

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

(Incorporated in Malaysia)

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

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 13 February 2015.

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 2013. 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 2013.

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 2013. The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013, where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations does not have any material impact on the financial statements of the Group.

3. Standards and interpretations issued but not yet effective

As at date of authorisation of issuance of these interim financial statements, the following new MFRS was issued but not yet effective, and has not been applied by the Group and the Company as follows:

| <u>MFRS</u> | <u>Effective for financial periods beginning on or after</u> |
|--------------------------------|--|
| - MFRS 9 Financial Instruments | 1 January 2015 |

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

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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.

7. Debt and equity securities

For the current financial quarter, the Company increased its paid-up capital to RM92,040,375 through the issuance of 704,000 ordinary shares of RM0.50 each under the Employees Share Option Scheme at an issue price of RM0.53 per ordinary share for 80,000 shares ; at issue price of RM0.62 per ordinary share for 535,000 shares and at issue price of RM0.80 per ordinary share for 89,000 shares.

Other than the above, there was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations, for the current quarter under review.

As at 31 December 2014, 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

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

9. Segment information

The Group is principally involved in manufacturing and trading of plastics packaging products which are 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 derived from the local and export markets as follows:

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| | Current quarter | | Cumulative quarter | |
|-------------------------|-----------------|---------------|--------------------|----------------|
| | 3 Months Ended | | 12 Months Ended | |
| | 31 Dec | 31 Dec | 31 Dec | 31 Dec |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating revenue: | | | | |
| - Local | 14,775 | 13,100 | 61,911 | 55,922 |
| - Export | 54,907 | 52,260 | 222,051 | 185,082 |
| Total operating revenue | <u>69,682</u> | <u>65,360</u> | <u>283,962</u> | <u>241,004</u> |

10. Material events subsequent to the balance sheet date

There were no other material events subsequent to the quarter ended 31 December 2014 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.

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 2013.

13. Review of performance

For the 12 months ended 31 December 2014, the Group achieved higher operating revenue of RM283.96 million, an increase of 17.83% compared to RM241.00 million in the corresponding period last year. The increase in revenue is due to higher sales, particularly in the export market.

The Group achieved a slightly lower unaudited profit before tax (PBT) for the period under review of RM13.48 million, a slight decrease of 0.52% compared to PBT of RM13.55 million in the same period last year due to higher utility and labour costs.

Unaudited profit after tax (PAT) for the period under review is slightly higher by 0.06% at RM10.107 million, compared to the PAT of RM10.101 million in the same corresponding period last year.

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14. Variation of results against last quarter

Operating revenue for the current quarter ended 31 December 2014 of RM69.68 million was higher by 4.99% compared to RM66.37 million in the preceding quarter of 3Q2014.

Unaudited profit before tax (PBT) of RM3.06 million for the quarter under review was higher by 65.41% compared with the PBT of RM1.85 million in the preceding quarter.

Unaudited profit after tax (PAT) for the quarter under review was also higher at RM2.28 million, which is an increase of 61.70%, compared to the PAT of RM1.41 million in 3Q2014.

The higher PBT and PAT achieved were mainly attributable to higher sales volume with better product mix and the weakening ringgit.

15. Current Year Prospects

Despite the World Bank global GDP revision to 3% in 2015 and Malaysian government GDP downward revision to 4.5% to 5.5% growth in 2015 due to lower energy prices, the Board of Directors is cautiously optimistic that the lower oil prices will help to improve consumer disposable income globally and enhance the demand for packaging consumption. On the same note, lower oil prices are expected to reduce our raw material input costs.

The Group will continue its efforts on cost management and cost optimisation to enhance operational yield. Together with the anticipated additional sales to be generated from new machinery by mid-2015, and barring any unforeseen circumstances, the Group will endeavour to deliver a satisfactory performance in the financial year ending 31 December 2015.

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 2014 RM'000 | 31 Dec 2013 RM'000 | 31 Dec 2014 RM'000 | 31 Dec 2013 RM'000 |
| Interest income | (182) | (345) | (867) | (1,193) |
| Depreciation of property, plant & equipment | 1,998 | 2,096 | 8,222 | 8,301 |
| Gain on disposal of property, plant and equipment | - | - | (40) | - |
| Interest expense | - | 8 | 11 | 8 |
| Foreign exchange loss/(gain) – realised | 221 | (171) | 20 | 170 |
| Foreign exchange loss/(gain) - unrealised | (556) | - | (556) | - |

18. Taxation

| | 3 Months Ended | | 12 Months Ended | |
|--------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Dec 2014 RM'000 | 31 Dec 2013 RM'000 | 31 Dec 2014 RM'000 | 31 Dec 2013 RM'000 |
| Income tax | 915 | 1,290 | 4,121 | 4,212 |
| Deferred tax | (134) | (226) | (750) | (763) |
| | <u>781</u> | <u>1,064</u> | <u>3,371</u> | <u>3,449</u> |

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

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 2014, the Group's quoted investments are as follows:

| | Group | |
|----------------------------------|-----------------|------------------------------------|
| | Carrying amount | Market value of quoted investments |
| | RM | RM |
| Investments - Available for sale | | |
| Quoted investment in Malaysia | 100,800 | 109,000 |

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

The Group has no borrowing as at end of the current quarter under review.

23. Financial Derivatives

With the adoption of MFRS 139, financial derivatives are recognised 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 2014 and 31 December 2013 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 or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Current
quarter ended

Previous financial
year ended

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| | 31 Dec 2014 | 31 Dec 2013 |
|--|--------------------|------------------|
| | RM'000 | RM'000 |
| | <i>(unaudited)</i> | <i>(audited)</i> |
| Total retained profits of BP Plastics Holding Berhad and its subsidiaries: | | |
| - Realised | 103,081 | 106,168 |
| - Unrealised | (8,344) | (10,638) |
| | <u>94,737</u> | <u>95,530</u> |
| Less: Consolidation adjustments | (35,615) | (35,615) |
| Total Group retained profits as per consolidated accounts | <u>59,122</u> | <u>59,915</u> |

25. Capital Commitments

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

| | 31 Dec 2014 RM'000 | 31 Dec 2013 RM'000 |
|-----------------------------|-----------------------|-----------------------|
| Approved and contracted for | 7,735 | 859 |

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 2014. The entitlement date is fixed on 9 March 2015 and payment will be made on 25 March 2015.

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 2013 was not subject to any audit qualification.

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:-

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| | | 3 months Ended | | 12 months Ended | |
|---|----------|----------------|----------------|-----------------|----------------|
| | | 31 Dec 2014 | 31 Dec 2013 | 31 Dec 2014 | 31 Dec 2013 |
| Net Profit for the period | (RM'000) | 2,279 | 2,667 | 10,107 | 10,101 |
| Weighted average number of ordinary shares in issue | ('000) | 184,046 | 180,086 | 184,046 | 180,086 |
| Basic earnings per share | (sen) | 1.24 | 1.48 | 5.49 | 5.61 |

By Order of the Board

Company Secretary

DATED: 13 February 2015