

# BP PLASTICS HOLDING BHD

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

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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### 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 (where applicable).

**Effective for financial periods beginning 1 January 2011:**

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)  
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 18 Transfers of Assets from Customers

**Effective for financial periods beginning 1 July 2011:**

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments  
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

#### 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:

<b><u>FRS and Interpretations</u></b>	<b><u>Effective for financial periods beginning on or after</u></b>
Revised FRS 124: Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

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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 30 September 2011, the number of treasury shares held amounted to 35,000 shares. None of the treasury shares held were resold or cancelled during the financial quarter.

#### 7. Dividend Paid

An interim tax exempt dividend of 4% (2 sen per share) in respect of the financial year ending 31 December 2011 was declared by the Board of Directors during the 35<sup>th</sup> Board of Directors' Meeting held on 12 August 2011 and paid on 9 November 2011.

#### 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.

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#### 10. Material events subsequent to the balance sheet date

There were no other material event subsequent to the quarter ended 30 September 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 9 months ended 30<sup>th</sup> September 2011, the Group registered a total operating revenue of RM166.324 million and unaudited profit before tax of RM12.772 million as compared to operating revenue of RM165.088 million and unaudited profit before tax of RM15.227 million in the corresponding financial period last year.

Despite the higher operating revenue, PBT for the period under review decreased by 16.1% mainly due to higher input costs compared to previous year.

The Group achieved unaudited profit after tax for the period ended 30 September 2011 of RM11.256 million compared to RM11.733 million in the same corresponding period last year.

#### 14. Variation of results against last quarter

For the quarter ended 30 September 2011, the Group achieved operating revenue of RM50.750 million and unaudited profit before tax (PBT) of RM3.613 million compared to operating revenue of RM58.609 million and unaudited PBT of RM4.579 million in the preceding quarter.

Profit after tax (PAT) for the quarter under review decreased by RM0.7mil (or 17.6%) to RM3.283 million, compared to RM3.983 million in Q2 2011.

The decrease in PBT and PAT was mainly due to the lower revenue base for the period under review, as a result of slowdown in global demand and consumption for packaging products.

#### 15. Current Year Prospects

With the advanced economies in the Eurozone mostly struggling with austerity measures and stagnant growth, while the US deals with persistently high unemployment, sales demand has

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been sustained mainly by the emerging markets. The pro-longed economic debt crisis issue in Eurozone which remain unresolved to-date, has impacted sales growth for 3Q11 and demand may remain subdued for the last quarter of FY2011. The Board of Directors shall strive to ensure controls and measures that enhance efficiency and productivity are in place to deliver satisfactory financial performance for the financial 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		9 Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Income tax	330	1,464	1,516	3,494

The Group's effective tax rate of 9.13% 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.

#### 19. Quoted investments

As at 30 September 2011, the Group's quoted investments are as follows:

	Group	
	Carrying amount	Market value of quoted investments
	RM	RM
Held for investments		
Equity instruments (quoted in Malaysia)	100,800	111,200

#### 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.

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The application 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 by Baoman Rubber Limited (“BAOMAN”), an indirect wholly-owned subsidiary of BPHB for agricultural investment purposes is still pending approval.

A detailed announcement will be made at the appropriate time if and when there is material development.

#### 21. Group borrowings

Total Group borrowings as at end of the current quarter are as follows:

	<b>30-Sept-11</b> <b>RM'000</b>
<b><u>Short term Borrowings</u></b>	
<b><u>Unsecured</u></b>	
Onshore foreign currency loan	<u>5,831</u>

The above borrowings are denominated in US Dollar.

#### 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

	<b>3 Months Ended</b>	
	<b>30 Sept 2011</b>	<b>30 June 2011</b>
	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Quarter</b>
	<b>RM'000</b>	<b>RM'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	95,807	92,049
- Unrealised	(10,760)	(10,285)
	<u>85,047</u>	<u>81,764</u>
Less: Consolidation adjustments	(33,988)	(33,988)
Total Group retained profits as per consolidated accounts	<u>51,059</u>	<u>47,776</u>

*Note: As per Bursa Malaysia's directive dated 20 December 2010, prior year comparatives are not required in*

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*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:

	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Approved and contracted for	3,131	-
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

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		9 months Ended	
		30-Sept-11	30-Sept-10	30-Sept-11	30-Sept-10
Net Profit for the period	(RM'000)	3,283	5,034	11,256	11,733
Weighted average number of ordinary shares in issue	('000)	180,096	180,121	180,096	180,121
Basic earnings per share	(sen)	1.82	2.79	6.25	6.51

**By Order of the Board**

**Company Secretary**

DATED: 25 November 2011