

# BP PLASTICS HOLDING BHD

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

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

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 December 2011, the number of treasury shares held by the Group amounted to 35,000 shares. None of the treasury shares held were resold or cancelled during the quarter under review and financial year-to-date.

#### 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 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.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 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 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 year-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

The Group achieved almost similar operating revenue of RM222.161 million for the current financial year ended 31 December 2011 compared with operating revenue of RM220.756 million in FY2010. Overall sales performance for FY2011 has been maintained despite the Japan tsunami in March 2011 and weakened global demand as the economic world grappled with risk on-risk off concerns over the impact of the on-going Eurozone debt crisis.

The Group achieved unaudited profit before tax (PBT) of RM17.459 million compared to profit before tax of RM22.117 million in the corresponding financial period last year. PBT for the period under review decreased by 21.1% mainly due to higher raw material input costs and overall strengthening of the MYR against the USD in FY2011 compared to previous year.

As a result of the above, the Group's unaudited profit after tax for the year ended 31 December 2011 also decreased to RM15.529 million compared to RM17.132 million in the same corresponding period last year.

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

For the quarter ended 31 December 2011, the Group achieved operating revenue of RM55.837 million and unaudited profit before tax (PBT) of RM4.687 million compared to operating revenue of RM50.750 million and unaudited PBT of RM3.613 million in the preceding quarter.

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### NOTES TO THE INTERIM FINANCIAL REPORT

Profit after tax (PAT) for the quarter under review improved to RM4.273 million, compared to RM3.28 million in the immediate preceding quarter.

The improved performance in Q42011 compared to Q32011 was mainly attributable to pick-up in sales demand during the last quarter and also lower input costs.

#### 15. Current Year Prospects

Global GDP growth forecasted for 2012 by the IMF is at 3.3%, and with the Eurozone region in looming uncertainties, advanced economies are projected to expand by only 1.2% while emerging and developing economies is expected to grow 5.75%. With this in view and despite the challenges ahead, the Board of Directors shall endeavor to ensure operating efficiency and productivity controls are in place to ensure a satisfactory financial performance is achieved for the financial year ending 31 December 2012.

#### 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 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Income tax	(2)	1,669	1,514	5,229
Deferred tax	416	(244)	416	(244)
	<u>414</u>	<u>1,425</u>	<u>1,930</u>	<u>4,985</u>

The Group's effective tax rate of 11.05% for the financial year ended 31 December 2011 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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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 19. Quoted investments

As at 31 December 2011, the Group's quoted investments are as follows:

	<u>Group</u>	
	<u>Carrying amount</u>	<u>Market value of quoted investments</u>
	RM	RM
<b>Held for investments</b>		
Equity instruments (quoted in Malaysia)	100,800	124,000

#### 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.

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 and financial year-to-date are as follows:

	<b>31-Dec-11</b>
	<b>RM'000</b>
<b><u>Short term Borrowings</u></b>	
<b><u>Unsecured</u></b>	
Onshore foreign currency loan	<u>9,556</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.

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 23. Realised and Unrealised Profits Disclosure

	Financial Year Ended	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
	(unaudited)	(audited)
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	95,656	91,391
- Unrealised	(10,001)	(10,396)
	<u>85,655</u>	<u>80,995</u>
Less: Consolidation adjustments	(33,925)	(33,988)
Total Group retained profits as per consolidated accounts	<u>51,730</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 and financial year-to-date is as follows:

	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Approved and contracted for	1,963	-
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 a second interim tax exempt dividend of 4% (2 sen per share) in respect of the financial year ended 31 December 2011 to be paid at a date to be announced later.

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## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 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		12 months Ended	
		31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
Net Profit for the period	(RM'000)	4,273	5,593	15,529	17,132
Weighted average number of ordinary shares in issue	('000)	180,096	180,121	180,096	180,121
Basic earnings per share	(sen)	2.37	3.11	8.62	9.51

**By Order of the Board**

**Company Secretary**

DATED: 20 February 2012