

BP PLASTICS HOLDING BHD
(Company No. 644902-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Individual Quarter		Unaudited Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	68,397	66,368	202,386	214,281
Cost of sales	(58,902)	(61,080)	(175,132)	(193,787)
Gross profit	9,495	5,288	27,254	20,494
Other income	2,277	(59)	3,160	480
Finance income	287	197	756	684
Administration and general expenses	(1,873)	(1,475)	(6,478)	(4,680)
Selling and marketing expenses	(2,127)	(2,104)	(6,770)	(6,549)
Finance cost	-	-	(7)	(11)
Profit before taxation	8,059	1,847	17,915	10,418
Income tax expense	(2,105)	(437)	(4,134)	(2,590)
Profit after taxation	5,954	1,410	13,781	7,828
Other comprehensive income:				
Foreign currency translation, representing other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the period	5,954	1,410	13,781	7,828
Basic earnings per ordinary share (sen)	3.17	0.77	7.37	4.27
Diluted earnings per ordinary share (sen)	NA	NA	NA	NA

Remarks

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of Current Quarter 30 Sep 2015	(Audited) As at Preceding Financial Year End 31 Dec 2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	69,403	65,149
Investment (in quoted securities)	101	101
	69,504	65,250
Current assets		
Inventories	40,613	44,871
Trade and other receivables	38,727	39,367
Cash and cash equivalents	42,045	37,817
Tax recoverable	-	64
	121,385	122,119
TOTAL ASSETS	190,889	187,369
EQUITY AND LIABILITIES		
Equity		
Share capital	93,844	92,040
Treasury Share	(21)	(21)
Share premium	4,929	3,898
Reserves	57,984	59,215
	156,736	155,132
Non-current liabilities		
Deferred tax liabilities	8,722	9,372
Current liabilities		
Short term borrowing	-	4,680
Trade and other payables	22,635	17,097
Tax provision	2,796	1,088
	25,431	22,865
TOTAL LIABILITIES	34,153	32,237
TOTAL EQUITY AND LIABILITIES	190,889	187,369
<i>Net assets per share attributable to ordinary equity holders of the parent (RM)</i>	<i>0.84</i>	<i>0.84</i>

Remark

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial state

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Non-distributable			Foreign Currency Translation Reserve	ESOS Reserve	Distributable Retained Profits	Total
		Share Premium	Treasury Share	Revaluation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>For the period ended 30 Sep 2015</i>								
At 1 January 2015	92,040	3,898	(21)	-	-	129	59,086	155,132
Dividends paid to shareholders	-	-	-	-	-	-	(15,012)	(15,012)
Issue of ordinary shares pursuant to ESOS	1,804	1,031	-	-	-	-	-	2,835
Total comprehensive income for the period	-	-	-	-	-	-	13,781	13,781
At 30 September 2015	93,844	4,929	(21)	-	-	129	57,855	156,736
<i>For the period ended 30 Sep 2014</i>								
At 1 January 2014	90,060	3,493	(21)	-	(5)	129	59,915	153,571
Dividends paid to shareholders	-	-	-	-	-	-	(10,900)	(10,900)
Issue of ordinary shares pursuant to ESOS	1,629	312	-	-	-	-	-	1,941
Total comprehensive income for the period	-	-	-	-	-	-	7,828	7,828
At 30 September 2014	91,689	3,805	(21)	-	(5)	129	56,843	152,440

Remark

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months ended 30 Sep 2015 RM'000	Unaudited 9 months ended 30 Sep 2014 RM'000
OPERATING ACTIVITIES		
Profit before taxation and minority interest	17,915	10,419
Adjustments for :		
Depreciation of property, plant and equipment	5,924	6,223
Gain on disposal of property, plant and equipment	(11)	(36)
Property, plant and equipment written off	3	-
Provision for doubtful debt	130	-
Interest expense	7	11
Interest income	(756)	(684)
Operating profit before working capital changes	23,212	15,933
Decrease in inventories	4,258	4,374
Decrease/(increase) in receivables	510	(3,232)
Increase/(decrease) in payables	5,535	(10,654)
Cash generated from/(used in) operations	33,515	6,421
Interest paid	(7)	(11)
Taxes paid	(3,010)	(3,196)
Net cash flows generated from operating activities	30,498	3,214
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,180)	(5,056)
Proceeds from disposal of property, plant and equipment	11	40
Interest received	756	684
Net cash flows used in investing activities	(9,413)	(4,332)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	2,835	1,941
Repayment of short term borrowings	(4,680)	(3,724)
Dividend payment	(15,012)	(10,900)
Net cash flows used in financing activities	(16,857)	(12,683)
Net increase/(decrease) in cash and cash equivalents	4,228	(13,801)
Cash and cash equivalents at the beginning of the period	37,817	49,990
Effects of exchange differences	-	-
Cash and cash equivalents at 30 September	42,045	36,189
Notes :		
Cash and cash equivalents in the cash flow statement comprise of :-		
Cash and bank balances	6,930	19,332
Repository deposits with a licensed bank	-	275
Short term deposits with financial institution	35,115	16,582
	42,045	36,189

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A.1 Corporate information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 November 2015.

A.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 Main Market 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 2014. 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 2014.

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 2014.

A.3 Standards and interpretations issued but not yet effective

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7 Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

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A.3 Standards and interpretations issued but not yet effective (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (cont'd)

- Amendments to MFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – Classification of Acceptance Methods of Depreciation and Amortisation
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture – Agriculture: Bearer Plants
- Amendments to MFRS 119 Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127 Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

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

A.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.

A.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.

A.6 Changes in estimates

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

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A.7 Debt and equity securities

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 30 September 2015, 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.

A.8 Dividend paid

A Special Single-tier interim dividend of 4% (2 sen per share) in respect of the financial year ending 31 December 2015 was paid on 2 July 2015.

An interim dividend (Single-tier) of 6% (3 sen per share) in respect of the financial year ending 31 December 2015 was paid on 30 September 2015.

A.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:

	Current quarter		Cumulative quarter	
	3 Months ended		9 Months ended	
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	15,536	14,424	43,693	47,136
- Export	52,861	51,944	158,693	167,145
Total operating revenue	<u>68,397</u>	<u>66,368</u>	<u>202,386</u>	<u>214,281</u>

A.10 Material events subsequent to the balance sheet date

There were no other material events subsequent to the quarter ended 30 September 2015 that have not been reflected in the interim financial statements as at the date of this report.

A.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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A.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 2014.

PART B: ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B.1 Review of performance

For the 9 months ended 30 September 2015, the Group achieved lower operating revenue of RM202.39 million, a decrease of 5.55% compared to RM214.28 million in the corresponding period last year due to weakened domestic market sales impacted by GST implementation in April 2015 and the increasingly competitive export market.

The Group achieved a higher unaudited profit before tax (PBT) for the period under review of RM17.92 million, an increase of 71.98% compared to PBT of RM10.42 million in the same period last year due to better product mix and higher process efficiencies.

Unaudited profit after tax (PAT) for the period under review is also higher by 75.99% at RM13.78 million, compared to the PAT of RM7.83 million in the same corresponding period last year.

B.2 Variation of results against last quarter

Operating revenue for the current quarter ended 30 September 2015 of RM68.40 million was slightly higher by 1.79% compared to RM67.20 million in the preceding 2Q2015.

Unaudited profit before tax (PBT) of RM8.06 million for the quarter under review was higher by 53.23% compared with the PBT of RM5.26 million in the preceding quarter.

Unaudited profit after tax (PAT) for the quarter under review was also higher at RM5.96 million, which is an increase of 34.84%, compared to the PAT of RM4.42 million in the preceding 2Q2015.

The higher PBT and PAT achieved were mainly attributable to better product mix, higher process efficiencies and favourable foreign exchange gained.

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B.3 Current year prospects

Amidst the many challenges ahead arising from volatilities of crude oil prices and foreign exchange rate as well as the weakening domestic demand while competition continues to intensify, the Group anticipates the gradual recovery of global economy from the USA, UK and Europe Zone which would improve advanced nations consumer disposable income and the envisaged gradual increase in global demand for manufacturing goods as well as packaging consumption. The Group continues to seek opportunities for machine and product innovations, enhance its internal process efficiencies and productivity in the face of the rising operating costs environment, and implement strategies to achieve higher sales, especially in export market.

Barring any unforeseen circumstances, the Group anticipates it will deliver good profit in the financial year ending 31 December 2015.

B.4 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.

B.5 Profit before tax

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	3 Months ended	3 Months ended	9 Months ended	9 Months ended
	30 Sep	30 Sep	30 Sep	30 Sep
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(287)	(197)	(756)	(684)
Depreciation of property, plant and equipment	2,180	2,057	5,924	6,223
Gain on disposal of property, plant and equipment	-	(40)	(11)	(40)
Interest expense	-	-	7	11
Foreign exchange (gain)/loss – realised	(2,210)	154	(2,933)	(201)
Property, plant and equipment written off	3	-	3	4
Provision for doubtful debt	-	-	130	-

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B.6 Taxation

	3 Months ended		9 Months ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Income tax	2,105	629	4,784	3,206
Deferred tax	-	(192)	(650)	(616)
	<u>2,105</u>	<u>437</u>	<u>4,134</u>	<u>2,590</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.

The Group's effective tax rate for the current quarter under review was 26.12%, which is higher than the previous corresponding period's effective tax rate of 25% mainly due to non-deductible expenses were adjusted for income tax purpose.

B.7 Unquoted investments and/or properties

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

B.8 Quoted investments

As at 30 September 2015, the Group's quoted investments are as follows:

	Group	
	Carrying amount RM	Market value of quoted investments RM
Investments - Available for sale		
Quoted investment in Malaysia	100,800	121,200

B.9 Status on corporate proposals

There was no corporate proposal announced or not completed as at the date of this quarterly report.

B.10 Group borrowings

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

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B.11 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.

B.12 Realised and unrealised profits disclosure

The breakdown of the retained profits of the Group as at 30 September 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010, and 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 Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current quarter ended 30 Sep 2015 RM'000 (unaudited)	Previous financial year ended 31 Dec 2014 RM'000 (audited)
Total retained profits of BP Plastics Holding Berhad and its subsidiaries:		
- Realised	100,076	104,694
- Unrealised	(6,521)	(9,908)
	93,555	94,786
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained profits as per consolidated accounts	57,855	59,086

B.13 Capital commitment

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

	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Approved and contracted for	-	8,280

B.14 Material litigation

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

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B.15 Dividend

No dividend was recommended for the current quarter under review.

B.16 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 2014 was not subject to any audit qualification.

B.17 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		9 months ended	
		30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
Net profit for the period	(RM'000)	5,954	1,410	13,781	7,828
Weighted average number of ordinary shares in issue	('000)	187,688	183,342	186,984	183,342
Basic earnings per share	(sen)	3.17	0.77	7.37	4.27

By Order of the Board

Company Secretary

DATED: 13 November 2015