

BP PLASTICS HOLDING BHD

(Company No. 644902-V)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

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 2010. 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 2010.

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 2010 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 2011:

Revised FRS 1: First-time Adoption of Financial Reporting Standards
Revised FRS 3: Business Combinations
Revised FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 2 Share-based Payment
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138 Intangible Assets
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 12 Service Concession Arrangements
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendments to FRS 1)
Improving Disclosures about Financial Instruments (Amendments to FRS 7)
Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
IC Interpretation 4 Determining whether an Arrangement contains a Lease
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfers of Assets from Customers

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

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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 124: Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
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..

5. Changes in estimates

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

6. Debt and equity securities

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 under review.

As at 31 March 2011, the number of treasury shares held amounted to 15,000 shares. None of the treasury shares held were resold or cancelled during the financial quarter.

7. Dividend Paid

A first interim tax exempt dividend of 8% (4 sen per share) in respect of the financial year ended 31 December 2010, amounting to RM7,204,230, was approved by the Board of Directors on 11 February 2011 and paid on 25 March 2011.

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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 under review.

10. Material events subsequent to the balance sheet date

There were no other material event subsequent to the quarter ended 31 March 2011 that have not been reflected in the financial statements as at the date of this report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date.

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 2010.

13. Review of performance

For the current quarter ended 31 March 2011, the Group achieved unaudited operating revenue of RM56.965 million, representing a 9.40% increase compared to RM52.070 million in the preceding corresponding quarter. The higher revenue is mainly due to increase in export sales.

The Group achieved an unaudited marginally lower Profit Before Tax (PBT) of RM4.581 million as compared to RM4.655million in 1Q2010. However, the Group achieved an unaudited higher Profit After Tax (PAT) of RM3.991 million as compared to PAT of RM3.555 million in the corresponding period last year, due to lower provision for taxation.

14. Variation of results against last quarter

The Group achieved operating revenue of RM56.965 million and unaudited profit before tax

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(PBT) of RM4.581 million compared to operating revenue of RM55.668 million and unaudited PBT of RM7.018 million in the preceding quarter.

The lower Profit after tax (PAT) for the current quarter ended 31 March 2011 of RM3.991 million compared to RM5.593 million in Q4 2010 was mainly attributable to the higher cost of materials input.

15. Current Year Prospects

Despite uneven economic recovery and expansion around the world, rising inflation, high crude oil and commodities' prices, the Board of Directors is optimistic of achieving a satisfactory financial performance for the financial year ending 31 December 2011, in view that demand for packaging products remains intact particularly led by the emerging and developing Asian nations.

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		3 Months Ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Income tax	590	1,100	590	1,100
Deferred tax	-	-	-	-
	<u>590</u>	<u>1,100</u>	<u>590</u>	<u>1,100</u>

The Group's effective tax rate of 13% for the quarter 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 March 2011, the Group's quoted investments are as follows:

	<u>Group</u>	
	<u>Carrying amount RM</u>	<u>Market value of quoted investments RM</u>
Held for trading investments		
Equity instruments (quoted in Malaysia)	100,800	144,800

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 ("BAOMAN"), an indirect wholly-owned subsidiary of BPHB had on 15 October 2010 entered into a Service Agreement ("the Service Agreement") 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 ("the Leased Property") in Mondulkiri Province, Kingdom of Cambodia from the Royal Government of Cambodia for agricultural investment purposes (hereinafter referred to as "the Application"). 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 ("LOI") with Kosmo Tropika Sdn. Bhd. ("KTSB") 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 March 2011.

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.

23. Realised and Unrealised Profits Disclosure

	3 Months Ended	
	31 Mar 2011 Current Quarter RM'000	31 Dec 2010 Preceding Quarter RM'000 (audited)
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	88,195	91,391
- Unrealised	(10,414)	(10,396)
	<u>77,781</u>	<u>80,995</u>
Less: Consolidation adjustments	(33,988)	(33,988)
Total Group retained profits as per consolidated accounts	<u>43,793</u>	<u>47,007</u>

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. As such, no prior year comparatives available for the preceding corresponding quarter.

24. Capital Commitments

Capital commitment of the Group as at end of the current quarter is as follows:

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Approved and contracted for	11,022	-
Approved but not contracted for	-	11,022

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25. Material litigation

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

26. Dividend

No dividend was recommended for the current quarter under review.

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 2010 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		3 months Ended	
		31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Net Profit for the period	(RM'000)	3,991	3,555	3,991	3,555
Weighted average number of ordinary shares in issue	('000)	180,121	180,121	180,121	180,121
Basic earnings per share	(sen)	2.22	1.97	2.22	1.97

By Order of the Board

Company Secretary

DATED: 23 May 2011