

UPA Corporation Berhad

Interim Financial Statements
30 June 2021

Interim Financial Statements
Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2021

| | Individual Period | | | Cumulative Period | | |
|--|-------------------|-----------------------|------------------|-------------------|-----------------------|------------------|
| | Current Year | Preceding Year | Changes (Amount) | Current Year | Preceding Year | Changes (Amount) |
| | Quarter | Corresponding Quarter | | Quarter | Corresponding Quarter | |
| Period ended 30 June | 2021 | 2020 | | 2021 | 2020 | |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| Continuing Operations | | | | | | |
| Revenue | 42,265 | 25,165 | 17,100 | 75,016 | 51,912 | 23,104 |
| Cost of Sales | -34,133 | -22,148 | -11,985 | -61,272 | -43,413 | -17,859 |
| Gross Profit | 8,132 | 3,017 | 5,115 | 13,744 | 8,499 | 5,245 |
| Other income | 1,226 | 786 | 440 | 1,427 | 1,510 | -83 |
| Selling and Distribution expenses | -1,326 | -828 | -498 | -2,156 | -1,607 | -549 |
| Administration expenses | -2,502 | -2,140 | -362 | -5,078 | -4,678 | -400 |
| Other expenses | -260 | -377 | 117 | -1,010 | -1,510 | 500 |
| Net impairment losses of financial assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Profit | 5,270 | 458 | 4,812 | 6,927 | 2,214 | 4,713 |
| Finance income | 139 | 242 | -103 | 292 | 536 | -244 |
| Finance costs | -54 | -84 | 30 | -135 | -250 | 115 |
| | 5,355 | 616 | 4,739 | 7,084 | 2,500 | 4,584 |
| Share of profit/(loss) of equity-accounted investees, net of tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(loss) before tax | 5,355 | 616 | 4,739 | 7,084 | 2,500 | 4,584 |
| Tax expense | -1,170 | -226 | -944 | -1,762 | -716 | -1,046 |
| Profit/(loss) for the period | 4,185 | 390 | 3,795 | 5,322 | 1,784 | 3,538 |
| Exchange differences on translation of foreign operations | -506 | 0 | | -506 | 0 | |
| Total comprehensive income for the period | 3,679 | 390 | | 4,816 | 1,784 | |
| Profit/(loss) for the period | | | | | | |
| Attributable to : | | | | | | |
| Owners of the company | 4,139 | 390 | | 5,276 | 1,784 | |
| Non-controlling interests | 46 | 0 | | 46 | 0 | |
| Profit/(loss) for the period | 4,185 | 390 | | 5,322 | 1,784 | |
| Total comprehensive income for the year | | | | | | |
| Attributable to : | | | | | | |
| Owners of the company | 3,684 | 390 | | 4,821 | 1,784 | |
| Non-controlling interests | -5 | 0 | | -5 | 0 | |
| Profit/(loss) for the period | 3,679 | 390 | | 4,816 | 1,784 | |
| Basic earnings/(loss) per ordinary share (sen) | 4.77 | 0.51 | | 6.24 | 2.31 | |
| 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 2020)

Interim Financial Statements

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

For the period ended 30 June 2021

| | Current Quarter 30/06/2021 | Immediate Preceding Quarter 31/03/2021 | Changes (Amount) |
|---|----------------------------------|---|---------------------|
| | RM '000 | RM '000 | RM '000 |
| Revenue | 42,265 | 32,751 | 9,514 |
| Operating Profit/(Loss) | 5,270 | 1,657 | 3,613 |
| Profit/(loss) Before Tax | 5,355 | 1,729 | 3,626 |
| Profit/(loss) After Tax | 4,185 | 1,137 | 3,048 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 4,139 | 1,137 | 3,002 |

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 30 June 2021

| | 30 June 2021 RM '000 | 31 Dec 2020 RM '000 |
|---|-------------------------|------------------------|
| Non-Current Assets | | |
| Property, plant and equipment | 70,089 | 68,472 |
| Investment properties | 59,385 | 59,384 |
| Investment in a joint venture | 6,501 | 6,501 |
| | <u>135,975</u> | <u>134,357</u> |
| Current assets | | |
| Inventories | 60,678 | 59,299 |
| Other investments | 5,501 | 3,889 |
| Current tax assets | 343 | 62 |
| Trade and other receivables | 39,149 | 39,288 |
| Fixed deposit with a licensed bank | 1,500 | 1,500 |
| Cash and bank balances | 57,891 | 57,157 |
| | <u>165,062</u> | <u>161,195</u> |
| Total Assets | 301,037 | 295,552 |
| Equity | | |
| Equity attributable to owners of the company | | |
| Share capital | 79,582 | 79,582 |
| Retained earnings | 192,078 | 187,308 |
| Translation reserve | 1,603 | 2,058 |
| Treasury shares | -3,393 | -3,393 |
| | <u>269,870</u> | <u>265,555</u> |
| Non-controlling interests | 610 | 615 |
| Total equity | <u>270,480</u> | <u>266,170</u> |
| Non-current liabilities | | |
| Trade and other payables | 0 | 156 |
| Lease liabilities | 195 | 277 |
| Deferred tax liabilities | 8,240 | 8,240 |
| | <u>8,435</u> | <u>8,673</u> |
| Current liabilities | | |
| Loan and borrowings | 5,623 | 4,064 |
| Lease liabilities | 1,224 | 223 |
| Current tax liabilities | 1,762 | 420 |
| Trade and other payables | 13,513 | 16,002 |
| | <u>22,122</u> | <u>20,709</u> |
| Total Liabilities | 30,557 | 29,382 |
| Total Equity and Liabilities | 301,037 | 295,552 |
| Net asset per share (RM) | 3.39 | 3.34 |

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 At 30 June 2021

| | Attributable to owners of the company | | | | | Non-controlling Interest | Total |
|---|---------------------------------------|-----------------|---------------------|------------------|----------------|--------------------------|----------------|
| | Non-distributable | | | Distributable | Sub-total | | |
| | Share capital | Treasury shares | Translation reserve | Retained profits | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2021 | 79,582 | -3,393 | 2,058 | 187,308 | 265,555 | 615 | 266,170 |
| Profit/(loss) for the period | | | | 4,770 | 4,770 | 46 | 4,816 |
| Other comprehensive income for the year | | | -455 | 0 | -455 | -51 | -506 |
| Total comprehensive income | 0 | 0 | -455 | 4,770 | 4,315 | -5 | 4,310 |
| Dividends paid | | | | | | | |
| Acquisition of treasury shares | | | | | | | |
| At 30 June 2021 | 79,582 | -3,393 | 1,603 | 192,078 | 269,870 | 610 | 270,480 |
| At 1 January 2020 | 79,582 | -3,393 | 2,281 | 186,638 | 265,108 | 475 | 265,583 |
| Profit/(loss) for the period | | | | 1,784 | 1,784 | 0 | 1,784 |
| Other comprehensive income for the year | | | | 0 | 0 | | 0 |
| Total comprehensive income | 0 | 0 | 0 | 1,784 | 1,784 | 0 | 1,784 |
| Dividends paid | | | | | | | |
| Acquisition of treasury shares | | | | | | | |
| At 30 June 2020 | 79,582 | -3,393 | 2,281 | 188,422 | 266,892 | 475 | 267,367 |

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Cash Flows
 For the period ended 30 June 2021

| | 30 June 2021 RM '000 | 30 June 2020 RM '000 |
|--|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit/(loss) before taxation | 7,084 | 2,500 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 2,949 | 2,936 |
| Reversal of impairment loss on receivables | - | - |
| Impairment loss on receivables | - | - |
| Reversal of write down on inventories | (400) | - |
| Inventories written down to net realisable value | 610 | 1,342 |
| Finance costs | 135 | 250 |
| Finance income | (292) | (536) |
| Share of results of a joint venture | - | - |
| Gain on disposal of property, plant and equipment | - | - |
| Gain on disposal of other investments | (186) | - |
| Loss on disposal of other investments | - | 31 |
| Fair value loss/(gain) on investment properties | - | - |
| Fair value loss on other investments | 373 | 138 |
| Gross dividend received from quoted shares | - | (15) |
| Provision for warranty | 400 | - |
| Others | - | 74 |
| | - | - |
| Operating profit before changes in working capital | 10,673 | 6,720 |
| Change in inventories | (1,506) | (11,467) |
| Change in trade and other receivables | 171 | 13,349 |
| Change in trade and other payables | (3,517) | (2,603) |
| | - | - |
| Cash generated from operations | 5,821 | 5,999 |
| Interest received | 292 | 536 |
| Income tax refunded | - | 1 |
| Income tax paid | (644) | (1,155) |
| Net cash (used in)/from operating activities | 5,469 | 5,381 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (4,486) | (856) |
| Acquisition of investment properties | - | - |
| Proceeds from disposal of other investments | 13,352 | 5,798 |
| Acquisition of other investments | (13,217) | (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 |
| | - | - |
| Net cash used in investing activities | (4,351) | (2,086) |
| Cash flow from financing activities | | |
| Dividend paid to owners | - | - |
| Acquisition of treasury shares | - | - |
| Net change in borrowings | 4,401 | (1,888) |
| Repayment of lease liabilities | - | - |
| Repayment of term loan | - | - |
| Interest paid | (135) | (250) |
| Net cash used in financing activities | 4,266 | (2,138) |
| | - | - |
| Net change in Cash and Cash Equivalents | 5,384 | 1,157 |
| Effect of exchange rate changes on cash and cash equivalents | - | - |
| Cash and Cash Equivalents at 1 January | 52,507 | 68,719 |
| Cash and Cash Equivalents at 30 June | 57,891 | 69,876 |

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

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 2020.

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 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2021. 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 2020 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 during 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 -
- 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 2021 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 | 2021 | 20,997 | 1,619 |
| | 2020 | 16,840 | 1,712 |
| Plastic products | 2021 | 44,781 | 3,462 |
| | 2020 | 32,582 | 1,712 |
| Machine trading | 2021 | 7,939 | 1,996 |
| | 2020 | 2,468 | -925 |
| Total | 2021 | 73,717 | 7,077 |
| | 2020 | 51,890 | 2,499 |

Reconciliation of reportable segment profit or loss

| | 6 months ended 30.06.2021 RM '000 | 6 months ended 30.06.2020 RM '000 |
|--|--|--|
| Total profit/(loss) for reporting segments | 7,077 | 2,499 |
| Other non-reportable segments | 7 | 1 |
| Elimination of inter-segment profit | - | - |
| Share of profit/(loss) of joint venture | - | - |
| Consolidated profit/(loss) before tax | <u>7,084</u> | <u>2,500</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 inventories amounting RM 260,000 for the current quarter in the Machine Trading segment.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 500,000 in the Machine Trading segment.

15 Provision for warranties

There were no provision for warranties in the current 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 | 30.06.2021 | 30.06.2020 | |
| Revenue | 42,265 | 25,165 | 17,100 |
| Profit/(loss) before taxation | 5,355 | 616 | 4,739 |
| | | | |
| Paper based products | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 30.06.2020 | |
| Revenue | 14,255 | 7,482 | 6,773 |
| Profit/(loss) before taxation | 1,837 | 300 | 1,537 |
| | | | |
| Plastic products | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 30.06.2020 | |
| Revenue | 20,765 | 16,371 | 4,394 |
| Profit/(loss) before taxation | 868 | 425 | 443 |
| | | | |
| Machine trading | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 30.06.2020 | |
| Revenue | 6,600 | 1,297 | 5,303 |
| Profit/(loss) before taxation | 2,525 | (323) | 2,848 |

Paper based products

Revenue increased by RM 6,773,000 due to higher export sales.

As a result of the higher turnover, profit before taxation had increased by RM 1,537,000.

Plastic products

Revenue increased by RM 4,394,000 due to higher export and local sales.

As a result of higher operating costs, profit before taxation had increased by only RM 443,000.

Machine trading

Revenue increased by RM 5,303,000 due to higher machine sales and sales commission income.

As a result of the higher turnover, profit before taxation had increased by RM 2,848,000.

| 18 Review of performance | | | Changes |
|---|----------------------|----------------------|-----------------|
| <u>Current quarter against the preceding quarter</u> | | | (Amount) |
| Group | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 31.03.2021 | |
| Revenue | 42,265 | 32,751 | 9,514 |
| Profit/(loss) before taxation | 5,355 | 1,729 | 3,626 |
| | | | |
| Paper based products | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 31.03.2021 | |
| Revenue | 14,255 | 6,742 | 7,513 |
| Profit before taxation | 1,837 | (219) | 2,056 |
| | | | |
| Plastic products | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 31.03.2021 | |
| Revenue | 20,765 | 24,016 | (3,251) |
| Profit before taxation | 868 | 2,594 | (1,726) |
| | | | |
| Machine trading | Quarter ended | Quarter ended | |
| In RM'000 | 30.06.2021 | 31.03.2021 | |
| Revenue | 6,600 | 1,339 | 5,261 |
| Profit/(loss) before taxation | 2,525 | (528) | 3,053 |

Paper based products

Revenue increased by RM 7,513,000 due to higher export sales.

As a result of the higher turnover, profit before taxation had increased by RM 2,056,000.

Plastic products

Revenue had decreased by RM 3,251,000 due to lower export and local sales.

Profit before taxation had decreased by RM 1,726,000 due to lower profit margin and higher operation costs.

Machine trading

Revenue increased by RM 5,261,000 due to higher machine sales and sales commission income.

As a result of the higher turnover, profit before taxation had increased by RM 3,053,000.

19 Profit forecast

Not applicable.

| 20 Taxation | 3 months ended | | 6 months ended | |
|--------------|----------------|------------|----------------|------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Income tax | 1,170 | 226 | 1,762 | 716 |
| Deferred tax | 0 | 0 | 0 | 0 |
| | <u>1,170</u> | <u>226</u> | <u>1,762</u> | <u>716</u> |

21 Group Borrowings and Debt Securities

| | 30.06.2021 | 30.06.2021 | 30.06.2021 | 30.06.2020 | 30.06.2020 | 30.06.2020 |
|---------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|---------------|
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| | Foreign denomination | Ringgit denomination | TOTAL | Foreign denomination | Ringgit denomination | TOTAL |
| <u>Non-current</u> | | | | | | |
| Lease liabilities | 0 | 195 | 195 | 0 | 261 | 261 |
| | <u>0</u> | <u>195</u> | <u>195</u> | <u>0</u> | <u>261</u> | <u>261</u> |
| <u>Current</u> | | | | | | |
| Lease liabilities | 0 | 1,224 | 1,224 | 0 | 1,581 | 1,581 |
| Trust receipts | 5,623 | 0 | 5,623 | 16,345 | 0 | 16,345 |
| | <u>5,623</u> | <u>1,224</u> | <u>6,847</u> | <u>16,345</u> | <u>1,581</u> | <u>17,926</u> |
| Grand Total | 5,623 | 1,419 | 7,042 | 16,345 | 1,842 | 18,187 |

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

| At 30 June 2021 | Exchange Rate | Non-current RM '000 | Current RM '000 |
|-----------------|---------------|---------------------|-----------------|
| Currency | | | |
| RM | | 195 | 1,224 |
| BAHT | 0.1295 | - | 1,295 |
| USD | 4.1543 | | 4,184 |
| EURO | 4.9444 | | 144 |
| JPY | 0.0376 | | - |
| TOTAL | | 195 | 6,847 |

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 :

| | FY2021 |
|--|--------------------------------|
| | 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 June 2021 :

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

Demand from our US and European customers has been increasing steadily due largely to the opening of their economies. However, that cannot be said for the domestic market which is weighed down by high Covid infection rate and the restrictive MCOs. On balance, the outlook is muted for the rest of the year until the country is able to fully re-open its economy.

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 | 2021 | 2020 |
|---|-------------------|-------------------|
| 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 | 77,207,800 | 77,207,800 |

(B) Diluted earnings per ordinary share-Not Applicable

29 Profit for the period

| | 3 months ended | | 6 months ended | |
|---|----------------|------------|----------------|------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Profit for the period is arrived at after charging : | | | | |
| Depreciation of PPE | 1,532 | 1,497 | 2,949 | 2,939 |
| Write down on inventories | 260 | 500 | 610 | 1,343 |
| Loss on disposal of quoted investments | - | - | | |
| Fair value loss on quoted investments | 108 | | 373 | |
| Fair value loss on investment properties | - | | | |
| Provision for warranty | - | - | 400 | |
| and after crediting : | | | | |
| Fair value gain on investment properties | | - | | |
| Fair value gain on other investments | | - | | |
| Reversal of write down of inventories | 400 | 425 | 400 | 425 |
| Reversal of impairment loss on receivables | - | - | | |
| Gain on disposal of property, plant and equipment | | - | | |
| Gain on disposal of quoted investments | -106 | 13 | 186 | 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 2021.

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 10 September 2021.