

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements have been prepared on a historical cost basis except for land and buildings that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2009.

2. Changes in Accounting policies

The accounting policies and method of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2009 except for the adoption of the following new/revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations, which were effective for financial periods beginning 1 January 2010:

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and
FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a
Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 8: Operating Segments
Amendments to FRS 107: Cash Flow Statements
Amendments to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110: Events after the Reporting Period
Amendments to FRS 116: Property, Plant and Equipment
Amendment to FRS 117: Leases
Amendment to FRS 118: Revenue
Amendment to FRS 119: Employee Benefits
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government
Assistance
Amendment to FRS 123: Borrowing Costs
Amendment to FRS 127: Consolidated and Separate Financial Statements
Amendment to FRS 128: Investment in Associates
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131: Interests in Joint Ventures

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Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7
Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded
Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 ó Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 ó The Limit on a Defined Benefit Asset, Minimum Funding
Requirements and their Interaction

With the exception of FRS 139, the adoption of the above new/revised FRSs, Amendments to FRSs and Interpretations will not have significant impact on the financial statements of the Group and Company. The principal effects of the changes in accounting policies resulting from the adoption of the above new/revised FRSs, Amendments to FRSs and Interpretations are summarized below:

FRS 101: Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The gains/(losses) that were recognised directly in equity in the preceding year/corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income is presented separately in the statement of comprehensive income and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity and the comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and will not have any impact on the earnings per share.

Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2009)' – Amendments to FRS 117: Leases

Amendments to FRS 117 clarify on the classification of leases of land and buildings. The resulting effect of this standard was the reclassification of leasehold land to property, plant and equipment rather than being separately classified under prepaid land lease payments on the consolidation statement of financial position, as disclosed below. The change in

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accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not have any impact on the financial performance and earning per share of the Group.

The following comparatives have been reclassified upon adoption of the *Amendments to FRS 117*:

	As Restated RM'000	As Previously Stated RM'000
Condensed Consolidated Statement of Financial Position		
<u>Non-current assets</u>		
Property, plant and equipment	70,392	63,232
Prepaid land lease payments	-	7,160

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives and their corresponding gains/(losses) were only recognized on their settlement dates. Outstanding derivatives at the reporting date were not recognized. With the adoption of FRS 139, such financial derivatives will be recognized at contract dates as financial assets or financial liabilities and the measurement of such contracts would be at fair value through profit and loss. In accordance with the transitional provisions of this standard, the required changes are applied prospectively and the comparative information are not restated. This standard does not have any material impact on the financial position and results of the Group.

2(a) Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, the following new FRSs, Interpretations, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

<u>FRS and Interpretations</u>	<u>Effective for financial periods beginning on or after</u>
Revised FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3: Business Combinations	1 July 2010
Revised FRS 124: Related Party Disclosures	1 January 2012
Revised FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to FRSs contained in the document entitled <i>Improvements to FRSs (2010)</i>	1 January 2011

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Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendments to FRS 1)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011

The new FRSs, Interpretations, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

3. Seasonal or cyclical factors

The Group has traditionally performed better during the second half of the financial year.

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

5. Changes in estimates

There were no changes in estimates that have a material effect on the current quarter or financial year results.

6. Debt and equity securities

Other than as disclosed below, there were no issuances of shares, cancellations or repayment of debt and equity securities and share buy-backs by the Company for the current quarter and financial year-to-date.

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- a) On 8 February 2010, the Board of Directors approved the duration of the Company's ESOS, which was implemented in February 2005, to be extended for a further period of 5 years, to be in force until 13 February 2015. Exercise price for the existing outstanding options as at 31 December 2009 was also revised from RM1.20 to RM0.80 per share.
- b) Subsequently on 6 April 2010, a second allocation of up to 3,083,000 ESOS options was granted to eligible employees and directors at an exercise price of RM0.62 per share. All options granted were vested and fully exercisable on grant date.
- c) The Company repurchased 10,000 of its issued ordinary shares from the open market on 10 June 2010 at an average buy-back price of RM0.62 per share. Total consideration paid for the shares repurchased, including transaction costs, was RM6,249, and was financed by internally generated funds.

As at 31 December 2010, total shares repurchased and held as treasury shares, amounted to 15,000 shares. None of the treasury shares held were resold or cancelled during the financial quarter and financial year-to-date.

7. Dividend Paid

No dividend was paid for the current financial period under review.

8. Segment information

No segmental information is prepared as the Group is principally involved in manufacturing and trading of plastics packaging products which are predominantly carried out in Malaysia. Segmental information on the trading segment is not separately reported as it contributes only less than 0.1% of the Group's total revenue.

9. Valuation of property, plant and equipment

There was no amendment to the valuations of property, plant and equipment of the Group for the current quarter and financial year under review.

10. Material events subsequent to the balance sheet date

There were no other material event subsequent to the quarter ended 31 December 2010 that have not been reflected in the financial statements as at the date of this report.

11. Changes in the composition of the Group

Other than as disclosed below, there were no changes in the composition of the Group for the current quarter and financial year-to-date.

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On 24 September 2010, BP Plastics Holding Bhd (öBPHBö) acquired 2 ordinary shares of RM1.00 each, representing the entire total issued and paid-up capital of BPPlas Plantation Sdn Bhd (öBPPPö) (Company No. 904086-A) for cash at par from Mr. Lim Chun Yow and Mr. Tan See Khim, whereby both are Executive Directors and major shareholders of BPHB.

BPPP was incorporated in Malaysia on 10 June 2010 as a private limited company under the Companies Act, 1965 and has an authorised share capital of RM100,000.00 divided into 100,000 shares of RM1.00 each, of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

The acquisition of BPPP is meant for future potential investments into the plantation business. BPPP had on 5 October 2010 incorporated a wholly-owned subsidiary company under the name of Baoman Rubber Limited (öBAOMANö), in the Kingdom of Cambodia for future potential investments into the plantation business. BAOMAN is a limited liability company with a registered capital of USD5,000 comprising 5,000 shares of USD1.00 each.

12. Changes in contingent liabilities or contingent assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2009.

13. Review of performance

For the financial year ended 31 December 2010, the Group achieved total operating revenue of RM220.756 million, compared to RM175.219 million in the preceding corresponding period, representing a year-on-year increase of 26% while unaudited profit before tax was RM 22.245 million, an increase of 14% over the previous financial period's result of RM19.486 million.

The Group achieved unaudited profit after tax for the year ended 31 December 2010 of RM17.326 million, an increase of 11% compared to RM15.614 million in the same corresponding period last year.

The higher operating revenue and profit is due to overall improved global packaging demand, led mainly by emerging and developing Asian economies' recoveries and additional growth stimulus from the free trade opportunities brought by various inter-regional Free Trade Agreements (FTAs).

14. Variation of results against last quarter

The Group achieved operating revenue of RM55.668 million and unaudited profit before tax (PBT) of RM7.018 million compared to operating revenue of RM55.649 million and unaudited PBT of RM6.498 million in the preceding quarter.

Profit after tax (PAT) for the current quarter ended 31 December 2010 increased by 11.1% to RM5.593 million compared to RM5.034 million in Q3 2010. Higher profit achieved for

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the quarter under review was mainly attributable to effective cost control and improved process efficiency.

15. Current Year Prospects

Cautious 4.5% global GDP growth for 2011 forecasted by IMF and strong 6.5% emerging economy and robust 8.5% developing Asia economy ex-Japan GDP growth could further improve the private consumption and intra regional trade opportunity within Asian economy and augur well for higher packaging products demand.

Despite uneven regional and advanced countries subdued 2.5% GDP growth and persistent high unemployment rate, headline food inflation and unbalance exports which could create trade tension and strains, generally, the Board of Directors is optimistic of achieving satisfactory financial performance for the year ending 31 December 2011.

16. Variance of actual profit from profit forecast

This note is not applicable as the Group did not issue nor publish any profit forecast for the current quarter or financial year under review.

17. Taxation

	3 Months Ended		12 Months Ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Income tax	1,669	(125)	5,163	3,357
Deferred tax	(244)	230	(244)	515
	<u>1,425</u>	<u>105</u>	<u>4,919</u>	<u>3,872</u>

The Group's effective tax rate of 22% for the cumulative year-to-date is lower than the statutory tax rate due to the availability of tax incentives to a subsidiary company.

18. Unquoted investments and/or properties

There were no purchases or disposal of unquoted investments and/or properties for the financial quarter under review.

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19. Quoted investments

As at 31 December 2010, the Group's quoted investments are as follows:

	Group	
	Carrying amount RM	Market value of quoted investments RM
Held for trading investments		
Equity instruments (quoted in Malaysia)	100,800	110,400

20. Status on corporate proposals

Save as disclosed below, there was no corporate proposal announced or not completed as at the date of this quarterly report.

- a) Baoman Rubber Limited (öBAOMANö), an indirect wholly-owned subsidiary of BPHB had on 15 October 2010 entered into a Service Agreement (öthe Service Agreementö) with Mr. Channarith Saram, an unrelated third party to act for and on behalf of BAOMAN in applying for economic concession rights over approximately 10,000 hectares of land (öthe Leased Propertyö) in Mondulkiri Province, Kingdom of Cambodia from the Royal Government of Cambodia for agricultural investment purposes (hereinafter referred to as öthe Applicationö). Pursuant to the Service Agreement, Mr. Channarith Saram shall submit all necessary applications, documentations and all required works to the competent government entities and authorities for the concession rights over the Leased Property for a process fee of USD280 per hectare or USD112 per acre which will only be payable upon successful principle approval. Mr. Channarith Saram is undertaking all the risk in making the Application for and on behalf of BAOMAN as all related costs in submitting the application which includes environmental impact studies over 25,000 acres will be borne by him alone and BAOMAN bears no risks in the Application. BAOMAN is merely making an application for concession via Mr. Channarith Saram, and to date there is no material development. In the event the Application is rejected, the Service Agreement automatically lapses.
- b) Further to the announcements made to Bursa Malaysia on 24 September 2010, 7 October 2010, 15 October 2010 and 19 October 2010, BPHB has proposed to enter into a Letter of Intent (öLOIö) with Kosmo Tropika Sdn. Bhd. (öKTSBö) to reflect the parties' intention to establish a joint venture via equity participation in BPPlas Plantation Sdn. Bhd. to undertake the business of agriculture investment in the Cambodia upon its successful application of its concession rights.

Pursuant to the proposed LOI, BPHB and KTSB will jointly subscribe for an equity amount to be decided only upon successful alienation of its concession rights on a 80:20 basis. A detailed announcement will be made at the appropriate time, if and when formal agreements are concluded between the parties.

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21. Group borrowings

There were no borrowings by the Group as at 31 December 2010.

22. Financial Derivatives

With the adoption of FRS 139, financial derivatives are recognized on their respective contract dates. There were no off-balance sheet financial instruments as at reporting date.

Details of outstanding derivative financial instruments as at 31 December 2010 are as follows:

Type of financial derivatives	Notional Amount RM'000	Fair value RM'000	Fair value net gain/(loss) RM'000
Less than 1 year:			
Currency forward contracts	10,957	10,817	140

The Group enters into currency forward contracts to hedge against foreign currency denominated trade receivables/payables. The above currency forward contracts were executed with established financial institutions in Malaysia.

23. Realised and Unrealised Profits Disclosure

	3 Months Ended	
	31 Dec 2010 Current Quarter RM'000	30 Sep 2010 Preceding Quarter RM'000
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	80,984	75,344
- Unrealised	142	189
	<hr/> 81,126	<hr/> 75,533
Less: Consolidation adjustments	(33,925)	(33,925)
Total Group retained profits as per consolidated accounts	<hr/> 47,201	<hr/> 41,608

Note: As per Bursa Malaysia's directive dated 20 December 2010, prior year comparatives are not required in the first year of complying with the Realised and Unrealised Profits/Losses Disclosure.

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24. Capital Commitments

Capital commitment as at end of the current quarter and financial year-to-date is as follows:

	31 Dec 2010 RM'000	31 Dec 2009 RM'000
Approved and contracted for	-	1,536
Approved but not contracted for	11,022	-

25. Material litigation

There was no material litigation pending as at the date of this quarterly report.

26. Dividend

The Board of Directors of the Company has declared an interim tax exempt dividend of 8% (4 sen per share) in respect of the financial year ended 31 December 2010 to be paid at a date to be announced later.

27. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group in respect of the annual financial statements for the year ended 31 December 2009 was not subject to any audit qualification.

28. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and weighted average number of shares outstanding as follows:-

		3 months Ended		12 months Ended	
		31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Net Profit for the period	(RM'000)	5,593	3,991	17,326	15,614
Weighted average number of ordinary shares in issue	(-000)	180,121	180,121	180,121	180,121
Basic earnings per share	(sen)	3.11	2.22	9.62	8.67

By Order of the Board

Company Secretary

DATED: 11 February 2011