

UPA Corporation Berhad

Interim Financial Statements
31 March 2020

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2020

	Individual Period		Changes (Amount)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	2020	2019	
Period ended 31 March	RM '000	RM '000	RM '000
Continuing Operations			
Revenue	26,747	29,829	-3,082
Cost of Sales	-21,265	-26,687	5,422
Gross Profit	5,482	3,142	2,340
Other income	724	129	595
Selling and Distribution expenses	-779	-1,190	411
Administration expenses	-2,538	-2,718	180
Net impairment losses of financial assets		0	
Other expenses	-1,133	0	-1,133
Operating Profit	1,756	-637	2,393
Finance income	294	304	-10
Finance costs	-166	-70	-96
	1,884	-403	2,287
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	
Profit/(loss) before tax	1,884	-403	2,287
Tax expense	-490	-224	-266
Profit/(loss) for the period	1,394	-627	2,021
Foreign currency translation difference for foreign operations	0	0	
Total comprehensive income for the period	1,394	-627	
Profit/(loss) for the period			
Attributable to :			
Owners of the company	1,394	-627	
Non-controlling interests	0	0	
Profit/(loss) for the period	1,394	-627	
Total comprehensive income for the year			
Attributable to :			
Owners of the company	1,394	-627	
Non-controlling interests	0	0	
Profit/(loss) for the period	1,394	-627	
Basic earnings/(loss) per ordinary share (sen)	1.81	(0.81)	
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 2019)

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2020

	Current Quarter 31/03/2020	Immediate Preceding Quarter 31/12/2019	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	26,747	53,523	<i>(26,776)</i>
Operating Profit/(Loss)	1,756	1,977	<i>(221)</i>
Profit/(loss) Before Tax	1,884	2,264	<i>(380)</i>
Profit/(loss) After Tax	1,394	1,209	185
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,394	1,306	88

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 31 March 2020

	31 Mar 2020	31 Dec 2019
	RM '000	RM '000
Non-Current Assets		
Property, plant and equipment	63,182	65,766
Investment properties	59,761	59,761
Investment in a joint venture	6,112	6,111
	<u>129,055</u>	<u>131,638</u>
Current assets		
Inventories	67,084	54,952
Other investments	1,218	1,159
Current tax assets	716	462
Trade and other receivables	34,513	50,681
Cash and cash equivalents	69,738	68,719
	<u>173,269</u>	<u>175,973</u>
Total Assets	302,324	307,611
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	188,032	186,638
Translation reserve	2,281	2,281
Treasury shares	-3,393	-3,393
	<u>266,502</u>	<u>265,108</u>
Non-controlling interests	475	475
Total equity	<u>266,977</u>	<u>265,583</u>
Non-current liabilities		
Trade and other payables	0	96
Lease liabilities	920	305
Deferred tax liabilities	8,524	8,523
	<u>9,444</u>	<u>8,924</u>
Current liabilities		
Borrowings	14,528	18,304
Lease liabilities	922	325
Current tax liabilities	630	575
Trade and other payables	9,823	13,900
	<u>25,903</u>	<u>33,104</u>
Total Liabilities	35,347	42,028
Total Equity and Liabilities	302,324	307,611
Net asset per share (RM)	3.35	3.33

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 At 31 March 2020

	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 2020	79,582	-3,393	2,281	186,638	265,108	475	265,583
Total other comprehensive income for the year			0	0	0	0	0
Profit/(loss) for the period				1,394	1,394	0	1,394
	0	0	0	1,394	1,394	0	1,394
Dividends paid				0	0		0
Acquisition of treasury shares		0			0		0
At 31 March 2020	79,582	-3,393	2,281	188,032	266,502	475	266,977
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
Dividends paid				0	0		0
Acquisition of treasury shares		0			0		0
At 31 March 2019	79,582	-3,393	1,617	181,332	259,138	208	259,346

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

	31 March 2020 RM '000	31 March 2019 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	1,884	(403)
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,464	1,442
Reversal of impairment loss on receivables	-	
Impairment loss on receivables	-	
Reversal of write down on inventories	-	
Inventories written down to net realisable value	842	
Finance costs	165	70
Finance income	(293)	(304)
Share of results of a joint venture	-	
Gain on disposal of property, plant and equipment	-	
Gain on disposal of other investments	-	(13)
Loss on disposal of other investments	13	
Fair value gain on investment properties	-	
Fair value loss on other investments	230	
Gross dividend received from quoted shares	(4)	(9)
Unrealised forex (gain)/loss	367	
Unrealised gain on other investments	-	
Others	-	-
Operating profit before changes in working capital	<u>4,668</u>	<u>783</u>
Change in inventories	(11,578)	(4,308)
Change in trade and other receivables	15,770	13,594
Change in trade and other payables	(4,024)	(5,841)
	-	-
Cash generated from operations	<u>4,836</u>	<u>4,228</u>
Interest received	293	304
Income tax refunded	-	134
Income tax paid	(613)	(371)
Net cash (used in)/from operating activities	<u>4,516</u>	<u>4,295</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(287)	(819)
Additions to investment properties	-	(6)
Proceeds from disposal of other investments	562	933
Acquisition of other investments	(621)	(1,959)
Proceeds from disposal of property, plant and equipment	-	
Net change in other investments	-	
Net change in deposits with licensed banks'	-	
Dividend received from other investments	4	9
Net cash used in investing activities	<u>(342)</u>	<u>(1,842)</u>
Cash flow from financing activities		
Dividend paid to owners	-	
Acquisition of treasury shares	-	
Net change in trust receipt	(2,990)	(180)
Payment of term loan	-	
Interest paid	(166)	(70)
Net cash used in financing activities	<u>(3,156)</u>	<u>(250)</u>
Net change in Cash and Cash Equivalents	1,018	2,203
Effect of exchange rate changes on cash and cash equivalents	-	
Cash and Cash Equivalents at 1 January	<u>68,719</u>	<u>59,467</u>
Cash and Cash Equivalents at 31 March	<u>69,737</u>	<u>61,670</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

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 2019.

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 2019 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2020. 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 2019 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 todate.

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	2,016

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 2020 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 period ended 31 March

		Segment revenue	Segment profit/(loss)
Paper based products	2020	9,358	1,412
	2019	10,404	541
Plastic products	2020	16,211	1,287
	2019	18,636	40
Machine trading	2020	1,171	-602
	2019	750	-1,130
Total	2020	26,740	2,097
	2019	29,790	(549)

Reconciliation of reportable segment profit or loss	3 months ended 31.03.2020 RM '000	3 months ended 31.03.2019 RM '000
Total profit/(loss) for reporting segments	2,097	(549)
Other non-reportable segments	(213)	146
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	1,884	(403)

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 842,000 for the current quarter.

Similarly, there was a write down of machine inventories amounting to RM 150,000 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			Changes
<u>Current quarter against the corresponding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2020	31.03.2019	
Revenue	26,747	29,829	(3,082)
Profit/(loss) before taxation	1,884	(403)	2,287
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.03.2020	31.03.2019	
Revenue	9,358	10,404	(1,046)
Profit/(loss) before taxation	1,412	541	871
			-
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.03.2020	31.03.2019	
Revenue	16,211	18,636	(2,425)
Profit/(loss) before taxation	1,287	40	1,247
			-
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.03.2020	31.03.2019	
Revenue	1,171	750	421
Profit/(loss) before taxation	(602)	(1,130)	528

Paper based products

Revenue decreased by RM 1,046,000 due to lesser working days.
However, profit before taxation had increased by RM 871,000 due to better gross margin.

Plastic products

Revenue decreased by RM 2,425,000 due to shorter working days.
However, profit before taxation had increased by RM 1,247,000 due to higher gross margin,
as a result of lower material costs.

Machine trading

Revenue increased by RM 421,000 as a result of sales commission income received
and higher servicing income. As a result, loss before taxation had decreased by RM 528,000.

18 Review of performance

Current quarter against the preceding quarter

Group	Quarter ended	Quarter ended	Changes
In RM'000	31.03.2020	31.12.2019	(Amount)
Revenue	26,747	43,500	(16,753)
Profit/(loss) before taxation	1,884	4,273	(2,389)
Paper based products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2020	31.12.2019	
Revenue	9,358	22,213	(12,855)
Profit before taxation	1,412	2,324	(912)
Plastic products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2020	31.12.2019	
Revenue	16,211	18,429	(2,218)
Profit before taxation	1,287	1,035	252
Machine trading			
In RM'000	Quarter ended	Quarter ended	
	31.03.2020	31.12.2019	
Revenue	1,171	3,487	(2,316)
Profit/(loss) before taxation	(602)	(1,615)	1,013

Paper based products

Revenue decreased by RM 12,855,000 due to seasonal demand.
Meanwhile, profit before taxation had decreased by RM 912,000 due to lower turnover.

Plastic products

Revenue had decreased by RM 2,218,000 due to shorter working days.
However, profit before taxation had increased by RM 252,000 due to higher gross margin as a result of lower material costs.

Machine trading

Revenue decreased by RM 2,316,000 due to lower sales for the local and export markets.
The results for 4QFY2019 were affected by impairment loss on inventories and foreign exchange losses.

19 Profit forecast
Not applicable.

	3 months ended	
	31.03.2020	31.03.2019
	RM '000	RM '000
Income tax	490	224
Deferred tax	0	0
	<u>490</u>	<u>224</u>

21 Group Borrowings and Debt Securities

	31.03.2020	31.03.2020	31.03.2020	31.03.2019	31.03.2019	31.03.2019
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	Foreign denomination	Ringgit denomination	TOTAL	Foreign denomination	Ringgit denomination	TOTAL
Non-current						
Unsecured						
Lease liabilities	0	920	920	0	0	0
Total Non-current	0	920	920	0	0	0
Current						
Secured						
Fixed rate term loan	0	0	0	579	0	579
	0	0	0	579	0	579
Unsecured						
Lease liabilities		922	922			
Trust receipts	14,528	0	14,528	15,030	0	15,030
	14,528	922	15,450	15,030	0	15,030
Total-Current	14,528	922	15,450	15,609	0	15,609
Grand Total	14,528	1,842	16,370	15,609	0	15,609

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

At 31 March 2020	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		920	922
BAHT	0.1319	-	2,242
USD	4.3141		4,440
EURO	4.7557		88
JPY	0.0401		7,758
TOTAL		920	15,450

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 :

	FY2020 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 March 2020 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	-291

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 dividend for the quarter under review.

26 Valuation of investment properties

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

27 Commentary on Prospects

In cognizance of the COVID-19 pandemic which is wreaking global and local economic turmoil, coupled with depressed crude oil price and US-China trade war, the Group will have to brace itself for a tumultuous period ahead.

However, as in any crisis, there could be a silver lining in certain businesses. To this end, the relevant strategic business units are exploring opportunities emerging from the pandemic as well as the trade war. Besides, the Group will continue to exercise great care and caution in maintaining and developing its core businesses.

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	2020	2019
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	
	31.03.2020	31.03.2019
	RM '000	RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,464	1,442
Loss on forex-realised		
Loss on forex-unrealised	367	
Write down on inventories	842	150
Loss on disposal of quoted investments	13	
Fair value loss on quoted investments	230	
Impairment loss on receivables		
 and after crediting :		
Fair value gain on investment properties		
Gross dividend received from quoted shares	4	9
Gain on forex-realised	472	11
Gain on forex-unrealised	146	
Reversal of write down of inventories		
Reversal of impairment loss on receivables		
Gain on disposal of property, plant and equipment		
Gain on disposal of quoted investments		13

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 2020.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 05 June 2020.