

UPA Corporation Berhad

Interim Financial Statements  
31 March 2019

**Interim Financial Statements**  
**Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended 31 March 2019**

	Individual Period		<i>Changes (Amount)</i>
	Current Year Quarter	Preceding Year Corresponding Quarter	
	2019	2018	
Period ended 31 March	RM '000	RM '000	RM '000
<b>Continuing Operations</b>			
Revenue	29,829	34,508	-4,679
Cost of Sales	-26,687	-30,980	4,293
Gross Profit	3,142	3,528	-386
Other income	129	585	-456
Selling and Distribution expenses	-1,190	-1,167	-23
Administration expenses	-2,718	-2,699	-19
Other expenses	0	-563	563
Operating Profit	-637	-316	-321
Finance income	304	323	-19
Finance costs	-70	-164	94
	-403	-157	-246
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	
Profit/(loss) before tax	-403	-157	-246
Tax expense	-224	-71	-153
Profit/(loss) for the period	-627	-228	-399
Foreign currency translation difference for foreign operations	0	0	
Total comprehensive income for the period	-627	-228	
<b>Profit/(loss) for the period</b>			
Attributable to :			
Owners of the company	-627	-228	
Non-controlling interests	0	0	
Profit/(loss) for the period	-627	-228	
<b>Total comprehensive income for the year</b>			
Attributable to :			
Owners of the company	-627	-228	
Non-controlling interests	0	0	
Profit/(loss) for the period	-627	-228	
Basic earnings/(loss) per ordinary share (sen)	(0.81)	(0.30)	
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 2018)

## Interim Financial Statements

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

For the period ended 31 March 2019

	Current Quarter 31/03/2019	Immediate Preceding Quarter 31/12/2018	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	29,829	43,713	(13,884)
Operating Profit/(Loss)	(637)	2,617	(3,254)
Profit/(loss) Before Tax	(403)	3,014	(3,417)
Profit/(loss) After Tax	(627)	3,403	(4,030)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(627)	3,587	(4,214)

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Financial Position  
 At 31 March 2019

	31 Mar 2019 RM '000	31 Dec 2018 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	65,856	68,139
Investment properties	57,282	57,275
Investment in a joint venture	6,145	6,145
	<u>129,283</u>	<u>131,559</u>
<b>Current assets</b>		
Inventories	63,445	59,137
Other investments	2,294	1,268
Current tax assets	1,990	1,990
Trade and other receivables	35,508	49,102
Cash and cash equivalents	61,670	59,467
	<u>164,907</u>	<u>170,964</u>
<b>Total Assets</b>	<b>294,190</b>	<b>302,523</b>
<b>Equity</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	79,582	79,582
Retained earnings	181,333	181,959
Translation reserve	1,617	1,617
Treasury shares	-3,393	-3,393
	<u>259,139</u>	<u>259,765</u>
<b>Non-controlling interests</b>	<u>208</u>	<u>208</u>
<b>Total equity</b>	<u>259,347</u>	<u>259,973</u>
<b>Non-current liabilities</b>		
Trade and other payables	0	53
Deferred tax liabilities	7,916	7,916
	<u>7,916</u>	<u>7,969</u>
<b>Current liabilities</b>		
Borrowings	15,609	17,677
Current tax liabilities	599	177
Trade and other payables	10,719	16,727
	<u>26,927</u>	<u>34,581</u>
<b>Total Liabilities</b>	<b>34,843</b>	<b>42,550</b>
<b>Total Equity and Liabilities</b>	<b>294,190</b>	<b>302,523</b>
<b>Net asset per share (RM)</b>	<b>3.26</b>	<b>3.26</b>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Changes in Equity  
 At 31 March 2019

	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 2019	79,582	-3,393	1,617	181,959	259,765	208	259,973
Total other comprehensive income for the year			0	0	0	0	0
Profit/(loss) for the period				-627	-627	0	-627
	0	0	0	-627	-627	0	-627
Acquisition of treasury shares		0		0	0		0
<b>At 31 March 2019</b>	<b>79,582</b>	<b>-3,393</b>	<b>1,617</b>	<b>181,332</b>	<b>259,138</b>	<b>208</b>	<b>259,346</b>
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	0
Profit/(loss) for the period				-227	-227	0	-227
	0	0	0	-227	-227	0	-227
Acquisition of treasury shares		0		0	0		0
<b>At 31 March 2018</b>	<b>79,582</b>	<b>-3,393</b>	<b>1,369</b>	<b>178,724</b>	<b>256,282</b>	<b>26</b>	<b>256,308</b>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

Interim Financial Statements  
 Unaudited Condensed Consolidated Statement of Cash Flows  
 For the period ended 31 March 2019

	31 Mar 2019 RM '000	31 Mar 2018 RM '000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	(403)	(156)
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,442	1,598
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	(395)
Reversal of write down on inventories	-	170
Write down on inventories	70	164
Finance costs	(304)	(358)
Finance income	-	-
Share of profit/(loss) of equity-accounted investees	-	-
Gain on disposal of other investments	(13)	(18)
Gross dividend received from quoted shares	(9)	(59)
Impairment loss on other investments	-	-
Other non-cash items	-	243
<b>Operating profit before changes in working capital</b>	<u>783</u>	<u>1,189</u>
Change in inventories	(4,308)	(173)
Change in trade and other receivables	13,594	(2,648)
Change in trade and other payables	(5,841)	(4,967)
	-	-
<b>Cash generated from operations</b>	<u>4,228</u>	<u>(6,599)</u>
Interest received	304	358
Income tax refund	134	45
Income tax paid	(371)	(1,559)
<b>Net cash (used in)/from operating activities</b>	<u>4,295</u>	<u>(7,755)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(819)	(1,764)
Additions to investment properties	(6)	-
Proceeds from disposal of other investments	933	-
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of other investments	(1,959)	-
Dividend received from other investments	9	59
<b>Net cash used in investing activities</b>	<u>(1,842)</u>	<u>(1,705)</u>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Proceeds from/(Repayment of) borrowings	(180)	8,816
Payment of term loan/finance lease liabilities	-	(358)
Interest paid	(70)	(164)
<b>Net cash used in financing activities</b>	<u>(250)</u>	<u>8,294</u>
<b>Net change in Cash and Cash Equivalents</b>	2,203	(1,166)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		
	-	-
<b>Cash and Cash Equivalents at 1 January</b>	<u>59,467</u>	<u>58,448</u>
<b>Cash and Cash Equivalents at 31 March</b>	<u>61,670</u>	<u>57,282</u>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	61,670	57,282
Deposits with licensed banks	-	-
	<u>61,670</u>	<u>57,282</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

**1 Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting in Malaysia and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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 2018.

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 2018 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2019. The adoption of these standards, amendments and interpretations have 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 2018 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 was 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 March 2019 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  
3 months period ended 31 March

		Segment revenue	Segment profit/(loss)
Paper based products	2019	<b>10,404</b>	<b>541</b>
	2018	11,634	21
Plastic products	2019	<b>18,636</b>	<b>40</b>
	2018	18,549	212
Machine trading	2019	<b>750</b>	<b>-1,130</b>
	2018	4,308	-520
Total	2019	<b>29,790</b>	<b>-549</b>
	2018	34,491	-287

Reconciliation of reportable segment profit or loss

	3 months ended 31.03.2019 RM '000	3 months ended 31.03.2018 RM '000
Total profit/(loss) for reporting segments	(549)	(287)
Other non-reportable segments	146	130
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<b>(403)</b>	<b>(157)</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 150,000 for the current quarter.

On the other hand, there was a net reversal of write down of machine inventories amounting to RM 225,000 in the corresponding quarter last year.

15 Provision for warranties

There was 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</i>
<u>Current quarter against the corresponding quarter</u>			<i>(Amount)</i>
<b>Group</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	
Revenue	29,829	34,508	(4,679)
Profit/(loss) before taxation	(403)	(156)	(247)
<b>Paper based products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	
Revenue	10,404	11,634	(1,230)
Profit/(loss) before taxation	541	21	520
			-
<b>Plastic products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	
Revenue	18,636	18,549	87
Profit/(loss) before taxation	40	212	(172)
			-
<b>Machine trading</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	
Revenue	750	4,308	(3,558)
Profit/(loss) before taxation	(1,130)	(520)	(610)

**Paper based products**

Revenue decreased by RM 1,230,000.

However, profit before taxation had increased by RM 520,000 due to higher gross margin.

**Plastic products**

Revenue increased marginally by RM 87,000.

However, profit before taxation had decreased by RM 172,000 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 3,558,000 due to weak market condition.

It incurred a loss of RM 1,130,000 as a consequence of low revenue.

<b>18 Review of performance</b>			<b>Changes</b>
<b><u>Current quarter against the preceding quarter</u></b>			<b>(Amount)</b>
<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>31.03.2019</b>	<b>31.12.2018</b>	
Revenue	29,829	43,712	(13,883)
Profit/(loss) before taxation	(403)	3,014	(3,417)
<b>Paper based products</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>31.03.2019</b>	<b>31.12.2018</b>	
Revenue	10,404	19,866	(9,462)
Profit before taxation	541	3,040	(2,499)
-			
<b>Plastic products</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>31.03.2019</b>	<b>31.12.2018</b>	
Revenue	18,636	20,015	(1,379)
Profit before taxation	40	417	(377)
-			
<b>Machine trading</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>31.03.2019</b>	<b>31.12.2018</b>	
Revenue	750	3,723	(2,973)
Profit/(loss) before taxation	(1,130)	(1,455)	325

**Paper based products**

Revenue had decreased by RM 9,462,000 due to seasonal demand.  
Consequently, profit before taxation had decreased by RM 2,499,000.

**Plastic products**

Revenue decreased by RM 1,379,000 due to lower exports.  
Profit before taxation had thus decreased by RM 377,000.

**Machine trading**

Revenue had decreased by RM 2,973,000.  
Consequently, incurred a loss of RM 1,130,000.

19 Profit forecast

Not applicable.

20 Taxation

	3 months ended	
	31.03.2019	31.03.2018
	RM '000	RM '000
Income tax	224	71
Deferred tax	0	0
	<u>224</u>	<u>71</u>

Income tax had been provided despite the loss at Group level due to the absence of group tax relief.

21 Group Borrowings and Debt Securities

	31.03.2019	31.03.2019	31.03.2019	31.12.2018	31.12.2018	31.12.2018
	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	0	0	0	0	0	0
Total Non-current	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Current</b>						
<b>Secured</b>						
Fixed rate term loan	579	0	579	767	0	767
	<u>579</u>	<u>0</u>	<u>579</u>	<u>767</u>	<u>0</u>	<u>767</u>
<b>Unsecured</b>						
Trust receipts	15,030	0	15,030	16,910	0	16,910
	<u>15,030</u>	<u>0</u>	<u>15,030</u>	<u>16,910</u>	<u>0</u>	<u>16,910</u>
Total-Current	15,609	0	15,609	17,677	0	17,677
<b>Grand Total</b>	<b>15,609</b>	<b>0</b>	<b>15,609</b>	<b>17,677</b>	<b>0</b>	<b>17,677</b>

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

At 31 March 2019	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	-
BAHT	0.1287	-	2,896
USD	4.0827		6,199
EURO	4.5811		1,470
AUD	2.8972		334
JPY	0.0368		4,710
TOTAL		-	15,609

**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 :

	FY2019
	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 31 March 2019 :

	Nominal value	Fair value
	RM '000	Gain/(loss) RM '000
Foreign exchange contracts	NIL	NIL

**24 Material litigation**

There was no material litigation which would materially and adversely affect the financial position of the Group.

**25 Dividends declared**

The directors did not declare any dividends for the current quarter.

**26 Valuation of investment properties**

There were additional expenditure on investment properties amounting to RM 6,000 for the current quarter.

**27 Commentary on Prospects**

The ongoing trade spat between the two global economic powers and the resultant uncertainties has continued to disrupt market demand . Adding to this are other concerns such as geo-political tensions in the Middle East and the African continent, and fluctuations in oil price and exchange rates. Consequently, the macro business condition is weighed down. The management will do its utmost to weather the challenges and strive for reasonable results in the months to come.

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	2019	2018
<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	
	31.03.2019	31.03.2018
	RM '000	RM '000
<b>Profit for the period is arrived at after charging :</b>		
Depreciation of PPE	1,442	1,598
Loss on forex-realised		
Loss on forex-unrealised	-	
Write down on inventories	150	170
Loss on disposal of quoted investments	-	
Fair value loss on quoted investments	-	
<b>and after crediting :</b>		
Fair value gain on investment properties	-	-
Gross dividend received from quoted shares	9	-
Gain on forex-realised	11	-
Gain on forex-unrealised	-	
Reversal of write down of inventories	-	395
Reversal of impairment loss on receivables	-	-
Gain on disposal of quoted investments	13	18

**29 Profit for the period-Continued**

Other than the above, there was no impairment loss on trade receivables and exceptional items included in the results for the current quarter ended 31 March 2019.

**30 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 16 May 2019.