

UPA Corporation Bhd

Interim Financial Statements

30 June 2023

Interim Financial Statements
Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2023

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter	Corresponding Quarter	(Amount)	Quarter	Corresponding Quarter	(Amount)
Period ended 30 June	2023	2022		2023	2022	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	33,879	41,865	-7,986	66,421	75,516	-9,095
Cost of Sales	-29,015	-35,466	6,451	-58,508	-64,563	6,055
Gross Profit	4,864	6,399	-1,535	7,913	10,953	-3,040
Other income	914	1,326	-412	7,716	1,900	5,816
Selling and Distribution expenses	-860	-970	110	-1,689	-1,950	261
Administration expenses	-2,648	-2,863	215	-5,196	-5,254	58
Other expenses	-701	-221	-480	-735	-666	-69
Net impairment losses of financial assets	0	0	0	0	0	0
Operating Profit	1,569	3,671	-2,102	8,009	4,983	3,026
Finance income	347	134	213	555	239	316
Finance costs	-134	-57	-77	-186	-117	-69
	1,782	3,748	-1,966	8,378	5,105	3,273
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0	0	0
Profit/(loss) before tax	1,782	3,748	-1,966	8,378	5,105	3,273
Tax expense	-614	-1,222	608	-2,319	-1,772	-547
Profit/(loss) for the period	1,168	2,526	-1,358	6,059	3,333	2,726
Exchange differences on translation of foreign operations	178	-267		406	0	
Total comprehensive income for the period	1,346	2,259		6,465	3,333	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	1,202	2,539		6,140	3,341	
Non-controlling interests	-34	-13		-81	-8	
Profit/(loss) for the period	1,168	2,526		6,059	3,333	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	1,364	2,288		6,506	3,333	
Non-controlling interests	-18	-29		-41	0	
Profit/(loss) for the period	1,346	2,259		6,465	3,333	
Basic earnings/(loss) per ordinary share (sen)	1.56	3.29		7.95	4.33	
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 2022)

Interim Financial Statements

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

For the period ended 30 June 2023

	Current Quarter 30/06/2023	Immediate Preceding Quarter 31/03/2023	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	33,879	32,542	1,337
Operating Profit/(Loss)	1,569	6,440	(4,871)
Profit/(loss) Before Tax	1,782	6,596	(4,814)
Profit/(loss) After Tax	1,168	4,891	(3,723)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,202	4,938	(3,736)

(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 30 June 2023

	30 June 2023 RM '000	31 Dec 2022 RM '000
Non-Current Assets		
Property, plant and equipment	65,912	64,964
Investment properties	67,391	67,370
Investment in a joint venture	6,934	7,059
	<u>140,237</u>	<u>139,393</u>
Current assets		
Inventories	62,947	67,207
Other investments	4,331	3,237
Current tax assets	1,755	731
Trade and other receivables	42,079	46,033
Fixed deposit with a licensed bank	1,800	1,500
Cash and bank balances	60,682	51,167
	<u>173,594</u>	<u>169,875</u>
Total Assets	313,831	309,268
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	203,479	197,337
Translation reserve	1,772	1,405
Treasury shares	-3,393	-3,393
	<u>281,440</u>	<u>274,931</u>
Non-controlling interests	485	526
Total equity	<u>281,925</u>	<u>275,457</u>
Non-current liabilities		
Trade and other payables	220	213
Lease liabilities	954	340
Deferred tax liabilities	9,416	9,416
	<u>10,590</u>	<u>9,969</u>
Current liabilities		
Loan and borrowings	10,874	8,597
Lease liabilities	1,006	342
Derivative financial liabilities	0	232
Current tax liabilities	2,319	508
Trade and other payables	7,117	14,163
	<u>21,316</u>	<u>23,842</u>
Total Liabilities	31,906	33,811
Total Equity and Liabilities	313,831	309,268
Net asset per share (RM)	3.65	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	197,339	274,933	526	275,459
Profit/(loss) for the period				6,140	6,140	-81	6,059
Other comprehensive income for the year			367		367	40	407
Total comprehensive income	0	0	367	6,140	6,507	-41	6,466
Dividends paid				0	0		0
Acquisition of treasury shares							
At 30 June 2023	79,582	-3,393	1,772	203,479	281,440	485	281,925
At 1 January 2022	79,582	-3,393	1,179	192,775	270,143	602	270,745
Profit/(loss) for the period				3,341	3,341	-8	3,333
Other comprehensive income for the year			0	0	0	0	0
Total comprehensive income	0	0	0	3,341	3,341	-8	3,333
Dividends paid				0	0		0
Acquisition of treasury shares							
At 30 June 2022	79,582	-3,393	1,179	196,116	273,484	594	274,078

(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 30 June 2023

Page 4

	30 June 2023 RM '000	30 June 2022 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	8,378	5,105
Adjustments for:		
Depreciation of property, plant and equipment	2,791	3,005
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 allowance for derivative loss	(232)	
Reversal of write down on inventories	(15)	
Inventories written down to net realisable value	340	666
Finance costs	187	117
Finance income	(555)	(239)
Share of results of a joint venture	-	
Loss/(Gain) on disposal of property, plant and equipment	-	
(Gain)/Loss on disposal of other investments	(199)	
Fair value loss/(gain) on investment properties	-	
Fair value loss/(gain) on other investments	-	-
Gross dividend received from quoted shares	(140)	(53)
Unrealised (gain)/loss on financial derivatives	-	
Provision for warranty	-	
Realised forex (gain)/loss	(419)	
Unrealised forex (gain)/loss	(160)	
Others	-	-
Operating profit before changes in working capital	3,935	8,601
Change in inventories	4,260	117
Change in trade and other receivables	3,900	(5,466)
Change in trade and other payables	(7,718)	(784)
Cash generated from operations	4,377	2,468
Interest received	555	239
Income tax refunded	-	-
Income tax paid	(1,489)	(1,344)
Net cash from operating activities	3,443	1,363
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(215)	(2,045)
Additions to investment properties	(21)	
Proceeds from disposal of other investments	6,357	8,368
Acquisition of other investments	(5,526)	(7,445)
Proceeds from disposal of property, plant and equipment	-	4
Net change in other investments	-	
Net change in deposits with licensed banks'	-	
Dividend received from other investments	140	53
Net cash used in Investing activities	735	(1,065)
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	
Net change in borrowings	4,174	4,402
Repayment of lease liabilities	(150)	(148)
Repayment of term loan	-	-
Interest paid	(187)	(117)
Net cash used in financing activities	3,837	4,137
Net change in Cash and Cash Equivalents	8,015	4,435
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 30 June	60,682	58,127
Analysis of cash and cash equivalents		
Cash and bank balances	62,482	59,627
Less : Deposits with maturity more than 3 months	(1,800)	(1,500)
Cash and Cash Equivalents at 30 June	60,682	58,127

(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 30 June 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 period ended 30 June

		Segment revenue	Segment profit/(loss)
Paper based products	2023	20,433	7,222
	2022	23,646	1,065
Plastic products	2023	35,656	586
	2022	47,042	4,927
Machine trading	2023	9,480	536
	2022	5,457	561
Healthcare products	2023	356	-218
	2022	1,230	-1,071
Adjustment and eliminations	2023		
	2022		
Total	2023	65,925	8,126
	2022	77,375	5,482

Reconciliation of reportable segment profit or loss

	6 months ended 30.06.2023 RM '000	6 months ended 30.06.2022 RM '000
Total profit/(loss) for reporting segments	8,126	5,482
Other non-reportable segments	252	(377)
Adjustments and eliminations	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>8,378</u>	<u>5,105</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 writedown of inventories amounting to RM 325,000 for the Machinery Trading segment.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 220,000 for the Machinery Trading segment.

15 Provision for warranties

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

16 Corporate proposals

On 12 May 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.

On 17 July 2023, the Bonus Issue had been completed, being the date on which 159,163,680 Bonus Shares were listed and quoted on the Main Market of Bursa Securities.

17 Review of performance			<i>Changes (Amount)</i>
<u>Current quarter against the corresponding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2023	30.06.2022	
Revenue	33,879	41,865	(7,986)
Profit/(loss) before taxation	1,782	3,748	(1,966)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2023	30.06.2022	
Revenue	9,698	14,022	(4,324)
Profit/(loss) before taxation	945	955	(10)
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2023	30.06.2022	
Revenue	18,889	24,950	(6,061)
Profit/(loss) before taxation	646	2,638	(1,992)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2023	30.06.2022	
Revenue	4,707	4,313	394
Profit/(loss) before taxation	400	1,155	(755)
Healthcare	Quarter ended	Quarter ended	
In RM'000	30.06.2023	30.06.2022	
Revenue	106	490	(384)
Profit/(loss) before taxation	(124)	(590)	466

Paper based products

Revenue had decreased by RM 4,324,000 due to lower export sales.

For 2QFY2022, the segment recorded a higher turnover of RM 14.0 million.

However, the resulting higher gross margin was offset by loss of RM 3.0 million arising from the flood incident in March 2022.

As a result, it recorded a profit before taxation of RM 0.9 million for 2QFY2022, which is comparable to the profit before taxation for 2QFY2023.

Plastic products

Revenue had decreased by RM 6,061,000 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 lower profit before taxation of RM 646,000 for 2QFY2023.

Machine trading

Revenue increased marginally by RM 394,000 due to sales commission received.

Despite the higher sales in 2QFY2023, this segment recorded a lower profit before taxation of RM 400,000 due to lower gross margin as a result of higher operating costs.

Healthcare

Revenue decreased by RM 384,000 due to lower sales for face masks. The trend of declining sales is continuing with little prospects in sight. However, the segment recorded a lower loss before taxation of RM 124,000 compared to the corresponding quarter due to lower manpower costs and lower depreciation charges.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2023	31.03.2023	
Revenue	33,879	32,542	1,337
Profit/(loss) before taxation	1,782	6,596	(4,814)
Paper based products			
In RM'000	Quarter ended	Quarter ended	
	30.06.2023	31.03.2023	
Revenue	9,698	10,735	(1,037)
Profit before taxation	945	6,277	(5,332)
Plastic products			
In RM'000	Quarter ended	Quarter ended	
	30.06.2023	31.03.2023	
Revenue	18,889	16,767	2,122
Profit before taxation	646	(60)	706
Machine trading			
In RM'000	Quarter ended	Quarter ended	
	30.06.2023	31.03.2023	
Revenue	4,707	4,773	(66)
Profit/(loss) before taxation	400	136	264
Healthcare			
In RM'000	Quarter ended	Quarter ended	
	30.06.2023	31.03.2023	
Revenue	106	250	(144)
Profit/(loss) before taxation	(124)	(94)	(30)

Paper based products

The segment recorded a higher profit before taxation of RM 6,277,000 for 1QFY2023 mainly due to the receipt of insurance claim amounting to RM 6,041,000 in respect of material damage.

Plastic products

Revenue had increased by RM 2,122,000 due to higher sales in domestic and export markets.

The segment recorded a higher profit before taxation of RM 646,000 due to higher turnover and foreign exchange gain of RM 536,000.

Machine trading

Revenue had decreased marginally by RM 66,000.

The segment recorded a higher profit before taxation of RM 400,000 due to higher gross margin which was partially setoff by impairment of inventories and foreign exchange loss.

Healthcare

Revenue decreased by RM 144,000 due to lower sales for face masks.

Loss before taxation had increased by RM 30,000 as a result of lower sales and also lower gross margin.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM '000	RM '000	RM '000	RM '000
Income tax	614	1,222	2,319	1,772
Deferred tax	0	0	0	0
	<u>614</u>	<u>1,222</u>	<u>2,319</u>	<u>1,772</u>

21 Group Borrowings and Debt Securities

	30.06.2023	30.06.2023	30.06.2023	30.06.2022	30.06.2022	30.06.2022
	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	954	954	0	389	389
	<u>0</u>	<u>954</u>	<u>954</u>	<u>0</u>	<u>389</u>	<u>389</u>
<u>Current</u>						
Lease liabilities	0	1,006	1,006	0	311	311
Trust receipts	10,874	0	10,874	7,590	0	7,590
	<u>10,874</u>	<u>1,006</u>	<u>11,880</u>	<u>7,590</u>	<u>311</u>	<u>7,901</u>
Grand Total	10,874	1,960	12,834	7,590	700	8,290

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

At 30.06.2023	Exchange Rate	Non-current RM '000	Current RM '000
RM		954	1,006
USD	4.6790		6,331
JPY	0.0323		4,543
EURO	5.0865	-	-
CNY	0.6455		-
TOTAL		954	11,880

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	FY2023
	Year to date 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 30 June 2023 :

	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 dividends for the quarter under review.

26 Valuation of investment properties

The valuation of investment properties is unchanged from the previous quarter.

27 Commentary on Prospects

Global economic outlook seems lacklustre with reported slowdown in China and other major economies. Our Paper based products and Plastic products divisions are naturally affected by the weaker external demand. However, the intense ongoing efforts in optimising operation efficiency, product innovation and market development will help to weather the challenges.

28 Profit for the period

	Quarter 2Q FY2023 RM '000	Year todate 30.06.2023 RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,385	2,791
Write down on inventories	325	340
Realised forex loss	360	395
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	197	232
Realised forex gain	706	814
Unrealised forex gain	56	173

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 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 30 June	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 25 August 2023.