

UPA Corporation Bhd

Interim Financial Statements

30 June 2024

Interim Financial Statements
 Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
 For the period ended 30 June 2024

	Individual Period			Cumulative Period		
	Current Year	Preceding Year	Changes (Amount)	Current Year	Preceding Year	Changes (Amount)
	Quarter	Corresponding Quarter		Quarter	Corresponding Quarter	
Period ended 30 June	2024	2023		2024	2023	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	32,668	33,879	-1,211	59,195	66,421	-7,226
Cost of Sales	-26,932	-29,015	2,083	-50,370	-58,508	8,138
Gross Profit	5,736	4,864	872	8,825	7,913	912
Other income	685	914	-229	1,959	7,716	-5,757
Selling and Distribution expenses	-937	-860	-77	-1,753	-1,689	-64
Administration expenses	-2,525	-2,648	123	-5,045	-5,196	151
Other expenses	-4,925	-701	-4,224	-4,925	-735	-4,190
Net impairment gain/(losses) of financial assets	0	0	0	0	0	0
Operating Profit	-1,966	1,569	-3,535	-939	8,009	-8,948
Finance income	403	347	56	820	555	265
Finance costs	-79	-134	55	-187	-186	-1
	-1,642	1,782	-3,424	-306	8,378	-8,684
Share of profit/(loss) of equity-accounted investees, net of tax	0	0	0	0	0	0
Profit/(loss) before tax	-1,642	1,782	-3,424	-306	8,378	-8,684
Tax expense	439	-614	1,053	-99	-2,319	2,220
Profit/(loss) for the period	-1,203	1,168	-2,371	-405	6,059	-6,464
Exchange differences on translation of foreign operations	-169	178		-581	406	
Total comprehensive income for the period	-1,372	1,346		-986	6,465	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	-1,193	1,202		-365	6,140	
Non-controlling interests	-10	-34		-40	-81	
Profit/(loss) for the period	-1,203	1,168		-405	6,059	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	-1,385	1,364		-928	6,506	
Non-controlling interests	13	-18		-58	-41	
Profit/(loss) for the period	-1,372	1,346		-986	6,465	
Basic earnings/(loss) per ordinary share (sen)	(0.52)	0.52		(0.16)	2.65	
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 2023)

Interim Financial Statements

Unaudited condensed consolidated Statements of Comprehensive Income

For the period ended 30 June 2024

	Current Quarter 30/06/2024	Immediate Preceding Quarter 31/03/2024	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	32,668	26,527	6,141
Operating Profit/(Loss)	(1,966)	1,027	(2,993)
Profit/(loss) Before Tax	(1,642)	1,336	(2,978)
Profit/(loss) After Tax	(1,203)	798	(2,001)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,193)	828	(2,021)

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023)

Interim Financial Statements
 Unaudited Condensed Consolidated Statements of Financial Position
 At 30 June 2024

	30 June 2024 RM '000	31 Dec 2023 RM '000
Non-Current Assets		
Property, plant and equipment	61,678	60,858
Investment properties	70,475	70,415
Investment in a joint venture	7,026	7,026
	<u>139,179</u>	<u>138,299</u>
Current assets		
Inventories	55,623	54,821
Other investments	3,657	3,412
Current tax assets	1,842	1,089
Trade and other receivables	31,667	41,768
Fixed deposit with a licensed bank	1,850	1,850
Cash and bank balances	72,018	74,324
	<u>166,657</u>	<u>177,264</u>
Total Assets	305,836	315,563
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	199,360	199,724
Translation reserve	1,474	1,997
Treasury shares	-3,393	-3,393
	<u>277,023</u>	<u>277,910</u>
Non-controlling interests	384	482
Total equity	<u>277,407</u>	<u>278,392</u>
Non-current liabilities		
Trade and other payables	281	295
Lease liabilities	221	221
Deferred tax liabilities	11,013	11,013
	<u>11,515</u>	<u>11,529</u>
Current liabilities		
Borrowings	4,139	12,682
Lease liabilities	277	277
Derivative financial liabilities	0	287
Current tax liabilities	515	1,518
Trade and other payables	11,983	10,878
	<u>16,914</u>	<u>25,642</u>
Total Liabilities	28,429	37,171
Total Equity and Liabilities	305,836	315,563
Net asset per share (RM)	1.16	1.16

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 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 2024	79,582	-3,393	1,997	199,724	277,910	482	278,392
Profit/(loss) for the period				-364	-364	-40	-404
Other comprehensive income for the year			-523		-523	-58	-581
Total comprehensive income	0	0	-523	-364	-887	-98	-985
Dividends paid				0	0		0
Acquisition of treasury shares							
At 30 June 2024	79,582	-3,393	1,474	199,360	277,023	384	277,407
At 1 January 2023	79,582	-3,393	1,405	197,337	274,931	526	275,457
Profit/(loss) for the period				6,140	6,140	-81	6,059
Other comprehensive income for the year			366		366	40	406
Total comprehensive income	0	0	366	6,140	6,506	-41	6,465
Dividends paid							
Acquisition of treasury shares							
At 30 June 2023	79,582	-3,393	1,771	203,477	281,437	485	281,922

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023)

Interim Financial Statements

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2024

	30 June 2024 RM '000	30 June 2023 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	(306)	8,378
Adjustments for :		
Depreciation of property, plant and equipment	2,365	2,791
Insurance claim received	-	(6,041)
Impairment of property, plant and equipment	-	-
Reversal of impairment loss on receivables	(232)	-
Impairment loss on trade and other receivables	-	-
Reversal of allowance for derivative loss	(287)	(232)
Reversal of write down on inventories	(275)	(15)
Inventories written down to net realisable value	425	340
Inventories written off	-	-
Finance costs	186	187
Finance income	(820)	(555)
Share of results of a joint venture, net of tax	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-
(Gain)/Loss on disposal of other investments	(201)	(199)
Fair value loss/(gain) on investment properties	-	-
Fair value loss/(gain) on other investments	(276)	-
Gross dividend received from other investments	(21)	(140)
Provision for warranty	-	-
Foreign exchange gain	(900)	-
Foreign exchange loss	164	-
Others	-	(579)
	-	-
Operating profit before changes in working capital	(178)	3,935
Change in inventories	(802)	4,260
Change in trade and other receivables	10,101	3,900
Change in trade and other payables	1,465	(7,718)
	-	-
Cash generated from operations	10,586	4,377
Interest received	820	555
Income tax refunded	-	-
Income tax paid	(2,155)	(1,489)
Net cash from operating activities	9,251	3,443
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,807)	(215)
Additions to investment properties	(60)	(21)
Proceeds from disposal of other investments	9,185	6,357
Acquisition of other investments	(8,762)	(5,526)
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	21	140
	-	-
Net cash used in investing activities	(2,423)	735
Cash flow from financing activities		
Dividend paid to owners	-	-
Acquisition of treasury shares	-	-
Net change in borrowings	(8,788)	4,174
Repayment of lease liabilities	(160)	(150)
Repayment of term loan	-	-
Interest paid	(186)	(187)
Net cash used in financing activities	(9,134)	3,837
Net change in Cash and Cash Equivalents	(2,306)	8,015
Effect of exchange rate changes on cash and cash equivalents	-	-
	-	-
Cash and Cash Equivalents at 1 January	74,324	52,667
Cash and Cash Equivalents at 30 June	72,018	60,682
Analysis of cash and cash equivalents		
Cash and bank balances	73,868	62,482
Less : Deposits with maturity more than 3 months	(1,850)	(1,800)
Cash and Cash Equivalents at 30 June	72,018	60,682

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023)

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 2023.

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 2023 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2024. 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 2023 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	RM210,000
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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 June 2024 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 period ended 30 June 2024

		Segment revenue	Segment profit/(loss)
Paper based products	2024	20,874	1,455
	2023	20,433	7,222
Plastic products	2024	33,775	-383
	2023	35,656	586
Machine trading	2024	3,739	-1,413
	2023	9,480	536
Healthcare products	2024	153	-318
	2023	356	-218
Others	2024		
	2023		
Adjustment and eliminations	2024		
	2023		
Total	2024	58,541	(659)
	2023	65,925	8,126

Reconciliation of reportable segment profit or loss

	6 months ended 30.06.2024 RM '000	6 months ended 30.06.2023 RM '000
Total profit/(loss) for reporting segments	(659)	8,126
Other non-reportable segments	353	252
Elimination of inter-segment profit	-	-
Share of profit/(loss) of joint venture	-	-
Consolidated profit/(loss) before tax	<u>(306)</u>	<u>8,378</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

There were writedown of inventories amounting to RM 425,000 for Machine Trading segment for the quarter under review.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 325,000 for the Machinery 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			Changes
<u>Current quarter against the corresponding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2024	30.06.2023	
Revenue	32,668	33,879	(1,211)
Profit/(loss) before taxation	(1,642)	1,782	(3,424)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2024	30.06.2023	
Revenue	12,183	9,698	2,485
Profit/(loss) before taxation	154	945	(791)
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2024	30.06.2023	
Revenue	16,900	18,889	(1,989)
Profit/(loss) before taxation	(928)	646	(1,574)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2024	30.06.2023	
Revenue	2,888	4,707	(1,819)
Profit/(loss) before taxation	(1,165)	400	(1,565)
Healthcare	Quarter ended	Quarter ended	
In RM'000	30.06.2024	30.06.2023	
Revenue	52	106	(54)
Profit/(loss) before taxation	(147)	(124)	(23)

Group

At the Annual General Meeting which was held on 28 June 2024, the shareholders had approved the payment of gratuity to the three Executive Directors, amounting to RM 4.5 million.

The above gratuity had been accrued in 2QFY2024 resulting in a loss before taxation of RM 1,642,000 for 2QFY2024.

Paper based products

Revenue had increased by RM 2,485,000 due to higher export sales.

Profit before taxation has decreased by RM 791,000 as a result of gratuity payment of RM 1.5 million.

Plastic products

Revenue had decreased by RM 1,989,000 due to lower export sales.

Profit before taxation had decreased by RM 1,574,000 as a result of gratuity payment of RM 1.5 million.

Meanwhile, its Thailand subsidiary had incurred a lower loss before taxation of RM 92,000 in 2QFY2024 compared to a loss before taxation of RM 372,000 in 2QFY2023.

Machine trading

Revenue decreased by RM 1,819,000 due to lower machine sales.

This segment recorded a loss before taxation of RM 1,165,000 as a result of gratuity payment of RM 1.5 million.

Healthcare

Revenue decreased by RM 54,000 due to lower sales for face masks.

As a result of lower sales, loss before taxation had increased to RM 147,000.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	30.06.2024	31.03.2024	
Revenue	32,668	26,527	6,141
Profit/(loss) before taxation	(1,642)	1,336	(2,978)
Paper based products	Quarter ended	Quarter ended	
In RM'000	30.06.2024	31.03.2024	
Revenue	12,183	8,691	3,492
Profit before taxation	154	1,301	(1,147)
Plastic products	Quarter ended	Quarter ended	
In RM'000	30.06.2024	31.03.2024	
Revenue	16,900	16,875	25
Profit before taxation	(928)	545	(1,473)
Machine trading	Quarter ended	Quarter ended	
In RM'000	30.06.2024	31.03.2024	
Revenue	2,888	851	2,037
Profit/(loss) before taxation	(1,165)	(248)	(917)
Healthcare	Quarter ended	Quarter ended	
In RM'000	30.06.2024	31.03.2024	
Revenue	52	101	(49)
Profit/(loss) before taxation	(147)	(171)	24

Group

At the Annual General Meeting which was held on 28 June 2024, the shareholders had approved the payment of gratuity to the three Executive Directors , amounting to RM 4.5 million.

The above gratuity had been accrued in 2QFY2024 resulting in a loss before taxation of RM 1,642,000 for 2QFY2024.

Paper based products

Revenue had increased by RM 3,492,000 due to higher export sales.

Profit before taxation has decreased by RM 1,147,000 as a result of gratuity payment of RM 1.5 million.

Plastic products

Revenue had increased marginally by RM 25,000.

Profit before taxation had decreased by RM 1,473,000 as a result of gratuity payment of RM 1.5 million.

Meanwhile, losses at its Thailand subsidiary had narrowed from RM 305,000 in 1QFY2024 to RM 92,000 in 2QFY2024.

Machine trading

Revenue had increased by RM 2,037,000 as a result of higher machine sales and sales commission income.

This segment recorded a loss before taxation of RM 1,165,000 as a result of gratuity payment of RM 1.5 million.

Healthcare

Revenue had decreased by RM 49,000.

This segment recorded a lower loss before taxation of RM 147,000 for 2QFY2024 due to lower operating costs following downsizing of the workforce.

19 Profit forecast

Not applicable.

20 Taxation

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM '000	RM '000	RM '000	RM '000
Income tax	-439	614	99	2,319
Deferred tax	0	0	0	0
	-439	614	99	2,319

21 Group Borrowings and Debt Securities

	30.06.2024	30.06.2024	30.06.2024	31.12.2023	31.12.2023	31.12.2023
	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	221	221
	0	221	221	0	221	221
<u>Current</u>						
Lease liabilities	0	277	277	0	277	277
Trust receipts	4,139	0	4,139	12,682	0	12,682
	4,139	277	4,416	12,682	277	12,959
Grand Total	4,139	498	4,637	12,682	498	13,180

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

At 30.06.2024	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		221	277
USD	4.7195		4,139
JPY	0.0293		-
EURO	5.0461	-	-
TOTAL		221	4,416

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	FY2024
	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	7,122,120
Total number of treasury shares resold	NIL

23 Derivative Financial instruments

Summary of outstanding derivatives at 30 June 2024 :

	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

Additions to investment properties amounted to RM 5,000 for the quarter under review.

27 Commentary on Prospects

Looking ahead, the Group is bracing itself for various challenges such as the strengthening of the Ringgit and its impact on its export sales, softer demand in the US market ; geo-political tensions and risks of supply chain disruption.

On the other hand, we see some upside potential which include stronger demand in the domestic market for our paper based product and machine trading segments.

28 Profit for the period

	Quarter 2Q FY2024 RM '000	Year todate 1H FY2024 RM '000
Profit for the period is arrived at after charging :		
Depreciation of PPE	1,305	2,365
Write down on inventories	425	425
Realised forex loss	89	164
Gratuity for executive directors	4,500	4,500
and after crediting :	-	-
Reversal of write down of inventories	275	275
Fair value gain on investment properties	-	-
Realised forex gain	335	900

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 2024.

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	2024	Restated 2023
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	238,745,520	238,745,520
Effect of treasury shares held	-7,122,120	-7,122,120
Weighted average number of ordinary shares	<u>231,623,400</u>	<u>231,623,400</u>

Comparative number of shares was restated for FY2023 to reflect the adjustments arising from the 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 23 August 2024.