	Current Year	Preceding Year	Changes (Amount)
	Quarter	Corresponding Quarter		Quarter	Corresponding Quarter	
Year ended 31 December	2018	2017		2018	2017	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	43,713	49,693	-5,980	160,712	152,170	8,542
Cost of Sales	-39,014	-44,963	5,949	-138,780	-126,927	-11,853
Gross Profit	4,699	4,730	-31	21,932	25,243	-3,311
Other income	3,381	2,846	535	4,595	35,058	-30,463
Selling and Distribution expenses	-1,135	-1,475	340	-4,620	-4,571	-49
Administration expenses	-2,022	-2,472	450	-9,899	-11,410	1,511
Other expenses	-2,306	-625	-1,681	-2,306	-1,313	-993
Results from operating activities	2,617	3,004	-387	9,702	43,007	-33,305
Finance income	250	556	-306	1,247	1,016	231
Finance costs	-6	-74	68	-546	-393	-153
Operating Profit	2,861	3,486	-625	10,403	43,630	-33,227
Share of profit/(loss) of equity-accounted investees, net of tax	153	136		153	136	
Profit/(loss) before tax	3,014	3,622	-608	10,556	43,766	-33,210
Tax expense	389	969	-580	-1,576	-5,719	4,143
Profit/(loss) for the period	3,403	4,591	-1,188	8,980	38,047	-29,067
Foreign currency translation difference for foreign operations	800	-66		800	-66	
Total comprehensive income for the period	4,203	4,525		9,780	37,981	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	3,587	4,615		9,164	38,071	
Non-controlling interests	-184	-24		-184	-24	
Profit/(loss) for the period	3,403	4,591		8,980	38,047	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	4,144	4,512		9,721	37,968	
Non-controlling interests	59	13		59	13	
Profit/(loss) for the period	4,203	4,525		9,780	37,981	
Basic earnings/(loss) per ordinary share (sen)	5.44	5.86		12.67	49.30	
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 year ended 31 December 2018

	Current Quarter 31/12/2018	Immediate Preceding Quarter 30/09/2018	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	43,713	42,841	872
Operating Profit	2,861	3,476	(615)
Profit/(loss) Before Tax	3,014	3,632	(618)
Profit/(loss) After Tax	3,403	2,702	701
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,587	2,702	885

(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 31 December 2018

	31 Dec 2018 RM '000	31 Dec 2017 RM '000
Non-Current Assets		
Property, plant and equipment	68,165	69,058
Investment properties	57,275	53,921
Investment in a joint venture	6,150	5,996
	<u>131,590</u>	<u>128,975</u>
Current assets		
Inventories	59,137	56,696
Other investments	1,268	4,163
Current tax assets	1,180	1,270
Trade and other receivables	48,417	50,053
Cash and cash equivalents	59,465	58,448
	<u>169,467</u>	<u>170,630</u>
Total Assets	301,057	299,605
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	181,755	178,951
Translation reserve	1,926	1,369
Treasury shares	-3,393	-3,393
	<u>259,870</u>	<u>256,509</u>
Non-controlling interests	85	26
Total equity	<u>259,955</u>	<u>256,535</u>
Non-current liabilities		
Borrowings	0	1,490
Deferred tax liabilities	7,920	8,827
	<u>7,920</u>	<u>10,317</u>
Current liabilities		
Borrowings	17,678	16,802
Current tax liabilities	1,245	478
Trade and other payables	14,259	15,473
	<u>33,182</u>	<u>32,753</u>
Total Liabilities	41,102	43,070
Total Equity and Liabilities	301,057	299,605
Net asset per share (RM)	3.27	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 year ended 31 December 2018

	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 2017	79,582	-3,393	1,472	154,778	232,439	13	232,452
Total other comprehensive income for the year			-103	0	-103	37	-66
Profit/(loss) for the year				38,071	38,071	-24	38,047
	0	0	-103	38,071	37,968	13	37,981
Dividends paid				-13,898	-13,898		-13,898
At 31 December 2017	79,582	-3,393	1,369	178,951	256,509	26	256,535
At 1 January 2018	79,582	-3,393	1,369	178,951	256,509	26	256,535
Total other comprehensive income for the year			558	0	558	242	800
Profit/(loss) for the year				8,981	8,981	-184	8,797
	0	0	558	8,981	9,539	58	9,597
Dividends paid				-6,177	-6,177		-6,177
At 31 December 2018	79,582	-3,393	1,927	181,755	259,871	84	259,955

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

	31 Dec 2018 RM '000	31 Dec 2017 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	10,556	43,766
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	6,367	6,088
Gain on disposal of property, plant and equipment	-	(31,463)
Proceeds from disposal of property, plant and equipment	-	-
Fair value gain on investment properties	1,000	(499)
Reversal of impairment loss on receivables	-	(1,196)
Impairment loss on receivables	-	-
Reversal of write down on inventories	(2,050)	(106)
Write down on inventories	1,619	1,393
Finance costs	546	393
Finance income	(1,247)	(1,016)
Share of profit/(loss) of equity-accounted investees	(153)	(136)
Loss on disposal of other investments	268	-
Fair value loss on quoted shares	518	-
Gross dividend received from quoted shares	(84)	(108)
Impairment loss on other investments	-	-
Other non-cash items	-	(295)
Operating profit before changes in working capital	17,340	16,821
Change in inventories	3,023	(5,445)
Change in trade and other receivables	4,956	(2,502)
Change in trade and other payables	(3,939)	(307)
	-	-
Cash generated from operations	21,380	8,567
Interest received	1,247	1,016
Income tax refund	134	197
Income tax paid	(3,583)	(5,547)
Net cash (used in)/from operating activities	19,178	4,233
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,773)	(4,047)
Acquisition of investment properties	(2,014)	(1,164)
Acquisition of joint venture	-	-
(Increase)/Decrease in other investments	-	-
Proceeds from disposal of other investments	5,210	-
Proceeds from disposal of property, plant and equipment	-	32,684
Net change in deposits with licensed banks	-	3,000
Acquisition of other investments	(2,315)	(1,023)
Dividend received from other investments	84	108
	-	-
Net cash used in investing activities	(3,808)	29,558
Cash flow from financing activities		
Dividend paid to owners	(6,178)	(13,898)
Acquisition of treasury shares	-	-
Proceeds from/(Repayment of) borrowings	(7,595)	5,130
Payment of term loan/finance lease liabilities	(34)	(317)
Interest paid	(546)	(393)
Net cash used in financing activities	(14,353)	(9,478)
Net change in Cash and Cash Equivalents	1,017	24,313
Effect of exchange rate changes on cash and cash equivalents	-	39
Cash and Cash Equivalents at 1 January	58,448	34,096
Cash and Cash Equivalents at 31 December	59,465	58,448
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	59,465	58,448
Deposits with licensed banks	-	-
	59,465	58,448

(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 dividends for 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 December 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
12 months period ended 31 December

		External revenue	Inter segment revenue	Total revenue	Segment profit/(loss)	Segment assets
Paper based products	2018	59,159	0	59,159	6,431	118,416
	2017	64,048	70	64,048	39,188	121,349
Plastic products	2018	85,064	0	85,064	3,540	90,188
	2017	73,659	29	73,659	4,181	81,487
Machine trading	2018	16,337	0	16,337	-191	28,280
	2017	14,290	2,468	14,290	-823	32,032
Total	2018	160,560	0	160,560	9,780	236,884
	2017	151,997	2,567	151,997	42,546	234,868

Reconciliation of reportable segment profit or loss

	12 months ended 31.12.2018 RM '000	12 months ended 31.12.2017 RM '000
Total profit for reporting segments	9,780	42,546
Other non-reportable segments	7,311	12,914
Elimination of inter-segment profit	(6,687)	(11,830)
Share of profit/(loss) of joint venture not included in reportable segments	153	136
Consolidated profit/(loss) before tax	10,557	43,766

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 1,094,000 for the current quarter.

Similarly, there was a write down of machine inventories amounting to RM 705,000 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			<i>Changes (Amount)</i>
<u>Current quarter against the corresponding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2018	31.12.2017	
Revenue	43,712	49,693	(5,981)
Profit/(loss) before taxation	3,014	3,622	(608)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2018	31.12.2017	
Revenue	19,866	20,365	(499)
Profit/(loss) before taxation	3,040	908	2,132
-			
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2018	31.12.2017	
Revenue	20,015	19,957	58
Profit/(loss) before taxation	417	1,458	(1,041)
-			
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2018	31.12.2017	
Revenue	3,723	4,991	(1,268)
Profit/(loss) before taxation	(1,455)	290	(1,745)

Paper based products

Revenue decreased marginally by RM 499,000.

Profit before taxation had increased by RM 2,132,000 due to better profit margin.

Plastic products

Revenue increased marginally by RM 58,000.

Profit before taxation had decreased by RM 1,041,000 due to lower profit margin as a result of higher operating costs and keen competition among local PET sheet producers.

Machine trading

Revenue decreased by RM 1,268,000 due to lower machine deliveries.

This segment incurred a loss of RM 1,455,000 due to writedown of inventories amounting to RM 1,094,000 for the quarter.

18 Review of performance			<i>Changes (Amount)</i>
<u>Current quarter against the preceding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2018	30.09.2018	
Revenue	43,712	42,841	871
Profit/(loss) before taxation	3,014	3,632	(618)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2018	30.09.2018	
Revenue	19,866	13,805	6,061
Profit before taxation	3,040	2,098	942
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2018	30.09.2018	
Revenue	20,015	24,816	(4,801)
Profit before taxation	417	1,279	(862)
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2018	30.09.2018	
Revenue	3,723	4,220	(497)
Profit/(loss) before taxation	(1,455)	505	(1,960)

Paper based products

Revenue had increased by RM 6,061,000 due to seasonal local orders.
Profit before taxation had increased by RM 942,000 in tandem with the higher turnover.

Plastic products

Revenue decreased by RM 4,801,000 due to lower exports.
Profit before taxation had decreased by RM 862,000 due to lower turnover.

Machine trading

Revenue had decreased by RM 497,000.
This segment incurred a loss of RM 1,455,000 due to writedown of inventories amounting to RM 1,094,000 for the quarter.

19 Profit forecast

Not applicable.

20 Taxation

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM '000	RM '000	RM '000	RM '000
Income tax	559	-518	2,504	4,647
Deferred tax	-948	-451	-928	1,072
	-389	-969	1,576	5,719

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

	31.12.2018	31.12.2018	31.12.2018	31.12.2017	31.12.2017	31.12.2017
	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	0	0	0	1,490	0	1,490
Total Non-current	0	0	0	1,490	0	1,490
Current						
Secured						
Finance lease	0	0	0	0	0	0
Fixed rate term loan	767	0	767	44	0	44
	767	0	767	44	0	44
Unsecured						
Trust receipts	16,367	544	16,911	16,758	0	16,758
	16,367	544	16,911	16,758	0	16,758
Total-Current	17,134	544	17,678	16,802	0	16,802
Grand Total	17,134	544	17,678	18,292	0	18,292

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

At 31 Dec 2018	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	544
BAHT	0.1279	-	3,070
USD	4.1385		7,334
EURO	4.734		1,541
JPY	0.0375		5,189
TOTAL		-	17,678

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 todate
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 31 December 2018 :

	Nominal value RM '000	Fair value 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 Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 8.0 sen per share under single tier system, for the financial year ended 31 December 2018.

The date of the Annual General Meeting and book closure for dividend entitlement will be announced in due course.

26 Valuation of investment properties

There were additional expenditure on investment properties amounting to RM 2,014,000 for the current quarter. Also, the Group recognised fair value gain on investment properties amounting to RM 1,000,000 for the quarter under review.

27 Commentary on Prospects

The global economy is forecasted by the International Monetary Fund and the World Bank to decelerate in 2019. Increasingly, uncertainties in the geopolitics, currency and commodities pricing such as oil have combined to make the business conditions very challenging.

The management has assessed the situation and will endeavour to seize opportunities which may arise for certain business segments while managing the challenges as best as it can. Overall, the Group is looking forward to modest revenue growth though profit margins could be affected.

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 December	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	-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		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,764	1,596	6,367	6,088
Loss on forex-realised	106	358	106	641
Loss on forex-unrealised	55		55	177
Write down on inventories	1,094	705	1,619	1,393
Loss on disposal of quoted investments	110		268	
Fair value loss on quoted investments	102		518	
Loss on derivatives	-		152	
and after crediting :				
Fair value gain on investment properties	2,014	1,663	2,014	1,663
Gross dividend received from quoted shares	20	40	79	108
Gain on forex-realised	82	292	683	607
Gain on forex-unrealised	114		114	408
Gain on derivatives	-	-	73	-
Reversal of write down of inventories	1,484	-	2,050	106
Reversal of impairment loss on receivables	38	600	38	600
Gain on disposal of PPE		-		19,595
Compensation for business disruption and others				11,870

29 Profit for the period-Continued

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 December 2018.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 22 February 2019.