

UPA Corporation Berhad

Interim Financial Statements  
30 September 2019

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

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year	Preceding Year Corresponding	Changes (Amount)
	2019	2018		2019	2018	
Period ended 30 September	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>						
Revenue	41,182	42,841	-1,659	111,183	116,999	-5,816
Cost of Sales	-34,509	-36,372	1,863	-93,437	-99,766	6,329
Gross Profit	6,673	6,469	204	17,746	17,233	513
Other income	2,034	-119	2,153	3,163	1,214	1,949
Selling and Distribution expenses	-950	-1,020	70	-3,219	-3,485	266
Administration expenses	-2,480	-2,391	-89	-8,036	-7,877	-159
Other expenses	0	537	-537	0	0	0
Operating Profit	5,277	3,476	1,801	9,654	7,085	2,569
Finance income	359	332	27	1,034	997	37
Finance costs	-169	-176	7	-495	-540	45
	5,467	3,632	1,835	10,193	7,542	2,651
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit/(loss) before tax	5,467	3,632	1,835	10,193	7,542	2,651
Tax expense	-893	-930	37	-2,015	-1,965	-50
Profit/(loss) for the period	4,574	2,702	1,872	8,178	5,577	2,601
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	4,574	2,702		8,178	5,577	
<b>Profit/(loss) for the period</b>						
Attributable to :						
Owners of the company	4,574	2,702		8,178	5,577	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	4,574	2,702		8,178	5,577	
<b>Total comprehensive income for the year</b>						
Attributable to :						
Owners of the company	4,574	2,702		8,178	5,577	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	4,574	2,702		8,178	5,577	
Basic earnings/(loss) per ordinary share (sen)	5.92	3.50		10.59	7.22	
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 September 2019

	Current Quarter 30/09/2019	Immediate Preceding Quarter 30/06/2019	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	41,182	40,172	1,010
Operating Profit/(Loss)	5,277	5,014	263
Profit/(loss) Before Tax	5,467	5,129	338
Profit/(loss) After Tax	4,574	4,231	343
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,574	4,231	343

(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 September 2019

Page 2

	30 Sept 2019 RM '000	31 Dec 2018 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	63,650	68,139
Investment properties	57,275	57,275
Investment in a joint venture	6,145	6,145
	<u>127,070</u>	<u>131,559</u>
<b>Current assets</b>		
Inventories	69,361	59,137
Other investments	1,098	1,268
Current tax assets	3,225	1,990
Trade and other receivables	44,301	49,102
Cash and cash equivalents	63,457	59,467
	<u>181,442</u>	<u>170,964</u>
<b>Total Assets</b>	<b>308,512</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	183,960	181,959
Translation reserve	1,617	1,617
Treasury shares	-3,393	-3,393
	<u>261,766</u>	<u>259,765</u>
<b>Non-controlling interests</b>	208	208
<b>Total equity</b>	<u>261,974</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	24,035	17,677
Term loan	0	0
Current tax liabilities	2,133	177
Trade and other payables	12,454	16,727
	<u>38,622</u>	<u>34,581</u>
<b>Total Liabilities</b>	<b>46,538</b>	<b>42,550</b>
<b>Total Equity and Liabilities</b>	<b>308,512</b>	<b>302,523</b>
<b>Net asset per share (RM)</b>	<b>3.29</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)

	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 2019</b>	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				8,178	8,178	0	8,178
	0	0	0	8,178	8,178	0	8,178
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares		0			0		0
<b>At 30 September 2019</b>	<b>79,582</b>	<b>-3,393</b>	<b>1,617</b>	<b>183,960</b>	<b>261,766</b>	<b>208</b>	<b>261,974</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 period				5,577	5,577	0	5,577
	0	0	0	5,577	5,577	0	5,577
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares		0			0		0
<b>At 30 September 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 2018)

	30 Sept 2019 RM '000	30 Sept 2018 RM '000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	10,193	7,542
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	4,708	4,603
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	-
Reversal of write down on inventories	(1,925)	(566)
Write down on inventories	625	525
Finance costs	495	540
Finance income	(1,034)	(997)
Share of profit/(loss) of equity-accounted investees	-	-
Gain on disposal of other investments	(11)	-
Loss on disposal of other investments	-	158
Impairment loss on other investments	26	416
Gross dividend received from quoted shares	(36)	(79)
Unrealised gain on other investments	-	-
Other non-cash items	-	-
<b>Operating profit before changes in working capital</b>	<u>13,041</u>	<u>12,142</u>
Change in inventories	(10,224)	(4,867)
Change in trade and other receivables	4,801	248
Change in trade and other payables	(4,271)	(1,234)
	<u>-</u>	<u>-</u>
<b>Cash generated from operations</b>	<u>3,347</u>	<u>6,289</u>
Interest received	997	997
Income tax refund	123	45
Income tax paid	(1,429)	(3,277)
<b>Net cash (used in)/from operating activities</b>	<u>3,038</u>	<u>4,054</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,378)	(4,145)
Additions to investment properties	(6)	-
Proceeds from disposal of other investments	2,179	-
Net change in other investments	(171)	-
Proceeds from disposal of property, plant and equipment	-	-
Dividend received from other investments	36	79
<b>Net cash used in investing activities</b>	<u>660</u>	<u>(4,066)</u>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	(6,177)	(6,177)
Acquisition of treasury shares	-	-
Proceeds from/(Repayment of) borrowings	7,009	5,342
Payment of term loan/finance lease liabilities	-	(34)
Interest paid	(540)	(540)
<b>Net cash used in financing activities</b>	<u>292</u>	<u>(1,409)</u>
<b>Net change in Cash and Cash Equivalents</b>	3,990	(1,421)
Effect of exchange rate changes on cash and cash equivalents	-	-
<b>Cash and Cash Equivalents at 1 January</b>	<u>59,467</u>	<u>58,448</u>
<b>Cash and Cash Equivalents at 30 September</b>	<u>63,457</u>	<u>57,027</u>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise of :		
Cash and bank balances	63,457	57,027
Deposits with licensed banks	-	-
	<u>63,457</u>	<u>57,027</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 paid a first and final single tier dividend of 8 sen per share for the financial year ended 31 December 2018 amounting to RM 6,177,000 on 19 July 2019.

**8 Capital commitments outstanding not provided for in the interim financial statements**

<b>Authorised and contracted for :</b>	<b>RM '000</b>
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 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**  
Nine months period ended 30 September

		Segment revenue	Segment profit/(loss)
Paper based products	2019	40,027	5,259
	2018	39,293	3,391
Plastic products	2019	59,640	2,550
	2018	65,047	3,121
Machine trading	2019	11,250	1,984
	2018	11,250	1,984
Total	2019	110,917	9,793
	2018	116,954	7,776

Reconciliation of reportable segment profit or loss	9 months ended 30.09.2019 RM '000	9 months ended 30.09.2018 RM '000
Total profit/(loss) for reporting segments	9,793	7,776
Other non-reportable segments	400	(234)
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>10,193</u>	<u>7,542</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 reversal of write down of machine inventories amounting to RM 1,500,000 for the current quarter.

On the other hand, there was a write down of machine inventories amounting to RM 55,000 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>30.09.2019</b>	<b>30.09.2018</b>	
Revenue	41,182	42,841	(1,659)
Profit/(loss) before taxation	5,467	3,632	1,835
<b>Paper based products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	
Revenue	15,702	13,805	1,897
Profit/(loss) before taxation	2,742	2,098	644
			-
<b>Plastic products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	
Revenue	20,400	24,816	(4,416)
Profit/(loss) before taxation	1,561	1,279	282
			-
<b>Machine trading</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	
Revenue	4,874	4,220	654
Profit/(loss) before taxation	987	505	482

**Paper based products**

Revenue increased by RM 1,897,000 due to higher export sales.

Profit before taxation had increased by RM 644,000 due to higher gross margin.

**Plastic products**

Revenue decreased by RM 4,416,000 due to lower local sales.

However, profit before taxation had increased by RM 282,000 due to higher gross margin .

**Machine trading**

Revenue increased marginally by RM 654,000.

Profit before taxation had increased by RM 482,000 due to higher gross margin.

<b>18 Review of performance</b>			<b>Changes</b>
<u>Current quarter against the preceding quarter</u>			<b>(Amount)</b>
<b>Group</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.06.2019</b>	
Revenue	41,182	40,172	1,010
Profit/(loss) before taxation	5,467	5,129	338
<b>Paper based products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.06.2019</b>	
Revenue	15,702	13,921	1,781
Profit before taxation	2,742	1,976	766
			-
<b>Plastic products</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.06.2019</b>	
Revenue	20,400	20,604	(204)
Profit before taxation	1,561	950	611
			-
<b>Machine trading</b>	Quarter ended	Quarter ended	
<b>In RM'000</b>	<b>30.09.2019</b>	<b>30.06.2019</b>	
Revenue	4,874	5,626	(752)
Profit/(loss) before taxation	987	2,127	(1,140)

**Paper based products**

Revenue increased by RM 1,781,000 due to seasonal demand.

Profit before taxation had increased by RM 766,000 due to higher gross margin.

**Plastic products**

Revenue had decreased marginally by RM 204,000.

Profit before taxation had increased by RM 611,000 due to higher gross margin.

**Machine trading**

Revenue decreased by RM 752,000.

Profit before taxation had decreased by RM 1,140,000 due to lower gross margin.

19 Profit forecast  
Not applicable.

20 Taxation	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM '000	RM '000	RM '000	RM '000
Income tax	893	930	2,015	1,965
Deferred tax	0	0	0	0
	<u>893</u>	<u>930</u>	<u>2,015</u>	<u>1,965</u>

21 Group Borrowings and Debt Securities	30.09.2019	30.09.2019	30.09.2019	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	0	0	0	767	0	767
	<u>0</u>	<u>0</u>	<u>0</u>	<u>767</u>	<u>0</u>	<u>767</u>
<b>Unsecured</b>						
Trust receipts	24,035	0	24,035	16,910	0	16,910
	<u>24,035</u>	<u>0</u>	<u>24,035</u>	<u>16,910</u>	<u>0</u>	<u>16,910</u>
Total-Current	24,035	0	24,035	17,677	0	17,677
<b>Grand Total</b>	<b>24,035</b>	<b>0</b>	<b>24,035</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 30 Sept 2019	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	-
BAHT	0.1369	-	2,464
USD	4.1888		8,619
JPY	0.0387		12,952
<b>TOTAL</b>		<b>-</b>	<b>24,035</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 :

	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 Sept 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 remains challenging given the various headwinds arising from geopolitical tensions and the slowing of the global economy. However, the management is confident 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 :

<b>Period ended 30 September</b>	<b>2019</b>	<b>2018</b>
<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**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Profit for the period is arrived at after charging :</b>				
Depreciation of PPE	1,769	1,345	4,708	4,603
Loss on forex-realised				162
Loss on forex-unrealised	-			
Write down on inventories	-	55	625	525
Loss on disposal of quoted investments		6		158
Fair value loss on quoted investments	26	416	26	416
Loss on derivatives		-		152
<b>and after crediting :</b>				
Fair value gain on investment properties	-	-		-
Gross dividend received from quoted shares	21	20	36	79
Gain on forex-realised		601		601
Gain on forex-unrealised	-			
Gain on derivatives		73		73
Reversal of write down of inventories	1,500	55	1,925	566
Reversal of impairment loss on receivables	-	-		-
Gain on disposal of quoted investments	11	-	11	-

**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 September 2019.

**30 Authorisation for issue**

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