

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	85,356	66,845	85,356	66,845
Cost of sales	(73,052)	(58,614)	(73,052)	(58,614)
Gross profit	12,304	8,231	12,304	8,231
Other income	(587)	515	(587)	515
Finance income	500	238	500	238
Administration and general expenses	(1,987)	(2,038)	(1,987)	(2,038)
Selling and marketing expenses	(2,651)	(2,337)	(2,651)	(2,337)
Finance cost	-	(7)	-	(7)
Profit before taxation	7,579	4,602	7,579	4,602
Income tax expense	(1,800)	(1,190)	(1,800)	(1,190)
Profit after taxation, representing total comprehensive income for the period	5,779	3,412	5,779	3,412
Basic earnings per ordinary share (sen)	3.08	1.84	3.08	1.84
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 31 Mar 2016	(Audited) As at Preceding Financial Year End 31 Dec 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,561	67,452
Current assets		
Inventories	32,664	40,110
Trade and other receivables	38,339	41,873
Investment securities	46,239	50,112
Cash and bank balances	24,743	10,177
Tax recoverable	-	63
	141,985	142,335
TOTAL ASSETS	209,546	209,787
EQUITY AND LIABILITIES		
Equity		
Share capital	93,844	93,844
Share premium	4,929	4,929
Treasury share	(21)	(21)
Reserves	66,186	66,037
	164,938	164,789
Non-current liability		
Deferred tax liability	8,981	8,981
Current liabilities		
Trade and other payables	32,073	33,281
Tax provision	3,554	2,736
	35,627	36,017
TOTAL LIABILITIES	44,608	44,998
TOTAL EQUITY AND LIABILITIES	209,546	209,787
<i>Net assets per share attributable to ordinary equity holders of the parent (RM)</i>	<i>0.88</i>	<i>0.88</i>

Remark

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Non-distributable ----->				Distributable	Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Treasury Share RM'000	ESOS Reserve RM'000	Retained Earnings RM'000		
<i>For the period ended 31 Mar 2016</i>							
At 1 January 2016	93,844	4,929	(21)	-	66,037	164,789	-
Dividends paid to shareholders	-	-	-	-	(5,630)	(5,630)	
Total comprehensive income for the period	-	-	-	-	5,779	5,779	
At 31 March 2016	93,844	4,929	(21)	-	66,186	164,938	-
<i>For the period ended 31 Mar 2015</i>							
At 1 January 2015	92,040	3,898	(21)	129	59,086	155,132	
Dividends paid to shareholders	-	-	-	-	(5,630)	(5,630)	
Issue of ordinary shares pursuant to ESOS	1,804	1,031	-	-	-	2,835	
Total comprehensive income for the period	-	-	-	-	3,412	3,412	
At 31 March 2015	93,844	4,929	(21)	129	56,868	155,749	

Remark

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 3 months ended 31 Mar 2016 RM'000	Unaudited 3 months ended 31 Mar 2015 RM'000
OPERATING ACTIVITIES		
Profit before taxation	7,579	4,602
<u>Adjustments for :</u>		
Depreciation of property, plant and equipment	2,123	1,873
Gain on disposal of property, plant and equipment	-	(11)
Interest expense	-	7
Interest income	(500)	(238)
Reversal of impairment loss on receivables	(26)	-
Loss on foreign exchange - unrealised	822	-
Operating cash flows before working capital changes	9,998	6,233
Decrease in inventories	7,446	19,681
Decrease in receivables	2,170	2,424
Increase in payables	372	3,723
Cash flows from operations	19,986	32,061
Interest paid	-	(7)
Income taxes paid	(919)	(941)
Net cash flows from operating activities	19,067	31,113
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,231)	(7,872)
Proceeds from disposal of property, plant and equipment	-	11
Interest received	500	238
Net cash flows used in investing activities	(1,731)	(7,623)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	2,834
Dividend paid	(5,630)	(5,630)
Net cash flows used in financing activities	(5,630)	(2,796)
Net increase in cash and cash equivalents	11,706	20,694
Cash and cash equivalents at 1 January	60,288	37,817
Effects of exchange differences	(1,012)	-
Cash and cash equivalents at 31 March	70,982	58,511
<u>Notes :</u>		
Cash and cash equivalents in the cash flow statement comprise of :-		
Cash and bank balances	21,789	33,906
Repository deposits with a licensed bank	2,954	289
Short term deposits with financial institutions	46,239	24,316
	70,982	58,511

Remark

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes to the interim financial statements.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A.1 Corporate information

BP Plastics Holding Bhd. 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 20 May 2016.

A.2 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“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 International Accounting Standard (“IAS”) 34- *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

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 2015. 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 2015.

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 2015.

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 2017

- MFRS 107 Disclosure Initiative (Amendments to MFRS 107)
- MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

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

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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 2019

- MFRS 16 Leases

MFRSs, Interpretations and amendments deferred until further notice

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

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 current 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 March 2016, 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 current quarter under review.

A.8 Dividend paid

The Group has adopted a Dividend Policy on 15 February 2016 to distribute at least 40% of the profit after tax annually in respect of future financial years.

Second interim single tier dividend of 6% (3 sen per share) in respect of the financial year ended 31 December 2015 was paid on 17 March 2016.

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A.9 Segment information

The Group is principally involved in manufacturing of plastics packaging products which are 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		3 Months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue:				
- Local	14,751	16,334	14,751	16,334
- Export	70,605	50,511	70,605	50,511
Total operating revenue	<u>85,356</u>	<u>66,845</u>	<u>85,356</u>	<u>66,845</u>

A.10 Material events subsequent to the reporting date

There were no other material events subsequent to the quarter ended 31 March 2016 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 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 statements of financial position as at 31 December 2015.

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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 3 months ended 31 March 2016, the Group achieved higher operating revenue of RM85.36 million, an increase of 27.69% compared to RM66.85 million in the corresponding period last year.

The Group achieved a higher unaudited profit before tax (PBT) for the period under review of RM7.58 million, an increase of 64.78% compared to unaudited PBT of RM4.60 million in the same period last year due to higher sales volume from export market, better product mix and higher process efficiencies.

Unaudited profit after tax (PAT) for the period under review was also higher by 69.50% at RM5.78 million, compared to the unaudited PAT of RM3.41 million in the same corresponding period last year.

B.2 Variation of results against last quarter

Operating revenue for the current quarter ended 31 March 2016 of RM85.36 million was higher by 5.29% compared to RM81.07 million in the preceding 4Q2015.

However, unaudited profit before tax (PBT) of RM7.58 million for the quarter under review was lower by 20.29% compared with the unaudited PBT of RM9.51 million in the preceding quarter.

Unaudited profit after tax (PAT) for the quarter under review was RM5.78 million, a decrease of 30.36% compared to the unaudited PAT of RM8.30 million in the preceding 4Q2015.

The lower PBT and PAT for the quarter under review was mainly due to RM712,000 net foreign exchange loss incurred in the current quarter as compared to RM1.31 million net foreign exchange gain in the preceding quarter. In addition, RM1 million tax saving from automation capital allowance claimed in 4Q2015 also contributed to lower taxation in the preceding quarter.

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B.3 Current year prospects

Amidst the uneven global economic recovery, the Group expects the demand for packaging products to remain resilient and also benefit from the anticipated increase in intra-regional trade and investment activities within the Asian region. The Group will be investing in another new 3-metre Cast Stretch Film machine with RM14 million investment and expects this machine to be operational in 4th Quarter 2016. The additional capacity expansion will increase the Group's total name plate production capacity from 78,000 metric tons per annum currently to 88,000 metric tons per annum. This allows the Group to achieve greater efficiencies to serve the increasing packaging demand from existing and new customers in the fast growing Asia-Pacific regions. The Group will use its healthy cash position for this capacity expansion project.

The Group is optimistic that the continued capacity building, cost optimisation, process efficiency and innovation to introduce new products would help the Group to strengthen its product mixes, improve existing market coverage and achieve higher sales going forward. Concurrently, strategies are being implemented to address the volatilities in foreign exchange and increasing operational costs, specifically the higher levy and minimum wage increase from 1 July 2016.

Barring any unforeseen circumstances, the Group expects to deliver 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		Cumulative quarter	
	3 Months ended	3 Months ended	3 Months ended	3 Months ended
	31 Mar	31 Mar	31 Mar	31 Mar
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(500)	(238)	(500)	(238)
Interest expense	-	7	-	7
Depreciation of property, plant and equipment	2,123	1,873	2,123	1,873
Gain on disposal of property, plant and equipment	-	(11)	-	(11)
Reversal of impairment loss on receivables	(26)	-	(26)	-
Foreign exchange (gain)/loss – realised	(110)	(445)	(110)	(445)
Foreign exchange (gain)/loss – unrealised	822	-	822	-

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B.6 Taxation

	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Income tax	1,800	436	1,800	436
Deferred tax	-	754	-	754
	<u>1,800</u>	<u>1,190</u>	<u>1,800</u>	<u>1,190</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 23.75%, which is lower than the previous corresponding period's effective tax rate of 25.86% mainly due to the statutory tax rate reduced from 25% to 24%, effective year of assessment 2016.

B.7 Unquoted investments and/or properties

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

B.8 Quoted investments

There were no purchases or disposal of quoted investments for the current quarter under review.

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 earnings disclosure

The breakdown of the retained earnings of the Group as at 31 December 2016 and 31 December 2015 into realised and unrealised earnings 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 Mar 2016 RM'000 (unaudited)	Previous financial year ended 31 Dec 2015 RM'000 (audited)
Total retained earnings of BP Plastics Holding Bhd. and its subsidiaries:		
- Realised	110,867	110,684
- Unrealised	(8,981)	(8,947)
	101,886	101,737
Less: Consolidation adjustments	(35,700)	(35,700)
Total Group retained earnings as per consolidated accounts	66,186	66,037

B.13 Capital commitment

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

	31 Mar 2016 RM'000 (Unaudited)	31 Dec 2015 RM'000 (Audited)
Approved and contracted for	10,846	-

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 first interim dividend (Single-tier) of 4% (2 sen per share) in respect of the financial year ending 31 December 2016. The entitlement date is fixed on 10 June 2016 and payment will be made on 24 June 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 2015 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		3 months ended	
		31 Mar	31 Mar	31 Mar	31 Mar
		2016	2015	2016	2015
Net profit for the period	RM('000)	5,779	3,412	5,779	3,412
Weighted average number of ordinary shares in issue	('000)	187,688	185,554	187,688	185,554
Basic earnings per share	(sen)	3.08	1.84	3.08	1.84

By Order of the Board

Company Secretary

DATED: 20 May 2016