

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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 29 May 2013.

2. Basis of preparation

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.

The interim financial statements have been prepared on the basis of consolidating the results of the Group's subsidiary companies for the period under review using the acquisition method. The interim financial statements are to be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012. 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 2012.

The accounting policies and basis of computation/estimates adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2012 except for the adoption of the following applicable new and revised Malaysia Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and Interpretations issued by the Malaysian Accounting Standards Board that are effective for financial periods beginning 1 January 2013:

- MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associate and Joint Ventures
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

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- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

3. Standards and interpretations issued but not yet effective

As at date of authorization of issuance of these interim financial statements, the following new MFRSs, Amendments to MFRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company are as follows:

MFRSs, Amendments to MFRSs and Interpretations	Effective for financial periods beginning on or after
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
- MFRS 9 Financial Instruments	1 January 2015

The adoption of the above standards and interpretations are expected to have no material impact on the interim financial statements of the Group and the Company in the period of initial application.

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 results.

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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 March 2013, 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.

8. Dividend Paid

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

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.

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

	Current quarter		Cumulative quarter	
	3 Months Ended		3 Months Ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	14,236	17,329	14,236	17,329
- Export	37,283	35,840	37,283	35,840
Total operating revenue	<u>51,519</u>	<u>53,169</u>	<u>51,519</u>	<u>53,169</u>

10. Material events subsequent to the balance sheet date

There were no other material event subsequent to the quarter ended 31 March 2013 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 financial period under review.

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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 2012.

13. Review of performance

Group operating revenue for the first quarter ended 31 March 2013 was lower at RM51.519 million, compared to RM53.169 million in the same corresponding period last year. This is a reduction of 3.10% or RM1.65 million compared to last year, and is mainly attributable to lower domestic sales in the current quarter and also lingering uncertainties on the sustainability of economic progress/recovery of major markets such as the US and Europe.

The unaudited profit before tax (PBT) for the current quarter is marginally lower at RM2.960 million compared to RM3.230 million in the same period last year. This is due mainly to higher foreign exchange gains in the preceding year corresponding quarter.

Unaudited profit after tax (PAT) for the period under review was RM2.190 million, which is comparable to the PAT of RM2.384 million in the corresponding period last year.

14. Variation of results against last quarter

Compared to the preceding quarter, operating revenue for the 3 months ended 31 March 2013 decreased by RM6.152 million (or 10.67%) to RM51.519 million from RM57.671 million in 4Q2012, mainly attributable to weaker export sales demand and also slower domestic sales takeup as a result of increased cost of business with the recent implementation of minimum wage in Malaysia.

The Group's unaudited profit before tax (PBT) of RM2.960 million for the quarter under review improved as compared with the PBT of RM2.760 million in the preceding quarter, mainly due to lower input costs. Unaudited profit after tax (PAT) for current quarter was RM2.190 million, which is on par with the PAT of RM2.151 million in 4Q12.

15. Current Year Prospects

Based on the recent IMF report, the global world economy in general and specifically the US seems to be on track to recovery, albeit with some lingering concerns over the debt issues that is still weighing down on the Eurozone economies. However, with the Asian region's traditionally impressive growth rates for the past 5 years, and Japan's recent initiatives to weaken its Yen currency, the demand for global exports and growth is likely to be sustainable in 2013.

In view of this and going forward, the Group shall continue to seek opportunities for machine and product innovation, enhancement of internal process efficiencies and productivity, so as to achieve further cost savings and offer wider range of products to customers. The Board hopes that this will contribute towards improving the Group's bottomline and deliver a satisfactory set of financial performance for the year ending 31 December 2013.

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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.

17. Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 Months Ended		Cumulative quarter 3 Months Ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Interest income	(240)	(367)	(240)	(367)
Depreciation of property, plant & equipment	2,083	2,087	2,083	2,087
Gain on disposal of property, plant and equipment	(19)	(110)	(19)	(110)
Interest expense	-	25	-	25
Foreign exchange loss/(gain) - realised	61	(534)	61	(534)

18. Taxation

	3 Months Ended		3 Months Ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Income tax	770	1,005	770	1,005
Deferred tax	-	(159)	-	(159)
	<u>770</u>	<u>846</u>	<u>770</u>	<u>846</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 effective tax rate for the current quarter under review is 26%, which is similar to the previous corresponding period.

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19. Unquoted investments and/or properties

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

20. Quoted investments

As at 31 March 2013, 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

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 March 2013.

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 March 2013 and 31 December 2012 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.

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	Current quarter ended 31 Mar 2013 RM'000 (unaudited)	Previous financial year ended 31 Dec 2012 RM'000 (audited)
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	106,209	103,505
- Unrealised	(10,722)	(10,207)
	<hr/> 95,487	<hr/> 93,298
Less: Consolidation adjustments	(36,280)	(36,281)
Total Group retained profits as per consolidated accounts	<hr/> 59,207	<hr/> 57,017

25. Capital Commitments

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

	31 Mar 2013 RM'000	31 Dec 2012 RM'000
Approved and contracted for	2,112	2,587

26. Material litigation

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

27. Dividend

No dividend was recommended for the current quarter under review.

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 2012 was not subject to any audit qualification.

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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		3 months Ended	
		31 Mar	31 Mar	31 Mar	31 Mar
		2013	2012	2013	2012
Net Profit for the period	(RM'000)	2,190	2,384	2,190	2,384
Weighted average number of ordinary shares in issue	('000)	180,086	180,086	180,086	180,086
Basic earnings per share	(sen)	1.22	1.32	1.22	1.32

By Order of the Board

Company Secretary

DATED: 29 May 2013