

# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 1. Corporate Information

BP Plastics Holding Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 February 2013.

#### 2. First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS”)

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134- *Interim Financial Reporting* and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34- *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These interim financial statements are the Group’s first MFRS interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1- *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied

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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note 3 below.

#### 3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as follows:

##### (a) Business Combination

MFRS 1 provides the option to apply MFRS 3- *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

#### *Acquisition before date of transition*

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognized under FRS is not adjusted.

#### **(b) Property, plant and equipment**

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116: *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and buildings as at 31 December 2009 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM2,826,895 (31 December 2011: RM2,826,895) was transferred to retained earnings on date of transition to MFRS.

#### **(c) Quoted equity instruments**

Under FRS, the Group designated its investment in quoted equity instruments at fair value through profit or loss in accordance with FRS 139- *Financial Instruments: Recognition and Measurement*. Changes in fair value are taken to profit or loss. At the date of transition to MFRS, these quoted equity instruments were designated as available for sale.

#### **(d) Foreign currency translation reserve**

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.

Other than as disclosed in Note 3(b) above, the transition from FRS to MFRS has no significant financial impact on the Group's financial position, financial performance and cash flows.

#### **(e) Estimates**

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

## (i) Reconciliations of equity

	FRS as at 1 Jan 2011 (as reported) RM'000	Property, plant and equipment RM'000	MFRS as at 1 Jan 2011 (restated) RM'000	FRS as at 31 Dec 2011 (as reported) RM'000	Property, plant and equipment RM'000	Foreign currency translation reserve RM'000	MFRS as at 31 Dec 2011 (restated) RM'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	67,144		67,144	76,104			76,104
Investment (in quoted securities)	101		101	101			101
	<u>67,245</u>		<u>67,245</u>	<u>76,205</u>			<u>76,205</u>
<b>Current assets</b>							
Inventories	22,245		22,245	21,935			21,935
Trade and other receivables	31,769		31,769	31,651			31,651
Cash and cash equivalents	58,356		58,356	60,051			60,051
Tax recoverable	158		158	882			882
	<u>112,528</u>		<u>112,528</u>	<u>114,519</u>			<u>114,519</u>
<b>TOTAL ASSETS</b>	<b><u>179,773</u></b>		<b><u>179,773</u></b>	<b><u>190,724</u></b>			<b><u>190,724</u></b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Share capital	90,060		90,060	90,060			90,060
Treasury Share	(8)		(8)	(21)			(21)
Share premium	3,493		3,493	3,493			3,493
Reserves - Revaluation reserve	2,827	(2,827)	-	2,827	(2,827)		-
- Translation reserve	-		-	(1)		1	-
- Retained profits	47,007	2,827	49,834	51,730	2,827	(1)	54,556
	<u>143,379</u>		<u>143,379</u>	<u>148,088</u>			<u>148,088</u>
<b>Non-current liabilities</b>							
Deferred tax liabilities	10,945		10,945	11,361			11,361
<b>Current liabilities</b>							
Short term borrowing	-		-	9,556			9,556
Trade and other payables	23,999		23,999	21,719			21,719
Tax provision	1,450		1,450	-			-
	<u>25,449</u>		<u>25,449</u>	<u>31,275</u>			<u>31,275</u>
<b>TOTAL LIABILITIES</b>	<b><u>36,394</u></b>		<b><u>36,394</u></b>	<b><u>42,636</u></b>			<b><u>42,636</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>179,773</u></b>		<b><u>179,773</u></b>	<b><u>190,724</u></b>			<b><u>190,724</u></b>

# **BP PLASTICS HOLDING BHD**

(Company No. 644902-V)

(Incorporated in Malaysia)

---

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

---

### **EXPLANATORY NOTES PURSUANT TO MFRS 134**

#### **4. Seasonal or cyclical factors**

The operations and performance of the Group during the quarter under review have not been materially affected by any seasonal or cyclical factors.

#### **5. 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 under review.

#### **6. Changes in estimates**

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

#### **7. 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 2012, 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.

#### **8. Dividend Paid**

During the quarter under review, an interim tax exempt dividend of 4% (2 sen per share) in respect of the financial year ending 31 December 2012 was declared and paid on 12 December 2012.

#### **9. Segment information**

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.

# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

Revenue of the Group is mainly derived from the local and export markets as follows:

	Current quarter		Cumulative quarter	
	3 Months Ended		12 Months Ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	17,336	18,071	67,314	74,227
- Export	40,335	37,766	152,970	147,934
Total operating revenue	<u>57,671</u>	<u>55,837</u>	<u>220,284</u>	<u>222,161</u>

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

There were no other material event subsequent to the quarter ended 31 December 2012 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 statement of financial position as at 31 December 2011.

#### 13. Review of performance

The Group recorded operating revenue of RM220.284 million for the year ended 31 December 2012, which is 0.84% marginally lower than operating revenue of RM222.161 million recorded in the same corresponding period last year. Overall performance was generally subdued due to challenging economic environment amid weakening global PMI on 2H2012 which dampened consumer confidence and demand for the current year.

The unaudited profit before tax (PBT) for the year is 25.71% lower at RM12.971 million, which is a reduction of RM4.488 million compared to the PBT of RM17.459 million in the same period last year. The lower PBT is due to higher material input and operating expenditures.

Unaudited profit after tax (PAT) for the period under review was RM9.823 million, which is RM5.706 million (or 36.74%) lower compared to cumulative PAT of RM15.529 million in the corresponding period last year. This was mainly attributed to lower GP margin of 11.68% (vs 2011: 13.72%) and higher effective tax rate of 24% this year compared to 11% last year. The

# BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

lower effective tax rate in the previous year is due to the availability of tax incentives granted to a subsidiary, which has since expired.

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

For the current quarter ended 31 December 2012, operating revenue increased by RM4.627 million (or 8.72%) to RM57.671 million from RM53.044 million in the preceding quarter, mainly due to pick-up in cast export sales demand.

The Group recorded unaudited profit before tax (PBT) of RM2.760 million for the quarter under review, a decrease of RM0.77 million or 21.81% compared to PBT of RM3.530 million in the preceding quarter. Unaudited profit after tax (PAT) was also lower at RM2.151 million, a reduction of RM0.533 million from PAT of RM2.684 million in 3Q12.

The lower profit recorded was mainly due to higher material input and operating cost compared to the preceding quarter.

#### 15. Current Year Prospects

With the debt ceiling issue and fiscal cliff resolution pending in the US, and the Eurozone debt crisis under containment for the time being, the focus of challenges faced by the Group has shifted back locally, mainly on the issues and impact of the implementation of the minimum wage effective from 1<sup>st</sup> January 2013.

External economic and social-political factors both locally and overseas notwithstanding, the Group shall remain committed towards continuous improvement of internal process efficiencies and productivity, product innovation as well as cost control. With this in mind, the Board shall endeavor to deliver a profitable set of financial performance for the year ending 31 December 2013.

#### 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 under review.

# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 17. Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 Months Ended		Cumulative quarter 12 Months Ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Interest income	(315)	(432)	(1,332)	(1,554)
Depreciation of property, plant & equipment	2,096	1,856	8,405	6,970
Gain on disposal of property, plant and equipment	(11)	(3)	(136)	(141)
Fair value (gain)/loss on derivatives	-	(208)	-	412
Interest expense	-	28	37	44
Foreign exchange (gain)/loss - realised	(228)	668	(917)	(484)

#### 18. Taxation

	3 Months Ended		12 Months Ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Income tax	768	(2)	3,783	1,514
Deferred tax	(159)	416	(635)	416
	<u>609</u>	<u>414</u>	<u>3,148</u>	<u>1,930</u>

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group's higher effective tax rate of 24% for the year ended 31 December 2012 compared to effective tax rate of 11% in the previous corresponding period. The lower tax rate last year was due to availability of tax incentives granted to a subsidiary company, which has been fully utilized.

#### 19. Unquoted investments and/or properties

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

# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 20. Quoted investments

As at 31 December 2012, the Group's quoted investments are as follows:

	<u>Group</u>	
	<u>Carrying amount</u>	<u>Market value of quoted investments</u>
	RM	RM
Investments - Available for sale		
Quoted investment in Malaysia	100,800	128,000

#### 21. Status on corporate proposals

Further to the announcements made on 15 October 2010 and 19 October 2010, the Service Agreement entered into between Baoman Rubber Limited ("Baoman"), an indirect wholly-owned subsidiary of BPHB and Mr. Channarith Saram, in relation to the application for economic concession rights for land in the Kingdom of Cambodia has lapsed. There is no liability whatsoever assumed by Baoman following the lapse of the said Service Agreement.

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

#### 22. Group borrowings

There were no borrowings by the Group as at 31 December 2012.

#### 23. Financial Derivatives

With the adoption of MFRS 139, financial derivatives are recognized on their respective contract dates. There were no outstanding derivatives as at the end of the reporting period.

#### 24. Realised and Unrealised Profits Disclosure

The breakdown of the retained profits of the Group as at 31 December 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits of Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.



# BP PLASTICS HOLDING BHD

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

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

	<b>Current quarter ended 31 Dec 2012 RM'000 (unaudited)</b>	<b>Previous financial year ended 31 Dec 2011 RM'000 (restated)</b>
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	101,151	99,304
- Unrealised	(10,049)	(10,823)
	91,102	88,481
Less: Consolidation adjustments	(33,925)	(33,925)
Total Group retained profits as per consolidated accounts	57,177	54,556

#### 25. Capital Commitments

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

	<b>31 Dec 2012 RM'000</b>	<b>31 Dec 2011 RM'000</b>
Approved and contracted for	2,587	1,963

#### 26. Material litigation

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

#### 27. 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 2012. The entitlement date is fixed on 18<sup>th</sup> March 2013 and payment will be made on 3<sup>rd</sup> April 2013.

#### 28. 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 2011 was not subject to any audit qualification.

# BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

---

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

---

### EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 29. 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 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Net Profit for the period	(RM'000)	2,151	4,273	9,823	15,529
Weighted average number of ordinary shares in issue	('000)	180,086	180,086	180,086	180,093
Basic earnings per share	(sen)	1.19	2.37	5.45	8.62

**By Order of the Board**

**Company Secretary**

DATED: 22 February 2013