

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 21 February 2014.

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:

<u>MFRSs, Amendments to MFRSs and Interpretations</u>	<u>Effective for financial periods beginning on or after</u>
- 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 December 2013, the number of treasury shares held by the Company amounted to 35,000 shares. None of the treasury shares held were resold or cancelled during the quarter under review.

8. Dividend Paid

There was no dividend paid in respect of the current quarter 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		12 Months Ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	13,100	17,336	55,922	67,314
- Export	52,260	40,335	185,082	152,970
Total operating revenue	<u>65,360</u>	<u>57,671</u>	<u>241,004</u>	<u>220,284</u>

10. Material events subsequent to the balance sheet date

There were no other material event subsequent to the quarter ended 31 December 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 quarter 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

For the year ended 31 December 2013, the Group achieved higher operating revenue of RM241.004 million, an increase of 9.4% compared to operating revenue of RM220.284 million in the corresponding period last year. The increase in revenue is due to higher selling prices and better product mix.

The Group achieved a higher unaudited profit before tax (PBT) for the year of RM13.582 million, an increase of 4.70% compared to PBT of RM12.972 million in the same period last year. This was mainly contributed by better revenue growth.

Unaudited profit after tax (PAT) for the period under review is higher by 4.89% at RM10.137 million, compared to the PAT of RM9.664 million in the same corresponding period last year.

14. Variation of results against last quarter

Operating revenue for the current quarter ended 31 December 2013 of RM65.360 million is slightly lower by 4.59% compared to operating revenue of RM68.503 million in the preceding quarter of 3Q2013. This was generally due to high demand in the previous quarter.

Unaudited profit before tax (PBT) of RM3.731 million for the quarter under review, was an improvement of 12.18% compared with the PBT of RM3.326 million in the preceding quarter, mainly due to more favourable foreign exchange fluctuations during the current quarter.

Unaudited profit after tax (PAT) for 4Q2013 was also higher at RM2.667 million, which is an increase of 3.05%, compared to the PAT of RM2.588 million in 3Q2013.

15. Current Year Prospects

Moving forward into the new year and while remaining cognizant of the challenges posed by an environment of rising operational costs against a backdrop of uneven global economic growth/recovery, the Board remains committed to ensuring cost control, product innovation, internal process efficiencies and sound risk management. With this in mind, the Group is cautiously optimistic of delivering a satisfactory financial performance for the year ending 31 December 2014.

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 year under review.

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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 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Interest income	(345)	(315)	(1,193)	(1,332)
Depreciation of property, plant & equipment	2,096	2,096	8,301	8,405
Gain on disposal of property, plant and equipment	-	(11)	-	(136)
Interest expense	8	-	8	37
Foreign exchange loss/(gain) - realised	(171)	(228)	170	(917)

18. Taxation

	3 Months Ended		12 Months Ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Income tax	1,290	768	4,208	3,784
Deferred tax	(226)	(159)	(763)	(476)
	<u>1,064</u>	<u>609</u>	<u>3,445</u>	<u>3,308</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 year ended 31 December 2013 was 25%, which is comparable with the previous corresponding period's effective tax rate of 25.5%.

19. 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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20. Quoted investments

As at 31 December 2013, the Group's quoted investments are as follows:

	Group	
	Carrying amount	Market value of quoted investments
Investments - Available for sale	RM	RM
Quoted investment in Malaysia	100,800	138,400

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

The Group's borrowings as at end of the current quarter are as follows:

	31-Dec-13 RM'000
<u>Short term Borrowings</u>	
<u>Unsecured</u>	
Onshore foreign currency loan	3,724

The above borrowings are denominated in US Dollar.

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 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 Dec 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	105,849	103,505
- Unrealised	(9,622)	(10,207)
	<hr/> 96,227	<hr/> 93,298
Less: Consolidation adjustments	(36,276)	(36,281)
Total Group retained profits as per consolidated accounts	<hr/> 59,951	<hr/> 57,017

25. Capital Commitments

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

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Approved and contracted for	859	2,587

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 proposed a second interim dividend (Single-Tier) of 6% (3 sen per share) in respect of the financial year ended 31 December 2013. The entitlement date is fixed on 12 March 2014 and payment will be made on 19 March 2014.

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		12 months Ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2013	2012	2013	2012
Net Profit for the period	(RM'000)	2,667	2,151	10,137	9,664
Weighted average number of ordinary shares in issue	('000)	180,086	180,086	180,086	180,086
Basic earnings per share	(sen)	1.48	1.19	5.63	5.37

By Order of the Board

Company Secretary

DATED: 21 February 2014