

UPA Corporation Bhd

Interim Financial Statements

31 December 2023

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

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter	Corresponding Quarter	(Amount)	Quarter	Corresponding Quarter	(Amount)
Year ended 31 December	2023	2022		2023	2022	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	46,460	45,869	591	149,906	159,290	-9,384
Cost of Sales	-41,936	-43,378	1,442	-129,445	-140,550	11,105
Gross Profit	4,524	2,491	2,033	20,461	18,740	1,721
Other income	7,792	10,507	-2,715	17,101	14,326	2,775
Selling and Distribution expenses	-1,307	-1,436	129	-3,953	-4,312	359
Administration expenses	-2,697	-2,961	264	-10,501	-10,183	-318
Other expenses	-5,472	-3,909	-1,563	-8,755	-4,894	-3,861
Net impairment gain/(losses) of financial assets	133	-76		133	-76	209
Operating Profit	2,973	4,616	-1,643	14,486	13,601	885
Finance income	341	78	263	1,256	513	743
Finance costs	-102	-68	-34	-392	-185	-207
	3,212	4,626	-1,414	15,350	13,929	1,421
Share of profit/(loss) of equity-accounted investees, net of tax	217	366	-149	217	366	-149
Profit/(loss) before tax	3,429	4,992	-1,563	15,567	14,295	1,272
Tax expense	-3,660	-1,442	-2,218	-7,074	-3,641	-3,433
Profit/(loss) for the period	-231	3,550	-3,781	8,493	10,654	-2,161
Exchange differences on translation of foreign operations	987	234		629	234	
Total comprehensive income for the period	756	3,784		9,122	10,888	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	-173	3,598		8,661	10,738	
Non-controlling interests	-58	-48		-168	-84	
Profit/(loss) for the period	-231	3,550		8,493	10,654	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	747	3,804		9,259	10,964	
Non-controlling interests	9	-20		-137	-76	
Profit/(loss) for the period	756	3,784		9,122	10,888	
Basic earnings/(loss) per ordinary share (sen)	(0.09)	1.96		4.71	5.84	
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 year ended 31 December 2023

	Current Quarter 31/12/2023	Immediate Preceding Quarter 30/09/2023	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	46,460	37,025	9,435
Operating Profit/(Loss)	2,973	3,504	(531)
Profit/(loss) Before Tax	3,429	3,760	(331)
Profit/(loss) After Tax	(231)	2,665	(2,896)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(173)	2,694	(2,867)

(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 December 2023

	31 Dec 2023 RM '000	31 Dec 2022 RM '000
Non-Current Assets		
Property, plant and equipment	60,878	64,964
Investment properties	70,415	67,370
Investment in a joint venture	7,026	7,059
	<u>138,319</u>	<u>139,393</u>
Current assets		
Inventories	54,910	67,207
Other investments	3,413	3,237
Current tax assets	1,089	731
Trade and other receivables	40,171	46,033
Fixed deposit with a licensed bank	1,850	1,500
Cash and bank balances	74,324	51,167
	<u>175,757</u>	<u>169,875</u>
Total Assets	314,076	309,268
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	199,821	197,337
Translation reserve	2,003	1,405
Treasury shares	-3,393	-3,393
	<u>278,013</u>	<u>274,931</u>
Non-controlling interests	476	526
Total equity	<u>278,489</u>	<u>275,457</u>
Non-current liabilities		
Trade and other payables	294	213
Lease liabilities	221	340
Deferred tax liabilities	11,013	9,416
	<u>11,528</u>	<u>9,969</u>
Current liabilities		
Loan and borrowings	12,682	8,597
Lease liabilities	277	342
Derivative financial liabilities	287	232
Current tax liabilities	1,518	508
Trade and other payables	9,295	14,163
	<u>24,059</u>	<u>23,842</u>
Total Liabilities	35,587	33,811
Total Equity and Liabilities	314,076	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)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 At 31 December 2023

	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				8,661	8,661	-168	8,493
Other comprehensive income for the year			598		598	31	629
Total comprehensive income	0	0	598	8,661	9,259	-137	9,122
Dividends paid				-6,177	-6,177		-6,177
Subscription of shares by non-controlling interests in a subsidiary						87	87
Acquisition of treasury shares							
At 31 December 2023	79,582	-3,393	2,003	199,821	278,013	476	278,489
At 1 January 2022	79,582	-3,393	1,179	192,775	270,143	602	270,745
Profit/(loss) for the period				10,738	10,738	-84	10,654
Other comprehensive income for the year			226	0	226	8	234
Total comprehensive income	0	0	226	10,738	10,964	-76	10,888
Dividends paid				-6,176	-6,176		-6,176
Acquisition of treasury shares							
At 31 December 2022	79,582	-3,393	1,405	197,337	274,931	526	275,457

(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 year ended 31 December 2023

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	31 Dec 2023 RM '000	31 Dec 2022 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	15,567	14,295
Adjustments for :		
Depreciation of property, plant and equipment	4,937	6,342
Insurance claim received	(7,421)	
Impairment of property, plant and equipment	3,361	1,991
Reversal of impairment loss on receivables	-	(205)
Impairment loss on trade and other receivables	-	
Fair value loss on derivatives	106	232
Reversal of write down on inventories	(3,249)	(1,748)
Inventories written down to net realisable value	4,897	2,355
Inventories written off		9,353
Finance costs	392	185
Finance income	(1,256)	(513)
Share of results of a joint venture, net of tax	(217)	(366)
Loss/(Gain) on disposal of property, plant and equipment	(102)	(995)
(Gain)/Loss on disposal of other investments	(337)	33
Fair value loss/(gain) on investment properties	(2,970)	(7,891)
Fair value loss/(gain) on other investments	-	108
Gross dividend received from other investments	(273)	(76)
Provision for warranty	-	
Others	-	562
	-	-
Operating profit before changes in working capital	13,435	23,662
Change in inventories	12,667	(15,393)
Change in trade and other receivables	5,961	(4,084)
Change in trade and other payables	(4,972)	358
	-	-
Cash generated from operations	27,091	4,543
Interest received	1,256	513
Income tax refunded	-	-
Income tax paid	(4,022)	(3,956)
Net cash from operating activities	24,325	1,100
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,537)	(5,662)
Additions to investment properties	(75)	(95)
Proceeds from disposal of other investments	12,476	13,856
Acquisition of other investments	(12,973)	(10,822)
Proceeds from disposal of property, plant and equipment	-	1,163
Net change in other investments	-	
Net change in deposits with licensed banks	-	
Dividend received from other investments	273	76
Net cash used in investing activities	(3,836)	(1,484)
Cash flow from financing activities		
Dividend paid to owners	(6,176)	(6,176)
Acquisition of treasury shares	-	
Net change in borrowings	9,561	4,559
Repayment of lease liabilities	(325)	(324)
Repayment of term loan	-	
Interest paid	(392)	(185)
Net cash used in financing activities	2,668	(2,126)
Net change in Cash and Cash Equivalents	23,157	(2,510)
Effect of exchange rate changes on cash and cash equivalents		(15)
		-
Cash and Cash Equivalents at 1 January	51,167	53,692
Cash and Cash Equivalents at 31 December	74,324	51,167
Analysis of cash and cash equivalents		
Cash and bank balances	76,174	52,667
Less : Deposits with maturity more than 3 months	(1,850)	(1,500)
Cash and Cash Equivalents at 31 December	74,324	51,167

(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 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 | RM210,000 |
|-------------------------------|-----------|
- 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 December 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 material changes in the composition of the Group for the quarter under review.

12 Segmental Reporting

For the year ended 31 December 2023

		Segment revenue	Segment profit/(loss)
Paper based products	2023	51,852	14,332
	2022	56,288	1,261
Plastic products	2023	67,811	135
	2022	88,480	7,148
Machine trading	2023	29,976	3,398
	2022	13,232	631
Healthcare products	2023	526	-6,004
	2022	2,059	-3,641
Others	2023	8,374	
	2022	13,644	19,139
Adjustment and eliminations	2023	-8,633	
	2022	-14,413	-10,243
Total	2023	149,906	11,861
	2022	159,290	14,295

Reconciliation of reportable segment profit or loss

	12 months ended 31.12.2023 RM '000	12 months ended 31.12.2022 RM '000
Total profit/(loss) for reporting segments	11,861	5,399
Other non-reportable segments	3,489	19,139
Elimination of inter-segment profit	-	(10,609)
Share of profit/(loss) of joint venture	217	366
Consolidated profit/(loss) before tax	<u>15,567</u>	<u>14,295</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 2,076,000 for the Group.

In the corresponding quarter last year, there reversals of write down of inventories amounting to RM 791,000 for the Machinery and Paper Product segments.

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.

Following the Bonus Issue, the enlarged share capital stood at 238,745,520 shares.

17 Review of performance			<i>Changes (Amount)</i>
<u>Current quarter against the corresponding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2023	31.12.2022	
Revenue	46,460	45,869	591
Profit/(loss) before taxation	3,441	4,992	(1,551)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2023	31.12.2022	
Revenue	19,714	17,064	2,650
Profit/(loss) before taxation	3,926	(2,583)	6,509
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2023	31.12.2022	
Revenue	15,206	20,211	(5,005)
Profit/(loss) before taxation	(363)	484	(847)
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2023	31.12.2022	
Revenue	12,505	7,832	4,673
Profit/(loss) before taxation	1,218	(22)	1,240
Healthcare	Quarter ended	Quarter ended	
In RM'000	31.12.2023	31.12.2022	
Revenue	111	411	(300)
Profit/(loss) before taxation	(5,135)	(2,212)	(2,923)

Paper based products

Revenue had increased by RM 2,650,000 due to higher local sales.

In 4QFY2022, this segment recorded a loss before taxation of RM 2,583,000 mainly because of the reversal of provision for insurance claim receivable amounting to RM 6.3 million.

Plastic products

Revenue had decreased by RM 5,005,000 due to lower sales in domestic and export markets.

This segment recorded a loss before taxation of RM 363,000 for 4QFY2023 due to lower sales, higher operating costs, poor sales mix, lower plant utilisation and adjustment of selling price due to intense competition.

Meanwhile, its Thailand subsidiary had incurred loss before taxation of RM 366,000 in 4QFY2023.

Machine trading

Revenue increased by RM 4,673,000 due to higher machine sales and sales commission received.

As a result of higher sales, this segment recorded a profit before taxation of RM 1,218,000 for 4QFY2023.

Healthcare

Revenue decreased by RM 300,000 due to lower sales for face masks.

In 4QFY2023, this segment recognised impairment of property, plant and equipment amounting to RM 3.4 million. In addition, it recognised impairment of inventories amounting to RM 1.4 million for the quarter. As a result, it recorded a loss before taxation of RM 5.1 million for the quarter.

In comparison, in 4QFY2022, this segment recognised impairment of property, plant and equipment amounting to RM 2.0 million.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2023	30.09.2023	
Revenue	46,460	37,025	9,435
Profit/(loss) before taxation	3,441	3,760	(319)
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2023	30.09.2023	
Revenue	19,714	11,735	7,979
Profit before taxation	3,926	3,184	742
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2023	30.09.2023	
Revenue	15,206	16,949	(1,743)
Profit before taxation	(363)	(88)	(275)
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2023	30.09.2023	
Revenue	12,505	7,991	4,514
Profit/(loss) before taxation	1,218	896	322
Healthcare	Quarter ended	Quarter ended	
In RM'000	31.12.2023	30.09.2023	
Revenue	111	59	52
Profit/(loss) before taxation	(5,135)	(651)	(4,484)

Paper based products

Revenue had increased by RM 8.0 million due to higher sales in local market.
Profit before taxation has increased by RM 742,000 as a result of higher gross margin.

Plastic products

Revenue had decreased by RM 1,743,000 due to lower sales in domestic and export markets.

This segment recorded a loss before taxation of RM 363,000 for 4QFY2023 due to lower sales, higher operating costs, poor sales mix, lower plant utilisation and adjustment of selling price due to intense competition.

Meanwhile, its Thailand subsidiary had incurred loss before taxation of RM 366,000 in 4QFY2023.

Machine trading

Revenue had increased by RM 4,514,000 as a result of higher machine sales and sales commission received.

As a result of higher sales, this segment recorded a profit before taxation of RM 1,218,000 for 4QFY2023.

Healthcare

Revenue had increased marginally by RM 52,000.

In 4QFY2023, this segment recognised impairment of property, plant and equipment amounting to RM 3.4 million. In addition, it recognised impairment of inventories amounting to RM 1.4 million for the quarter. As a result, it recorded a loss before taxation of RM 5.1 million for the quarter.

19 Profit forecast
Not applicable.

	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM '000	RM '000	RM '000	RM '000
Income tax	2,063	758	5,477	2,957
Deferred tax	1,597	684	1,597	684
	<u>3,660</u>	<u>1,442</u>	<u>7,074</u>	<u>3,641</u>

21 Group Borrowings and Debt Securities

	31.12.2023	31.12.2023	31.12.2023	31.12.2022	31.12.2022	31.12.2022
	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	221	221	0	340	340
	<u>0</u>	<u>221</u>	<u>221</u>	<u>0</u>	<u>340</u>	<u>340</u>
<u>Current</u>						
Lease liabilities	0	277	277	0	342	342
Trust receipts	12,682	0	12,682	8,597	0	8,597
	<u>12,682</u>	<u>277</u>	<u>12,959</u>	<u>8,597</u>	<u>342</u>	<u>8,939</u>
Grand Total	12,682	498	13,180	8,597	682	9,279

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

At 31.12.2023	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		221	277
USD	4.5900		3,491
JPY	0.0324		9,191
EURO	5.0768	-	-
TOTAL		221	12,959

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 :

	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	7,122,120
Total number of treasury shares resold	NIL

23 Derivative Financial instruments

Summary of outstanding derivatives at 31 December 2023 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	-287

24 Material litigation

There was no material litigation which would materially and adversely affect the financial position of the Group.

25 Dividends declared

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 3.0 sen per share under single tier system, for the financial year ended 31 December 2023.

The date of the Annual General Meeting and book closure for dividend entitlement will be announced in due course.

26 Valuation of investment properties

Fair values of investment properties have been derived using the sales comparison approach performed by an independent valuer. The most significant input into this valuation approach is price per square meter of comparable properties. During the quarter, the Group has recognised fair value adjustment amounting to RM 2.97 million.

27 Commentary on Prospects

Global economic conditions are expected to remain volatile due to prevailing geopolitical tensions and slowing down of huge economies such as Europe and China. On one hand, we foresee market demand softening and on the other hand, competition is intensifying. The Group will certainly be vigilant to manage risks and costs, develop new products/ markets and explore new business opportunities.

28 Profit for the period

	Quarter 4Q FY2023 RM '000	Year todate 31.12.2023 RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	983	4,937
Write down on inventories	2,076	4,897
Realised forex loss	-	378
Unrealised loss on financial derivatives	(175)	287
	-	
	-	
and after crediting :		
Insurance claim received for material damage	1,380	7,421
Reversal of write down of inventories	1,864	3,249
Fair value gain on investment properties	2,970	2,970
Realised forex gain	305	1,704

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 December 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 December	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	109,836,093	109,836,093
Effect of treasury shares held	-5,650,608	-5,650,608
Weighted average number of ordinary shares	<u>183,767,325</u>	<u>183,767,325</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 26 February 2024.