

UPA Corporation Berhad

Interim Financial Statements

31 March 2022

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2022

	Individual Period		Changes (Amount)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	2022	2021	
Period ended 31 March	RM '000	RM '000	RM '000
Continuing Operations			
Revenue	33,651	32,751	900
Cost of Sales	-29,097	-27,139	-1,958
Gross Profit	4,554	5,612	-1,058
Other income	574	201	373
Selling and Distribution expenses	-980	-830	-150
Administration expenses	-2,391	-2,576	185
Other expenses	-445	-750	305
Net impairment losses of financial assets	0	0	0
Operating Profit	1,312	1,657	-345
Finance income	105	153	-48
Finance costs	-60	-81	21
	1,357	1,729	-372
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0
Profit/(loss) before tax	1,357	1,729	-372
Tax expense	-550	-592	42
Profit/(loss) for the period	807	1,137	-330
Exchange differences on translation of foreign operations	267	0	
Total comprehensive income for the period	1,074	1,137	
Profit/(loss) for the period			
Attributable to :			
Owners of the company	802	1,137	
Non-controlling interests	5	0	
Profit/(loss) for the period	807	1,137	
Total comprehensive income for the year			
Attributable to :			
Owners of the company	1,045	1,137	
Non-controlling interests	29	0	
Profit/(loss) for the period	1,074	1,137	
Basic earnings/(loss) per ordinary share (sen)	1.04	1.47	
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 2021)

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2022

	Current Quarter 31/03/2022	Immediate Preceding Quarter 31/12/2021	Changes (Amount)
	RM '000	RM '000	RM '000
Revenue	33,651	43,468	(9,817)
Operating Profit/(Loss)	1,312	4,318	(3,006)
Profit/(loss) Before Tax	1,357	4,717	(3,360)
Profit/(loss) After Tax	807	3,662	(2,855)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	802	3,687	(2,885)

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

UPA CORPORATION BERHAD (199601012141)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 31 March 2022

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	31 Mar 2022 RM '000	31 Dec 2021 RM '000
Non-Current Assets		
Property, plant and equipment	68,276	67,342
Investment properties	59,416	59,384
Investment in a joint venture	6,693	6,693
	<u>134,385</u>	<u>133,419</u>
Current assets		
Inventories	59,977	61,757
Other investments	5,046	6,413
Current tax assets	431	242
Trade and other receivables	48,929	42,205
Fixed deposit with a licensed bank	1,500	1,500
Cash and bank balances	50,287	53,692
	<u>166,170</u>	<u>165,809</u>
Total Assets	300,555	299,228
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	193,577	192,775
Translation reserve	1,419	1,179
Treasury shares	-3,393	-3,393
	<u>271,185</u>	<u>270,143</u>
Non-controlling interests	<u>634</u>	<u>602</u>
Total equity	<u>271,819</u>	<u>270,745</u>
Non-current liabilities		
Trade and other payables	170	167
Lease liabilities	389	389
Deferred tax liabilities	8,732	8,732
	<u>9,291</u>	<u>9,288</u>
Current liabilities		
Loan and borrowings	7,590	4,259
Lease liabilities	311	311
Current tax liabilities	973	1,018
Trade and other payables	10,571	13,607
	<u>19,445</u>	<u>19,195</u>
Total Liabilities	28,736	28,483
Total Equity and Liabilities	300,555	299,228
Net asset per share (RM)	3.41	3.39

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 At 31 March 2022

	Attributable to owners of the company					Non-controlling Interest	Total
	Non-distributable			Distributable			
	Share capital	Treasury shares	Translation reserve	Retained profits	Sub-total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	79,582	-3,393	1,179	192,775	270,143	602	270,745
Profit/(loss) for the period				802	802	5	807
Other comprehensive income for the year			240	0	240	27	267
Total comprehensive income	0	0	240	802	1,042	32	1,074
Dividends paid				0	0		0
Acquisition of treasury shares							
At 31 March 2022	79,582	-3,393	1,419	193,577	271,185	634	271,819
At 1 January 2021	79,582	-3,393	2,058	187,308	265,555	615	266,170
Profit/(loss) for the period				1,137	1,137	0	1,137
Other comprehensive income for the year			0	0	0	0	0
Total comprehensive income	0	0	0	1,137	1,137	0	1,137
Dividends paid				0	0		0
Acquisition of treasury shares							
At 31 March 2021	79,582	-3,393	2,058	188,445	266,692	615	267,307

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

	31 March 2022 RM '000	31 March 2021 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	1,357	1,729
Adjustments for :		
Depreciation of property, plant and equipment	1,508	1,417
Reversal of impairment loss on receivables	-	-
Impairment loss on receivables	-	-
Reversal of write down on inventories	-	-
Inventories written down to net realisable value	445	350
Finance costs	60	81
Finance income	(106)	(153)
Share of results of a joint venture	-	-
Gain on disposal of property, plant and equipment	-	-
Gain on disposal of other investments	-	(292)
Loss on disposal of other investments	-	-
Fair value loss/(gain) on investment properties	-	-
Fair value loss/(gain) on other investments	104	265
Gross dividend received from quoted shares	(28)	-
Provision for warranty	-	400
Others	-	-
Operating profit before changes in working capital	<u>3,340</u>	<u>3,797</u>
Change in inventories	1,780	(1,116)
Change in trade and other receivables	(6,724)	4,007
Change in trade and other payables	(3,037)	(5,607)
Cash generated from operations	<u>(4,641)</u>	<u>1,081</u>
Interest received	106	153
Income tax refunded	-	-
Income tax paid	(785)	(311)
Net cash from operating activities	<u>(5,320)</u>	<u>923</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,659)	(236)
Acquisition of investment properties	-	-
Proceeds from disposal of other investments	2,863	7,989
Acquisition of other investments	(3,035)	(10,262)
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	28	-
Net cash used in investing activities	<u>(1,803)</u>	<u>(2,509)</u>
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Net change in borrowings	3,851	885
Repayment of lease liabilities	(74)	-
Repayment of term loan	-	-
Interest paid	(60)	(72)
Net cash used in financing activities	<u>3,717</u>	<u>813</u>
Net change in Cash and Cash Equivalents	(3,406)	(773)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and Cash Equivalents at 1 January	<u>53,692</u>	<u>52,507</u>
Cash and Cash Equivalents at 31 March	<u>50,286</u>	<u>51,734</u>
Analysis of cash and cash equivalents		
Cash and bank balances	51,786	53,234
Less : Deposits with maturity more than 3 months	(1,500)	(1,500)
	<u>50,286</u>	<u>51,734</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

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 2021.

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 2021 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2022. 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 2021 was not qualified.

3 Seasonal or cyclical factors

All four 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 :

RM '000

Property, plant and equipment

NIL

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 2022 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	2022	9,624	108
	2021	6,742	-219
Plastic products	2022	22,092	2,289
	2021	24,016	2,594
Machine trading	2022	1,144	-594
	2021	1,339	-528
Healthcare	2022	740	-482
	2021	257	-223
Total	2022	33,600	1,321
	2021	32,354	1,624

Reconciliation of reportable segment profit or loss

	3 months ended 31.03.2022 RM '000	3 months ended 31.03.2021 RM '000
Total profit/(loss) for reporting segments	1,321	1,624
Other non-reportable segments	36	105
Adjustments and eliminations	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>1,357</u>	<u>1,729</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

During the quarter, there was a write down of inventories amounting to RM 445,000 for the Machinery Trading segment.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 350,000 in the Machinery Trading segment.

15 Provision for warranties

There were no provision for warranties for the quarter under review.

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

Current quarter against the corresponding quarter

**Changes
(Amount)**

Group In RM'000	Quarter ended 31.03.2022	Quarter ended 31.03.2021	
Revenue	33,651	32,751	900
Profit/(loss) before taxation	1,357	1,729	(372)
Paper based products In RM'000	Quarter ended 31.03.2022	Quarter ended 31.03.2021	
Revenue	9,624	6,742	2,882
Profit/(loss) before taxation	108	(219)	327
Plastic products In RM'000	Quarter ended 31.03.2022	Quarter ended 31.03.2021	
Revenue	22,092	24,016	(1,924)
Profit/(loss) before taxation	2,289	2,594	(305)
Machine trading In RM'000	Quarter ended 31.03.2022	Quarter ended 31.03.2021	
Revenue	1,144	1,339	(195)
Profit/(loss) before taxation	(594)	(528)	(66)
Healthcare In RM'000	Quarter ended 31.03.2022	Quarter ended 31.03.2021	
Revenue	740	257	483
Profit/(loss) before taxation	(482)	(223)	(259)

Paper based products

Revenue increased by RM 2,882,000 due to higher export sales.
Profit before taxation had increased marginally by RM 327,000 compared to 1QFY2021.

Plastic products

Revenue decreased by RM 1,924,000 due to lower export and local sales.
Profit before taxation had decreased by RM 305,000 due to lower sales.

Machine trading

Revenue decreased by RM 195,000 due to lower servicing income.
The loss before taxation of RM 594,000 was attributed mainly to writedown of inventories.

Healthcare

Revenue increased by RM 483,000 due to better product mix.
However, loss before taxation had increased by RM 259,000 due to higher overheads.

18 Review of performance			Changes (Amount)
<u>Current quarter against the preceding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2022	31.12.2021	
Revenue	33,651	43,468	(9,817)
Profit/(loss) before taxation	1,357	4,717	(3,360)
Paper based products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2022	31.12.2021	
Revenue	9,624	18,862	(9,238)
Profit before taxation	108	2,184	(2,076)
Plastic products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2022	31.12.2021	
Revenue	22,092	21,914	178
Profit before taxation	2,289	1,867	422
Machine trading			
In RM'000	Quarter ended	Quarter ended	
	31.03.2022	31.12.2021	
Revenue	1,144	2,480	(1,336)
Profit/(loss) before taxation	(594)	1,884	(2,478)
Healthcare			
In RM'000	Quarter ended	Quarter ended	
	31.03.2022	31.12.2021	
Revenue	740	649	91
Profit/(loss) before taxation	(482)	(1,261)	779

Paper based products

Revenue decreased by RM 9,238,000 due to seasonal sales.

Profit before taxation had decreased by RM 2,076,000 compared to the preceding quarter as 4QFY2021 recorded higher turnover and better sales mix.

Plastic products

Revenue increased marginally by RM 178,000 compared to the previous quarter.

Profit before taxation had increased by RM 422,000 due to better product mix.

Machine trading

Revenue had decreased by RM 1,336,000 as results for 4QFY2021 included sales of machine and recognition of sales commission income.

The loss before taxation of RM 594,000 was attributed mainly to writedown of inventories and lower turnover.

Healthcare

Revenue had increased marginally by RM 91,000.

Loss before taxation for 4QFY2021 was higher at RM 1,261,000 due to change in costing method for inventories.

19 Profit forecast
Not applicable.

	3 months ended	
	31.03.2022	31.03.2021
	RM '000	RM '000
Income tax	550	592
Deferred tax	0	0
	<u>550</u>	<u>592</u>

21 Group Borrowings and Debt Securities

	31.03.2022	31.03.2022	31.03.2022	31.03.2021	31.03.2021	31.03.2021
	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	389	389	0	195	195
	0	389	389	0	195	195
<u>Current</u>						
Lease liabilities	0	311	311	0	1,224	1,224
Trust receipts	7,590	0	7,590	3,311	0	3,311
	7,590	311	7,901	3,311	1,224	4,535
Grand Total	7,590	700	8,290	3,311	1,419	4,730

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

At 31 March 2022	Exchange Rate	Non-current RM '000	Current RM '000
RM		389	311
BAHT	0.1263	-	-
USD	4.2045		4,247
JPY	0.0346		3,343
TOTAL		389	7,901

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 :

	FY2022 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 2022 :

	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

Additions to investment properties amounted to RM 32,000 for the quarter under review.

27 Commentary on Prospects

Outlook for the next quarter appears reasonably better on the back of higher orders received and higher production output. However, there are concerns revolving around global supply chain disruptions in the face of geopolitical events, raw materials supply and escalating prices, and general inflationary pressures on production cost.

28 Profit for the period

	3 months ended	
	31.03.2022	31.03.2021
	RM '000	RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,508	1,417
Write down on inventories	445	350
Loss on disposal of quoted investments	(1)	-
Fair value loss on investment properties	-	-
Fair value loss on other investments	104	265
Impairment loss on receivables	-	-
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	-	-
Reversal of impairment loss on receivables	-	-
Gain on disposal of property, plant and equipment	-	-
Gain on disposal of quoted investments	-	292

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 2022.

29 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	2022	2021
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

30 Significant event during the quarter

On 07 March 2022, an exceptionally heavy downpour caused flooding in UPA Press Sdn Bhd. Certain sections of the factory and office were affected and as a result, a number of machineries, office equipment and inventories were damaged. The company is in the midst of finalising the insurance claims for damages to machineries, office equipment and inventories as well as consequential losses.

The directors do not expect any major impact to the Group's financial performance arising from the above incident.

31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 27 May 2022.