

UPA Corporation Bhd

Interim Financial Statements

31 March 2023

Interim Financial Statements
Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2023

	Individual Period		Changes (Amount)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	2023	2022	
Year ended 31 March	RM '000	RM '000	RM '000
Continuing Operations			
Revenue	32,542	33,651	-1,109
Cost of Sales	-29,493	-29,097	-396
Gross Profit	3,049	4,554	-1,505
Other income	6,802	574	6,228
Selling and Distribution expenses	-829	-980	151
Administration expenses	-2,548	-2,391	-157
Other expenses	-34	-445	411
Net impairment losses of financial assets	0	0	0
Operating Profit	6,440	1,312	5,128
Finance income	208	105	103
Finance costs	-52	-60	8
	6,596	1,357	5,239
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0
Profit/(loss) before tax	6,596	1,357	5,239
Tax expense	-1,705	-550	-1,155
Profit/(loss) for the period	4,891	807	4,084
Exchange differences on translation of foreign operations	228	267	
Total comprehensive income for the period	5,119	1,074	
Profit/(loss) for the period			
Attributable to :			
Owners of the company	4,938	802	
Non-controlling interests	-47	5	
Profit/(loss) for the period	4,891	807	
Total comprehensive income for the year			
Attributable to :			
Owners of the company	5,142	1,045	
Non-controlling interests	-23	29	
Profit/(loss) for the period	5,119	1,074	
Basic earnings/(loss) per ordinary share (sen)	6.40	1.04	
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 2022)

Interim Financial Statements

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

For the period ended 31 March 2023

	Current Quarter 31/03/2023	Immediate Preceding Quarter 31/12/2022	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	32,542	45,869	<i>(13,327)</i>
Operating Profit/(Loss)	6,440	4,692	<i>1,748</i>
Profit/(loss) Before Tax	6,596	5,140	<i>1,456</i>
Profit/(loss) After Tax	4,891	3,698	<i>1,193</i>
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,938	3,751	<i>1,187</i>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 31 March 2023

	31 March 2023 RM '000	31 Dec 2022 RM '000
Non-Current Assets		
Property, plant and equipment	64,287	64,964
Investment properties	67,391	67,370
Investment in a joint venture	7,059	7,059
	<u>138,737</u>	<u>139,393</u>
Current assets		
Inventories	69,133	67,207
Other investments	6,250	3,237
Current tax assets	1,216	731
Trade and other receivables	37,347	46,033
Fixed deposit with a licensed bank	1,500	1,500
Cash and bank balances	56,576	51,167
	<u>172,022</u>	<u>169,875</u>
Total Assets	310,759	309,268
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	202,274	197,337
Translation reserve	1,609	1,405
Treasury shares	-3,393	-3,393
	<u>280,072</u>	<u>274,931</u>
Non-controlling interests	503	526
Total equity	<u>280,575</u>	<u>275,457</u>
Non-current liabilities		
Trade and other payables	217	213
Lease liabilities	1,518	340
Deferred tax liabilities	9,416	9,416
	<u>11,151</u>	<u>9,969</u>
Current liabilities		
Loan and borrowings	8,801	8,597
Lease liabilities	541	342
Derivative financial liabilities	197	232
Current tax liabilities	1,705	508
Trade and other payables	7,789	14,163
	<u>19,033</u>	<u>23,842</u>
Total Liabilities	30,184	33,811
Total Equity and Liabilities	310,759	309,268
Net asset per share (RM)	3.63	3.56

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 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 2023	79,582	-3,393	1,405	197,337	274,931	526	275,457
Profit/(loss) for the period				4,938	4,938	-47	4,891
Other comprehensive income for the year			204		204	24	228
Total comprehensive income	0	0	204	4,938	5,142	-23	5,119
Dividends paid				0	0		0
Acquisition of treasury shares							
At 31 March 2023	79,582	-3,393	1,609	202,275	280,073	503	280,576
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

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

Interim Financial Statements

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2023

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	31 March 2023 RM '000	31 March 2022 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	6,595	1,357
Adjustments for :		
Depreciation of property, plant and equipment	1,406	1,508
Insurance claim received	(6,041)	-
Impairment of property, plant and equipment	-	-
Reversal of impairment loss on receivables	-	-
Impairment loss on trade and other receivables	-	-
Reversal of write down on inventories	(15)	-
Inventories written down to net realisable value	15	445
Finance costs	52	60
Finance income	(208)	(106)
Share of results of a joint venture	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-
Gain on disposal of other investments	(204)	-
Loss on disposal of other investments	-	-
Fair value loss/(gain) on investment properties	-	-
Fair value loss/(gain) on other investments	(130)	104
Gross dividend received from quoted shares	(4)	(28)
Unrealised (gain)/loss on financial derivatives	197	-
Provision for warranty	-	-
Realised forex (gain)/loss	(32)	-
Unrealised forex (gain)/loss	(117)	-
Others	(35)	-
	-	-
Operating profit before changes in working capital	1,479	3,340
Change in inventories	(1,925)	1,780
Change in trade and other receivables	8,740	(5,724)
Change in trade and other payables	(2,163)	(3,037)
	-	-
Cash generated from operations	6,131	(4,641)
Interest received	208	106
Income tax refunded	-	-
Income tax paid	(762)	(785)
Net cash from operating activities	5,577	(5,320)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(179)	(1,659)
Additions to investment properties	(21)	-
Proceeds from disposal of other investments	3,605	2,863
Acquisition of other investments	(4,606)	(3,035)
Proceeds from disposal of property, plant and equipment	-	-
Net change in other investments	-	-
Net change in deposits with licensed banks ¹	4	28
Dividend received from other investments	-	-
	-	-
Net cash used in investing activities	(1,197)	(1,803)
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Net change in borrowings	(1,844)	3,851
Repayment of lease liabilities	(75)	(74)
Repayment of term loan	-	-
Interest paid	(52)	(60)
Net cash used in financing activities	(1,971)	3,717
Net change in Cash and Cash Equivalents	2,409	(3,406)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and Cash Equivalents at 1 January	52,667	53,692
Cash and Cash Equivalents at 31 March	55,076	50,286
Analysis of cash and cash equivalents		
Cash and bank balances	56,576	51,786
Less : Deposits with maturity more than 3 months	(1,500)	(1,500)
	<u>55,076</u>	<u>50,286</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

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 2022.

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 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2023. 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 2022 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 dividend during the quarter.
- 8 Capital commitments outstanding not provided for in the interim financial statements
Authorised and contracted for :**
- | | |
|-------------------------------|-----|
| 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 2023 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 year ended 31 March

		Segment revenue	Segment profit/(loss)
Paper based products	2023	10,735	6,277
	2022	9,624	108
Plastic products	2023	16,767	-60
	2022	22,092	2,289
Machine trading	2023	4,773	136
	2022	1,144	-594
Healthcare products	2023	250	-94
	2022	740	-482
Others	2023		
	2022		
Adjustment and eliminations	2023		
	2022		
Total	2023	32,525	6,259
	2022	33,600	1,321

Reconciliation of reportable segment profit or loss

	3 months ended 31.03.2023 RM '000	3 months ended 31.03.2022 RM '000
Total profit/(loss) for reporting segments	6,259	1,321
Other non-reportable segments	337	36
Adjustments and eliminations	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>6,596</u>	<u>1,357</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 were reversals of writedown of inventories amounting to RM 15,000 for the Machinery segment.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 445,000 for the Machinery segment.

15 Provision for warranties

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

16 Corporate proposals

On 12.05.2023, the Company announced a Proposed Bonus Issue of 159,163,680 new ordinary shares on the basis of 2 Bonus Shares for every 1 existing share held on an entitlement date to be determined and announced later.

The Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves. For the avoidance of doubt, the Proposed Bonus Issue will increase the number of UPA Shares in issue but will not increase the value of the issued share capital of the Company.

The Proposed Bonus Issue is subject to approvals being obtained from the following :

- (i) Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities (obtained on 22 May 2023)
- (ii) the shareholders of UPA at an extraordinary general meeting to be convened ; and
- (iii) any other relevant authorities and/or parties, if required.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Bonus Issue is expected to be completed by the third quarter of 2023.

17 Review of performance			Changes
<u>Current quarter against the corresponding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.03.2022	
Revenue	32,542	33,651	(1,109)
Profit/(loss) before taxation	6,596	1,357	5,239
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.03.2022	
Revenue	10,735	9,624	1,111
Profit/(loss) before taxation	6,277	110	6,167
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.03.2022	
Revenue	16,767	22,092	(5,325)
Profit/(loss) before taxation	(60)	2,289	(2,349)
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.03.2022	
Revenue	4,773	1,144	3,629
Profit/(loss) before taxation	136	(594)	730
Healthcare	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.03.2022	
Revenue	250	740	(490)
Profit/(loss) before taxation	(94)	(482)	388

Paper based products

Revenue had increased by RM 1,111,000 due to higher export sales.
The segment recorded a profit before taxation of RM 6,277,000 mainly because of the receipt of insurance claim amounting to RM 6,041,000 in respect of material damage.

Plastic products

Revenue had decreased by RM 5,325,000 due to lower sales in domestic and export markets.

As a result of lower sales, higher operating costs, and coupled with losses incurred by its Thailand subsidiary, this segment recorded a loss before taxation of RM 60,000 for 1QFY2023.

Machine trading

Revenue increased by RM 3,629,000 due to higher machine sales.

As a result of the higher sales in 1QFY2023, this segment recorded profit before taxation of RM 136,000 compared to a loss before taxation of RM 594,000 in the corresponding quarter.

Healthcare

Revenue decreased by RM 490,000 due to lower sales for face masks.

This segment continued to incur losses as a result of weak market for face masks.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.03.2023	31.12.2022	
Revenue	32,542	45,869	(13,327)
Profit/(loss) before taxation	6,596	5,140	1,456
Paper based products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2023	31.12.2022	
Revenue	10,735	17,064	(6,329)
Profit before taxation	6,277	(2,583)	8,860
Plastic products			
In RM'000	Quarter ended	Quarter ended	
	31.03.2023	31.12.2022	
Revenue	16,767	20,211	(3,444)
Profit before taxation	(60)	484	(544)
Machine trading			
In RM'000	Quarter ended	Quarter ended	
	31.03.2023	31.12.2022	
Revenue	4,773	7,832	(3,059)
Profit/(loss) before taxation	136	(22)	158
Healthcare			
In RM'000	Quarter ended	Quarter ended	
	31.03.2023	31.12.2022	
Revenue	250	411	(161)
Profit/(loss) before taxation	(94)	(2,212)	2,118

Paper based products

Revenue decreased by RM 6,329,000 due to lower domestic sales.

The segment recorded a profit before taxation of RM 6,277,000 mainly because of the receipt of insurance claim amounting to RM 6,041,000 in respect of material damage.

Plastic products

Revenue had decreased by RM 3,444,000 due to lower sales in domestic and export markets.

As a result of lower sales, higher operating costs, and coupled with losses incurred by its Thailand subsidiary, this segment recorded a loss before taxation of RM 60,000 for 1QFY2023.

Machine trading

Revenue had decreased by RM 3,059,000 due to lower machine sales.

The results for 4QFY2022 had included allowance for slow moving stocks amounting to RM 970,000.

Healthcare

Revenue decreased by RM 161,000 due to lower sales for face masks.

Results for 4QFY2022 included impairment for property, plant and equipment amounting to RM 2.0 million.

19 Profit forecast
Not applicable.

	3 months ended	
	31.03.2023	31.03.2022
	RM '000	RM '000
Income tax	1,705	550
Deferred tax	0	0
	<u>1,705</u>	<u>550</u>

21 Group Borrowings and Debt Securities

	31.03.2023	31.03.2023	31.03.2023	31.03.2022	31.03.2022	31.03.2022
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	Foreign	Ringgit	TOTAL	Foreign	Ringgit	TOTAL
	denomination	denomination		denomination	denomination	
Non-current						
Lease liabilities	0	1,518	1,518	0	389	389
	0	1,518	1,518	0	389	389
Current						
Lease liabilities	0	541	541	0	311	311
Trust receipts	8,801	0	8,801	7,590	0	7,590
	8,801	541	9,342	7,590	311	7,901
Grand Total	8,801	2,059	10,860	7,590	700	8,290

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

At 31.03.2023	Exchange	Non-current	Current
Currency	Rate	RM '000	RM '000
RM		1,518	541
EURO	4.8088	-	142
USD	4.4229		6,639
JPY	0.0333		1,752
CNY	0.6439		268
TOTAL		1,518	9,342

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 :

	FY2023
	Year todate
Description of shares purchased	Ordinary shares
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 2023 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	-197

Notional amount of foreign exchange contracts amounted to RM 7,723,000.

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 dividends for the quarter under review.

26 Valuation of investment properties

Additions to investment properties amounted to RM 21,000 for the quarter under review.

27 Commentary on Prospects

Business outlook appears to lack momentum in light of softening demand in the US market and the E&E sector, which impinges on sales of our packaging materials.

Profit margins are under pressure due to higher electricity charges, higher salaries and wages, and more competitive pricing.

28 Profit for the period

	1Q FY2023 RM '000
Profit for the period is arrived at after charging :	
Depreciation of PPE	1,406
Write down on inventories	15
and after crediting :	
Insurance claim received for material damage	6,041
Reversal of write down of inventories	15
Reversal of unrealised loss on financial derivatives	35
Realised forex gain	32
Unrealised forex gain	117

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 2023.

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	2023	2022
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 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 26 May 2023.