

UPA Corporation Berhad

Interim Financial Statements
30 June 2019

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2019

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year	Preceding Year Corresponding	Changes (Amount)
	2019	2018	RM '000	2019	2018	RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	40,172	39,650	522	70,001	74,158	-4,157
Cost of Sales	-32,241	-32,414	173	-58,928	-63,394	4,466
Gross Profit	7,931	7,236	695	11,073	10,764	309
Other income	1,000	748	252	1,129	1,333	-204
Selling and Distribution expenses	-1,079	-1,298	219	-2,269	-2,465	196
Administration expenses	-2,838	-2,787	-51	-5,556	-5,486	-70
Other expenses	0	26	-26	0	-537	537
Operating Profit	5,014	3,925	1,089	4,377	3,609	768
Finance income	371	342	29	675	665	10
Finance costs	-256	-200	-56	-326	-364	38
	5,129	4,067	1,062	4,726	3,910	816
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit/(loss) before tax	5,129	4,067	1,062	4,726	3,910	816
Tax expense	-898	-964	66	-1,122	-1,035	-87
Profit/(loss) for the period	4,231	3,103	1,128	3,604	2,875	729
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	4,231	3,103		3,604	2,875	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	4,231	3,103		3,604	2,875	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	4,231	3,103		3,604	2,875	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	4,231	3,103		3,604	2,875	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	4,231	3,103		3,604	2,875	
Basic earnings/(loss) per ordinary share (sen)	5.48	4.02		4.67	3.72	
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 2018)

Interim Financial Statements

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

For the period ended 30 June 2019

	Current Quarter 30/06/2019	Immediate Preceding Quarter 31/03/2019	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	40,172	29,829	10,343
Operating Profit/(Loss)	5,014	(637)	5,651
Profit/(loss) Before Tax	5,129	(403)	5,532
Profit/(loss) After Tax	4,231	(627)	4,858
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,231	(627)	4,858

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

UPA CORPORATION BERHAD (384490-P)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 30 June 2019

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	30 June 2019 RM '000	31 Dec 2018 RM '000
Non-Current Assets		
Property, plant and equipment	65,416	68,139
Investment properties	57,282	57,275
Investment in a joint venture	6,145	6,145
	<u>128,843</u>	<u>131,559</u>
Current assets		
Inventories	64,804	59,137
Other investments	41,228	1,268
Current tax assets	2,600	1,990
Trade and other receivables	45,414	49,102
Cash and cash equivalents	25,478	59,467
	<u>179,524</u>	<u>170,964</u>
Total Assets	308,367	302,523
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	185,564	181,959
Translation reserve	1,617	1,617
Treasury shares	-3,393	-3,393
	<u>263,370</u>	<u>259,765</u>
Non-controlling interests	208	208
Total equity	263,578	259,973
Non-current liabilities		
Trade and other payables	0	53
Term loan	404	
Deferred tax liabilities	7,916	7,916
	<u>8,320</u>	<u>7,969</u>
Current liabilities		
Borrowings	22,390	17,677
Current tax liabilities	1,122	177
Trade and other payables	12,957	16,727
	<u>36,469</u>	<u>34,581</u>
Total Liabilities	44,789	42,550
Total Equity and Liabilities	308,367	302,523
Net asset per share (RM)	3.31	3.26

(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 30 June 2019

	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 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				3,604	3,604	0	3,604
	0	0	0	3,604	3,604	0	3,604
Acquisition of treasury shares		0		0	0		0
At 30 June 2019	79,582	-3,393	1,617	185,563	263,369	208	263,577
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				2,875	2,875	0	2,875
	0	0	0	2,875	2,875	0	2,875
Acquisition of treasury shares		0		0	0		0
At 30 June 2018	79,582	-3,393	1,369	181,826	259,384	26	259,410

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

	30 June 2019 RM '000	30 June 2018 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	4,726	3,910
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	2,939	3,259
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables		
Reversal of write down on inventories	425	
Write down on inventories	(625)	
Finance costs	299	700
Finance income	(675)	(665)
Share of profit/(loss) of equity-accounted investees	-	
Gain on disposal of other investments	(11)	
Loss on disposal of other investments		152
Gross dividend received from quoted shares	(15)	
Unrealised gain on other investments	(49)	
Other non-cash items	-	(59)
Operating profit before changes in working capital	<u>7,014</u>	<u>7,297</u>
Change in inventories	(5,667)	(3,673)
Change in trade and other receivables	4,134	(1,836)
Change in trade and other payables	(3,427)	(3,698)
	-	-
Cash generated from operations	<u>2,054</u>	<u>(1,910)</u>
Interest received	675	665
Income tax refund	123	45
Income tax paid	(771)	(2,414)
Net cash (used in)/from operating activities	<u>2,081</u>	<u>(3,614)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(936)	(2,843)
Additions to investment properties	(6)	-
Proceeds from disposal of other investments	2,104	
Net change in other investments	(39,960)	
Proceeds from disposal of property, plant and equipment		
Dividend received from other investments	15	59
	-	-
Net cash used in investing activities	<u>(38,783)</u>	<u>(2,784)</u>
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	
Proceeds from/(Repayment of) borrowings	3,012	11,128
Payment of term loan/finance lease liabilities	-	(34)
Interest paid	(299)	(700)
Net cash used in financing activities	<u>2,713</u>	<u>10,394</u>
Net change in Cash and Cash Equivalents	(33,989)	3,996
Effect of exchange rate changes on cash and cash equivalents		-
Cash and Cash Equivalents at 1 January	59,467	58,448
Cash and Cash Equivalents at 30 June	<u>25,478</u>	<u>62,444</u>
Cash and cash equivalents		
Cash and cash equivalents comprise of :		
Cash and bank balances	25,478	62,444
Deposits with licensed banks	-	-
	<u>25,478</u>	<u>62,444</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 30 June 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
6 months period ended 30 June

		Segment revenue	Segment profit/(loss)
Paper based products	2019	24,325	2,517
	2018	25,488	1,293
Plastic products	2019	39,240	988
	2018	33,900	1,702
Machine trading	2019	6,376	996
	2018	7,054	-772
Total	2019	69,941	4,501
	2018	74,112	3,894

Reconciliation of reportable segment profit or loss	6 months ended 30.06.2019 RM '000	6 months ended 30.06.2018 RM '000
Total profit/(loss) for reporting segments	4,501	3,894
Other non-reportable segments	225	16
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>4,726</u>	<u>3,910</u>

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 write down of machine inventories amounting to RM 50,000 for the current quarter.

On the other hand, there was a net reversal of write down of machine inventories amounting to RM 95,000 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>
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2019	30.06.2018	
Revenue	40,172	39,650	522
Profit/(loss) before taxation	5,129	4,067	1,062
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2019	30.06.2018	
Revenue	13,921	13,854	67
Profit/(loss) before taxation	1,976	1,272	704
 			-
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2019	30.06.2018	
Revenue	20,604	23,044	(2,440)
Profit/(loss) before taxation	950	1,774	(824)
 			-
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2019	30.06.2018	
Revenue	5,626	4,050	1,576
Profit/(loss) before taxation	2,127	1,217	910

Paper based products

Revenue increased marginally by RM 67,000.

However, profit before taxation had increased by RM 704,000 due to higher gross margin.

Plastic products

Revenue decreased by RM 2,440,000.

Profit before taxation had decreased by RM 824,000 due to lower profit margin as a result of higher operating costs and keen competition among local PET sheet producers.

Machine trading

Revenue increased by RM 1,576,000 due to sales commission received.

Profit before taxation had increased by RM 910,000 due to higher gross margin.

18 Review of performance			<i>Changes</i>
<u>Current quarter against the preceding quarter</u>			<i>(Amount)</i>
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2019	31.03.2019	
Revenue	40,172	29,829	10,343
Profit/(loss) before taxation	5,129	(403)	5,532
Paper based products			
In RM'000	Quarter ended	Quarter ended	
	30.06.2019	31.03.2019	
Revenue	13,921	10,404	3,517
Profit before taxation	1,976	541	1,435
Plastic products			
In RM'000	Quarter ended	Quarter ended	
	30.06.2019	31.03.2019	
Revenue	20,604	18,636	1,968
Profit before taxation	950	40	910
Machine trading			
In RM'000	Quarter ended	Quarter ended	
	30.06.2019	31.03.2019	
Revenue	5,626	750	4,876
Profit/(loss) before taxation	2,127	(1,130)	3,257

Paper based products

Revenue increased by RM 3,517,000 due to seasonal demand.

Profit before taxation had increased by RM 1,435,000 due to higher gross margin.

Plastic products

Revenue increased by RM 1,968,000 due to higher exports.

Profit before taxation had increased by RM 910,000 due to higher gross margin.

Machine trading

Revenue increased by RM 4,876,000.

Profit before taxation had increased by RM 3,257 due to higher gross margin and sales commission received.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM '000	RM '000	RM '000	RM '000
Income tax	898	964	1,122	1,035
Deferred tax	0	0	0	0
	<u>898</u>	<u>964</u>	<u>1,122</u>	<u>1,035</u>

21 Group Borrowings and Debt Securities	30.06.2019	30.06.2019	30.06.2019	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
Non-current						
Secured						
Fixed rate term loan	0	0	0	0	0	0
Total Non-current	0	0	0	0	0	0
Current						
Secured						
Fixed rate term loan	404	0	404	767	0	767
	404	0	404	767	0	767
Unsecured						
Trust receipts	22,390	0	22,390	16,910	0	16,910
	22,390	0	22,390	16,910	0	16,910
Total-Current	22,794	0	22,794	17,677	0	17,677
Grand Total	22,794	0	22,794	17,677	0	17,677

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

At 30 June 2019	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	-
BAHT	0.1345	404	
USD	4.1323		11,092
EURO	4.6984		239
AUD	2.9023		334
JPY	0.0383		10,725
TOTAL		404	22,390

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 30 June 2019 :

	Nominal value RM '000	Fair value 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

The valuation of investment properties are unchanged from the previous quarter.

27 Commentary on Prospects

Business outlook appears challenging given the various headwinds arising from geopolitical tensions and the slowing of the global economy. However, the management is cautiously optimistic that it will be able to generate reasonable returns.

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 June	2019	2018
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		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,497	1,660	2,939	3,258
Loss on forex-realised				673
Loss on forex-unrealised	-			
Write down on inventories	475	300	625	470
Loss on disposal of quoted investments		152		152
Fair value loss on quoted investments	-			
Loss on derivatives		152		152
and after crediting :				
Fair value gain on investment properties	49		49	
Gross dividend received from quoted shares	6		15	
Gain on forex-realised		500		500
Gain on forex-unrealised	-			
Reversal of write down of inventories	425	395	425	395
Reversal of impairment loss on receivables	-			
Gain on disposal of quoted investments				

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 30 June 2019.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 23 August 2019.