

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date (Unaudited)	Corresponding Period (Audited)
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	81,073	69,682	283,458	283,962
Cost of sales	(69,479)	(63,640)	(244,610)	(257,572)
Gross profit	11,594	6,042	38,848	26,390
Other income	1,429	404	4,590	880
Finance income	398	182	1,154	867
Administration and general expenses	(1,589)	(1,450)	(8,067)	(6,626)
Selling and marketing expenses	(2,324)	(2,118)	(9,095)	(8,057)
Finance cost	-	-	(7)	(11)
Profit before taxation	9,508	3,060	27,423	13,443
Income tax expense	(1,210)	(781)	(5,344)	(3,372)
Profit after taxation	8,298	2,279	22,079	10,071
Other comprehensive income:				
Foreign currency translation, representing other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the period	8,298	2,279	22,079	10,071
Basic earnings per ordinary share (sen)	4.42	1.24	11.80	5.55
Diluted earnings per ordinary share (sen)	NA	NA	NA	NA

Remark

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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of Current Quarter 31 Dec 2015	(Audited) As at Preceding Financial Year End 31 Dec 2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,452	65,149
Investment (in quoted securities)	-	101
	67,452	65,250
Current assets		
Inventories	34,688	44,871
Trade and other receivables	39,965	39,367
Cash and cash equivalents	60,288	37,817
Tax recoverable	-	64
	134,941	122,119
TOTAL ASSETS	202,393	187,369
EQUITY AND LIABILITIES		
Equity		
Share capital	93,844	92,040
Treasury Share	(21)	(21)
Share premium	4,929	3,898
Reserves	66,282	59,215
	165,034	155,132
Non-current liability		
Deferred tax liability	8,622	9,372
Current liabilities		
Short term borrowing	-	4,680
Trade and other payables	25,837	17,097
Tax provision	2,900	1,088
	28,737	22,865
TOTAL LIABILITIES	37,359	32,237
TOTAL EQUITY AND LIABILITIES	202,393	187,369
<i>Net assets per share attributable to ordinary equity holders of the parent (RM)</i>	0.88	0.85

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 statements.

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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 31 Dec 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
Transfer to retained profits	-	-	-	-	-	(129)	129	-
Total comprehensive income for the period	-	-	-	-	-	-	22,079	22,079
At 31 December 2015 (Unaudited)	93,844	4,929	(21)	-	-	-	66,282	165,034
<i>For the period ended 31 Dec 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	1,980	405	-	-	-	-	-	2,385
Reversal of foreign currency translation reserve	-	-	-	-	5	-	-	5
Total comprehensive income for the period	-	-	-	-	-	-	10,071	10,071
At 31 December 2014 (Audited)	92,040	3,898	(21)	-	-	129	59,086	155,132

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 12 months ended 31 Dec 2015 RM'000	Audited 12 months ended 31 Dec 2014 RM'000
OPERATING ACTIVITIES		
Profit before taxation	27,423	13,443
Adjustments for :		
Depreciation of property, plant and equipment	8,084	8,222
Gain on disposal of property, plant and equipment	(26)	(39)
Property, plant and equipment written off	3	-
Gain on disposal of investment securities	(28)	-
Provision for doubtful debt	62	-
Interest expense	7	11
Interest income	(1,154)	(867)
Gain on foreign exchange - unrealised	(63)	(536)
Operating profit before working capital changes	34,308	20,234
Decrease in inventories	10,183	1,334
Increase in receivables	(527)	(5,372)
Increase/(decrease) in payables	8,620	(11,930)
Cash generated from operations	52,584	4,266
Interest paid	(7)	(11)
Taxes paid	(4,217)	(4,380)
Net cash flows generated from/(used in) operating activities	48,360	(125)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,389)	(5,320)
Proceeds from disposal of property, plant and equipment	26	44
Proceeds from disposal of investment securities	129	-
Interest received	1,154	867
Net cash flows used in investing activities	(9,080)	(4,409)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	2,834	2,385
Drawdown of short term borrowing	-	675
Repayment of short term borrowing	(4,680)	-
Dividend payment	(15,012)	(10,900)
Net cash flows used in financing activities	(16,858)	(7,840)
Net increase/(decrease) in cash and cash equivalents	22,422	(12,374)
Cash and cash equivalents at 1 January	37,817	49,990
Effects of exchange differences	49	201
Cash and cash equivalents at 31 December	60,288	37,817
Notes :		
Cash and cash equivalents in the cash flow statement comprise of :-		
Cash and bank balances	17,889	10,286
Repository deposits with a licensed bank	-	813
Short term deposits with financial institution	42,399	26,718
	60,288	37,817

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 FOURTH QUARTER ENDED 31 DECEMBER 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 15 February 2016.

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 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

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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 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 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers

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.

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 31 December 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.

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A.8 Dividend paid

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

A.9 Segment information

The Group is principally involved in manufacturing of plastics packaging products which is carried out in Malaysia.

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

	Current quarter		Cumulative quarter	
	3 Months ended		12 Months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	15,957	14,775	59,649	61,911
- Export	65,116	54,907	223,809	222,051
Total operating revenue	<u>81,073</u>	<u>69,682</u>	<u>283,458</u>	<u>283,962</u>

A.10 Material events subsequent to the balance sheet date

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

A.12 Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2014.

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

B.1 Review of performance

For the 12 months ended 31 December 2015, the Group achieved rather similar operating revenue of RM283.46 million, as compared to RM283.96 million in the corresponding period last year.

However the Group achieved a higher unaudited profit before tax (PBT) for the period under review of RM27.42 million, an increase of 104.02% compared to audited PBT of RM13.44 million in the same period last year due to lower raw material costs consumed, favourable foreign exchange gained from export sales arising from the weakened Ringgit Malaysia, better product mix and higher process efficiencies.

Unaudited profit after tax (PAT) for the period under review is also higher by 119.27% at RM22.08 million, compared to the audited PAT of RM10.07 million in the same corresponding period last year.

B.2 Variation of results against last quarter

Operating revenue for the current quarter ended 31 December 2015 of RM81.07 million was higher by 18.52% compared to RM68.40 million in the preceding 3Q2015.

Unaudited profit before tax (PBT) of RM9.51 million for the quarter under review was higher by 17.99% compared with the PBT of RM8.06 million in the preceding quarter.

Unaudited profit after tax (PAT) for the quarter under review was also higher at RM8.30 million, an increased of 39.50%, compared to the PAT of RM5.95 million in the preceding 3Q2015.

The higher PBT and PAT achieved were mainly attributable to the higher sales volume with better product mix, higher process efficiencies and the weakening Ringgit Malaysia.

B.3 Current year prospects

Uneven global advance nations economy recovery, slower China economic growth and US Federal Reserve interest rate hike for 2016 could keep energy and commodity prices low for a considerable time. Hence, International Monetary Fund (IMF) has revised global GDP growth rate downward from 3.6% to 3.4% in view of lower investment and more retrenchment anticipated at global energy and its related sectors. Nevertheless, the revised 3.4% GDP growth rate in 2016 is still higher than the estimated 3.1% GDP growth in 2015.

Malaysian government has also tabled a new revised budget that lowered GDP growth range to 4% to 4.5% for 2016, broaden revenue collection measures and provide additional disposable income via Statutory Employees Provident Fund contribution rate reduction in order to keep the domestic consumption going.

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B.3 Current year prospects (cont'd)

Despite low crude oil and weak commodities prices that are unfavourable to producing countries, it helps to ease and increase global consumers disposable incomes. With a stronger economic recovery anticipated in USA and additional stimulus in Japan and Europe Zone, the Group envisages that the demand for manufacturing goods as well as packaging goods would remain resilient.

Barring any unforeseen circumstances, the Group is cautiously optimistic of delivering a satisfactory performance in the financial year ending 31 December 2016.

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 3 Months ended		Cumulative quarter 12 Months ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000 (Unaudited)	31 Dec 2014 RM'000 (Audited)
Interest income	(398)	(182)	(1,154)	(867)
Depreciation of property, plant and equipment	2,160	1,998	8,084	8,222
Gain on disposal of property, plant and equipment	-	-	(26)	(39)
Gain on disposal of investment securities	(28)	-	(28)	-
Interest expense	-	-	7	11
Foreign exchange (gain)/loss – realised	(1,245)	221	(4,178)	20
Foreign exchange (gain)/loss – unrealised	(63)	(536)	(63)	(536)
Property, plant and equipment written off	-	-	3	-
Provision for doubtful debt	-	-	62	-

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B.6 Taxation

	3 Months ended		12 Months ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000 <i>(Unaudited)</i>	31 Dec 2014 RM'000 <i>(Audited)</i>
Income tax	1,310	915	6,094	4,122
Deferred tax	(100)	(134)	(750)	(750)
	<u>1,210</u>	<u>781</u>	<u>5,344</u>	<u>3,372</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 year under review was 19.49%, which is lower than the previous corresponding period's effective tax rate of 25% mainly due to the availability and claim of automation capital allowance of 200% on the first RM4 million expenditure incurred as announced in Malaysia Budget 2015.

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

During the current quarter under review, the total quoted investment with a carrying amount of RM100,800 was disposed with the net proceed of RM129,002 on 9 October 2015.

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.

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.

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B.12 Realised and unrealised profits disclosure

The breakdown of the retained profits of the Group as at 31 December 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 31 Dec 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	110,145	104,694
- Unrealised	(8,163)	(9,908)
	101,982	94,786
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained profits as per consolidated accounts	66,282	59,086

B.13 Capital commitment

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

	31 Dec 2015 RM'000 (Unaudited)	31 Dec 2014 RM'000 (Audited)
Approved and contracted for	-	8,280

B.14 Material litigation

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

B.15 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 2015. The entitlement date is fixed on 3 March 2016 and payment will be made on 17 March 2016.

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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		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2015	2014	2015	2014
				<i>(Unaudited)</i>	<i>(Audited)</i>
Net profit for the period	(RM'000)	8,298	2,279	22,079	10,071
Weighted average number of ordinary shares in issue	('000)	187,688	184,046	187,161	181,567
Basic earnings per share	(sen)	4.42	1.24	11.80	5.55

By Order of the Board

Company Secretary

DATED: 15 February 2016