

UPA Corporation Berhad

Interim Financial Statements  
30 September 2020

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

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes (Amount)	Current Year	Preceding Year	Changes (Amount)
	Quarter	Corresponding Quarter		Year	Corresponding	
Period ended 30 September	2020	2019		2020	2019	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Continuing Operations</b>						
Revenue	34,785	41,182	-6,397	86,697	111,183	-24,486
Cost of Sales	-29,697	-34,509	4,812	-73,110	-93,437	20,327
Gross Profit	5,088	6,673	-1,585	13,587	17,746	-4,159
Other income	1,959	2,034	-75	3,469	3,163	306
Selling and Distribution expenses	-842	-950	108	-2,449	-3,219	770
Administration expenses	-2,277	-2,480	203	-6,955	-7,411	456
Other expenses	-158	0	-158	-1,668	-625	-1,043
Operating Profit	3,770	5,277	-1,507	5,984	9,654	-3,670
Finance income	196	359	-163	732	1,034	-302
Finance costs	-132	-169	37	-382	-495	113
	3,834	5,467	-1,633	6,334	10,193	-3,859
Share of profit/(loss) of equity-accounted investees, net of tax	0	0		0	0	
Profit/(loss) before tax	3,834	5,467	-1,633	6,334	10,193	-3,859
Tax expense	-681	-893	212	-1,397	-2,015	618
Profit/(loss) for the period	3,153	4,574	-1,421	4,937	8,178	-3,241
Foreign currency translation difference for foreign operations	0	0		0	0	
Total comprehensive income for the period	3,153	4,574		4,937	8,178	
<b>Profit/(loss) for the period</b>						
Attributable to :						
Owners of the company	3,153	4,574		4,937	8,178	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	3,153	4,574		4,937	8,178	
<b>Total comprehensive income for the year</b>						
Attributable to :						
Owners of the company	3,153	4,574		4,937	8,178	
Non-controlling interests	0	0		0	0	
Profit/(loss) for the period	3,153	4,574		4,937	8,178	
Basic earnings/(loss) per ordinary share (sen)	4.08	5.92		6.39	10.59	
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 September 2020

	Current Quarter 30/09/2020	Immediate Preceding Quarter 30/06/2020	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	34,785	25,165	9,620
Operating Profit/(Loss)	3,770	458	3,312
Profit/(loss) Before Tax	3,834	616	3,218
Profit/(loss) After Tax	3,153	390	2,763
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,153	390	2,763

(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 September 2020

	30 Sept 2020 RM '000	31 Dec 2019 RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	64,071	65,766
Investment properties	59,761	59,761
Investment in a joint venture	6,111	6,111
	<u>129,943</u>	<u>131,638</u>
<b>Current assets</b>		
Inventories	60,259	54,952
Other investments	2,180	1,159
Current tax assets	1,413	462
Trade and other receivables	35,208	50,681
Cash and cash equivalents	60,976	68,719
	<u>160,036</u>	<u>175,973</u>
<b>Total Assets</b>	<b>289,979</b>	<b>307,611</b>
<b>Equity</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	79,582	79,582
Retained earnings	185,399	186,638
Translation reserve	2,281	2,281
Treasury shares	-3,393	-3,393
	<u>263,869</u>	<u>265,108</u>
<b>Non-controlling interests</b>	475	475
<b>Total equity</b>	<u>264,344</u>	<u>265,583</u>
<b>Non-current liabilities</b>		
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>
<b>Current liabilities</b>		
Borrowings	3,907	18,304
Lease liabilities	1,580	325
Current tax liabilities	1,397	575
Trade and other payables	9,967	13,900
	<u>16,851</u>	<u>33,104</u>
<b>Total Liabilities</b>	<b>25,635</b>	<b>42,028</b>
<b>Total Equity and Liabilities</b>	<b>289,979</b>	<b>307,611</b>
<b>Net asset per share (RM)</b>	<b>3.32</b>	<b>3.33</b>

(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 September 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	
<b>At 1 January 2020</b>	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				4,937	4,937	0	4,937
	0	0	0	4,937	4,937	0	4,937
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares		0			0		0
<b>At 30 Sept 2020</b>	<b>79,582</b>	<b>-3,393</b>	<b>2,281</b>	<b>185,398</b>	<b>263,868</b>	<b>475</b>	<b>264,343</b>
<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 Sept 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>

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

	30 Sept 2020 RM '000	30 Sept 2019 RM '000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	6,335	10,193
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	4,081	4,708
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	-
Reversal of write down on inventories	(1,373)	(1,925)
Inventories written down to net realisable value	1,668	625
Finance costs	382	495
Finance income	(732)	(1,034)
Share of results of a joint venture	-	-
Gain on disposal of property, plant and equipment	-	-
Gain on disposal of other investments	(269)	(11)
Loss on disposal of other investments	-	-
Fair value gain on investment properties	-	-
Fair value loss on other investments	288	26
Gross dividend received from quoted shares	(23)	(36)
Unrealised forex (gain)/loss	-	-
Unrealised gain on other investments	-	-
Others	-	-
<b>Operating profit before changes in working capital</b>	<u>10,357</u>	<u>13,041</u>
Change in inventories	(4,753)	(10,224)
Change in trade and other receivables	15,076	4,801
Change in trade and other payables	(9,167)	(4,271)
	-	-
<b>Cash generated from operations</b>	<u>11,513</u>	<u>3,347</u>
Interest received	732	997
Income tax refunded	1	123
Income tax paid	(1,697)	(1,429)
<b>Net cash (used in)/from operating activities</b>	<u>10,549</u>	<u>3,038</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,362)	(1,378)
Additions to investment properties	-	(6)
Proceeds from disposal of other investments	10,606	2,179
Acquisition of other investments	(11,627)	(171)
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	23	36
<b>Net cash used in investing activities</b>	<u>(5,360)</u>	<u>660</u>
<b>Cash flow from financing activities</b>		
Dividend paid to owners	(6,177)	(6,177)
Acquisition of treasury shares	-	-
Net change in borrowings	(6,373)	7,009
Payment of term loan	-	-
Interest paid	(382)	(540)
<b>Net cash used in financing activities</b>	<u>(12,932)</u>	<u>292</u>
<b>Net change in Cash and Cash Equivalents</b>	(7,743)	3,990
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-	-
<b>Cash and Cash Equivalents at 1 January</b>	<u>68,719</u>	<u>59,467</u>
<b>Cash and Cash Equivalents at 30 September</b>	<u>60,976</u>	<u>63,457</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 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 2019 amounting to RM 6,177,000 on 14 August 2020.

**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 September 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 September

		Segment revenue	Segment profit/(loss)
Paper based products	2020	30,910	2,170
	2019	40,027	5,259
Plastic products	2020	50,557	4,272
	2019	59,640	2,550
Machine trading	2020	5,308	64
	2019	11,250	1,984
Total	2020	86,775	6,506
	2019	110,917	9,793

**Reconciliation of reportable segment profit or loss**

	9 months ended 30.09.2020 RM '000	9 months ended 30.09.2019 RM '000
Total profit/(loss) for reporting segments	6,506	9,793
Other non-reportable segments	(172)	400
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	6,334	10,193

**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 net reversal of write down of inventories amounting to RM 1,048,000 for the current quarter in the Machine Trading segment.

**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.

<b>17 Review of performance</b>			<b>Changes</b>
<b><u>Current quarter against the corresponding quarter</u></b>			<b>(Amount)</b>
<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>30.09.2020</b>	<b>30.09.2019</b>	
Revenue	34,785	41,182	(6,397)
Profit/(loss) before taxation	3,834	5,467	(1,633)
<b>Paper based products</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>30.09.2020</b>	<b>30.09.2019</b>	
Revenue	14,070	15,702	(1,632)
Profit/(loss) before taxation	458	2,742	(2,284)
<b>Plastic products</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>30.09.2020</b>	<b>30.09.2019</b>	
Revenue	17,975	20,400	(2,425)
Profit/(loss) before taxation	2,560	1,561	999
<b>Machine trading</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>30.09.2020</b>	<b>30.09.2019</b>	
Revenue	2,840	4,874	(2,034)
Profit/(loss) before taxation	989	987	2

**Paper based products**

Revenue decreased by RM 1,632,000 due to lower export sales arising from the pandemic situation overseas.

As a result, profit before taxation had decreased by RM 2,284,000.

**Plastic products**

Revenue decreased by RM 2,425,000 due to lower demand.

However, profit before taxation had increased by RM 999,000 due to lower raw material price and better sales mix.

**Machine trading**

Revenue decreased by RM 2,034,000 due to lower machine sales.

The segment recorded a marginally higher profit before taxation of RM 989,000 in the quarter under review.

<b>18 Review of performance</b>			<b>Changes</b>
<b>Current quarter against the preceding quarter</b>			<b>(Amount)</b>
<b>Group</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
<b>In RM'000</b>	<b>30.09.2020</b>	<b>30.06.2020</b>	
Revenue	34,785	25,165	9,620
Profit/(loss) before taxation	3,834	616	3,218
<b>Paper based products</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.06.2020</b>	
Revenue	14,070	7,482	6,588
Profit before taxation	458	300	158
<b>Plastic products</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.06.2020</b>	
Revenue	17,975	16,371	1,604
Profit before taxation	2,560	425	2,135
<b>Machine trading</b>			
<b>In RM'000</b>	<b>Quarter ended</b>	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.06.2020</b>	
Revenue	2,840	1,297	1,543
Profit/(loss) before taxation	989	(323)	1,312

**Paper based products**

Revenue increased by RM 6,588,000 as there were fewer working days in Quarter 2 due to MCO.

Profit before taxation had increased marginally by RM 158,000 for the quarter under review.

**Plastic products**

Revenue had increased by RM 1,604,000 as business sentiment improved following the lifting of MCO.

Profit before taxation had increased by RM 2,135,000 due to higher gross profit margin arising from lower raw material price and better sales mix.

**Machine trading**

Revenue had increased by RM 1,543,000 due to higher servicing income.

Profit before taxation had increased by RM 1,312,000 mainly due to reversal of impairment for inventories amounting to RM 1,372,600.

19 Profit forecast  
Not applicable.

20 Taxation	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM '000	RM '000	RM '000	RM '000
Income tax	681	893	1,397	2,015
Deferred tax	0	0	0	0
	<u>681</u>	<u>893</u>	<u>1,397</u>	<u>2,015</u>

21 Group Borrowings and Debt Securities

	30.09.2020	30.09.2020	30.09.2020	30.09.2019	30.09.2019	30.09.2019
	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>						
Lease liabilities	0	261	261	0	0	0
Total Non-current	<u>0</u>	<u>261</u>	<u>261</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Current</b>						
Lease liabilities		1,581	1,581			
Trust receipts	3,907	0	3,907	24,035	0	24,035
	<u>3,907</u>	<u>1,581</u>	<u>5,488</u>	<u>24,035</u>	<u>0</u>	<u>24,035</u>
<b>Grand Total</b>	<b>3,907</b>	<b>1,842</b>	<b>5,749</b>	<b>24,035</b>	<b>0</b>	<b>24,035</b>

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

At 30 Sept 2020	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		261	1,581
BAHT	0.1312	-	2,099
USD	4.1585		1,808
EURO	4.8775		-
JPY	0.0394		-
<b>TOTAL</b>		<b>261</b>	<b>5,488</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 :

	FY2020 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 2020 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	24

**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**

Escalation of the Covid-19 infections globally has seen most countries implementing lockdowns and border closures. The consequential economic meltdown had inevitably affected the Group's performance in the third quarter. Fortunately, the cyclical demand and favourable product mix plus austerity measures, helped to cushion the pressure on revenue and earnings.

Amid the headwinds stemming from the pandemic and international trade tension, we are cautiously positive about Q4 prospects based on planned higher shipments for meeting the traditional year-end demand. We should still be able to deliver profit for FY2020 albeit lower than FY2019.

**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>2020</b>	<b>2019</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>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</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	1,145	1,497	4,081	4,708
Loss on forex-realised	-	-	93	-
Loss on forex-unrealised	107	-	181	-
Write down on inventories	158	-	1,668	625
Loss on disposal of quoted investments	-	-	-	-
Fair value loss on quoted investments	150	26	288	26
Impairment loss on receivables	-	-	-	-
<b>and after crediting :</b>				
Fair value gain on investment properties	-	-	-	-
Gross dividend received from quoted shares	9	21	23	36
Gain on forex-realised	(387)	-	756	-
Gain on forex-unrealised	24	-	31	-
Reversal of write down of inventories	1,373	1,500	1,373	1,925
Reversal of impairment loss on receivables	-	-	-	-
Gain on disposal of property, plant and equipment	287	-	287	-
Gain on disposal of quoted investments	269	11	269	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 2020.

**30 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors on 24 November 2020.