

UPA Corporation Berhad

Interim Financial Statements
30 June 2020

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2020

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year	Preceding Year Corresponding	Changes (Amount)
Period ended 30 June	2020	2019		2020	2019	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	25,165	40,172	-15,007	51,912	70,001	-18,089
Cost of Sales	-22,148	-32,241	10,093	-43,413	-58,928	15,515
Gross Profit	3,017	7,931	-4,914	8,499	11,073	-2,574
Other income	786	1,000	-214	1,510	1,129	381
Selling and Distribution expenses	-828	-1,079	251	-1,607	-2,269	662
Administration expenses	-2,140	-2,838	698	-4,678	-5,556	878
Other expenses	-377	0	-377	-1,510	0	-1,510
Operating Profit	458	5,014	-4,556	2,214	4,377	-2,163
Finance income	242	371	-129	536	675	-139
Finance costs	-84	-256	172	-250	-326	76
	616	5,129	-4,513	2,500	4,726	-2,226
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit/(loss) before tax	616	5,129	-4,513	2,500	4,726	-2,226
Tax expense	-226	-898	672	-716	-1,122	406
Profit/(loss) for the period	390	4,231	-3,841	1,784	3,604	-1,820
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	390	4,231		1,784	3,604	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	390	4,231		1,784	3,604	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	390	4,231		1,784	3,604	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	390	4,231		1,784	3,604	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	390	4,231		1,784	3,604	
Basic earnings/(loss) per ordinary share (sen)	0.51	5.48		2.31	4.67	
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 2019)

Interim Financial Statements

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

For the period ended 30 June 2020

	Current Quarter 30/06/2020	Immediate Preceding Quarter 31/03/2020	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	25,165	26,747	(1,582)
Operating Profit/(Loss)	458	1,756	(1,298)
Profit/(loss) Before Tax	616	1,884	(1,268)
Profit/(loss) After Tax	390	1,394	(1,004)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	390	1,394	(1,004)

(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 30 June 2020

	30 June 2020 RM '000	31 Dec 2019 RM '000
Non-Current Assets		
Property, plant and equipment	62,884	65,766
Investment properties	59,761	59,761
Investment in a joint venture	6,111	6,111
	<u>128,756</u>	<u>131,638</u>
Current assets		
Inventories	66,974	54,952
Other investments	2,393	1,159
Current tax assets	1,156	462
Trade and other receivables	34,289	50,681
Cash and cash equivalents	69,876	68,719
	<u>174,688</u>	<u>175,973</u>
Total Assets	303,444	307,611
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	188,422	186,638
Translation reserve	2,281	2,281
Treasury shares	-3,393	-3,393
	<u>266,892</u>	<u>265,108</u>
Non-controlling interests	475	475
Total equity	<u>267,367</u>	<u>265,583</u>
Non-current liabilities		
Trade and other payables	0	96
Lease liabilities	261	305
Deferred tax liabilities	8,523	8,523
	<u>8,784</u>	<u>8,924</u>
Current liabilities		
Borrowings	16,345	18,304
Lease liabilities	1,580	325
Current tax liabilities	768	575
Trade and other payables	8,600	13,900
	<u>27,293</u>	<u>33,104</u>
Total Liabilities	36,077	42,028
Total Equity and Liabilities	303,444	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 30 June 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				1,784	1,784	0	1,784
	0	0	0	1,784	1,784	0	1,784
Dividends paid				0	0		0
Acquisition of treasury shares		0			0		0
At 30 June 2020	79,582	-3,393	2,281	188,422	266,892	475	267,367
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
Dividends paid				0	0		0
Acquisition of treasury shares		0			0		0
At 30 June 2019	79,582	-3,393	1,617	185,563	263,369	208	263,577

(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 Cash Flows
 For the period ended 30 June 2020

	30 June 2020 RM '000	30 June 2019 RM '000 (Restated)
Cash flows from operating activities		
Profit/(loss) before taxation	2,500	4,726
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	2,936	2,939
Reversal of impairment loss on receivables	-	
Impairment loss on receivables		
Reversal of write down on inventories	-	(425)
Inventories written down to net realisable value	1,342	625
Finance costs	250	299
Finance income	(536)	(675)
Share of results of a joint venture	-	
Gain on disposal of property, plant and equipment		
Gain on disposal of other investments	-	(11)
Loss on disposal of other investments	31	
Fair value gain on investment properties	-	
Fair value loss on other investments	138	
Gross dividend received from quoted shares	(15)	(15)
Unrealised forex (gain)/loss	74	
Unrealised gain on other investments	-	(49)
Others	-	-
Operating profit before changes in working capital	6,720	7,414
Change in inventories	(11,467)	(5,667)
Change in trade and other receivables	13,349	4,134
Change in trade and other payables	(2,603)	(3,427)
	-	-
Cash generated from operations	5,999	2,454
Interest received	536	675
Income tax refunded	1	123
Income tax paid	(1,155)	(771)
Net cash (used in)/from operating activities	5,381	2,481
Cash flows from investing activities		
Acquisition of property, plant and equipment	(856)	(936)
Additions to investment properties	-	(6)
Proceeds from disposal of other investments	5,798	2,104
Acquisition of other investments	(7,032)	-
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	(2,086)	1,171
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Net change in borrowings	(1,888)	2,763
Payment of term loan	-	-
Interest paid	(250)	(299)
Net cash used in financing activities	(2,138)	2,464
Net change in Cash and Cash Equivalents	1,157	6,116
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and Cash Equivalents at 1 January	68,719	59,467
Cash and Cash Equivalents at 30 June	69,876	65,583

(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 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 30 June 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 30 June

		Segment revenue	Segment profit/(loss)
Paper based products	2020	16,840	1,712
	2019	24,325	2,517
Plastic products	2020	32,582	1,712
	2019	39,240	988
Machine trading	2020	2,468	-925
	2019	6,376	996
Total	2020	51,890	2,499
	2019	69,941	4,501

Reconciliation of reportable segment profit or loss	6 months ended 30.06.2020 RM '000	6 months ended 30.06.2019 RM '000
Total profit/(loss) for reporting segments	2,499	4,501
Other non-reportable segments	1	225
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	2,500	4,726

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 inventories amounting to RM 500,000 for the current quarter in the Machine Trading segment.

A similar writedown but amounting to only RM 50,000 was made in the corresponding period 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	30.06.2020	30.06.2019	
Revenue	25,165	40,172	(15,007)
Profit/(loss) before taxation	616	5,129	(4,513)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2020	30.06.2019	
Revenue	7,482	13,921	(6,439)
Profit/(loss) before taxation	300	1,976	(1,676)
 			-
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2020	30.06.2019	
Revenue	16,371	20,604	(4,233)
Profit/(loss) before taxation	425	950	(525)
 			-
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2020	30.06.2019	
Revenue	1,297	5,626	(4,329)
Profit/(loss) before taxation	(323)	2,127	(2,450)

Paper based products

Revenue decreased by RM 6,439,000 due to lesser working days arising from MCO and also, shipment delay.

As a result, profit before taxation had decreased by RM 1,676,000.

Plastic products

Revenue decreased by RM 4,233,000 due to lower demand arising from MCO.

As a result, profit before taxation had decreased by RM 525,000.

Machine trading

Revenue decreased by RM 4,329,000 due to lower demand arising from the weak business sentiment and also lesser working days arising from the MCO.

As a result, the segment recorded a loss before taxation of RM 323,000 compared to profit before taxation of RM 2,127,000 in the corresponding period.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2020	31.03.2020	
Revenue	25,165	26,747	(1,582)
Profit/(loss) before taxation	616	1,884	(1,268)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2020	31.03.2020	
Revenue	7,482	9,358	(1,876)
Profit before taxation	300	1,412	(1,112)
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2020	31.03.2020	
Revenue	16,371	16,211	160
Profit before taxation	425	1,287	(862)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2020	31.03.2020	
Revenue	1,297	1,171	126
Profit/(loss) before taxation	(323)	(602)	279

Paper based products

Revenue decreased by RM 1,876,000 due to shorter working days.

Profit before taxation had decreased by RM 1,112,000 due to lower gross profit margins.

Plastic products

Revenue had increased marginally by RM 160,000.

However, profit before taxation had decreased by RM 862,000 due to lower gross profit margin.

Machine trading

Revenue had increased marginally by RM 126,000.

The improvement in results were due to lower writedown in inventory.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM '000	RM '000	RM '000	RM '000
Income tax	226	898	716	1,122
Deferred tax	0	0	0	0
	<u>226</u>	<u>898</u>	<u>716</u>	<u>1,122</u>

21 Group Borrowings and Debt Securities

	30.06.2020	30.06.2020	30.06.2020	30.06.2019	30.06.2019	30.06.2019
	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	261	261	0	0	0
Total Non-current	0	261	261	0	0	0
Current						
Secured						
Fixed rate term loan	0	0	0	404	0	404
	0	0	0	404	0	404
Unsecured						
Lease liabilities		1,581	1,581			
Trust receipts	16,345	0	16,345	22,390	0	22,390
	16,345	1,581	17,926	22,390	0	22,390
Total-Current	16,345	1,581	17,926	22,794	0	22,794
Grand Total	16,345	1,842	18,187	22,794	0	22,794

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

At 30 June 2020	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		261	1,581
BAHT	0.1388	-	2,110
USD	4.2850		7,659
EURO	4.8140		511
JPY	0.0397		6,065
TOTAL		261	17,926

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 :

Description of shares purchased	FY2020
	Year to date
	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 2020 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	-74

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

The results for the second quarter were expectedly much lower than those in the corresponding period last year due obviously to the Covid-19 pandemic that disrupted all facets of business.

Although our nation's MCO has now been replaced with RMCO, challenges are still daunting in the face of the increasing rate of infection world-wide and the consequent disruption to global economy and movements.

In addition, geopolitical tension and the US-China trade war are aggravating business conditions. Outlook for the next quarter though grim is however, forecasted to be better than Quarter 2.

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	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		6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,472	1,497	2,936	2,939
Loss on forex-realised	93		93	
Loss on forex-unrealised	(293)		74	
Write down on inventories	500	475	1,342	625
Loss on disposal of quoted investments	18		31	
Fair value loss on quoted investments	(92)		138	
Impairment loss on receivables				
and after crediting :				
Fair value gain on investment properties				
Gross dividend received from quoted shares	10	6	14	15
Gain on forex-realised	671	11	1,143	11
Gain on forex-unrealised	(139)		7	
Reversal of write down of inventories		425		425
Reversal of impairment loss on receivables				
Gain on disposal of property, plant and equipment	287		287	
Gain on disposal of quoted investments		13		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 30 June 2020.

30 Authorisation for issue

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