

UPA Corporation Bhd

Interim Financial Statements

30 September 2023

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 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 September	2023	2022		2023	2022	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	37,025	38,818	-1,793	103,446	114,334	-10,888
Cost of Sales	-29,001	-26,774	-2,227	-87,509	-97,689	10,180
Gross Profit	8,024	12,044	-4,020	15,937	16,645	-708
Other income	1,593	-4,587	6,180	9,309	3,665	5,644
Selling and Distribution expenses	-957	-923	-34	-2,646	-2,873	227
Administration expenses	-2,608	-2,285	-323	-7,804	-7,539	-265
Other expenses	-2,548	-220	-2,328	-3,283	-886	-2,397
Net impairment losses of financial assets	0	0	0	0	0	0
Operating Profit	3,504	4,029	-525	11,513	9,012	2,501
Finance income	360	129	231	915	368	547
Finance costs	-104	0	-104	-290	-117	-173
	3,760	4,158	-398	12,138	9,263	2,875
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0	0	0
Profit/(loss) before tax	3,760	4,158	-398	12,138	9,263	2,875
Tax expense	-1,095	-262	-833	-3,414	-2,034	-1,380
Profit/(loss) for the period	2,665	3,896	-1,231	8,724	7,229	1,495
Exchange differences on translation of foreign operations	-764	-200		-358	-200	
Total comprehensive income for the period	1,901	3,696		8,366	7,029	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	2,694	3,924		8,834	7,265	
Non-controlling interests	-29	-28		-110	-36	
Profit/(loss) for the period	2,665	3,896		8,724	7,229	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	1,886	3,752		8,512	7,085	
Non-controlling interests	15	-56		-146	-56	
Profit/(loss) for the period	1,901	3,696		8,366	7,029	
Basic earnings/(loss) per ordinary share (sen)	1.91	2.78		6.25	5.14	
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 September 2023

	Current Quarter 30/09/2023	Immediate Preceding Quarter 30/06/2023	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	37,025	33,879	3,146
Operating Profit/(Loss)	3,504	1,569	1,935
Profit/(loss) Before Tax	3,760	1,782	1,978
Profit/(loss) After Tax	2,665	1,168	1,497
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,694	1,202	1,492

(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 September 2023

	30 Sept 2023 RM '000	31 Dec 2022 RM '000
Non-Current Assets		
Property, plant and equipment	66,876	64,964
Investment properties	67,391	67,370
Investment in a joint venture	6,934	7,059
	<u>141,201</u>	<u>139,393</u>
Current assets		
Inventories	70,596	67,207
Other investments	2,654	3,237
Current tax assets	3,325	731
Trade and other receivables	38,134	46,033
Fixed deposit with a licensed bank	1,850	1,500
Cash and bank balances	60,739	51,167
	<u>177,298</u>	<u>169,875</u>
Total Assets	318,499	309,268
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	199,995	197,337
Translation reserve	1,083	1,405
Treasury shares	-3,393	-3,393
	<u>277,267</u>	<u>274,931</u>
Non-controlling interests	<u>380</u>	<u>526</u>
Total equity	<u>277,647</u>	<u>275,457</u>
Non-current liabilities		
Trade and other payables	215	213
Lease liabilities	954	340
Deferred tax liabilities	9,416	9,416
	<u>10,585</u>	<u>9,969</u>
Current liabilities		
Loan and borrowings	15,650	8,597
Lease liabilities	1,006	342
Derivative financial liabilities	462	232
Current tax liabilities	3,413	508
Trade and other payables	9,736	14,163
	<u>30,267</u>	<u>23,842</u>
Total Liabilities	40,852	33,811
Total Equity and Liabilities	318,499	309,268
Net asset per share (RM)	1.20	1.19

(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				8,833	8,833	-110	8,723
Other comprehensive income for the year			-322		-322	-36	-358
Total comprehensive income	0	0	-322	8,833	8,511	-146	8,365
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares							
At 30 September 2023	79,582	-3,393	1,083	199,995	277,267	380	277,647
At 1 January 2022	79,582	-3,393	1,179	192,775	270,143	602	270,745
Profit/(loss) for the period				7,266	7,266	-36	7,230
Other comprehensive income for the year			-180	0	-180	-20	-200
Total comprehensive income	0	0	-180	7,266	7,086	-56	7,030
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares							
At 30 September 2022	79,582	-3,393	999	193,864	271,052	546	271,598

(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 September 2023

	30 Sept 2023 RM '000	30 Sept 2022 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	12,138	9,263
Adjustments for :		
Depreciation of property, plant and equipment	3,954	4,489
Insurance claim received	(6,041)	
Impairment of property, plant and equipment	-	-
Reversal of impairment loss on receivables	-	
Impairment loss on trade and other receivables	-	
Unrealised derivative loss	462	
Reversal of allowance for derivative loss	(232)	
Reversal of write down on inventories	(1,385)	(375)
Inventories written down to net realisable value	2,821	886
Finance costs	290	117
Finance income	(915)	(368)
Share of results of a joint venture	-	
Loss/(Gain) on disposal of property, plant and equipment	-	(25)
(Gain)/Loss on disposal of other investments	(334)	381
Fair value loss/(gain) on investment properties	-	
Fair value loss/(gain) on other investments	70	221
Gross dividend received from other investments	(271)	(72)
Unrealised (gain)/loss on financial derivatives	-	
Provision for warranty	-	
Realised forex (gain)/loss	(1,399)	(2,305)
Unrealised forex (gain)/loss	(148)	
Others	378	
	-	-
Operating profit before changes in working capital	<u>9,388</u>	<u>12,212</u>
Change in inventories	(3,389)	(906)
Change in trade and other receivables	7,899	(9,622)
Change in trade and other payables	(4,427)	3,038
	-	-
Cash generated from operations	<u>9,471</u>	<u>4,722</u>
Interest received	915	368
Income tax refunded	-	
Income tax paid	(2,217)	(3,034)
Net cash from operating activities	<u>8,169</u>	<u>2,056</u>
Cash flows from Investing activities		
Acquisition of property, plant and equipment	(2,643)	(2,502)
Additions to investment properties	(21)	
Proceeds from disposal of other investments	9,713	10,416
Acquisition of other investments	(10,215)	(8,049)
Proceeds from disposal of property, plant and equipment	-	25
Net change in other investments	-	
Net change in deposits with licensed banks ¹	-	
Dividend received from other investments	271	72
	-	-
Net cash used in investing activities	<u>(2,895)</u>	<u>(38)</u>
Cash flow from financing activities		
Dividend paid to owners	(6,177)	(6,177)
Acquisition of treasury shares	-	
Net change in borrowings	10,990	6,106
Repayment of lease liabilities	(225)	(222)
Repayment of term loan	-	
Interest paid	(290)	(117)
Net cash used in financing activities	<u>4,298</u>	<u>(410)</u>
Net change in Cash and Cash Equivalents	9,572	1,608
Effect of exchange rate changes on cash and cash equivalents		
	-	-
Cash and Cash Equivalents at 1 January	<u>51,167</u>	<u>53,662</u>
Cash and Cash Equivalents at 30 September	<u>60,739</u>	<u>55,300</u>
Analysis of cash and cash equivalents		
Cash and bank balances	62,589	56,800
Less : Deposits with maturity more than 3 months	(1,850)	(1,500)
Cash and Cash Equivalents at 30 September	<u>60,739</u>	<u>55,300</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

Pursuant to the Bonus Issue, 159,163,680 shares was issued, thereby increasing the issued share capital to 238,745,520 shares.

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 2022 amounting to RM 6,177,000 on 14 July 2023.

**8 Capital commitments outstanding not provided for in the interim financial statements
Authorised and contracted for :**

Property, plant and equipment	NIL
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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 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 the 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	2023	32,168	10,406
	2022	39,224	3,846
Plastic products	2023	52,605	498
	2022	68,269	6,701
Machine trading	2023	17,471	1,432
	2022	5,400	650
Healthcare products	2023	415	-869
	2022	1,648	-1,397
Adjustment and eliminations	2023		
	2022		
Total	2023	102,659	11,467
	2022	114,541	9,800

Reconciliation of reportable segment profit or loss

	9 months ended 30.09.2023 RM '000	9 months ended 30.09.2022 RM '000
Total profit/(loss) for reporting segments	11,467	9,800
Other non-reportable segments	671	(537)
Adjustments and eliminations	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>12,138</u>	<u>9,263</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 net writedown of inventories amounting to RM 1,111,000 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</i>
<u>Current quarter against the corresponding quarter</u>			<i>(Amount)</i>
Group	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.09.2022	
Revenue	37,025	38,818	(1,793)
Profit/(loss) before taxation	3,760	4,158	(398)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.09.2022	
Revenue	11,735	15,578	(3,843)
Profit/(loss) before taxation	3,184	2,780	404
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.09.2022	
Revenue	16,949	21,227	(4,278)
Profit/(loss) before taxation	(88)	1,773	(1,861)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.09.2022	
Revenue	7,991	1,895	6,096
Profit/(loss) before taxation	896	88	808
Healthcare	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.09.2022	
Revenue	59	418	(359)
Profit/(loss) before taxation	(651)	(328)	(323)

Paper based products

Revenue had decreased by RM 3,843,000 due to lower export sales. However, as a result of higher gross margin, this segment recorded a higher profit before taxation of RM 3,184,000.

Plastic products

Revenue had decreased by RM 4,278,000 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 88,000 for 3QFY2023.

Machine trading

Revenue increased by RM 6,096,000 due to higher machine sales and sales commission received.

This segment recorded a net impairment for inventories amounting to RM 1,111,000 for 3QFY2023. Despite the impairment, this segment recorded a profit before taxation of RM 896,000.

Healthcare

Revenue decreased by RM 359,000 due to lower sales for face masks. The trend of declining sales is continuing with little prospects in sight. Loss before taxation has increased from RM 328,000 to RM 651,000 compared to the corresponding quarter of FY2022.

18 Review of performance

Current quarter against the preceding quarter

Group	Quarter ended	Quarter ended	Changes
In RM'000	30.09.2023	30.06.2023	(Amount)
Revenue	37,025	33,879	3,146
Profit/(loss) before taxation	3,760	1,782	1,978
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.06.2023	
Revenue	11,735	9,698	2,037
Profit before taxation	3,184	945	2,239
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.06.2023	
Revenue	16,949	18,889	(1,940)
Profit before taxation	(88)	646	(734)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.06.2023	
Revenue	7,991	4,707	3,284
Profit/(loss) before taxation	896	400	496
Healthcare	Quarter ended	Quarter ended	
In RM'000	30.09.2023	30.06.2023	
Revenue	59	106	(47)
Profit/(loss) before taxation	(651)	(124)	(527)

Paper based products

Revenue had increased by RM 2,037,000 due to higher sales in export market. Profit before taxation has increased by RM 2,239,000 as a result of higher gross margin.

Plastic products

Revenue had decreased by RM 1,940,000 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 88,000 for 3QFY2023.

Machine trading

Revenue had increased by RM 3,284,000 as a result of higher machine sales and sales commission received.

This segment recorded a net impairment for inventories amounting to RM 1,111,000 for 3QFY2023. Despite the impairment, this segment recorded a profit before taxation of RM 896,000.

Healthcare

Revenue decreased by RM 47,000 due to lower sales for face masks.

Loss before taxation had increased by RM 527,000 as a result of lower sales and stock adjustment amounting to RM 313,000.

19 Profit forecast
Not applicable.

20 Taxation	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM '000	RM '000	RM '000	RM '000
Income tax	1,095	262	3,414	2,034
Deferred tax	0	0	0	0
	<u>1,095</u>	<u>262</u>	<u>3,414</u>	<u>2,034</u>

21 Group Borrowings and Debt Securities

	30.09.2023	30.09.2023	30.09.2023	30.09.2022	30.09.2022	30.09.2022
	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
	0	954	954	0	389	389
<u>Current</u>						
Lease liabilities	0	1,006	1,006	0	311	311
Trust receipts	15,650	0	15,650	9,533	0	9,533
	<u>15,650</u>	<u>1,006</u>	<u>16,656</u>	<u>9,533</u>	<u>311</u>	<u>9,844</u>
Grand Total	15,650	1,960	17,610	9,533	700	10,233

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

At 30.09.2023	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		954	1,006
USD	4.6900		5,149
JPY	0.0314		10,501
EURO	4.9601	-	-
CNY	0.6423		-
TOTAL		954	16,656

22 Treasury shares

The company did not purchase any of its own shares during the quarter under review. Pursuant to the Bonus Issue, the number of treasury shares held was increased from 2,374,040 to 7,122,120.

As at the end of the reporting quarter, the status of the share buy-back is as follows :

Description of shares purchased	FY2023
	Year todate
	Ordinary shares
Total number of shares purchased	NIL
Total number of shares cancelled	NIL
Total number of shares held as treasury shares	7,122,120
Total number of treasury shares resold	NIL

23 Derivative Financial instruments

Summary of outstanding derivatives at 30 Sept 2023 :

	Fair value
	Gain/(loss)
	RM '000
Foreign exchange contracts	-462

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

Volatilities, uncertainties and challenges never seem to abate in the operating environment. Aggravating the already slow global economies is a new geopolitical conflict that recently flared up in the Middle East. The Group will have to contend with the foreseeable adverse impact on market demand, risks of supply chain disruptions and inflationary cost pressures. Outlook for next quarter is therefore expected to be challenging.

28 Profit for the period

	Quarter 3Q FY2023 RM '000	Year to date 30.09.2023 RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,163	3,954
Write down on inventories	2,481	2,821
Realised forex loss	(17)	378
Unrealised loss on financial derivatives	462	462
and after crediting :		
Insurance claim received for material damage	-	6,041
Reversal of write down of inventories	1,370	1,385
Reversal of unrealised loss on financial derivatives	-	232
Realised forex gain	585	1,399
Unrealised forex gain	(25)	148

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 Sept 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 Sept	2023	Restated 2022
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Shares issued pursuant to Bonus Issue	66,073,483	66,073,483
Effect of treasury shares held	-4,345,106	-4,345,106
Weighted average number of ordinary shares	<u>141,310,217</u>	<u>141,310,217</u>

Comparative number of shares was restated for FY2022 to take into account the effect of Bonus Issue.

(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 21 November 2023.