

UPA Corporation Berhad

Interim Financial Statements
31 December 2019

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

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year	Preceding Year Corresponding	Changes (Amount)
Period ended 31 December	2019	2018		2019	2018	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	43,500	43,713	-213	154,683	160,208	-5,525
Cost of Sales	-36,431	-39,014	2,583	-129,868	-138,123	8,255
Gross Profit	7,069	4,699	2,370	24,815	22,085	2,730
Other income	2,843	3,381	-538	6,006	4,768	1,238
Selling and Distribution expenses	-1,274	-1,135	-139	-4,493	-4,755	262
Administration expenses	-2,635	-2,022	-613	-10,671	-9,823	-848
Net impairment losses of financial assets		0			-61	
Other expenses	-2,017	-2,306	289	-2,017	-2,406	389
Operating Profit	3,986	2,617	1,369	13,640	9,808	3,832
Finance income	337	250	87	1,371	1,255	116
Finance costs	-17	-6	-11	-512	-578	66
	4,306	2,861	1,445	14,499	10,485	4,014
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
	-33	153		-34	149	
Profit/(loss) before tax	4,273	3,014	1,259	14,465	10,634	3,831
Tax expense	-1,055	389	-1,444	-3,070	-1,619	-1,451
Profit/(loss) for the period	3,218	3,403	-185	11,395	9,015	2,380
Foreign currency translation difference for foreign operations	635	600		635	600	
Total comprehensive income for the period	3,853	4,003		12,030	9,615	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	2,893	3,587		11,070	9,185	
Non-controlling interests	325	-184		325	-170	
Profit/(loss) for the period	3,218	3,403		11,395	9,015	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	3,561	3,944		11,739	9,433	
Non-controlling interests	292	59		291	182	
Profit/(loss) for the period	3,853	4,003		12,030	9,615	
Basic earnings/(loss) per ordinary share (sen)	3.75	4.65		14.34	11.90	
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 year ended 31 December 2019

	Current Quarter 31/12/2019	Immediate Preceding Quarter 30/09/2019	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	43,500	41,182	2,318
Operating Profit/(Loss)	3,986	5,277	(1,291)
Profit/(loss) Before Tax	4,273	5,467	(1,194)
Profit/(loss) After Tax	3,218	4,574	(1,356)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,893	4,574	(1,681)

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

UPA CORPORATION BERHAD (199601012141)

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

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	31 Dec 2019 RM '000	31 Dec 2018 RM '000
Non-Current Assets		
Property, plant and equipment	65,717	68,139
Investment properties	59,761	57,275
Investment in a joint venture	6,112	6,145
	<u>131,590</u>	<u>131,559</u>
Current assets		
Inventories	55,506	59,137
Other investments	1,159	1,268
Current tax assets	461	1,990
Trade and other receivables	50,284	49,102
Cash and cash equivalents	68,719	59,467
	<u>176,129</u>	<u>170,964</u>
Total Assets	307,719	302,523
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	186,852	181,959
Translation reserve	2,286	1,617
Treasury shares	-3,393	-3,393
	<u>265,327</u>	<u>259,765</u>
Non-controlling interests	499	208
Total equity	<u>265,826</u>	<u>259,973</u>
Non-current liabilities		
Trade and other payables	56	53
Lease liabilities	262	0
Deferred tax liabilities	8,524	7,916
	<u>8,842</u>	<u>7,969</u>
Current liabilities		
Borrowings	18,305	17,677
Lease liabilities	323	0
Current tax liabilities	575	177
Trade and other payables	13,848	16,727
	<u>33,051</u>	<u>34,581</u>
Total Liabilities	41,893	42,550
Total Equity and Liabilities	307,719	302,523
Net asset per share (RM)	3.33	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 31 December 2019

	Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Non-distributable			Distributable			
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Retained profits RM'000	Total 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			669	0	669	-34	635
Profit/(loss) for the period				11,070	11,070	325	11,395
	0	0	669	11,070	11,739	291	12,030
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares		0			0		0
At 31 December 2019	79,582	-3,393	2,286	186,852	265,327	499	265,826
At 1 January 2018	79,582	-3,393	1,369	178,951	256,509	26	256,535
Total other comprehensive income for the year			248	0	248	352	600
Profit/(loss) for the period				9,185	9,185	-170	9,015
	0	0	248	9,185	9,433	182	9,615
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares		0			0		0
At 31 December 2018	79,582	-3,393	1,617	181,959	259,765	208	259,973

(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 year ended 31 December 2019

	31 Dec 2019 RM '000	31 Dec 2018 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	14,465	10,634
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	6,351	6,211
Reversal of impairment loss on receivables	-	(69)
Impairment loss on receivables	-	8
Reversal of write down on inventories	(1,925)	(2,050)
Inventories written down to net realisable value	1,674	1,511
Finance costs	512	578
Finance income	(1,371)	(1,255)
Share of results of a joint venture	34	(149)
Gain on disposal of property, plant and equipment	-	(14)
Gain on disposal of other investments	-	-
Loss on disposal of other investments	16	268
Fair value gain on investment properties	(2,413)	(1,000)
Fair value loss on other investments	53	518
Gross dividend received from quoted shares	(49)	(84)
Unrealised gain on other investments	-	-
Others	-	(628)
Operating profit before changes in working capital	<u>17,347</u>	<u>14,479</u>
Change in inventories	3,631	(1,900)
Change in trade and other receivables	(1,182)	1,011
Change in trade and other payables	(2,879)	2,224
	-	-
Cash generated from operations	<u>16,917</u>	<u>15,814</u>
Interest received	1,371	1,255
Income tax refunded	1,652	56
Income tax paid	(2,006)	(3,606)
Net cash (used in)/from operating activities	<u>17,934</u>	<u>13,519</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,238)	(5,054)
Additions to investment properties	(2)	(2,354)
Proceeds from disposal of other investments	2,405	4,008
Acquisition of other investments	(2,189)	(1,899)
Proceeds from disposal of property, plant and equipment	-	71
Net change in other investments	(109)	-
Net change in deposits with licensed banks'	-	(218)
Dividend received from other investments	49	84
	-	-
Net cash used in investing activities	<u>(2,084)</u>	<u>(5,362)</u>
Cash flow from financing activities		
Dividend paid to owners	(6,177)	(6,177)
Acquisition of treasury shares	-	-
Net change in trust receipt	(49)	162
Payment of term loan	-	(764)
Interest paid	(512)	(578)
Net cash used in financing activities	<u>(6,738)</u>	<u>(7,357)</u>
Net change in Cash and Cash Equivalents	9,112	800
Effect of exchange rate changes on cash and cash equivalents	140	218
	-	-
Cash and Cash Equivalents at 1 January	<u>59,466</u>	<u>58,448</u>
Cash and Cash Equivalents at 31 December	<u>68,718</u>	<u>59,466</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 :**

Property, plant and equipment

RM '000

-

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 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
For the year ended 31 December

		Segment revenue	Segment profit/(loss)
Paper based products	2019	62,240	7,583
	2018	59,118	6,431
Plastic products	2019	77,897	3,585
	2018	85,035	3,411
Machine trading	2019	14,737	336
	2018	16,316	-225
Total	2019	154,874	11,504
	2018	160,469	9,617

Reconciliation of reportable segment profit or loss	12 months ended 31.12.2019 RM '000	12 months ended 31.12.2018 RM '000
Total profit/(loss) for reporting segments	11,504	9,617
Other non-reportable segments	2,995	6,891
Elimination of inter-segment profit	-	(6,023)
Share of profit/(loss) of joint venture	(34)	149
Consolidated profit/(loss) before tax	<u>14,465</u>	<u>10,634</u>

13 Contingencies

Corporate guarantees issued to licensed financial institutions in respect of banking facilities granted to subsidiaries amounted to RM 100,600,000 as at the date of this report.

14 Write down of inventories

There was a write down of machine inventories amounting to RM 1,049,000 for the current quarter.

Similarly, there was a write down of machine inventories amounting to RM 1,149,000 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	31.12.2019	31.12.2018	
Revenue	43,500	43,712	(212)
Profit/(loss) before taxation	4,273	3,014	1,259
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2019	31.12.2018	
Revenue	22,213	19,866	2,347
Profit/(loss) before taxation	2,324	3,040	(716)
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2019	31.12.2018	
Revenue	18,429	20,015	(1,586)
Profit/(loss) before taxation	1,035	417	618
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2019	31.12.2018	
Revenue	3,487	3,723	(236)
Profit/(loss) before taxation	(1,615)	(1,455)	(160)

Paper based products

Revenue increased by RM 2,347,000 due to seasonal demand.

Meanwhile, profit before taxation had decreased by RM 716,000 due to lower gross margin, impairment loss on receivables, bad debts written off and unrealised loss on foreign exchange.

Plastic products

Revenue decreased by RM 1,586,000 due to lower export sales.

Meanwhile, profit before taxation had increased by RM 618,000 due to higher gross margin .

Machine trading

Revenue decreased marginally by RM 236,000.

Meanwhile, loss before taxation had increased by RM 160,000 due to impairment loss on inventories, fixed assets written off and realised foreign exchange losses.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2019	30.09.2019	
Revenue	43,500	41,182	2,318
Profit/(loss) before taxation	4,273	5,467	(1,194)
Paper based products			
	Quarter ended	Quarter ended	
In RM'000	31.12.2019	30.09.2019	
Revenue	22,213	15,702	6,511
Profit before taxation	2,324	2,742	(418)
Plastic products			
	Quarter ended	Quarter ended	
In RM'000	31.12.2019	30.09.2019	
Revenue	18,429	20,400	(1,971)
Profit before taxation	1,035	1,561	(526)
Machine trading			
	Quarter ended	Quarter ended	
In RM'000	31.12.2019	30.09.2019	
Revenue	3,487	4,874	(1,387)
Profit/(loss) before taxation	(1,615)	987	(2,602)

Paper based products

Revenue increased by RM 6,511,000 due to seasonal demand.

However, profit before taxation had decreased by RM 418,000 due to lower gross margin, impairment loss on receivables, bad debts written off and unrealised loss on foreign exchange.

Plastic products

Revenue had decreased by RM 1,971,000 due to lower export sales.

Profit before taxation had decreased by RM 526,000 in tandem with lower turnover.

Machine trading

Revenue decreased by RM 1,387,000 due to lower sales for the local and export markets.

Compared to a profit before taxation of RM 987,000 for the preceding quarter, this segment incurred a loss before taxation of RM 1,615,000 due to impairment loss on inventories, fixed assets written off and realised foreign exchange losses.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM '000	RM '000	RM '000	RM '000
Income tax	447	522	2,462	2,530
Deferred tax	608	-911	608	-911
	<u>1,055</u>	<u>-389</u>	<u>3,070</u>	<u>1,619</u>

21 Group Borrowings and Debt Securities

	31.12.2019	31.12.2019	31.12.2019	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	0	0	0	767	0	767
	0	0	0	767	0	767
Unsecured						
Trust receipts	18,305	0	18,305	16,910	0	16,910
	18,305	0	18,305	16,910	0	16,910
Total-Current	18,305	0	18,305	17,677	0	17,677
Grand Total	18,305	0	18,305	17,677	0	17,677

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

At 31 Dec 2019	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		-	-
BAHT	0.1375	-	2,475
USD	4.0907		7,461
EURO	4.5926		673
JPY	0.0376		7,696
TOTAL		-	18,305

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 Dec 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 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 2019.

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

26 Valuation of investment properties

During the quarter, the Group recognised a fair value gain of RM 2,413,000 before taxation.

27 Commentary on Prospects

Business outlook remains challenging given the various headwinds arising from geopolitical tensions and the adverse effects arising from the Covid-19 outbreak on the global economy. The management will be monitoring very closely the various global developments and seize opportunities where applicable.

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 Dec	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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,643	1,764	6,351	6,211
Loss on forex-realised	251	106	251	106
Loss on forex-unrealised	127	56	127	56
Write down on inventories	1,049	1,149	1,674	1,674
Loss on disposal of quoted investments	16	110	16	268
Fair value loss on quoted investments	27	102	53	518
Impairment loss on receivables	303	66	303	66
and after crediting :				
Fair value gain on investment properties	-	1,000	2,413	1,000
Gross dividend received from quoted shares	13	20	49	84
Gain on forex-realised	747	82	747	225
Gain on forex-unrealised	-	114	-	684
Reversal of write down of inventories	-	1,484	1,925	2,050
Reversal of impairment loss on receivables	-	38	-	38
Gain on disposal of property, plant and equipment	45	-	45	-

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 December 2019.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 21 February 2020.